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

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NEGOTIATIONS ON COTTON AT THE WTO

Communication from the Co-Sponsors of the Sectoral Initiative
on Cotton¹ and Côte d'Ivoire

The following communication, dated 8 November 2023, is being circulated at the request of the delegation of Chad on behalf of the co-sponsors of the Sectoral Initiative on Cotton (C-4) and Côte d'Ivoire.

DRAFT MINISTERIAL DECISION ON COTTON

The Ministerial Conference,

Recognizing the critical importance of cotton to the economies of certain producing countries, in particular those of least developed countries (LDCs), as well as the structural constraints of the cotton sector exacerbated by the COVID-19 pandemic and the difficult international context,

Taking into account the need to empower women and young people in rural areas, combat poverty and achieve the Sustainable Development Goals (SDGs),

Underscoring the fact that non-conventional domestic support and subsidies for cotton continue to seriously distort world cotton prices and that one of the main consequences of this disruption is the significant loss of income suffered by millions of people in cotton-producing and -exporting developing countries and LDCs,

Having regard to Article 20 of the Agreement on Agriculture, which recognizes the importance of conducting a fundamental reform of the agricultural sector,

Recalling the mandate and the principles set forth in paragraph 13 of the Doha Ministerial Declaration ([WT/MIN\(01\)/DEC/1](#)), and expressing concern at the lack of progress in the negotiations on domestic support for cotton due to the lack of will and genuine commitment on the part of certain actors regarding the trade component of this vital issue since 2003, when the Sectoral Initiative in Favour of Cotton was submitted to the World Trade Organization,

Recalling that the C-4 has constantly stressed the need for progress as regards the commitment of the trade Ministers of WTO Member countries and has shown its goodwill in seeking to build a broad consensus through negotiations on the issue of domestic support for cotton,

Referring to the Decisions adopted on cotton and contained, respectively, in the Package of July 2004 ([WT/L/579](#) of 2 August 2004), which aimed to address cotton "ambitiously, expeditiously, and specifically", the Hong Kong Ministerial Declaration ([WT/MIN\(05\)/DEC](#) of 22 December 2005), in particular paragraphs 11 and 12 on cotton, and the Bali Decision ([WT/MIN\(13\)/41](#) - [WT/L/916](#) of 11 December 2013),

¹ Benin, Burkina Faso, Chad and Mali.

Recalling the Decision on Cotton adopted at the Tenth WTO Ministerial Conference in Nairobi ([WT/MIN\(15\)/46](#) - [WT/L/981](#)), which emphasizes that more efforts remain to be made by Members to attain the ultimate objective of total elimination of all forms of distorting support for cotton on the international market,

Recognizing the incremental progress achieved on issues relating to market access, export competition and the development component at the Tenth WTO Ministerial Conference held in Nairobi in December 2015,

Recalling UN General Assembly Resolution A/RES/75/318 of 30 August 2021 underscoring the historical importance of cotton as a global commodity and the vital role that cotton plays in several Member States by providing livelihoods and as a subsistence crop for millions of people, and its broader economic and social impacts around the world,

Confirming that Members genuinely recognize that the issue of domestic support for cotton remains to be handled effectively, and that concrete, substantial and measurable results in this area are important, and

Without prejudice to the conclusion of the negotiations on agricultural reform,

Decides as follows:

A. TRADE COMPONENT

1 DOMESTIC SUPPORT

1.1 Aggregate Measurement of Support (AMS)

1.1.1 Limits on the Aggregate Measurement of Support (AMS)

The Aggregate Measurement of Support (AMS) to cotton² shall be limited, as a first step, according to the following modalities:

- (a) **i.** Where the Final Bound Total AMS is greater than USD 2 billion, or the equivalent in the monetary terms in which the binding is expressed, the reduction shall be "40%";
- ii.** Where the Final Bound Total AMS is greater than USD 1 billion and less than or equal to USD 2 billion, or the equivalent in the monetary terms in which the binding is expressed, the reduction shall be "35%";
- iii.** Where the Final Bound Total AMS is less than or equal to USD 1 billion, or the equivalent in the monetary terms in which the binding is expressed, the reduction shall be "30%".
- (b) The reduction of the AMS for cotton applicable to developing country Members that have made commitments regarding the Final Bound Total AMS shall be two thirds (2/3) of the reduction applicable to developed country Members, pursuant to the provisions of paragraph (a) above.
- (c) The reduction percentages foreseen in paragraphs (a) and (b) are applied to the base value of support calculated as the arithmetic average of the amounts notified by Members for cotton.

