



HELLENIC REPUBLIC
MINISTRY OF RURAL DEVELOPMENT
AND FOOD
MINISTER

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Dear Chairman,

In the context of the preparation for the Ministerial Conference of the World Trade Organisation in Hong Kong, we wish to express our deepest concerns regarding the Commission's new initiative for cotton.

The new Commission's initiative, to pool out the cotton issue from its natural context of the negotiations for agriculture and to treat it as a stand-alone issue irrespective of what happens in the agriculture negotiations, clearly and undoubtedly violates the two basic conditions that the Commission must respect in the course of the negotiations:

- a. to fully respect the negotiating mandate
- b. to take fully into account the political constraints and sensitivities of Members States when formulating the negotiating strategies, positions and tactics.

Regrettably, the new initiative for cotton, which the Commission is pursuing, actively fails to meet both of the above mentioned conditions.

With regard to the mandate, we would like to recall that there is no authorization provided explicitly or implicitly to undertake negotiations singling out specific agricultural products even if these negotiations are conducted within the agriculture negotiations. It is more than clear that no negotiating mandate exists on the basis of which the Commission could undertake specific negotiations on cotton as a stand alone negotiating item outside of the context of the agriculture negotiations. Indeed, it should be kept in mind, also, that cotton is nowhere mentioned in the Doha Declaration stating out the negotiating agenda items and WTO work programme in the context of Doha Round.

Despite this absence of any reference to cotton in the Doha declaration, in a spirit of constructive compromise, we accepted its inclusion in the so called July Framework agreement, but under the condition that this will remain within the agricultural negotiations and shall not be treated as a stand alone item. This condition has been inserted explicitly in the July Framework text (par 4 of Annex A) and has been reaffirmed by both the Commission and the Council in their joint declaration incorporated in the conclusions of the extra ordinary GAERC of the 30th of July 2004 which took place in Geneva.

There are two basic arguments advanced by the Commission in defending its new initiative for cotton: a) that it shall not overshoot the reform of the cotton regime and b) that the July Framework, which has been endorsed by Ministers, provides for an expeditious, ambitious and specific solution. Both of these arguments are inadequate and not convincing. Remaining within the limits of the CAP reform certainly is self-proving, without necessarily implying that the Commission respects its negotiating mandate. This mandate has many other aspects that must be equally respected and addressed.

First of all, the Commission should refrain from entering into negotiations in the absence of a negotiating mandate. As we explained this is exactly the case for cotton to the extent that it is treated as stand alone negotiating item.

Second, the Commission should respect the condition that the negotiating margins, generated by the reform, shall be used to obtain equivalent agricultural concessions from our trading partners. So far the Commission has not provided us with any indication of the "equivalent agriculture concessions" expecting to obtain by treating cotton as a stand alone item outside the negotiations for agriculture.

Third, the expeditious, ambitious and specific solution must be found while remaining within the agriculture negotiations. In this regard the July Framework admits of one solely interpretation: that the modalities for agriculture shall be established first and then we can consider how cotton could be fit in these modalities.

Fourth and most importantly, the July Framework is a political agreement that cannot be put on an equal footing to the negotiating mandate provided by the Council to the Commission neither can overwrite totally or partially the mandate.

Respecting the political constraints and sensitivities of Members States is also a basic condition that the Commission must strictly observe in conducting the negotiations. We are convinced that the Commission is very much aware of the very significant socio-economic role that cotton sector has for Greek agriculture in general and its vital contribution to specific rural areas in the Community. Indeed, on several occasions we have made clear that cotton is a very delicate and highly sensitive political issue for Greece.

Despite all these, the Commission is actively promoting a strategy for cotton that is in clear and total violation of its negotiating mandate without paying due attention to our political constraints and sensitivities. Apart from that, this strategy has also some very significant implications for cotton per se as well as for other agricultural products. More precisely, proliferation of "cotton type initiatives" to other products cannot be resisted. Sugar could be the first product in the line, followed by beef, dairy, cereals etc. Cotton unjustifiably is put in a very disadvantageous position. It would be considered as the "black sheep" and demonized making it very difficult to resist to any future pressures. The latter is too devastating for us, jeopardizing any chance to sell it domestically.

In view of the above, we ask you to refrain from making any proposals in relation to cotton and to actively reject any attempt to single out cotton from its natural context i.e. the negotiations for agriculture and treat it as a stand alone item even though such a treatment is presented under the pretext of a development package.

In this regard we would like to make clear that if cotton is treated outside the domain of agriculture as a stand alone issue and before any agreement on the modalities for agriculture is achieved, Greece will be not in a position to join any emerging consensus.

Sincerely yours,
THE MINISTER

Evangelos Bassiakos

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