

# WTO: China throws up barrier to Doha agreement

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Last-ditch talks to secure a new global free-trade agreement were entering a second fraught week in Geneva today as China became the latest stumbling block to ending almost seven years of marathon negotiations.

Pascal Lamy, the director general of the World Trade Organisation, tabled new proposals last night in the hope of securing a deal by the middle of the week that would liberalise international trade in agriculture, manufactured goods and services.

WTO sources said Lamy was confident of a final breakthrough after a cabal of the organisation's 150 members - the US, the European Union, Brazil, India, Japan, Australia and China - agreed a deal late last week that would see cuts in farm protection in the west in return for easier access to the industrial markets of developing countries.

But over the weekend India expressed concern about some of the details of the agreement and was insisting on extra safeguards for its farmers, while China angered other developing nations by demanding that some of its key manufacturing sectors - such as chemical and machinery - be excluded.

A source from one of the key players at the talks said last night: "Up until now the big hold-out has been India. But in the last 24 hours China has started to emerge as a big stick-in-the-mud. Lamy is going to have a fight on his hands."

Frustrated at the slow progress, a number of trade ministers left Geneva last night, saying that they would return only when an agreement was in prospect. Lamy believes he can persuade them to come back once a series of "technical issues" are resolved over the next couple of days.

The negotiations, begun in Doha in November 2001 and dogged by repeated crises and long periods of stalemate, will be concluded only when every member agrees to a text, and Lamy was last night trying to court key groups of developing countries with proposals on bananas and cotton.

Bananas are vital for the Caribbean, and west African nations have been calling for large reductions in US support for cotton farmers. A number of Latin American nations, led by Argentina, have also been taking a tough line.

Gordon Brown, who has made a Doha deal one of the priorities of his premiership, broke off his holiday to call the Indian prime minister, Manmohan Singh, twice at the weekend.

The prime minister also lobbied Nicolas Sarkozy, the French president, amid concern that he would join forces with the Italian prime minister, Silvio Berlusconi, in an attempt to block a deal.

Brown discussed a possible timetable for getting a trade deal through Congress next year with Barack Obama, the Democratic party's presidential candidate, on Saturday.

British sources believe there is now "momentum" behind the trade talks and that there are sufficient safeguards included in Lamy's draft blueprint to assuage the fears of countries such as India and France.

Under the proposals, the EU would accept an 80% cut in the forms of support for agriculture that are considered most trade-distorting, while the US would accept a 70% reduction.

Europe would see tariffs on farm produce reduced by an average of 60%, while Washington would accept a ceiling of \$14.5bn (£7.3bn) on annual support for farmers.

This would give leading developing-country producers of agricultural goods - such as Brazil - better access to western markets. In return, however, they have been forced to swallow bigger cuts in protection for their industrial sectors than they were originally prepared to accept.