

https://dspace.org/

West Africa versus the U.S on cotton subsidies: Why, how and what next?

Heinisch, Elinor Lynn

2006-02-15
http://hdl.handle.net/10539/195

Downloaded from a DSpace repository. https://dspace.org/

WEST AFRICA VERSUS THE U.S. ON COTTON SUBSIDIES: WHY, HOW AND WHAT NEXT?

Elinor Lynn Heinisch

A thesis submitted to the Faculty of Humanities, University of the Witwatersrand, Johannesburg, in fulfilment of the requirements for the degree of Master of Arts.

Johannesburg, 2005

Abstract

This study examines the convergence of events, internationally and domestically, in the last decade that led to Benin, Burkina Faso and Mali challenging U.S. cotton subsidies. It outlines the political and economic context in which West African and American cotton farmers compete. It explores how the West Africans have confronted U.S. policy, why their cause has generated sympathy and interest, whether they are likely to be successful, and the implications of their campaign. The paper draws from analyses of the financial impact of U.S. cotton subsidies, documents filed with the World Trade Organization (WTO), public statements, media coverage, materials from nongovernmental organizations, and interviews with involved parties. It identifies four actors driving this initiative: the cotton farmers, the producers' unions, the states and the international financial institutions, and their tactics: using the WTO, having many spokespeople with common messages, having powerful allies and using the media.

Keywords: U.S. cotton subsidies; West African; WTO

Declaration

I declare that this thesis is my own unaided work. It is submitted for the degree of Master of Arts in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any other degree or examination in any other university.

_____

15 February 2005

Acknowledgements

I would like to acknowledge the guidance and support of Dr. Rod Alence, who supervised my work. I am grateful for his insight and encouragement. His suggestions strengthened the quality and scope of my research, and improved the calibre of this paper. I appreciated his good humour, thoughtful feedback and willingness to work around the constraints of our busy schedules.

Table of Contents

List of Figures and Photos v
List of Tables vi
Acronyms and Abbreviations vii
Chapter 1. Introduction 1
Chapter 2. Framework for analysis 6
2.1 Literature review 8
2.2 Theoretical framework 12
2.3 Research methods 15
Chapter 3. North-South relations and the international economic order 17
3.1 The importance of cotton 19
3.2 The case of U.S. subsidies – overview and history 24
3.3 U.S. domestic political influences 30
Chapter 4. Cotton production in West Africa 34
4.1 History and evolution 36
4.2 Benin 45
4.3 Burkina Faso 51
4.4 Mali 56
4.5 Prognosis 64
Chapter 5. Pushing back – West African efforts to end U.S. subsidies 68
5.1 Using the World Trade Organization 71
5.2 Speaking out: A common message, many voices 79
5.3 Powerful allies 83
5.4 Influencing the influencers 88
5.5 Why cotton? 91
Chapter 6. Likelihood of success 103
Chapter 7. Implications and Conclusion 110
References 113

List of Figures and Photos

Figure 1: Causal diagram 6

Figure 2: Graph of world cotton price, 1983-2002 21

Figure 3: Graph of producer price as percentage of export price, 1995-2002 41

Photo 1: Cotton farmer in Mali 20

Photo 2: Cotton farmers in Mali 65

Photo 3: Cotton farmer in Mali 94

List of Tables

Table 1:
Foreign exchange losses as a result of U.S. cotton subsidies……..……...23

Table 2:
Growth of cotton sectors in Benin, Burkina Faso and Mali from 1995-2002……44

Acronyms and Abbreviations

AOA	Agreement on Agriculture
AV	Associations Villageoises
CFA	Communauté Financière Africaine (Francophone Africa currency)
CFDT	Compagnie Française pour le Développement des Fibres Textiles
CMDT	Compagnie Malienne de Développement des Textiles
CSPR	Centrale de Sécurisation des Paiements et des Recouvrements
ECOWAS	Economic Community of West African States
EUMOA	West African Economic and Monetary Union
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
ICAC	International Cotton Advisory Committee
ICTSD	International Centre for Trade and Sustainable Development
IFPRI	International Food Policy Research Institute
ILEAP	International Lawyers and Economists Against Poverty
IMF	International Monetary Fund
IPE	International Political Economy
IRIN	Integrated Regional Information Network
LDC	Least Developed Countries
NCC	National Cotton Council
NEPAD	New Partnership for African Development
NGO	Nongovernmental organization
OECD	Organisation for Economic Co-operation and Development
PIPA	Program on International Policy Attitudes
ROPPA	Réseau des Organisations Paysannes et des Producteurs de l'Afrique de l'Ouest
SOFITEX	Société des Fibres et Textiles du Burkina
SONAPRA	Société Nationale Pour la Promotion Agricole
SYCOV	Syndicat des Producteurs de Coton de Vivriers
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNECA	United Nations Economic Commission for Africa
USDA	United States Department of Agriculture
WCA	West and Central Africa
WHO	World Health Organization
WTO	World Trade Organization

Chapter 1. Introduction

West African cotton farmers are at the centre of a highly-politicised global trade debate in which billions of dollars and the wellbeing of millions of people are at stake. In the past two decades, the cotton industries of Benin, Burkina Faso and Mali have become increasingly competitive and have gained a growing share of the world market. Only the United States exports more cotton than West and Central Africa. Producer profits in the three countries have long been determined by their governments, which have controlled the cotton sector and set prices. Under pressure domestically and from international institutions, governments have gradually withdrawn state support, putting the fate of the cotton producers into the hands of the free market. At the same time, despite international trade agreements, the U.S. government increased payments to its cotton producers. These subsidies are blamed for driving down the world cotton price by increasing supply, reducing the money earned by West African farmers and governments. In response, they have joined forces and solicited help to influence U.S. policy.

The plight of the West Africans has been highly publicised and broadly supported, although cotton is just one of many crops whose profits are skewed by imbalanced subsidy programs. Perhaps surprisingly, their efforts seem to be having an effect. Which factors contributed to this confrontation, and why has it gained momentum? This paper examines the convergence of events, internationally and within Benin, Burkina Faso, Mali and the United States, that led to this showdown. It outlines the political and economic context in which West African and American cotton farmers are competing. It explores how the West African cotton farmers and governments have

confronted the challenge of U.S. subsidies, why their cause has generated sympathy and interest, whether they are likely to be successful, and the implications of their efforts. If the West Africans succeed in influencing U.S. policy, this paper could serve as a case study in how and why.

This subject is significant and timely, as African countries try to increase prosperity and lift themselves out of poverty. Economic growth in most African countries has stagnated or declined in the last 40 years. If they are to reverse this trend, it is important to consider the macroeconomic environment, and what needs to be done to support economic growth in Africa. The World Trade Organization (WTO) is currently negotiating international agricultural policy. The "Doha development round," scheduled for completion in 2005, seeks to give priority to the concerns of developing countries and their participation in the multilateral trading system, with a core objective of alleviating poverty.

Benin, Burkina Faso and Mali are three of the poorest countries in the world and those whose economies are most reliant on cotton exports. The West African farmers are extremely low-cost producers of cotton and the only ones consistently to increase export volume over the last 20 years. The region is poised to double its world market share by 2010 (World Bank, 2000, p.5). Viewed in strictly economic terms – laws of supply and demand, with comparative advantages rewarding the most efficient producers – the West Africans should benefit from low labour costs, a large workforce, a high-quality product, increasing demand, investment and liberalizing their cotton sectors. Instead, farmers eke out a living while their governments try to appease international lenders and battle with

an American Administration and Congress bound to a powerful farm lobby driving the world's most expensive cotton subsidies.

Subsidies are government payments to farmers, which offset the cost of production and enable farmers to produce more. The artificially-induced increase in supply drives down the world market price. Producers who are not subsidised lose profits or must sell at a loss. Free trade advocates criticise subsidies for undermining competition and distorting the "playing field." Yet, despite calls for reform, rich countries subsidise their farmers by about $1 billion per day. In 2002, the United States Congress passed a $180 billion Farm Bill -- the Farm Security and Rural Investment Act – that increased subsidies for farmers, up to 80 percent for commodities such as cotton.

Developing countries cannot afford to subsidise their farmers anywhere close to those levels. Furthermore, international financial institutions and donor countries, such as the United States, press developing countries to reduce government intervention. To qualify for aid from international monetary institutions (World Bank and International Monetary Fund) and donors (U.S. and European Union), governments of developing countries often must commit to liberalised economies. They are forced to implement economic principles consistent with a free market economy, while the developed countries, not beholden to foreign assistance, do not have to adopt the same policies.

This paper defines liberalisation as a move to market-determined prices from what was previously a regulated regime. "For commodity markets, liberalization has meant reducing government involvement in marketing and in production, increasing participation of the private sector in these activities and reducing distortions in commodity prices, especially producer prices" (Gilbert and Varangis, 2003, p. 1-2). To

varying degrees and with mixed success, Benin, Burkina Faso and Mali have followed the guidelines prescribed by the international financial institutions.

American subsidies are just one of many factors affecting the health of the cotton sectors in Benin, Burkina Faso and Mali. The U.S. is not the only industrialised country whose subsidies influence world cotton prices. Other international policies also affect textile trade, such as the Multifibre Arrangement, which set quotas restricting imports of textiles and apparel until January 2005. This paper focuses specifically on the implications of U.S. policy for the following reasons: 1) the U.S. is by far the world's largest exporter of cotton (40 percent) and therefore, has the greatest influence on world prices; 2) with the 2002 Farm Bill, the U.S. bucked a trend toward reduction of subsidies; 3) the primary factor affecting cotton exports from Benin, Burkina Faso and Mali is not quotas on imports (i.e. the Multifibre Arrangement) but the reduced world price of the commodity -- in other words, their challenge is not being unable to sell more cotton to the U.S., but being unable to get a fair price for their cotton on the world market.

The reason for focusing on Benin, Burkina Faso and Mali is because they are three of the countries most affected by U.S. cotton subsidies, they have invested great efforts in developing their cotton industries, and they are part of the region that has most significantly increased cotton production. They have the potential to benefit from increasing demand for cotton. These countries are similar in terms of development indicators, geography, history as former French colonies and evolution of their cotton industries, so they provide a good basis for comparison. They share a history of state-controlled cotton industries and have been implementing domestic policy reforms for

long enough (one decade) to compare where their approaches diverge and where they converge.

Agriculture is one of the few sectors where developing and developed countries compete. It has added significance because agricultural commodities tend to comprise a disproportionate share of the resources of developing countries. Many developing countries are negatively affected by the subsidies of developed countries. Therefore, it is timely and useful to consider what the West Africans are doing about U.S. legislation. One could apply a similar approach to analyze the impact of U.S. subsidies on Brazilian cotton farmers or Mexican corn growers, or European Union subsidies on sugar farmers in Mozambique, and the responses of those countries.

The paper is organized as follows. Chapter 2 provides a framework for analysis, including a literature review, theoretical framework and research methods. Chapter 3 looks at the political origins of the economic patterns in the U.S. and West Africa, and provides the context in which liberalisation is touted, but not always followed. Chapter 4 provides a brief history of cotton production in West Africa, with detailed chapters on Benin, Burkina Faso and Mali, and the prognosis for the region's cotton sector. Chapter 5 explores the strategy and tactics by which the West Africans are attempting to influence U.S. policy, and considers their motivation. It also discusses why U.S. cotton subsidies have drawn worldwide attention. Chapter 6 considers whether the West Africans are likely to be successful and what the implications may be, and presents areas for further research.

Chapter 2. Framework for analysis

Figure 1 is a causal diagram to guide the analysis. Reading from left to right, it shows the cause-and-effect relationships influencing the policies that impact the well-being of the West African cotton producers. This paper looks at both domestic and international influences.

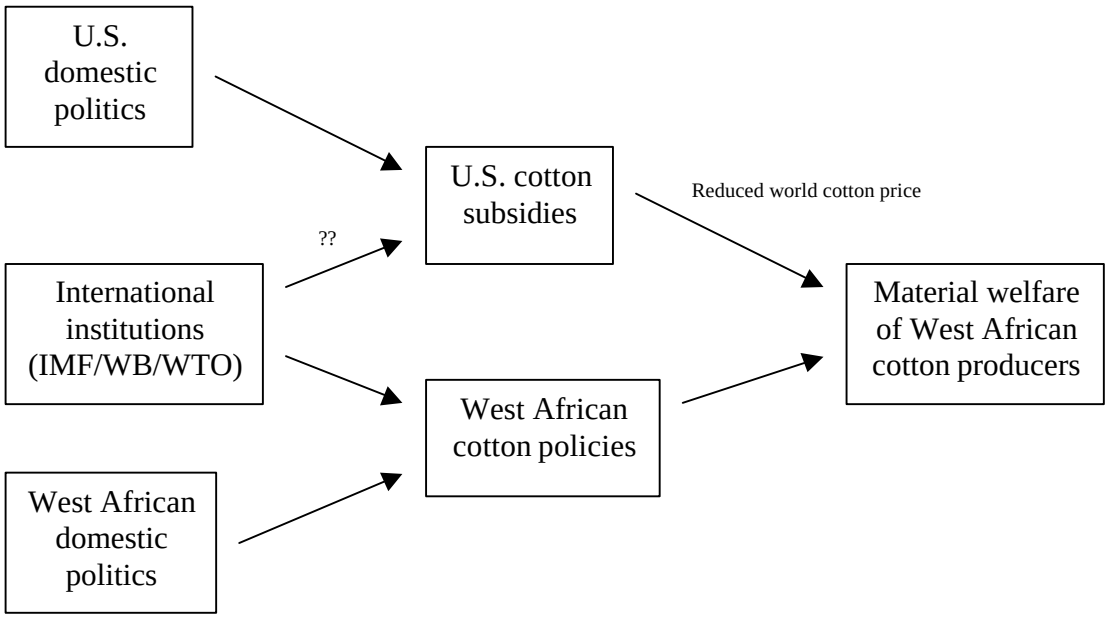


Figure 1: Causal diagram

The boxes in the top and bottom left represent domestic politics in the U.S. and the West African countries, respectively. Though economists have demonstrated that trade liberalisation generates net social benefits, politicians face temptation toward protectionism, reflecting pressure from domestic groups. These pressures are stronger if producers are well-organised and politically well-placed. Though the structure of their

cotton industries and their political systems differ, the U.S. and West African governments have each faced domestic political pressure to protect their cotton farmers.

The box in the top left represents U.S. domestic politics, which led to cotton subsidies, represented by the box to the immediate right. This paper will discuss the historical and political factors underlying U.S. cotton subsides, which have increased supply and reduced the world cotton price, negatively impacting the West African cotton producers, who are represented by the box on the far right.

The box in the bottom left represents the West African domestic politics affecting cotton policies, which are represented by the box to its immediate right. This paper will explore the conditions and factors in Benin, Burkina Faso and Mali that determined the policies, which affect the wellbeing of the West African cotton producers, represented by the box to the far right. All three countries have liberalised their cotton sectors in the last decade, with their domestic political situations influencing the degree to which they did so. Benin moved the farthest toward liberalisation, while Mali made the least progress. The reduction of state intervention typically means prices farmers receive will be higher, but they are more exposed to risk, since they are directly linked to the world cotton price and not "cushioned" by state control.

The other influence to consider is that of international institutions, such as the World Bank, International Monetary Fund (IMF) and the WTO. These institutions are represented by the middle box on the far left. All of these institutions were established to support a liberal international economic order. They have an impact on the well-being of the West African cotton producers by influencing the domestic policies of Benin, Burkina Faso and Mali. The World Bank and IMF influence West African policies because the

countries are beholden to those institutions for financial aid. The West African countries agreed to liberalise in return for financial assistance. WTO reviews affect whether the countries are considered desirable trading partners and the extent to which they participate in global trade.

The impact of the international financial institutions upon the U.S. is different. The power and resources of the U.S. free the country from needing to appease the World Bank and the IMF. Unlike the West African states, the U.S. is not dependent upon these institutions. The World Bank and the IMF oppose U.S. subsidies, but lack influence to alter U.S. policies. However, the WTO may be able to do so, as the U.S. wants support for its trade agenda and, therefore, cannot disregard the WTO. In the diagram, the line showing the effect of international institutions upon U.S. subsidies contains a question mark because it is too early to tell if the WTO will be able to facilitate removal of the U.S. subsidies. The WTO is reviewing a challenge of the U.S. cotton subsidies and an initiative submitted by the West African countries that calls for their removal. This paper will review the unprecedented way in which the West African governments and producers have attempted to use the WTO to alter an international trading system that is not working to their benefit.

2.1 Literature Review

It is important to view the confrontation between the West Africans and the U.S. over cotton in the context of the international political economy. The choices of both the American and African political leaders support those who argue that politicians will

sacrifice long-term economic gain for short-term political needs (Balaam and Veseth, 1996; Hoekman and Kostecki, 2001; Callaghy, 1990; Van den Broek, 2003). Despite having signed international agreements favouring free trade, the U.S. adopted a Farm Bill that costs taxpayers $180 billion and subsidises producers of a product who are not internationally competitive. While not in the economic interests of the country, the bill ensures political support from the influential cotton lobby and other farming interests (Delcros, 2002; Coughlin, Chrystal and Wood, 1991; Ray, 1991). Government support for agriculture is embedded in the history of the U.S. (Effland, 2000; Orden, 2003; Commission on 21st Century Production Agriculture, 2001).

For their part, the West African governments benefited from a state-run cotton system, in which the state set the price and taxed its farmers (Bassett, 2001). Bates argued that the basic problem of farming in developing countries is improper incentives for farmers, due to government actions that distort the operations of the market. Specifically, he said, governments of countries in which agriculture is the greatest source of income and principal source of exports (as cotton is for the West Africans) will seek to levy revenues from the rural sector in order to build up industry (Bates, 1981, p. 4). That they are being forced, largely through external pressure, to change the system reinforces Lake's position that developing countries are constrained in their choices because they are weak (Lake, 1987).

Many studies describe how subsidies present an unfair trade advantage for recipient farmers (Hallett, 1968; Ghatak and Ingersent, 1984; Anderson et al, 2002; Supper, 2001). Others quantify the effects of agricultural protection by developed countries (Badiane, Dhaneshwar, Goreux and Masson, 2002; Diaz-Bonilla, 2003; IMF,

2002c) and criticise them for their impact on poor countries (Goldin, Rogers and Stern, 2002). An International Food Policy Research Institute (IFPRI) study, for example, found that the current level of world prices for agriculture is about 8 to 10 percent below that if all agricultural tariffs, export subsidies and domestic supports were removed in the North (Diao, Roe and Somwaru, 2002, p. 12).

Analyses have attempted to quantify the impact of U.S. subsidies on world cotton prices, with most arguing that the U.S. is driving down prices substantially (Gillson, Poulton, Balcombe and Page, 2004; Watkins, 2002; Badiane, et al, 2002). Gillson, for example, said "under all simulations the U.S. is responsible for the greatest loss in cotton earnings from West and Central Africa" (Gillson, et al, 2004, p. 34). Others refute that U.S. subsidies are the most important factor affecting world cotton prices (Shepherd, 2004) and argue that the subsidies are a reaction to, not a cause of, low world prices (Ray, 2002; IATP, 2004). Shepherd stated, "Given the political importance that cotton subsidies have acquired … the somewhat limited attention they have received to date from empirical economists is surprising" (Shepherd, 2004, p. 1). A Food and Agriculture Organisation (FAO) policy brief said estimates of the impact of subsidies on world cotton prices vary due to the range of assumptions used by different studies. Analysts have to make assumptions as to the degree to which production levels and demand change in response to a price change (FAO, 2004). Yet, the FAO brief stated "all of the recent studies unambiguously demonstrate that the removal of domestic subsidies in industrialized countries reduces cotton production in and exports from these countries" and that "the increased excess supply induced by domestic subsidies has a depressing

effect on the world market price" (FAO, 2004, p. 1). The West Africans have bolstered their lobbying efforts with studies showing that U.S. subsidies depress cotton prices.

When considering why and how the West Africans have challenged the U.S. subsidies, it is important to consider the influence of domestic factors. The history and evolution of West African cotton production has been well-researched (Levin, 1999; Badiane, et al, 2002; Goreux and Macrae, 2003; World Bank, 2002a; Baffes, 2004a). Generally, the vertically-integrated marketing structure established by the French is credited for the success and growth of the industry. Bassett, however, said this interpretation fails to recognize the contributions of the farmers themselves. Bassett highlighted the efforts of farmers, who "have not simply reacted to external interventions," but played important roles in creating the conditions by which the West African cotton sector has succeeded (Bassett, 2001, p. xiv). He focused on cotton producers in Côte d'Ivoire as representative of West African farmers and demonstrated that cotton growing, spinning and weaving were important elements of African rural economies long before European explorers and colonists arrived (Bassett, 2001, p. 34). Bassett argued that Bates underestimated the capacity of small farmers to organize collectively to claim what they perceive as their rightful share of resources, and cited their successful strikes, such as those in Côte d'Ivoire and Mali (Bassett, 2001, p. 15). It is their efforts, he argued, that make the cotton boom an "exceptional outcome to Robert Bates' assessment of the generally negative effects of public policies on agricultural production in Africa" (Bassett, 2001, p. 184).

Scholars have focused on efforts to liberalise the West African cotton sectors (Goreux and Macrae, 2003; Badiane et al, 2002; Zoundi, 2004), the impact of

privatisation (Levin, 1999; Harsch, 2000) and future growth potential (World Bank, 2000). WTO trade policy reviews and reports by the World Bank, the IMF and United Nations agencies give additional details on steps taken by the three countries to align their cotton sectors with the requirements of international financial institutions. These documents offer insight into the motivation of both the West African countries and the international institutions to see the pay-off of those efforts.

However, there has been limited analysis of exactly how the West Africans are confronting the challenge of U.S. subsidies. An Oxfam document discussed the role of the cotton producers (Baden, 2004) and Goreux gave background on what led to the initiative and possible outcomes (Goreux, 2004). This paper attempts to contribute to the literature by exploring this question further, using materials from the network of West African cotton producers, the Réseau des Organisations Paysannes et des Producteurs de l'Afrique de l'Ouest (ROPPA, 2004), and documents filed with the WTO, as well as public testimony, media reports and interviews.

2.2 Theoretical framework

The cause-and-effect relationships outlined in the causal diagram (p. 6) provide a framework for analysing the events that led to the confrontation between the U.S. and the West African governments and cotton producers. This research draws from the theories of dependency and liberalism, but focuses on nationalism to analyze the issue.

