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## **COTTON UPDATE – 28 February 2007**

What we can expect from the conference on cotton on 15 and 16 March 2007?

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On 15 and 16 March 2007, the WTO will be the venue of a High Level Session of the Director-General's Consultative Framework Mechanism for Cotton. WTO Director-General Pascal Lamy has decided to organize this event at the urging of the C4 countries, the trade ministers of the African Union and the LDCs' High Level Advisory Group. The conference will provide an opportunity to draw attention once again to the problems of African cotton-producing countries. It must be borne in mind, however, that development aid should only be viewed as an additional and complementary solution, not an alternative to trade negotiations.

### **The conference in a nutshell**

Those invited to attend the meeting include all WTO Members, the ordinary participants in the Director-General's Consultative Framework Mechanism and representatives of the African Union, the Economic Commission for Africa, UEMOA, ECOWAS and LDCs. The High Level Session is part of the development aid measures for cotton agreed in the July 2004 Package. According to the WTO Secretariat, some WTO Members have confirmed that they will be represented at the ministerial level. The conference is designed to take stock of initiatives with regard to the execution of mandates concerning aspects of development aid and trade policy relating to cotton.

### **Opportunities**

The event could give authorities from countries that provide and receive development aid for cotton a chance to sit down together and look for the best ways of promoting the sustainable development of the cotton sector.

The conference, which will take place on the premises of the institution in charge of negotiating and applying international trade rules, could make it possible to avoid

delinking trade from development aid in the search for a solution to the cotton problem. As before, the primary goal of the C4 countries (Benin, Burkina Faso, Mali and Chad) is the elimination of market-distorting cotton subsidies. Development aid is only relevant if it is closely related to trade, as both approaches aim to achieve sustained, lasting development for the sector and, more broadly, to boost the development of the cotton-producing African countries.

## **Risks**

The risk inherent in any large-scale conference is that true problems - even if they are properly explained - may only be treated superficially, yielding few concrete results. There is also a danger of uncovering resentment and misunderstandings on both sides (aid recipients vs donors, subsidizing nations vs nations calling for their elimination), undermining joint efforts to find solutions in a spirit of dialogue.

The second major risk is that the debate on aid may be delinked from trade-related problems. If the agricultural negotiations had moved forward as expected, mid-March would have been the right time to work out the details of a comprehensive trade and aid package. Unfortunately, it does not look like there will be any real progress in agricultural negotiations before mid-spring. Recent statements by the US National Cotton Council (NCC) are hardly designed to create a climate conducive to the search for jointly agreed solutions. In a press release dated 22 February, the NCC accuses the WTO Secretariat of having overstepped its role and siding with the African cotton-producing countries, thereby – in the NCC's view – jeopardizing the Doha Round negotiations themselves. Moreover, the NCC fears that holding the conference in mid-March might also influence the deliberations of the compliance panel in the dispute between Brazil and the US, as the two parties, along with third party countries, will be setting out their arguments in the dispute on 27 and 28 February. It would be regrettable for both the conference on cotton and the dispute settlement process if ill-advised confusions were made between the political and legal spheres.

## **Conclusion**

To avoid missing the opportunity offered by this conference, there is a need to ensure:

- That trade and aid officials work out together to find a way to reconcile national agricultural policies and development aid goals with a view to guaranteeing policy coherence;

- That the Conference is preceded or followed by bilateral and smaller multilateral meetings that are more conducive to in-depth dialogue.

All we have to do now is hope that the high-level representatives of donors and recipients will travel to Geneva and discuss in an accommodating, conciliatory spirit, without taking potshots at each other.

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