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WTO chief: US, EU must cut subsidies

April agreement on farm aid and tariffs needed to clear way for global trade pact, says Lamy.

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NEW DELHI (Reuters) - The United States and Europe must agree to cut industrial tariffs and farm subsidies for a successful accord by April to pave the way for a global trade pact, World Trade Organization chief Pascal Lamy said on Wednesday.

WTO states have set the end of April as the deadline for draft deals in farm and industrial goods as part of negotiations on a trade pact aimed at boosting the global economy and lifting millions out of poverty.

"(The) U.S. has to move on agriculture subsidies, Europe has to move on agriculture market access," Lamy said at a conference sponsored by a U.N. agency in New Delhi.

"We are approaching the moment of truth in the next few weeks because the way negotiations have been structured, we need to address very tough and difficult issues on agriculture subsidies."

Europe and the United States must agree to slash their peak tariff to 5-6 percent if negotiations are to succeed, he said, referring to an average peak industrial tariff of 20-25 percent in United States and 10-15 percent in Europe.

The director general of 149-nation trade body said developing countries including India would be "major winners" if the trade talks succeed but he asked them to bring down trade barriers.

"India will get more than it has to pay. That is the good thing about the trade negotiation," Lamy said and urged India's federal government to build a political consensus in bringing down both farm and industrial import tariffs.

Lamy said India must play a leading role in negotiations for allowing free movement of qualified professionals across borders.

He later met senior Indian government officials, including Commerce Minister Kamal Nath. Nath, speaking after the meeting, said India would like to meet the time line for the talks but it could not compromise on development issues.

"I have highlighted to Mr. Lamy that Indian agriculture is crucial. We cannot have displacement of Indian farmers. In India, agriculture is not commerce, it is subsistence," he said. "Any tariff reduction must take into account the sensitivity of subsistence farmers."

Agriculture has been a particular stumbling block, with rich nations arguing among themselves about the best way to proceed and poorer nations refusing to present proposals on cutting tariffs on other goods until farm issues are resolved.

U.S. Trade Representative Rob Portman said this week he was pessimistic that WTO members would meet the April 30 deadline. Negotiators are running out of time to conclude the trade round by the time U.S. President George Bush loses authority next year to negotiate trade deals that cannot be changed by Congress. ■

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Updated news: <http://news.ft.com/cms/s/35ad2dfa-d2e6-11da-828e-0000779e2340.html>  
WTO admits defeat on Doha deadline  
By Frances Williams in Geneva  
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Pascal Lamy, director-general of the World Trade Organisation, will on Monday ask WTO members to work for a crucial deal on farm and industrial goods by early summer, after key trading powers acknowledged their self-imposed April 30 deadline was out of reach.

The meeting on Friday, attended by about 25 rich and poor WTO members agreed to call off plans for ministerial talks this week.

The US and European Union blamed each other for the setback. Peter Mandelson, EU trade commissioner, accused the US of lacking realism on agriculture, while the US trade representative's office said it wished the EU would put the same energy into the negotiations as it did in finger-pointing.

In Geneva, diplomats said failure to agree detailed guidelines for cutting farm subsidies and agricultural and industrial tariffs was disappointing but not "the end of the world".

The WTO's trade negotiations committee, which supervises the Doha global trade talks, will be asked on Monday to approve a plan involving continuous negotiations throughout May and the first half of June.

Though no new date has been set, the aim is to clinch the deal before the end of July, the target for decisions in other important areas of the round including liberalisation of trade in services. Many believe this will be the true "make-or-break" moment for the round.

Missing the July deadline would make it almost impossible to complete all the technical work required to draw up the final Doha package before US negotiating authority ends in mid-2007.

Trade diplomats said ministers would be asked to come to Geneva once a deal on the farm and industrial goods guidelines was in the offing. "Ministers will come when we are ready," said Clodoaldo Huguene, Brazil's WTO ambassador, after Friday's meeting.