

A Doha Deal Remains Elusive

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GENEVA — Boosted by support from Asia-Pacific leaders, negotiators from key nations in the troubled Doha global trade talks have resumed efforts to broker a draft package deal by the end of this year.

But trade diplomats said the chances of a deal coming together this fall are tenuous and rest on a group of developed and emerging economies resolving their differences over how to proceed in lowering subsidies and tariffs in agriculture, and duties for industrial goods, including textiles and apparel. This core group includes the U.S., European Union, Japan, Australia, Brazil, India, Argentina, South Africa and Indonesia.

"A successful conclusion to the Doha Round remains our primary trade priority," declared 21 leaders, including President Bush, at the Asia-Pacific Economic Cooperation summit in Sydney.

Pascal Lamy, director-general of the World Trade Organization, which is sponsoring the talks, said: "The deal is doable, but we need a final push to conclude the round. We will not conclude this round without political engagement and energy."

Since the round was launched in Doha, Qatar, in November 2001, the talks have been derailed on a number of occasions, most recently in June after trade ministerial talks between the U.S., EU, Brazil and India — known as the G4 — imploded in Potsdam, Germany. In a bid to salvage the talks, waiting for the G4 to broker outlines of a deal were abandoned and the negotiations resumed in July in full multilateral mode at the WTO.

This led to the chairmen of the Agriculture and Non-Agricultural Market Access, or NAMA, talks, putting forward draft blueprints on lowering subsidies and tariffs on farm products and industrial goods.

The first blueprints were considered lopsided by major developing countries, including India, Brazil and Argentina, for demanding too much from emerging countries in lowering of industrial tariffs, while the segment on agriculture demanded smaller concessions by rich nations on farm subsidies.

On industrial goods, the initial formula blueprint envisaged maximum tariffs being lowered to around 8 to 9 percent for rich nations and between 19 and 23 percent for the key emerging developing economies.

The U.S. and EU had been looking for a formula that would result in a maximum tariff of

10 for rich nations and 15 for emerging countries. Revised blueprints are expected to emerge sometime around mid-October and reflect the outcomes of intensive negotiations under way on agriculture, followed by top-level talks on NAMA early next month.

How the revised blueprints are received could be decisive in whether a package deal emerges this year, or not, and more importantly whether the Bush administration will seek a renewal of the expired trade promotion authority.

Christopher Wenk, senior director for international policy at the U.S. Chamber of Commerce, said U.S. business has conveyed to the White House that it is not giving up on Doha.

"Time is getting away from us — TPA expired and the only way to get extension of TPA is to get a breakthrough in Doha," Wenk said. "If the talks come up in the next four to six weeks with some WTO framework satisfactory to the U.S., India and Brazil, there will still be an opportunity to extend TPA."

He said for a deal to be meaningful for American companies, there needs to be "new market access" by developing countries and lower or removal of tariffs on some industrial goods. He noted a good deal in commercial services was also vital for the U.S.

In Sydney, Bush said the U.S. "has both the will and the flexibility to help conclude a successful Doha Round." But he added, "No single country can make Doha a success, but it is possible for a handful of countries that are unwilling to make the necessary contributions to bring Doha to a halt."

U.S. Trade Representative Susan Schwab pointed the finger at Brazil, India and Argentina for taking an obstinate stance in the talks this summer, and indicated the biggest question was whether these economies will come back at the table in Geneva and show flexibility. But Schwab said the key measure for the U.S. of a successful outcome in Doha is one that generates "new market access leading to new trade flows."

EU Trade Commissioner Peter Mandelson said last week: "If there is no agreement on modalities this autumn, any early conclusion of the Doha...as called for by the APEC leaders, will become very unlikely. The U.S. presidential campaign will pick up speed and the round will head for an indefinite freeze."