The dependency theory builds on the idea that international relationships of dependency have continued long after formal colonization. It argues that the primary obstacles to development are external rather than internal, as developing countries face a

global economy dominated by rich industrial countries (www.irtheory.com). This theory holds that the continuing poverty of low-income countries is not primarily due to deficiencies in the countries themselves, but to their position in an unsympathetic world economy (Nicholson, 1998). American subsidies depress the world cotton price, harming both the West African farmers (and those whose well-being depends on them) and their governments, who lose export earnings. This imbalance of power, and the benefits it affords U.S. cotton producers, ensures the continued poverty of the West Africans and blocks their development. Regardless of their domestic policies, their position in the world economy guarantees the continued dependence of the West Africans on richer countries for aid, and hinders their ability to negotiate more preferential trading terms.

A liberal framework provides a different perspective. This theory is based on the advantages of free markets. Maximizing production and producing more wealth will boost economic development. One large global economy will produce the best consequences for all (Nicholson, 1998). From this perspective, free trade – unrestricted by government intervention -- ultimately benefits everyone involved. According to liberalism, abolishing subsidies would produce the best possible outcome. These proponents argue that weaker players (developing countries) will benefit the most when dominant trading countries (such as the U.S.) play by a common and more liberal set of rules (Ingco, 2003, p. x).

However, this is not what we see. Americans are not practicing free trade. The question then becomes, "Why don't international trading partners implement policies and practices known to achieve optimal results?" It has been argued that the liberal theory neglects the political framework within which economic development takes place

(Gilpin, 1987, p. 269). Gilpin and others have noted that domestic and international configurations of power and the interests of powerful groups and states are important determinants of economic development.

The nationalist theory, which Nicholson calls the "economic corollary" to realism, provides an answer to the question posed above. Nationalism says a state's economic policy should be to maximize the benefit to the citizens of the state. States should try and protect industries in the hope of protecting employment (Nicholson, 1998). Realists allow for circumstances in which states sacrifice economic gain to weaken their opponents or to strengthen themselves -- such as with trade protection, which might reduce overall income while ensuring national political power (Frieden and Lake, 1991, p. 10). "In the pursuit of power, nation-states shape the international economy to best serve their desired ends" (Frieden and Lake, 1991, p. 11). Therefore, one could argue that every country – whether developing or developed - will try to "work the system" in its favour. From this vantage point, it is to be expected that countries will implement trade practices that benefit themselves, even if these are at odds with agreed-upon world trade policies and procedures.

The nationalist theory explains the actions of the U.S. and West African governments. The Americans have a vested interest in keeping their farmers – an important political lobby – happy, and the subsidies do that. Though the U.S. faces criticism for its subsidies, the domestic pressure to keep them has been more important for U.S. policy makers. Likewise, the governments of Benin, Burkina Faso and Mali have an interest in maximizing profits from their cotton industry and supporting their cotton producers, who provide the largest source of revenue. Because they are dependent on aid

and assistance from the developed world, they have followed the rules prescribed to them, namely to liberalise their cotton sectors. At the same time, their cotton producers have taken an increasingly active role, which has had political implications. The producers have been instrumental in pushing their governments to challenge U.S. cotton subsidies.

The strategy used by the West Africans underscores the position put forth in the early '80s by Krasner, who argued that international regime change is attractive to weak states because they can rarely hope to influence international behaviour solely through using their national power capabilities (Krasner, 1981, p. 120). He discussed successful efforts to "turn institutions against their creators" (Krasner, 1981, p. 120), which is exactly what is happening now. The West Africans are using the WTO and the backing of World Bank representatives, and others who advocate liberalism, to take on the U.S. subsidies.

2.3 Research methods

To explore the factors underlying the confrontation between the West Africans and the U.S., this research is both quantitative and qualitative. It uses existing analyses of the financial impact of U.S. cotton subsidies, as well as economic indicators for Benin, Burkina Faso and Mali. This information is drawn from, among other sources, the International Cotton Advisory Committee (ICAC), the World Bank, the IMF and the WTO. The paper's analysis of efforts to influence U.S. policy is qualitative, drawing from documents filed with the WTO, public statements of government and industry representatives, media coverage and materials produced by nongovernmental

organizations, such as Oxfam International, as well as interviews with the IDEAS Centre, the Malian parastatal cotton company (CMDT) and a consultant to the Malian cotton farmers.

Chapter 3. North-South relations and the international economic order

The U.S. cotton subsidies are blamed for undermining the lives of millions of people and the economies of Benin, Burkina Faso and Mali. Given the stakes involved for the West Africans, a confrontation might have been inevitable. But there is a tremendous imbalance in power, which could have prevented the "underdogs" from taking action. This section of the paper considers the international political and economic context that led to the West African states formally challenging the U.S.

The field of International Political Economy (IPE) studies the conflicting objectives and demands of the market and the state, and the inherent tension between the international economy and national concerns. IPE scholars analyse the ways that politics affects decision-making in international trade and economic relations. Under "pure" economic theory, states improve their standing by specializing in the production of goods in which they possess a comparative advantage (Lake, 1987, p. 229). This would explain the West Africans' investment in cotton, for which they are among the world's lowest cost producers. At the same time, the U.S., which has one of the highest costs of cotton production, would not invest heavily in the sector.

However, protectionism can manufacture benefits. Under such conditions, free trade policies are viewed as naïve (Balaam and Veseth, 1996, p. 114). In order for politicians to get elected and stay in office, they cater to influential domestic interests. For this reason, politicians make decisions that serve short-term political interests at the expense of long-term international economic benefits (Hoekman and Kostecki, 2001, p. 474; Balaam and Veseth, 1996, p. 86; Bates, 1981). "How does one convince

governments to change policies that are economically damaging or irrational but politically rational?" (Callaghy, 1990, p. 318).

While removing subsidies makes sense from an economic perspective, legislators may have difficulty selling the idea to their constituents. Domestic political concerns and pressures apply in all countries. The difference is that developed countries can cater to those domestic concerns. Developing countries, however, beholden to international financial institutions and wealthier countries for favourable aid and trade terms, are forced to implement economic principles consistent with a free-market economy – even if they do not wish to do so.

Marxist economist Joan Robinson wrote that the biggest drawback of a country depending upon primary commodities for export earnings (such as the West Africans' reliance on cotton) is the unpredictability of the market. The agricultural sector within an industrial economy usually has enough political leverage to see that it is sheltered. However, the products from developing countries are "left to the mercy of the laws of supply and demand" (Robinson, 1991, p. 381). They are also left to external and internal political influences.

Krasner assumes that Third World countries, like all states, are concerned with political vulnerability and, therefore, desire power, control and wealth. Yet, because they are weak, they are constrained and unable to alter their environments (Lake, 1987, p. 224). "One of the great mysteries of modern economic diplomacy is why the high levels of export dumping of basic agricultural commodities by corporations based in the United States and Europe has gone so long unchallenged" (Ritchie, et al, 2000, p. 5).

With globalisation, national economies are becoming increasingly interlinked. This integration has political and social implications. As the institution charged with establishing protocol for trade between nations, the WTO finds itself at the centre of these issues, trying to reconcile conflicting domestic and international priorities. The WTO provides a mechanism by which members may challenge one another's trade-distorting policies. It is the vehicle for an international regulatory regime to help states follow the economically most rational approach by using international rules and litigation to influence the political decision-making process (van den Broek, 2003, p. 134).

However, given the real world power asymmetries that exist, there is a paradox in trying to overcome power-based international relations and implement an economically rational level-playing field system of international law (van den Broek, 2003, p. 134). This was the challenge faced by the individual West African states, and explains why they banded together and joined with powerful allies to confront the U.S.

3.1 The importance of cotton

Given the difficulty and risks for the West Africans to confront the U.S., why do they bother? Cotton is the world's most important fibre, making up 40 percent of textile trade (Badiane et al, 2002). The economies of Benin, Burkina Faso and Mali depend on it. Cotton accounts for 77 percent of Benin's exports (WTO, 2004a) and 18 percent of Mali's (WTO, 2004c), while Burkina Faso earns 57 percent of its export revenue from cotton (African Development Bank and OECD, 2004, p. 4). "While cotton is a minor part in the economic activity of industrialized countries, it is of critical importance to a number of African countries" (Goreux and Macrae, 2003, p. 1).



Photo 1: Cotton farmer near Bla, Mali, November 2004 Photo by E. Lynn Heinisch

Described as one of the pillars of rural development in francophone Africa, the cotton sector serves as a principal motor of economic development, generating benefits to farmers, rural communities, private traders, cotton companies, and national governments (Tefft, 2004). More than 10 million people in Central and West Africa depend directly on cotton production. These farmers are among the world's lowest-cost producers. They typically work small plots of land (2-3 acres), which they plant, weed and harvest by hand. Their crop is rain-fed, not irrigated by mechanical systems (Watkins, 2002; Levin, 1999).

The region of West and Central Africa is the world's second-largest cotton exporter (after the United States, responsible for 40 percent of world exports) and the

only region to consistently increase export volume over the last 20 years. Accounting for roughly 15 percent of world cotton exports, West and Central Africa is the world's fastest-growing region of cotton production, poised to double its world market share by 2010 (World Bank, 2000, p. 5).

World cotton prices have been falling and were recently at their lowest levels since the Great Depression. Prices in the 2001-2002 season were around 42 cents per pound. The average price over the 25 preceding years was 72 cents a pound. Figure 2 shows the world cotton price from 1983 to 2002.

Figure 2: World cotton price, 1983-2002

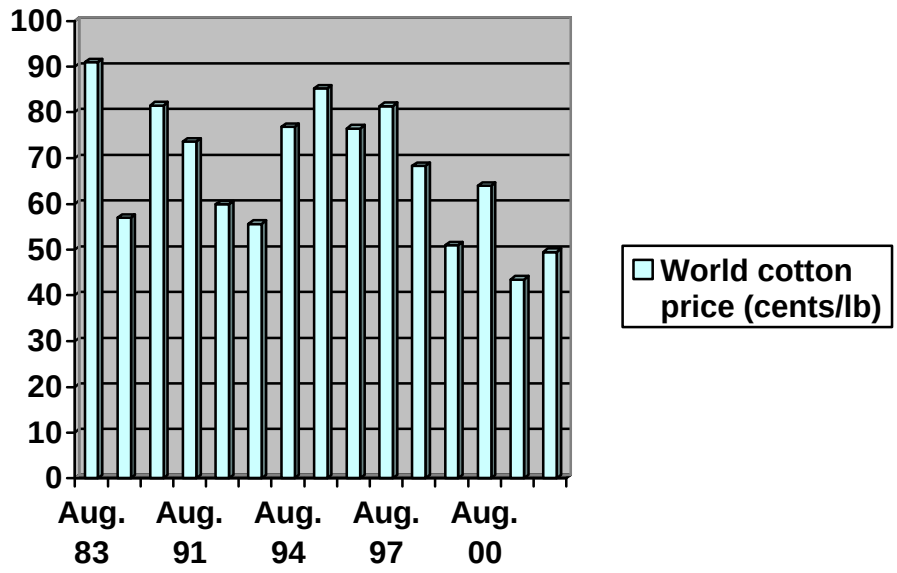


*Chart information from Goreux and Macrae, 2003, pp. 56-61.

A number of factors caused the fall, including competition from synthetics, slow-down in world economic activity, an increase in world stocks, and fluctuations in

exchange rates. However, according to Oxfam, the U.S. is the single biggest force driving down world prices (Watkins, 2002, p. 6). Because it is the world's second-largest cotton producer (following China) and by far the largest exporter, the U.S. exerts a strong influence on the world cotton market. The U.S. spends $3.9 billion per year in subsidies to its cotton farmers, which enables them to reduce the price of sale and increase production. "If subsidies were curtailed in industrialized countries, cotton production would decline and world prices would increase" (Goreux and Macrae, 2003, p. 5).

The subsidies guarantee American cotton farmers a minimum price of 52 cents per pound, plus additional support. The money spent each year on U.S. subsidies is 10 times the combined value of the cotton earnings of the three West African countries. The "mind-boggling subsidy of 100 percent … has enabled the US to capture 40 percent of world cotton exports at the expense of Third World growers" (*Mail & Guardian*, 2004). Some observers claim these subsidies are the only "comparative advantage" that U.S. cotton growers have, without which they could not compete internationally (Watkins, 2003; Mutume, 2003). The cost of producing 1 kilogram of cotton in the United States is 50 percent higher than in the West and Central African countries (WTO, 2003a, p. 3).

The International Cotton Advisory Committee (ICAC) estimates that withdrawing US subsidies would have raised the world cotton price by 11 cents per pound in production year 2001-2002 (ICAC, 2002, p. 8). (The ICAC consists of 43 country-producing countries and aims to foster a healthy world cotton economy.) World Bank estimates put the potential increase at 12 cents per pound for 2000-2001, which would have provided West and Central African farmers revenue gains of $250 million a year (Badiane et al, 2002, p 13).

U.S. cotton subsidies for 2001-2002 cost Burkina Faso 12 percent of export earnings (1 percent of GDP), Mali 8 percent of export earnings (1.7 percent of GDP) and Benin 9 percent of export earnings (1.4 percent of GDP) (Watkins, 2002). By comparison, Mali lost nearly $43 million because of U.S. cotton subsidies, while receiving $37 million in US aid (Watkins, 2002). Debt relief granted to Benin and Burkina Faso will be less than the amount lost by the cotton sector (Hazard, 2002). If the cotton price was not distorted by subsidies, the number of people living in poverty in Burkina Faso could be halved in six years (Borger, 2002). Table 1 shows foreign exchange losses in the three countries as a result of U.S. subsidies.

Table 1: Foreign exchange losses as a result of U.S. cotton subsidies ($ million)

	1999-2000		**2000-2001**		**2001-2002**		**1999/2000-2001/2002**	
	Export value	**Loss of export value**	**Export value**	**Loss of export value**	**Export value**	**Loss of export value**	**Export value**	**Total cumulative loss of export earnings**
Benin	176	10	169	18	124	33	469	61
Burkina Faso	123	7	132	14	105	28	360	49
Mali	234	13	158	17	161	43	553	73

*Table information from Watkins, 2003, Annex 6, using International Cotton Advisory Committee data.

"There is no other American crop that causes more chaos and misery around the world," said Ken Cook, president of the Environmental Working Group, which collects and analyzes data on American subsidies (Becker, 2003b). West African countries attempt to support their farmers with subsidies, but have nowhere near the resources of developed countries; in comparison, they spend $50-60 million per year (Dempster,

2003). This is money that could be invested in other critical sectors, such as health and education. “In Benin and Mali, governments are spending $20 million and $13 million respectively in an effort to put a price floor under the cotton market and prevent the wholesale collapse of the sector” (Watkins, 2003).

Cotton has been subject to market and trade interventions for decades. One study estimated in the early 1990s that more than 90 percent of cotton was produced under some type of government intervention (World Bank, 2000). Yet, in the last decade, the West African governments have been encouraged by the World Bank and the IMF to withdraw from the sector. In 2002, 73 percent of world cotton production was subsidised to some extent (ICAC, 2002, p. 4). The U.S. accounted for 63 percent of world cotton subsidies in 2002-2003 (Goreux, 2004, p. 11).

This section has attempted to demonstrate the critical role cotton plays in the world economy, specifically for Benin, Burkina Faso and Mali, and the negative impact of the U.S. subsidies. Understanding this dynamic helps lay the foundation for the issues covered in the rest of the paper, and sets the stage for the actions of the West Africans.

3.2 The case of U.S. subsidies – overview and history

The economic and political power of the U.S. allowed the government to increase subsidies to its cotton farmers, despite being a signatory to the WTO Agreement on Agriculture (AOA), which committed members to reducing agriculture subsidies. Political inability to honour world trade regulations and agreements is considered a “prime reason why states do not comply with rules they initially agreed to” (Van den

Broek, 2003, p. 149). This section of the paper looks at the U.S. domestic factors the West Africans confronted in challenging U.S. policy.

The cotton sector in the United States has received proportionally more support than most other commodities (Baffes, 2004a, p. 12). “U.S. cotton farmers receive more subsidies per capita and per acre than any other producer group in the country” (Watkins, 2003). The average subsidy per pound of cotton between 1980 and 2002 was 19 cents, or one-third of the price farmers received (Townsend, 2003). The 2002 Farm Security and Rural Investment Act increased this support. The $180 billion bill governs federal farm programs for six years and provides government subsidies for producers of several crops, including cotton. Among other payments, the bill established a minimum cotton price of 52 cents a pound, guaranteeing support if world prices are lower. (World cotton prices in 2001-2002 were 42 cents per pound.)

The system of U.S. cotton subsidies has been described as “too big and complex to track” (Hancock, 2004). Cotton farmers are supported with the following mechanisms: direct payments (predetermined annual payments); counter-cyclical payments (previously known as emergency payments, when market prices fall below a stipulated level); a market price support instrument (guaranteeing government purchase at a floor price); and Step 2 payments (to bridge the gap when domestic prices exceed world prices, so that U.S. exports maintain their competitiveness) (Watkins, 2002, Box 1; Watkins, 2003; Baffes, 2004b, p. 5). Combining all the sources of revenue, it has been estimated that the bill ensures American cotton farmers about 70 cents per pound of cotton (Thurow and Kilman, 2002). Though frequently reported that U.S. cotton farmers receive $3.9 billion a

year under the Farm Bill, some suggest it is higher, once one adds in all types of support (Baffes, 2004a, p. vii).

The U.S. General Accounting Office stated in a 1995 audit that "the cotton program has evolved over the past 60 years into a costly, complex maze of domestic and international price supports that benefit producers at great cost to the government and society. From 1986 through 1993, the cotton programs' costs totaled $12 billion, an average of $1.5 billion a year. Moreover, the program is very complex, with dozens of key factors that interact and counteract to determine price, acreage, and payments and to restrict imports. The severe economic conditions and many of the motivations that led to the cotton program in the 1930s no longer exist" (Baffes, 2004b, p. 5).

Like growers of most U.S. crops, cotton farmers produce so much more than the country can consume that they count on foreign customers for sales. In the 2002-2003 season, 68 percent of US cotton was exported, at prices well below production costs (Baden, 2004, p. 1). U.S. growers exported cotton at 61 percent less than the cost of production in 2002 (IATP, 2004, p. 2). "This system pits a typical Malian producer, farming two hectares of cotton, who is lucky to gross $400 a year, against US farms which receive a subsidy of $250 per hectare. The ten largest producers of the USA, whose government regularly preaches the virtues of free trade to developing countries, together pocket annual subsidy cheques for up to $17 million" (Baden, 2004, p. 1).

Critics of the U.S. cotton subsidies say, without them, American cotton producers would not be viable exporters. They contend the United States is an inefficient, high-cost producer of cotton. Burkina Faso farmers produce a pound of cotton for 21 cents. The U.S. cost of production averages between 68 and 80 cents per pound. The U.S. cotton

subsidies do not cover production costs (IATP, 2004). “One of the ironies of the current situation, is how few farmers in the United States are surviving economically, despite the extremely high levels of producer support being paid” (Ritchie, et al, 2000, p. 4). Watkins contends that in an open market, one without subsidies, the U.S. would be losing market share to West and Central Africa (Watkins, 2003).

The ICAC has said American cotton makes up for its inferior quality with its low price, due to government subsidies (Estur, 2003). Perhaps responding to criticism, the U.S. cotton lobby issued a paper two months after the Farm Bill was passed. The National Cotton Council (NCC) stated that most nations operate support programs for some agricultural products, and that the U.S. programs make easy targets because of their transparency. “The U.S. farm program is not the source of the ills in the world cotton industry. And, elimination of the U.S. farm program will not bring renewed prosperity to cotton producers elsewhere in the world” (NCC, 2002). The NCC argued there must be stronger world economic growth and greater demand for cotton, a goal toward which it had spent $60 million in marketing. The NCC said U.S. farmers needed subsidies because appreciation of the U.S. dollar damaged the competitiveness of the U.S. industry (NCC, 2002). Appearing before the U.S. Congress in June 2003, NCC Chairman Bobby Greene said the notion that U.S. policies drive down world agricultural trade was “simply ludicrous” and “based on seriously flawed economics” (Kniazkov, 2003).

Nonetheless, it is generally accepted that subsidies encourage production of crops that, without support, might be abandoned. “Prices tend to follow the costs of most efficient producers, and it is expected that over time, those producers with higher costs would eventually reduce production. Yet, the experience of recent years shows that this

notion has been highly distorted by government subsidies in the cotton market. There is really no rational reason for a farmer to decrease cotton production or shift into profitable crops, in response to lower cotton prices, if his or her revenues are guaranteed by government aid" (de Lima-Campos, 2002).

"The Farm Bill provoked enormous outrage in world trade circles. The contradictions between domestic politics and international trade policies could not be clearer. … The Farm Bill is clearly not beneficial for developing country producers. It will stimulate production in the US that is not warranted by market signals" (Malhotra, 2003, p. 124, Box 5.5).

The Farm Bill built on legislation developed over the preceding 60 years, and stemmed from 200 years of U.S. government support for farming. In George Washington's 1796 message to Congress, he suggested that government support for agriculture was of primary importance to the national welfare (Commission on 21st Century Production Agriculture, 2001, p. 14). To develop the country's farming capacity, the government supported land distribution and research to bolster productivity. "Thus Federal land policy created a precedent of Federal support for an independent family farm system, which has continued to be a prominent public goal of farm policy" (Effland, 2000, p. 22). Effland noted that the assumption that fostering agriculture was a proper concern of government has remained essentially unquestioned. Baffes said the chief objective of U.S. farm bills is "transfer of resources from taxpayers (and to a lesser extent from consumers) to commodity producers" (Baffes, 2004b, p. 4).

"The Farm Bill continues a long history of US government refusal to confront the lack of competition in its agricultural markets" (Malhotra, 2003, p. 124, Box 5.5).

American farmers during World War I were encouraged to increase production, and the resulting oversupply after the war caused a sharp drop in prices. During the Great Depression, farmers' costs rose, while market prices for their crops stagnated. Demands for support for agriculture were "swept up" in the broader package of direct federal intervention of the New Deal (Effland, 2000, p. 24). Various pieces of legislation tried to remedy the problem, including the Agricultural Act of 1937, which made government price-support loans mandatory for corn, wheat and cotton. In its amended form, this act provided the framework for the farm programs in effect since that time. Starting in the 1960s, price-support levels were lowered and farmers of cotton and other commodities were offered direct payments as compensation (Orden, 2002, p. 3)

The 2002 bill was passed at a time when prices for major commodity crops were extremely and unusually low. World market prices for cotton were at their lowest level in 30 years (42 cents per pound, compared to 72 cents per pound in the preceding 25 years). In a public statement two years later, the USDA said the U.S. agricultural economy had "sharply rebounded," with prices received by farmers in April 2004 the highest for any month since the agency started keeping records in 1910 (USDA, 2004). The bill sets U.S. farm policy until 2008.

