

Cotton in the WTO



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[1] This presentation has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

WTO Negotiations - Agriculture



- Comprehensive negotiations aimed at:
 - substantial improvements in market access
 - reductions of, with a view to phasing out, all forms of export subsidies
 - substantial reductions in trade-distorting domestic support
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 - **Cotton** at the heart of WTO negotiations and only commodity with specific treatment in the agriculture negotiations

The cotton issue was brought into the WTO arena with the launching of the Sectoral Initiative in Favour of Cotton on 30 April 2003:



- The cotton four (C-4): Benin, Burkina Faso, Chad and Mali.
- Presentation of the Initiative at the WTO by President Blaise COMPAORE of Burkina Faso on 10 June 2003: “our countries are not asking for charity, neither are we requesting preferential treatment or additional aid. We solely demand that, in conformity with WTO basic principles, the free market rule be applied”.



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Three points were raised:

- the damage that they believed was inflicted on them by richer countries' cotton subsidies
- a call for the subsidies to be eliminated
- a call for compensation to be paid so long as the subsidies remain, to cover the economic losses they caused



August 2004 Framework: cotton

- **Two tracks**
 - **Trade**
 - **Development**
- **Cotton to be addressed “ambitiously, expeditiously, and specifically”**



Cotton Negotiations - Timeline

2003 Birth of the "sectoral initiative"
Cotton Four (C4): Benin, Burkina Faso, Chad and Mali

2004 "August Framework"
Two tracks: Trade and development

2005 Hong Kong Ministerial Declaration

2008 - W/4/Rev.4 Revised draft modalities

2013 - Bali Ministerial Decision on cotton

2015 - Nairobi Ministerial Decision on cotton

Ongoing negotiations



Cotton Negotiations – Current status

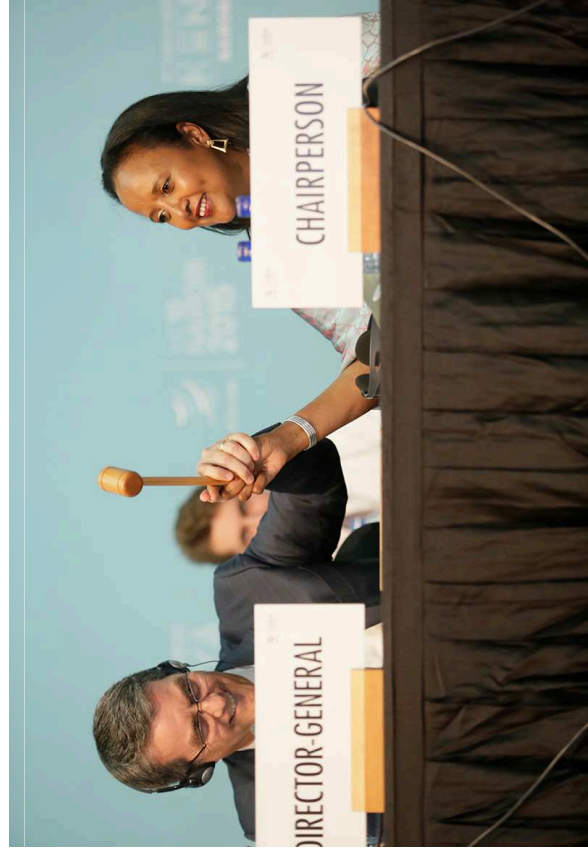


- 2016 – Bamako Ministerial Declaration on cotton
- Proposal submitted jointly by Brazil, Argentina, Chile, Colombia, Paraguay, Peru and Uruguay - different options to limit different types of domestic support
- ACP submission calls for limit in trade-distorting domestic support
- Questions by the C-4 and LDC
- WTO news item on agriculture negotiations
https://www.wto.org/english/news_e/news16_e/agri_16nov16_e.htm





 WORLD TRADE ORGANIZATION	WT/MIN(15)/DEC
	21 December 2015
(15-6853)	Page: 1/5
Ministerial Conference Tenth Session Nairobi, 15-18 December 2015	



NAIROBI MINISTERIAL DECLARATION

ADOPTED ON 19 DECEMBER 2015

PART I

Preamble

1. We, the Ministers, have met in Nairobi, Kenya, from 15 to 18 December 2015 at our Tenth Session. As we conclude our Session, we would like to express our deep appreciation to the Government and people of Kenya for the exceptional organization and the warm hospitality we have received in Nairobi.
2. We note that our Tenth Session takes place as we mark the twentieth anniversary since the establishment of the WTO. On this occasion, we underline the crucial importance of the multilateral rules-based trading system and reaffirm the principles and objectives set out in the Marrakesh Agreement Establishing the World Trade Organization.
3. We reaffirm the pre-eminence of the WTO as the global forum for trade rules setting and governance. We acknowledge the contribution that the rules-based multilateral trading system has made to the strength and stability of the global economy. We reaffirm the value of our consistent practice of taking decisions through a transparent, inclusive, consensus-based, Member-driven process.

