

General Council
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**DRAFT DECISION CONCERNING SPECIFIC MEASURES IN FAVOUR OF
COTTON WITH A VIEW TO POVERTY ALLEVIATION**

Communication from Benin, Burkina Faso, Chad and Mali

The following communication, dated 21 August 2003, has been received by the Chairman of the General Council from the Permanent Mission of Benin.

I have the honour to submit to you in annex the Draft Decision Concerning Specific Measures in Favour of Cotton with a View to Poverty Alleviation.

The four countries co-sponsoring the Sectoral Initiative in Favour of Cotton, Benin, Burkina Faso, Chad and Mali, would be most grateful if this document could be circulated to Members of the World Trade Organization, and examined by the session of the General Council scheduled for 25 August 2003.

The Ministerial Conference,

Recalling the provisions of paragraphs 1 and 3 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization (the WTO Agreement) and the Decision-Making Procedures Under Article IX of the WTO Agreement agreed by the General Council (WT/L/93),

On the basis of the recommendations contained in paragraphs 13 and 14 of the Ministerial Declaration (WTO/MIN(01)/DEC/1) of the Fourth Ministerial Conference of the World Trade Organization (WTO), held in Doha (Qatar) from 9 to 14 November 2001,

Recalling the provisions of Articles 7, 8 and 9 of the Agreement on Agriculture concerning domestic support, competition and export subsidies, and anxious to ensure open, equitable and just multilateral trade and to eliminate all distortions in the production and marketing of cotton, a product for which the four co-sponsors of the Sectoral Initiative in Favour of Cotton - Benin, Burkina Faso, Chad and Mali - have a recognized comparative advantage,

Bearing in mind that, as indicated in paragraph 2 of the Doha Ministerial Declaration, "international trade can play a major role in the promotion of economic development and the alleviation of poverty",

Having examined the request of the four (4) WTO Members, Benin, Burkina Faso, Chad and Mali, that co-sponsored the Sectoral Initiative in Favour of Cotton contained in documents TN/AG/GEN/4, TN/AG/GEN/6 and WT/MIN/03/W/2,

Taking account of the strategic importance of cotton for the economies of the West and Central African Countries affected by the domestic support measures and the cotton export subsidies granted by certain countries to their cotton producers,

Concerned at the serious consequences of the domestic support measures and export subsidies in favour of cotton for the economies of the developing countries, and particularly the least-developed countries (LDCs), affected by these measures, and for the social conditions of populations in the rural cotton-producing communities in those countries,

Stressing the urgency of settling the problems faced by the countries belonging to the LDC group as a result of the domestic support measures and the subsidies granted to cotton,

Decides as follows:

1. Elimination of domestic support and cotton export subsidies

1.1 WTO Members undertake to eliminate domestic support measures and subsidies for the production and export of cotton over a period of three (3) years from 1 January 2004 to 31 December 2006.

This elimination shall take the form of a gradual decrease, in equal annual portions, i.e. a yearly decrease equal to at least one third (33.3 per cent) of the total level of subsidies granted.

2. Transitional financial compensation mechanism

2.1 WTO Members decide to establish a transitional financial compensation mechanism in favour of the cotton-exporting LDCs affected by these subsidies, for a period of three (3) years from 1 January 2004 to 31 December 2006.

2.2 Starting on 1 January 2004, and until the domestic support measures and subsidies granted to the production and export of cotton have been totally dismantled, Members that have granted these subsidies will be called upon to grant financial compensation equivalent to the amount of the loss in export revenue suffered by the LDCs affected by these subsidies, in conformity with paragraphs 2.3, 2.4, 2.5 and 2.6 of this Decision.

2.3 The annual amount of compensation to be paid shall correspond to the estimated losses suffered, calculated on the basis of the statistics supplied by the International Cotton Advisory Committee (ICAC) for the cotton seasons 1999/2000, 2000/2001 and 2001/2002.

2.4 The amount of the overall financial compensation to be paid shall be adjusted in proportion to the subsidy reduction efforts of the countries contributing to the compensation fund.

2.5 To that end, a compensation fund shall be created under the authority of a body to be determined, with responsibility for collecting and distributing the overall financial compensation mentioned in paragraph 2.4. The contributing countries shall be identified in accordance with the provisions of paragraphs 1.1, 2.2, 2.3 and 2.4 of this Decision.

2.6 The compensation granted to the LDCs shall be calculated in proportion to their respective shares in the production and export of cotton as communicated by the ICAC.

2.7 At the national level, the management of financial compensations shall be the joint responsibility of the producers' associations in the countries affected and the competent national structures, under the supervision of institutions to be determined.

3. Management and control of the elimination of subsidies and of financial compensation

3.1 Members undertake to create, by 15 October 2003 at the latest, a mechanism for the control and elimination of domestic support measures and export subsidies in favour of cotton, which shall be operated by a committee set up to monitor the implementation of the above measures under the supervision of the WTO Committee on Agriculture (Special Session). This committee shall submit a progress report each year to the WTO General Council and the Ministerial Conference on the implementation of this Decision, and shall propose, where necessary, appropriate corrective measures.

3.2 WTO Members shall be regularly informed of the implementation of this Decision through notifications submitted by the countries contributing to and benefitting from the compensation fund in connection with the work of the Special Session of the Committee on Agriculture.

Cancun, ... September 2003
