

Stalemate over farm subsidy continues

Prolonged session fails to reach compromised solution

AP, Cancun

Ministers from the 146 members of the World Trade Organisation continued negotiation till early Sunday as they tried to find glimmers of agreement on a free-trade declaration.

Governments are sticking to their positions in the tricky area of how to reduce subsidies and tariffs on farm products, WTO spokesman Keith Rockwell told a late-night news conference.

"Clearly if this situation persists, it will be impossible to reach agreement," Rockwell said.

Ministers spent several hours commenting on a draft declaration produced by the conference chairman, Mexican Foreign Secretary Luis Ernesto Derbez. The document is supposed to pave the way for negotiations that will produce a binding treaty on liberalising inter-national trade by the end of next year.

Developing countries said Derbez' proposal doesn't go far enough because it sets no date for the elimination of all subsidies paid on agricultural goods destined for export.

The proposal "has arbitrarily disregarded views and concerns expressed by us," said Indian Commerce Minister Arun Jaitley.

"The document is very far from addressing the points we wanted," said Brazilian Foreign Minister Celso Amorim, speaking only for his country. "I think we have a lot of negotiation ahead of us."

But the European Union said it thought the proposal already "crosses several red lines," especially on export subsidies. Brussels has agreed to drop payments on products that are of interest to developing countries but has refused to consider complete elimination.

"We see some light, much shadow and many gray areas which we have to tackle," said EU Agriculture Commissioner Franz Fischler.

In a statement, US Trade Representative Robert Zoellick said there were "positive elements and there are other elements we will work to improve and clarify." He did not elaborate.

Developing countries also were upset that the draft proposes beginning talks in two new areas: improving cross-border transportation procedures and transparency in the awarding of government contracts.

A decision on how to start negotiations in the contentious area of investment rules would follow, while the possibility of negotiations on competition policy have effectively been abandoned.

The WTO's Rockwell said positions were still far apart on this issue, with the European Union and Japan determined to push ahead while poor nations led by Malaysia and India refuse to consider starting the talks.

"The room for manoeuvre when you have positions polarised in this way is somewhat constrained," he acknowledged.

The five-day meeting was supposed to finish Sunday, though the last WTO ministerial meeting, which launched the current round of talks, overran by a day.

On Saturday, hundreds of protesters opposed to the WTO gathered at barricades set up near the meeting's site. They threw feces at police but dispersed peacefully after several hours.

Poor nations wary of failure

REUTERS, Cancun

The chairman of world trade talks proposed a compromise over the key sticking point of farm subsidies on Saturday but poor countries criticized the plan and said the meeting faced possible stalemate.

The compromise, put forward by Mexican Foreign Minister Luis Ernesto Derbez at the World Trade Organization talks in Mexico's beach resort of Cancun, called for the United States and Europe to make only modest concessions on their massive farm subsidy programs.

"At first sight, it is not enough. There are too many ambiguities," said Brazil's Foreign Minister Celso Amorim, a key figure in a broad alliance of developing countries.

"If there is not important movement in areas of interest to us, I think that there is a risk ... of going nowhere."

Other delegates from poor and developing countries were even more critical.

"It is a bad document. Everything is bad. Agriculture is totally unbalanced. The plan aims merely to prize open developing country markets," an Asian delegate said.

Ministers need to find enough common ground before the meeting ends on Sunday to revive hopes of concluding by the end of 2004 a new trade pact that the World Bank says would add more than \$500 billion a year to global incomes by 2015.

The draft compromise dangles the prospect of a date for phasing out rich-country farm export subsidies, a goal of poor nations that is sure to be contested by Europe's powerful farm lobbies.

For the first time, Derbez's 22-page proposed text also raised the possibility of negotiating a date by which to scrap all other export subsidies, in defiance of the EU's refusal to discuss specific deadlines.

In return, however, poor states would have to commit themselves to opening their own heavily protected agricultural markets, a central U.S. demand.

They would also have to agree to launch negotiations at a future date on rules governing foreign investment -- a key goal of Japan and Europe but fiercely opposed by more than 70 countries, led by India and Malaysia.

U.S. Trade Representative Robert Zoellick said there were some positive elements to the plan and he hoped it would move talks forward at the 146-member WTO.

