
COTTON UPDATE – 16 March 2007

What stood out at the WTO High Level Session on Cotton?

A contradiction in terms?

A meeting on cotton aid at WTO... At first sight, this is a bit of a contradiction in terms. Some will say that it is not WTO's job to look after aid, that other fora and organizations are better suited to dealing with this type of subject. And they would not be wrong. Initially, however, the High Level Session was supposed to concentrate on the coherency of the trade-aid link. And in this connection, WTO has already regained some legitimacy by organizing and hosting such an event.

Even though everyone knows that the rich countries' subsidies are the main thorn in the foot of the African cotton growers, the developed countries sought to empty the meeting of its trade-related content and to focus the talks on aid, arguing that it was not possible to discuss negotiations outside the negotiating framework. They did not send a high-level representative for either trade or aid. Yet what better framework than WTO to deal with the coherency of the trade-aid relationship in the multilateral and domestic policies in South and North alike? Perhaps this refusal reflects a form of contradiction, or an ill-concealed desire to avoid going to the heart of the matter...

Be that as it may, the representatives of the African countries availed themselves of the opportunity to at least talk about aid, while recalling that aid could only be additional and could not replace a trade-related solution.

Polite but fruitless talks?

The discussions on aid focused on the wording of the programmes and projects in the recapitulative tables. Members agreed on the need to redraft these documents with a view to giving a more accurate view of cotton aid that was actually available. Yet that in no way meant that donors announced forthcoming additional aid. Rather, they tried to centre their proposals round risk and price management mechanisms, which could be

useful if the African cotton sector was in good shape but which did not meet the urgent needs of African cotton growers today.

Is the glass half full or half empty?

Even though the meeting outcome was not up to dealing with the issues tackled, satisfaction with the results must be measured against the goals set. In this respect, clarifications were provided with regard to aid, and support mechanisms for the cotton sector are under study. Moreover - and this is indeed significant - the point was made that the Doha Round could not be wrapped up without a solution to the cotton problem. In his concluding remarks, Pascal Lamy stressed that cotton remained "one of the 'litmus tests' of the development content of the Doha Round, hence the urgency of a breakthrough in DDA". Once again, the delegations of the African countries, which included many trade and agriculture ministers - 13 in all -, gave tangible proof of their commitment to efforts to solve the cotton problem and their faith in the multilateral system. It would have only been fair if the Western countries had followed their lead and sent high-level spokespersons, because the meeting fell short when it came time to deal with the trade dimension. A neglected component of the High Level Session, the discussion on the crux of the problem was downgraded to a mere briefing on the status of agricultural negotiations. Yet special mention should be made of the intervention by Argentina, which showed that the draft US Farm Bill, as it stood, infringed upon WTO undertakings with regard to cotton. And there is every reason to fear that the version that Congress actually adopts will be even tougher than the draft bill.

Conclusion

All agreed that there were two reasons for the cotton problem: subsidies on the one hand and the crisis in the African cotton growing sector on the other. In the press conference that followed the meeting, Pascal Lamy told journalists that, as WTO Director-General, he primarily dealt with the issue of subsidies but was unable to say how much of the overall problem they represented. Lamy went on to say that participants had been able to find "political energy" to move forward towards a solution. Will this be enough to ensure that cotton effectively embodies the development dimension of the Doha Round? Pending a "multilateral breakthrough" initiated by an agreement between the G4, all eyes will be more than ever on the US, which refuses to show its hand (rising agricultural prices, renegotiation of the Farm Bill, etc.), probably allowing it to make an offer that is acceptable at WTO and does not require much of a sacrifice in terms of domestic policy...

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IDEAS Centre, 10, rue de l'Arquebuse, 1204 Geneva, Switzerland
T +41 22 807 17 40, F +41 22 807 17 41