

WTO deal still elusive as texts fail to break deadlock

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GENEVA — The WTO has finally created unity among its 152 members -- but unfortunately for head Pascal Lamy, the only thing all states agree on is that the prospect of a new trade deal is still as far away as ever.

Lamy said the publication of new texts on agriculture and industrial goods -- key sticking points for nearly seven years of torturous negotiations -- clarified remaining obstacles to an agreement in the Doha trade round.

"These revised negotiating texts illustrate clearly where convergence lies among the WTO members ... we are getting closer to our end game," Lamy said.

The round was launched in the Qatari capital in November 2001 with the aim of reaching a deal by 2004.

But it has foundered ever since, mainly over disputes between developed and developing countries on agricultural subsidies and industrial tariffs.

The WTO chief has long said a deal is "doable," and has made it clear he would like to see Doha wrapped up before US President George W. Bush leaves office early in 2009.

But his was a lone voice of optimism this week as key WTO members made clear their objections to the texts, casting further doubt on the likelihood of any imminent breakthrough.

"The new draft texts on agriculture and manufacturing are disappointing," said top US trade official Susan Schwab.

"Unfortunately recent developments in Geneva have moved the negotiations in the direction of less balance and less market access," she bemoaned.

The European Union has been a main advocate of trade liberalisation but there are increasing signs of hostility among some of its 27-member states.

French trade minister Anne-Marie Idrac said that "we have a lot of questions" about the agriculture proposals and "for us French there's no improvement on market access for our industrial goods to emerging markets."

Ireland, where farmers constitute a significant political lobby, cast doubt on the wisdom of a deal at all costs.

"Our view is you need substance. It's not about completing this just because there's six months left for the US presidency," new foreign minister Michael Martin said in Brussels this week.

Asked if he thought therefore that it would be wise to wait until after the US election he replied "that would be my view, yes."

Developing countries were also forthright in their criticism, with Indian commerce secretary G.K. Pillai slamming proposed tariff cuts on industrial goods as a "total mess" that need to be redrafted.

The latest text on industrial goods -- known as non-agricultural market access (NAMA) in WTO parlance -- proposes that about 30 emerging market countries would agree to reduce their customs duties to a maximum level of 19 to 26 percent. The more the tariffs are lowered, the greater would be the right of governments to protect certain "sensitive" items.

WTO sources sought to portray the various reactions to the texts as just posturing, but other observers believe that time is rapidly running out for any deal this year.

Lamy had initially hoped to bring ministers to Geneva over Easter to hammer out "modalities" -- the key numbers for tariff cuts that would form the basis for any comprehensive deal.

The timetable has repeatedly had to be put back as the WTO's 152 member states prove incapable of reaching consensus despite intensive technical discussions.

"We've got the impression that the conditions are less than ever in place for a ministerial meeting in the short term that would meet European interests," France's Idrac said.

However, some ministers will hold an informal meeting in Paris on Thursday on the margins of a summit by the Organisation for Economic Cooperation and Development, which Lamy will also attend.

"He'll have to ask them whether or not they're ready to negotiate amongst themselves," one diplomat said -- adding that he expects a negative answer.

"We are very far from having the basis for a serious discussion. On industrial goods, we're not there at all," he warned.