



**Ministerial Conference
Tenth Session
Nairobi, 15-18 December 2015**

COTTON

DRAFT MINISTERIAL DECISION OF 19 DECEMBER 2015

The Ministerial Conference,

Having regard to paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization;

Stressing the vital importance of cotton to a number of developing economies and particularly the least-developed amongst them, and noting that over the past few years cotton has been one of the most contentious issues at the World Trade Organization (WTO), both in the trade negotiations and in the framework of the dispute settlement process;

Recalling that export subsidies and all export measures with equivalent effect and trade distorting domestic support for cotton by WTO Members distort prices and disrupt international cotton markets, with severe consequences for the economy and social lives in African cotton-producing countries, especially Least Developed Countries (LDCs);

Recalling that on several occasions, the Cotton Four (C-4)¹ has stressed the need for progress as regards the commitment of WTO Trade Ministers and has shown its good will in seeking to build a credible consensus through negotiation;

Expressing their concern at the lack of progress in the cotton negotiations and the absence of clearly-stated political determination in the trade component of this vital issue since 2003, when the Sectoral Initiative in Favour of Cotton was submitted to the WTO;

Taking into account the context that has prevailed in recent years and of the trend in world cotton prices, which has been highly unfavourable for cotton producers and exporters, and in particular African ones, over the past two years;

Considering the 1979 Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (L/4903), the 1994 Ministerial Decision on Measures in Favour of Least-Developed Countries and the 2009 Decision on Preferential Tariff Treatment for Least Developed Countries (WT/L/759), and without prejudice to the right of Members to continue to act pursuant to the provisions contained in those Decisions; and

Taking into account the 2010 Decision on the Transparency Mechanism for Preferential Trade Arrangements (WT/L/806).

Decides as follows:

¹ Benin, Burkina Faso, Chad and Mali.

1. TRADE COMPONENT

1.1 MARKET ACCESS

1. We welcome the progress made voluntarily by some Members towards providing duty-free and quota-free market access for cotton and cotton-related products originating from LDCs.

2. Developed country Members, and developing country Members declaring themselves in a position to do so, shall grant, to the extent provided for in their respective preferential trade arrangements² in favour of LDCs, as from 1 January 2016, duty-free and quota-free market access for cotton produced and exported by LDCs.

3. Developing country Members declaring themselves not in a position to grant duty-free and quota-free market access for cotton produced and exported by LDCs shall undertake, as from 1 January 2016, to consider the possibilities for increased import opportunities for cotton from LDCs.

4. Developed country Members, and developing country Members declaring themselves in a position to do so, shall grant, to the extent provided for in their respective preferential trade arrangements² in favour of LDCs, as from 1 January 2016, duty-free and quota-free market access for exports by LDCs of relevant cotton-related products included in the list annexed to this Decision and covered by Annex 1 of the Agreement on Agriculture.

5. We agree to review the list annexed to this Decision in the Dedicated Discussions on cotton referred to in paragraph 14 of this Decision within two years, on the basis of updated trade statistics provided by Members on their imports from LDCs.

6. The Dedicated Discussions on cotton referred to in paragraph 14 of this Decision shall continue to address the following specific elements, based on factual information and data compiled by the WTO Secretariat from Members' notifications, complemented, as appropriate, by relevant information provided by Members to the WTO Secretariat:

- (a) identification and examination of market access barriers, including tariff and non-tariff barriers for the entry of cotton produced and exported by cotton-producing LDCs;
- (b) reviews of market access improvements and of any market access measures undertaken by Members, including the identification of access barriers to cotton produced and exported by cotton-producing LDCs in markets of interest to them; and
- (c) examination of possible additional measures for progressive and predictable improvements in market access, in particular the elimination of tariff and non-tariff barriers to cotton produced and exported by cotton-producing LDCs.

1.2 DOMESTIC SUPPORT

7. We acknowledge the efforts made by some Members to reform their domestic cotton policies and which may contribute to the objective of reduction of the trade distorting domestic subsidies for cotton production.

8. We emphasize however that some more efforts remain to be made and that these positive steps are not a substitute for the attainment of our objective. In doing so, Members shall ensure that necessary transparency is provided through regular notifications and the subsequent review process in the Committee on Agriculture.

² In this regard, China declares itself in a position to do so to the extent provided for in its preferential trade arrangements and political commitments.

1.3 EXPORT COMPETITION

9. The disciplines and commitments contained in the Ministerial Decision on Export Competition (WT/MIN(15)/... adopted on ...) shall be immediately implemented with regard to cotton by developed country Members as of the date of adoption of that Decision, and by developing country Members not later than 1 January 2017.

2. DEVELOPMENT COMPONENT

10. We reaffirm the importance of the development assistance aspects of cotton, and commit to continued engagement in the Director-General's Consultative Framework Mechanism on Cotton. We take note of the Director-General's seventh periodic report to the Membership on the development assistance aspects of cotton. We invite the Director-General to submit the next periodic report prior to the 11th Ministerial Conference.

11. We underline the importance of effective assistance to support the cotton sector in developing country Members, especially the LDCs amongst them. We recognize that the Aid-for-Trade (Aft) initiative, including through the Enhanced Integrated Framework (EIF), should play a key role in strengthening the cotton sector in LDCs. The linkage between this initiative and the development aspects of cotton should be reinforced to help formulate, on the basis of priorities identified by LDC cotton producers, multidimensional and integrated programmes and projects at the regional and sub-regional level, to be submitted to development partners.

12. We urge WTO Members and development partners to continue their efforts and contributions to enhance the production, productivity and competitiveness of the cotton sector in developing country Member producers, especially the LDCs. Likewise, the beneficiaries of cotton development assistance are encouraged to continue carrying forward their domestic cotton sector reforms.

13. We recognize the importance of the role of Cotton Focal Points and encourage Members to enhance the experiences and information sharing amongst all interested parties in the cotton dossier.

3. IMPLEMENTATION AND FOLLOW-UP

14. We undertake to continue holding Dedicated Discussions on cotton on a bi-annual basis, as indicated in paragraphs 5, 6 and 7 of the Bali Ministerial Decision on Cotton (WT/MIN(13)/41 and WT/L/916), including in particular to examine relevant trade-related developments across the three pillars of Market Access, Domestic Support, and Export Competition in relation to cotton.

15. We undertake to regularly monitor the implementation by Members of paragraphs 2 to 4 during these Dedicated Discussions on cotton, based on relevant Members' notifications to the WTO, complemented as necessary by Members' replies to specific requests for information from the WTO Secretariat.

16. We agree to review the situation regarding cotton at the 11th Ministerial Conference, which we have agreed to hold in 2017, and we invite the Director-General to report at that Conference on the progress that has been made in implementing the trade-related components of this Decision.

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 yarn 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

³ This list does not alter Members' existing WTO obligations and requirements.