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# Bid to pin down outline of a trade deal

**By Alan Beattie, Raphael Minder and Frances Williams**
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Enough with the posturing: show us the money. That is the spirit supposed to inspire the ministers meeting in London today in the latest installment of the "Doha round" of World Trade Organisation talks.

Over the next two days, ministers from the "group of six" WTO members - the European Union, US, India, Brazil, Japan and Australia - will try to begin narrowing down the vast range of potential deals. Seeking to avoid a replay of December's ministerial meeting in Hong Kong, which comprised mainly a fruitless exchange from entrenched positions, ministers are supposed to get down to specifics.

"This is not a make-or-break meeting," says Gary Campkin from the Confederation of British Industry. "But getting down to the numbers is a very valuable part of the process, especially when ministers put political weight behind the negotiations."

And if the import of a meeting can be inferred from the protesters it attracts, this is quite a big one. Development campaigners are planning peaceful demonstrations outside the meeting, and four Oxfam volunteers will again don the 10-foot rubber shark suits (intended to represent the rapacious rich countries) that first got an outing in Geneva last summer.

The key trade-off is for rich countries with protected farmers, such as Japan and the EU, and those that use a lot of subsidies like the US, promising more agricultural liberalisation in return for emerging markets like Brazil and India agreeing to deep cuts in goods tariffs.

But the only guidance ministers have agreed so far is a vague statement that goods and farm talks should achieve a "comparably high level of ambition in market access".

For the past few weeks, trade officials have beenconstructing spreadsheets of labyrinthine complexity to run simulations of what various tariff-cutting formulas would actually do to farmers and manufacturers.

In farming, for example, a range of scenarios has been modelled, from tariff cuts of 25-40 per cent to reductions of 60-85 per cent. Extra complexity is added by varying countries' ability to shield certain sensitive categories in both goods and agriculture from across-the-board tariff cuts.

These simulations have been run on 10 economies (the G6 plus Egypt, Malaysia, Norway and Canada). The group includes free-trading nations such as Australia; nations with competitive farm exports but weaker manufacturers like Brazil; nations with strong goods exports but some vulnerable farmers such as Malaysia; and so forth.

The exercise will allow all 149 WTO members to see an approximation of the effect on a variety of economies.

By themselves, the simulations will not end disputes. The EU's calculations, for example, suggest its own proposed tariff cuts would nearly triple European beef imports from 500,000 tonnes to 1.3m tonnes a year, around the size of Australia's entire annual export of beef and cattle - a projection dismissed by other countries as alarmist.

Some of the results also merely underline how far apart WTO members remain. EU officials, eyeing hungrily the big domestic markets of Brazil, India and China, say the results confirm that a ceiling of 15 per cent for goods tariffs is the maximum that will open up real new export opportunities for European companies.

Brazil's opening bid is 30 per cent, from which it is almost certainly prepared to shift. But India - which fears competition from China more than from the US or Europe - has been insisting it has already made big tariff cuts unilaterally and will not offer any new real access to its markets.

The farm talks are like a mirror image of the goods talks. Rich agricultural protectionists such as the EU - and even more so the G10, which includes Japan, Switzerland and Norway - want not just small cuts in tariffs but also the flexibility to designate parts of their farm sectors as "sensitive products" subject to smaller cuts.

The EU wants to shield 8 per cent of its farm products in this way. The Commission is under renewed pressure from member states such as France not to give too many concessions in the talks, but can probably be persuaded to come down a few percentage points.

The G10 of very protective rich nations including Japan and Switzerland want 15 per cent, but could come down to 10 per cent if they are allowed more loopholes elsewhere.

This remains a long way from the 1 or 2 per cent demanded by developing countries and the US.

Meanwhile, the US itself is under pressure to agree further restrictions to the subsidies it uses to support uncompetitive farmers.

Still, if the meeting can narrow some of these gaps, or at least quantify exactly how big the gaps are, the final destination for the Doha round may vaguely begin to emerge through the London drizzle. "We hope the meeting will start to prepare the landing zones," says one Geneva diplomat. "But ministers need to get signals from each other on what those zones might be."

*Additional reporting by Raphael Minder*