

Revised WTO draft text on NAMA not sufficient for India:

Industry body FICCI on Tuesday, said the revised WTO draft text on industrial tariffs did not reflect the mandate of providing market access to products of export interest to developing countries like India.

The revised text on Non-Agricultural Market Access (NAMA), which was released by the WTO on Monday, also pointed to the imbalance against developing countries' interest with regard to tariff cuts, the chamber said in a release.

The text did not have a clear provision for giving market access to developing countries, FICCI said. Further, there is no mandate to consider export related policy instruments such as export taxes and export restrictions in the Doha round of trade talks, it said.

FICCI had earlier opposed the inclusion of 'simple Swiss' formula for tariff reductions in industrial goods, saying it would require developing countries to cut tariffs more, compared to rich nations.

Source: Reuters, Delhi, India, The Hindu, India, 28 June 2006

No WTO deal better than a bad deal - U.S. lawmakers

U.S. lawmakers warned on Tuesday they would reject a world trade deal that requires the United States to make deep domestic farm subsidy cuts without gaining substantial new access to foreign farm markets." We're not going to agree to a bad deal," Sen. Max Baucus, Montana Democrat, told reporters at a press conference with U.S. Trade Representative Susan Schwab and U.S. Agriculture Secretary Mike Johanns, who were headed to Geneva later on Tuesday for a potentially "make-or-break" session in 55-month-old Doha round of world trade talks.

The news conference with key members of congressional trade and agriculture committees was intended to drive home the point that the United States wants the European Union and advanced developing countries like India and Brazil to significantly cut farm tariffs as part of a new world trade pact." The message here is we have no intention to settle for something less," Schwab said, referring to what she said were "rumors" that Washington was prepared to do that.

The U.S. offer in October to cut its overall allowance for trade-distorting farm subsidies by 53 percent was" contingent on receiving meaningful offers from our trading partners that match our level of ambition on agricultural market access," Schwab said. "We have yet to receive such offers."

Instead, trading partners have pressed the United States to scale back demands for new market access while making even deeper farmer subsidy cuts, the lawmakers said." Make no mistake about it, we are not as a country going to unilaterally disarm when it comes to reaching a final agreement in the Doha round," Senate Agriculture Committee Chairman Saxby Chambliss, a Georgia Republican, said.

It's now up to the European Union, not the United States, to make a new proposal that would meaningfully reduce both domestic subsidies and tariffs," Chambliss said. Johanns told reporters the world trade talks were at "a make-or-break stage" this week in Geneva. The United States "will do (its) share" to reach a world trade deal, but needs a balanced result to win approval in Congress, he said." I can't come to these folks on the Hill and say that we have given away our domestic support if I can't get a very solid market access agreement," Johanns said.

Source: Reuters Washington, 28 June 2006

China-South Africa Agree Trade pact

China expressed willingness on Wednesday to restrict its textile exports to South Africa, but no firm deal was on the table at the conclusion of talks between Chinese premier Wen Jiabao and President Thabo Mbeki.

The two leaders agreed that concerns over the alleged flooding of the local clothing and textile market would not derail otherwise strong ties, Wen told reporters in Cape Town. They had reached "full understanding and accommodation" on the issue, he said. "We both agree that the issues in the textile trade will in no way compromise the overall economic relations and trade between the two countries."

China would not seek to take over the market share of other countries by simply enlarging the scale of its textile production, Wen said through an interpreter. The country would continue to honour World Trade Organisation (WTO) rules, while doing its best to help affected countries enhance their own capacity in textile production. "We are willing to take self-restrictive steps and measures to restrict China's export of textiles to South Africa in order to ensure the stability of the textile market in this country," said Wen.

He added that Mbeki had made "very positive responses" and told him the "issue is over". The two countries had reportedly been expected to announce an agreement on the curbing of Chinese textile imports to South Africa, where thousands of jobs have been lost in the textile industry in recent years. Trade unions have blamed China for causing job losses by flooding the local market with cheap products.

The Democratic Alliance has also urged the South African government to seek binding assurances from Wen to restrain his country's clothing and textile imports from South Africa. "Responses by Department of Trade and Industry negotiators that China would effect a voluntary restraint on clothing exports are not enough," said DA trade and industry spokesperson Pierre Rabie.

The South African government, he said, should assert its willingness to invoke WTO safeguards against dumping, and explore the possibility of setting a minimum value on clothing imported from China.

