

WTO boss urges US not to backpedal on trade

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CANBERRA, Australia -- The World Trade Organisation boss on Wednesday warned that global trade talks could remain stalled if President Barack Obama's administration backpedals on liberalization amid the economic crisis.

Director-General Pascal Lamy told reporters in Canberra, where he addressed an agricultural conference, that the new U.S. administration had not yet stated its position on the stalled Doha round of trade liberalization negotiations.

The WTO failed to clinch a new global commerce pact in December because of a row between the former administration of President George W. Bush and emerging economies over agricultural and industrial goods.

Lamy urged the new administration to accept the progress made by December in the Doha talks _ named after Qatar's capital where negotiations originally started in 2001.

"My strong advice is that if you want to move this forward, we have to take it from where we are," Lamy said.

Some nations have criticized the "buy America" provisions in Obama's \$787 billion economic stimulus package that favor U.S. manufacturers.

Obama's new federal budget proposal has rekindled political debate in Congress on subsidies paid to U.S. farmers.

The Obama budget calls for a \$250,000 cap on subsidy payments to producers and eliminates direct payments to farmers with more than \$500,000 annual revenue.

Lamy said the influential U.S. agricultural lobby group, American Farm Bureau, balanced the demands of two-thirds of farmers who wanted more market access and the third who wanted trade protection.

"At the end of the day, there will be less subsidies and more market access and that's where the crucial balance lies," he said.

Lamy told the conference that many countries were contemplating increasing tariffs and subsidies to protect farmers from falling prices stemming from the global economic downturn.

He said countries could more than double their agricultural tariffs because current WTO rules entitled them to apply higher rates.

"These unused entitlements, if used, could set the world economy and world trade back several years," Lamy told delegates.