

## **Fresh WTO talks must wait until after US election: economists**

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PARIS -- Any new attempt to grasp the grail of a world trade pact will probably have to wait until next year, after elections in the United States and India, despite some calls for more talks now, economists say.

The head of the WTO, Pascal Lamy, who stressed after the collapse of the talks in Geneva last week that the gains made in nine days must remain on the table, revealed on Friday that talks at technical level were in fact continuing.

He also said he expected to visit India in a week's time and perhaps the United States later.

He was referring to two of the countries at the centre of the emotional breakdown of talks which, participants agreed, had almost joined hands across a deep gulf over special arrangements for protection against a flood of imports.

And a senior WTO official told AFP: "It seems practically impossible to conclude negotiations before the end of the year.

"The idea is to continue to advance to be able to present a package all tied up to the new US administration and to India after the (US presidential) elections," he said.

Meanwhile, Nobel prize-winning economist Joseph Stiglitz said: "The talks will not be able to resume until after the American elections."

The talks last week struggled late into many nights and through many issues affecting directly or indirectly the peoples of the world, of all classes in all sectors on all continents.

There was general agreement, but from different angles, that the world's poorest stand to gain or lose the most.

The breakdown threw up various views of the future, from analysis that emerging countries have gained new stature to suggestions that the talks should treat agriculture separately from other subjects.

Stiglitz said a quick resumption of the talks was all the more unlikely because it is "difficult to negotiate an accord when unemployment is on the rise and the economy is weakening."

India, one of the key players at the talks, is also facing elections at the end of the year, which leaves the government little room for concessions.

The audacious attempt in Geneva to break apart a seven-year log jam in the so-called Doha Round of trade opening talks, hit deadlock between India and the US over the so-called special safeguard mechanism.

This enables countries to impose a special tariff on certain agricultural goods in the event of an import surge or price fall.

Stiglitz was scathing of Washington's insistence that extra duties should be imposed only if imports surged by 40 percent.

"Nobody in agriculture has a 40-percent margin," he said. "A 40-percent decline in price would have put most developing countries into bankruptcy. The issue was one of very survival."

Stiglitz said there might be a better chance of reaching agreement following the US presidential elections in November.

"I hope that if Obama gets elected, there will be a new commitment to multilateralism," Stiglitz said. "I hope that Obama will realise how important multilateralism is and will resume the talks on a more reasonable basis."

Some countries, however, have not hidden their satisfaction at seeing the Doha round paralysed again. Italy is among a group of nine European countries, including France and Ireland, who believe that Europe had made too many concessions.

French agriculture minister Michel Barnier has suggested opening talks with other institutions such as the UN Food and Agriculture Organisation and the International Monetary Fund.

Stiglitz, however, said that it would be difficult to shift the negotiations to other organisations.

"By having a lot of issues raised in the same forum, it is easier to find a compromise," he said.

Brazilian President Luiz Inacio Lula da Silva, whose country would have been one of the main beneficiaries of a new agreement, has suggested organising a meeting of heads of state to reach a "political solution" to the Doha round.

Germany, meanwhile, wants to resume discussions as quickly as possible.

"We cannot allow ourselves to wait too long," said Bernd Pfaffenbach, the undersecretary of state in the finance ministry.

Elie Cohen, an economist with France's National Institute of Scientific Research, shares the view that nothing can be done until there is a new administration in the White House.

He expects an increase in the number of regional and bilateral accords before any resumption of talks.

"Some countries can benefit by negotiating along narrower lines," Cohen said, pointing to an increase in the number of such accords since the Uruguay round which preceded Doha.

But this type of accord complicates world trade and risks putting weaker countries at a disadvantage, Cohen said.

When Colombia negotiates on its own with the United States, it is in a worse position than under a global free trade agreement, he argued.

The collapse of the Geneva talks should not, however, deal a fatal blow to international trade, which has seen six percent growth since the Uruguay round, Cohen added.

"The agreements already in place protect against the most serious problems," Stiglitz said. "We are still hoping for progress."

Developing countries have the most at stake.

African cotton producers such as Mali, Benin, Burkina Faso and Chad were hoping for a reduction in Chinese and American subsidies on cotton.

They returned home without even being able to begin negotiations. Their industry, on which 20 million people depend, is now facing collapse.