



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

**FIRST DEDICATED DISCUSSION OF THE RELEVANT  
TRADE-RELATED DEVELOPMENTS FOR COTTON**

20 JUNE 2014

*Report<sup>1</sup> by the Chairman, H.E. Mr John Adank*

1. Pursuant to the Bali Ministerial Decision on cotton of 7 December 2013 (document WT/MIN(13)/41 and WT/L/916), the first dedicated discussion of the relevant trade-related developments for cotton was held on 20 June 2014, in the context of the Committee on Agriculture in Special Session. The dedicated discussion was held back to back with the 21<sup>st</sup> round of the Director-General's consultative framework mechanism on the development aspects of cotton.

2. In my **opening remarks**, I recalled that cotton had always been an important part of the Doha negotiations since the Sectoral Initiative for Cotton was first presented in 2003. Furthermore, the July 2004 Framework and the 2005 Hong Kong Ministerial Declaration called for cotton to be treated "ambitiously, expeditiously and specifically" within the Agriculture Negotiations. In the same manner, the Draft Agriculture Modalities text (TN/AG/W/4/Rev.4) included specific language on cotton, with commentary from the Chair of the Negotiating Group explaining the state of play on this issue.

3. I noted that in Bali, Ministers had agreed to enhance transparency and monitoring in relation to the trade-related aspects of cotton through bi-annual discussions, particularly in the areas of market access for LDCs, domestic support and export competition. The first dedicated discussion on cotton constituted therefore an important event in the context of the wider post-Bali agenda.

4. Finally, I noted that the dedicated discussion aimed at providing Members with a better understanding of the various trade policies impacting cotton markets.

5. Members welcomed the holding of this first dedicated discussion which represented the first concrete step in the implementation of the Bali decision on cotton.

6. On behalf of the Cotton-4 (C-4), Burkina Faso invited Members to engage actively in finding a rapid and satisfactory outcome on cotton, as part of the Post-Bali negotiation work programme. Burkina Faso further noted that the 2008 revised draft agriculture modalities (TN/AG/W/4/Rev.4) constituted a natural basis for further work on cotton. Several Members supported the statements made by Burkina Faso on behalf of the C-4.

7. The specific discussion of trade-related developments in market access, domestic support and export competition for cotton was informed by a **background paper by the Secretariat** (TN/AG/GEN/34 and TN/AG/SCC/GEN/13) which compiled factual information and data from Members' notifications and other submissions to the WTO on export subsidies, domestic support and market access, including both tariff and non-tariff measures.

8. While Members generally welcomed the Secretariat background paper, some regretted certain gaps of information in some instances due to a lack of recent notifications, and encouraged all

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<sup>1</sup> This report is circulated under the Chair's own responsibility.

Members to bring their notifications up-to-date to allow for a more comprehensive discussion. However, other Members noted that up-to-date notifications should not be a pre-condition to pursuing discussions on this issue.

9. I noted that the Secretariat was fully dependent on the information and data submitted by Members, and I strongly encouraged all Members to submit timely notifications to the Committee on Agriculture, especially when some of their measures specifically related to cotton.

10. Some Members also called for additional information to be included in the Secretariat background paper such as data on cotton production, stocks and trade; data on import measures by country of origin; information on applied duties movements; and information on agricultural policies that could impact cotton markets. Suggestions were also provided with regards to the presentation of summary information and charts in the background paper.

11. Such additional information, in particular that related to agricultural policies, was seen by some Members as necessary to provide an accurate picture of current cotton market trends and therefore enable the conduct of a meaningful discussion.

12. I pointed out that those suggested revisions and additions to the Secretariat background paper would only be possible if Members agreed to and supplied that additional information. I further noted that nothing prevented Members from asking questions, seeking further clarifications or providing information on policies and measures not yet notified to the WTO and therefore not included in the Secretariat background paper.

13. Following the introduction and initial discussion of the Secretariat background paper, I invited Members to discuss trade-related developments for cotton pillar by pillar. On **export competition**, various Members welcomed the fact that no export subsidies on cotton had been notified over a past number of years, and called for the elimination of all forms of cotton export subsidies and of other measures with equivalent effect such as export credits.

14. The possible impact of export restrictions and bans on cotton markets was flagged, as was the absence of an analysis of the possible trade-distorting effects of cotton exporting State Trading Enterprises in the Secretariat background paper.

15. With regards to **market access**, the importance of reforms in market access was emphasized, with one Member noting that, according to some studies, tariff protection constituted approximately 90 per cent of the distortions to global agriculture trade. It was noted that high bound and applied import duties for cotton were maintained by some Members, including for imports from LDCs. Others flagged some discrepancies between their applied tariffs as reported to the WTO and actual market access conditions. Finally, with regards to non-tariff measures, one Member commented that the absence of specific trade concerns associated with SPS or TBT measures suggested that these measures were not used in a protectionist spirit.

16. With regards to **domestic support**, one Member observed that some domestic support notified as non-product specific could also have an impact on cotton production. Another Member noted the significant impact that supply management policies could have on cotton markets. In addition, different views were expressed on the relative importance and impact on cotton markets of past and present domestic support granted by various Members.

17. I noted that discussions of Members' policies reforms in line with a possible Doha Development Agenda outcome went beyond the scope of this improved transparency and monitoring exercise and fell rather under the negotiations track. As such, discussions in this area would need to be pursued further in the post-Bali work programme process.

18. In closing the meeting, I thanked all participants for their engagement and contributions to the first dedicated discussion of the relevant trade-related developments for cotton. I also invited Members to engage constructively with each other, and to make this transparency and monitoring exercise a meaningful one, in particular in the context of the wider post-Bali agenda, as we sought to conclude the agriculture negotiations and ensure that cotton was addressed within these negotiations.

19. In that regard, I confirmed that cotton would necessarily need to be part of the up-coming discussions in the context of the process engaged towards the elaboration of a clearly defined work programme by the end of the year on the remaining Doha Development Agenda issues.

20. Finally, I announced my intention to convene the second dedicated discussion towards the end of the year, at a date to be confirmed, back to back with the next round of consultations on cotton development assistance.

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