

Very strong chance Doha Round doomed: WTO

By Missy Ryan

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WASHINGTON (Reuters) - The outlook is dim for the Doha Round of trade talks, which were suspended in July amid disagreement over subsidies and tariffs for farm goods, a top World Trade Organization official said on Thursday.

"I think there's a very strong chance it won't succeed," Crawford Falconer, chair of WTO agriculture negotiations, told a conference on cotton trade in Washington.

Falconer said that WTO member countries needed to use the pause on the Doha Round -- touted since 2001 as a way to boost the world economy and combat poverty -- to think about what might be lost if world talks founder entirely.

Since Doha's acrimonious suspension in July, U.S. trade officials insist they haven't lost hope, and continue to hold "quiet conversations" with trading partners.

But the Bush administration maintains it won't improve offers to cut subsidies until other countries, especially in Europe and the developing world, offer bigger tariff cuts on farm goods.

Both the United States and the European Union, Falconer said, have room to improve reform offers.

"I don't think it's impossible to find an outcome that would work, and one that would make a difference," said Falconer, who stressed that time was running out.

He complained some countries negotiating in Geneva were in fact making reforms at home but refusing, for political reasons, to commit to the same reforms as part of the deal.

A lasting failure for the Doha Round, Falconer said, would mean more and more litigation over trade disputes -- which could bode poorly for the WTO.

"Two or three dispute settlement cases have the capacity to be extremely poisonous for the whole system," he said.

While progress will require real changes in negotiating positions, Falconer said it was unlikely that any country will stick its neck out by volunteering to move first.

"The art will be doing it together," he said.

Countries face an effective deadline of early next year for a breakthrough in the talks because of key U.S. trade negotiating legislation that expires in July 2007.

If the talks fail, it's possible countries could try again three, five or even more years in the future, "but I certainly wouldn't put my money on that," Falconer said.