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Building the capacity of ACP Countries in Trade Policy Formulation, Negotiations and implementation ("Hub and Spokes") Project

IMF nominates chief economist

THE head of the International Monetary Fund said overnight he would recommend Simon Johnson, a professor at the Massachusetts Institute of Technology, as the fund's new chief economist.

IMF Managing Director Rodrigo Rato said he had notified the fund's board of member countries of his choice of Prof Johnson.

Prof Johnson, 44, who has joint US and UK citizenship, succeeds Raghuram Rajan, who returned to teaching at the University of Chicago at the end of last year. "Simon Johnson is a recognised leader in original economic research relevant to the fund, including the study of the causes and effects of economic crises, as well as development and poverty issues," Mr Rato said. Prof Johnson joins the IMF in late March, in time for the spring meetings of global finance chiefs in Washington on April 14-15. Prof Johnson will oversee IMF economic research and will be a senior figure in the formation of policy, as the IMF expands its surveillance of the global economy, including monitoring of foreign exchange regimes of emerging economic powers.

Source: Reuters, Washington, 28 February 2007.

Vietnam's commitment suitable

This opinion was shared by almost all Vietnam's trade partners as well as other foreign companies at the business seminar to look inside the country's commitments package held in Hanoi Wednesday.

At the seminar, trade and legal experts discussed three key WTO issues: Vietnam's commitments in liberalizing goods and services market, and in protecting intellectual property rights. Vietnam had committed to gradually reducing 10,670 tariff lines for imported goods.

It will decrease the import tax levied on farming products from 25.2 percent to 21 percent. For non-farming products, the tax would go down from 16.1 percent to 12.6 percent. Michael Growder, First Secretary in charge of economic and commercial policy of the Australian embassy in Hanoi, said he was satisfied with the commitments made by Vietnam in March 2006, which were exactly "what Australia expects." Joining the WTO did not imply that Vietnam had to immediately and massively or completely cut import tax, he said, adding that the country should clearly carry out tax reduction according to a roadmap.

Reports on the real situation of intellectual property protection in Vietnam were presented at the seminar, touching upon Vietnam's efforts in building a legal framework, including the issuance of the Law on Intellectual Property and 35 other laws, decrees and circulars relating to the topic. Antonio Berenguer, Trade Counsellor, EC delegation to Vietnam, expressed his confidence in the Vietnamese government's determination to prevent and minimize the violation of intellectual property and affirmed the EU's continued support for Vietnam's efforts in this area. The seminar, jointly organized by Australia's Chamber of Commerce (AusCham) and the EU's Chamber of Commerce (EuroCham), was attended by India's Chamber of Commerce (InCham), Canada's Chamber of Commerce (CanCham), the Singapore Business Association of Vietnam, the Hanoi Young Business Association, and the Nordic Chambers of Commerce in Vietnam.

Source: VNA, Vietnam, 1 March 2007

NZ apple group threatens WTO action over import conditions

New Zealand's peak apple body says it could still take action against Australia at the World Trade Organisation (WTO) despite a decision to allow apple imports. Earlier this week an independent appeals panel dismissed claims that New Zealand apples could bring the disease fire blight to Australia.

But Pip Fruit New Zealand chairman Ian Palmer says there are still serious problems to overcome, due to the strict import conditions being imposed. Mr Palmer says kiwi growers are still being denied "meaningful" access. "The barriers that are there are effectively still non-tariff barriers that aren't justified," he said. "We're still investigating what further action we'll also take regarding this protocol and a dispute to the World Trade Organisation has not been ruled out."

Source: abc.net.au, Australia, 28 March 2007

Anger over India's refusal to open its markets to Scotch whisky

THE Scotch whisky industry is demanding that the EU launch World Trade Organisation dispute proceedings after the Indian government's refusal to reduce its punitive import duties. The country was under intense international pressure to reform their system, which subjects all imported spirits to an additional tariff and tax burden of up to 550 per cent. Indian spirit drinks can be imported into the EU tariff-free.

