

Is the WTO a lifeline?

Claiming West African cotton rights

West African cotton producers are in danger of having their economies destroyed by US cotton subsidies.

Kally Forrest hears from Benin's Ambassador, Samuel Amehou, about their participation in the WTO, which he believes holds out one of the few hopes for a fair trade deal.

Vigie Agboadomale is a woman farmer in the cotton rich area around Bani Koara in Benin. Since her childhood she has planted, weeded and harvested her father's cotton fields. She is proud of the flourishing crop and points at the bobbing heads of white cotton wool. Yet recently in desperation to eke out a living her family has also begun growing cassava and peanuts to sell. Why is this the case when Agboadomale presides over thriving cotton fields?

THE PROBLEM

Between 2001 and 2002 world cotton prices dropped by 40%. This coincided with the US providing its cotton farmers with large subsidies. This meant that when US farmers produced more than local needs, they flooded the international market with cheap cotton.

Without subsidies Benin produces raw cotton at lower prices per kilo than almost anywhere else in the world and certainly at lower prices than US cotton farmers. But Benin, which exports 96% of its cotton, could not compete with subsidised US prices and was largely forced out of the market.

This is quite simply a disaster for the economy and the people of Benin. The government is forced to resort to high interest loans to keep its citizens from mass starvation. Benin, however, is not the only cotton producing country in Africa that has suffered from US cotton subsidies. Burkina Faso, Mali and Chad are all in the same position.

FIGHTING BACK

In desperation the West African countries approached the WTO (World Trade Organisation) and presented it with a jointly prepared document outlining the cotton sectors' plight. They contended that the WTO must help to persuade the US to eliminate its subsidies so that the world cotton market could become truly competitive. This the Africans believed was in accordance with WTO principles of 'fair trade'.

Large powerful members of the WTO however argued that the WTO was not the correct body to deal with small sectoral issues such as cotton. Nevertheless, through argument and lobbying, the African countries managed to persuade countries that the cotton issue should be part of the 2003 Cancun negotiating agenda. Heads of states from these countries came for the first time to directly address the WTO. They argued that equity needed to be restored, and that it was not a case of simply coming with the beggar's hat.

The US argued that the collapse of the cotton economies in these countries was not as a result of its cotton subsidies but was rather a result of synthetic fibres flooding world markets and competing with cotton. This, it contended, had caused a drop in cotton prices.

In the event the Cancun round of WTO negotiations collapsed and the African countries were again out in the cold. At the next round of WTO negotiations in Singapore the West African's cotton grievance was not on the agenda. In response they met with the G90 (an alliance of the least developed, poorest countries) who agreed that they should argue as a bloc that development issues must be dealt with at the WTO. The Singapore meeting was abruptly adjourned without coming to a decision but the G90 lobby had nevertheless made an impact. The principle of investigating urgent sectoral issues as a matter in their



*Benin ambassador,
Samuel Amehou*

own right, and not only as a side issue in general agricultural negotiations, had been established.

In the meantime the US attempted to rally developed countries round its position but was not entirely successful as some sided with the G90 lobby. In 2004 a compromise was reached that the cotton subsidy issue would be dealt with in a separate sub committee. The US then argued that it could not sacrifice the growth of its domestic cotton industry without some concession in return.

In July 2004 the Doha round of WTO negotiations was suspended and since then the cotton subsidy question has been left unresolved. In the meanwhile the West African countries continued their lobbying and approached Brazil which has a shared interest in eliminating US cotton subsidies. Brazil as a wealthier country had the resources to take the issue to the WTO Dispute Settlement Body (DSB) and to hire high powered US lawyers.

In July 2005 judgement was handed down. It found that the US support programme for cotton producers had caused significant price suppression in the world market for cotton and had damaged the trade interests of Brazil. The US was required to rectify the situation. Until now it has not done so. Brazil now aims to take the dispute to the

DSB and argue that subsidies must be eliminated generally in the agricultural sector. Benin's Ambassador Samuel Amehou explained, "In West Africa farmers face cheap subsidised chicken and are invaded by subsidised tomatoes from Europe. Local growers cannot survive in Benin, Senegal. With sugar and textiles it's the same story. Benin imports eggs because they are cheaper than local produce. Is that normal?"

BENIN'S ATTITUDE TO THE WTO

Despite the frustratingly slow pace in raising its grievance, Amehou considers WTO negotiations a lifeline. He argues that if African nations did not engage at the WTO they would be worse off. The fact that all countries large or small only have one vote, he contends, levels the playing fields to a certain extent. He believes that the cotton initiative has shaken up the thinking of large nations commenting that, "The heads of states of developed countries have had to turn their cell phones off and stop getting instructions from their governments."

He further contends that it is important for African leaders to follow negotiations at the WTO and to reflect on the kind of trade they engage in. "Why does Ghanaian coffee and cocoa not sell at a good

price?" he queries, "One cup in Geneva would pay for one bag in Ghana. The intermediaries take the profits because they are the processors. We don't do this. We must become more interested and understand trade and get the maximum benefits from our productive efforts."

Finally he argues that, "We are living in a globalised world. But you have to have somewhere to talk about competition rules. This is the most important organisation for us. What we need is to devote our utmost energy to claiming our rights. It is only through rules and regulations that this can happen otherwise people will steal all your labour. You are competitive and then through the market your labour is pillaged. Developed countries have got the advantage through the WTO Uruguay round. Do you think they are going to give up these advantages? We need to convert this into a win-win situation. This is only the beginning."

WTO talks have just tentatively restarted after over a year of stalemate. Will Amehou's hopes of levelling the playing fields by engaging in WTO negotiations be justified? Or will the powerful nations, especially the US, again simply run roughshod over the WTO's concept of 'fair trade'.

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