

WTO in Crisis

M K writes :

Global trade talks reached a crisis point when a ministerial-level meeting of the World Trade Organisation in Geneva fell apart after major countries could not agree on how to cut subsidies and tariffs in agriculture.

The meeting ended a day earlier on 1 July after it became clear that no progress could be made on the agriculture issue. Also on hold was the issue of liberalisation of industrial products.

‘There has been no progress, so we are in a crisis, we have to admit it,’ said WTO Director-General Pascal Lamy.

About 60 ministers of trade and agriculture had gathered on 30 June in an effort to agree on the ‘modalities’ (formulae and numbers) for cutting agricultural tariffs and subsidies and industrial tariffs, as well as for exceptions, or reduced rates of liberalisation, for certain goods and for some countries.

The meeting was planned for at least three days. But it became clear on the first evening that the positions were too far apart, and a decision was made to call off the talks without any progress made.

The negotiations have been held under the WTO’s Doha programme which was launched in November 2001. The talks have been plagued with problems. They were to have ended in 2004 but went through many failed deadlines.

The Hong Kong Ministerial conference last December gave it new life and directions, but the new deadlines of April and now June have passed without a basic agreement on how much to cut tariffs and subsidies, and what exceptions (or ‘flexibilities’, in WTO jargon) to give.

The urgency for completing the Round is due to the expiry next July of the ‘fast track authority’ of the United States President. Without this authority it would be difficult to have a trade agreement passed by the US Congress.

The WTO needs to agree on the ‘modalities’ by the end of June if the talks are to be wrapped up in December, in time for the US to prepare for the passage of its bill before the fast track authority expires.

Lamy has been asked by the WTO members to ‘facilitate and catalyse’ more talks to see whether a new deadline of the end of July can be met. If that passes without success, the WTO talks may hibernate for years until a new fast track authority is renewed.

The immediate cause of the collapse of the meeting was the inability of the United States to improve on its offer to reduce its domestic farm subsidies, which distorts world trade and puts developing countries at a disadvantage.

Lamy is now given the mandate to facilitate further talks. Few believe that the new deadline of end of July can be met. ~~///~~