Industry sources expected the Indian government to announce a cut in its budget yesterday to comply with WTO rules. It was hoped a budget cut would lead to complete access by 2012. However, the Indian government said agriculture "must top the agenda of policy-makers" and made no concessions to cut import taxes. The finance minister said that, unless India, now Asia's fourth-largest economy, could be self-sufficient in food, this could upset "macro-economic growth stability and growth prospects", effectively closing the door on discussions.

Gavin Hewitt, chief executive of the Scotch Whisky Association, said: "India has failed its WTO challenge and continues to deny consumers' choice and fair market access for Scotch whisky and other imported spirits." He said the budget was the "last opportunity" for India to reform the system. "We are urging the EU to take the matter to a WTO panel. India's discriminatory tariff and tax regime for imported spirits must be reformed in line with international trade rules," he added.

It's understood the Chancellor, Gordon Brown, and the Trade Secretary, Alistair Darling, raised the issue during their recent visits to India. The SWA sees India as one of the most important emerging markets for the industry. "Of the 110 million cases of spirits produced each year, less than one million goes to India. We need a level playing field and at least now there will be a WTO panel set up so hopefully it will be solved over the next year," added Hewitt. India fears that Scotch's reputation as a middle-class drink will quickly erode its own market share. Analysts believe domestic interests are using traditional Indian protectionist instincts for "agricultural" or grain-based products to keep Scotch out. Drinks analyst John Wakely, a former director of investment bank Lehman Brothers, said the potential takeover of Whyte & Mackay by Vijay Mallya's UB Group could force a change. Wakely said: "If Mallya gets Whyte & Mackay he has an obvious incentive to promote lower excise taxes so that he can utilise his distribution channels against the threat of foreign owned vodka companies establishing their own channels." A spokesman for the Edrington Group, producers of The Famous Grouse and The Macallan, said India has huge potential but admits it will be some time before it is developed fully.

Source: The Scotsman, Scotland, 1 March 2007

Antiguan victory sets new focus in gaming sector

Antigua & Barbuda is claiming victory in its World Trade Organisation (WTO) dispute with the United States.

While the report on the latest ruling by the WTO is likely to remain confidential until the end of March to allow for its translation and distribution, Minister of Finance and the Economy Dr. Errol Cort yesterday revealed that the outcome was in Antigua & Barbuda's favour. "We are very pleased with the outcome of this round," said Dr. Cort. "... The report is absolutely clear. The report certainly goes a long way in terms of clarifying issues that hitherto may have been somewhat fuzzy and I think once the report is made public, all would agree that this is really a great victory for Antigua & Barbuda." Earlier statements by Gretchen Hamel, a spokesperson for the Office of the U.S. Trade Representative had indicated that the WTO had ruled against the US contention that it was in compliance with its international trade agreements, but yesterday's statement was the first response to come from local officials.

Antigua & Barbuda's attorney at the WTO Mark Mendel said the decision was an indication that an end to the WTO process was in sight. "The WTO is a very complex, very difficult organisation to wind your way through, but we're almost at the end of the day at the WTO. "The US may appeal this adverse decision if they'd like to, but I don't see how it's possible that it would be reversed and the appellate procedure would take only about three months. After that point in time, they really have run out of options," he said.

Mendel explained that the government could choose to levy trade sanctions against the US if it fails to comply with the WTO rulings, necessitating a further hearing. That decision has not yet been made, but is widely thought to be unlikely since Antigua & Barbuda is economically dependent on US imports. The attorney said Antigua had, however, been seeking to work with other developing countries, including China and Brazil, to exert pressure on the US to respect and comply with the WTO's rulings.

In addition, Antigua & Barbuda officials are considering another visit to Washington, like the one undertaken last September, to lobby the US Congress.