Cotton - Trade component



Market Access

- **Developed Members and developing Members in a position to do so:**
- **Shall grant**, to the extent provided for in their respective preferential trade arrangements in favour of LDCs, as from **1 January 2016**,
- **duty-free and quota-free market access** exports by LDCs
 - Cotton
 - Relevant cotton-related products
 - included in the list annexed to this Decision
 - and covered by Annex 1 of the Agreement on Agriculture.

WT/MIN(15)/46

Nairobi outcome
Cotton
Trade component

ANNEX : LIST ³		
Harmonized System 2012 (In grey: rows corresponding to HS6 tariff lines)		
Cotton	520100	Cotton, not carded or combed
	5202	Cotton waste (including yam waste and garnetted stocks)
	520210	- Yarn waste (including thread waste)
		- Other
	520291	-- Garnetted stock
	520299	-- Other
	520300	Cotton, carded or combed
Cotton shells, husks, oil and other food products	1207	Other oil seeds and oleaginous fruits, whether or not broken - Cotton seeds
	120721	-- Seed
	120729	-- Other
	1404	Vegetable products not elsewhere specified or included
	140420	- Cotton linters
	1512	Sunflower-seed, safflower or cotton-seed oil and fractions thereof, whether or not refined, but not chemically modified - Cotton-seed oil and its fractions
	151221	-- Crude oil, whether or not gossypol has been removed
	151229	-- Other
	1521	Vegetable waxes (other than triglycerides), beeswax, other insect waxes and spermaceti, whether or not refined or coloured
	152110	- Vegetable waxes
	2306	Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of vegetable fats or oils, other than those of heading 23.04 or 23.05
	230610	- Of cotton seeds
	2936	Provitamins and vitamins, natural or reproduced by synthesis (including natural concentrates), derivatives thereof used primarily as vitamins, and intermixtures of the foregoing, whether or not in any solvent - Vitamins and their derivatives, unmixed
	293624	-- D- or DL-Pantothenic acid (Vitamin B3 or Vitamin B5) and its derivatives
293628	-- Vitamin E and its derivatives	



MC10
NAIROBI
2015



Cotton - Trade component

Domestic support

➤ Acknowledge past efforts made by some Members to reform domestic support cotton policies



➤ Emphasize more efforts remain to be made

➤ Necessary transparency provided in notifications and review process in the Committee on Agriculture

Export competition

To be read in conjunction with the Nairobi Ministerial Decision on export competition (document WT/MIN(15)/45)

➤ Disciplines and commitments in the Decision shall be implemented:

- Immediately by developed country Members
- No later than 1st January 2017 by developing country Members



Trade-related dedicated discussions

Ministers in Bali and Nairobi agreed “to hold a dedicated discussion on a bi-annual basis in the context of the Committee on Agriculture in Special Session to examine relevant trade-related developments across the three pillars of Market Access, Domestic Support and Export Competition in relation to cotton.”

- Not a negotiation forum, but to inform negotiations
- Secretariat background paper (TN/AG/GEN/34 – TN/AG/SCC/GEN/13 and their addendums and revisions) – available on WTO Docs online facility https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S001.aspx
- ICAC presentation
- 6th dedicated discussion held on 23 November 2016



Cotton - Development aspect



WTO OMC

- The main text of the August 2004 framework and paragraph 12 of the Hong Kong Ministerial Declaration sets up the separate track of the development aspects of cotton
- High-level meeting held on 15 and 16 March 2007: establishment of the WTO Director-General's Consultative Framework Mechanism on Cotton and the restructuring of the DG's Evolving Table on Cotton Development Assistance
- Bali and Nairobi Decision “reaffirm the importance of the development assistance aspects of cotton, and commit to continued engagement in the DG's Consultative Framework Mechanism on cotton.” The 26th session took place on 23 November 2016, back-to-back with the 6th trade-related dedicated discussion on cotton.



Trade Facilitation Agreement (TFA)



Objectives

- Streamline, harmonize and modernize customs procedures
- Expedite movement, release and clearance of goods
- Better cooperation between customs agents and other authorities
- Better resource allocation
- Enhanced Participation in international trade (esp. of SMEs...etc)

www.TFAFacility.org



Trade Facilitation Agreement

Benefits for trade

- Transparency - enhanced compliance and increased predictability
- Fairness – non-discrimination, harmonization
- Good governance – streamlining of procedures, enhanced coordination and cooperation
- Modernization – simplification, reduction of requirements, single window
- Lower trade transaction costs

Thank you for your attention

