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“BRAZIL VS. THE US AT THE WTO COTTON SUBSIDY DISPUTE CASE STUDY”

INTRODUCTION

Concerning the WTO Cotton Subsidy Dispute as one of the strategic cases in the international trade it must be mentioned that this case deeply investigated the relations between Brazil and the United States. The current case bears its roots back to the year 2002 when the Brazilian government lodged a complaint to the WTO against the US policies whereby Washington offered subsidies to cotton farmers in contravention of WTO regulations and to the detriment of Brazil's cotton farmers.

BACKGROUND OF THE DISPUTE

For a long time, the US government had always supported its cotton farmers through subsidies which greatly reduced the cost of producing the fiber and enabled them sell it at relatively cheaper prices. This practice hurt the Brazillian cotton exports in particular because it was competing with the subsidized American cotton.

CONSEQUENCES AND IMPLICATIONS

The disagreement raised further concerns for most trade policies especially those relating to subsidies for agriculture. Agricultural trade imbalance and a seeming lack of interest by developed countries in changing long held practices by Brazil also pointed to the need to review trade practices in the international market.

CONCLUSION

The Brazil vs. US cotton subsidy issue best illustrates the havoc that trade relations and the WTO have in arbitrating trade disputes. This case is indeed the exemplary of problems faced by the developing nations in the global economy as well as the controversy prevailing in the issue of subsidies in agricultural economies.

RECOMMENDATION

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