

## **U.S.-European conflict sinks five years of talks**

### **WTO members fail to find solution for farm subsidies**

International trade talks, launched five years ago to reduce tariffs, quotas and other barriers to commerce worldwide, broke down in Geneva on Monday amid bitter recriminations between the United States and Europe.

Peter Mandelson, the chief trade negotiator for the European Union, charged the United States sabotaged the talks by refusing to scale back domestic farm subsidies, which the Europeans say give American agriculture an edge in international competition.

Top U.S. trade negotiator Susan Schwab countered that the European Union steadfastly refused to open its agricultural markets to foreign farmers. "They have not been a profile in political courage," she said. The talks, under the auspices of the World Trade Organization, were launched in 2001. Pascal Lamy of France, the director of the WTO, suspended the negotiations indefinitely when officials could not compromise their differences over agricultural trade. "We are in dire straits," Lamy said. The "Doha Round" of trade talks, named for the city in Qatar where they were authorized, could be resurrected.

U.S. business groups reacted with disappointment to the breakdown in the talks. John Castellani, president of the Business Roundtable, an association of the CEOs of 160 of the biggest U.S. companies, said American negotiators in Geneva had repeatedly said they would open the nation's markets to greater competition from abroad if trading partners would do the same. Instead, Castellani said, Europe and other key trading partners chose to "surrender to protectionist pressures and keep their agriculture markets closed. "The European Union issued a series of statements blaming the breakdown for "rigid stance" by U.S. negotiators to calls for a reduction of government aid to domestic farmers.

Lamy said he decided to suspend the talks after a meeting Sunday of Australia, Brazil, India, the European Union and the United States failed to produce any movement on the disputes over agricultural trade. Agriculture Secretary Mike Johanns, the other ranking U.S. official at the Geneva negotiations, used beef to illustrate what he called Europe's refusal to open its agricultural markets. Johanns said the Europeans had proposed to reduce their tariff on most imported beef from 80 percent to 61 percent, which he termed "still a remarkable blocking of the market." Only 160,000 metric tons of beef would be allowed into the European Union annually without the tariff – about 2 percent of the market. "Can anybody seriously argue (that the proposal) is an increase in trade flow?" Johanns asked. "Surely the richest and strongest nation in the world, with the highest standards of living in the world, can afford to give as well as take," Mandelson said. Advocacy groups criticized both the EU and the U.S. for spending more time fighting one another and less time concentrating on the needs of poorer countries.

Source: The Associated Press, Los Angeles Times, 25 July 2006.

### **U.S. Farm Programs Overhaul May Be Delayed**

The prospect of overhauling U.S. farm programs next year dimmed with the collapse of global trade talks in Geneva. Unable to find agreement on farm supports and trade barriers, WTO members on Monday suspended talks aimed at liberalizing trade and lifting millions of people out of poverty. Farm programs in the U.S. are due for renewal next year, and as negotiations dragged on in the Swiss city, the idea of simply keeping the current programs in place had picked up steam.

The alternative would be to reduce support under the current system, which overwhelmingly benefits growers of five major crops - corn, soybeans, wheat, rice and cotton. With other countries refusing to significantly lower trade barriers or cut supports to their farmers, U.S. lawmakers have been reluctant to make any changes that would put agricultural producers here at a competitive disadvantage. "You have to look at the negotiating leverage that could be lost if we go ahead and write a farm bill that cuts back on commodity supports," said Mary Kay Thatcher, a lobbyist for American Farm Bureau Federation. More than two dozen lawmakers have proposed a one-year delay in changing farm programs. Farm Bureau hasn't taken a position yet, but Thatcher said: "I think this will probably cause a lot of groups to look at that extension for a second time." The suspension in talks - with no new deadlines for negotiators to meet - makes it tough for the Bush administration to talk lawmakers out of simply extending farm programs, said Gary Hufbauer, a trade expert at the Institute for International Economics, a Washington think tank. "Actually, an extension into 2008 was very likely, anyway," Hufbauer said. "What it means more definitely now than previously is that a phase-out or modification of subsidies won't really start taking place until 2009 or 2010."