Mendel said he expected greater success on a second such mission, since Congress was now controlled by the Democrats and elements which have been sympathetic to Caribbean interests in the past.

In addition to a continued effort to educate members of Congress on the trade issues involved, the government will also propose related legislation to Congress which it hopes to see implemented in coming months.

Mendel added that the latest WTO ruling gives the US "no place to hide and no way to try to explain themselves out of this." In light of this, he said he was optimistic that Antigua & Barbuda would be able to get positive change in Washington.

Source: Reuters, Geneva, 1 March 2007

Cape Verde May Join WTO this Year.

Cape Verde's minister for the Economy, Growth and Competition, José Brito said Wednesday in Praia he was hopeful that the country could join the World Trade Organization (WTO) this year.

Speaking to parliament during a debate on industrial property, Brito noted the issue had not been any easy one for the government, given the complexity of the prior discussions required by the WTO. "We have already had several rounds of negotiations and each time we respond to a set of questions, more complex ones are posed," he said, noting that "things are not always dependent on Cape Verde."

According to newspaper A Semana one of the issues blocking Cape Verde's joining the organization is related to industrial and intellectual property rights.

Once this and other problems are resolved, the Minister said he believed that Cape Verde could join the WTO this year. Speaking to the Praia parliament during a debate on industrial property, Cape Verde's Economy and Growth Minister José Brito said that there finally had been progress in the negotiations with the WTO. He was now hopeful that the country could join the organisation before the end of this year.

However, this is not the first time the Praia government is optimistic about a quick accession to the world body regulating international trade. In December 2004, after having participated in the second round of accession negotiations in Geneva, Minister Brito's predecessor, João Pereira Silva, told Cape Verdeans he was sure the country would join WTO "by November 2005."

Also WTO negotiators have been very optimistic about reaching a deal with Cape Verde, which after all is one of Africa's most advanced and liberal economies. The body's chief negotiator, David Shark, in mid-2005 praised Minister Silva's efforts "to accelerate its accession process," introducing new legislation and reforms as demanded by the WTO. Mr Shark at that time did not see any major obstacles for Cape Verde's accession.

Almost two years after, the situation has not changed very much. As time goes by, the list of WTO demands for new potential members however grows larger and larger, and Cape Verde thus still remains "almost ready" to join the body. Both parties, as always, are optimistic about an accelerated accession process.

Minister Brito, while keeping up spirits, nevertheless has learnt that new obstacles may turn up from nowhere at any time, complicating the process. "We have already had several rounds of negotiations and each time we respond to a set of questions, more complex ones are posed," he told parliamentarians in Praia, noting that "things are not always dependent on Cape Verde."

The latest issue to prevent a quick accession has to do with industrial and intellectual property rights, according to reports by Cape Verde's independent 'A Semana' newspaper. Based on this obstacle, Minister Brito is now asking lawmakers to accept new legislation on intellectual property that fulfils the WTO's newest demands.

If the Praia parliament worked effectively and quickly on this reform, Minister Brito hopes his government may - again - accelerate negotiations with the WTO, reaching a deal before new and complex demands are made. It is a race against time, Mr Brito has learned. The Cape Verdean government now bitterly regrets that the island nation was not among the large group of nations being founding members of the WTO in 1995. The body now has 150 member states, and the largest group of countries entered in 1995 and 1996, when it was still easy. Also most African countries entered the body in these two first years. Ironically, Cape Verde is one of Africa's most well-working economies and probably the country on the continent most complying with the WTO's complex demands, but nevertheless will be one the last countries to join. By now, only eight African countries remain on the WTO's waiting list for accession.