This section has considered the U.S. domestic political factors influencing high levels of support for cotton farmers. Not only does the country have a history of supporting farmers, but it has a very influential cotton lobby. This point will be covered in the next section.

3.3 U.S. domestic political influences

Governments use subsidies to ensure adequate food supplies and national self-sufficiency. However, there are other factors at work. “There is also no doubt that in many Western democracies, agricultural interests have a *political clout* that gives them a decisive influence on the political lives of their countries” (Delcros, 2002, p. 220). This is true, Delcros says, in most countries where the electoral system is based on representation according to geographical criteria rather than the size of the population in given regions. “This is the case in the United States where the thinly populated states of the farm belt have as many senators as densely populated states” (Delcros, 2002, p. 220). This section discusses the political dynamics underlying the strong support for cotton producers.

Congress writes U.S. farm policy. At the time the 2002 Farm Bill was passed, the two most powerful members of the House Agriculture Committee were from Texas, the source of a fifth of the nation’s cotton, and five U.S. senators from cotton states sat on the other chamber’s agriculture committee (Thurow and Kilman, 2002). The *Economist* underlined this point, stating that the WTO response to a proposal put forth by the West Africans to end U.S. cotton subsidies “had American fingerprints all over it. Political realities in Congress (the chairman of the Senate agriculture committee is a close ally of the cotton farmers) made American negotiators fiercely defensive of their outrageous subsidies” (*Economist,* 2003b).

High levels of support to the cotton sector reflect the formidable power of the NCC, “arguably the most effective agricultural lobby in the industrialized world,”

(Watkins, 2003, p. 4). Watkins said "The NCC has welded different players in the cotton sector into a unified political force with immense clout at all levels of government." A *New York Times* editorial noted: "Politically powerful farm lobbies in Japan, Europe and the United States are not willing to face global competition on fair terms. So agriculture remains the hypocritical asterisk to our fervent free-trade and free-enterprise creed" (*New York Times*, 2003b).

While economists say the costs of protectionist trade policies exceed their benefits, groups that benefit from them – such as American cotton growers – are politically effective. "Politicians interested in re-election will most likely respond to the demands for protectionist legislation of such an interest group" (Coughlin, et al, 1991, p. 32). Political contributions from agribusiness rose from $37 million in 1992 to $53 million in 2002, according to the Center for Responsive Politics (Becker, 2003a). "The government serves simply as the agent for all of these interests while pursuing a trade policy consistent with its own survival or electability" (Ray, 1991, p. 341). Ray argues that special interest groups thwart the drive to liberalize world trade (Ray, 1991, p. 352).

Critics such as the nongovernmental organization Oxfam cite the failure of the U.S. government to respond to "one of the starkest examples of the rigged trade rules," and a willingness to jeopardize the multilateral system over the issue of cotton. "It demonstrates that US trade policy is vulnerable to small but powerful domestic lobbies with friends in high places, and is shockingly indifferent to poverty in Africa" (Baden, 2004, p. 2).

From taxpayers' perspective, the subsidies do not make sense. The cost of cotton subsidies exceeds the value of the country's cotton exports. Yet, "they are very profitable

to small power groups which have been able to lobby with great effectiveness, while there is no organized constituency for reducing the costs of cotton subsidies which are thinly spread among hundreds of millions of taxpayers" (Goreux, 2004, p. 9).

Delcros wrote that many Western democracies remain attached to the cultural, social and historical values that agriculture perpetuates. "In the United States people still cherish the image of the pioneer farming families who settled the vast expanses of America. The rise to power of the "family farming" association demonstrates the strength of this feeling" (Delcros, 2002, p. 220). In fact, most Americans do not support farm subsidies on a regular annual basis, and fewer are in favour of doing so for large farming businesses, which are the primary recipients (PIPA, 2004, p. 3). Unknown to most Americans, however, the U.S. policy has shifted from primarily helping farmers on a contingency basis with price supports in bad years to making guaranteed payments on a regular annual basis (in addition to price supports).

IPE scholars cite the clash between domestic autonomy and international norms. "Although the resolution of this issue will be known only with the passage of time, the shifting attitudes and policies of the major centers of economic power toward international regimes suggests that domestic priorities are triumphing over international norms" (Gilpin, 1987, p. 389). Ray described a U.S. "policy drift" resulting from a conflict between national principles and the pressures generated by special interest groups (Ray, 1991, p. 340). He argued that protectionist policies "present a sharp contrast to the trade liberalization stance that the United States has professed for the last fifty years" (Ray, 1991, p. 343).

Hence, the United States bolsters support for its cotton farmers. At the same time, the international institutions it backs – the World Bank, the IMF and the WTO – have pressed the West African states to move to a free-market model. As will be discussed in the next chapter, the governments of Benin, Burkina Faso and Mali started this shift in the mid-'90s, following decades in which they artificially set the prices paid to their cotton farmers, both subsidizing and taxing them.

Chapter 4. Cotton production in West Africa

The preceding chapter looked at the international and U.S. domestic factors that allowed for increased U.S. cotton subsidies at a time when international trade advocates were pushing for their removal. Power dynamics and domestic political concerns set the stage for the confrontation between the U.S. and Benin, Burkina Faso and Mali. To appreciate the motive and strategy behind the West Africans' campaign, however, it is helpful to consider the history and evolution of their cotton sector.

Cotton is one of the rare agricultural products for which Africa's share of world exports has increased. Production in West and Central Africa has increased fivefold since the early 1980s, rising from 200,000 tons to almost 1 million tons (WTO, 2003a), and the region's share in world cotton exports more than doubled in the '90s (Levin, 1999). Nearly all of the cotton produced in the region is for export, to Southeast Asia, Europe and Latin America. The region is the world's second-largest exporter, capturing roughly 15 percent of world market share.

In West Africa, cotton is generally far more profitable than alternative crops and accounts for a large share of rural employment and exports, generating a significant portion of government revenue. The national cotton sectors would be profitable if the international price exceeded 50 cents per pound; few other countries can produce cotton profitably at this price level (Badiane et al, 2002, p. 12). The principal source of the region's comparative advantage on the international cotton market is the predominant use of unpaid family labour (Bingen, 1998, p. 275). West African cotton is grown primarily for export, not for domestic textile use. "This strong dependence on the global market

makes the cotton industry and, as a consequence, the economies of many African countries particularly sensitive to fluctuations of the market" (Estur, 2003).

An initiative presented by the three countries plus Chad to the WTO in May 2003 noted that the industry's success was the result of "substantial investment and restructuring of the cotton sector over the past two decades" (WTO, 2003a, p. 2). From 1999/2000 to 2001/2002, production increased by 14 percent but export earnings fell by 31 percent due to the low price on the world market (WTO, 2003a, p. 4). The cotton-producing countries are recognized for having undertaken substantial policy reforms during the 1990s. The four countries stated in their initiative that the cotton sector is an encouraging example of reform and restructuring. It said they had worked with international financing agencies and other institutions to restructure state marketing bodies, provide better loan mechanisms for farmers and introduce competition to the sector.

The development of the sector has resulted in consistently good quality cotton, high average crop yields and high ginning ratios (ginning is the process of separating cotton seeds from the lint). The World Bank attributes these results to several factors: application of appropriate soil nutrient replenishment, pest management and seed varieties well-suited to local conditions; the provision (by the government and/or cotton companies) of support services and infrastructure; guaranteed producer prices and output markets; high input-credit recovery rates; and well-organized village-level associations (Badiane, et al, 2002, p. 9).

The boost in production occurred under a tightly regulated government-run system, a system that is gradually being dismantled. "Until the last few seasons, all

Francophone West African countries retained a state-controlled, single-channel cotton market system. These systems delivered a comprehensive range of services to producers but were accused of being inefficient and high cost and hence depressing seed cotton prices paid to producers. Reform is now proceeding gradually in a number of countries, driven by intense pressure from the World Bank, among others" (Gillson, et al, 2004, p. 37). Because the model was successful in facilitating growth in the cotton sector, the challenge is to implement reforms that retain its advantages while eliminating the drawbacks (Goreux and Macrae, 2003, p. 8).

The next section describes the history and evolution of cotton production in West Africa. It is helpful to understand the experience of the farmers and the states, in order to appreciate why and how they are challenging the U.S. cotton subsidies.

4.1 History and evolution

West Africa had a history of indigenous cotton production long before colonialisation. In the early part of the 20th century, France sought to bolster the export cotton market in its colonies to provide cotton for its textile industry. The U.S. Civil War and resulting cotton supply crisis from 1861-1865 showed French industrialists they were dependent on the U.S. as their primary source of cotton, and at the mercy of fluctuating world market supplies and prices. This section traces the development and evolution of the cotton export industry that stemmed from the French interests.

Following World War II, the colonial states and French companies aimed to construct an institutional structure that would increase producer prices, to give peasants an incentive to grow cotton (Bassett, 2001, p. 86). A secondary aim was to improve the

standard of living of cotton growers. France created the Compagnie Française pour le Développement des Fibres Textiles (CFDT) in 1949. A World Bank report described the creation of state-owned companies in individual countries in which CFDT retained a minority shareholding, usually up to 40 percent. These companies operated under a monopoly system that gave them control over the marketing and ginning of seed cotton, the export of lint and cottonseed, the import and distribution of inputs, and the provision of services to cotton growers such as extension, credit and transport. Under the system, a single national buying price for cotton was determined per country per season before planting. "The tightly controlled system succeeded in rapidly expanding cotton production, which in most cases has been the only commercial crop available to small-holder farmers" (World Bank, 2002a, p. 1).

The parastatals provided seeds, inputs (i.e. fertilizer), credit, transportation, ginning and marketing services (Levin, 1999). In some cases, they also organized public services not directly linked to cotton, such as health and schooling (Goreux and Macrae, 2003, p. 8). The strength of the system was that it ensured the provision of inputs on credit, because cotton producers sold their crops back to the same entity that provided inputs at the beginning of the season. "The comprehensive and efficient input-credit system has been largely responsible for the rapid expansion of cotton cultivation by poor farmers … and it is a key feature which has to be preserved" (Goreux and Macrae, 2003, p. 8). This vertically-integrated system is credited with increasing yields per hectare, increasing area cultivated per grower and expanding the number of growers, in contrast to the relatively poorer performance of Anglophone Africa (Bassett, 2001, p. 1-2). The

system also granted the Francophone countries access to a regional network of research and marketing and the benefits of economies of scale.

The cotton industries in Francophone West Africa were profitable through the mid-'80s, when world market prices for cotton fell. This reached a crisis in the early '90s, when a number of initial reforms were introduced (Levin, 1999). The countries benefited from the 1994 devaluation of the CFA, which increased the value of their cotton exports. During this period, the states continued the legacy of the French, providing subsidised inputs and guaranteed markets for rural farmers, which limited the impact of world market fluctuations on farmers (Harsch, 2000, p. 10). But, international financial institutions and donors, in particular the World Bank and the IMF, pushed the governments of Benin, Burkina Faso and Mali to liberalise their markets, and to reduce the role of the state in the cotton industry.

The parastatal system was criticised for being inefficient, in some cases corrupt, and in all cases, for underpaying the producers. In other words, the state taxed them. Throughout the late 1980s and 1990s, West African cotton growers typically received less than half of the world market price for cotton lint (Bassett, 2001, p. 159). “West African cotton growers were consistently underpaid for their labor product. Their efforts to make cotton work agronomically and commercially did not benefit them as much as it should have” (Bassett, 2001, p. 159). For example, in 1994-1995, when world cotton prices reached their peak, producers received only 30 percent of the world price (Goreux and Macrae, 2003, p. 8).

Bates reviewed many African states that had state-owned agencies serving as the single buyer of commodities. All his examples were Anglophone, except for Senegal, and

he did not focus on cotton, though he said the pattern prevailed throughout much of Francophone Africa. These agencies, "bequeathed to the governments of the independent states by their colonial predecessors, purchase cash crops for export at administratively determined domestic prices, and then sell them at the prevailing world market prices" (Bates, 1981, p. 12). These agencies, Bates argued, used their market power to keep the price paid to the farmer below the price set by the world market, and thus accumulate funds. This foreign exchange was often invested in social and industrial development programs. By using this system, "the states have therefore made the producers of cash crops a significant part of their tax base, and have taken resources from them without compensation in the form of interest payments or of goods and services returned" (Bates, 1981, p. 19). The producers "have been subject to a pricing policy that reduces the prices they receive to a level well below world market prices" (Bates, 1981, p. 28).

Bassett showed that cotton farmers' incomes steadily declined from 1970 to 1994 and that they received a relatively small share of the market value of their crop, while profits were accruing to other agents, such as input suppliers, cotton traders and the marketing boards (Bassett, 2001, p. 180). "The prices West African producers receive tend to be very low… A large part of the gap between domestic and export prices of cotton has been absorbed by governments in the form of various taxes" (Baffes, 2004a, p. 26).

A 1998 World Bank report said cotton prices received by farmers in Francophone West Africa were low because of high state taxes, high cotton company profits, mistakes in marketing, subsidization of domestic textile mills and low returns from domestic use of cotton seed. Levin described an exchange at an ICAC meeting during which the World

Bank criticised the monopolistic policies of state cotton companies that "put farmers last, while putting the cotton companies and the government treasury first" (Levin, 1999, p. 2-3).

The determination of annual cotton prices reflects the relative bargaining power of a number of groups, such as producers, governments, the CFDT and private ginning firms (Baffes, 2004a, p. 26). During the late 1990s, producer representatives began to play an increasingly political role, and lobbied for higher producer prices (Gillson, 2004, P. 37). "Farmers were not oblivious to the dynamics of capital accumulation occurring at their expense" (Bassett, 2001, p. 159). Cotton strikes in Mali and Côte d'Ivoire in the early '90s demonstrated that the 30-year-old model of cotton production and marketing was in a state of transition (Bassett, 2001, p. 168). "Cotton farmers not only spoke in a forceful voice … but, more importantly, they now possessed the organizational strength to speak even more loudly through collective action" (Bassett, 2001, p. 168).

Bassett focused on Côte d'Ivoire, but his observations extend throughout West Africa, including Benin, Burkina Faso and Mali. Bassett said the World Bank challenged the CFDT system, believing it to impede economic growth and depress farmer incomes (Bassett, 2001, p. 172). The system was also confronted, he said, "by cotton grower organizations which assumed unprecedented power in setting administered prices and in cotton marketing" (Bassett, 2001, p. 172). "Unlike in the 1960s …, in the 1990s the French firm and its African partners had to consider the objectives and resources of peasant cotton growers" (Bassett, 2001, p. 173).

Bassett argued that economic liberalisation, pushed by the international financial institutions, created a chance for farmers to redefine their relationship with the CFDT and

the state, and to influence agricultural policies (Bassett, 2001, p. 170). These rural farmer organizations "emerged, in part, in the space opened up by political and economic reforms initiated by the Ivorian government to deal with its fiscal and political crises under pressure from the World Bank and IMF" (Bassett, 2001, p. 184). Bassett cited the "growing power of tens of thousands of small farmers who, through producer organizations, continued to press for a higher share of the export price of cotton lint" in the mid- to late-'90s (Bassett, 2001, p. 181). Gillson (2004) said the combination of external and internal pressure made it widely accepted within Francophone countries that producers should receive 50-60 percent of the world price of cotton, which would put their domestic prices more in line with international prices than in the past. Figure 3 shows the producer price as a percentage of export price in each of the three countries, from the 1994-1995 season to the 2001-2002 season.

Figure 3: Producer price as percentage of export price, 1995-2002

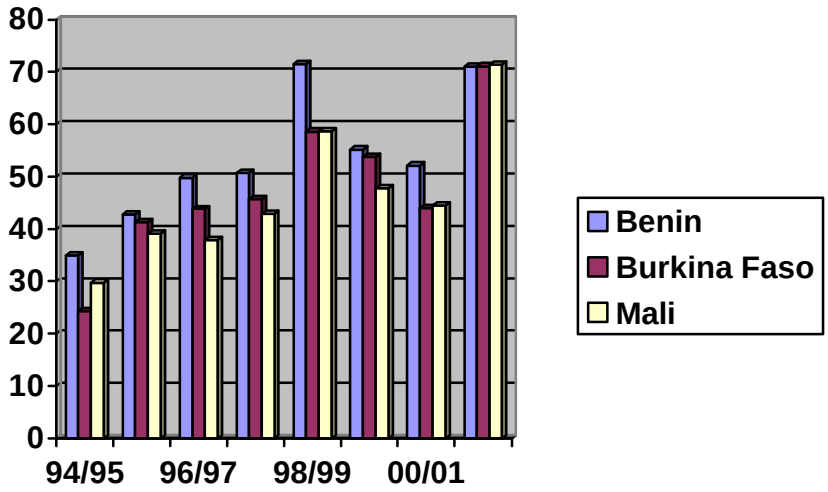


*Chart information from Goreux and Macrae, 2003, p. 50.

Over time, the parastatals became “crippled” by huge debts and either went bankrupt or stayed alive with state infusions of capital (Baffes, 2004a, p. ix). Reforms were the only feasible alternative. Given these conditions, and under pressure to qualify for aid assistance and debt relief, the countries adopted the approach prescribed by the international financial institutions, to varying degrees of success. However, the policies pushed by the World Bank during the 1990s were not entirely beneficial for growers. “The surging number of indebted cotton growers and the drop in agricultural equipment sales testify to the recessionary impact of the World Bank’s economic policies during this period” (Bassett, 2001, p. 180).

The CFDT and its partner West African cotton companies cited the risks of privatising, and tried to persuade the World Bank that the future of the West African cotton sector hinged on the CFDT system. The CFDT director of rural development argued that peasant farmers were dependent upon its vertically integrated structure to ensure access to credit, inputs and equipment. “If this structure was allowed to be dismantled, he stated, the cotton sector would fall apart and rural livelihoods would be jeopardized” (Bassett, 2001, p. 171). Those holding this view pointed to the impact of privatisation on Anglophone countries, such as Nigeria, where cotton production had been variable and contrasted with the steady growth in production in Francophone countries (Levin, 1999). “Liberalization of markets for fertilizers and other inputs could bring a reduction in cotton yields if prices are raised higher than farmers can afford, says Jean-Luc Lecorre, deputy director of the Africa Merchant Bank. ‘For such a highly integrated sector, the risks of privatization are many.’” (Harsch, 2000, p.10).

A 2002 World Bank research paper listed the principal steps to reforming the cotton sectors in West Africa as 1) spinning off to the private sector the non-core activities of the cotton parastatals, 2) reinforcing the technical and commercial capacities of farmer associations and 3) introducing competition by opening up the sector to private ginneries. Yet, a 2003 review of reforms in the cotton sectors in some African countries, including those in West Africa, advised that the sector needed to be liberalised cautiously because cotton is an annual crop requiring large investments that have to be amortised over many years (Goreux and Macrae, 2003, p. 42). Goreux and Macrae said it was too often assumed that once parastatals were dismantled and prices liberalised, the private sector would step in to automatically fill up the vacuum, but that was not always the case. Oxfam said the efforts to liberalise domestic cotton sectors, for example abolishing state marketing boards, which were often done at the instigation of the international financial institutions, had been "mixed" (Oxfam, 2004a).

Despite general trends toward liberalisation in Benin, Burkina Faso and Mali, they differed in the approaches and extent of reform. The next section of the paper looks at the individual experiences of the three countries, and their efforts to bolster their respective cotton industries through domestic reforms. Of the three countries, Benin has been the most aggressive in liberalising (it is also the one whose economy is most heavily dependent on cotton), with Mali having the furthest to go. The following sections describe those efforts, and their results. Table 2 provides a comparison of the growth of each country's cotton sector from 1995 to 2001.

Table 2: Growth of cotton sectors in Benin, Burkina Faso and Mali from 1995-2002

Year	Base of comparison	Benin	Burkina Faso	Mali
1994-1995	Area cultivated ('000 ha)	230	184	270
2001-2002		330	356	505
	Percentage growth	43	93	87
1994-1995	Yields of seed cotton/ha (kg)	1157	777	1085
2001-2002		1258	1063	1129
	Percentage growth	9	37	4
1994-1995	Production of seed cotton ('000 m tons)	266	143	293
2001-2002		415	378	570
	Percentage growth	56	164	95
1994-1995	Producer price/kg of fibre, w/ bonus (CFA)	363	253	310
2001-2002		474	477	476
	Percentage growth	31	89	54

*Table information from Goreux and Macrae, 2003, pp. 44-47. Percentage calculations by author.

4.2 Benin

Of the three countries, Benin has been the most aggressive in liberalising its cotton industry. During the '80s and '90s, Benin was the most successful West African country in expanding its cotton sector. One of the smallest producers in Africa in 1980, Benin is today the largest exporter in the region. Among the world's producers of seed cotton, Benin has moved up from 19th (1998) to 13th (2002) place (WTO, 2004a, p. 62). The cotton subsector accounts for 77 percent of exports and 13 percent of GDP (WTO, 2004a).

This growth has had far-reaching effects. "Given that agriculture is the main occupation of 76 percent of Benin workforce, the strong performance of the agriculture had a widespread impact on incomes and therefore on the ability of people to command access to food" (Marcos, 1999). During this growth period, the state controlled cotton production; farmers sold to the state, which determined the price. Benin was successful in boosting growth mainly because it devoted substantial public resources to agricultural investment, research and extension, and provided farmers with strong and stable price incentive through public marketing arrangements. "This eventually proved to be fiscally unsustainable. The challenge facing Benin is to maintain the momentum of equitable agricultural development under a more market-oriented policy regime in which the public sectors play a less prominent role" (Marcos, 1999).

Benin is widely recognized for having made real strides toward liberalisation, a process begun by a 1989 adjustment strategy, and followed up with concrete actions. Starting in 1992, one private company was established to provide inputs, followed by a

second one in 1993 and a third in 1994, and private investors gained increasingly more market shares in the input market (Goreux and Macrae, 2003, p. 11). During this period, more private ginneries were built. According to the World Bank, "Benin has made significant progress in introducing far-reaching reforms which, if pursued, would put the country's cotton sector on a solid path to long-term growth and increase considerably its contribution to poverty reduction in its rural areas" (World Bank, 2002a, p. 1).

The World Bank credited the Beninois government for lifting the monopoly of the national cotton company, Société Nationale pour la Promotion Agricole (SONAPRA), over the marketing of seed cotton and for introducing measures to increase competition in the input sector. "The government has announced … its determination to work toward enhancing its regulatory role while gradually empowering the private sector and building the capacity of producer organizations" (World Bank, 2002a, p.2).

