

ACP/67/039/04 Rev.2
SEDD

Gaborone, 04 May 2004

ACP DECLARATION ON COTTON

GABORONE, 4 MAY 2004

We, members of the ACP Council of Ministers

- **meeting on 4 and 5 May 2004 in Gaborone;**

Whereas on 12 February 2004, the European Commission issued a *Proposal for an EU-Africa partnership in support of cotton sector development*. The proposal was presented as a practical application of the *Proposal for an EU Action Plan in Agricultural Commodity chains* issued in parallel the same day. On 22 April 2004, the European Union Agriculture and Fisheries Council adopted a decision on the reform of the cotton sector in the Community;

Having regard to the recent cotton-sector activities undertaken within the ACP Group, and having equally examined the above-mentioned developments at Committee of Ambassadors level;

Adopt the following declaration:

Concerning the technical and financial support required to strengthen the Cotton sector:

1. We welcome the positive approach of the European Union's partnership proposal as well as efforts already undertaken to implement it, especially the proposal to organize an EU-Africa Forum on Cotton in Paris on 5 and 6 July 2004. We carefully note the readiness expressed by the main donors at the WTO African Regional Workshop on cotton held in Cotonou, to examine with special attention future requests for assistance to be made by the ACP countries.
2. We notice, however, that ACP actors in the cotton sector meeting in Cotonou on 21 and 22 March 2004, having expressed their needs in terms of assistance to the sector, in parallel confirmed some inadequacies noted by the ACP Group in the EC partnership proposal.
3. We therefore call upon the European Union to assist the ACP Cotton producer and exporter states in defining the support programmes to be established at national and regional level and to quickly identify and disburse the necessary funds for the adequate implementation of selected activities, including those set out in the framework of the partnership.
4. We request the European Union to take the necessary measures to guarantee and provide appropriate financing for loss of earnings due

to short- term fluctuations in the cotton price, pending the abolition of the internal support accorded to European cotton producers.

5. We urge the European Union to assist in developing the required conditions for the viability of local cotton manufacturing activities and to formally undertake to adopt the relevant measures regarding access to the European market to guarantee the success of the initiatives that could be retained.
6. We call upon the European Union to demonstrate sufficient flexibility in the examination of the elements during the mid-term review of national strategies to enable appropriate assistance to be accorded the cotton sector in the ACP countries.
7. We request the European Union to support and facilitate the ACP states' intercessions with the other development partners to obtain support for the strengthening of the cotton sector in the ACP countries.

As regards the rehabilitation of the international cotton market:

8. We welcome the EU Council's decision to allocate 65 % of the budget envelope for assistance for decoupled aid.
9. We reaffirm, however, the urgent need for a sustainable solution to the problems of the cotton sector through a rehabilitation of the global market. In that regard, we call upon the European Union to go beyond the 65% decided by the Council and effect a complete de-coupling (100%) of the internal support to cotton production in Europe, by gradually phasing it out on the basis of a precise timetable.
10. We call upon the EU, with a view to ensuring a real impact of the reform underway, to set a ceiling for the assistance accorded within the green box, and not to reclassify the assistance accorded within the orange and blue boxes into the green box.
11. We remind the European Union of our view whereby the reduction in the cotton export subsidies requested from the other countries should be undertaken solely as a step towards the total abolition of all forms of subsidy that end up distorting the cotton market.
12. We express profound worry about the lack, at multilateral level, of significant progress in the handling of the sectoral initiative in favour of cotton examined in the framework of the WTO. We recall that the continued grant of internal support and export subsidies by certain

developed countries to their cotton producers destabilises the market, further increasing the pressure on the economies of ACP cotton-producer states, and thereby inducing a disorganisation of their budgets and reallocation of resources to the detriment of long-term development actions and policies to support the poorest.

13. We regret that there is still no guarantee for a special treatment of the cotton dossier in case it should be discussed within the agricultural negotiations. We therefore maintain our position to discuss this issue outside the agricultural negotiations in order to receive the special treatment we seek.

14. We recall that an expeditious resolution of the cotton issue at the WTO will give a positive signal which will enable the negotiations to continue in the framework of the Doha Development Programme, and reaffirm our availability to pursue dialogue with the European Union in that regard.
