

US blamed as trade talks end in acrimony



By Alan Beattie and Frances Williams in Geneva

Published: July 24 2006 11:57 | Last updated: July 24 2006 23:13

The world trade talks that were supposed to relieve poverty and improve economic growth collapsed into indefinite suspension on Monday, after nearly five years of protracted wrangling.

A last-ditch meeting in Geneva of the six core "Doha round" negotiators – India, Brazil, the US, EU, Japan and Australia – broke up amid recriminations over **irreconcilable differences** about farm liberalisation. The US continued to argue for big cuts in farm import tariffs to open up markets for its farmers, a demand fiercely rejected by the European Union, Japan and India, which said America had first to go further in offering to cut agricultural subsidies.

The Doha round, which began in November 2001, will now enter **indefinite suspension** unless and until a consensus within the World Trade Organisation's 149 member countries can be found to revive it.

The White House's authority from the US Congress to negotiate trade deals expires next year. Most experts and officials think Congress unlikely to renew that authority, rendering any near-term agreement impossible.

The amount of work required to complete an agreement meant that the end of this month was in effect a deadline for a deal.

Four of the six countries present rounded on the US as the culprit for the collapse in the talks, which started on Sunday and ended on Monday.

Peter Mandelson, EU trade commissioner, told the Financial Times: "If the US continues to demand dollar-for-dollar compensation in market access [cutting tariffs] for reducing domestic support, no one in the developing world will ever buy that and the EU will not either."

Even Brazil, which shares some of the US's interest in reducing farm tariffs, identified US intransigence on subsidies as the blockage that prevented an agreement.

Kamal Nath, the Indian trade minister, said of the US: "Everybody put something on the table except one country who said 'we can't see anything on the table'."

The suspension of the talks led Australia to assert on Tuesday that it would focus on trying to pursue its own bilateral trade agreements. Mark Vaile, Australia's deputy prime minister and trade minister, said he would not accept superficial or partial reforms in the Doha round.

"Anything short of effective cuts, meaningful disciplines and real new trade flows will not command the necessary political consensus," Mr Vaile said on Tuesday.

The US has become increasingly frustrated by what it says is the gutting of its proposals to cut farm tariffs. Rich WTO members such as the EU, Japan and Switzerland, and poorer countries such as India, Indonesia and the Philippines, have sought to protect a wide range of agricultural products from tariff cuts.

Susan Schwab, US trade representative, said such exemptions would defeat the object of the talks, to create trade flows. "As we went through the layers of loopholes . . . we discovered that a couple of our trading partners were more interested in loopholes than market access," she said.

Pascal Lamy, WTO director-general, said the failure would "send out a strong negative signal for the future of the world economy amidst the danger of a resurgence of protectionism".

The suspension has brought one of the darkest days to the WTO since its creation in 1995.

[Copyright](#) The Financial Times Limited 2006

"FT" and "Financial Times" are trademarks of the Financial Times. [Privacy policy](#) | [Terms](#)
© Copyright [The Financial Times](#) Ltd 2006.