The Bush administration wants farm programs changed to distribute dollars more fairly. Officials frequently mention, for example, that fruit and vegetable growers don't get subsidy checks even though their crops are worth as much as the subsidized crops. The lion's share of subsidies go to a small percentage of farmers, and most American farmers don't get subsidies at all, Agriculture Secretary Mike Johanns told reporters on a conference call Monday from Geneva. "It seems to me we should avail ourselves of the opportunity to look at farm policy, and the opportunity will be before us next year," Johanns said. U.S. farm programs have already come under fire within the WTO, which last year ruled some cotton subsidies illegal in a case filed by Brazil. More disputes are expected. Even so, Congress has resisted the administration's ideas about change. Lawmakers last year rebuffed an attempt to limit payments by closing loopholes that allow some growers to collect millions of dollars in subsidy payments. "If I read the tea leaves, I think we're going to end up with a (farm) bill that looks a lot like what we have now," said Rep. Collin Peterson of Minnesota, senior Democrat on the House Agriculture Committee.

Peterson is backing a one-year extension. "We've heard from farmers all over the country; I can't see any real good reason to significantly change it," he said. Georgia Sen. Saxby Chambliss, chairman of the Senate Agriculture Committee, said he would prefer to give farmers more certainty about their finances than a one-year extension would bring. But he is open to an extension. "However, we think it is possible to write a farm bill that would include the possibility of extending the current farm bill, or at least some portions of the current farm bill, for some period of time if there is no agreement coming out of the WTO," Chambliss told reporters Monday in Iowa, where his committee held a forum on the next farm bill.

Those who want major change said the breakdown in trade talks was not good. "It probably makes it a little harder on the margins," said Cal Dooley, a Democratic former congressman from California who now heads the Food Products Association, an industry group. Food manufacturers are part of a developing coalition that includes fruit and vegetable growers, livestock producers, conservation groups, nutrition groups and others. "It's obvious we have to put together a coalition that can overcome the entrenched politics of our farm programs," Dooley said

Source: ASSOCIATED PRESS, Washington, 25 July 2006

### **No WTO talks before end of 2006: Lamy**

The World Trade Organisation (WTO) is unlikely to resume negotiations under the Doha Round of global trade liberalisation talks before the end of the year, WTO Director General Pascal Lamy has indicated. Key political events are scheduled later this year for the major trading powers, which will make it difficult for them to sit down and discuss how to remove trade barriers, he said in a press conference.

The upcoming political events before the end of this year include the resignation of Japanese Prime Minister Junichiro Koizumi in September, Brazil's presidential election in October and the mid-term congressional election in the US in November. Lamy made the remarks after suspending the Doha Round negotiations due to the collapse earlier Monday of ministerial talks by the six major WTO players Australia, Brazil, the European Union, India, Japan and the United States. Many diplomats believe the suspension could last months or even years

Source: Press Conference, WTO, Geneva, 25 July 2006

## **SA rues missed chances after WTO talks collapse**

WORLD trade talks collapsed in acrimony yesterday after nearly five years of halting progress towards a global pact worth billions of dollars in benefits to developing countries such as SA. Officials and diplomats said resuming them could take years.

World Trade Organisation (WTO) director-general Pascal Lamy said last night he would recommend that the organisation's 149 members suspend talks. He did not suggest a time or date at which talks could resume.

This came after talks among the Group of Six — Australia, Brazil, the European Union (EU), India, Japan and the US — broke down at the weekend. Gaps in the positions of key players remained too wide, said Lamy. SA's chief trade negotiator Xavier Carim said the development was a "serious setback". Unless urgent action was taken to revive the round there would be a "huge opportunity cost". There was a lot on the table for developing countries, he said. The World Bank has estimated that \$287bn could be gained from global trade liberalisation, which would lift 66-million people out of poverty. Developing countries would reap \$86bn of the total gains. François Charlot, an adviser with Mali's agriculture ministry, said: "Everybody will lose out and there are those who will lose out more, including Africa. "The Congress of South African Trade Unions said the suspension of talks was an opportunity developing nations should seize to negotiate a better deal. Spokesman Patrick Craven said the union did not welcome the collapse, but that a bad deal such as the one that was being tabled would have been worse.

