

Poor states seek cotton safety net due to slump

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DAR ES SALAAM - The world's poorest countries on Friday urged other World Trade Organization members to set up a safety net for cotton producers in poor nations, to help address losses arising from the world economic slump.

Trade Ministers from some 30 members of the Least Developed Countries (LDCs) also asked for quick action on removing trade-distorting subsidies and duty- and quota-free market access to cotton and cotton by-products from poor countries.

"We call upon the WTO Members to agree on ... the urgent setting up, in the context of current global economic and financial crisis, of a "safety net" mechanism by cotton producing LDCs to address revenue losses," the group said in a declaration on Friday at a meeting in Tanzania.

The statement did not detail how poor cotton producers would like any safety net to work.

The economic slump that slashed demand and prices of cotton had hit poor cotton producers that were already complaining of rich countries' subsidies for the crop.

Countries such as Burkina Faso, Benin, Mali and Chad -- all LDC members -- have in the past asked for drastic cuts in subsidies by U.S. producers. Washington has yet to respond.

A deal slashing subsidies is seen as a critical test in reaching a fair farm trade agreement under the Doha round of trade talks launched in the Qatari capital in 2001.

The Doha round aims to free up world trade by cutting farm subsidies and tariffs on agricultural and industrial goods, and so help poor countries to prosper.

The LDCs also called for faster implementation of duty- and quota-free market access for poor economies and provision of waivers in opening markets for trade in services.

Leaders of the Group of 20 major economies recently said they were committed to concluding the Doha round by the end of 2010.

Sweden's trade minister said earlier this week the talks could drag into 2011 if the United States failed to set out its international trade policy soon.