

Global Trade Talks in Peril as West Clashes With India, China

A dispute between the US and EU and two huge emerging economies, over cutting farm subsidies and industrial tariffs threatens to scupper marathon talks in Geneva to seal a new world trade deal.

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More than a week of talks in Geneva between trade ministers from over 30 nations to salvage a world trade deal were thrown into uncertainty on Monday, July 28, after the US clashed with China and India over strong differences on liberalizing world trade.

"We are very much concerned about the direction that a couple of countries are taking," US Trade Representative Susan Schwab told reporters. "I am very concerned it will jeopardize the outcome of this round," she said.

European Union Trade Commissioner Peter Mandelson said the talks were at a difficult and complicated stage and more time was needed.

The meeting, which follows seven years of stalemate, is aimed at saving the so-called Doha round which seeks to liberalize trade by reducing import tariffs and trade-distorting subsidies.

The talks have been jammed for years because of differing and unbridgeable demands of industrialized and developing nations.

Talks in "gravest jeopardy"

At the heart of the deadlock lie developing nations' demand for lower farm subsidies and agricultural tariffs in the rich world. In return, industrialized countries are pressing for developing countries to reduce import duties and make their markets more accessible to imported services and manufactured goods.

Both sides have been slow to move away from their entrenched positions and make concessions.

On Monday, the US said India and China's resistance to a new tenuous agreement reached among six of seven major trading economies last week was holding up a deal.

David Shark, deputy US ambassador to the World Trade Organization (WTO), said Beijing and Delhi's opposition to opening up their markets to more imports had thrown the global trade talks into their "gravest jeopardy" since their launch in 2001.

"All their invocations of development during the past years ring hollow when these major players threaten the development benefits already on the table that are absolutely vital to the vast majority of the membership," Shark said.

India rebuffs US charges

Both India and China have denied stalling the talks.

"We are not holding up the talks," India's Commerce Minister Kamal Nath told the AFP news agency. "Who's holding up this round I think are the large developed countries ... who are looking for commercial interests and enhancing prosperity rather than looking for content which reduces poverty."

Nath also said after the evening's meeting with the six trading powers that he never signed up to the compromise package, but he was "still optimistic" a deal could be reached.

Nath told reporters that priorities included deeper cuts in farm subsidies in the US and the EU than the current package allows. He also said developing countries need a better "special safeguard mechanism" to help ward off import surges or price collapses in farm products and long-awaited action on US cotton subsidies, which hurt farmers in developing countries.

China's WTO Ambassador Sun Zhenyu told delegates, "It is a little surprising that at this time the US started this finger-pointing."

Nine EU members add fuel to fire

While there have been calls from ministers to keep a cool head and remind participants of what's at stake if they fail to reach a deal, France added fuel to the fire by complaining about the fairness about the proposed deal.

French President Nicolas Sarkozy is reported to have called EU Commission Chief Jose Manuel Barroso over the weekend for an explanation and also demanded that EU's chief trade negotiator Peter Mandelson travel to Paris to explain his position.

France, which currently holds the six-month rotating EU presidency, on Monday it would not sign proposals for a trade pact as they stand because they show no progress on "essential" matters.

French government spokesman Luc Chatel mentioned "the protection of indications of geographical origin," in a reference to such issues as the labeling of wine, and "the defense of our European industrial interests in the face of emerging countries."

Eight other EU states, Ireland, Poland, Hungary, Greece, Portugal, Lithuania,

Cyprus and Italy, joined in Sarkozy's call for Mandelson to take a tough stand in representing the 27-member bloc's interests.

"For too long, Europe has got way too little from emerging countries like India, China and Brazil in exchange for its concessions," a spokesman for Italy's chief negotiator Adolfo Urso told the AFP news agency.

Mandelson, the EU's trade commissioner and former British cabinet minister is viewed with suspicion in Paris as a so-called "neo-liberal" who would be willing to sacrifice France's vast agricultural sector for the sake of a global trade deal.

Any final deal must be approved by all 153 members. Within the EU, all 27 members must also agree to support an accord.