South African commentators and other developing countries lay the blame at the feet of the US and EU, which they said had made insufficient moves to lower farm subsidies and import tariffs on farm products. Craven said the main blame had to lie with the US and EU for putting their own "selfish, short-term" interest first. Carim said: "It's not useful to enter into a blame game but the core issues from the beginning have been US domestic support and EU market access offers." The US and EU were also blaming each other. EU trade commissioner Peter Mandelson said: "The US was unwilling to accept or, indeed, to acknowledge the flexibility shown by others. Surely the richest and strongest country in the world, with the highest standards of living, can afford to give as well as take?"

US trade representative Susan Schwab said: "Unfortunately, as we went through the layers of loopholes ... we discovered that a couple of our trading partners were more interested in loopholes than they were in market access." Business Unity SA CEO Jerry Vilakazi said the local organised business was disappointed "but not surprised" with Lamy's statement. "The signs have always been there," Vilakazi said. He said the suspension of the talks would give developing countries an opportunity to trade among themselves. Trade adviser to developing countries Hilton Zunckel said there had been signs for some time that the talks were foundering.

He said the collapse of the talks would see WTO members focus on bilateral and regional trade agreements. Peter Draper, research fellow at the South African Institute of International Affairs, said: "The question is whether it is brinkmanship underpinned by major powers' negotiating tactics that has led to the breakdown or genuine irreconcilable differences. "If it is the former, then the question will be for how long the negotiations will be suspended."

Sources: Reuters, South African Press Agency, 25 July 2006

## **Africa 'to feel brunt of Doha collapse'**

The collapse of global trade talks was bad news for Africa, condemning the world's poorest continent to an uncertain future of high tariffs and lagging competitiveness, officials and experts said yesterday. World Trade Organisation (WTO) chief Pascal Lamy was expected to formally announce the end of the Doha round of talks yesterday after nearly five years of wrangling failed to produce a deal.

The talks, which could take months or years to resume, were launched in 2001 and were aimed at easing poverty and boosting the global economy — important goals for African countries whose agricultural exports remain largely sidelined by high farm subsidies in the developed world." Agriculture has been at the centre of the negotiations, and that was the key to any possible progress," said SA's chief trade negotiator, Xavier Carim. "For Africa, many of the issues that we hoped to have resolved in this round will simply be suspended, perhaps for years." We will continue to face the difficulties we have, and we will miss the opportunity to address our developmental concerns. It will not be good." Africa went into the Doha round pressing for better market access for agricultural goods, seen as key to improving the livelihoods of hundreds of millions of people.

But disagreements over farm policy proved the undoing of the talks, with no breakthrough on developing countries' demands that richer nations slash farm subsidies and lower their agricultural tariffs." It is time to have a quiet night and reflect on what has happened. But, most importantly, we need to realise that we should now look to Asian markets and China since the big boys (western countries) are not ready," said Erastus Mwencha, general secretary of Africa's major trade bloc, the 20-member Common Market for Eastern and Southern Africa (Comesa). Charities such as Britain's Oxfam had argued that Africa should drop out of the negotiations, as they would be unlikely to influence big players such as Europe and the US, where farm lobbies are powerful. But African officials held on, saying it was only through multilateral negotiations that the continent would be able to win the broad concessions it sought.

Now those hopes appear to be in shambles. "It looks as if countries will now have to negotiate bilateral deals with more powerful negotiating partners. "The smaller countries will be worse off because they cannot bring that much clout to the table," said Razia Khan, chief Africa economist at Standard Chartered in London. Some economists said the fallout could be mixed, with some African countries continuing to enjoy preferential access to rich world markets under existing agreements." But in the longer run it is bad because the whole system of developed country protection distorts agriculture in Africa," said Peter Draper, a trade specialist at the South African Institute of International Affairs. Agriculture accounts for more than a quarter of Africa's exports and in some countries commodity exports such as cotton, sugar and tobacco are the chief money-earners. Chileshe Mulenga, head of the Institute for Economic and Social Research, a Lusaka think-tank, said the talks' collapse would hobble the export ambitions of Africa's farmers but could also force officials to reform markets closer to home.

