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WTO Lays Out Draft for Hong Kong Summit

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The WTO's top official on Saturday laid out a draft for next month's Hong Kong summit underscoring just how much work needed to be done to salvage even a watered-down agreement.

World Trade Organization members are eager to reach a deal at the Dec. 13-18 ministerial meeting, but the 42-page draft unveiled by WTO Director-General Pascal Lamy showed how far they are from agreeing on critical issues including the liberalization of trade in farm products and manufactured goods.

"Clearly, we would all have liked to see a more operational text by now, but this is where we are," Lamy told delegates at the organization's Geneva headquarters. "The current draft does not seek to establish a final balance here and now - that is for the end of the round, which is not where we are now."

The draft does reflect some progress made by WTO members over the past 18 months in the formulation of new antidumping rules and measures to improve customs facilities.

But it offers no prescription for cutting tariffs and subsidies on either agriculture or manufactured goods - two subjects that have held up negotiations for many months.

Trade officials conceded that progress is needed in these two sectors ahead of Hong Kong and that unless the present gulf in opinion was bridged, it would be impossible to reach any meaningful deal there.

The meeting in Hong Kong was supposed to be the concluding session of the current round of global talks that have been under way for four years, outlining specific measures countries must take to open up their markets.

The Doha round of trade talks, named for the Qatari capital where they were launched in 2001, aims to cut trade barriers across a wide range of sectors and is supposed to address the needs of developing countries, for whom agriculture is a particularly sensitive topic.

Developing countries say farm trade needs to be tackled first because it is so important to their economies and because it is heavily protected in many rich countries.

The 25-nation European Union, in particular, has been under fire for not making further cuts to its farm tariffs and subsidies. A series of meetings over the past two months between ministers has failed to break the deadlock.

The EU says equal attention needs to be paid to manufactured goods, which far outweigh agriculture's importance in global trade.

But, in both areas, Lamy's draft fails to outline any potential agreement to reduce tariffs and slash subsidy programs because of the sharp divide between countries.

Instead, those sections of the draft "provide important information on the range of outstanding issues, point to the significant amount of work which has already been done and genuinely reflect the situation we are currently in," Lamy said.

Brazil, a major exporter of farm goods, said the draft was not balanced because it reflected disagreements between countries and thereby rewarded those that have sought to stall progress in certain sectors.

However Brazil's ambassador to the WTO, Clodoaldo Huguene, said the document was "a good basis" for future negotiations.

Both Huguene and EU Ambassador Carlo Trojan stressed that the problems were not confined to agriculture but also could be seen in the section dealing with manufactured goods.

Activists said industrialized nations had to give ground before the gap can be narrowed.

"This compromise text reflects just how much rich countries have been pushing their own agendas," said Amy Barry, a spokeswoman at the international aid agency Oxfam. "Rich countries continue to block development at the WTO."

The final treaty, when completed, would be binding on all 148 WTO members. The round is already well behind its original December 2004 deadline.