It was a balancing act to remove the government support system, upon which cotton producers were dependent, and "wean" them onto the private sector. The industry had to find alternative mechanisms for financing inputs (seeds, tools) and providing support services. A 1998 report by the IMF discussed the early stages of partial liberalisation, which did not expose private operators to market conditions and thus did not result in the expected increase in productivity (IMF, 1998). Yet, the government continued with incremental steps, as it was "confident that this strategy will serve producers and Benin's economy well" (IMF, 1998), and the private sector responded.

The crop year of 1998-99 was the year of transition from administered to market-determined prices. The government and its partners undertook several steps to enable the transition (IMF, 1998; World Bank, 2002a; WTO, 2004a). In 1999, the private sector

created the Association Interprofessionnelle du Coton to help with extension services, cotton research, seed multiplication and distribution, quality control and road maintenance. Farmers' associations established a countrywide purchasing cooperative to which, in 1999, the government transferred responsibility for purchasing and distribution of inputs.

The monopoly held by SONAPRA on cotton marketing ended in June 2000. This change also presented risks. IFPRI in 2001 noted that the SONAPRA buying monopoly had provided a mechanism for farmers to purchase fertilizer on credit and repay during harvest. "Liberalisation of cotton marketing might well improve marketing efficiency and raise farm prices, but it could threaten the sustainability of the input credit system. Efforts to reform the cotton sector in Benin are focusing on devising alternative institutional mechanisms to ensure loan repayment" (IFPRI, 2001).

In 2000, Benin created the Centrale de Sécurisation des Paiements et des Recouvrements (CSPR), a clearinghouse for all financial transactions dealing with the sale of cotton inputs and cotton. The CSPR is intended to ensure that input credits are recovered and payments are made in a timely fashion, thereby preserving a benefit from the old system (Goreux and Macrae, 2003, p. 20). At the beginning of the 2000-2001 crop year, the government fully liberalised the purchase of seed cotton to allow all ginning companies to compete. Several private ginning companies now exist, although they buy agreed quotas of seed cotton at an administratively fixed price (Gillson, et al, 2004, p. 37).

A 2003 IMF press release discussed ongoing steps to "enhance" cotton sector reform in Benin, such as privatisation of SONAPRA. In 2002, stakeholders drew up a

program for privatising SONAPRA, including retaining 34 percent of shares for the state and selling the remaining to private sources (WTO, 2004a, p. 64). Yet, a March 2004 IMF press release noted that privatisation of the public ginning company, a "key element of the structural reform agenda," had incurred further delays. Though Benin reformed its sector, the sequence of measures was not always well designed and the sector remains heavily regulated (Goreux and Macrae, 2003). For example, producer prices are fixed for the entire country and announced at the beginning of the marketing season. The government has the final word in the price.

Nonetheless, Benin's efforts have been lauded by international financial institutions and donors. A 1997 WTO review noted "Benin was commended on the institutional reforms and positive macroeconomic performance since 1990. These had been reflected in solid economic growth, improved public finances and a modest rate of inflation. … Members appreciated the considerable steps taken by Benin to liberalize its import markets and to reduce export restrictions." Benin was urged to continue its trade liberalisation and to "embed it within the rules and principles of the multilateral trading system" (WTO, 1997). A 2000 Canadian International Development Agency document noted "Donors believe that Benin is carrying out fundamental reforms of its political, economic and institutional sectors. The government continues to act to ensure that the difficult transition from centralized to market economy succeeds." The IMF and World Bank in March 2003 announced Benin's eligibility for debt relief, which "reflects the government's strong record of reform" and "commitments to structural reforms and macroeconomic stability" (IRIN, 2003b). A 2004 WTO review lauded "the authorities' commitment to pursue structural reform without delay" (WTO 2004a, p. xi).

Benin's president from 1972-1991 was Mathieu Kérékou, who nationalised industries and under whose rule the country's balance of trade deteriorated (Decalo, 1997, p. 48-50). By 1988, international financial institutions feared the country would default on its loans and pressured Kérékou to make financial reforms, which he began. In 1991, Kérékou was replaced by Nicéphore Soglo, an economist and former World Bank officer, who was strongly supported by the World Bank (Decalo, 1997, p. 54). "Abroad, Soglo's main merits have been seen as steadfast resistance against societal and parliamentary pressures to moderate the harsh economic policies of fiscal stringency needed to stabilize Benin" (Decalo, 1997, p. 59). Soglo gradually became unpopular as austerity measures reduced living standards and many civil servants lost their jobs. Soglo's approach put him into conflict with members of the country's National Assembly, highlighted by an August 1994 incident in which he rejected a moderate budget put forth by the National Assembly as incompatible with austerity pledges made to the IMF. Soglo lacked support to pass his own budget, so he promulgated it by decree, a move thrown out by the Constitutional Court as unconstitutional (Decalo, 1997, p.59). Parliamentarians claimed that Benin was totally "under [IMF] control" (Decalo, 1997, p. 59). Voters removed him from office in 1996 and replaced him with Kerekou, who was re-elected in 2001.

Soglo's background with the World Bank undoubtedly influenced Benin's aggressive liberalisation and helps explain why, of the three West African countries, Benin initially moved the farthest toward privatising the cotton sector. This approach has continued under Kerekou. A cotton consultant in Mali offered two other reasons why Benin liberalised most quickly of the three countries. At the time Benin began privatising

SONAPRA, he said, the country's economy was not as dependent on cotton as Mali's was, so it was easier to make the transition. Also, he said, Benin did not have negative experiences with privatisation, whereas Mali had two (railroads, electricity), so it was more difficult to generate support for the idea (Dembélé, 2004).

Yet, the transition has not been entirely smooth. The managing director for Fludor Benin, a company that produces oil from cottonseeds, said the country had difficulty finding the right level of government intervention, because it came out of a Marxist system based on total state planning to enter directly into a "so called liberal" system (Riboux, 2004). Furthermore, Riboux said, "Benin is dependent on different financial donors whom she strives to please. This explains …why the privatization of the cotton sector is such a chaos." In 2002, the government subsidised the cotton sector with $30 million, but "could not continue the following years because of the veto of IMF and the World Bank" (Riboux, 2004).

Benin's cotton industry and, therefore, the country's economy is at risk. A March 2003 IMF press release said that the country's external account deficit had widened as a result of a sharp drop in the world cotton price (IMF, 2003). It cited the danger of Benin's dependence on a single commodity, and a June 2004 WTO trade policy review noted that Benin's reforms had not enabled a reduction of its dependence on cotton exports (WTO, 2004a).

The Beninois newspaper *La Nation* published a piece by Riboux in September 2002 in which he said the 2001-2002 cotton season was a historical record in terms of quantity (415,000 tons of seed cotton). "However, from the economic and financial viewpoint, it is probably one of the worst years" (Riboux, 2002). Riboux cited a number

of problems, including the low world cotton price, late commercialization that season, and delayed payments from CSPR. The IMF prevents the Beninois government from subsidizing the sector, he said, but Benin would not need subsidies under normal circumstances because its production is among the most competitive in the world. Riboux said the international market was depressed because "the Americans are making an unrestrained dumping" of cotton lint, and argued that Benin and other African countries should be compensated for the damages they were suffering. He said the number of people giving up cotton farming was increasing, some because they had not been paid and some because they did not know what price they would be paid. "If this tendency sustains, it will then be the activity in which Benin excels that will disappear" (Riboux, 2002).

This section has described the efforts of the Beninois to reform the country's cotton sector in line with the requests of international financial institutions and donors. While Benin is recognized for having made substantial changes, the industry is considered to be at risk. The country's dependence on cotton exports makes it especially vulnerable when the world cotton price is low. The next section considers the case of Burkina Faso.

4.3 Burkina Faso

Though not as aggressive as Benin, Burkina Faso has made efforts to liberalise its economy. As in Benin, cotton is Burkina Faso's main export crop. In 2002, 57 percent of the country's export revenue came from cotton (Mutume, 2003). The country is one of

the cheapest cotton producers, with farmers able to produce one pound for 21 cents. Agriculture employs more than 80 percent of the country's labour force and generates 60 percent of export proceeds (IMF, 1999).

Cotton production in the 2004 season was almost double that of 1998 and the country achieved "new records" in cotton production (WTO, 2004b, pp. vii, 52). "Some observers see the Burkina sector as the best performing of the Francophone sectors at present" (Gillson, et al, 2004, p. 38). The boost in production is attributed to changes in the sector that have allowed for an increase in areas sown (WTO, 2004b, p. 58).

A 2004 WTO trade policy review credited authorities with having prioritised the completion of ongoing structural reforms and "underlined" the country's steps toward reforming the cotton subsector, described as "the cornerstone" of Burkina's economy. "Compared to most other African countries, however, Burkina Faso came relatively late to 'orthodox' structural adjustment" (FAO, 1996). Preparations for a World Bank-supported structural adjustment program began in 1988, and the country signed a structural adjustment program with the IMF in 1991. According to the FAO, Burkina Faso is unique from many other countries in that the country was not in a critical macroeconomic situation when it undertook the policy changes, so it was able to carefully prepare for the program.

By 1996, the government had begun to liberalise trade and lift administrative obstacles to exports (FAO, 1996). Economic growth was slower than hoped for, though there was an increase in cotton exports. A 1998 WTO report said Burkina Faso should continue to scale down state intervention in the production and marketing of its major exports; and that more extensive trade liberalisation efforts were needed to promote

exports for sustainable economic growth. “State intervention in production and particularly in the marketing of certain products, especially cotton, … all raise doubts concerning the relevance to the objectives of diversification and promotion of exports on the one hand and improving the living conditions of the rural population on the other” (WTO, 1998). The report acknowledged that liberalising reforms had been undertaken for the import sector, but said a great deal remained to be done for exports. It cited examples of high transport costs, due to landing and handling fees at Ouagadougou airport, and the state monopoly of supply and distribution of energy. Nonetheless, the report concluded that Burkina Faso is “pursuing its economic liberalization program unflinchingly.”

A 1998 Strategic Orientation Document prepared by the government set goals to be accomplished by 2010, including refocusing the role of the state and promoting the private sector’s role in agriculture (FAO, 1998). The FAO said “the implementation of these measures attests to the government’s commitment to having government departments withdraw from all activities involving the production, marketing and supply of inputs and credit” (FAO, 1998).

Under the presidency of Blaise Compaoré (since 1987), the government privatised public companies. Compaoré “pledged allegiance to the capitalist system,” seeking economic growth and the development of capitalism, but “not at the expense of the Burkinabè people” (Boudon, 1997, p. 138). Compaoré has been vocal in criticizing U.S. cotton subsidies through the media and at the WTO, which will be discussed later in the paper. He has been backed by a very strong National Union of Cotton Producers of Burkina Faso.

Goreux and Macrae said the management of the cotton sector improved with limited reforms in the late 1990s after growers gained more power (Goreux and Macrae, 2003, p v). The union restricted access to growers' associations to actual growers. Producers organised themselves into a system with various layers of representation, from the village level to the department level to the provincial union level, up to the country's textile fibres company, Société des Fibres et Textiles du Burkina (SOFITEX). Evidence of their organisation and activism was demonstrated at a press conference the producers' union held in Ouagadougou on 5 September 2003, just before the WTO meeting. A delegation of 12 cotton producers joined the union vice president to present their Minister of Trade with a petition bearing nearly 80,000 signatures of protestors against U.S. cotton subsidies. "Our action, as well as being symbolic, is a heartfelt cry of thousands of cotton producers who live from the sweat of their brown, and whose survival, as well as that of future generations, depends on cotton," said François Tani, union vice president (Baden, 2004, p. 7, Box 1).

In 1999, an agreement was signed between SOFITEX and the National Union of Cotton Producers that, among other things, allowed producers to own up to 30 percent of the capital of SOFITEX. Producers now have a majority of the seats on the SOFITEX board, which reviews input bids, chooses distributors and fixes the floor price for purchasing. "As a result, the growers' association became a stronger partner able to negotiate with ginners and other stakeholders" (Goreux and Macrae, 2003, p. v). The state is a minority shareholder (35 percent).

The cotton industry remains under the control of SOFITEX, which controls the provision of inputs and other services to farmers, operates as the sole buyer of the entire

cotton crop, and is responsible for ginning and marketing (Badiane, et al, 2002; WTO, 2004b). Nonetheless, while the single-channel marketing system has been retained, farmers have a greater say in how the system is run (Gillson et al, 2004). SOFITEX is to be privatised "in the long term" but "remains the leading operator in the subsector because of its monopoly on the collection of seed cotton … and of the initial processing of cotton … as well as the marketing of cotton fibre" (WTO, 2004b, p. xi). A floor price is announced before each sowing. If a profit is made at this price, producers receive a bonus the following season. In each of the seven crop years up to 2001-2002, producers received a bonus that represented on average 15 percent of the floor price (Goreux and Macrae, 2003, p. 32).

In February 2004, a consortium of European banks announced they would invest $78 million into Burkina Faso's "booming" cotton sector, citing the sound financial record of SOFITEX. SOFITEX increased the price it paid producers from 185 CFA per kilo in the 2003/2004 planting season to 210 CFA per kilo in the 2004/2005 planting season as an incentive to raise output. The company hoped to raise cotton production by 20 percent, by better use of fertilizers and pesticides to improve yields. SOFITEX and the National Union of Cotton Producers said the European investment would ensure that everyone involved in the industry would be paid (IRIN, 2004). Production in Burkina Faso increased more than four-fold after the government launched a campaign to boost the cotton sector in 1996 and farmers earned eight times more from selling their crop than they did 10 years previously (IRIN, 2004).

In both Benin and Burkina Faso, growers received a greater share of world prices in the period from 1998-1999 to 2001-2002 than they did between 1994-1995 through

1997-1998, presumably due to the domestic reforms in their sector. The price received by Benin's producers increased from 45 to 62 percent of the world price, and for Burkina Faso from 39 to 57 percent (Goreux and Macrae, 2003, p. 28). However, world prices dropped from the earlier to the later periods, so growers received a greater share of a lower price.

As Burkina Faso and Benin have liberalised their cotton sectors, the percentage of the world price earned by cotton producers has increased. Thus, the producers have a direct interest in supporting trade practices to keep the world price up. Their role, and that of the Malian producers, in challenging U.S. subsidies will be covered later in the paper. The next section looks at the evolution of the cotton sector in Mali, where the pace of liberalisation has lagged behind that of the other two countries.

4.4 Mali

Of the three countries, Mali has made the least progress toward liberalising, though it was the first to commit to structural adjustment and has been under "intense pressure" from the World Bank and others (Gillson et al, 2004, p. 39). The WTO 2004 trade policy review of Mali noted that efforts made by the state to withdraw from key activities should be "underlined," but advised that the country would "increase the confidence of economic operators by completing the reforms under way." Mali's cotton producers have a long (and, perhaps, the best documented) history of activism. It could be because of this that Mali's shift toward liberalisation is moving relatively slowly, with the farmers having an active say in how it transpires.

Cotton is the principal cash crop for Mali's farmers, although gold has displaced its role as the country's top export earner. In 2002, cotton accounted for 18 percent of export earnings. Cotton production reached a record level of 600,000 tons in the 2003-2004 season, an increase of 37 percent over the previous year, making Mali the largest producer of seed cotton in Africa that year (WTO, 2004c, p. vii). The cotton zone is considered Mali's breadbasket. "Overall, the cotton-producing area is among the richest areas in the country, with an estimated household income approximately five times the national average" (Bingen, 1998, p. 271).

Mali began a series of adjustment programs in 1982, and signed an economic reform program with the World Bank and the IMF in 1988. Import quotas were eliminated in 1988 and export taxes dropped in 1991. Yet, a 1999 study on cotton production in Francophone West Africa stated that "Mali has resisted any serious efforts [to privatise]" (Levin, 1999). The United Nations Economic Commission for Africa (UNECA) issued a September 2001 document in which it noted that the cotton industry was at the heart of Mali's growth strategy. "In spite of the efforts made by the authorities to liberalize the economy, Mali's cotton industry has lagged behind what has been achieved in the neighbouring countries" (UNECA, 2001a, p. 3). The document stated that the government had reaffirmed its decision to pursue private-sector liberalisation policies "in the medium-term."

In January 2002, the IMF lauded Mali for "a strong commitment to economic reform by the authorities," while stressing the need for the country to diversity its economic base. The IMF directors said reforms in the cotton sector would be critical to Mali's medium-term economic prospects, given the sector's crucial role in the economy.

"They therefore regretted the delay in undertaking key reforms in this sector, and urged the authorities to complete these reforms as quickly as possible" (IMF, 2002b). The directors said they were encouraged by the government's efforts to build consensus on the need to liberalise the cotton sector. Additionally, the document said "some directors noted that price supports and cotton subsidies in developed countries have tended to amplify the decline in cotton prices."

A memo from Mali's Minister of Economy and Finance to the IMF acknowledged that Mali had failed to meet criteria for the reform of the cotton sector because of delays in the availability of financing and complex technical procedures required to initiate planned studies. But the report affirmed the government's intent to proceed with the "essential" reforms, and outlined its commitment to liberalisation of the cotton sector, including steps to: control and lower production costs; establish a pricing mechanism based on free bargaining among economic agents in the sector; strengthen producers' organizations; strengthen the role of the private sector; and contribute to poverty reduction by increasing incomes. "The ultimate goal is to liberalize the cotton sector by opening it up to competition and privatizing the CMDT" (IMF, 2002a).

As in Burkina Faso, the cotton sector in Mali is under the control of a state-owned company that controls the provision of inputs and other services to farmers, and is the sole buyer of the entire cotton crop. The Compagnie Malienne de Développement des Textiles (CMDT) was created in 1974, with 60 percent Malian government capital and 40 percent CFDT capital (Bingen, 1998, p. 269). The Malian government still owns 60 percent of the CMDT, which has a legal monopoly on cotton ginning and marketing of cotton fibre in the cotton-growing area attributed to it, where virtually all of Mali's cotton

is grown (WTO, 2004c, p. xi). The state determines the producer price for seed cotton, while the CMDT controls purchase of inputs, provides producers loans, purchases seed cotton, transports it to ginning plants, processes it and markets the cotton fibre on global markets (WTO, 2004c, p. 54).

After a 1974 village protest against dishonest practices, the CMDT created village associations (AV) and gave them responsibility for grading and weighing, equipment and supply orders and credit management. In collaboration with the government, the CMDT secured World Bank financing to support the development of management skills within the AVs (Bingen, 1998, p. 267). Many of the AV leaders were chosen as pilot farmers to promote the use of new and improved production and marketing practices. Over the years, these leaders developed a sense of federation among themselves and partnership with the CMDT, Bingen argued, that contributed to their confidence in influencing CMDT policy (Bingen, 1998, p. 267).

Their growing activism paralleled political changes in the country. Of the three countries, Mali's government underwent the most dramatic changes in the last decade. President Alpha Oumar Konaré was elected in 1992 after 23 years of a military dictatorship. Following the 1991 overthrow of his predecessor, "several thousand cotton farmers … rose up to demand significant policy changes in cotton production and marketing" (Bingen, 1998, p. 265). Bingen said the rural revolt brought forth a vital new political actor in Malian politics, the National Union of Cotton and Food Crop Producers, Syndicat des Producteurs de Coton de Vivriers (SYCOV). "After listening to more than thirty years of governmental populist pronouncements, Mali's cotton growers finally had a real opportunity to realize a measure of empowerment" (Bingen, 1998, p. 265).

In May 1991, cotton producers declared a strike focused on long-standing pricing and marketing issues. “There is little doubt that the new government’s commitment to democratization following the March 1991 *coup d’état* afforded cotton producers, ultimately through SYCOV, a previously unheard of measure of constitutional protection and political legitimacy” (Bingen, 1998, p. 268). After the revolt, Bingen said, CMDT and CFDT attempted to “co-opt” the discontented cotton farmers. With support from the World Bank, they organized a training and information program on the international cotton market for farmers, and conducted a survey of the producers’ marketing problems and concerns. They financed a study trip of the cotton marketing chain from Bamako to France. “In the long term, the strategy was designed to enhance CMDT/CFDT’s overall operations by creating a cadre of more technically and financially informed, and more ‘professionalised’ cotton farmers who would appreciate the need to temper and adjust their demands to the ‘big picture’ of the international cotton market” (Bingen, 1998, p. 277).

Konaré won praise for his efforts to revive Mali’s faltering economy and his adherence to IMF guidelines, which were credited with increasing foreign investment and helping make Mali one of the largest cotton producers in Africa. Yet, in 2001, Mali experienced a sharp decline in cotton exports, attributed to political unrest in neighbouring countries and “unfavorable developments in the cotton sector” (IMF, 2002a). Cotton producers boycotted in protest of the low price paid by the CMDT (ROPPA, 2004, p. 4). The boycott halved the volume of cotton production, and the crisis was compounded by the depressed world price for fibre (IMF, 2002b). Mali’s GDP

dropped by 3 percent and, the government, fearing instability, raised the price back to the previous year's level (Thurow and Kilman, 2002).

This was the year the World Bank began strongly advising privatisation. A Bank report blamed bad CMDT management for high costs and lack of transparency in sales of cotton fibre, and noted that the former chairman was to be tried for fraud and misappropriation (WTO, 2004c, p. 55). Mali adopted a Policy on Development of the Cotton Sector, with the goal of privatising the CMDT in 2006.

A consultant to Malian producer associations said producers initially opposed the recommendation, but Bank findings of poor management and corruption convinced them to support privatisation. A number of things have happened since, however, to lessen producer support. Prior to 2002, CMDT alone set the cotton price, but producers now are involved in negotiating what they will receive. Prices are set prior to the May/June planting, to be paid after the October/November harvest. In early 2004, CMDT and producers agreed to a price of 210 CFA/kilogram of seed cotton. The world price dropped in June, and the CMDT realized it would not be able to pay the farmers the agreed price. It approached the World Bank for $40 billion CFA to honor the payments. The Bank refused, saying the CMDT needed to renegotiate. This response, the consultant said, soured the producers on the Bank. "When the CMDT set the price alone, the World Bank told producers 'It is too low. You must fight." Now the World Bank is telling CMDT to go back to the producers and lower the price" (Dembélé, 2004). Additionally, he said, Mali had negative experiences privatising the railroad and energy companies, after which prices for services increased. "Privatisation is not an easy thing, but the World Bank is always pushing it" (Dembélé, 2004).

In 2002, Amadou Toumani Touré was elected president. Like Burkina Faso's Compaoré, he has been a vocal critic of the U.S. cotton subsidies, and he testified about their impact in the U.S. House of Representatives Subcommittee on Africa in June 2003. Touré has reportedly asked the World Bank to allow delay of CMDT privatization until 2008 (Dembélé, 2004). He is up for re-election in 2007 and if re-elected, could use his mandate to push through the privatisation. Dembélé said the Bank has agreed, but conditions are still being determined.