Source: Macauhub, Praia, Cape Verde, 1 March 2007

Merkel Sees Urgent Need for Doha Trade Progress

European Union president Germany vowed on Thursday to push ahead with efforts to get a deal on world trade this year, stressing the need for an agreement was urgent. "We will put a massive effort into getting a successful conclusion to the Doha round," Chancellor Angela Merkel said in a speech to the German parliament, adding greater liberalisation of world trade would benefit EU members and developing nations. "There is a great urgency to make progress on this," she said. The World Trade Organisation's Doha round of negotiations, launched more than five years ago to boost commerce and ease poverty, was revived last month after being suspended last year. But recent meetings between the biggest of the WTO's 150 members have yielded little visible progress.

Merkel also said she wanted to work towards closer trade ties with the United States. "We want to expand our efforts on world trade -- I say expand on purpose as sometimes there is some confusion about this -- through a closer transatlantic economic partnership," Merkel said. "This is about things like greater harmonisation of regulations," she said.

Source: Reuters, Brussels, 2 March 2007

EU threatens Taiwan with WTO case on CDs

The European Union threatened Taiwan with a World Trade Organization complaint over the use of compact-disc technology, seeking to protect patents owned by Royal Philips Electronics NV.

The EU opened a probe into Taiwan's practice of letting domestic producers of blank CDs use patents without having to negotiate a licensing agreement with the owner. Netherlands-based Philips, which invented some of the technologies for recordable CDs and holds related patents, complained about the use of five of its patents by Taiwan's Gigastorage Corp. under a compulsory-licensing system. "The proper enforcement of intellectual property rights is one of the central planks of the EU's global" commercial strategy, European Trade Commissioner Peter Mandelson said in a statement Thursday in Brussels. "The allegations made in respect of the grant of these compulsory licenses give ground for substantial concerns."

The 27-nation EU is stepping up the fight against violations of intellectual property rights in a bid to enforce WTO rules and help European technology companies gain revenue in emerging markets. Taiwan, according to the EU, makes 80 percent of the world's blank CDs, which store data or music. Philips welcomed the EU inquiry, which follows an unsuccessful two-year effort by the company to win a reversal of Taiwan's July 2004 decision letting Gigastorage use the five CD patents. Philips appealed the decision by Taiwan's Intellectual Property Office a month later at the country's Economic Affairs Ministry, which rejected the request last June. "Adequate protection and enforcement systems for intellectual property rights conforming to international standards are key elements for countries to create or maintain a positive investment climate," Femmy de Rijk, a spokeswoman for Philips Intellectual Property & Standards in the Dutch city of Eindhoven, said in an e-mailed statement. Philips complained to the EU on Jan. 15.

The probe by the European Commission, the EU's regulatory arm, will last as long as five months. Should the commission conclude that Taiwan's measures amount to unfair trade obstacles, it would give Taiwan a chance to change policies or have the right to complain to the Geneva-based WTO. "I am hopeful that we can find a means to resolve any WTO violations identified in the investigation," Mandelson said.

Source: Bloomberg, Brussels, 2 March 2007

Cape Verde wants special status at ECOWAS

After entering into negotiations with the European Union (EU) over special ties and leaving the West Africa free travel union, the government of Cape Verde now has announced its desire to loosen its attachment to the Economic Community Of West African States (ECOWAS). The Cape Verde government soon will present ECOWAS with proposals for "special status" of the island nation.

The Cape Verdean Foreign Minister, Victor Borges, announced this at end-December ECOWAS meetings in Burkina Faso. The Ouagadougou meetings included an ordinary ECOWAS Council of Ministers, a meeting of the regional Security Council and a conference of West African foreign ministers. According to a press release sent to the media News from the Cape Verde Foreign Affairs Ministry, the archipelago in particular wants to renegotiate its ECOWAS cooperation when it comes to migration and free circulation of ECOWAS citizens within the Community. The Praia government already in September 2006 announced plans to limit access to its territory for other West African nationals.

Minister Borges said the "special status" of Cape Verde should be negotiated on the basis of the "special conditions and vulnerability" of Cape Verde, being the only small island nation within ECOWAS. Praia had the right to ask for this according to article 68 of the revised ECOWAS Treaty, Mr Borges claimed, which justifies a special or differentiated treatment for vulnerable countries.