Source: Reuters, South Africa, 25 July 2006

## **Governments Spent Over \$300B on Subsidies**

Governments spent more than US\$300 billion (euro240 billion) on subsidies in 2005, the vast majority by 21 developed countries, a WTO report released Monday said.

But few of the World Trade Organization's 149 member governments fully notify the organization of their subsidies, even though they are obliged to – meaning there is a serious lack of information and transparency on the use and effect of subsidies, said the report. Cutting subsidies is a key objective of the WTO's stalled Doha round of trade liberalization negotiations, which face a series of last-ditch meetings this week.

Government subsidies can help correct market failures and achieve social objectives, but may also distort trade flows and provoke retaliation from trading partners, said the report, which was compiled by WTO economists.” While some subsidies can benefit society and can offset the negative externalities of economic activity, other types of government support are clearly more controversial and can be damaging,” said WTO chief Pascal Lamy. Subsidies – particularly those paid to farmers in rich countries – are a sensitive topic contributing to the deadlock in WTO talks, with developing countries demanding that the United States, in particular, and the European Union slash agricultural aid.

But subsidies also remain a very sensitive issue for those governments facing pressure from powerful farm lobbies.” One significant part of our Doha round of negotiations involves reducing subsidies which distort trade while encouraging governments to use other forms of support which can facilitate development and environmental protection,” Lamy said.

Trading partners are most concerned about those government payments which have a specific effect in certain economic sectors – giving national producers an advantage that could be a competitive threat on international markets, the report said.” Whether or not such subsidies could be justified in terms of national welfare, the fact remains that if their trade effects are perceived as being too severe in the marketplace, they will likely attract a reaction that would nullify any value from granting subsidies,” it said.” The WTO subsidy rules attempt to balance the potential tension between the right to use subsidies and the imperative that such subsidies are not too disruptive or distorting in terms of international trade,” it added.

Global goods trade rose by 6.5 percent in 2005, down from 9 percent the previous year but still higher than the average growth rate over the last decade, said the report. Trade growth slowed down fastest in the largest net oil-importing developed countries: the European Union, the United States and Japan. China's imports expanded far less rapidly than in 2004 despite strong economic growth, the report added.

Source: The Associated Press, Geneva, 25 July 2006

### **Goff: not all eggs in WTO basket**

Trade Minister Phil Goff says that he was disappointed in the collapse of the World Trade Organization talks but asserts that New Zealand has "never left all our eggs in the WTO basket".

Mr Goff says that concluding the round would have produced a net gain in trade and living standards for all countries, and that completing the round would have had particular benefits for New Zealand, as an efficient and unsubsidised producer. "The Uruguay Round was worth nearly \$1 billion a year to New Zealand and an ambitious Doha Round would have similarly beneficial effects." Mr Goff says. "However we have never left all our eggs in the WTO basket." Mr Goff says New Zealand will continue to explore and pursue opportunities bilaterally and regionally to remove barriers to trade and promote trade missions to key markets.

He says that the international community will eventually return to Geneva and restart the multilateral WTO process in order to remove trading subsidies.

Source: Reuters, New Zealand, 25 July 2006

### **WTO talks collapse; Nath hints at US being the culprit**

The talks among six key World Trade Organisation (WTO) member countries to liberalise global trade collapsed on Monday, with India attacking the developed countries for not offering substantial cuts in farm subsidies." Talks have failed. All negotiations have been suspended," Commerce Minister Kamal Nath told PTI.

The meeting, called by WTO Director General Pascal Lamy, was the latest attempt to revive the stalled talks after the failure of the Mini-Ministerial earlier this month. The fate of the next meeting, scheduled for July 28-29, was not clear.

Without naming the United States, Nath said in a statement that "...unfortunately one member is unable to make any effective reduction in trade distorting subsidies, but at the same time, is insisting that developing countries open up their markets to provide access to their subsidised products."