Despite the shortcomings of the CMDT, changing the system is not a straightforward task. In June 2004, a case study on the Malian cotton sector discussed the changes that had taken place, with reassigning roles in the public and private sectors, and remodelling the producer support system. The report said the old system gave producers access to agricultural innovation, through tightly-linked advisory and support services, because the CMDT controlled the "upstream" side, i.e. providing inputs and access to credit, as well as the "downstream" side, being responsible for processing and marketing the cotton (Zoundi, 2004, p. 4). The report stated that the CMDT offered a "holistic system" that included other activities contributing to food security, such as promoting activities that generated income for women.

The restructuring of the system was intended to reduce production costs (to keep in line with falling world prices), improve yields (by building up capacity of extension agents), create cotton producer associations more focused than village groups, strengthen the participation of the private sector, contribute to poverty alleviation by improving quality of life, and determine cotton prices through open negotiations among stakeholders (Zoundi, 2004, p. 5). These goals are to be achieved by CMDT withdrawing from many

of its current activities. Yet, the author questioned whether the cotton producer associations would be able to handle all the new functions they would be expected to provide, and the commitment and willingness of the private sector to invest heavily in agricultural advisory services (Zoundi, 2004, p. 6).

A senior CMDT official said the strategy was being defined "by the outside," and spoke of the need to privatise in a "logical fashion," saying if it was not done correctly, it could throw the system off balance (CMDT, 2004). Cotton producers have seen the effects of privatisation in Benin and Côte d'Ivoire, he said, where their peers work and do not get paid, and they are worried. "Why privatise when the system is functioning well?" (CMDT, 2004). "The CFDT, in order to protect its business position, vehemently opposes a concerted World Bank led effort to 'liberalise' cotton production and marketing that would oblige Mali and other governments to dismantle their exclusive relationship with the CFDT group and follow the examples of Cameroon or Benin" (Bingen, 1998, p. 274).

In the 2003-2004 season, a new formula for fixing producer prices was implemented to take into account the global price for cotton, which would raise the price paid to producers (WTO, 2004c, pp. 50, 55). "If external scrutiny of the performance of the Malian cotton sector remains high and producer pressure is sustained with the sector, domestic seed cotton prices could track world prices more closely in future than in the past" (Gillson, et al, 2004, p. 39).

Both this opportunity and the approach of the CMDT spurred producers to confront the U.S. cotton subsidies. The CMDT responded to World Bank criticism of underpaying Malian cotton farmers by saying American subsidies limited earnings (Dembélé, 2004). It is estimated that if U.S. subsidies were removed, the typical Malian

farm would increase earnings by 30 percent (Tefft, 2004). “After that, the producers began to learn more. ROPPA [network of West African cotton producers] informed them that if they were poor it was because the world market price is low. They were told ‘We have to get together and fight against these subsidies.’” (Dembélé, 2004). In 2003, Malian producers wrote a letter to their government asking them to negotiate with the U.S. government to abandon subsidies, and producers in Benin and Burkina Faso did the same, Dembélé said. “The first step was made by the producers, with the influence of ROPPA.”

The Malian producers pushed in the last decade for changes in the structure of the cotton sector in order to improve their earnings. Recently, they have applied similar vigour to the issue of U.S. subsidies, with the same goal in mind. The next section looks at the prognosis for the West African cotton market, to give perspective to their efforts.

4.5 Prognosis

The preceding sections outlined the efforts of the three countries and cotton producers to reform their cotton sectors to meet the requirements of international donors. This section considers the prognosis for their industry. The ICAC forecasts that world cotton prices will remain between 50-60 cents per pound until 2015 (Watkins, 2003). The U.S. has a $60 million cotton promotion program aimed to generate worldwide demand, and the ICAC has established an international cotton promotion program (Baffes, 2004a, p. 31). Global consumption of cotton is trending upwards. By 2010, the ICAC estimates world cotton consumption will be 23.6 million tons (Baffes, 2004a, p. 4). The World

Bank predicts world cotton consumption may grow by as much as 1.3 percent in the next decade, with world demand increasing within five years by about 500,000 tons, more than half the entire production of West and Central Africa. “These changes offer real opportunities that, if adequately exploited, should allow the region to significantly expand output and more than double its market share over the course of the decade” (World Bank, 2000, p. 5).



Photo 2: Cotton farmers near Bla, Mali, November 2004 Photo by E. Lynn Heinisch

A World Bank 2002 paper said the long-term strategic objective in the West and Central Africa cotton sector is to increase and sustain its contribution to poverty reduction through employment creation and income generation in the rural areas, and to contribute to export earnings and government revenue (Badiane et al, 2002). The Bank report said industry growth has “shown considerable multiplier effects on employment

and income in the rest of the rural economy due to the expansions in income from cash crops." It outlined a series of next steps that countries should take to further reform the sector, noting that prospects for poverty reduction would be improved with enhanced competition and allowing a larger share of the world price to be passed through to farmers. However, the report included a warning that the cotton sector was undergoing "difficult times due to historically low world price, partly reflecting generous subsidies to cotton growers in the United States, China and the European Union, and the slow transition to competition among private ginning and marketing companies." The report said cotton is key to rural poverty reduction in the region, given its importance for exports. "The WCA countries would benefit greatly from removal of price supports and subsidies to cotton growers in the other parts of the world" (Badiane et al, 2002, pp. 20-21)

Levin concluded in 1999 that the impact of privatisation of cotton companies in Francophone West Africa had been limited and was "unlikely in the near term to have a negative consequence on the industry because it is not fundamentally changing the historical industry structure." He cited a World Bank report that stated 'the basic monopsonistic/monopolistic structure have been maintained' (Levin, 1999, p. 8).

Nonetheless, to varying degrees, the governments of Benin, Burkina Faso and Mali have taken steps to liberalise their cotton sectors and have committed to continue in this direction. In theory, this should benefit their farmers. In a free-market system, the state does not pay the farmers an artificially low price and reap the profits of selling their product on the world market. The state is removed from the equation and farmers are paid the market price. However, as West African states withdraw from managing the cotton

sector, if the world price is depressed by U.S. cotton subsidies, farmers will inherit the brunt of the impact.

Additionally, all three countries will suffer reduced export revenues. As noted earlier, U.S. cotton subsidies for 2001-2002 cost Burkina Faso 12 percent of export earnings (1 percent of GDP), Mali 8 percent of export earnings (1.7 percent of GDP) and Benin 9 percent of export earnings (1.4 percent of GDP) (Watkins, 2002, p. 3).

This chapter has looked at the domestic factors influencing the health and evolution of the West African cotton industry. It has underscored the critical role played by producers. The next chapter will look at the "external" efforts of the producers and their governments, exploring the strategy and tactics by which the West Africans are attempting to influence U.S. policy.

Chapter 5. Pushing Back – West African efforts to end U.S. subsidies

The previous chapters described the domestic factors underlying the U.S. subsidies and the development of the cotton sectors in Benin, Burkina Faso and Mali. These foundations set the stage for the confrontation between the West Africans governments and the Americans. Understanding how each of the parties arrived at this point helps to explain their actions. This chapter focuses on how and why the West Africans are lobbying against the U.S. subsidies.

There is nothing surprising about what the U.S. has done. The country is powerful enough to implement a farm policy that seems contrary to the spirit of international agreements it has signed. Clearly, it is in the politicians' interest to subsidise cotton farmers, who are part of an influential farm lobby. What is new, however, is what the West Africans are doing. The all-time low price for cotton in October 2001 generated "unprecedented political mobilization among producers" (Baden, 2004, p. 1). Rather than lamenting the inequities of a system keeping them impoverished, they have mounted a challenge. They are using the institutions and rules established by the most powerful in an attempt to alter their role in the game. They have lined up influential allies to assist them, and are using politically savvy tools and techniques, such as mass media and lobbying.

Benin, Burkina Faso and Mali are attempting to influence U.S. policy, reduce American cotton subsidies and be compensated for their losses. This approach has risks, as the countries are dependent on the U.S. for aid and favourable trade conditions. Yet, their tactics have yielded early results.

Trade is becoming increasingly important in generating income for developing countries, and they are building their capacity to participate effectively in trade debates and negotiations. In 1999 developing countries generated 30 times more revenue through exports than they received in development aid (McClymont, 2004, p. 2). The World Bank estimates that removing developed country tariffs and agriculture subsidies would raise global income by $500 billion by 2015, of which more than 60 percent would flow to poorer countries and enable an estimated 14 million people to extricate themselves from poverty (McClymont, 2004, p. 2).

In the last decade, and particularly in the last five years, international bodies have underscored the importance of structuring trade to be equitable and to benefit the poorest. During the 1986-1994 Uruguay Round of the General Agreement on Tariffs and Trade (forerunner to the WTO), trade ministers adopted the Agreement on Agriculture (AOA), which focused on distortions of agricultural trade. This agreement, signed by the U.S., aimed to bolster free trade by requiring members to reduce domestic support for agriculture. The AOA has been central to challenges of the U.S. cotton subsidies.

The WTO Doha Ministerial Round (begun in November 2001) called for "enhanced market access and balanced rules" to ensure that developing countries share in the benefits of world trade. Among other things, trade ministers called for substantial reductions in trade-distorting domestic support. "Yet these important promises and commitments have not been recognized in practice. The evolution of trade and the thrust of trade negotiations have not sufficiently reflected these multilateral commitments, producing disillusionment among developing countries as evidenced in the failure of Cancun [ministerial meeting], making clear stark differences on trade between developed

and developing nations. … The U.S. and other wealthy countries with most influence on trade rules have some distance to go to meaningfully incorporate this pro-development trade agenda" (McClymont, 2004, p. 3).

A 2003 report by the United Nations Conference on Trade and Development (UNCTAD) noted that Africa's share of world exports fell from about 6 percent in 1980 to 2 percent in 2002. "This phenomenon has as much to do with the structure of international trade as with … the trade policies applied in the continent in the past 20 years" (UNCTAD, 2003, p. 3). "Even though improvements in domestic policies, institutions and governance hold the key to sustained growth, progress on many of these fronts depends primarily on action by the international community" (UNCTAD, 2003, p. 7). The UNCTAD report noted that Africa's dependence on primary commodities for export earnings makes it vulnerable to the vagaries of the market and weather conditions. Notably, UNCTAD says, "the loss of market shares for cotton and sugar is largely due to high subsidies and domestic support for less competitive producers in the United States and Europe" (UNCTAD, 2003, p. 7).

This disconnect between words and action – what is pledged and promoted versus what states actually do – has been around a long time. "With the political leadership of the majority world clearly divided or too weak to stand up, the European Union, United States, and the Cairns group of countries continue to play the macabre dance of free markets exacerbating marginalization of the farming communities in the south. Regardless of the impact on south, the big boys go on merrily strengthening the inequalities. They come out with their own rules of the games, and the developing countries are expected to appreciate and clap" (Sharma, 2003, p. 3). "Many …

developing countries have time and again stood up to the hegemony of the so-called free trade regime. But tactical arm-twisting by the U.S., E.U., Australia and Japan has always thwarted the rise of the collective power" (Sharma, 2003, p. 2).

Yet, in the face of this, the West Africans have pushed back, undoubtedly driven by the crisis they are confronting. "The West Africa governments … supported by active producer associations have been in the forefront of efforts to persuade the industrialized countries, above all the United States, to reduce cotton subsidies and to provide interim compensation for the damage that their economies are enduring" (Baden, 2004, p. 1). They have done so using the mechanisms of the WTO, lobbying U.S. politicians directly and through the media, and working as a coalition. The following sections explore each of these tactics in detail.

5.1 Using the World Trade Organization

As discussed earlier, the WTO is considered the vehicle by which countries can redress grievances with the trade practices of other members. The West Africans have used WTO procedures and systems to challenge the American subsidies.

The three countries are members of the WTO African group, which put forth a proposal on the negotiations of agriculture in March 2001 (WTO, 2001a). The proposal was an effort to negotiate for new, favourable terms in the WTO agriculture agreement and called for a reduction of domestic support measures in developed countries. The proposal said that "the importance of agriculture in the economies of African countries cannot be overstated." It discussed the efforts of African countries to liberalise their agriculture sectors, noted that "severe fiscal constraints" limit their possibility for using

subsidies in any comparable manner to developed countries and said agricultural policy reform in Africa had been penalized under multilateral rules. One writer called the group's proposals among the most comprehensive and detailed of any country or trading bloc (Fleshman, 2003). Mali and Burkina Faso filed similar proposals (WTO, 2001b and 2001c), noting their dependence on cotton.

Benin signed on as a third party to a challenge Brazil filed with the WTO against the United States in October 2002. The Brazilians argued that U.S. subsidies to cotton farmers in 2002 were double the amount paid in 1992, which violated WTO agreements (specifically the Agreement on Agriculture and the Agreement on Subsidies and Countervailing Measures). Brazil alleged that that the subsidies caused "significant price depression and price suppression" in the cotton market, and artificially increased the world market share for U.S. cotton. Brazil's complaint stated that the U.S. actions, which "displace and impede" Brazil's export market share in the world cotton market, were in violation of WTO agreements that the U.S. had signed. "Without the benefit of US domestic and export subsidies, many US producers would not be able to produce upland cotton without sustaining a significant loss; current price projections for marketing years 2003-2007 indicate that US upland cotton prices are expected to remain well below the US cost of production" (WTO, 2002). Brazil estimated it had lost more than $600 million due to prices depressed by U.S. subsidies in 2001.

In June 2004, it was reported that the WTO panel had determined U.S. subsidies did depress world prices and violated WTO rules. The WTO reportedly gave the U.S. until 1 July 2005 to remove the subsidies. Media coverage stated that the decision would force the U.S. to lower cotton subsidies and could prompt challenges from other

developing countries. The U.S. appealed the WTO decision, but "few appeals succeed completely" (Gillson, et al, 2004, p. 21). Oxfam said the ruling vindicated the demands of the West African countries to reduce U.S. subsidies and said the WTO rules-based system would be weakened if the U.S. failed to do so (Oxfam, 2004b).

While the Brazil challenge was under consideration, the West Africans took other steps. In June 2002, agricultural ministers for West and Central Africa commissioned a study to measure the financial losses incurred by their cotton sectors due to subsidies in the U.S., China and the European Union, and to propose a mechanism for compensation (Goreux, 2004, p. 14). The results were used in a cotton initiative submitted to the WTO the following year.

In April 2003, the countries of Benin, Burkina Faso, Chad and Mali wrote to WTO Director General Supachai Panitchpakdi, introducing the "Poverty Reduction: Sectoral Initiative in Favor of Cotton" (WTO, 2003a). Burkina Faso President Compaoré presented the initiative 10 June 2003 to the WTO Trade Negotiations Committee. This was the first time in the history of the WTO that a president came to make his case (Imboden, 2004). The widely publicised initiative, supported by 13 other African countries, called for two decisions to be taken at the Cancun ministerial meeting in September of that year. The West Africans requested the phase-out of support measures for production and export of cotton and, until cotton production support measures were eliminated, financial compensation for the Least Developed Countries (LDCs). They proposed that the richest WTO members compensate West African cotton producers for losses until the subsidies were phased out. Their losses were estimated at $250 million a year; combining the "direct and indirect" effects of subsidies would be about $1 billion a

year, they said. In a follow-up document, they proposed that compensation be paid for three years of production (2000 to 2002), and that subsidising countries continue to pay "beneficiary LDCs" amounts that would decrease "in proportion to their effective efforts to reduce their cotton subsidies" (WTO, 2003c, pp. 3-4).

The proposal outlined the importance of cotton for the four countries and 10 million people in the region depending directly on cotton production. It noted that cotton producers in the West and Central African (WCA) countries had made strenuous efforts to ensure that their production was competitive and to liberalise the sector. As a result, they were among the most competitive producers, and their cost of producing cotton was substantially lower than that of other producing countries. The document stated the countries had made the necessary, "sometimes painful," adjustments to adapt their economies to global markets and WTO objectives. "Until now, the impact of such reforms on development in the WCA countries has been virtually nullified by the fact that certain member countries of the WTO continue to apply support measures that distort global market prices, contrary to the basic objectives of the WTO" (WTO, 2003a).

The document argued that addressing the inequities caused by the U.S. subsidies would "enable the multilateral system to show that the objectives fixed apply to all Member countries and take into account the vital interests of the most vulnerable among them." In a follow-up document, submitted by the four countries in August 2003, they described the "emergency situation" facing their countries and requested that the WTO members take up the issue at the ministerial conference in Cancun. They said compensation would serve as a stop-gap measure until benefits could be realised from the restoration of the free market. The states said the money would go to local cotton

producers' associations and for improving physical and social infrastructures in cotton growing areas (WTO, 2003c).

The West African representatives argued at Cancun that U.S. cotton subsidies needed to be reformed as part of the Doha development agenda negotiations. In response, the U.S. suggested that the West African countries should diversify production away from cotton (Baden, 2004, p.1), and said African farmers needed a comprehensive initiative that expanded the world market from fibre to garment. "Create a bigger demand for t-shirts," sneered one participant (Cobb, 2003d). An advisor to the West Africans said they were "visibly, physically angry" with the U.S. response. He said the U.S. representatives "completely misread" the situation. "They didn't think cotton was going to be such an issue [at the meeting]. They were not ready" (Imboden, 2004).

The U.S. and E.U. each put forth proposals for reducing agriculture support. However, they were unable to reach common ground, and developing countries refused to allow negotiations to move forward until agricultural dumping and domestic support were addressed. The WTO meeting ended in a stalemate. "The failure to reach agreement on cotton was a key reason for this impasse" (OECD, 2004). The next ministerial conference is scheduled for December 2005 in Hong Kong.

The "poverty reduction" initiative put forth by the West Africans, however, led to other events. According to Baffes, it was determined that the "trade part of the request (i.e. subsidies)" fell within the WTO's mandate, but that the "development part of the request (i.e. compensation)" should be handled by multilateral institutions and the concerned governments (Baffes, 2004b, Box 2). Therefore, in March 2004, the WTO held a regional workshop on cotton in Cotonou, Benin, with participants from 30 African

countries, 18 multilateral institutions and representatives from several countries, including the U.S. ambassador to the WTO. The WTO said the purpose of the workshop was to address the problems caused by support granted to cotton producers in "certain countries" and to discuss possibilities for financial and technical assistance to affected countries. The U.S. said the workshop "was an outgrowth of the consensus among WTO members … that cotton should be addressed from both the trade-related and development-related perspectives" (U.S. Government, 2004). The outcome, Baffes said, was that donors "reaffirmed their willingness to deal with the development part of the cotton initiative within the existing channels" (Baffes, 2004b, Box 2).

In May 2004, trade ministers for the Least Developed Countries issued a statement calling for WTO members to adopt the proposals submitted by proponents of the Sectoral Initiative on Cotton (Dakar Declaration, 2004). On 28 July 2004, Benin's WTO representative, Ambassador Samuel Amehou, said at a Geneva press conference that the West Africans had agreed to include cotton in agriculture negotiations, rather than as a separate issue, in order to move discussions forward. The trade minister of Benin, Fatiou Akplogan, said this was in response to concerns raised by developed country cotton subsidisers that they faced internal constraints that prevented them from dealing with the cotton issue outside the agriculture negotiations (Hormeku, 2004).

After a 31 July meeting, the WTO director general announced that members had agreed to substantial reductions (20 percent) in domestic support for agriculture. Though there was no timetable for this to be done, he said the general council recognized the importance of cotton for developing countries, and pledged the issue would be addressed "ambitiously, expeditiously and specifically, within the agriculture negotiations." The

agreement mentioned cotton 11 times, “which is extraordinary” (Hancock, 2004), and called for a new subcommittee on cotton that would meet periodically to ensure appropriate prioritisation of the cotton issue independently from other sectoral initiatives (Laws, 2004).

The director general characterized the deal as a “significant breakthrough in cotton trade which offers great opportunity for cotton farmers in West Africa and throughout the developing world” (WTO, 2004d). Brazil’s foreign minister called it “the beginning of the end of all subsidies” (Chapman, 2004) and the World Bank issued a statement “welcoming” the agreement. Yet, others were less sanguine, noting the influence of agricultural lobbies and that it would be several years before binding deals were reached. Burkina Faso President Compaoré said the agreement lacked substance. “In this increasingly globalized existence there needs to be clear rules and regulations – or else the little countries will forever be held back. Our northern partners speak often of development, but development cannot happen without trade, which they are preventing us from doing” (*Agence France-Presse*, 2004).

The actions of the West African governments support those who hold that the WTO provides the mechanism to create a level playing field for international trade. Developing countries increasingly file challenges through the dispute settlement process. Analysts interpret this as a sign that the developing countries feel the system works, and that the dispute settlement understanding process is a legitimate vehicle by which to redress their grievances. “Developing countries started realizing that their full participation in multilateral trade negotiations, and dispute settlement and safeguards issues in particular, was the only way to check the growth of aggressive unilateralism on

the part of developed countries" (Romano, 2002, p. 598). Developing countries were instrumental in developing the dispute settlement understanding process during the Uruguay Round and "expected that the new dispute settlement process would help the weaker trading partners in enforcing the rights and obligations under the various WTO agreements" (Nair, 2001, p. 5). This point was underscored by Malian President Touré in testimony to the U.S. House Subcommittee on Africa, when he said "the recourse to the WTO itself is an expression of our countries' trust and confidence in the system of world trade regulation and arbitration, in the inception of which the United States played a major role" (U.S. House of Representatives, 2003, p. 10).

There are practical limitations to how effectively weaker countries can make use of the process. Developing countries face a number of hurdles in filing WTO challenges, not least of which is the risk of antagonising a state upon which they are beholden for aid, debt forgiveness and trade. The fact that Brazil and the West African states have confronted the U.S. on cotton subsidies is an indication of how critical their situation is.

Beyond the political risks, developing countries often lack the human, legal and financial resources to wage a successful challenge at the WTO. The 2004 WTO trade policy reviews of Burkina Faso and Mali noted that neither country has sufficient human or financial resources to participate fully in WTO activities. Yet the West African governments have received top-calibre assistance, from groups such as the IDEAS Centre in Geneva, which helps developing countries defend their interests in the WTO. A later section will look at the role these allies have played.

5.2 Speaking out: A common message, many voices

In addition to formal challenges through the WTO system, the West African representatives have used public venues to argue for the removal of subsidies. In Abidjan in June 2002, agriculture ministers from West and Central Africa recommended establishing a regional coalition to defend the interests of the region within multilateral institutions such as the WTO. “Advocacy and lobbying activities should be carried out at the international level on the impact of agricultural subsidy policies on West and Central African countries and their populations,” the ministers said (Mutume, 2003). A 2003 study on cotton sector reforms in Sub-Saharan Africa stated that industrialized country subsidies had devastating effects on poverty in Africa. African countries should therefore “publicize their case to convince public opinion in industrialised countries of the pernicious effects of the subsidies granted by their governments to cotton producers” (Goreux and Macrae, 2003, p. 7).