But poor nations were joined by aid groups in saying it did little to reform an unfair system that allows the EU, the United States and other rich countries to throw \$300 billion a year of subsidies to their farmers.

Four West African producers complained the plan failed to even mention a deadline for phasing out controversial cotton subsidies, particularly in the United States.

Agriculture is the key issue because the livelihood of hundreds of millions of people globally depends on it.

Poor and developing countries joined in the so-called "Group of 21" have pushed a plan that would require the United States and the EU to make deep cuts in their domestic farm payments, slash tariffs and scrap export subsidies altogether.

They say the subsidies make it impossible for their own farmers to compete.

As negotiators struggled to find a deal, about 2,000 activists protested on the edge of Cancun's ritzy hotel zone.

Dozens were armed with shopping trolleys and garbage cans full of sticks and stones but there was only a few scuffles.

India says draft favours EU, US

PTI, Cancun

India along with Brazil on Sunday spearheaded the developing countries battle at the WTO, attacking the draft document that was seen by them as one sided in favour of the EU and US and ignoring their interests.

Without mincing words, Commerce Minister Arun Jaitley expressed disappointment that the revised draft "arbitrarily disregarded views and concerns" of developing countries and warned that the text did not lend itself to any meaningful dialogue.

"We still believe that this conference must be brought to a successful conclusion. We hope that circumstances and environment will be created to enable us to participate constructively," Jaitley told the meeting of heads of delegation to discuss the draft that has given very little to developing countries on contentious issue of agriculture as favoured by the EU and unbundled Singapore issue as advocated by US.

Speaking immediately after Brazil, which spoke on behalf of G-21 regarding developing countries concerns on agriculture, he said, "We are disappointed that the draft text ignores several concerns expressed by us and many developing countries."

"I note that the pretence of development dimensions of the Doha Agenda has finally been discarded confirming the apprehension expressed by me at the plenary session that this is mere rhetoric," Jaitley said to the huge applause from the developing countries trade ministers.

On agriculture, he said not only are the distortions prevalent today being perpetrated, but a slew of new measures to increase such distortions were being proposed in the draft, he said.

Asserting that export subsidies were not only allowed to continue but are sought to be increased through a new parallelism process, Jaitley said "we believe we are compounding the distortions of the Uruguay round by adding some more to them."

"How can we expect developing countries to reduce tariffs on a number of items to between zero and five per cent as provided in the draft when the distortions against which such tariffs were supposed to compensate are sought to be enhanced," he asked.



Women activists of the Communist Party of India-Marxist (CPI-M) Liberation and Indian farmers shout anti-World Trade Organisation (WTO) slogans as they march to the parliament during a demonstration in New Delhi, September 13.

Subsidising the rich

BBC ONLINE

The world's poorer countries lose a total of \$24bn a year because of the subsidies paid to farmers by rich nations, according to new research by economists disclosed in Washington a month ago.

"It is time to remove the trade-distorting measures that hurt poor people in developing countries," said Eugenio Diaz-Bonilla, a researcher at the International Food Policy Research Institute (IFPRI) which calculated possible agricultural trade if there was complete liberalisation.

In addition to the \$24bn lost by poor countries, a further \$40bn in agricultural exports could be generated by developing countries if protectionist policies were abandoned by developed nations, the Institute argues.

Many trade representatives from developing nations have recently expressed anger about how much Western farming subsidies are hurting their economies.

And some have said they are not prepared to negotiate new free trade agreements unless the thorny issue of agriculture is sorted out first.

Sugar is one of the most controversial areas. The IFPRI says that, if subsidies to European Union sugar-growers were abandoned, sugar-growers in Kenya or Guatemala might be able to sell more of their produce.

The same could be said of "displaced exports" arising from subsidised cotton-growing in the US or rice cultivation in Japan, added the Washington-based group which is partially funded by 62 world governments and seeks solutions to ending hunger and poverty.

"The IFPRI research says policies of the European Union are to blame for more than half of the world's displaced exports, with US rules responsible for about one-third with Japan and other high-income Asian countries causing a further 10%.

Negotiators from the EU and US are sketching out a possible agreement on lowering their protectionist policies but much depends on how far any reductions in subsidies and tariffs go, along with the reaction of other nations.