Source South African Press, Daily Mail, SA, 26 June 2006.

US Seeks New Partnership with Africa.

After calling off negotiations on a Free Trade Agreement (FTA) with five Southern African countries last month, the US has indicated its intentions to negotiate new trade arrangements with several African countries including Kenya, Mauritius, Mozambique and Ghana.

The last two, which are significant recipients of US aid in Africa, have already approached Washington, confirming the seriousness of their intention.

The new strategy signals a radical shift in US approach towards Africa, which has previously not featured significantly in the US trade offensive largely confined to North America, Latin America and, lately, Southeast Asia. Until now, US trade with Africa has been principally managed under the Africa Growth and Opportunity Act (Agoa), which allows 37 African countries to export products to the US under preferential terms.

With Agoa due to expire in 2015, US business is reportedly keen on transforming the arrangement into an FTA. This would result in African countries lowering tariffs for US exports to Africa. Industrial manufacturers and pharmaceuticals are the most vocal proponents of the FTA call. But the US has not hidden its intention to get a slice of the African market. At this month's Agoa forum in Washington, US Secretary of State Condoleezza Rice urged the Agoa countries to open up their markets to US firms by reducing the high transaction costs of doing business on the continent.

The forum announced that a high level US trade and investment mission would tour East Africa from September to "help advance [US] goals to reduce trade barriers and increase trade between the US and East Africa, creating new job opportunities for all our citizens," according to US Agriculture Secretary Mike Johanns.

The renewed interest by Washington in Africa indicates a shift in strategy following the recent collapse of trade negotiations with the Southern African Customs Union (SACU). Last month, the Bush administration suspended negotiations for a Free Trade Agreement with the Southern African Customs Union over what was seen as unwillingness by SACU countries to assume onerous obligations on trade liberalisation. SACU, the world's oldest trading bloc, formed in 1889, comprises Botswana, Lesotho, Namibia, Swaziland and South Africa.

Since calling off the SACU negotiations, which began in June 2003 but faced a rough patch over most of 2004 and 2005, the US appears set to make inroads into Africa.

It intends to launch a new work programme on trade and investment issues targeting several African countries though details remain scanty. This would take the form of bilateral investment treaties and trade and investment framework agreements (TIFAs).

Early this month, Rwanda joined South Africa as the second African country to sign a TIFA with the US covering intellectual property protection and investment.

It is widely believed that under the new arrangements, African countries would be required to open up key sectors to US firms under favourable terms that facilitate competition with their local counterparts.

Source: [The East African \(Nairobi\)](#), June 26, 2006

EU Trade Chief Poses WTO Rules In Energy Sector

Peter Mandelson, the European Union's top trade official, said he wants a new round of global trade talks that will focus on energy, with the goal of subjecting trade in oil and gas to the same "ordinary rules" as other goods.

Bringing energy trade and investment under the rules and enforcement procedures of the World Trade Organization would, among other things, require that producers provide free access to transit of such resources, Mr. Mandelson said in an interview. That would include the sensitive issue of breaking Russia's monopoly over access to its gas pipelines.

Mr. Mandelson's proposal shows how \$70-a-barrel oil prices and narrow margins of spare capacity have officials around the globe scouring for ways to rebalance the terms of energy trade in consumer nations' favor, energy analysts say.

Any such new trade round would likely be years away, with the current Doha talks on trade in agricultural products and other sectors still limping toward a conclusion. Extending the WTO's reach over energy would also face enormous hurdles. For one thing, producers are likely to see little to gain in opening up distribution networks to competition.

However, already within the Doha talks, some countries have argued to extend the WTO's coverage to oil-and-gas services -- the products are already covered -- and energy officials say interest has been rising for some time in devising better rules. A senior WTO official said he hadn't heard any proposal to launch an energy-focused round of talks, though if made, "it would be given serious thought."

Mr. Mandelson acknowledged that securing such a deal would be difficult. But he said a global forum such as the WTO -- where most parties are at the table and able to negotiate a wide range of demands in various sectors -- is the best way to attain "structural change" in areas that states regard as fundamental to their interests." The difficulty is that oil and gas are viewed by those that have them as a national-security issue, as well as an economic good. And they are a source of political strength," Mr. Mandelson said.

According to Fatih Birol, chief economist at the International Energy Agency, the industrialized world's energy-market watchdog, there has been growing discussion over how to eliminate energy-trade barriers as the traded portion of oil and gas consumption increases. The IEA projects that the traded portion of global oil production will rise from 50% today to 66% in 25 years, while traded gas would rise from 18% to 33%.