The talks at the informal trade negotiations committee of the WTO failed after a marathon 14-hour meeting between representatives of the six nations – Australia, Brazil, European Union, Japan and US, besides India." I speak with sadness and a sense of loss. The development in the G-6 meeting have highlighted that there is little ground for convergence on the core issues of the Doha Round as of now," the minister said. Source: Hinduan press, New Delhi: 25 July 20

### **Ahern disappointed at WTO talks breakdown**

Minister for Trade and Commerce Michael Ahern said today that he was disappointed that efforts to advance the World Trade Organisation (WTO) negotiations had not been successful.

He said that he hoped that the negotiations in Geneva could be resumed as soon as possible to achieve a worthwhile and balanced agreement. Mr Ahern stressed that the EU had made very substantial offers on all of the issues under negotiation and could not have gone any further in its efforts to get agreement. "It is particularly unfortunate that the very real benefits that could have been achieved in the interests of the developing world will not now be delivered," said Mr Ahern. He went on to repeat the Government's strong support for a balanced and ambitious WTO agreement, stating that a well-regulated global trading environment, with a strong WTO, was very much in everybody's interests.

**Source: Irish Examiner, Ireland, 25 July 2006**

### **WTO talks: India not to budge from its stand, says Nath**

A day after the failure of six-nation WTO talks in Geneva, government today said the US is unwilling to reduce domestic subsidies on farm products and made it clear that India will not budge from its position till "structural flaws" in the global trading system are corrected. Back from the two-day talks of G-6 countries, which were aimed at ending differences between the countries on Doha round of WTO talks, Commerce Minister Kamal Nath told the Lok Sabha that there was "no roadmap for the future". India will hold discussions with other developing countries to chalk out future course of action, he said in reply to questions in the House. Government will also hold discussions within the country to see what to do. Noting that India will have to engage with the global economy since it is a member of the WTO, Nath emphasised that the government will safeguard the interest of Indian farmers.

There are "structural flaws" in the rules of the international trade, he said adding India will not accept such a trading system till these flaws are corrected. Talks between India and five other major trading nations failed yesterday to deliver the much-needed breakthrough to end what WTO chief Pascal Lamy has warned is a crisis at the global body.

Referring to the Doha round of WTO talks which are witnessing immense problems, Nath said the US was not ready to offer any substantial cuts in subsidy on farm products as demanded. "The US offer (to reduce subsidies) is not enough. In fact, it is no offer," he said. The US gives \$19.5 billion as domestic support, Nath added.

Stating that the US was seeking access to Indian markets, Nath stressed the government is not ready to import subsidised products from that country as domestic farmers will not be able to compete in such a situation. The Commerce Minister said the US wants India to reduce duties on farm products, which range between 40 per cent and 300 per cent, but New Delhi is not willing to do so.

Because of this, there is no agreement, he said adding the government is determined to ensure the protection of Indian farmers' interests. Identifying domestic subsidy as a problem area, he said "because of subsidy, all developing countries are affected." Nath said India, while raising issues concerning the subsidy, was many times speaking for developing nations which have vulnerable economies.

Sometimes, India raises its voice even on issues which do not affect it, he said. Going back to the July one WTO meeting which also failed, the minister said he had walked out of it as there was "no negotiating space". Disagreeing with a member that India's strategy was not right, he said it was only because of the "absolutely correct" strategy that the WTO meeting had failed.

He, however, said if the strategy needed some amendments, these will be considered in consultation with other developing countries.

On duties on agricultural products, Nath said discussions could be held on whether to increase these to ensure better protection of Indian farmers' interests. But, the duties on Most Favoured Nation products are adequate and don't need to be raised, he said.

source: Bureau Report , New Delhi, 25 July 2006

### **Future agreement at WTO possible: IFPRI**

Despite the breakdown of global trade talks, a future agreement among key players is possible and the way to move forward is to "look ahead" than being focussed on "blame games," the International Food Policy Research Institute (IFPRI) has said. "The collapse of the WTO talks represents a huge setback for developing countries. The agricultural trade policies of the industrialised countries harm the economies of many developing nations, where millions of poor people are dependent on agriculture for food and income," the research organisation said in a statement here. "But too much is at stake, especially for the world's small-scale farmers, to play the 'blame game' and point fingers. Instead, we need to look forward and identify the opportunities that lay ahead," Antonie Bouet, Senior Research Fellow of IFPRI said. "Reaching an agreement that helps farmers of developing countries may not be as difficult as it appears. While the most recent US and EU proposals fell short of the deep cuts necessary to make a difference for poor people, two opportunities are currently lying on the table," Bouet said.

