

World trade talks collapse

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Global free trade talks, billed as a once in a generation chance to boost growth and ease poverty, collapsed on Monday after nearly five years of haggling and resuming them could take years.

The suspension of the World Trade Organization's (WTO) Doha round came after major trading powers failed in a last-ditch bid to overcome differences on reforming world farm trade, which lies at the heart of the round.

"The WTO negotiations are suspended," Indian Commerce and Industry Minister Kamal Nath told journalists. When asked how long the suspension could last, he replied: "Anywhere from months to years."

The round, launched in the Qatari capital in 2001, stumbled from the start over how far rich nations would go to dismantle their huge farm subsidies and open up their markets.

Fourteen hours of talks between the so-called G6 -- the United States the European Union, Brazil, Australia, Japan and India -- yielded no breakthrough on Sunday on the question.

The European Union and India firmly pointed the finger at the United States for the final breakdown, saying that Washington had been demanding too high a price for cutting into the some \$20 billion it spends annually on farm subsidies.

Accusing the United States of "stone-walling," EU Trade Commissioner Peter Mandelson said: "Surely the richest and strongest nation in the world, with the highest standards of living, can afford to give as well as take."

But the United States was adamant neither the EU nor India had been prepared to offer the sort of access to their markets that Washington needs to make a deal on subsidies worthwhile.

It has said all along it preferred no deal to one that brought it no new business.

"Unfortunately as we went through the layers of loopholes ... we discovered that a couple of our trading partners were more interested in loopholes than they were in market access," said U.S. Trade Representative Susan Schwab.

MAINTAIN COMMITMENT

Despite the debacle, all members of the G6 said that they remained committed to the multilateral trading system and to completing the Doha round, even if they could not say how or when the negotiations could be revived.

"It is a big failure. Whether it is going to be definitive only time will tell," said EU Agriculture Commissioner Mariann Fischer Boel.

The crisis recalled a similar breakdown in 1990 during the previous round of free trade negotiations -- the Uruguay Round. That round, launched in 1986, was only finished in 1993.

The 149-member WTO had been hoping to complete negotiations on the Doha round, which also includes complex issues such as services and anti-dumping rules, by the end of the year.

But the setback in Geneva left the round bereft of a target date and with a host potentially complicating international events on the horizon, including several elections and expiry next year of U.S. presidential powers to negotiate trade deals.

"There is always a risk of some unraveling" of the progress to date in the negotiations, said Brazilian Foreign Minister Celso Amorim. "The silver lining is that all those who spoke continue to be committed (to the round)."

Mandelson said there was a political cost to the collapse of the talks, as well as an economic one.

"We risk weakening the WTO and the multilateral trading system at a time when we urgently need to top up international confidence, not further damage it, and do what we can to stabilize the world," he said.

Washington says its offer to reduce subsidy limits by 60 percent is significant but trade rivals argued the cuts leave real spending unaffected.

Diplomats said Mandelson spelt out how close Brussels could get to the tariff and subsidy cuts demanded by developing countries, but that was not enough for the United States.