



## **ANALYSIS - U.S., India peer warily across farm trade divide**

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WASHINGTON/NEW DELHI (Reuters) - U.S. and European negotiators are working to bridge differences over agriculture in world trade talks, but a wide rift remains between Washington and developing world leader India, trade analysts said on Wednesday.

India, along with other developing nations like Brazil, has emerged as a foil to the United States' and Europe's economic sway in the Doha Round, demanding rich nations curtail generous farm subsidies as it guards its own agriculture supports.

"India remains very wedded to the G33 proposal on special products and (special safeguard mechanisms) -- both of which the U.S. finds unacceptable," said Charlotte Hebebrand, president of the International Food and Agricultural Trade Policy Council, a Washington-based advocacy network.

Like developing world peers whose economies are fueled largely by farming, India is angling to shelter about 20 percent of tariff lines from the full force of duty cuts, and to keep safeguards blocking some imports if a glut hits.

Indian policymakers say those measures are needed to protect the "livelihood security" for 650 million farmers. But Washington wants to whittle the number of special products countries like India can protect to a handful, saying the exemptions will shut out virtually all U.S. goods.

These sharp differences among major players have cast doubt on how quickly negotiators can find a palatable deal for the round, which collapsed in July 2006 over the farm issue.

Yet in recent weeks, Brussels and Washington have restarted efforts toward brokering a deal. This week, about 30 trade ministers meet at a high-level summit in Davos, Switzerland.

India has little political leeway to make concessions on these delicate issues, said analysts like Nagesh Kumar, director-general of Research and Information Systems, a trade and developmental think tank in New Delhi.

India is committed to liberalizing trade, he said. "At the same time, we need some flexibility on market access."

### **FARMING PIVOTAL TO DEVELOPING WORLD**

Last week, World Trade Organization Director-General Pascal Lamy visited India to drum up support for Doha. There, he met Prime Minister Manmohan Singh and Kamal Nath, its

commerce minister. "We can negotiate commerce, but we cannot negotiate subsistence" is Nath's oft-heard refrain.

Sandra Polaski, a trade expert at the Carnegie Endowment for International Peace, a Washington think tank, said agriculture is the do-or-die issue for countries like India.

"What happens to agriculture determines what happens to India, and certainly to the poor in India," she said.

The G33 countries, where up to 80 percent of the workforce makes a living from farming, stand to gain more than other nations from a favorable Doha deal, she said. But those same farmers are vulnerable to being undercut by subsidized imports and are ill-equipped to compete in world markets.

Negotiators in Washington, for their part, are doubtful about how deep India's Doha desires really run. U.S. Agriculture Secretary Mike Johanns pushed Nath on special products, to no avail, when he visited India in November. He called India's stance a "big hang-up" in the round.

One former negotiator, who asked to remain unnamed, said India may even prefer to eschew deeper trade. Possibly, "they would prefer autarky," he said.

Doha is further complicated by the U.S. political calendar. In July, the Bush administration's trade negotiating powers, which allow it to broker deals that go to an expedited vote in Congress, run out, followed by an end a few month later to the current farm bill, which sets subsidy levels.

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