
COTTON UPDATE – 8 February 2006

Doha Round talks back on track – pressure on cotton should continue

After Hong-Kong, the break at the WTO lasted longer than the end-of-the-year holidays. Indeed, real work only started with the agriculture week (23-26 January 2006) and the mini-ministerial at Davos (27-28 January 2006).

The first weeks of January witnessed mainly declarations on the state of the negotiations by finger pointing rather than by proposing solutions. Ministers from the EU, the USA and Brazil notably blamed each other for the lack of real advance in the Doha Development Round. In short, the EU expects emerging countries to improve the access to their non agricultural goods and services and the USA, Brazil and other members call for the EU to propose a more ambitious tariff cut in their agricultural products. This blame-game was an unconstructive way to resume work after Hong-Kong, especially if the talks are to finish by the end of the year.

Fortunately, the discussions at the Davos mini-ministerial allowed the mood to change and to refocus efforts on the Round's progress. Although no substance was discussed, the commitment to move forward and to respect the deadlines was reaffirmed. Furthermore, the objective to reach an ambitious result versus a "Doha light" was restated. A consensus was found to move ahead in all negotiating groups "simultaneously" and a very detailed timetable was adopted in order to assure that the April deadline can be met.

The discussions showed clearly that the phase for individual submissions from members is over. It is time to turn to bilateral and plurilateral negotiations on all topics together with the objective to submit compromise texts which show clear "giving and taking" across the various topics and which have a chance to be adopted by all WTO Members.

Informal negotiating groups have already started to meet. Real substantive discussions will probably take place within these types of plurilateral groups comprising influential members representing the different regions. The risk that these groups agree on modalities, which will be submitted by the various Chairs of negotiating groups on a "take it or leave it" basis is high.

What does this mean for cotton?

In the Hong-Kong Declaration it is clearly stated that with respect to domestic support – by far the most important pillar to tackle for cotton – “trade distorting domestic subsidies (...) be reduced more ambitiously than under whatever general formula is agreed and that it should be implemented over a shorter period of time than generally applicable”.

Therefore, a result in cotton is subordinated to – or at least dependent on – the results in agriculture. This has been of course underlined by the USA at the first cotton sub-committee after Hong-Kong, which took place on Tuesday 31st January 2006. They have stated that before discussing anything on cotton a result should be first reached on agriculture.

This represents a real danger for the Africans. If past experience serves as a benchmark for the future, the discussion of modalities will continue up to the very last minute. Thus, a result in agriculture – if any – will only surface in the course of the “last night”. The then remaining negotiating margin – and time – would indeed be very short and eventually too short.

The main challenge is to find a way to agree on principles that will define a framework for the cotton negotiations on domestic support which can be applied to any future modalities adopted for agriculture. The Africans would thus be able to negotiate last-minute modalities on cotton within a specific set of principles already agreed upon. Surely, the other protagonists of the negotiations will not move on cotton before an agreement on agriculture. However, at the last cotton subcommittee, the Africans have shown their determination not to let the cotton issue lag behind the rest of the agriculture negotiations. Indeed, they have stated that they will submit to Members a new proposal on cotton.

Because of the new plurilateral geometry of the negotiations, on-going discussions with the main counterparts will be needed to buy them into such a strategy. The fact that the C-4 are invited to such mini-ministerial as Davos also proves that cotton continues to be one of the core issues of the Doha Round that cannot, for its development dimension, be circumvented. Proactive engagement in these informal negotiating groups is needed to capitalize this asset and to do everything to reach an acceptable cotton result reflecting the spirit of the Initiative.

A difficult dilemma in the negotiation is the issue of aid and trade:

African countries need assistance to bridge the gap between the time a decision to eliminate trade distorting subsidies is taken and the time such decisions will be fully implemented. However, it must be avoided that aid is used in compensation of an unsatisfactory and bad result in the elimination of trade distorting support.

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