

COTTON UPDATE – 5 April 2011

Is Doha starting to unravel?

Introduction

Spring is here. At a time of year when one throws the windows wide open, it would appear that the window that was announced for Doha is closing, without much ado but almost for certain. Easter is coming up, and the new texts of modalities are not – and will not be – on the table. At the last informal meeting of the Trade Negotiations Committee (on 29 March), Pascal Lamy painted a gloomy picture, noted the lack of a spirit of give-and-take, and urged the members to reflect on the cost of a non-Round, not only for the world economy as a whole but also and above all for the development prospects that the Round was supposed to open up for the least developed and most vulnerable countries.

The status quo

In the negotiations in general, nothing has really changed since everyone came back in January. The tug-of-war between the United States and the emerging countries has congealed into a sterile waiting game, with each waiting for the other to take the first step. The European Union, which considers that it gave away too much at the beginning of the Round to prove its commitment to an ambitious outcome, is paying for this attitude today and feels obliged to remain on the sidelines and keep a low profile. And even when it proposed recently to make a last additional effort to cut domestic agricultural support, its offer sank without a trace.

A slow death?

Because it failed to take advantage of the window of opportunity of this spring of 2011, the Doha Round could well fizzle out. There will not be any official announcement putting an end to 10 years of negotiations, at least not by year's end. Starting on 4 April, Pascal Lamy is going to be holding private meetings with the representatives of each great power or coalition. The aim is to try once again to remobilize the negotiators and to bring them together in anticipation of the next – and last – deadlines and around the principles that made it possible to launch a Round full of ambition and promise. It looks like the great powers (United States, European Union and emerging countries) are no longer necessarily

convinced that an agreement would benefit them. The cost of a non-Round could be higher both for the institution itself and for the poor developing countries. As far as the most pessimistic observers are concerned, we will see some posturing at best, just to hold on until the end of the year, with perhaps at the end of the day a modest development “package” for the least developed and most vulnerable countries. As for the unlikely but more stimulating prospect of a last-minute turnaround, we can hope for a breakthrough that would enable at least the poor developing countries to defend till the end their position in the only forum – the multilateral one – where they actually have some negotiating clout.

Cotton on all fronts

The African cotton-producing countries, spearheaded by the C4, form part of the above group. There is no bilateral alternative for these small countries; no chance of settling the subsidy issue in another framework than that of the WTO; no hope outside the multilateral sphere. So where will this leave cotton if Doha gets stuck in the sand?

First of all, the cotton issue, which had “disappeared” as an agricultural negotiating priority, is back on the table once again; it is viewed as a major stumbling block (along with tariff simplification, the creation of tariff quotas and the special safeguard mechanism) and has given rise to special consultations.

That having been said, as we mentioned in our last newsletter, the time is ripe for a reform of internal trade-distorting cotton support, in view of the current debate in the EU and the US on the future of agricultural policy.

The West African Economic and Monetary Union (UEMOA), backed by the ACP, officially launched on 15 March its Cotton Offensive at the ACP House in Brussels. UEMOA President Soumaïla Cissé followed on by addressing the MPs of Commission II (Economic Development, Finance and Trade) of the ACP-EU Joint Parliamentary Assembly meeting at the European Parliament. While emphasizing that the American cotton support regime has always been and remains the main “target” of the African cotton-producing countries, President Cissé recalled that it was also “essential to deal with the cotton issue within the overall context of the revision of the Common Agricultural Policy in order to send a clear signal in the spirit and letter of EU solidarity with the States of Africa, the Pacific and the Caribbean within the framework of international negotiations.” In this connection, the ACP MPs have demonstrated broad, unwavering support for cotton as well as the need to push the issue, not only in Geneva but also in Washington DC and Brussels. The cotton issue is due to be taken up once again on the occasion of the debate on the CAP’s impact on developing countries, which is scheduled to take place at the ACP-EU Joint Parliamentary

Assembly in Budapest in May. The reason why the African countries are lobbying MEPs¹ is because the latter, under the Treaty of Lisbon, now play a more important role in drafting legislation relating to EU external trade, influencing the Commission in trade negotiations and ratifying trade agreements.²

With a view to shaping the Farm Bill debate, the African cotton-producing countries, with the C4 and UEMOA in the lead, are preparing a high-level mission to Washington DC. At a time when cotton production in the US has rebounded strongly,³ conditions for a reform of the cotton support regime have never been so favorable in the US (sky-high cotton prices, overall budget pressure, and the need to settle the problem with the Brazilians). Notwithstanding, in Geneva, the US continues to challenge the text of the modalities without putting forward any other acceptable proposals for discussion. More generally, at the last meeting of the Trade Negotiations Committee (29 March), US Ambassador Michael Punke stated that the gap between the major actors on agriculture, NAMA and services was continuing to widen.

To have a chance of influencing the future reforms, the African cotton-growing countries must weigh in at a sufficient early stage in the debate, in order to urge European and American law-makers to take their interests into consideration, from a perspective that can be constructive for both parties. Indeed, it is much more complicated, or even impossible, to call for changes in a reform once it has already been adopted.

Conclusion

At a time when the WTO Director-General is launching his face-to-face consultations with each of the major negotiating players, it is to be feared that Doha may be on its last leg. And if we should remember something today, it is that the Round was supposed to be the Development Round, a vocation that seems to have been sacrificed to purely mercantilist interests and short-term considerations. With some difficulty, cotton still embodies THE LITMUS TEST for Doha in terms of development – but for how long?

¹ Members of European Parliament

² For more details, see “The Treaty of Lisbon : Implications for EU trade policy”, Trade Negotiations Insights, Vol. 8, No. 10, December 2009, <http://ictsd.org/i/news/tni/65758/>

³ See article in the *New York Times*, “Amber Waves to Ivory Bolls”, 28 March 2011.

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