

# Ministers hint at WTO walk out

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SIGNS were growing today that leading countries are prepared to walk away from last-ditch trade treaty negotiations if they don't get their way over agriculture.

Developing countries say a draft framework for the World Trade Organisation treaty does too little to force rich nations to cut their import tariffs and subsidies, while the European Union is still concerned that EU farmers would have to give up more than their US rivals.

The WTO's 147 members have given themselves until the end of the week to agree on the skeleton of the treaty - work that should have been done at the failed WTO ministerial meeting in Cancun, Mexico, last September. Around 30 ministers are in Geneva, along with diplomats from almost all WTO member countries.

If they fail this week, the round of trade liberalisation negotiations will be still further delayed by months or even years.

Nevertheless, members said they weren't ready to sign up to something they didn't like.

"We cannot sacrifice substance for timing," Argentina's International Trade Secretary Martin Redrado told reporters. "If there is no good substance, Argentina will not go along with it."

Argentina and other members of the Group of 20 developing countries are concerned that the current proposed text could allow rich nations to maintain high import duties on many farm goods and that it contains a loophole for the US to continue subsidising farmers.

"We still have a text which to all of us in the G-20 looks unbalanced," said Brazilian Foreign Minister Celso Amorim.

Meanwhile, Switzerland, which heads a group of 10 countries that want to maintain high import tariffs on certain farm goods, said it also needs changes - many of them conflicting with the demands of developing countries.

"We cannot agree to go beyond certain limits which would be exorbitant for our agriculture," Swiss President and Economics Minister Joseph Deiss told reporters.

The European Union has agreed to eliminate all export subsidies on farm products and to make big cuts to other subsidies, but only if the US, Australia and other rich nations make similar moves. They are concerned that the current proposal is unclear on that. France on Monday forced agreement that EU trade ministers should consider the final version of the text before allowing EU Trade Commissioner Pascal Lamy to accept it.

WTO Director-General Supachai Panitchpakdi and the chairman of the WTO's ruling General Council, Japanese Ambassador Shotaro Oshima, are working on another draft of their proposal, which they hope to issue tomorrow. But they are facing an uphill task to find wording that is acceptable to all parties.

Negotiators are under pressure to reach a deal by the end of the month because the November US presidential elections and government changes in other countries will likely put things on hold until at least next year.

The framework is supposed to form the structure of continued negotiations in the current round of trade talks, which began in Doha, Qatar, in 2001. Although it is only part of the process, many believe this agreement is the crucial one, and that the rest of the talks will be much smoother.

All WTO members agree in principle that cutting barriers to international trade, such as import taxes and government subsidies, is good for the world economy.

But uncontrolled trade liberalisation could have devastating consequences for individual countries, and diplomats are fighting hard to protect their national interests. Since WTO decisions are made by consensus, agreement is a slow process.

Other areas to be covered in the treaty include cutting barriers to trade in manufactured goods and service industries such as telecommunications and banking, and harmonising and simplifying customs procedures.