



**Ministerial Conference  
Thirteenth Session  
Abu Dhabi, 26-29 February 2024**

**IMPLEMENTATION OF THE TRADE-RELATED COMPONENTS OF COTTON**

**PROGRESS REPORT BY THE DIRECTOR-GENERAL TO THE 13<sup>TH</sup> MINISTERIAL CONFERENCE**

1. Paragraph 11 of the Bali Ministerial Decision on Cotton ([WT/MIN\(13\)/41](#)), adopted by Members on 7 December 2013, invites *"the Director General to continue to provide periodic reports on the development assistance aspects of cotton, and to report on the progress that has been made in implementing the trade-related components of the 2005 Hong Kong Ministerial Declaration, at each WTO Ministerial Conference"*. This report, drafted in response to that mandate, is being forwarded for Ministers' consideration at the Thirteen Ministerial Conference.

2. The report covers: (1) the Dedicated Discussions of the relevant trade-related developments for cotton mandated by the Bali and Nairobi Decisions; and (2) the state of play of the negotiations on cotton as of 30 January 2024. This report follows the previous progress reports on the implementation of the trade-related components of cotton in documents [WT/MIN\(15\)/12](#), [WT/MIN\(17\)/13](#) and [WT/MIN\(22\)/5](#). This report is complementary to, and should be read in conjunction with, my latest periodic report on the development assistance aspects of cotton.<sup>1</sup>

**I. DEDICATED DISCUSSIONS OF THE RELEVANT TRADE-RELATED DEVELOPMENTS FOR COTTON**

3. Since the 12<sup>th</sup> Ministerial Conference (MC12) in Geneva, three Dedicated Discussions of the relevant trade-related developments for cotton have taken place.<sup>2</sup>

4. These Dedicated Discussions were held in the context of the Committee on Agriculture in Special Session and were organized back-to-back with the Director-General's Consultative Framework Mechanism on the development aspects of Cotton, as WTO "Cotton Days".

5. The Dedicated Discussions are regularly informed by background papers by the Secretariat<sup>3</sup> which compile 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. The Secretariat background papers also include information on relevant recent policy developments shared by Members in their reply to a questionnaire, as well as relevant information on cotton markets and policies from Trade Policy Review reports.

6. Members have continued to benefit from presentations by the International Cotton Advisory Committee (ICAC) on global cotton market and trade trends, as well as on recent developments relating to government measures affecting cotton. These presentations are highly appreciated by Members and elicit great interest.

7. Similarly, Members welcomed at the 18<sup>th</sup> Dedicated Discussion a presentation by the Food and Agriculture Organization of the United Nations on their study<sup>4</sup> entitled "the C-4 countries in the

<sup>1</sup> [WT/GC/260 - WT/CFMC/DG/10 - WT/MIN\(24\)/1](#), circulated on 30 November 2023.

<sup>2</sup> 9 November 2022, 16 May 2023, and 7 November 2023. The Chair reports on these meetings can be found respectively in [TN/AG/55 - TN/AG/SCC/20](#), dated 13 December 2022; [TN/AG/56 - TN/AG/SCC/21](#), dated 22 August 2023; and [TN/AG/57 - TN/AG/SCC/22](#), dated 18 December 2023.

<sup>3</sup> [TN/AG/GEN/34 - TN/AG/SCC/GEN/13](#) and its revisions and addendums.

<sup>4</sup> FAO's presentation can be found [here](#).

context of the global cotton market situation short- and medium-term outlook"<sup>5</sup> which focuses on the cotton sector's potential to advance the livelihood of households in developing countries.

8. The International Trade Centre (ITC) has also continued to contribute to the Dedicated Discussions by briefing Members on the latest updates on the [Cotton Portal](#) as well as statistics on the tool's use across the world. The Cotton Portal, launched jointly by the ITC and the WTO at the 11<sup>th</sup> Ministerial Conference in Buenos Aires, provides a single-entry point for cotton-specific information on market access, trade statistics, business contacts and development assistance, hence facilitating trade in cotton and the monitoring of Members' market access commitments. The ITC noted the need to upgrade the Portal while Members confirmed the usefulness of the platform for cotton trade and called for more trainings on this tool. Further to Members' request, a first French-speaking webinar<sup>6</sup> on the Portal was held back-to-back with the 20<sup>th</sup> Dedicated Discussion. A similar English-speaking event will follow.

