
COTTON UPDATE – 2 August 2006

Negotiations are suspended – African cotton growers victims of big trading partners' inability to live up to their responsibility

The Doha Round talks have been suspended. This setback is even more appalling that – objectively – positions between the major partners were not far apart. A solution was within reach.

Analysts have been quick to bury the Doha Round and some even the WTO. Others have concluded that the negotiations might restart in two or three years when all political obstacles (elections in the US, France, etc.) are removed. It is still difficult to foresee what is really going to happen in the next few weeks.

In any case, whatever happens, the C4 cannot wait any longer. Immediate actions are required. Without reform and aid, the chances that African cotton producers will be paid for their product during the next season are slim in many countries. The urgency of action was recognized by all WTO members by deciding to treat this issue “ambitiously, specifically and expeditiously”. The fact that poor countries and their farmers are supposed to pay for the inability of the G-6¹ to find a common ground is intolerable.

The international community has a moral obligation to assist these countries until it is capable of providing a level-playing field in the international cotton market. This is particularly the case in the framework of the Millennium Development Goals (MDG). The eighth Goal – “Develop a partnership for development” –, as far as the trade component is concerned, has not yet delivered much. The Doha negotiations were expected to provide results for this Goal but have up to now lamentably failed. It is undeniable that cotton has become emblematic of the Development Round. It is also easy to see how it is totally in line with the MDG philosophy.

The development component of the cotton issue should go back to where it belongs: UN agencies and/or the World Bank. The upcoming review of the MDG offers a timely environment to look thoroughly into cotton. The UN is responsible to monitor the MDG evolution. In this context, it is thus well placed to organize – in collaboration with the

World Bank – a Conference on cotton which should focus on how to help African cotton producers survive until the emergence of a level-playing field in the international cotton market. At this point, the African cotton producing countries really need short-term aid. To avoid a humanitarian catastrophe, the international community has to address this issue here and now. Nice promises are no more enough. Real actions have to be undertaken.

Coming back to the Doha Round, there are two scenarios possible which both call for urgent actions by the Africans. We believe there is a chance that the Round will begin again faster than one might think. The US Congress could agree to an extension of the fast-track negotiating authority² – which is expiring in June 2007 – particularly if the farm bill is also prorogated. This would give a little breathing space to the negotiations even though time would still be counted. Negotiations could resume in earnest and finish during 2007. However, the ambitions for this Round would be probably lowered. And the current setback would facilitate such a reduction of objectives.

For cotton this could represent a real danger. Indeed, if results in agriculture are timid, there is a risk that the cotton outcome does not live up to African expectations. This will have to be avoided at all costs. The July 2004 Framework and the Hong-Kong Declaration have been clear on the treatment of this issue in the Doha Round: “ambitious, specific and expeditious”. Obviously the expeditious mandate has not been fulfilled. It is thus essential that the ambitious and specific instructions are followed, not only because it has been agreed upon by all WTO members but also because cotton is the most vivid illustration of what the Development Round should be.

On the other hand, it can not be excluded that the Round will be suspended for a longer period of time or that the situation deteriorates. This would be simply intolerable for cotton.

The African cotton producing countries could thus decide to launch a dispute settlement. This strategy is potentially interesting but it should be well analyzed, in particular because such an endeavor is costly not only in terms of funding but also in terms of capacities. In any case, the cotton countries will have to determine clearly their options, in particular with regards to the Brazil cotton dispute. They would be well advised to coordinate with the Brazilians, as they always have done. Good timing will be of essence

¹ The G6 comprises Australia, Brazil, the EU, India, Japan and the United States.

² The fast-track negotiating authority is a mandate provided by the US Congress to the US administration to negotiate trade deals that are submitted to Congress for approval but without amendment.

in this undertaking. We will prepare an analysis of the dispute settlement option for the Africa cotton countries at the beginning of September.

The C4 has shown its faith in the system. It has taken its responsibility and has dedicated its best people and substantial resources to these negotiations convinced that the world would listen to its legitimate concerns. Governments, farmers, the civil society, all believed that the world would not tolerate that the interests of some 20'000 farmers in the USA and some 100'000 farmers in the EU would prevail over the demand of millions of poor African producers to have a chance to compete in a non-distorted international market. African cotton producing countries don't have the luxury to wait for the key players to take their responsibility. Developed countries still have an opportunity to show their true will to fight poverty by organizing a Conference on cotton in the context of the MDG review. Also, they should put all their efforts to restart and complete the Doha Round as soon as possible.

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