

EU's Trade Partners Demand Deeper Cuts to Farm Tariffs

**WTO Talks Face Collapse
If Mandelson Can't Reach
Agreement on Agriculture**

**By Scott Miller and Greg Hitt
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GENEVA -- After nearly two weeks of intensive talks just on agriculture, Europe's trading partners said the 25-nation bloc must at least double the magnitude of its proposed cuts in farm tariffs or run the risk of killing global trade-deal negotiations.

It is a difficult demand for Europe's top trade negotiator, Peter Mandelson. He already faces withering criticism from the French government for making too many concessions. In the eyes of most trade diplomats, he has only a couple of weeks to comply with the requests from outside Europe before it will be too late to revive the so-called Doha Round negotiations.

Australian Trade Minister Mark Vaile said the European Union needs to agree to a plan for developed countries to cut tariffs on agriculture goods by at least 54%. So far, by his calculations, Europe has offered a cut of only 25%. EU officials haven't commented on his figures.

U.S. Trade Representative Rob Portman went further, saying that such cuts were the floor at which real negotiations could resume to reach a rough outline of broader trade agreements by a meeting in Hong Kong in December. A U.S. plan first floated early last week includes cutting the highest tariffs by as much as 90%.

"Hong Kong is at risk, and the round is at risk," Mr. Portman said in an interview.

Trade ministers from the principal countries in WTO talks gathered in Geneva this week, hoping to forge the outlines of an agreement on agriculture. Hopes were running high earlier in the week after Mr. Mandelson won fresh backing from EU governments to press ahead with negotiations on their behalf. But to the surprise of many trade diplomats, the EU didn't make any fresh offers on the most contentious area of farm talks, reducing tariffs.

"Every other country has put their cards on the table," said U.S. Agriculture Secretary Mike Johanns. "But we have got nothing from the EU; they have been very timid."

Mr. Mandelson and the EU's agriculture commissioner, Mariann Fischer Boel, said further fresh offers were likely, but they wouldn't comment on the magnitude. Instead, Mr. Mandelson said the broad range of trade talks, including manufacturing and services, needed to be pushed forward. He said that if a breakthrough on all areas of negotiations isn't achieved within the next two weeks, WTO members will have to start scaling down their expectations for the Hong Kong gathering.

In the eyes of many trade ministers, including the U.S.'s, the EU has been hamstrung by the French government's continued anger about how Mr. Mandelson has conducted trade negotiations. Mr. Portman said that his EU counterpart was "well intentioned" and wanted to play a constructive role, but the "intransigence of a relatively small number of European countries," notably France, was hindering Mr. Mandelson's negotiating position. French government officials accuse Mr. Mandelson of overstepping his mandate by offering excessive cuts in farm protection.

Nicolas Sarkozy, the French interior minister, took aim at the U.S. in an opinion piece published in the *Les Echos* business newspaper on Thursday. "The United States...is trying to suck us into a fools' bargain by demanding Europe make a disproportionate effort in exchange for concessions that are mostly tactical."

Mr. Mandelson played down such pressures. He said he is working on a fresh offer, but simply needed more time, noting the U.S. had taken a full year to produce its latest proposal.

Likewise, he took umbrage at suggestions, from the U.S. among others, that European foot dragging would hurt developing countries that are supposed to gain increased access to rich markets from the talks.

"We will take no lectures from anyone on the needs of developing countries," Mr. Mandelson said. "We have more developing-country agriculture produce coming into our market than the whole of the United States, Canada, Japan and Australia combined."

The U.S., the EU, the so-called Group of 20 developing countries and others have already largely agreed on the basics of tariff cutting. Global farm tariffs for developed countries are to be divided into four bands with the highest tariffs getting cut the most. At issue are how much tariffs should be cut in each band.

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