



U.S., EU scramble to revive Doha Round trade deal

By Missy Ryan

Reuters

WASHINGTON - President George W. Bush and European Commission President Jose Manuel Barroso appeared to breathe new life into moribund world trade talks on Monday as the window for completing a deal was rapidly closing.

"We talked about the importance for Europe and the United States to resolve any differences we have when it comes to the Doha Round," Bush told reporters after meeting with Barroso.

Barroso and EU Trade Commissioner Peter Mandelson met with top U.S. officials on Monday in the latest attempt to revive the ill-starred Doha Development Round, launched in 2001 with great hopes for helping the world's poorest nations.

"We came to Washington today looking for new impetus (in) the Doha negotiations and I believe we've found it," Mandelson said. "There's not an agreement to be announced on key issues or key numbers, but there's certainly much greater understanding and a measure of convergence."

Mandelson warned a breakthrough in the long-stalled talks was needed soon for a number of reasons, including expiration of the White House's trade negotiating authority in June.

"I think we would be in real danger if we did not achieve the breakthrough we are seeking in the first quarter of this year. The window would close and it will take some years to reopen that window," Mandelson said.

U.S. Trade Representative Susan Schwab also was upbeat on chances for progress, but said the United States would not be driven into a bad deal by an artificial deadline.

"We are clearly making progress and perhaps there's stirring of momentum here," Schwab said.

That could set the stage for a larger group of trading partners to resume negotiations later this month at the World Economic Forum in Davos, Switzerland. But Schwab said it was unclear how fast negotiations would proceed.

Emerging market powerhouses like India and Brazil also have a role to play in reaching a deal.

LOWER-LEVEL TALKS

Since the round's collapse in July, negotiators have forged ahead with quiet, lower-level discussions on a deal, which would slash tariff barriers and eliminate some subsidies.

The world now faces a "moment of truth" for the Doha round and the multilateral trading system, Barroso said. If that moment slips by, "we risk losing all the substantial benefits now on the table. It is too important to fail; we cannot fail," he told reporters after his meeting with Bush.

Schwab compared the negotiations to a "three-dimensional chess game" that will require compromises from many of the nearly 150 members of the World Trade Organization.

From the beginning, agriculture has been the chief sticking point for Doha, and analysts said ahead of the meeting that even Monday's presidential tete-a-tete may not be enough to resolve deep-seated discord over farm subsidies.

"If (Doha) is going to go anywhere, someone needs to take the first step," said Charlotte Hebebrand, president of the International Food and Agriculture Trade Policy Council, a Washington-based advocacy and research group.

For many Europeans, that step should be an American one. EU officials have put the onus largely on the United States in recent weeks, calling for a "genuine and serious" offer on reducing U.S. subsidies, which now top \$20 billion a year.

Yet subsidy reform is a sensitive proposition for American farmers. Major farm groups like the American Farm Bureau Federation support the Bush administration's existing reform plan, which would cut trade-distorting supports by 53 percent, but say they won't tolerate more until they see tariffs fall in Europe and key developing countries.

(Additional reporting by Jeremy Pelofsky and Doug Palmer in Washington and Charles Abbott in Salt Lake City)

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