9. At the 19<sup>th</sup> Dedicated Discussion, Members benefitted from an introduction<sup>7</sup> to the [ePhyto Solution](#) by the Standards and Trade Development Facility (STDF) Secretariat. The ePhyto is a digital system specifically designed to aid developing countries in issuing electronic certificates for agricultural products, streamlining customs clearance processes. Côte d'Ivoire subsequently shared its experience<sup>8</sup> in successfully implementing the ePhyto system to facilitate its cotton trade.

10. A first written submission by Mali was made under "COVID-19 and Cotton", a standing item that has been added to the agenda of the Dedicated Discussions since the November 2021 meeting. Highlighting the lingering social and economic impact of the pandemic on African cotton-producing countries, the C-4 asked to maintain the item as a standard item on the agenda with a broader scope that would allow Members to cover other factors significantly impacting the cotton market.

## II. NEGOTIATIONS

11. Following MC12 and the departure of H.E. Mrs. Gloria Abraham Peralta of Costa Rica, Members designated H.E. Mr. Alparsan Acarsoy of Türkiye as the new Chair of the CoA Special Session (CoA-SS).

12. Like his predecessors, the Chair emphasized on several occasions the commitment made by Members 20 years ago to address cotton "ambitiously, expeditiously and specifically within the agriculture negotiations". The Chair also acknowledged that while outcomes had been delivered on export competition, market access and transparency enhancement in relation to cotton at the 9<sup>th</sup> and 10<sup>th</sup> Ministerial Conferences held successively in 2013 and 2015 in Bali and Nairobi, Members had not been able to make progress on the central issue of trade-distorting domestic support provided to cotton producers.

13. The Chair facilitated the negotiations on cotton as part of the overall agriculture negotiations in the context of the CoA-SS meetings, complemented by bilateral consultations with interested Members and small-group consultations in the standard cotton quadrilateral plus - "Quad Plus"<sup>9</sup> – format. Discussions at the bi-annual Dedicated Discussions of the relevant trade-related developments for cotton also inform the negotiations.

14. Cotton was covered by several Members' submissions. This was notably the case in the Cairns Group submission in [JOB/AG/245](#) entitled "Agreement on Agriculture: the Amber and Blue Box, product-specific concentrations of support" circulated on 23 June 2023, which included cotton as one of the case studies illustrating high product-specific concentration, with the cumulated value of

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<sup>5</sup> The study can be found on [The Cotton-4 \(C-4\) countries in the context of the global cotton market: Situation and short- and medium-term outlook \(fao.org\)](#).

<sup>6</sup> A video recording of the webinar can be accessed [here](#).

<sup>7</sup> The presentation by the STDF can be accessed [here](#).

<sup>8</sup> The presentation by Côte d'Ivoire can be accessed [here](#).

<sup>9</sup> C-4, Argentina, Australia, Brazil, China, Colombia, India, European Union, Pakistan, and the United States, plus Türkiye since 2020. The Chair convened two meetings in this configuration on 20 April and 20 November 2023.

Amber and Blue Box support representing around USD 5 billion in 2019 or 7.3% of the total value of production, and four Members providing around 95% of that support.

15. Cotton was also explicitly addressed in the communication by Costa Rica in [JOB/AG/243](#) entitled "Towards a strengthened negotiation framework in the domestic support pillar - Building a comprehensive approach to the negotiation on domestic support", subsequently revised as a communication by the Cairns Group circulated on 2 November 2023 in [JOB/AG/243/Rev.1](#) and on 12 January 2024 in [JOB/AG/243/Rev.2](#).

16. This communication proposes a cap on product-specific trade-distorting domestic support at maximum levels proportionate to Members' importer or exporter status and respective levels of import as a share of domestic consumption or world export market share. According to this proposal, more than 70% of cotton exports (corresponding to exports by the United States, Brazil, and India) would be subject to a product-specific limit of 10% of the value of production.

