

Few Expect Progress on Doha at WTO Talks

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The Obama administration's first formal meeting with the world's trade ministers is likely to underscore how the U.S.'s reticence to pursue a free-trade agenda in the face of domestic opposition has become the main obstacle to moving forward on global trade talks.

The talks Thursday and Friday in New Delhi between officials from 36 countries, including U.S. Trade Representative Ron Kirk, are the first since a summit in Geneva in July 2008 failed to kick-start global trade talks.

The so-called Doha Round of trade talks was launched in November 2001 as a grand bargain of global commerce. The deal was simple: Europe and the U.S. would open up their markets to agricultural trade and, in exchange, get better access for manufacturers and service providers in booming markets such as China and India.

Since last summer, enough has changed to give World Trade Organization director Pascal Lamy hope of reviving the eight-year-old negotiations, which have been stymied by fears on the part of countries such as India to open their markets, and Western reluctance to do away with politically popular agricultural subsidies.

The European Union, U.S. and India have new leadership in their trade offices. And economies and trade flows are stabilizing after the worst of the financial crisis.

"I am hopeful that a change in administration and tone in India and our country" will allow Doha to proceed, Mr. Kirk said in a conference call with reporters.

Few, however, expect substantive progress on Doha at this week's gathering. So far, the Obama administration has been ambivalent about trade, say trade officials and analysts. As a candidate, Barack Obama walked a fine line between protectionism and free-market ideology. Yet he hasn't proceeded with free-trade agreements in the works with South Korea, Panama and Colombia and has been largely silent on Canadian and Mexican complaints of protectionism.

Mr. Obama is under particular pressure from labor to protect American jobs. On Wednesday, Mr. Kirk was required to make a recommendation to the White House on a case brought by the United Steelworkers seeking to impose tariffs of up to 55% on imports of Chinese tires.

That recommendation won't be public and Mr. Kirk declined to discuss his recommendation. But the case will be watched as a gauge of Mr. Obama's free-trade credentials and his willingness to protect markets.

Mr. Obama has yet to deliver a promised major policy speech on trade, though Mr. Kirk suggested he could do so before the Group of 20 meeting of world leaders in Pittsburgh this month.

In India this week, "everybody is waiting to see whether the U.S. will indicate if it's fully engaged," says Brendan McGivern, a Geneva-based trade lawyer with White & Case LLP.

That Mr. Kirk is attending at all is encouragement to some. "His presence is the reason everybody else is coming," says Fredrik Erixon, an analyst with the Brussels-based European Center for International Politics and Economy. "What he says will determine if the talks have some life."

Trade experts say another requirement for progress on Doha might be to downsize. "They need to figure out what to drop from the agenda to make the round work," says Mr. Erixon. For example, he says, trade ministers could jettison the idea of liberalizing trade in services, such as law firms and banking.

If all goes well, ministers could continue discussions at the G-20 meeting and a WTO general assembly beginning Nov. 30. The goal is to set up another formal ministers' meeting next year.