As the Cape Verde government first pronounced its plans to strictly limit West Africans from travelling to the archipelago, these were however set in another context. Praia had just signed an accord with the EU, with which it is trying to forge closer ties, to help curbing illegal immigration towards Europe. New measures to restrict travellers from ECOWAS would "be taken in cooperation with the EU," government spokeswoman Carlota Teixeira said at that occasion.

According to Foreign Minister Borges, he had also informed regional leaders that Cape Verde wanted to be exempted from the Economic Partnership Accord (EPA) between ECOWAS and the EU. The EPA is the main framework for economic cooperation between Europe and the African, Caribbean and Pacific countries - collectively known as the ACP.

Also in September, Cape Verdean Economy Minister João Pereira Silva had announced that his country did not want to be part of the ECOWAS negotiations with the EU for a new EPA. Instead, Minister Pereira said Cape Verde was aiming at reaching its own, independent Economic Partnership Accord with the Europeans, hoping that this would prove more favourable to the middle-income nation.

Encouraged by its former colonial power Portugal, Cape Verde during the last few years has aimed at reaching a special attachment to the EU, or even becoming an associated member. Also ties with NATO have been deepened. While increasing its diplomatic

relation with Europe, Praia has progressively gone on distance to its West African neighbours. At the Ouagadougou ECOWAS meeting, however, the Cape Verdean government was made to understand it had to backtrack some of its previous decisions, which had been made unilaterally. Minister Borges agreed to negotiate over a "special status" for Cape Verde in order for the country to remain in the West African community.

Cape Verde ignores ECOWAS, wants direct deal with EU Cape Verde will not be a party to the future Economic Partnership Accord (EPA) currently in preparation between the European Union (EU) and the Economic Community of West African States (ECOWAS). Cape Verde has opted to negotiate its own EPA directly with Brussels. The announcement was made Monday morning by Cape Verde's Minister of the Economy, Growth and Competitiveness, João Pereira Silva, at the opening of a seminar aimed at presenting the results of a study on the impact of the future EU/ECOWAS accord on the Cape Verdean economy. "The government of Cape Verde has already made the decision not to be participate in the accord to be signed within the framework of the ECOWAS," affirmed the government minister, indicating that the country will attempt a "solo" solution. This option is, indeed, made available by the documents that frame cooperative relations between the European Union and the African, Caribbean and Pacific countries (collectively known as the ACP), and, although it is somewhat difficult to materialise, Silva believes it is "not an impossible task." Difficulties, said the cabinet minister, will exist in any circumstances, with the most sensitive issues, such as the liberalisation of trade, would have to be discussed "in both cases." The results of the study presented at the seminar support the option taken by the government, and João Pereira Silva said he hoped the debate would produce "technical arguments" that will help sustain the decision made. The Minister of the Economy, Growth and Competitiveness hinted that the Praia government had pondered all of the possible advantages and disadvantages of Cape Verde's inclusion in a regional EU/ECOWAS Economic Partnership Accord, coming to the conclusion that the latter weighed more heavily in the decision that was ultimately made. During the opening of the seminar, which is aimed at gathering suggestions and information for the enrichment of the study in question, João Pereira Silva acknowledged that the issue of relations between Cape Verde and the ECOWAS is a sensitive one in Cape Verdean society, but encouraged participants to analyse it "without taboos".

The study of the impact on the Cape Verdean economy of a future EPA with the EU within the framework on the ECOWAS encourages a "solo" solution, considering that Cape Verde possesses "all of the structural conditions" necessary for the option. The recommendation is founded on two main axes seen as competitive advantages - namely, Cape Verde's Human Development Index, which is considerably higher than that of the other ECOWAS member countries, and its geo-strategic position.