Meanwhile, critics have grown increasingly cynical about the West's recent efforts to reform its subsidies that, in reality, amount to little more than reshuffling of the money allocated to western farmers.

For the sake of low-income farmers and consumers across the globe, negotiators from the industrialised countries should move beyond rhetoric and gestures," said Mr Diaz-Bonilla.

One of the problems, Mr Diaz-Bonilla explained, is that developing nations believed that, in terms of agriculture production, rich countries had awarded themselves the "special and differential treatment" promised in WTO-speak for the poorest.

He said that, if subsidies were removed, the greatest increase in value of exports would be seen in countries such as Brazil and China which could be called "middle-income nations".

But the greatest proportional benefit would come to the poorest which rely more heavily on agricultural sectors than more developed nations.

Mr Diaz-Bonilla acknowledged that ending subsidies and tariffs would not generate wealth in developing countries overnight and said other measures were needed, such as greater investment in agricultural areas.

But he said that the benefits of trade liberalisation would be long-term: "This is an increase that will continue year in and year out if the rest of the conditions are kept constant - it's not just one shot."



Anti-globalisation protesters shout slogans against the Fifth World Trade Organisation Ministerial Conference, September 13 in front of the Cancun Convention Centre, in Cancun, Mexico. Earlier, demonstrators, some helmeted and armed with stones and rods, stood in a tense stand-off with riot police who blocked their route to the venue of the WTO's conference, where delegates were trying to overcome a two-year deadlock in trade liberalization talks.

Unable to sell corn, Mexican farmers blame the WTO

AFP, Cancun

Jaime Saraba concedes he does not understand the intricate workings of the WTO, but he blames the global trade body for many of his troubles, from low prices his corn fetches to the bills he cannot pay.

"We have no place to sell the little corn we grow, because the imported corn is too cheap," said Saraba, 38, one of thousands of indigenous Mexican farmers who travelled to the seaside resort of Cancun to protest a five-day conference of the World Trade Organisation.

Camped out on a patch of grass, meters away from a police barricade keeping protesters 10 kilometres (six miles) away from the conference venue, Saraba said he would let the WTO hear his voice at a protest march on Saturday, one day before the conference is scheduled to conclude.

Organisers initially hoped thousands of demonstrators would take to the streets, but many of the farmers who took part in several days of protests already headed home.

"They had to leave, we don't have enough funds to feed 10,000 comrades," said Rafael Alegria, of the Via Campesina farmers' group.

Eating a meager lunch of rice and beans, Antonio Cruz, 68, said he was determined to stick it out, after he, Saraba and a dozen others travelled about 20 hours to get to Cancun from their village deep in the mountains of the Oaxaca state.

They came to protest the misery in which they live.

While corn and coffee prices were down, said Saraba, "my electricity bill is very high" he said. He blamed this on the WTO, though he had difficulty explaining why.

"I don't know what the purpose of the WTO is or what it does, but they are the ones who cause our poverty," Saraba, who usually speaks the Mixteca indigenous language, said in hesitant Spanish.

America set to walk away

THE OBSERVER

Fears are growing that the United States could effectively walk away from crucial trade talks in the Mexican resort of Cancun aimed at solving the deepening economic and social crisis afflicting billions of the world's poorest people.

As the World Trade Organisation negotiations entered their final hours, business leaders feared that efforts to strike a ground-breaking deal on trade distortions harming the developing world were in the balance.

A high level source in the UK delegation told The Observer said: "It's difficult to know what the Americans want. They're staying in their hotel. They're behaving like the Soviet Union in the Eighties. It's making it difficult to know what they want."

This view has been echoed by other senior delegation members. "It's in nobody's interests to see America going into its shell," said CBI director general Digby Jones.

If the US walks away from the talks it would plunge the world into a disastrous financial crisis as it sought to strike trade deals on its own terms with individual nations.

It is understood that the European Union has yet to make any significant concessions on agriculture, although these are expected to come later Sunday. The EU is putting pressure on the Americans to conclude a deal on cotton which will see the Bush administration drop its subsidies to farmers.