17. Other communications on domestic support also address cotton through their proposed provisions on product-specific aggregate measurement of support without mentioning it explicitly. This is the case of the proposal by the African Group and Pakistan in [JOB/AG/242/Rev.1](#) (27 July 2023) and the proposal by India in [JOB/AG/216/Rev.1](#) (16 October 2023) which emphasize the need to first address the AMS granted to cotton beyond the *de minimis* level and oppose any new disciplines on *de minimis* for developing country Members without Final Bound Total AMS. The proposal by the African Group and Pakistan also included a possible capping of Blue Box product-specific support.

18. The C-4 and Côte d'Ivoire circulated on 10 November 2023 a proposal for a Ministerial outcome on Cotton at MC13. The proposal, which builds on past proposals by the Group seeks to impose a limit on the sum of AMS and Blue Box cotton-specific support to ensure that it is below the *de minimis* threshold. It further seeks to impose a numerical cap on the level of cotton-specific AMS through a tiered reduction formula and to eliminate Green Box Direct payments for cotton producers. The C-4 was supported by some groups of developing countries.

19. It is the view of some Members that as an outcome on cotton domestic support should be part of a holistic and comprehensive outcome in agriculture, Members should engage in a progressive step-by-step process considering the remaining fault-lines, and first explore ways to enhance transparency.

20. The view has also been expressed that it is necessary to differentiate between the various categories of support granted to cotton producers, namely AMS, Blue Box and Green Box support considering their respective characteristics. Some Members have also noted that market access should also be taken into consideration in these negotiations. Finally, Members have also recognized, as embodied in the 2003 Cotton Initiative, the coherence between the trade and development aspects of the cotton issue, as part of a "two-track" approach.

21. The Chair subsequently circulated in January 2024 a first draft text on agriculture<sup>10</sup> aimed at facilitating the negotiations amongst Members with a view to agreeing on an agricultural outcome by MC13. The draft text included two sections on the cotton trade- and development-related components.

22. The draft text proposes that Members undertake to pursue and intensify negotiations on cotton trade-related measures in line with the mandate to address it ambitiously, expeditiously and specifically within the agriculture negotiations, in particular with a view to reduce substantially trade-distorting domestic support for cotton in accordance with modalities that would be agreed and adopted by Members by MC14.

23. The text was introduced and discussed for the first time by the WTO Membership during the CoA-SS on 30 January 2024.

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<sup>10</sup> [RD/AG/128](#), dated 29 January 2024

24. The C-4 subsequently shared with the Membership the text of the C-4 plus Côte d'Ivoire Ministerial Declaration adopted in Koudougou (Burkina Faso) on 25 January 2024 in [TN/AG/GEN/55-TN/AG/SCC/GEN/26](#), circulated on 16 February 2024.

### **III. CONCLUSION**

25. This is the fourth progress report by a Director General to a Ministerial Conference on the implementation of the trade-related components of cotton, and my second as Director-General. These reports came to the same conclusions: acknowledge the good work undertaken under the Dedicated Discussions on cotton and regret the absence of progress in the negotiations.

26. The Dedicated Discussions have indeed become over time a well-recognized "rendez-vous" contributing to enhanced transparency, by providing regular updates on the evolution of the cotton market and trade-related policy developments in the sector, thus usefully informing the trade-related negotiations on cotton.

27. On the negotiations thus far, the conclusion remains unfortunately the same: despite the commitment made over 20 years ago to address this topic ambitiously, expeditiously, and specifically within the agriculture negotiations, WTO Members are yet to make progress on the critical issue of trade-distorting support to cotton. Persistent distortions in international markets impede the fair participation of many cotton-producing countries. As I said on the World Cotton Day celebrations in Vienna on 4 October 2023, "this is a collective failure of the Membership, one there is no running away from".

28. The 13<sup>th</sup> Ministerial Conference will offer once more a window of opportunity for Members to define what they consider to be an appropriate outcome, in particular in relation to cotton trade-distorting domestic support as part of an overall agriculture and food security package.

29. I sincerely hope that, after their failure to do so at MC12, Ministers will this time be able to collectively agree on reinvigorating their work and provide a clear sense of direction with a view to achieving concrete outcomes on cotton by the next Ministerial Conference to be held for the second time in history on the African continent.

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