

India Seeks Balance Between Poverty, Prosperity in Trade Talks

By Kartik Goyal
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India sought a balance between poverty reduction in developing countries and raising prosperity in rich nations to take forward World Trade Organization talks that collapsed this week.

“We want a range of issues including cotton, special safeguard mechanisms, tropical products and subsidies to have a bearing on the objective of the round,” Trade Minister Kamal Nath said at a news conference in New Delhi today. “This round should aim at reducing the poverty of developing countries.”

A nine-day summit at the WTO ended in Geneva without an agreement to cut agriculture subsidies and tariffs on industrial goods. Talks collapsed on July 29 after India and the U.S. disagreed over how poor nations could raise duties to protect their economies from surging farm imports.

India is ready to resume trade talks provided conditions are met, Nath said. He hopes talks will restart in two-three months.

The Geneva meeting may have been the last chance to strike a deal on cutting tariffs and subsidies in agriculture and manufactured goods before the U.S. presidential election in November.

The main sticking point was the trigger for special safeguards that would enable developing countries to raise agricultural tariffs to protect their farmers in case of a surge in imports. The impasse overshadowed the progress made on other agriculture issues as well as on industrial goods and services trade issues.

Nath said the U.S. created the impasse on the safeguard mechanism, countering the U.S. view that India and China refused to accept a compromise formula. He said India wants to protect the livelihood of its subsistence farmers.

Protecting Farmers

“We will not compromise the interests of our farmers” and the poor, the minister told reporters.

India doesn't plan to ease rules for overseas investment in the retail industry, Nath said.

While India didn't want to negotiate on livelihood security, Nath said it was unfortunate that other issues couldn't be discussed at the talks.

Nath also disagreed with the U.S. on cutting tariffs to zero in some industries including cars, components and textiles. He said India had been willing to show flexibility. The key concerns of developing countries were farming and small industries, he said.

Susan Schwab, the top U.S. official at the Geneva talks, had said that she wasn't prepared to accept a deal that gave other nations an unfair advantage.

'Safeguard Mechanism'

"Any safeguard mechanism must distinguish between the legitimate need to address exceptional situations involving sudden and extreme import surges and a mechanism that can be abused," she had said. "In the face of a global food price crisis, we simply could not agree to a result that would raise more barriers to world food trade."

The U.S. accused India and China of refusing to accept key elements of a compromise put forth by WTO Director-General Pascal Lamy and refined by ministers.

Schwab said yesterday that the attempt to link agriculture, industrial tariffs, rules for investment and other issues into the current Doha Round of the World Trade Organization may be overloading the 153 members of the WTO.

"There has never in history been an international negotiation as complex as this one," Schwab said. "Why should it have to come together at exactly the same time? There are ways of moving pieces of it."

For example, rich nations might provide duty-free access to exports from the poorest nations, a group of countries could agree to eliminate tariffs on environmental technology or the U.S., European Union and others could implement their pledges to eliminate export subsidies for farmers, Schwab suggested.