They have done so in a united front, with representatives from all three governments, and the cotton associations. Malian President Touré testified before the U.S. House of Representatives International Relations Subcommittee on Africa in June 2003, the first African head of state to testify before the committee (Cobb, 2003b). Touré said he was representing all African nations in saying that U.S. and European subsidies and tariffs “support injustice” and contribute to the economic deterioration of African cotton-producing countries. He said cotton had become a burden, rather than an asset, as Mali was forced to subsidise the sector to make up for losses due to low world prices. “We have decided to pull the alarm bell,” said Touré, who testified that international

trade rules are biased by the subsidies of developed countries. “We want these countries to accept competition on the basis of rules that they themselves enacted.” A news article quoted a member of the president’s party as saying “We needed to bring some weight to this” (Cobb, 2003b).

On 11 July 2003, President Touré and Burkina Faso President Compaoré published an opinion piece in the *New York Times* titled “Your Farm Subsidies Are Strangling Us.” As the presidents of two of Africa’s least developed countries, they said, they were eager to participate in the multilateral trading system and take on its rights and obligations. “Cotton is our ticket into the world market. Its production is crucial to economic development in West and Central Africa, as well as to the livelihoods of millions of people there. … More than that, cotton is of paramount importance to the social infrastructure of Africa.” The presidents described the threat of U.S. subsidies to “the sole agricultural product for our countries to trade.” They asked that free trade rules be applied not only to products “of interest to the rich and powerful” but to those products where poor countries have a proven comparative advantage (Touré and Compaoré, 2003). Their act was described as a “stunning role reversal” in the *Agence France-Presse* (Kniazkov, 2003).

The minister of commerce for Benin, Fatiou Akplogan, underscored the plight of the West African cotton farmers at a news conference in Cancun. “Millions of peasants have failed, and without a solution today we will fall further into misery” (Becker, 2003b). Mali Finance Minister Bassary Touré said “The money that those countries put into agricultural subsidies is five times what they give as development assistance. And we’ve always said to those rich countries, ‘you’re hypocrites.’ You always tell us to play

the rules of the open market at the same time as you subsidise your farmers. How can they twist the arms of our impoverished farmers, when they're using extraordinary amounts of money to subsidise farmers in America and Europe?" (Baxter, 2003). Burkina Faso's Agriculture Minister Salif Diallo said "What is disgusting to us is that the rules prohibiting subsidies were supported and organized within the WTO by the same powers that are today giving subsidies to their farmers. There's something wrong somewhere" (Mutume, 2003).

Cotton producer federations of the three countries issued a joint statement saying "Frankly, we are starting to doubt whether rich countries really want to reduce poverty in developing countries " (Mutume, 2003). The National Union of Cotton Farmers of Burkina Faso said "In the countries where they subsidize, only about a 5 percent of the population are farmers. Here, farmers represent some 80 percent of a population that is becoming increasingly impoverished on land that is itself becoming poorer, without the least help from the state" (Mutume, 2003).

It appears that advocacy efforts will continue. "Farmers must maintain and extend their participation in subregional and international negotiations. … The lobbying work done by West African national cotton-growers' federations has contributed directly and indirectly to the interest shown in this sector by the World Bank and IMF. … While not overstating the value of the cotton-growers' strategies and initiatives, it will be difficult to continue to ignore them" (Hazard, 2002, p. 4).

In filing their complaint and in their public statements, the West African countries operated as a group. This tactic is consistent with the way developing countries have handled WTO disputes – filing jointly gives them more clout than if acting alone.

"Although a certain amount of heterogeneity still exists, developing countries have begun to speak with a more consistent voice than ever in the past. … It is very significant that 133 developing countries … overcame their differences and released a lengthy set of joint demands just prior to the Doha ministerial, calling for, among other things, fundamental reforms to agricultural subsidy programmes in developed countries" (Beierle, 2002, p. 1102).

This approach is deemed as effective. Developing countries should cooperate with partners with like interests to gain bargaining power to force significant changes in world trade (Bjornskov and Lind, 2002, p. 562; Lake, 1987). Lake said that "barring altruistic motivations" by developed countries, concessions toward more equitable trading practices will only be obtained by collective Third World pressure on the North (Lake, 1987, p. 221). "There is much that is in the mutual interest of all developing countries. … The developing countries need to either sink or swim together" (Pant, 2002, p. 226). In June 2003, trade and agriculture ministers from 12 cotton-producing countries met in Ouagadougou, Burkina Faso. Burkina Trade Minister Benoit Ouattara said afterward "The meeting has given us hope by providing us with the opportunity to confirm the unity that is needed for the survival of thousands of producers and millions of others who depend directly on cotton" (IRIN, 2003c).

Despite variations in how they have restructured and liberalised their cotton industries, the three countries are acting as a unit in the negotiations. They are speaking with one voice. Though their interests may diverge when it comes to competing for market share, they have a common goal while trying to save their industries. This unified approach has presumably made it easier for their allies.

5.3 Powerful allies

A number of influential parties, including United Nations representatives, international financial institutions and nongovernmental agencies, have rallied behind the West African governments and cotton farmers. The issue of subsidies is one of the few that aligns conservatives, advocating removal of government intervention, and liberals, concerned about poverty and development. This chapter looks at the role of those allies.

"Cotton is a poster child for what's wrong with U.S. farm policy" said a trade analyst at the libertarian Cato Institute (Hancock, 2004). One observer described this alliance between "idealists of the left, third world producers and traditional conservative promoters of free trade" as unprecedented (Lind, 2003). Oxfam, which has been at the forefront of the campaign against U.S. subsidies, said the challenge is "to build a coalition of developing countries, civil-society organizations, and enlightened industrialized countries to put effective pressure on the USA and EU to change their policies" (Baden, 2004, p. 3).

This is happening. Not only are the West Africans criticising the subsidies. "Just about any multilateral economic or development agency you can think of has issued reports railing against rich nations' farm subsidies" (*New York Times*, 2003b).
In 2002, the World Bank issued a report on "Globalization, Growth and Poverty" calling for a "development round" of trade negotiations. "Rich countries maintain protections in exactly the areas where developing countries have comparative advantage, and there would be large gains to poor countries if these were reduced" (World Bank, 2002c, p. 18).

The Bank's Chief Economist Nicholas Stern said "it is hypocritical to preach the advantages of trade and markets and then erect obstacles in precisely those markets in which developing countries have a comparative advantage" (World Bank, 2002b). Stern wrote an editorial in the *International Herald Tribune* calling for countries to remove trade barriers, saying that the rich countries' "do as we say not as we do approach" makes reform in developing countries difficult politically. He said the U.S. Farm Bill cast doubts "on the willingness of rich countries to follow through on their pledges to put development at the center of global trade talks" (Stern, 2002). Bank President James Wolfensohn said "market restrictions and subsidies in agriculture are the single most important external impediment to tackling poverty in developing countries" (Cobb, 2003a). The Bank reiterated this point in its 2003 World Development Indicators report, described as having "chided" industrialized countries for sliding on their promises to lower trade barriers (Williams, 2003). The report said if rich countries lowered their trade barriers they could lift an additional 300 million people out of poverty by 2015 (World Bank, 2003).

Leading up to the WTO's ministerial conference at Cancun, the World Bank published a report on Global Economic Prospects saying annual cotton subsidies to U.S. farmers of more than $3 billion (three times U.S. foreign aid to Africa) "depress world cotton prices and crowd out poor but efficient farmers in West Africa" (Cobb, 2003c). The World Bank's vice president for external affairs told the *New York Times* "reducing these subsidies and removing agricultural trade barriers is one of the most important things that rich countries can do for millions of people to escape poverty all over the

world. It's not an exaggeration to say that rich countries' agricultural policies lead to starvation" (Becker, 2003a).

In its 2002 World Economic Outlook, the IMF discussed the gains to be made if industrialized countries liberalised their agricultural sectors, noting in particular that the 2002 U.S. Farm Bill moved "in the opposite direction" (IMF, 2002c, p. 83). The report said the world would gain a boost of $128 billion if farm subsidies were scrapped (*Agence France-Presse*, 2002). The World Bank and IMF issued a report in September 2002 on "Market Access for Developing Country Exports – Selected Issues" which said the U.S. Farm Bill represented a "step back" from reform (IMF and World Bank, 2002).

UNCTAD issued a report in July 2003 on Africa's economic development, with a focus on trade issues. The report cited World Bank and Oxfam findings on the negative impacts of U.S. cotton subsidies on West African cotton producers, noting that West African cotton-producing countries would have earned an additional $1 billion if prices from 1999-2002 had remained at 1998 levels, when they were historically average (UNCTAD, 2003, p. 13). The UNCTAD secretariat encouraged elimination of subsidies in developed countries (singling out cotton, among others) and said there should be an international mechanism to ensure that countries providing subsidies compensate African countries for the resulting income losses (UNCTAD, 2003, p. 19).

UN Secretary General Kofi Annan said prior to the Cancun meeting, "We are told that free trade brings opportunity for all people, not just a fortunate few. We are told that it can provide a ladder to a better life, and deliverance from poverty and despair. Sadly, the reality of the international trading system today does not match the rhetoric" (Annan, 2003). Annan's 2002 report on the implementation of the U.N. Millenium Declaration

said “even the best efforts of developing countries to break out of the cycle of poverty … are likely to be insufficient unless they can count on the support of the international community” (Annan, 2002, p. 10). The report called for developed countries to “live up to the market principles about which they preach so eloquently to the poor” (Annan, 2002, p. 11). At Cancun, the WTO director general broke from “conventional neutrality” to say there was merit to the West Africans’ complaints about U.S. subsidies and that he would intervene to address their grievances (Becker, 2003b).

The *Economist* noted that the West Africans had been “prodded and encouraged by non-governmental organizations, especially Oxfam” in their efforts to include cotton on the Cancun agenda (*Economist*, 2003). Oxfam was the most vocal nongovernmental agency to flag the issue of subsidies. It produced several policy papers, including “Cultivating Poverty: The Impact of U.S. Cotton Subsidies on Africa,” “White Gold Turns to Dust: Which Way Forward for Cotton in West Africa?” and “Dumping: the Beginning of the End? Implications of the Ruling in the Brazil/US Cotton Dispute.”

Oxfam, the International Centre for Trade and Sustainable Development (ICTSD) and the IDEAS Centre organized a WTO Public Symposium in June 2003 on the topic of “Can negotiations on agriculture deliver pro-development reforms? The case of West African cotton.” The agencies stated that the West Africans faced considerable political, technical and organizational challenges, given the complexity of developing a case at the WTO and the under-representation of West African countries in Geneva. The aims of the session included raising awareness among WTO members of the problems facing West African cotton growers and rural people due to subsidies, and mobilising international expertise to advance West African countries’ sustainable development objectives

(ICTSD, OXFAM and IDEAS Centre, 2003, p. 2). The West African governments also received help from the International Lawyers and Economists Against Poverty (ILEAP), which produced a policy brief titled "Legal Issues in Relation to Financial Compensation under the Cotton Initiative" in order to "assist African countries with respect to the Cotton Initiative in the WTO" (ILEAP, 2004).

"U.S. cotton farmers have watched with amazement as a British charity organization, OXFAM International, orchestrated a campaign that succeeded in painting them as being solely responsible for the impoverishment of millions of African farmers and other of the world's woes. The campaign was aided by national media outlets like the New York Times and Wall Street Journal that have prattled on and on about government payments to big, corporate farmers while conveniently overlooking the tax breaks they receive" (Laws, 2004).

Other affected industries have thrown their weight behind the campaign. The managing director of Fludor Benin, the company that processes cotton seeds into oil, spoke at the March 2004 WTO Africa regional workshop on cotton about how the subsidies were affecting his industry. "If the production of cotton collapses, it will lead to the end of the edible oil sector" (Riboux, 2004). His article in *La Nation*, the Beninois daily newspaper, highlighted the problem of U.S. cotton subsidies (Riboux, 2002). The cotton sector also found "an unlikely ally" in the director general of the International Rayon and Synthetic Fibres Committee who wrote a letter to the *Financial Times* in June 2003 complaining that increased cotton subsidies were depressing demand for substitute products that had competitive advantages (Baffes, 2004a, p. viii).

Simultaneously, the case of the West African states – and other developing countries burdened by subsidies in the industrialized world – was backed by additional mechanisms. The New Partnership for African Development (NEPAD) proposed negotiating international measures and agreements to facilitate access to the world market by African products. The NEPAD framework discussed the need for African heads of state to ensure active participation in the world trading system, and said multilateral trade negotiations must recognize and provide for Africa's concerns, needs and interests in future WTO rules (NEPAD, 2001). In response, the G8's Africa Action Plan committed to "applying our Doha commitment to comprehensive negotiations on agriculture aimed at substantial improvements in market access, reductions of all forms of export subsidies with a view to their being phased out, and substantial reductions in trade-distorting domestic support" (G8, 2002).

The cause caught the imagination of a broad spectrum of parties, and has been pushed in numerous venues. The next section examines the way in which the story was told.

5.4 Influencing the influencers

Both by design and because they have a compelling story, the West African states and cotton producers have garnered sympathetic media coverage of their plight. It is a story easily described as David vs. Goliath, painting the West Africans as the underdogs (good guys) and the Americans as the bully (bad guys). This interpretation can be framed to demonstrate the injustice of world trade, made all the more galling by the free-trade

rhetoric of the U.S. It plays well for those inclined toward dependency theory, who can point to the egregiousness of the U.S. subsidies, as well as those with an anti-American sentiment.

The executive director of the IDEAS Centre said "It's a sexy subject. It's incongruous -- on the one hand, the OECD [Organisation for Economic Co-operation and Development] countries are helping the Africans and, on the other hand, they're killing them. It's very graphic. We knew we could get the journalists to write about it, and they did" (Imboden, 2004). The *New York Times* ran three editorials between August 2003 and April 2004 calling for the U.S. to remove farm subsidies. The paper's language echoed material issued by Oxfam. One editorial quoted Burkina Faso President Compaoré as saying to the Americans, "We want you to equally concern yourself with the terror posed here by hunger and poverty, a form of terrorism your subsidies are aiding and abetting. If we cannot sell our cotton we will die," and the president of Burkina Faso's National Cotton Producers Union: "If the United States can go to the moon, which is rather complicated, one would think it could figure out a way, if it wanted, to help its cotton producers, without hurting us farmers in Africa" (*New York Times*, 2003a).

The *Times*' editorial board said no other crop is subsidised to such an outrageous degree (America's cotton subsidies exceed the gross domestic product of Burkina Faso), and wrote "Americans would be horrified to learn that all the good accomplished by dedicated [Peace Corps] volunteers and millions of dollars in aid is overwhelmed by the havoc wreaked by Washington's bloated cotton subsidies" (*New York Times,* 2003a). The *Times*' 28 April 2004 editorial, following the WTO decision on Brazil, stated that "the glaring contradiction between American farm subsidies and the principles underlying the

global trade system has long posed a moral and political problem for Washington. Now it is also a legal problem" (*New York Times*, 2004).

Other publications, such as the *Economist*, the *Washington Post* and the *Wall Street Journal*, reported regularly on the cotton issue, giving a venue for the West Africans to state their case. The *Wall Street Journal* in June 2002 ran an article titled "How a Cotton Glut Bred by U.S. Hurts Poor African Tillers" with the subtitle "Domestic Policy Trumps Foreign Policy" (Thurow and Kilman, 2002). An April 2004 editorial by the paper said the WTO ruling offers a "politically convenient excuse" for the U.S. president to scale back farm subsidies (*Wall Street Journal*, 2004). A *Washington Post* editorial said the abolition of U.S. cotton subsidies would do "both American taxpayers and poor foreign producers a favor" (*Washington Post*, 2004). In September 2003, an *Economist* article stated "America's bold promises were belied by its actions. Last year's outrageous increase in American farming subsidies, and the cave-in at Cancun by American negotiators to their domestic cotton growers, made far more of an impression on poor countries than Washington's high-minded words about freer farm trade – and rightly so" (*Economist*, 2003b).

An *Economist* piece entitled "Free trade in chains" said removing subsidies in rich countries is "essential for poor farmers in poor countries whose lives are blighted by western protectionism" (Legrain, 2002). An *Independent* article concluded "The harsh truth is – as the failure of the World Trade Organization round in Cancun brutally showed – the industrialized world has abandoned any pretence that trade negotiations are anything to do with development" (Vallely, 2003). A *Guardian* headline said "Bush turns his back on the world's poor" (Borger, 2002). An August 2004 *Guardian* piece following

the WTO agreement to scrap agricultural subsidies stated "abolishing these subsidies … is the best thing that can be done to help poor countries, and it would also be in the interests of rich countries as they would have $350-billion to spend elsewhere" (*Mail & Guardian*, 2004). One article said the "enormous increase" in subsidies for American farmers was "rightly regarded in Africa as a great blow to the continent's economic aspirations" (Joseph, 2003).

Nearly every major U.S. newspaper has covered the issue. An Illinois attorney created a web page (www.farmpolicy.com) to track news analysis of U.S. farm policy. He wrote in a letter to the *Delta Farm Press*, "I have not seen a single editorial supporting the farm bill or America's case at the WTO in any of the major newspapers. … The political foundation for re-opening the current farm bill is clearly being set" (Good, 2004).

The preceding sections have looked at the tactics by which the West African representatives have attempted to influence U.S. policy – in other words, how they have made their case. The following section explores the question of why: Why are they so motivated, why did this issue catch fire, and why now?

5.5 Why cotton?

In some respects, it is odd that U.S. cotton subsidies became the "poster child" for unfair trade practices. Cotton subsidies account for just 1 percent of agriculture subsidies paid to producers in OECD countries. Meat, milk and rice receive substantially more support (19, 17 and 11 percent of agriculture subsidies), and, to a lesser extent, so do

wheat and corn (7 and 5 percent) (Townsend, 2003). Producers of other crops in other countries probably have a stronger case. But West African cotton is the issue that caught fire. The emphasis on cotton in world trade talks has been described as "unprecedented" (Townsend, 2003). A www.google.com search on 8 June 2004 returned 10,900 sites that mentioned "cotton subsidies" compared to 3,610 sites on "sugar subsidies," 2,040 sites on "corn subsidies," 1,880 sites on "wheat subsidies" and 650 sites on "rice subsidies" (Baffes, 2004b, p. 16).

This section aims to answer the question of why. There are at least four reasons: the cotton farmers, the producers' unions, the states and the international financial institutions. These parties had a common interest and were supported by nongovernmental organizations, who helped them put together a strong campaign.

(1) Cotton farmers have no alternative

A trade policy analyst said Brazil's case at the WTO was a sign of desperation (Seager, 2004). The same could be said of the efforts by the West African states. The three countries are among the poorest in the world. Benin, Mali and Burkina Faso ranked 147th, 153rd and 159th, respectively, out of 162 countries on the 2001 United Nations' Human Development Index. (The index is based on income, education and health indicators.) Life expectancy is 54 in Benin, 51 in Mali and 46 in Burkina Faso; GDP is $933, $753 and $965, respectively (UNDP, 2001).

A 1997 analysis of Benin underscored the country's lack of material resources. Little investment has flown into the country because Benin's economy has few attractions for private entrepreneurs. "It has neither exploitable resources nor valuable agrarian

products; it possesses only a rudimentary infrastructure and a small population that cannot provide a market for much of a manufacturing sector. Industry is minimal" (Decalo, 1997, p. 50). Likewise, Burkina Faso's situation is characterized as "quite bleak and its prospects limited" (Boudon, 1997, p. 128). "The particularly long dry season as well as the lack of good farming land and irrigation resulted in the underemployment of people in the countryside. Together, these economic realities implied limited opportunities for development" (Boudon, 1997, p. 128). Perhaps most important for a country as poor as Burkina Faso is for its economic situation to improve so that the "fragile fabric of civil society does not fray in the process of building this democracy" (Boudon, 1997, p. 141).

These dire circumstances shed light on the motivation of the West Africans. They have almost nothing with which to compete in the global economy and nearly nonexistent opportunities for development. Cotton provides their best hope. They have invested heavily in this sector as the sole possibility for climbing out of poverty and keeping their countries stable. Therefore, it is inevitable they will fight bitterly to see it succeed. They have nothing to lose. The WTO Agreement on Agriculture did not prevent the U.S. from raising cotton subsidies to its farmers, so the West African producers concluded their "only chance" was to submit the cotton initiative (Goreux, 2004, p. 11).

Being overly dependent on exports of agricultural commodities, whose prices are subject to large fluctuations, makes developing countries extremely vulnerable (Hart, 1983, p. 6; Robinson, 1991, p. 381). It would be advisable for the West Africans to diversify their export base and reduce their dependency on cotton. However, the scope for substituting crops is extremely limited. Cotton cultivation expanded rapidly in West

Africa “because it was the crop providing the best return to the local population” (Goreux, 2004, p. 20). Conditions in the Sahel limit the kinds of crops that can be grown. During the 2001 Mali boycott, for example, most farmers were unable to replace cotton with other crops (Goreux, 2004, p. 21.)



Photo 3: Cotton farmer near Bla, Mali, November 2004 Photo by E. Lynn Heinisch

In the cotton initiative, the West Africans said their cotton producers have no development alternative because of their poverty and their land-locked position (WTO, 2003a). Textile factories have been operating in Benin, Burkina Faso, Mali and several other West African countries for at least 30 years, but the results have been disappointing. While the Sahel has a comparative advantage in producing cotton because of low labour costs, it does not have an advantage in transforming fibre into textiles, due to expensive electrical costs and production costs that exceed domestic prices of ready-made clothes

(Goreux, 2004, p. 21). “Since the West African countries do not have the capacity to diversify into other trading sectors, the survival of their cotton production depends directly on a major rightening, if not the complete elimination, of domestic support and export subsidies on cotton” (ICTSD, Oxfam and IDEAS Centre, 2003, p. 1).

A number of studies show that increasing the production of cash crop exports increases the income of rural households and helps reduce poverty (Gillson et al, 2004, p. 62). Because cotton is cultivated by small family farms in areas where opportunities to grow other crops are limited and per capita income very low, cotton has a strong impact on reducing poverty (Goreux, 2004, p. 19).

In Benin, for example, the expansion of cotton production is credited with helping reduce rural poverty from 33 percent of households to 21 percent between 1995 and 1998 (Gillson, et al, 2004, p. 61). “There is a strong link between cotton prices and rural welfare in Benin … to the extent that fluctuations in world cotton prices are transmitted to farmers, they will have a significant effect on rural incomes and poverty” (Gillson, et al, 2004, p. 62). A WHO study in Burkina Faso concluded that the expansion of cotton cultivation was a major factor in improving health of households in the cotton belt. Poverty among cotton growers declined from 50 percent in 1992 to 42 percent in 1998, while cotton production in the same period increased by 175 percent (Goreux and Macrae, 2003, p. 7). A WTO report said increased revenue from cotton has a direct impact on incomes in rural areas of the country where poverty is highest.