According to the researcher, IFPRI has studied various proposals, modelled the effect of a compromise agreement, and found that global income gains amount to USD 55 billion. As this scenario did little for developing countries, two additional changes were modelled. "First, if free access of least-developed countries to wealthy-country markets is increased from 97 per cent of imports to 100 per cent, as proposed by the EU, world income would increase by an additional USD 14 billion over the compromise scenario. "Most important, about half of these additional gains would go to the poorest countries, increasing their income dramatically from USD one billion to USD seven billion," Bouet suggested.

Second, if the percentage of agricultural products defined as sensitive and special were reduced from five per cent to one per cent, as proposed by the US, world income would increase by an additional USD 7.3 billion over the compromise scenario, he said. This would especially benefit developing countries where agriculture is an important source of employment and export earnings, most notably in middle-income countries. "While the talks have collapsed for now, it is far from the end of the Doha Development round. The negotiations will continue, because ultimately reduction of agricultural protectionism and subsidies is in the interest of most countries, industrialised and developing alike. "As WTO member countries continue to work towards an agreement, we call on them to deliver on the Doha Development Pledge by granting poor countries full access to wealthy-country markets and enacting the lowest level possible for "sensitive and special agricultural products," the IFPRI researcher said. "Contrary to what some anti-globalisation advocates contend, developing countries have much to gain from an agreement promoting more free and fair trade. While the complete removal of all industrialised country protectionism on agriculture would be ideal, these two practical proposals would make a big difference," he said. **Source ; International Food Policy Research Institute IFPRI ,Washington, 25 July 2006**

## **NGOs hit U.S., EU over trade talks collapse**

Development groups on Monday blamed the United States and the European Union for the collapse of efforts to rescue a global trade pact, accusing the two powers of ignoring the needs of the world's poor.

The "selfish intransigence of the U.S. and Europe" has wrecked any hope of a successful outcome of the World Trade Organisation's five-year-old Doha Round, the British-based Christian Aid said in a statement. The round had hit a roadblock "because the United States and the European Union refuse to stop dumping by cutting real money from their agricultural support", declared Oxfam International.

Environmental group Greenpeace condemned what it called the "intransigency" of both Washington and Brussels over farm support -- the prime reason for the failure of Sunday's talks between six key nations to solve the problems of the round. "The WTO failure proves yet again that the time of bulldozing the interests of the developing world has passed," said Greenpeace trade policy expert Daniel Mittler.

Actionaid, also based in London, said the fatal blow for the Round, launched in November 2001 with the official aim of boosting the economies of poorer countries, had been "the U.S. refusal to move". Aftab Alam Khan, head of Action Aid's Trade Justice Campaign, said the "self-interests displayed by the EU and the U.S. during these negotiations puts the blame for this collapse squarely at their doors".

The round was suspended on Monday -- with some diplomats saying it might take years to get it moving again -- after the six-nation talks failed to show any movement on the issue of farm subsidies and tariffs on agricultural produce.

The six powers involved in the Sunday meeting -- the European Union, the United States, India, Brazil, Japan and Australia -- said the round was not dead but swapped charges on who was responsible for what had happened.

In its comment, Greenpeace said some good might emerge if WTO countries now moved "to build a new global trading system based on equity and sustainability".

That view was echoed by Action Aid's Alam Khan. "This does not need to be a disaster for the world's poor -- there is now an historic opportunity for much needed reform of the WTO," he said.

