

Unfair price shop

Open markets to free trade, says the US. Yet it doles out sops to its farmers. Highly subsidised US produce floods global markets, bringing down prices sharply. Efficient farmers of the developing countries suffer. Take the case of cotton

▶ More than 10 million people in Central and West African countries depend directly on cotton production. Cotton is a major source of foreign exchange for countries such as Burkina Faso, Mali, and Benin

▶ According to the World Bank, the region is among the lowest-cost producers of cotton. Yet it is losing worldwide export markets and its cotton farmers suffer chronic from poverty

World cotton price, 1989/90 - 2001/02
US cents per pound

Because world cotton prices have fallen by half since the mid-1990s

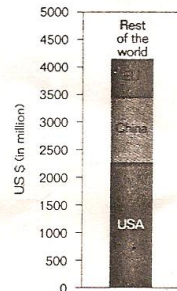
▶ Estimates show that withdrawing subsidies in the US would raise cotton prices by 26 per cent

▶ Efficient developing world producers lose out to subsidies that inflate production and artificially reduce prices

Where does money come from for US cotton farmers



World spending on cotton subsidies in 2001-02

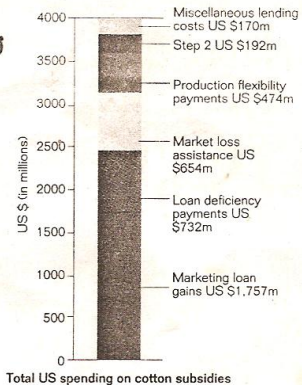


▶ Costs of production for one pound of cotton are three times higher in the US than in Burkina Faso

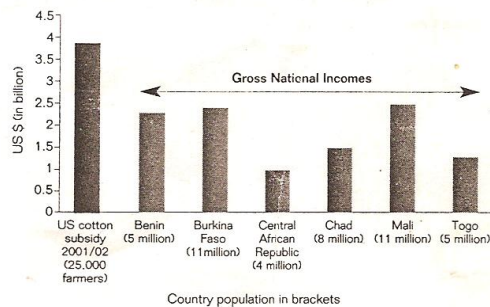
▶ Every acre of cotton farmland in the US attracts a subsidy of US \$230

▶ To put this figure in perspective, the US's cotton farmers receive more in subsidies than the entire GDP of Burkina Faso — a country in which more than two million people depend on cotton production. Over half of these farmers live below the poverty line

US cotton subsidies under various garbs for 2001-02



US cotton subsidy and the gross national incomes for selected West African countries in 2000 (US\$ billions)



Source: Anon 2002, *Cultivating Poverty, The Impact of US Cotton Subsidies on Africa*, Oxfam, UK, p2-4, 6, 12, 14, 21, 29, 31