The growth mainly reflects that oil and gas output in big industrialized consumer nations is falling, requiring them to seek more energy resources from producers in the Middle East, Russia and Venezuela. "Freer trade, as is always the case, will empower the consumer," Mr. Birol said.

To entice producers to a deal, Mr. Mandelson suggests offering them more security in their export markets and investment. Producers would benefit from a freer flow of capital for investment and a reduction of protectionism in consumer countries, which would enable them to buy assets there, Mr. Birol said.

Still, some important producers, such as Russia, aren't yet in the WTO, and attempts to secure the same agreements in other forums have been less than successful. In the early 1990s, negotiators worked to integrate the energy markets of former Soviet states with Western Europe. The resulting Energy Charter went into force in 1998, promoting cross-border energy investment and freer access to pipelines and power grids. More than 50 countries have signed up, but it has done little to free up Europe's tightly regulated energy markets.

Outside Europe, the biggest energy exporters don't have much incentive to sign up amid today's super-high oil prices and outsize revenue inflows. Saudi Arabia, the world's biggest oil exporter, joined the WTO in December as part of its long-term strategy of diversifying its economy and attracting foreign investment. But Riyadh has specifically ruled out any significant foreign participation in its oil sector.

Meanwhile, trade negotiators were preparing for a critical session in the Doha round next week. WTO chief Pascal Lamy said it was crucial that diplomats agree to the blueprint of a deal as scheduled at the end of this month. A number of trade diplomats, including some in the U.S. and Europe, have suggested they may need until the end of July to agree to a new pact. "One more month...will change nothing," he said.

Getting a quick deal looks tough. WTO diplomats yesterday released a draft agriculture text for negotiation. The 74-page document was punctuated with 760 individual points that have yet to be agreed upon. A similar paper released before the 1999 Seattle meeting contained 402 such entries. Some analysts said the numerous areas of disagreement signaled that the round had come to a standstill.

Mr. Lamy said that a large number of those issues might be easily dealt with and that there is still hope for a deal on agriculture. He noted that political leaders from Europe, the U.S. and major developing countries have recently signaled their willingness to be flexible.

WTO Compromises

Falconer summed up the gloom surrounding this week's World Trade Organisation (WTO) meeting aimed at reviving the Doha round of talks: "I think the shadow of the gallows is lengthening across the window right now."

Few would dispute that trade ministers gathering in Geneva this week for a mini-summit face immense challenges. The stakes are high, particularly for developing nations such as SA. Several key deadlines have been missed as negotiators grappled to deal with the huge imbalances in multilateral trade, a situation that requires developed nations in particular to make big concessions.

The bottom line is that the trade-off of deeper farm-tariff and subsidy cuts by developed nations for a dropping of industrial customs barriers by developing nations is simply not in the short-term interests of rich nations. And many poorer countries remain skeptical, too. They stand to lose preferential access to markets in the US and European Union (EU), and thus face tougher competition.

Further, the mood in the US, which has been at the forefront of trade liberalisation, has been turning protectionist. Midterm elections are looming and President George Bush's poll ratings are low. There is concern that proposals to remove farm aid will not go down well.

Nevertheless, there have been a few encouraging signs that key nations may be edging a little closer. The US has indicated it may be flexible on its domestic farm-support position. Some developing nations appear more willing to cut industrial tariffs. And there have even been some conciliatory noises coming out of the EU, which has long been the toughest nut to crack.

The language of the three sides of the World Trade Organisation triangle is tentative in the extreme, but it's an improvement on the depressing stalemate that settled over the trade talks after December's gathering in Hong Kong.

What ministers will attempt to do in Geneva this week is unlock "the modalities". The modalities are mathematical formulas guiding tariffs cuts, and clinching an agreement on these will allow negotiators to move on to the timetable of how countries will implement the final Doha round.

The Geneva meeting is critical. If no agreement is reached, not only is it likely that the Doha round will founder, the WTO itself may do so too. Compromises will be needed on all sides if this is to be avoided.

SA talks tough on trade

South Africa is taking a tough stance at the World Trade Organisation (WTO) talks in Geneva, where over 50 nations are meeting from today to seek a breakthrough on trade in farm and industrial goods. South Africa wants developed economies, in particular the US and EU, to reduce the subsidies they pay their farmers and slash the import tariffs they slap on agricultural goods from developing countries.