Conversely, research in Benin indicated that a 40 percent drop in cotton prices, such as happened from December 2000 to May 2002, caused poverty among cotton growers to increase from 37 to 59 percent (Baffes, 2004a, p. viii). “For many rural

households, [cotton] is the principal source of money that allows them to improve their living conditions, to have education and to ensure better health" (ROPPA, 2004, p. 4). In an oft-cited Oxfam publication, a Burkina Faso cotton farmer said "Cotton here is everything. It is used to build our schools and our health centers. We are all depending on cotton. But if cotton prices remain low, we have no hope for our future" (Watkins, 2002, Box 2).

The depressed world price affects the financial ability of millions of poor rural families to send children to school and cover health expenses (Estur, 2003). As discussed earlier, farmers played a vital role in the restructuring of the cotton sectors in Benin, Burkina Faso and Mali. As the countries liberalise the sectors, they face world, not domestic, prices. With world prices declining, they get a higher share of a lower price (Gilbert and Varangis, 2003). Lacking an altemate source of income, they have no choice but to fight.

(2) Strong producers' unions

The West African cotton producer unions have proven themselves to be politically effective. Bingen linked this ability to the skills needed to grow the difficult crop and meet grading standards. Their activism "suggests that the industrial-type discipline imposed on smallholder cotton producers has a catalytic mobilization effect … It fosters the development of consciousness among peasants roughly comparable to that more commonly found among factory workers. … Consequently, just as industrial workers historically have been drawn into the political arena in defence of their

recognized economic interests, cotton growers may be emerging as a new political force throughout West Africa" (Bingen, 1998, p. 276).

Formed in July 2000, the Réseau des Organisations Paysannes et des Producteurs de l'Afrique de l'Ouest (ROPPA) represents rural farming families in 10 African countries. A March 2004 ROPPA document described four years of lobbying efforts to raise awareness about the negative impacts of American and European subsidies on rural farmers. It said cotton producers from Benin, Burkina Faso and Mali met in November 2001 to "launch a loud, common call" to the U.S. and European Union to end their subsidies, whose influence on the fall of the world prices put many countries in an unsustainable situation. "The cotton producers and West African farming leaders came together with other actors in a united front to register the question of subsidies" at Cancun (ROPPA, 2004, p. 3). The lack of resulting measures to remedy the situation "demonstrates the necessity for producers to pursue their actions of speaking out and lobbying in order that they be compensated justly and equally for their work" (ROPPA, 2004, p. 3).

ROPPA described the cotton initiative at Cancun as a turning point in discussions on the future of cotton. Because it was not treated appropriately, it "rightly provoked the anger" of authorities and people in developing countries. Since then, "the mobilization of producers has not ceased" (ROPPA, 2004, p. 5). The ROPPA document cited the organization's engagement with other partners, such as representatives from the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union (EUMOA), and nongovernmental agencies. ROPPA is participating

in discussions about world trade with “diverse initiatives in favor of cotton” (ROPPA, 2004, p. 5).

Because of the low price of cotton, the document said, people in cotton-producing areas were getting poorer and the state was less able to invest in social sectors (health, water, education). “It is to denounce this state of affairs that there’s been a real united front of cotton producers with a diverse range of actors” (ROPPA, 2004, p. 6). ROPPA said it had formed an alliance with others to form a united defence of African cotton and family farming, which performs well and is competitive. “The West African cotton sector finds itself in a system of global exchanges with market rules over which it has practically no influence. In spite of the fact that its exports represent 13 percent of the world total, the region is not considered as a “price setter” (ROPPA, 2004, p. 4).

Faced with this situation, the producers, “profiting from freedom of speech introduced by the democratization of African societies,” organized to defend their interests (ROPPA, 2004, p. 4). Because cotton is principally produced by farming families, the ROPPA document stated, the depressed world price not only cost the state foreign export earnings, but negatively impacted people’s quality of life (ROPPA, 2004, p. 5). “Why are there producers in the same global market in which certain are more advantaged by the agricultural policies of their countries, in flagrant contradiction with the rules of world trade wanted by the WTO?” (ROPPA, 2004, p. 6). The ROPPA document discussed the changes implemented domestically in keeping with structural adjustment sought by the international financial institutions. “We will see if the partners in world trade really wish equity for all and a fight against poverty” (ROPPA, 2004, p. 6).

In the last decade, producers' unions became increasingly politically active, which positioned them well to take on the U.S. subsidies. Not only did they have an incentive to campaign against the subsidies, but they had developed the skills and systems by which to be effective.

(3) States losing money

Under pressure from international financial institutions, Benin, Burkina Faso and Mali have withdrawn government intervention in their cotton sectors. Yet, they earn taxes from exports, and most of their export revenues come from cotton. They are overly dependent on cotton and have a vested interest in seeing the world cotton price rise. In their WTO "sectoral initiative" proposal, the countries focused on cotton's "essential role" in the economic development of their countries.

"It is clear that the price-reducing effects of subsidies has reduced the export earnings of African LDCs" (Goreux, 2004, p. 23). Goreux estimates the four countries that sponsored the cotton initiative lost 30 to 40 percent more from U.S. cotton subsidies than they received from American development assistance. U.S. cotton subsidies for 2001-2002 cost Burkina Faso 12 percent of export earnings (1 percent of GDP), Mali 8 percent of export earnings (1.7 percent of GDP) and Benin 9 percent of export earnings (1.4 percent of GDP) (Watkins, 2002).

The ICAC estimated that the withdrawal of U.S. cotton subsidies would increase Malian cotton farmers' income by more than 31 percent, from $500 to $659 a year, and would generate the country a gain of more than $55 million per year (U.S. House of

Representatives, 2003, p. 9). The countries have spent more than a decade restructuring their cotton sectors and want to see the pay-off.

(4) International financial institutions want to see returns

The West African cotton producers and governments have powerful and effective partners. “Cotton has captured the attention of a number of non-government organizations with a flair for dramatic public relations” (Townsend, 2003). These actors have been important in raising the media profile of the problem, but the most influential allies are undoubtedly the international financial institutions.

The World Bank, the IMF and the WTO have spent more than 10 years working with the countries to liberalise their cotton sectors. They have invested human and financial resources in this effort. The success or failure of the West African cotton market will bear out whether their advice – indeed, their premise -- was sound. More importantly, the financial institutions have loaned money to the countries. The health of the cotton sector is vital to the countries’ ability to repay those loans and reduce dependency on the international financial institutions.

Each of these players (farmers, producers’ unions, states, international financial institutions) has an incentive to see the West African cotton sector succeed. They were aided in developing their strategy by effective campaigners. “The Africans knew they had a legitimate issue with cotton. They knew they had a fight. But a small country doesn’t know how to put it so that the big countries don’t push it under the table. They didn’t

know how to make a mess. It was clearly the Africans [leading the effort]. We just helped them do it" (Imboden, 2004).

The IDEAS Centre, which teamed up with the West African governments and Oxfam in April 2003, framed the story of cotton as a development issue. "We wanted to show clearly the nexus between poverty and development" (Imboden, 2004). The cotton initiative was unique, he said, in that it spoke specifically about poverty reduction. It did not seek preferential treatment, but showed the inequality of the system. "The Africans said 'We did what is required and you didn't, so we can't get the fruits of the policies.'"

Their strategy included three components: 1) Mobilizing nongovernmental organizations, 2) Taking a president to the WTO and 3) Using highest-level politicians to score clout and credibility.

Oxfam was the first NGO to push the subject, issuing a study in 2002 that demonstrated the impact of U.S. cotton subsidies on Africa. While Oxfam had the research and advocacy capability, it did not have the expertise of using the WTO system. ROPPA, the association of West African cotton producers, had first-hand information and an engaged constituency, but did not know how to intervene in the world trade talks. By pulling together, the parties drew on their complementary strengths.

Compaoré's June 2003 presentation of the cotton initiative to the WTO Trade Negotiations Committee was "the first time in the history of the WTO that a president came to make his case" (Imboden, 2004). There was extensive media coverage. "Up until then, the Africans didn't fully believe it, they didn't believe they could stand up [to the OECD countries]. Once they saw the reaction to the president's statement and how the other countries reacted, they saw that no one could be against it."

The group intentionally used presidents to "put it on a political level." In addition to Touré's visit to the U.S., President Kerekou of Benin went to Brussels and Paris to speak with representatives of the European Commission. Using presidents to carry the message gave the issue weight, and forced the OECD countries to respond accordingly, Imboden said. The July 2004 WTO agreement to prioritize cotton was the resulting "major victory." "What the Americans gave [with that agreement] is that cotton has to have a solution that goes faster and further. They never gave that before" (Imboden, 2004).

The protagonists were helped, he said, by the fact that the WTO Doha round is a development round. Because of this, the Cancun meeting was attended by development ministers from several OECD countries for the first time. "And they spoke up and forced their delegations to take the issue seriously" (Imboden, 2004).

Chapter 6. Likelihood of Success

Momentum is one thing, but results are another. Media coverage and support of high-profile allies does not guarantee that the West African governments and cotton producers will get what they want: removal of the U.S. cotton subsidies. The U.S. Farm Bill, with its support for cotton farmers, sets policy through 2008. If the U.S. accepts that it must reduce cotton subsidies, the bill will have to be amended. This chapter looks at factors determining the likelihood of that happening.

A 2003 study found that the Farm Bill violates the spirit of U.S. trade liberalization rhetoric, but probably not the letter of U.S. WTO commitments (Orden, 2003, p. 1). Orden said this divergence does not preclude progress on agriculture during the WTO Doha negotiations. However, "there has never been a strong connection between previously negotiated international agreements and changes to U.S. farm policy" (Orden, 2003, p. 18). He states WTO constraints had little effect in "disciplining" American subsidy levels when the Farm Bill was passed.

The ICAC executive director believes that distortions in agricultural markets will eventually be eliminated. Though farmers enjoy cultural and political support, "subsidies have reached international visibility and pressures are increasing. Therefore, it is likely that a reduction and eventual elimination of agricultural subsidies, including subsidies to cotton production, will be negotiated with the WTO" (Townsend, 2003). Drawing a comparison with earlier efforts to end trade-distorting measures, he estimated it would take another 20 years before subsidies to cotton production were eliminated.

Pressure to reform farm support policies has increased in recent years, due to the rising costs of such support and the requirements of global agreements (Effland, 2000, p. 21), as well as the substantial increase of the US cotton subsidies and the 30-year record low prices (Baffes, 2004a, p. 20). These challenges "may test the strength of public support for the direct income support programs typical of the last 70 years" (Effland, 2000, p. 25). Perhaps the time is right for a policy shift.

A tremendous amount of debate preceded passage of the 2002 Farm Bill. The U.S. House of Representatives Committee on Agriculture heard testimony from agricultural economists, commodity groups and farm organizations (Effland, 2001, p. 3). The U. S. Department of Agriculture stated "Farm policy … must promote more sustainable prosperity for farmers through market orientation without engendering long-term dependence on government support" (USDA, 2001). It also noted that U.S. domestic policy must meet the country's international obligations.

In June 2003, the Houser of Representatives Subcommittee on Africa held a hearing on "Boosting Africa's Agricultural Trade." Chairman Edward Royce (R-CA) spoke about the damaging effect of U.S. subsidies on African exporters, singling out cotton. Representative Donald Payne (D-NJ) said "I think it is high time we assess the impact of our government's agricultural policies, particularly on farm subsidies and the impact on the developing world, especially Africa" (U.S. House of Representatives, 2003, p. 2). Payne said the U.S. should make better use of its developmental assistance to Africa. "We must end the inequities and agricultural policies" (U.S. House of Representatives, 2003, p. 5).

Yet, just as domestic politics were the main influence in formulating U.S. farm policy, they – not international trade obligations or pressures -- will be the main driver of any changes to that policy. The cost to taxpayers could be the linchpin. The European Union, for example, made concessions on its agricultural subsidies during the Uruguay Round of the WTO because it was "looking for a way out" of its far too expensive subsidy program (Pant, 2002, p. 218). The cost of U.S. cotton subsidies exceeds the value of the country's cotton exports. From 1999 to 2003, subsidies cost an average of 16 percent more than earnings from cotton exports (Goreux, 2004, p. 6).

Goreux suggested it would be possible to amend the U.S. Farm Bill if solid research work was combined with well-focused public relations campaigns. "The American public needs to be better informed of the cotton issue" (Goreux, 2004, p. 9). His claims were bolstered by a January 2004 poll, reportedly the first significant survey of how Americans feel about farm subsidies. The poll, by the Program on International Policy Attitudes (PIPA), determined that "public attitudes on agricultural subsidies are very much at odds with the U.S. policies" (PIPA, 2004, p. 3). A majority (77 percent) favoured subsidies for small farmers but opposed them (65 percent) for large farming businesses, who are the primary recipients. Most Americans do not support a policy of providing subsidies on a regular annual basis. Thirty-four percent favoured regular annual payments to small farmers, with 44 percent in favour of assistance only in bad years. The numbers were much smaller if the recipient was a large farming business.

"The scope of subsidies the public supports is so much narrower than is currently provided that, if the public's preferences were followed, this would largely remove the current obstacle in trade negotiations" (PIPA, 2004, p. 23). The survey revealed that a

large number of Americans have incorrect assumptions related to farm subsidies. The better-informed respondents were less supportive of subsidies. The survey also found that a majority of respondents supported U.S. compliance with WTO decisions. While there is public support for some kind of assistance to farmers, it is rooted in the mistaken assumption that American agriculture is made up of small farming families, not the consolidated and industrialised big business that food production has become (Effland, 2000, p. 25). Goreux argued that well-pointed messages, countering those from the cotton lobby and directed at Congress and the American public, could have an effect. Just as NGOs helped bring the cotton issue to the forefront of discussions at Cancun, he said, they could help with such a campaign (Goreux, 2004, p. 9).

If U.S. policymakers wanted to reduce or eliminate subsidies, they could use the excuse that their hands are tied by international commitments. In a report for Congress as it considered the 2002 Farm Bill, the Commission on 21st Century Production Agriculture said the country's ability to provide support for agriculture may be constrained by international WTO obligations. (The Commission was established by the 1996 Farm Bill to review changes in the condition of "production agriculture".) The minority view of the Commission noted that U.S. trading partners would either object to flouting of WTO commitments or would "respond in kind." "While the U.S. argues vigorously for the benefits of freer trade and lower subsidies abroad, we appear to do everything we can to pump up and hide our own domestic programs. We can't expect to have it both ways" (Commission on 21st Century Production Agriculture, 2001, p. 17).

Policymakers can use international obligations as an out when they are confronting domestic political pressure. Leaders let themselves "be pushed" into policies

they may privately favour but could not sell to their electorate (Putnam, 1988, p. 428). "Policymakers find it easier to say no to farm groups if there is some external constraint that they can point to. Congress and farm groups are finding that the WTO agreement is one such constraint" (Hart and Babcock, 2001). The Commission suggested that the U.S. should provide a unified front in the next round of international agricultural trade talks by showing a "strong resolve to move toward programs and policies that are less trade distorting" (Commission on 21st Century Production Agriculture, 2001, p. 36).

By agreeing to limits on farm subsidies, countries win concessions from others to do the same and generate increased agricultural trade (Hart and Babcock, June 2001). Hence, the August 2004 WTO announcement that members agreed to reduce subsidies by 20 percent (albeit without a timetable or plan for implementation).

In fact, the real struggle is not between developing and developed countries, but between the United States and the European Union. Both have put forth proposals for reducing subsidies, but have not been obliged to take action, because each claims the other is not offering enough. Delcros analyzed the tensions between the U.S. and the Europeans that led to a stalemate, with neither side willing to concede on farm subsidies. He concluded that any change in policies would have to happen simultaneously, as in mutual disarmament negotiations during the Cold War (Delcros, 2002, p. 227). Yet, agricultural trade "is not currently, and is unlikely to become, a model of free-trade principles regardless of the outcome of trade negotiations" because most nations hold food self-sufficiency as a critically important goal (Commission on 21st Century Production Agriculture, 2001, p. 19).

Even if the West African governments succeed in having U.S. subsidies removed, there is no guarantee the results will be the ones sought. The Cato Institute said prices of major farm commodities have been falling for the past 50 years and will continue to do so because of advances in technology and economies of scale (Edwards and DeHaven, 2002). The ICAC said removal of subsidies would result in lower production and higher prices in the short term, but that impact would be offset over the long term as world production shifted to non-subsidising countries. Additionally, the ICAC said, higher prices would reduce the growth of cotton consumption (ICAC, 2002, p. 7). A study simulating the impact of removal of U.S. cotton subsidies determined that the world cotton price would increase by about 2 percent in 2005-2006 due to reduced exports from the U.S. Then other producers would expand their production to take advantage of higher prices, and this adjustment would cancel out most of the price increase by 2013-2014 (Pan, et al, 2004, pp. 2-3). A senior fellow at the New America Foundation, a public policy institute, envisioned an outcome even more destructive for the farmers. He said if their region became attractive to agribusiness interests, machines would ultimately replace family farmers. “The anti-subsidy movement, if it succeeds, is more likely to eliminate developing world farmers than to enrich them” (Lind, 2003).

The likelihood of West African cotton-producing states being compensated, as requested in the WTO initiative on cotton, is remote. An ILEAP analysis determined that, while the claim had “an extremely strong moral and political basis,” it went far beyond the current commitments under the Agreement on Agriculture (ILEAP, 2004, p. 3-4). The policy brief concluded “retroactive compensation has no valid legal basis, however could still be pursued from a moral and political standpoint in compensation negotiations”

(ILEAP, 2004, p. 26). One analyst proposed instead that the U.S. and E.U. could make contributions aimed to improve productivity and reduce poverty in the African cotton belt. “The scheme could be justified on several grounds. First, in that area, populations have shown that they are willing to work hard to get out of the poverty trap. Second, the scheme could be implemented with low overhead costs (and) … would lead to tangible results. Third, it would bring some coherence between trade and aid policies” (Goreux, 2004, p. 7).

It is impossible to know which, if any, of the predictions is likely to come true. But the timing of the West African campaign against the U.S. subsidies coincides with international and U.S. domestic debates on appropriate levels of support for farmers. Their lobbying efforts have found an audience already engaged in discussion and familiar with the issue, which has removed an important hurdle. What is less clear is how long the course may be.

Chapter 7. Implications and conclusion

The outcome of the cotton dispute could have far-reaching implications. The actions by Brazil and the West African states have been described as seminal events in the WTO, which could pave the way for other countries hurt by rich country subsidies to take legal recourse (WTO, 2003b). Some claim that a win by Brazil could open the door for additional WTO challenges of U.S. farm programs (IATP, 2004, p.4) and "start a domino effect" (Gillson, et al, 2004, p. 21).

During the '90s, developing countries made great progress in liberalising their trade regimes (Michalopoulos, 1999, p. 4) and adopting principles of free trade. Meanwhile, the U.S. Farm Bills in 2002 and 1996 practically tripled farm subsidies over what they were in the mid-'90s (Edwards and DeHaven, 2002). That U.S. support programs have increased so dramatically since the inception of the WTO has been viewed as hypocrisy and has "enraged countries around the world" (IATP, 2004, p. 4). The West African challenge to the U.S. cotton subsidies parallels growing discontent and vocal opposition from the developing world. As the ROPPA network of West African cotton producers said, they see themselves as a case study representing problems facing other agricultural sectors due to distortions of international trade.

Diplomats, presidents and farmers from many African countries have criticised subsidies in the developed world. "It's ridiculous that rich farmers are getting richer and poor farmers are getting poorer. We are kept out of the world market. When countries like America, Britain and France subsidize their farmers, we get hurt," said a Ugandan farmer (Becker, 2003a). The South African agriculture attaché said "We would give up

foreign aid if the farm subsidies were eliminated. The subsidies give the rich-nation farmers the upper hand in all markets, and we can't even compete in our own markets, much less theirs" (Becker, 8 Sept. 2003). Ugandan President Museveni spoke in the U.S. of ending "rich country tariffs and subsidies that are keeping African agriculture in a state of pre-industrial wretchedness, complete with cycles of famine" (U.S. House of Representatives, 2003, p. 2).

Given the WTO ruling against U.S. subsidies, as well as the momentum this issue has acquired and the findings that Americans do not favour the kind of subsidies their government pays farmers, the stage could be set for a shift in U.S. policy. That depends on whether the U.S. Congress and Administration are willing and able to overcome the political incentives motivating subsidies to their cotton farmers.

This paper has considered the factors that led to the confrontation between the West African states and the U.S., with an eye toward understanding how and why it happened, and why the cause gained momentum. It examined the domestic influences affecting the cotton industries of Benin, Burkina Faso, Mali and the U.S., and the international context that shaped these influences. The paper studied the West Africans' campaign, their use of the WTO, the media and other public forums, and their strategy of speaking in concert, with the support of influential allies. Behind these effective tactics, there appear to be four key actors spurring the momentum against U.S. cotton subsidies. These are the West African cotton farmers, the producers' unions, the states and the international financial institutions.

The subject lends itself to areas for further research. It would be helpful to analyse specifically how the farmers in Benin, Burkina Faso and Mali have been affected by

efforts to liberalise their cotton industries and how those efforts have increased their share of the world price. And to measure such growth against the negative impact of the U.S. subsidies, i.e. what is the net outcome of the gains from liberalisation versus the losses from the depressed world price? It would be useful to explore the factors delaying complete liberalisation in those countries, in order to better understand the roadblocks. One could also take a closer look at lobbying efforts targeting the Americans, speaking with U.S. policymakers and the National Cotton Council to learn how, if and by whom they are being pushed to reduce subsidies, and their responses. Such research would give an indication of the likelihood and timing of reduction or removal of the U.S. subsidies.

The campaign implies repercussions beyond Benin, Burkina Faso, Mali and the U.S. It holds significance for farmers all over the world and, as such, is being closely watched. Whether or not the West African governments and cotton farmers will be successful with their campaign remains to be seen. Whatever the outcome, it is likely to be regarded as a watershed incident in international trade negotiations, and an example from which others will learn.

References

African Development Bank and OECD. (2004). "African Economic Outlook 2003/2004, Country Studies: Burkina Faso."

Agence France-Presse. (2002). "IMF Presses World to Scrap Farm Subsidies" 19 September.

