

WTO Chief: 'Lot of Work' Needed for Deal

Tue Jul 27, 2004 07:49 AM ET

Reuters

By Richard Waddington

GENEVA (Reuters) - World Trade Organization (WTO) chief Supachai Panitchpakdi said on Tuesday "a lot of work" was needed if rich and poorer countries were to reach a key deal this week on shaping a new global trade.

Supachai's downbeat comments came as ministers from around 35 countries gathered to reinforce their diplomats in talks aimed at getting the WTO's struggling three-year-old Doha Round of free trade negotiations back on track.

"We are expecting countries to adopt a flexible stance ... but we still have a lot of work to do in agriculture and industrial goods," Supachai told reporters, citing the two main areas dividing developed and developing countries.

But senior officials from India and Argentina, major players in the talks, made clear that North-South positions were far apart on the farm trade issue and that the only way out was a much less ambitious accord than one now on the table.

The current draft, to be endorsed by all 147 WTO nations by Friday, sets out the framework for a final deal that would move to end the system of farm subsidies and credits operated by the European Union and the United States.

Developing countries argue those programs allow both trade powers to protect their own high-cost farmers from imports while helping them dump their subsidized produce abroad and destroy the livelihood of struggling farmers in the South.

The poorer nations say the draft as it stands would still allow the 25-nation EU to shelter over half its farm products from real support reform by accepting that they are "sensitive" -- or key to keeping the Union's farmers in business.

SERIOUSLY FLAWED

India's Commerce and Industry minister Kamal Nath told reporters at the WTO the document was "seriously flawed." EU subsidies were illegal under WTO rules so developing countries "should not have to pay a price for these distortions to be cut."

Argentina's WTO envoy Alfredo Vicente Chiaradia said negotiators were not making headway on agriculture and suggested the way out was a more general framework -- except for export subsidies.

The EU offer to dismantle these would have to remain in any agreement for the talks to be successful this week. "The export subsidy issue is out of the bottle. It can't be taken back," he declared.

But diplomats say EU Trade Commissioner Pascal Lamy, under heavy fire from France for ceding too much on subsidies already, is unlikely to be able to accept any weakening of the Union's stance in the talks.

Lamy was arriving in Geneva on Tuesday, where he will be joined by U.S. Trade Representative Robert Zoellick and ministers from some 30 other WTO countries.

The current blueprint, drafted by Supachai and the chairman of the WTO's executive General Council, Japanese ambassador Shotaro Oshima, is expected to undergo some radical changes when a new version appears on Wednesday.

But given the strength of the criticism, which also targets proposals on handling tariff reductions on industrial goods, this might not be enough to enable agreement by the weekend, diplomats say.