

FIVE THINGS: THE DOHA TRADE TALKS

Ministers hailed an emerging global trade deal in Geneva yesterday as compromise proposals revitalized deadlocked World Trade Organization talks. However, they warned that much work remains to be done. Here are the key issues

Reuters, Staff
July 26, 2008

1 FARMING

The United States, the European Union and other rich countries are offering to cut farm subsidies and import tariffs to allow developing countries to export more and encourage agribusiness in poor countries. The paper that emerged yesterday includes a further cut in the cap on contentious U.S. subsidies to \$14.5-billion (U.S.). It also changes proposals allowing developing countries to shield their farm sectors from the full force of tariff cuts, even as they try to limit the ability of the rich countries to shield their "sensitive" farm products - beef, dairy, poultry and rice.

2 MANUFACTURED GOODS

Rich countries want big developing economies such as Brazil and China to open up their fast-growing markets for more imports of high-value goods. An EU official said the proposals on the table yesterday would allow developing countries to keep a high level of protection and carve out some sectors from market opening. EU and U.S. manufacturers fear their home countries will cut their tariffs to very low levels but they will not be able to export to the likes of Brazil or India, where new competitors are gathering strength. This has been a particularly sore point for India's chief negotiator, Kamal Nath. "I'm not willing to negotiate the livelihood of millions of poor people for the benefit of noncompetitive European industries," he said this week. "The future of automobiles is not in Detroit or Stuttgart, it's in Asia."

3 SERVICES

The U.S., the EU and other developed countries hope for progress in talks to open new markets in developing countries for their banks and insurance, telecommunications, express delivery, distribution and computer-related services companies. India also has big goals for the services talks and would like to win more business visas for its information technology engineers to do contract work in developed markets.

4 BANANAS

A decades-old row over the EU market between highly competitive Latin American exporters of bananas and smaller-scale rivals in other former European colonies has the

potential to derail the talks. Ecuador, Costa Rica and other Latin American countries want further talks on a WTO compromise for the EU to cut its import tariff for them, which Brussels has accepted. They say the tariff would still be unfairly high given that the African, Caribbean and the Pacific group of former European colonies pay no tariffs.

5 COTTON

West African countries are demanding deep cuts in U.S. subsidy payments to cotton producers, which they complain have depressed world prices and damaged their own cotton exports. Washington has agreed to make faster and deeper cuts, but says the exact reductions depend on the additional cotton tariff cuts that China and other major developing cotton importers are willing to make.