
COTTON UPDATE – 4 April 2007

Negotiations and cotton: Progress, retreat or stagnation on both fronts?

Two months have already gone by since negotiations officially resumed in Davos and there is still no sign of the famous, eagerly awaited “breakthrough” so often announced as imminent. Scepticism seems to be making a comeback – both in Geneva and elsewhere.

Negotiations must return to Geneva

The way it looks, the G4 is starting to bore people... The group of the four major players (the US, the EU, Brazil and India), which was supposed to work miracles, has not yet lived up to the hopes placed in it. Despite several bilateral and multilateral meetings, the four have not yet come up with the lowest common denominator likely to get the ball rolling. A new meeting has been scheduled for early April in Paris but has not yet been confirmed. However, the free trade agreement between the USA and South Korea is now concluded and this should give more time for the USTR Susan Schwab to be dedicated to multilateral negotiation. The choice of Paris may seem surprising, given that the French have been quite pessimistic as to the possibility of a successful Doha Round conclusion. Yet this kind of meeting could help to inject international trade issues into the electoral campaign. That having been said, the 146 other WTO Members are frustrated not only because the G4 is not making any headway but also because it is seen as the centre of negotiations. Many Members and groups, such as the G33, have called for the return of negotiations to Geneva out of a concern for transparency and equity. This group feels that the proliferation of G4 meetings, fireside chats and Green Room encounters maintains a climate of mistrust. No matter how useful the bilateral process may be – with an emphasis on the word may – it cannot replace multilateral discussions, which are at the very heart of the WTO’s functioning. As added proof of the G4’s ineffectiveness, Brazil has questioned its usefulness and India has called for a return to multilateral negotiations at WTO.

Falconer – pessimistic yet active

In an attempt to ride this ripple of multilateralism, Crawford Falconer, Chairperson of the Committee on Agriculture, has announced that he plans to bring out a new version of his reference document between 13 and 20 April. His paper will propose possible scenarios for convergence in the three pillars of agricultural negotiations (market access, domestic support and export competition). Even though this announcement is a positive step, it does not reflect any wind of optimism. Rather, it is an effort to keep at bay the scepticism or even pessimism that Falconer no longer bothers to hide. He admits that no real progress has come out of the last few months of intense discussions and fears a loss of momentum. Yet the initiative to produce a new document could be boosted by a similar step with regard to NAMA. The Chairperson of the Negotiating Group on Market Access is also getting ready to come out with a reference text for negotiations, after meeting one on one with key WTO Members.

ACA Conference in Accra

With regard more specifically to cotton, from 22 to 24 March, the African Cotton Association (ACA) held its annual conference in Accra, Ghana, in an English-speaking country for the first time. The theme was “Competitiveness and viability of cotton growing in Africa”. Presentations focused on (i) the international cotton market – present status and future prospects; (ii) improving yield in the African cotton-growing sector; (iii) improving the quality of African cotton throughout the production chain, and (iv) subsidies for producers and exporters from the North and the Doha Round. The ACA, which is not a governmental organization, brings together not only cotton firms (active members), producers’ organizations, textile manufacturers and grain growers (associate members), but also the other actors in the production chain (banks, hauliers, insurance companies, traders, etc.). The conference showed clearly that there was no single cause for the cotton problem. The West’s subsidies were not the only reason for the crisis in the African cotton sector. There were also domestic problems with the productivity and quality of African cotton. Yet the event did provide an opportunity to recall once again that only a joint, comprehensive solution (elimination of subsidies + cotton-sector reform) can guarantee the long-term viability of African cotton.

Conclusion

Over the next few days, it will be up to the C4 countries and other African cotton-producing countries to see to it that cotton features prominently in Mr. Falconer's reference text, not just at the question stage but also in the form of a proposed solution. The time for setting out the cotton problem has passed; now what is needed is a lasting solution based on respect for multilateral rules. By all accounts, Mr. Falconer's text will probably offer a solution for cotton, which, although it may not completely satisfy the C4 countries, will at least serve as a springboard for action.

IDEAS Centre offers policy advice services to developing and transition country governments in the areas of international trade, development and economic governance. In relation to the World Trade Organization (WTO), IDEAS Centre helps low-income countries defend their trade interests and thus use their WTO membership in a way that supports their development.

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