1.1.2 Implementation period and modalities

AMS cotton commitments shall be implemented over five (5) years, starting from 1 January 2025, according to the following schedule:

- **Where the Final Bound Total Aggregate Measurement of Support (AMS) is greater than USD 2 billion, or the equivalent in the monetary terms in which the binding is expressed, the reduction shall be "40%".**

² This is the average amount of Aggregate Measurement of Support notified by Members over the past three years.

- 8% each year over a period of five (5) years, starting from 1 January 2025 until 31 December 2029.
- ***Where the Final Bound Total AMS is greater than USD 1 billion and less than or equal to USD 2 billion, or the equivalent in the monetary terms in which the binding is expressed, the reduction shall be "35%".***
- 7% each year over a period of five (5) years, starting from 1 January 2025 until 31 December 2029.
- ***Where the Final Bound Total AMS is less than or equal to USD 1 billion, or the equivalent in the monetary terms in which the binding is expressed, the reduction shall be "30%".***
- 6% each year over a period of five (5) years, starting from 1 January 2025 until 31 December 2029.

1.2 De minimis

- (d) Developed and developing Members shall refrain from granting cotton producers a cumulative amount of AMS support and support falling within the scope of Article 6.5 of the Agreement on Agriculture that exceeds the monetary limit that would result from the application **of the de minimis entitlements** under Article 6.4 of the Agreement on Agriculture.

1.3 Blue Box support

The level of reduction of Blue Box support for cotton is set at 2/3 of the average level of support for this category over the past three (3) years.

1.4 Green Box: surveillance, notification and transparency

Further to Article 20 and Annex 2 of the Agreement on Agriculture, WTO Members shall not provide support in favour of cotton producers that meet the criteria indicated in paragraphs 5 to 13 of Annex 2 of the Agreement on Agriculture. Green Box support measures granted to cotton shall have minimal or no distorting effects on the cotton production and export market.

Members are encouraged to ensure effective surveillance of Green Box support measures and are urged to respect their notification obligations as part of requisite transparency.

1.5 Transfer of support from one box to another

Members shall avoid granting support for cotton with distorting effects under a category of support that is intended to have minimal or no effects, as this practice is likely to impede a clear assessment and evaluation of the types of support for which reduction commitments shall be made. It is noted that Green Box support that should have minimum or less trade-distorting effects nevertheless remains trade-distorting in different respects, and should thus be categorized as Blue or Orange Box, depending on the type of activity for which this support is granted. Least developed country (LDC) Members shall not be required to undertake reduction commitments.

2 MARKET ACCESS AND EXPORT COMPETITION

Members agree to fully implement the provisions set out in paragraphs 14, 15 and 16 of the Nairobi Ministerial Decision ([WT/MIN\(15\)/46](#) - [WT/L/981](#)) and plan, where appropriate, to continue the negotiations on market access and export competition on the basis of the information provided, in particular in relation to duty-free and quota-free market access for LDCs.

B. DEVELOPMENT COMPONENT

Without prejudice to any consensual revisions that Members may adopt, development-related aspects of cotton shall be addressed as provided for in paragraph 12 of the Hong Kong Ministerial

Declaration ([WT/MIN\(05\)/DEC](#)) and paragraphs 10, 11, 12 and 13 of the Nairobi Ministerial Decision ([WT/MIN\(15\)/46](#) - [WT/L/981](#)).

Members reaffirm their commitment to the rules-based multilateral trading system, which strengthens the possible synergies between trade in cotton, productive investment and development assistance for LDCs. They recognize the need for an inclusive partnership that makes cooperation and negotiation the preferred instruments for finding the most appropriate solutions to the considerable systemic and cyclical challenges faced by cotton-producing and -exporting LDCs, in particular the C-4 countries.

Members underscore the central role of the WTO Director-General's Consultative Mechanism on Cotton as an international forum of reference bringing together the various stakeholders of the global cotton community (public and private sectors, and multilateral agencies) and as a true multilateral consultation platform for the development of cotton-producing and -exporting LDCs. As such, they agree to coordinate cotton development assistance interventions, follow-up on completed and/or ongoing projects, and use this platform to attract and mobilize further investment with a view to promoting and supporting the production, processing and marketing of cotton and its by-products in LDCs.