_____. (2004). "Burkina president says WTO talks on cotton fail to satisfy Africa" 6 August.

Anderson, K., B. Dimaranan, J. Francois, T. Hertel, B. Hoekman and W. Martin. (2002). "The Cost of Rich (and Poor) Country Protection to Developing Countries" by Centre for International Economic Studies in *Journal of African Economies*, Vol. 10 (3).

Annan, K. (2002). "Implementation of the United Nations Millenium Declaration." Report of the Secretary-General, 31 July.

_____. (2003). "Secretary-General's message to the Fifth Ministerial Conference of the World Trade Organization," 10 September.

Baden, S. (2004). "White Gold Turns to Dust: Which Way Forward for Cotton in West Africa?" Oxfam Briefing Paper #58, March.

Badiane, O., G. Dhaneshwar, L. Goreux and P. Masson. (2002). "Cotton Sector Strategies in West and Central Africa." World Bank Policy Research Paper. July.

Baffes, J. (2004a). "Cotton: Market Setting, Trade Policies, and Issues" World Bank Policy Research Working Paper 3218. February.

Baffes, J. (2004b). "The 'Cotton Problem'" World Bank. September.

Balaam, D. and M. Veseth. (1996). Introduction to International Political Economy. Prentice Hall, Upper Saddle River.

Bassett, T. (2001). The Peasant Cotton Revolution in West Africa : Côte d'Ivoire, 1880-1995. Cambridge University Press, Cambridge.

Bates, R. (1981). Markets and States in Tropical Africa. University of California Press, Berkeley.

Baxter, J. (2003). "Cotton subsidies squeeze Mali," www.bbc.co.uk, 19 May.

Becker, E. (2003a). "Western Farmers Fear Third-World Challenge to Subsidies," *New York Times*, 8 September.

_____. (2003b). “African Nations Press for an End to Cotton Subsidies in the West,” *New York Times*, 12 September.

_____. (2004). “WTO Rules Against U.S. on Cotton Subsidies,” *New York Times*, 27 April.

Beierle, T. (2002). “Agricultural Trade Liberalization – Uruguay, Doha, and Beyond” *Journal of World Trade*, Vol. 36 (6).

Bingen, R. J. (1998). “Cotton, democracy and development in Mali.” *Journal of Modern African Studies,* Vol. 36 (2), p. 265-285.

Bjornskov, C. and K. Lind. (2002). “Where Do Developing Countries Go After Doha? An Analysis of WTO Positions and Potential Alliances” in *Journal of World Trade*, Vol. 36 (3).

Borger, J. (2002). “What protectionism fails to protect,” *The Guardian*, 15 May.

Boudon, L. (1997). “Burkina Faso: The ‘Rectification’ of the Revolution” in Clark, J. and D. Gardinier (eds): Political Reform in Francophone Africa. Westview Press, Boulder.

Callaghy, T. (1990). “Lost Between State and Market: The Politics of Economic Adjustment in Ghana, Zambia, and Nigeria” in Nelson, J. (ed): Economic Crisis and Policy Choice: The Politics of Adjustment in the Third World. Princeton University Press, Princeton.

Canadian International Development Agency. (2000). “Benin Programming Framework 2000-2005”

Chapman, D. (2004). “Cotton farmers see thread of hope World Trade Organization decision on subsidies could turn out to be boon,” *Atlanta Journal-Constitution*, 11 August.

CMDT. (2004). Confidential interview with senior official, Bamako, 1 November.

Cobb, C. (2003a). “Iraq War Adds to Gloom for Africa at World Bank/IMF Meetings,” *www.allafrica.com,* 10 April.

_____. (2003b). “Development is Being Destroyed by Subsidies, Mali President tells Congressional Committee,” *www.allafrica.com,* 25 June.

_____. (2003c). “Africans Head for WTO with Low Expectations,” *www.allafrica.com,* 8 September.

_____. (2003d). “Cancun – Destined for Failure,” *www.allafrica.com,* 16 September.

Cobb, C. and A. Amosu. (2003). "Subsidies, Preferences Could Set Back AGOA Gains, says Trade Minister," www.allafrica.com, 23 July.

Commission on 21st Century Production Agriculture. (2001). "Directions for Future Farm Policy: The Role of Government in Support of Production Agriculture," Report to the President and Congress, January.

Coughlin, C., K. Chrystal and G. Wood. (1991). "Protectionist Trade Policies: A Survey of Theory, Evidence and Rationale" in Frieden, J. and D. Lake (eds): International Political Economy: Perspectives on Global Power and Wealth. New York, St. Martin's Press.

Dakar Declaration. (2004). Third Least Developed Countries Trade Ministers' Meeting, Dakar, Senegal, 4-5 May.

De Lima-Campos, A. (2002). "Causes and Consequences of Low Prices in the Cotton Sector," Economic Advisor, Embassy of Brazil, Delegate of Brazil to the ICAC, speech at Conference on Cotton and Global Trade Negotiations, Washington, D.C., 9 July.

Decalo, S. (1997). "Benin: First of the New Democracies" in Clark, John and David Gardinier (eds): Political Reform in Francophone Africa. Westview Press, Boulder.

Delcros, F. (2002). "The Legal Status of Agriculture in the World Trade Organization: State of Play at the Start of Negotiations," *Journal of World Trade*, 36 (2).

Dembélé, E. (2004). Consultant to Groupement of Cotton and Food Producers Syndicate, Malian cotton producers' associations. Interview, Bamako. 22 October.

Dempster, C. (2003). "U.S. Cotton Subsidies Hammer Farmers" in *The Electronic Journal of Governance and Innovation*, South African Institute of International Affairs. Vol. 1, May.

Diao, X., T. Roe and A. Somwaru. (2002). "Developing Country Interests in Agricultural Reforms Under the World Trade Organization." IFPRI, January.

Diaz-Bonilla, E. (2003). "Can Rich and Poor Countries Agree on a Level Trading Field?" International Food Policy Research Institute Report. 27 March.

Economist. (2003). "The WTO Under Fire – The Doha Round," 20 September.

Edwards, C. and T. DeHaven. (2002). "Farm Reform Reversal," *Cato Institute Tax and Budget Bulletin*, No. 2, March.

Effland, A. (2000). "U.S. Farm Policy: The First 200 Years" in *Agricultural Outlook*, Economic Research Service/USDA, March.

_____. (2001). “U.S. Farm Policy for the 21st Century: A Diversity of Visions for the Future” in *Agricultural Outlook*, Economic Research Service/USDA, May.

Estur, G. (2003). “Le cotton africain dans le marché mondial.” Statistician, ICAC. Speech to the Association of African Cotton Producers, Bamako, 3 March.

_____. (2005). E-mail correspondence with author. 31 January.

Fleshman, M. (2003). “Global Agricultural Trade Talks Stall; Africans Find Negotiations a Tough Row to Hoe” *Africa Recovery*, 22 April.

FAO. (1996). “The State of Food and Agriculture” Part II, Regional Review.

FAO. (2004). “Cotton: Impact of Support Policies on Developing Countries – Why Do the Numbers Vary?” Trade Policy Brief No. 1.

Frieden, J. and D. Lake. (1991). International Political Economy: Perspectives on Global Power and Wealth. New York, St. Martin’s Press.

G8 Africa Action Plan, June 2002.

Ghatak, S. and K. Ingersent. (1984). Agriculture and Economic Development. Harvester, Sussex.

Gilbert, C. and P. Varangis. (2003). “Globalization and International Commodity Trade with Specific Reference to the West African Cocoa Producers.” National Bureau of Economic Research, April.

Gillson, I., C. Poulton, K. Balcombe and S. Page. (2004). “Understanding the impact of Cotton Subsidies on Developing Countries.” Overseas Development Institute Working Paper. May.

Gilpin, R. (1987). The Political Economy of International Relations. Princeton University Press, Princeton.

Goldin, I., H. Rogers and N. Stern. (2002). “The Role and Effectiveness of Development Assistance: Lessons from World Bank Experience.” World Bank Research Paper.

Good, K. (2004). “WTO ruling,” *Letter to the Delta Farm Press*, 18 June.

Goreux, L. (2004). “Cotton After Cancun,” March.

Goreux, L. and J. Macrae. (2003). “Reforming the Cotton Sector in Sub-Saharan Africa” World Bank Africa Region Working Paper Series No. 47, March.

Graham, S. (2003). “In the name of free and fair trade” and “EU cows are richer than Africans” *Business Times*, 2 March.

Hallett, G. (1968). The Economics of Agricultural Policy. Basil Blackwell, Oxford.

Hancock, J. (2004). “WTO deal may mean dethroning U.S. cotton,” *Contra Costa Times*, 9 August.

Harsch, E. (2000). “Privatization shifts gears in Africa,” *Africa Recovery*, April.

Hart, C. and B. Babcock. (2001). “U.S. farm policy and the WTO” in *Iowa Ag Review*, Center for Agricultural and Rural Development, Spring 2001, Vol. 7 (2).

Hart, J. (1983). The New International Economic Order: Cooperation and Conflict in North-South Economic Relations, 1974-1977. St. Martin’s Press, New York.

Hazard, E. (2003). “Farm trade and poverty reduction: West African cotton” ENDA Senegal.

Hoekman, B. and M. Kostecki. (2001). The Political Economy of the World Trading System: The WTO and Beyond. Oxford University Press, Oxford.

Hormeku, T. (2004). “West African countries insist on urgent action on cotton,” Third World Network, www.twnside.org.sg, 29 July.

IATP. (2004). “Brazil’s Challenge of U.S. Cotton Program at the WTO: What’s at Stake?” April.

ICAC. (2002). “Production and Trade Policies Affecting the Cotton Industry,” Report by the ICAC Secretariat, Washington, D.C., July.

ICTSD, Oxfam, and IDEAS Centre. (2003). “Can Negotiations on Agriculture Deliver Pro-Development Reforms? The Case of West African Cotton,” 17 June.

IFPRI. (2001). “Crop Mix, Not Subsidies, Determines Fertilizer Use,” *IFPRI Perspectives*, Vol. 23, Fourth Quarter.

ILEAP. (2004). “Legal Issues in Relation to Financial Compensation under the Cotton Initiative” Legal Brief No. 3, 29 January.

Imboden, N. (2004). Executive Director, IDEAS Centre, phone interview, 26 August.

IMF and the World Bank. (2002). “Market Access for Developing Country Exports – Selected Issues.” 27 September.

IMF. (1998). “Benin: Enhanced Structural Adjustment Facility Policy Framework Paper, 1998-2001,” 22 December.

_____. (1999). “Burkina Faso: Enhanced Structural Adjustment Facility Policy Framework Paper, 2000-2002,” 2 August.

_____. (2002a). “Mali – Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding,” 11 July.

_____. (2002b). “IMF Concludes 2001 Article IV Consultation with Mali,” Public Information Notice No. 02/2, 9 January.

_____. (2002c). “World Economic Outlook September 2002, Trade and Finance.” International Monetary Fund, September.

Ingco, M. (2003). “Agriculture, Trade and the WTO: Creating a Trading Environment for Development,” World Bank.

IRIN. (2003a). “Rich nations urged to ‘revisit’ development policies,” *Integrated Regional Information Network* of the United Nations Office for the Coordination of Humanitarian Affairs, 11 February.

_____. (2003b). “Benin: US $460 million in debt relief,” *Integrated Regional Information Network* of the United Nations Office for the Coordination of Humanitarian Affairs, 26 March.

_____. (2003c). “Cotton producers seek to revive regional textiles industry,” *Integrated Regional Information Network* of the United Nations Office for the Coordination of Humanitarian Affairs, 20 June.

_____. (2004). “Burkina Faso: European Banks lend money to boost cotton sector,” *Integrated Regional Information Network* of the United Nations Office for the Coordination of Humanitarian Affairs, 4 February.

Joseph, R. (2003). “Facing Africa’s Predicament: Academe Needs to Play a Stronger Role,” *The Chronicle of Higher Education*, 7 March.

Kniazkov, M. (2003). “African leaders demand US taste own medicine, with true free trade,” *Agence France-Presse*, 11 July.

Krasner, S. (1981). “Tranforming International Regimes: What the Third World Wants and Why” in *International Studies Quarterly*, Vol. 25 (1).

Lake, D. (1987). “Power and the Third World: Toward a Realist Political Economy of North-South Relations” in *International Studies Quarterly*, Vol. 31 (2).

Laws, F. (2004). “WTO framework agreement singles out U.S. cotton,” *Delta Farm Press*, 6 August.

Legrain, P. (2002). “Free trade in chains,” *The Economist: The World in 2003*.

Levin, A. (1999). “Developments and Outlook for Cotton in Francophone West Africa” Presented at the Beltwide Cotton Conference, Orlando, January.

Lind, M. (2003). “The Cancún Delusion,” *New York Times*, 12 September.

Malhotra, K. (2003). “Making Global Trade Work for People.” UNDP, Heinrich Boll Foundation, Rockefeller Brothers Fund, Rockefeller Foundation and Wallace Global Fund. February.

Mail & Guardian. (2004). “Crop subsidies could be scrapped,” 6 to 12 August.

Marcos, M. (1999). “Country Presentation: Republic of Benin,” University of Gent Faculty of Agriculture and Applied Biological Sciences, 1999-2000, http://allserv.rug.ac.be/~aremautd/benin/benin.html

McClymont, M. (2004). “Examining the Trade and Development Relationship,” *Trade & Development*, InterAction (American Council for Voluntary International Action), April.

Meyer, L. and S. MacDonald. (2001). “Cotton: Background and Issues for Farm Legislation,” USDA Economic Research Service, CWS-0601-01, July.

Michalopoulos, C. (1999). “Developing Country Goals and Strategies for the Millenium Round.” Special Economic Advisor to the WTO. July.

Mutume, Gumisai. (2003). “Mounting opposition to Northern farm subsidies: African cotton farmers battling to survive” *Africa Recovery*, Vol. 17 (1), May.

Nair, P. (2001). “Developing Country Concerns in WTO Dispute Settlement Mechanism,” www.indlaw.com, 28 May.

NCC. (2002). “Government Roles, Private Actions and the U.S. and World Cotton Market,” July.

_____. (2004). “U.S./Brazil Dispute Final Report Expected” press release, 18 June.

NEPAD framework document, October 2001.

New York Times. (2003a). “The Long Reach of King Cotton,” 5 August.

_____. (2003b). “Harvesting Poverty: The Unkept Promise,” 30 December.

_____. (2004). “Those Illegal Farm Subsidies,” 28 April.

Nicholson, M. (1998). International Relations: A Concise Introduction. Palgrave Macmillan, London.

OECD. (2004). Sahel and West Africa Club, “Addressing the cotton crisis in West Africa: Key issues to inform debate and action,” Presented to the WTO meeting, Cotonou, March.

Orden, D. (2003). “U.S. Agricultural Policy: The 2002 Farm Bill and WTO Doha Round Proposal.” International Food Policy Research Institute, Washington D.C., February.

Oxfam. (2004a). “Oxfam welcomes news of WTO ruling on cotton, US will have to reform its subsidy program” press release, 27 April.

_____. (2004b). “Dumping: the Beginning of the End? Implications of the Ruling in the Brazil/US Cotton Dispute” Briefing Paper #64, June.

Pan, S., S. Mohanty, D. Ethridge, M. Fadiga. (2004). “The Impacts of U.S. Cotton Programs on the World Market: An Analysis of Brazilian and African WTO Petitions.” Department of Agriculture and Applied Economics, Cotton Economics Research Institute, Texas Tech University, January.

Pant, M. (2002). “The Millenium Round of Trade Negotiations: A Developing Country Perspective,” *International Studies*, Vol. 39 (3).

Program on International Policy Attitudes (PIPA)/Knowledge Networks. (2004). “Americans on Globalization, Trade, and Farm Subsidies” poll, 22 January.

Putnam, R. (1988). “Diplomacy and domestic politics: the logic of two-level games” in *International Organization*, Vol. 42 (3), Summer.

Ray, D. (2002). “Low Prices Here and Abroad: Are Subsidies the Cause or the Result?” *Ag Trade News*, 25 October.

Ray, E. (1991). “Changing Patterns of Protectionism: The Fall in Tariffs and the Rise in Non-Tariff Barriers” in Frieden, J. and D. Lake (eds): International Political Economy: Perspectives on Global Power and Wealth. New York, St. Martin’s Press.

Riboux, R. (2002). “2002-2003 Cotton Season and Globalisation,” *La Nation*, 11 September.

_____. (2004). “Welcome speech to Doctor Supachai Panitchpakdi, Managing Director of the WTO” Cana, Benin, 24 March.

Ritchie, M., S. Wisniewski and S. Murphy. (2001). "Dumping as a Structural Feature of US Agriculture: Can WTO Rules Solve the Problem?" IATP, Minneapolis, June.

Roberts, Richard L. Two Worlds of Cotton: Colonialism and the Regional Economy in the French Soudan, 1800-1946. Stanford, Stanford University Press, 1996.

Robinson, J. (1991). "Trade in Primary Commodities" in Frieden, J. and D. Lake (eds): International Political Economy: Perspectives on Global Power and Wealth. New York, St. Martin's Press.

Romano, C. (2002). "International Justice and Developing Countries: A Quantitative Analysis" in *The Law and Practice of International Courts and Tribunals*, Vol. 1.

ROPPA. (2004). "Initiative paysanne en faveur du développement de la filiére coton en Afrique." March.

Seager, A. (2004). "WTO rules American cotton subsidy illegal," *The Guardian*, 28 April.

Sharma, D. (2003). "Protecting Agriculture: 'Zero-Tolerance' on Farm Subsidies" in *Foreign Policy in Focus*, www.fpif.org, 5 February.

Shepherd, B. (2004). "The Impact of U.S. Subsidies on the World Cotton Market: A Reassessment" Groupe d'Economie Mondiale, Institut d'Etudes Politiques de Paris, March.

Stern, N. (2002). "Remove These Trade Barriers," *International Herald Tribune*, 19 December.

Supper, E. (2001). "Is there Effectively a Level Playing Field for Developing Country Exports?" United Nations Conference on Trade and Development, New York, 2001.

Tefft, J. (2004). "Building on Successes in African Agriculture: Mali's White Revolution: Smallholder Cotton from 1960 to 2003" IFPRI, Focus 12, Brief 5 of 10, April.

Thurow, R. and S. Kilman. (2002). "How a Cotton Glut Bred by U.S. Hurts Poor African Farmers," *Wall Street Journal*, 26 June.

Touré, A. and B. Compaoré. (2003). "Your Farm Subsidies are Strangling Us," *New York Times*, 11 July.

Touré, A. (2003). President of Mali, Testimony before the United States House of Representatives Subcommittee on Africa, 24 June.

Townsend, T. (2003). "Subsidies Beyond 2006." Presentation by the executive director of the ICAC to the Liverpool Cotton Association, Liverpool, 2 October.

UNCTAD. (2003). “Economic Development in Africa: Issues in Africa’s Trade Performance” TD/B/50/6, 28 July.

UNDP Development Report. (2001).

UNECA. (2001a). “Strategic Framework for Poverty Reduction: The Experience of Mali,” PRSP Learning Group, September.

_____. (2001b). “Transforming Africa’s Economies: Overview.” Addis Ababa, 2001.

USDA. (2001). “Secretary Veneman Releases Report on Food and Agricultural Policy for the New Century” press release, 19 September.

_____. (2004). “Veneman Notes Second Anniversary of Farm Bill Signing” press release, 20 May.

U.S. Government. (2004). “U.S. Attends WTO Cotton Conference in Africa to Address Development Issues,” Press Release, 23 March.

U.S. House of Representatives. (2003). Subcommittee on Africa hearing on “Boosting Africa’s Agricultural Trade,” Serial No. 108-30, 24 June.

Vallely, P. (2003). “How the World is Getting Hungrier Each Year,” *UK Independent,* 26 November.

Van den Broek, N. (2003). “Power Paradoxes in Enforcement and Implementation of World Trade Organization Dispute Settlement Reports: Interdisciplinary Approaches and New Proposals,” *Journal of World Trade*, Vol. 37 (1).

Wall Street Journal. (2004). “The Cotton Club,” 28 April.

Washington Post. (2004). “Topsy-turvy Trade Politics,” 3 May.

Watkins, K. (2002). “Cultivating Poverty: The Impact of US Cotton Subsidies on Africa.” Oxfam Briefing Paper #30.

_____. (2003). “Cultivating Poverty: US cotton subsidies and Africa” Speech at WTO Public Symposium, ‘Challenges ahead on the road to Cancun,’ 16-18 June.

Williams, D. (2003). “World Bank chides industrialized countries,” *Agence France-Presse*, 15 April.

World Bank. (2000). Cotton Policy Brief, June.

_____. (2002a). Cotton Policy Brief, July.

_____. (2002b). "World Bank Chief Economist Urges Cuts in Rich Country Agricultural Subsidies" Press Release. 19 November.

_____. (2002c). "Globalization, Growth and Poverty." Policy Research Report.

_____. (2003). "Global Poverty Goals Within Reach But Only With Strong Action On Trade, Aid and Investing in People" Press Release. 13 April.

WTO. (1997). "Trade Policy Review: Benin: September 1997" press release, PRESS/TPRB/61, 17 September.

_____. (1998). "Trade Policy Review: Burkina Faso: November 1998" press release, PRESS/TPRB/89, 13 November.

_____. (2001a). "WTO African Group: Joint Proposal on the Negotiations on Agriculture" G/AG/NG/W/142, Committee on Agriculture Special Session, 23 March.

_____. (2001b). "Proposal by Burkina Faso on the Negotiations on Agriculture" G/AG/NG/W/185, 16 May.

_____. (2001c). "Proposal by Mali on the Negotiations on Agriculture" G/AG/NG/W/199, 16 May.

_____. (2002). "United States – Subsidies on Upland Cotton," Request for Consultations by Brazil, WT/DS267/1, 3 October.

_____. (2003a). "WTO Negotiations on Agriculture. Poverty Reduction: Sectoral Initiative in Favour of Cotton" Joint Proposal by Benin, Burkina Faso, Chad and Mali, TN/AG/GEN/4, 16 May.

_____. (2003b). "WTO Public Symposium 2003: Session XIII – The case of West African Cotton," Session organized by Oxfam, ICTSD and IDEAS Centre, 17 June.

_____. (2003c). "Poverty Reduction: Sectoral Initiative in Favour of Cotton" Joint Proposal at Cancun Ministerial Conference, WT/MIN(03)/W/2, 15 August.

_____. (2004a). Trade Policy Review: Benin, 30 June.

_____. (2004b). Trade Policy Review: Burkina Faso, 30 June.

_____. (2004c). Trade Policy Review: Mali, 30 June.

_____. (2004d). WTO News Summary of meeting, 31 July.

Zoundi, J. (2004). "Case Study on Agricultural Innovation and the Cotton Sub-sector in Mali" for Sahel and West Africa Club, June.