Source: Reuters Geneva, 24 July 2006

## **EU Commissioner on Suspension of DOHA.**

Peter Mandelson statement to the press following suspension of WTO Doha negotiations

"I want to express the profound disappointment and sadness of the member states of the European Union, and of Mariann and myself that the world trade talks have to be suspended today.

This is neither desirable nor inevitable. It could so easily have been avoided. What stands between us and the modalities of an agreement are not vast numbers or enormous sums. In fact, our lengthy G6 meeting yesterday – which was to be the first of several continuing to the middle of August – was actually the best of its kind, until it became the worst. Having been mandated by heads of government at the G8 to come together to indicate further flexibility, I felt that each of us did, except the United States.

The United States was unwilling to accept, or indeed to acknowledge, the flexibility being shown by others in the room and, as a result, felt unable to show any flexibility on the issue of farm subsidies. This was meant to be a consensus building meeting, a “what if” meeting, one in which we could indicate movement without tabling formal new offers so that, in the end, we could bring the ingredients together and finally act in concert. Nobody was being asked to act prematurely or unilaterally. The idea was, through intensive informal discussion, to build up a series of combined moves that would take us to the level of ambition at which everyone would feel comfortable to settle.

In deciding to withhold any indication of future flexibility, the US has judged that it would be better for the process of negotiation to be discontinued at this stage. This is not in keeping with the spirit of the St Petersburg summit. Actions have consequences and this action has led to the Round being suspended.

The EU deeply regrets this as we have signalled before the meeting and during it that we are able to make a significant improvement in our agricultural market access offer, bringing our average cuts close to the level requested by the G20 group of developing countries, provided others move in parallel. I am glad the G20 were good enough to acknowledge our level of ambition may not be what some have demanded but I defy anyone to say that it is meagre: 100% elimination of export subsidies. 75% reduction in trade distorting domestic support. Readiness to go to a 50% average tariff cut. We also indicated that we were ready to talk about the number and treatment of sensitive products.

Source: [Press Release: European Commission](#), Geneva, 24 July 2006

### **Africa should push WTO to open up services - Mauritius**

African countries need to push rich nations hard at the World Trade Organisation (WTO) talks to open their markets to labour and services, the Mauritian trade minister said on Thursday. Madan Dulloo, the minister of foreign affairs and international trade told delegates from the Southern African Development Community (SADC) trade bloc that African countries were well positioned to profit from the global services boom." African countries have been very shy in participating in WTO negotiations on trade in services. Both the temporary movement of workers abroad and business process outsourcing promise real export opportunities for developing countries," Dulloo said."SADC countries must pool their efforts in asking for liberalisation of restrictive measures hampering workers (seeking) jobs in developed countries ... and outsourced activities," he added.

Many African economies still rely heavily on agriculture, but analysts say services such as tourism, telecoms, construction and financial services were taking an increasingly significant role in economic performance.SADC officials say they viewed these areas, as well as transport and energy, as core sectors for liberalisation. Dulloo urged SADC countries to produce an agenda for the liberalisation of trade in services."SADC countries must add their voices to the initiative urging WTO members to...liberalise logistics services," he said, urging Africa countries to invest in improving poor infrastructure that had damaged the continent's competitiveness. TO trade talks failed at the end of last month when top trading powers could not agree on how far rich nations should slash farm subsidies and developing countries open their manufacturing markets.

The Doha round of talks included complex negotiations on services but the deal fell through when the United States resisted pressure to give ground on farm subsidies that developing countries say hurt their small farmers. David Diaz Benavides, the chief of the services section at the United Nations Conference on Trade and Development and a key negotiator for Africa at the WTO, said failure to reach a deal on agriculture had stopped other talks in their tracks." Once there is a result on agriculture, everything else will be deblocked," he told Reuters. "Africa's future is services; services are the driving force of the world economy. But progress in services is limited by no progress in agriculture." Facing losses due to eroding trade preferences in its sugar and textiles industries, Mauritius sees services, especially tourism and finance, as key to reviving its economy. Services now account for almost 60 percent of Mauritian output, Dulloo said.

Source : Reuters, POINT AUX PIMENTS, Mauritius 20 July 2006.