

Ministers to Take a New Track For Next Round of Trade Talks

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GENEVA -- Facing a potential crossroads in world trade after the splintering of global talks, negotiators sought to draw a new road map to salvage some agreement next month in Hong Kong.

Any effort to conclude the outline of a comprehensive deal on agriculture tariffs was expected to be taken off the table at next month's meeting. That would delay any companion agreements on further opening world markets in services and manufactured goods, coveted by the U.S. and European Union.

Trade diplomats from roughly two dozen countries meeting in Geneva said they will consider using their December gathering of 148 countries' representatives to lay out a timetable for how to resolve the most divisive issues and to "lock in" what progress has been made thus far -- though that may make it tougher to reach a deal later.

It is an abrupt turnaround after diplomats had expected to strike the broad outlines of a new global trade pact in Hong Kong and complete the four-year round of talks by late next year. A study by the World Bank released yesterday contended that an abolition of tariffs, subsidies and domestic-support programs -- going further than negotiators were hoping -- would boost global welfare by nearly \$300 billion a year by 2015. Close to two-thirds of the gains would come from agricultural revisions because the sector is the most distorted by subsidies and supports, the report said.

Negotiators said they still expected to complete the Doha Round by mid-2007, after which changes in U.S. law and the start of the U.S. presidential electoral cycle would make it difficult to get U.S. concessions ratified in Washington. But there was no escaping the problems of reaching that goal.

"It will be difficult," said U.S. Trade Representative Rob Portman. "The meetings this week were not successful." If anything, countries in yesterday's talks appeared to be hardening their positions rather than softening them. The talks were useful "not in narrowing the differences but in defining them," said European Trade Commissioner Peter Mandelson.

It remained far from clear how the Hong Kong meeting will play out. Some ministers said they expected the event to result in substantial progress. But most acknowledged that ministers probably will have to agree to take up difficult issues later in the spring. World

Trade Organization Director General Pascal Lamy is likely to start to lay out a new plan after meeting with WTO members today.

With many ministers mindful that trade talks can ill afford another meeting like the fractious ones in Cancún, Mexico, in 2003 and Seattle in 1999, diplomats are determined to have something positive to show for their week in Hong Kong. Several said yesterday that they hoped to sign off on progress that has been made. This could include technical items such as an agreement on using a four-tiered formula to determine how much to cut each tariff. It also might include progress on eliminating one area of farm supports, subsidies for agricultural exports.

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