

A Gloomy W.T.O. Chief Says Time Is Brief for Saving Talks

New York Times

May 5, 2006

By Mark Landle

MUNICH, May 4 — Having missed a crucial deadline last weekend for achieving progress toward a global trade agreement, the head of the World Trade Organization, Pascal Lamy, said Thursday that he was increasingly worried that the five-year talks would end in failure.

"We obviously are in the red zone," Mr. Lamy said in an interview after speaking at a business conference here.

Saying that only 30 percent of the necessary work had been done by the April 30 deadline, Mr. Lamy did not invite trade ministers to the organization's headquarters in Geneva this week to work out an agreement reducing agricultural tariffs and subsidies and opening markets to industrial products.

"Having an acrimonious and unsuccessful ministers' meeting would pose an even bigger risk to the negotiations," he said.

Now, Mr. Lamy said, negotiators from the 149 members of the W.T.O. have five or six weeks to agree on a framework for cutting tariffs. After that, he said, the approach of elections in the United States and other countries would make it difficult to achieve breakthroughs.

A comprehensive agreement on trade rules has to be reached by the end of the year for President Bush to submit it to Congress before his special negotiating authority expires.

Despite the many countries and issues involved, the dispute has boiled down to a three-way standoff involving the United States, the European Union and a group of developing countries like Brazil and India; the issues are tariffs and subsidies on both farm and industrial goods.

Mr. Lamy met with the departing United States trade representative, Rob Portman, in Geneva this week, and urged him, as he has before, to improve the American offer on cutting subsidies to farmers. Mr. Portman has indicated that Washington will be flexible, but only if the developing countries improve their proposals on market access for American agricultural products.

"We're not saying different things," Mr. Lamy said of Mr. Portman. "It's a matter of proportion."

Mr. Lamy said he was putting pressure on the European Union to improve its proposal to reduce tariffs on agricultural imports — something the United States has also sought. And he wants the developing countries to offer better market access for industrial goods.

Mr. Lamy, a skillful former European Union trade negotiator, is struggling to focus the minds of the participants. The pace of agreement on technical points has accelerated in recent days, he said.

"Negotiators are starting to understand that if this fails," Mr. Lamy said, "what's been put on the table already disappears."

The current round of talks, which began in Doha, Qatar, in 2001, has survived several missed deadlines. But its prospects turned murky in recent weeks, in part because the Bush administration named Mr. Portman, a former congressman, as director of the Office of Management and Budget — a move regarded by some as a downgrading of its ambitions for trade.

Mr. Lamy said he did not view the move that way, adding that Mr. Portman could still exert influence from the White House. The administration, he noted, was now well stocked with former trade negotiators, including Robert B. Zoellick, the deputy secretary of state.

For his part, Mr. Portman said on Wednesday in Geneva that he would be involved in the talks for a few more weeks, while the Senate takes up his nomination as budget director, as well as that of Susan Schwab, now the trade deputy, to be trade representative.

"So we are not only not missing a beat," he said, "we are doubling up for a while here."