

Bush, Lula discuss collapse of trade talks: W.House

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KENNEBUNKPORT - President George W. Bush discussed the collapse of world trade talks with Brazilian President Luiz Inacio Lula da Silva on Saturday, expressing disappointment over the failure and reaffirming his commitment to reaching agreement, the White House said.

Marathon talks on a new global trade pact collapsed in Geneva on Tuesday as the United States and India refused to compromise over a proposal to help poor farmers deal with floods of imports.

Lula, who has said he believes the Doha Round of trade negotiations can still be concluded after elections in the United States and India, requested the phone call with Bush, who was visiting family in Kennebunkport, Maine, the White House said.

"Both leaders expressed their disappointment that a breakthrough in the negotiations was not reached this week in Geneva, particularly given how close trade ministers came to reaching an agreement," the White House said of the 10-minute call.

"President Bush and President Lula expressed their continuing commitment to reach an agreement in the Doha Round negotiations, and their desire for the United States and Brazil to work together in developing a strategy to advance the negotiations."

Ministers from about 35 key World Trade Organization countries reached about 80-85 percent of an outline for a trade deal on the core areas of agriculture and industrial goods.

But differences in these areas between rich and poor countries and importers and exporters proved too much to bridge.

The final stumbling block concerned the "special safeguard mechanism" -- a proposal to let developing countries raise farm tariffs in the face of a surge in imports or collapse in prices.

Developing countries like India and Indonesia said they needed the measure to protect millions of subsistence farmers from unexpected shocks arising from opening up their borders.

But the United States feared its agribusinesses would lose new markets just as it made painful cuts in its farm subsidies.

(Editing by John O'Callaghan)