Moreover, it is adamant that the reduction in agricultural subsidies and tariffs should not be held hostage to a reduction of industrial tariffs by the developing world. Trade and industry minister Mandisi Mpahlwa, the leader of South Africa's delegation to the talks, has reaffirmed South Africa's position. This week could be do-or-die for the talks, with WTO director-general Pascal Lamy warning on Monday that without big decisions soon, the Doha round of trade negotiations could fail after four years of wrangling." We need big political decisions to be taken now," said Lamy. The trade-off at the heart of any deal, which Lamy calls the "triangle", would see further concessions from the US on farm subsidies, the EU on farm tariffs and the big developing countries on duties on industrial goods.

Mpahlwa said yesterday that his department was aware that the protracted nature of the talks had led to some pessimism about their benefits. "However, the department stresses its commitment to the negotiations because the WTO is the single most important forum in global trade and could deliver important benefits to developing countries," he said.

WTO decisions are based on consensus and as a member South Africa can influence the forum's agenda, work programmes and decisions. As an active participant in the Doha development agenda talks, Mpahlwa said, South Africa was involved in all the negotiation groups and special sessions of committees to oversee the negotiations and had submitted and co-sponsored numerous proposals for mandated talks. He said the WTO provided a transparent, fair and predictable rules-based trade system that gave its members a choice in their imports and exports, and provided valuable guidelines for trade policy.

Responding to negativity about the Doha round, he said South Africa could not afford not to be in the WTO, an "all-important concert of nations", where South Africa "must drive its ambition to promote trade and development and champion the cause of the sub-region, the African continent and the developing world".

Source: Reuters, Johannesburg - June 28, 2006

India Takes Tough stands

Ahead of the World Trade Organisation (WTO) mini-ministerial beginning on Thursday, India made it clear on Tuesday that there was no room for further concessions on agriculture and that it wanted developed countries to adopt a more flexible approach to industrial tariffs.

With differences between the developed and developing countries on the draft text of the mini-ministerial circulated last week, India feared that consensus might elude on contentious issue of agriculture and industrial tariffs.

Source: Reuters, New Delhi, India, 28 June 2006 :

Canada won't walk away from WTO talks if it doesn't get its way.

Canada will not walk away from World Trade Organization talks if the country does not get its way on agricultural subsidies and trade, federal Agriculture Minister Chuck Strahl said Tuesday. "In the end, we will be in the WTO," Strahl said after a two-day meeting with provincial and territorial ministers in St. John's. "It's not a matter of will we walk away if we don't get what we want." Strahl kept his negotiating tactics close to his chest, but said his priority was the interests of Canada's farmers, who have argued they need at least \$550 million in order to compete with subsidized farm exports from the United States and Quebec.

Strahl left Tuesday for Geneva for upcoming WTO meetings aimed at establishing a new international subsidies agreement before the current one expires in 2008.

Trade and agriculture ministers from 25 countries are expected to attend.

Source: Canadian Press, ST. JOHN'S, Canada, June 27, 2006

Anti-globalisers want WTO trade round "buried"

More than 100 non-governmental organisations (NGOs) opposed to trade liberalisation on Tuesday demanded the WTO's troubled Doha round be "buried" as ministers prepare to fly to Geneva in a bid to revitalise it.

The group, including Action Aid International, Friends of the Earth and Focus on the Global South, said current negotiations "preclude any possibility of benefiting the majority of the world's population". "The Doha round should be buried, starting by withdrawing support and objecting to the legitimacy of the June mini-ministerial," they said, referring to the meeting beginning on Thursday.

WTO Director-General Pascal Lamy has said the four-year-old round risks collapse without a breakthrough soon, starting with this week's meeting to be attended by more than 50 ministers, a third of the WTO membership. Ministers are seeking an accord on slashing farm subsidies and import duties, along with deep cuts in industrial goods' tariffs, which is seen as vital to clearing the way to a full free trade treaty which advocates say will boost the global economy and help lift millions out of poverty. But the NGOs said that analyses by the World Bank, the United Nations and several international think tanks showed that most of the gains would flow to the developed world.

People in Africa and in many other developing countries were projected to lose, they said in a letter sent to Lamy and the chairmen of the farm and industrial goods' negotiating committees." This is an unacceptable outcome from multilateral talks," they wrote.

Source: Reuters, Geneva, Switzerland, 28 June, 2006

