

Cotton, Acid Test for Doha Round

Inter Press Service
Jason Nardi
December 15, 2005

HONG KONG - **Zambian cotton farmers are "dressed in rags since they cannot afford to buy clothes, made of the cotton they are producing," said Irene Banda, a human rights activist, describing the real consequences of unfair trade policies and dumping practices that affect a historically sensitive commodity.**

Banda, who is based in Zambia and was addressing a debate on cotton organised here on Wednesday by the International Federation on Human Rights, made more sense than the reams of paper and the fine speeches that mark debates over cotton at the sixth ministerial meeting of the World Trade Organisation (WTO).

Trade ministers hope to reach agreement in Hong Kong on opening up international trade in agriculture, non-agricultural market access and services. But that depends on rich countries agreeing to reduce subsidies to their farmers and opening their markets for agricultural products and services from developing countries.

The November 2001 declaration of the fourth WTO ministerial in Doha, Qatar, mandates negotiations on a range of issues around agriculture and services, now targeted for completion by end 2006 and called the 'Doha Development Round', because it would make special treatment for poor countries integral to WTO rules.

"Zambian farmers," Banda went on, "are suffering from external competition in their own market, due to big corporations that flood our country with subsidised commodities. They cannot get a remunerative price for their cotton, so they are forced to take loans and get further indebted; they also have to contract with the corporations in order to get the inputs for growing the cotton, since they cannot afford them."

At the failed September 2003 WTO ministerial in Cancun, Mexico, cotton was an explosive issue. The United States, China and, to a lesser extent, the European Union were accused of protecting their markets, subsidising production and export, and dumping overproduction in many African countries, thereby depressing the prices farmers get for their crops and forcing thousands into extreme poverty.

The livelihoods of around 20 million people in Africa depend on cotton farming. Until 2001, the cotton industry was a rare agricultural success story, but trade distortions and dumping changed all that, making a mockery of the stated aims of the Doha Round.

According to a new report issued by ENDA, a voluntary agency based in Mali, "between 1999 and 2003, some 25,000 American cotton producers received a total of 12 billion US dollars in cotton subsidies. At the same time, more than 10 million producers in West and Central Africa faced a drop in their incomes following the biggest collapse in world prices, in terms of constant price, since 1793."

Between 1997 and 2002, U.S. cotton went from being dumped at an average price of 17 percent below the cost of production to as low as 61 percent.

A study by 3D, an advocacy group based in Geneva, pointed out that where U.S. assistance to Mali in 2001 amounted to 37.7 million dollars, its price-depressing policies on cotton resulted in Mali losing 43 million dollars in export revenue.

Mali and three other West African countries, Benin, Burkina Faso and Chad, launched a strong appeal at Cancun, for help to get out of the deep crisis their cotton-based economies were in.

But the 'cotton initiative', as it is referred to, has remained unsolved in the past two years--in spite of a growing campaign backed by most WTO members and a condemnation in March 2005 by the WTO's dispute settlement body of the "illegal nature of most of USA cotton programmes."

Choguel Maiga, Mali's trade minister, said some West African countries have been promised millions of dollars in Hong Kong to induce them to stay out of cotton initiative. "It is a diversion strategy to demobilise the cotton initiative. But we have a strong case and all stand with one voice."

To revive the blocked negotiations, the African countries agreed, in March 2004, to separate trade issues from development issues. In July 2004, during the WTO Geneva meeting, they reintroduced cotton in the general agriculture negotiations and there was commitment to address cotton "specifically, ambitiously, and expeditiously".

Cotton is by no means the only issue at stake in the agricultural sector in the Doha Round of negotiations. But between Cancun and Hong Kong, cotton has become the symbol of the African fight for fair and equitable trade.

"The cotton issue is a matter of survival, human rights and dignity," said Ngarambatina Odjimbeye Soukate, trade minister of Chad, during a meeting on Wednesday. "If we don't find a solution here, we are no longer justified to stay within the WTO."

She and three other trade ministers from Africa were supported by European development cooperation ministers from France, Britain, Denmark, Germany and the Netherlands.

"This meeting reinforces a fundamental partnership between the EU and Africa," said Soukate. "But we are here at a trade conference, dealing with commercial issues. For our cotton case, the best and most efficient aid is to have fair rules on commerce, not aid-for-trade assistance. Aid is important for compensation of the illegal market practices, but cannot substitute a just and equitable trade system."

German minister for economic cooperation and development, Heidmarie Wieczorek-Zeul, said the cotton case is a test of credibility and political will for the Hong Kong conference. "The trade distorting practices on cotton are exactly the opposite to the U.N. Millennium Development Goals: they make people poorer and more people poor."

For its part, the EU is ready to change this situation and has already decided on cotton subsidies cancellation, duty-free and quota-free cotton exports by Least Developed Countries as well as pledging to double the aid-for-trade programme from one to two billion euros (1.2 to 2.4 billion dollars) by 2010.

At a special 'cotton day' conference on Monday, sponsored by the Britain-based non-government organisation (NGO) Oxfam, U.S. delegates, led by the deputy trade representative Karan Bhatia, merely repeated commitments the U.S. announced in October to eliminate the entire "Step 2" cotton subsidy programme. He also announced negotiations for a 'West Africa Cotton Improvement Programme' worth seven billion dollars to improve production, transformation and marketing of cotton in five countries.

But the Benin Ambassador to WTO, Samuel Amehou, said he deplored the fact that the U.S.-- which produces much more cotton than the EU--had, despite its announcements, not yet cut export subsidies which have been depressing cotton prices worldwide since 2001.

Said Massiyatou Latoundji Lauriano, Benin's minister for industry and trade: "We need concrete solutions, now. We cannot go back empty handed."

But not all are happy with just any deal. Ndiougu Fall, president of ROPPA (the West African Farmers network), one of the most vocal organisations on the cotton issue, has been critical of African governments as well, challenging them to "sign on only if there are concrete results which really are acceptable for our cotton farmers."

Soukate told IPS that "what would be acceptable is elimination of export subsidies, plus gradual reduction of domestic support to 80 percent by 2006, another 10% by 2008 and the last 10percent by 2009. What we don't want is conditional aid. It is unacceptable",

"Cotton-producing countries," she said, "don't have the capability and possibility today to transform their product, and make clothes that people can wear, without having to import them from other countries. That (domestic production) would immensely help solve the unemployment problem, in a country like Chad."