The document also highlights the usefulness Cape Verde can represent to the EU "from a strategic point of view," and stresses other advantages of political, economic, social and cultural nature that could contribute toward transforming the country into "a model of the circulation economy" within the geopolitical context of the Atlantic.

Source: Afrol News / A Semana, Praia, 1 March 2007

EU-ACP Ministerial Committee Meeting

In Brussels yesterday, the European Union and the states of the African Caribbean and Pacific (ACP) bloc concluded a month-long series of meetings that will usher in a new era of relations between the two blocs.

The meetings focused on the Economic Partnership Agreements, better known as EPAs, which will, as of January 1, 2008, govern trade and aid relations between Europe and its former and present colonies in the ACP, succeeding the Cotonou Agreement and, before that, the Lomé Convention.

Like most subjects which are 'new', the notion of European Partnership Agreements (EPAs) is not yet a media event. There is some level of understanding among journalists, especially those covering the regional, foreign and trade beats, that EPAs, simply put, will replace the old trade arrangements between Europe and the ACP nations. But its reality is seen largely as a distant date that could not compete for breaking news space.

Furthermore, because of the stalemate in the World Trade Organisation (WTO) negotiations, there is some amount of confusion as to where the EPAs fall in the scheme of things. Typically, journalists wait for such matters to resolve themselves before wading in, in any substantial way.

At the same time, no major effort is being made to prepare the general public for the critical transformation that must take place, whether we like it or not. In many respects, the EPA negotiations have not yet taken on a life of their own for Caribbean people.

In the mix, moreover, is the perception that this is something that Europe is imposing on the ACP, and something that we would rather do without.

Having said all that, we would urge the Jamaican authorities, particularly the foreign affairs and foreign trade ministry, to get busy planning and implementing its public education programme, ahead of the effective date of the EPAs, which is January 1, 2008, when the WTO waiver protecting existing arrangements will expire.

Based on reservations which our foreign minister, Senator Anthony Hylton, seemingly expressed in his state of the nation presentation to Parliament recently, it would appear that the date is an issue for Jamaica, if not the entire English-speaking Caribbean. In which case, we expect that the Caribbean Regional Negotiating Machinery (CRNM), which is leading the negotiations on our behalf, would address such an issue in a timely manner. We support the position of the CRNM that any EPA, even if it has to be WTO-compatible, must preserve existing benefits and encourage economic diversification and development.

Naturally, we expect and hope that the EPAs will, after getting rid of tariff preferences, lead to lasting regional and international markets for the ACP, on the basis of reciprocity. We note that after more than 30 years of bilateral trade with Europe, the ACP still exports just a few basic commodities, most of which fetch lower prices than they did 20 years ago.

In that context, we think the EU decision to spend 2 billion euro helping ACP nations to prepare new trade policies, benefit from trade opportunities and adjust to the changes they bring, a useful one indeed.

Source: Caribbean Trade News, Jamaica, 2 March 2007

Brazil could begin to relax its strict monetary policy

Brazil has named a strong critic of the country's Central Bank strict (and controversial) monetary policy as representative before the International Monetary Fund, IMF, according to a release from the Finance Ministry.

Paulo Nogueira Batista Jr an economics professor from Sao Paulo and a close associate of Finance Minister Guido Mantega will replace former Central Bank board member Eduardo Loyo as executive director of Brazil in the IMF. His nomination has strengthened market perceptions that President Lula da Silva might have decided to loosen the tight, orthodox, high interest rates policy of his first four year mandate. Mr. Loyo has been an outspoken supporter of the current Central Bank hard line policy.

Nogueira Batista will be taking his post next April following consultations with eight other Latinamerican countries which together with Brazil have a one vote right in the IMF board, added the ministry. IMF made no comments. Brazil which was once one of the countries which most appealed to IMF credits has repaid all loans and has no pending debts with the multilateral organization.