International power brokers are increasingly pre-occupied with a deepening alliance between Brazil, India and China, representing half the world's population. Senior government officials in Mexico say this will alter the geo-political balance, and it is understood to have made Washington deeply uneasy about a new rival to challenge its economic supremacy.

A statement by ActionAid, War on Want and the World Development Movement said: "The Brazilians have brought a sense of social justice to this conference which is a great antidote to the faux development agenda of the European Commission and the bullying behaviour by the US."

Alliances of convenience proliferate

AFP, Cancun

The ongoing WTO conference here has spawned a spate of alliances of convenience among member states that have come together to promote their vision of how to reform the world trading system.

New blocks or groups seemed to emerge each day at this five-day gathering.

The United States and the European Union set the stage for the trend a month before the conference when they put aside deep philosophical differences on other trade matters to draft a common statement on reducing government subsidies to farmers.

As agriculture is the number one hot issue here, the US-EU tie-up prompted the formation of the Group of 21 developing countries, or G-21.

Spearheaded by Brazil, India and China, the group is demanding an end to government farm subsidies in rich countries that flood world markets, drive down prices and cripple the capacity of farmers in developing nations to compete globally.

The United States is also advocating an end to agricultural export subsidies on condition that other countries agree to take steps to open their markets to foreign competition.

Long an opponent of export subsidy elimination, the EU now says it is prepared to do so for certain products deemed critical by developing countries.

US officials have said they are "perplexed" by the G-21, as it embraces countries that until now have had divergent positions on trade. An EU official noted that Brazil is a major exporter while India has traditionally been protectionist.

Several members of the G-21 also belong to the 17-nation Cairns Group that includes rich countries such as Australia and Canada, which are big boosters of free trade.

In addition, according to a source close to the WTO, China -- which was admitted to the Geneva-based body in 2001 -- is urging that new members be exempt from taking on additional commitments in the new round, a stance opposed by Mexico, which fears that without new measures its markets would be vulnerable to Chinese exports.

The source added that Brazil should have every reason to hope for a successful conclusion to the Cancun conference, since a failure of the multilateral trading system would force Brazil to confront free trade pacts that the United States is negotiating with several other Latin American nations.

Not all developing countries share the strategy of the G-21. Thirty-three of them, led by Indonesia, have appealed here for special WTO measures to help small farmers whose interests have been harmed by trade liberalisation.

Tense stand-off between police and protesters

AFP, Cancun

Demonstrators, some helmeted and armed with stones and rods, Saturday stood in a tense stand-off with riot police who blocked their route to the venue of the World Trade Organisation's Cancun conference.

Police placed themselves in a 10-meters (30-foot) breach the protesters opened in a barrier set up to keep them 10 kilometres (seven miles) away from the fortress-like complex where ministers from 146 countries tried to break a deadlock in trade liberalisation talks.

A group of South Korean militants earlier used ropes to pull down the barrier after women groups used wirecutters to open holes into the fences.

While organisers urged protesters to remain peaceful about 100 radicals, known as the Black Bloc, came armed with stones, rods and other projectiles, as well as home-made gas masks and shields.

The South Korean militants, among them trade union and farmers representatives, led the protesters in paying tribute to one of their own who stabbed himself in a protest suicide on Wednesday as the five-day WTO conference got under way.

The demonstrators then burned paper puppets representing the WTO as well as an American flag, to chants of "total rejection of the imperialist WTO."

"We pulled down the barrier, we have the power to destroy the WTO," Kang Ki Gap, one of the Korean protesters, said to rousing cheers from the protesters.

During the march, protesters chanted "the WTO murders" and moved to the beat provided by a Seattle marching band called "the Infernal Noise Machine."

Mexican indigenous people, Asian farmers, US students and African activists were among the groups represented at the rally staged to denounce what participants said were the inequalities promoted by the OMC.

Late in the afternoon, the protesters moved back a few hundred meters (yards) to a spot known as kilometre zero, where they said they would decide whether to try to rush through the breach.

An American protester said the WTO had ruined his life.

"I'm here because the policies of the WTO and capitalism in general have made my life miserable," said Keith McHenry, of the Food Not Bombs group.



A Korean anti-globalisation activist wearing a mask takes part in a protest rally against the Fifth WTO Ministerial Conference, September 13 in Cancun.