

Doha round can't afford another failed meeting: U.S.

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By Doug Palmer

LIMA (Reuters) - World Trade Organization Director General Pascal Lamy should not call another Doha round ministerial meeting unless there is a "good shot" at reaching a breakthrough, the top U.S. trade official said on Friday.

"I think we're clearly of a mind you can't afford another failed ministerial," U.S. Trade Representative Susan Schwab told Reuters at a summit meeting of Asia Pacific leaders.

However, Schwab said she believed a breakthrough in the long-running talks was still possible, and the prospect of a possible ministerial meeting was necessary to force countries to consider the concessions needed for a deal.

Asked if the United States was prepared to make compromises to reach a breakthrough, Schwab said: "The answer is yes. We understand we need to contribute."

U.S. President George W. Bush, Chinese President Hu Jintao and leaders of 19 other economies here for the Asia Pacific Economic Cooperation (APEC) forum are expected to issue a declaration on Sunday calling for a breakthrough in the long-running Doha round by the end of 2008.

Nine of the APEC countries are part of the so-called Group of 20 developed and developing countries which met last week in Washington and also endorsed the goal of a reaching a deal on key farm and manufactured good trade issues in the Doha round by the end of next month.

A breakthrough would bolster the Bush administration's legacy on trade, but Schwab said it would still leave room for the incoming administration of Barack Obama to put its own touches on any final agreement.

It "would lay the groundwork for the next administration to move ahead with Doha, without locking in specifics," she said.

World Trade Organization Pascal Lamy will chair a meeting of senior officials and ambassadors to the WTO in Geneva on Sunday to assess the chances of reaching a deal.

SUCCESS CAN'T BE GUARANTEED

However, Crawford Falconer, who coordinates the agriculture negotiations, told reporters earlier on Friday that countries had not signaled any change in their position despite the strong G20 statement last week.

The G20 includes all the major players in the Doha round, including as the United States, the European Union, Brazil, India, China, Japan and Australia.

U.S. business groups, in a letter to Bush on Thursday, said the United States should not rush into a ministerial meeting that could lead to a bad deal.

Schwab agreed some caution was necessary, but so was some risk if there was to be any chance of getting a breakthrough.

"I don't think ministers want to make a commitment to show up if we don't know we've got a good shot at it. But we all know you can't wait to have a ministers meeting until you have a guarantee of success because that is not going to happen. That's not the way these things happen," Schwab said.

Trade ministers came very close to reaching a breakthrough in July, but that effort failed because of a sharp disagreement the United States had with India and China over the terms of a "special safeguard mechanism" to shield poor farmers against a price-depressing surge in imports.

"Arguably, the U.S. has made a huge contribution just by agreeing to a new safeguard that could end up raising barriers to trade," Schwab said.

"The question is ... can we create a safeguard that addresses the legitimate need when subsistence farmers face a major surge without creating a new tool for protectionism," Schwab said.

Since the July meeting, the United States has "agreed in principle" to a number of proposed compromises for resolving the issue, but they have been rejected by either India or China, Schwab said.