

# No WTO Progress on Manufactured Goods

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HONG KONG -- Key negotiators made no progress in overnight WTO talks on liberalizing manufacturing trade, a U.S. trade official said Friday.

The discussions began late Thursday and extended into early Friday in Hong Kong. But the U.S. official \_ who asked not to be named because of the sensitive nature of the talks \_ said she "couldn't see any movement" in the negotiations.

Leading developing countries, namely India, Brazil and Argentina, have been holding out against a U.S. proposal that has found support from the European Union and Japan at the six-day World Trade Organization meeting, which ends Sunday.

The U.S. proposal includes a formula for higher cuts in industrial tariffs for developed nations and lower ones for developing countries.

The U.S. official said negotiators from India and Brazil didn't budge from their earlier position, which uses another formula with lower cuts for developing countries.

But she said the EU was "comfortable" with the U.S. formula for nonagricultural market access, or NAMA \_ WTO jargon for negotiations on liberalizing manufacturing trade.

India's Commerce Minister Kamal Nath said developing countries also wanted flexibility that would allow them to protect small businesses, infant industries and producers certain sensitive products from foreign competition.

"I must have the flexibility in industrial tariff cuts if we have to move forward," Nath said. "These flexibilities will dictate the stance on the various formulas put on the (negotiating) table."

On Thursday, U.S. negotiators also pushed for a discussion on specifics of tariff cuts in various sectors, including chemicals, consumer electronics, paper and pharmaceutical products. They are areas where American businesses are keen to tap booming markets in Asia.

But that move failed to take off as both the EU and developing countries insisted to wait until a decision is made on the formulas, the U.S. official said.

Global trade talks have been deadlocked by an impasse over slashing of farm subsidies in rich countries with the EU refusing make more concessions to what it has already offered to do in agricultural trade.

Developing countries want greater cuts in subsidies, saying these undercut the competitive advantage of their farmers and threaten their livelihood.

Negotiators have been trying to salvage the Hong Kong talks from a collapse, by turning their focus to other areas like manufacturing and services where some progress can be made.

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