Nogueira, 51, has been a systematic critic of the IMF and has regularly attacked the Central Bank's conservative monetary policy. In a recent opinion column in the Folha de Sao Paulo Nogueira argued that Central Bank policies were harming Brazil's economic expansion. The bank has followed a most orthodox monetary policy taking the Selic reference rate up to 19.75%, but since September 2005 has gradually reduced it to 13%, still one of the world's highest real interest rates, particularly since Brazilian inflation has ranged between 5 and 6%. Market estimates indicate that Brazil last year expanded 3%, well below the 5% anticipated by Lula and which he promised to sustain during his second four year term.

President Lula has been under strong pressure from his own ruling coalition that has been demanding lower interest rates because the current policy "has overvalued the Brazilian currency and is impeding Lula from honouring his growth promises". Labour minister Luiz Marinho and a former union leader like Lula da Silva and the Workers Party chairman Ricardo Berzoini have publicly demanded that the Central Bank speed the reduction of the reference rate "to help depreciate the currency so as to boost exports and job creation". "The Central Bank's obsession with its fight against inflation has turned into an obstacle for President Lula's target of boosting economic growth", said the Lower House whip of the ruling coalition Fernando Ferro. Brazil's Central Bank is headed by Henrique Meirelles a former Bank of Boston CEO. Finance minister Mantega and Nogueira Batista worked together at the Getulio Vargas Foundation, a prestigious economic research institute and famous for its Business Administration School.

Source: Merco Press, Buenos, 1 March 2007

Key Trade Ministers to meet, US upbeat on WTO talks

Key trade ministers will meet in London over the weekend, diplomats said on Thursday, as pressure mounts for a breakthrough in struggling global free talks. The talks will be the first involving ministers since World Trade Organisation (WTO) states agreed in late January to resume negotiations after a six-month suspension forced on them by failure to resolve deep differences, notably over agriculture.

Diplomats, who declined to be identified, said the talks involving the United States, the European Union, Brazil and India would aim to build on some progress made at meetings between senior officials also in the British capital last week. "The aim is to build on the momentum," one source said. They come as German Chancellor Angela Merkel, whose country holds the six-month presidency of the G8 group of powerful "We will put a massive effort into getting a successful conclusion to the (WTO) Doha round," Merkel told the German parliament. "There is a great urgency to make progress on this," she said.

Agriculture remains the main obstacle to a breakthrough -- the United States is under pressure to concede bigger subsidy cuts and the Europeans to agree to sharper tariff cuts. Developing countries must also come up with better offers to open up their markets to industrial goods and services.

In Washington, a senior official said a "sea change" in the atmosphere over the past months had raised hopes of a deal that would cut farm subsidies and open new markets around the world for farmers, manufacturers and service providers. "We are now on a path that can lead us to a successful result," Deputy U.S. Trade Representative John Veroneau said in remarks at the Swedish Embassy.

QUITE A DISTANCE TO GO

One diplomatic source, who asked not to be identified, went further and said the United States and the European Union had "basically" reached a deal on farm subsidies and tariffs. "They're getting very, very close," the source said. But in Brussels, a senior EU official poured cold water on the idea that an agreement was near. "We are making progress, but there is still quite a distance to go," the official said. It was too early to say whether talks in London between U.S. Trade Representative Susan Schwab, EU Trade Commissioner Peter Mandelson, Brazil's Foreign Minister Celso Amorim and India's Trade Minister Kamal Nath would produce results, diplomats warned. It was not known whether the four would get together around one table or hold a series of bilateral meetings as senior officials did when they got together in London late last month. "One of these meetings is going to be important, but we just do not know which one," said a diplomat when asked what could be the outcome. WTO chief Pascal Lamy says negotiators probably have until the middle of the year to come up with the broad outline of a deal or risk seeing the talks put on hold for years or even fail altogether. Launched in late 2001, the WTO talks have been billed as a once-in-a-generation chance to boost the global economy and help lift millions out of poverty through trade.

Source: Reuters, Geneva/Washington, 2 March 2007