



**Committee on Agriculture
Special Session
Sub-Committee on Cotton**

COTTON

BACKGROUND PAPER BY THE SECRETARIAT¹

Addendum

This document contains one additional reply from Peru to the questionnaire on recent policy developments for cotton, which was circulated on 10 September 2019, and should be read in conjunction with Annex 4 of document TN/AG/GEN/34/Rev.11/Add.1 - TN/AG/SCC/GEN/13/Rev.11/Add.1, which was circulated on 11 November 2019.

Reply from Peru

I. Market Access

Peru made no changes to its cotton-related policies concerning market access.

II. Domestic Support

Cotton Financing Programme

1. Description of the Programme:

The funding programme helps enhance the competitiveness of Peruvian cotton and boosts the cotton production chain through the provision of reimbursable loans to eligible small cotton producers forming part of producer organizations in the Pisco, Ica, Chincha, Cañete and Santa valleys.

2. Objective:

Provision of loans to finance cotton farming for the purchase of inputs (seed, fertilizers and agrochemicals), machinery, labour, administrative costs and technical assistance.

3. Beneficiaries:

Small cotton producers in the Pisco, Ica, Chincha Cañete and Santa valleys, through producer organizations (formally established cooperatives and/or associations), which, in addition, provide services relating to business management and technical assistance.

¹ This document 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. It has been prepared for information only and is not intended to provide any authoritative or official legal interpretation of the provisions of the WTO Agreements in general or in relation to any measure listed in this document.

4. Duration:

The programme runs from November 2018 to October 2019, in accordance with the planting and harvesting season in each valley.

5. Form of benefit:

The Temporary Funding Programme for Agricultural Inputs, financed with resources from the AGROPERU Fund through AGROBANCO, is intended for small producer organizations in the Pisco, Ica, Chincha, Cañete and Santa valleys, for the purchase of inputs (seed, fertilizers and agrochemicals), labour, technical assistance and technical management support.

The preferential rate for cotton producers is an annual effective rate of 12% for up to nine months for the Tanguis variety and up to seven months for the Hazera and IPA 59 varieties. The interest rate on loan arrears applied to this funding programme is 16% for all varieties.

The programme has a budget of 5,000,000 (five million soles), broken down as follows:

Table 1: Budget breakdown

Category	Amount (in soles)	Percentage (%)
1. Campaign funding	4,750,605.00	95.01%
2. Programme operational costs and technical assistance incentives	249,395.00	4.99%
TOTAL	5,000,000.00	100%

Source: Agricultural Financing and Insurance Directorate, based on the Financing Programme for the 2019-2020 Cotton Season - Agroperú Fund, Agrobanco.

The amount of funding per hectare is 4,300 soles, with a maximum of four hectares per producer, broken down as follows:

Table 2: Financing breakdown per hectare

Category	Amount (in soles)
Inputs: seed, fertilizers and agrochemicals	4,110.00
Services: labour, machinery and water	140.00
Technical assistance	50.00
Technical management support	
TOTAL	4,300.00

Source: Agricultural Financing and Insurance Directorate, based on the Financing Programme for the 2019-2020 Cotton Season - Agroperú Fund, Agrobanco.

III. Export Competition

Peru does not provide export subsidies for agricultural products, including cotton.