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Poor Nations Are Still Waiting for U.S.-European Trade Accord

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It was a coy suggestion, an almost flirtatious attempt to salvage a five-year effort at reaching a global trade agreement that would benefit poor countries as well as rich ones.

Peter Mandelson, the [European Union's](#) trade commissioner, sat at a table at the [United States](#) mission in Geneva and put the question to his American counterpart, Susan C. Schwab.

Suppose we gave you everything you wanted, Mr. Mandelson said to Ms. Schwab, according to diplomats at the meeting last Thursday night. Would the United States change its stance?

Accounts differ about what happened next, but the end result was clear by the end of the weekend: no deal. That set the stage for the likely failure of an effort that began with lofty aspirations just a few weeks after the terrorist attacks on Sept. 11, 2001.

Five years ago, for the first time, American and European leaders vowed to focus their global trade talks on the needs of developing nations and to address the biggest trade grievance of those nations: some \$300 billion worth of import restrictions and government subsidies that protect farmers in rich countries.

But Saturday, after what had been billed as yet another last-ditch effort to reach agreement, there was still no deal to reduce Europe's double-digit farm tariffs; no deal to reduce the \$19 billion in annual subsidies to American farmers; and no deal for countries like Brazil and India to open their markets to more foreign cars, electronics and services like banking.

"I will not beat about the bush," Pascal Lamy, director general of the [World Trade Organization](#) told delegates to the talks on Sunday. "We are now in a crisis."

The fate of the so-called Doha Round of trade talks, named after the meeting in Doha, Qatar, where they began in late 2001, depends on the United States and Europe reaching agreement on agriculture.

The United States has proposed almost eliminating its import tariffs and quotas, but it has offered only

to chip away at its domestic subsidies for corn, wheat, dairy products and scores of other major commodities.

European leaders have offered to reduce their trade-distorting subsidies by about half, though the subsidies will still remain high. But European negotiators, under fierce pressure from France, have refused to cut their tariffs as much as either the United States or many developing countries want.

Ms. Schwab, who returned to Washington from Geneva on Sunday night, said she remained optimistic.

"We're making progress, we're inching forward," Ms. Schwab said in an interview on Monday. She added that she would be willing to negotiate with Europe about deeper cuts in American farm subsidies, but insisted that European leaders had to make concrete proposals about deeper reductions in their import quotas.

"If you're prepared to put something on the table, then we're ready to talk," Ms. Schwab said.

European leaders have thus far offered to cut their duties on foreign food products by 38 percent. American officials are insisting that the duties be reduced by 54 percent.

In general, Europe spends considerably more than the United States on farm protection. Kimberly Ann Elliott, a trade analyst at the Center for Global Development in Washington, estimated that the United States spent about \$19 billion last year on farm programs that distorted trade, while the European Union spent more than \$60 billion.

While American farm programs add up to less than those of Europe, the American proposals are not as far-reaching as they appear. Administration officials say they have offered to cut farm subsidies by 60 percent, for example. But officials concede that the actual money spent on subsidies would decline by much less — perhaps only a third of the \$19 billion spent last year — because of how the cuts would be calculated.

American officials said Ms. Schwab was skeptical about offering new concessions to European leaders because she was convinced that countries like France would never permit Mr. Mandelson to reciprocate with bolder reductions in import quotas and tariffs.

But other diplomats came away from the meeting on Thursday with a different conclusion: that Ms. Schwab herself has little authority from the Bush administration to negotiate bolder trade concessions.

The day after that meeting, on Friday morning, a much larger group of ministers from about 60 countries gathered at the nearby World Trade Organization building — a mock-Florentine palace with expansive views of Lake Geneva — to make a formal push toward agreement on the outlines of a deal.

But by Friday evening, the talks were in crisis and by Saturday they were effectively over — one day

ahead of schedule.

Oxfam, a charity based in Britain that has long fought to reduce barriers against poor nations, criticized European leaders for failing to give farmers in the poorest countries a better deal. But they reserved their toughest criticism for the United States.

The United States position was "far removed from what is necessary" to help farmers in the developing world, said Céline Charveriat, the head of the Make Trade Fair campaign by Oxfam.

Mr. Lamy of the World Trade Organization had hoped that ministers would stay until Monday. But the talks effectively ended before Sunday, and officials from the six biggest players — the United States, the European Union, Japan, Brazil, India and China — announced plans to hold another meeting at the end of July.

Mr. Lamy scolded ministers from both rich and poor countries for failing to make tough choices. "Obviously they were not ready to table their last chips," he said.

Mr. Mandelson suggested that only presidents and prime ministers could break the impasse now. "If necessary, we should be ready to raise the level of the talks to involve the political leaders around the world who hold the key to success or failure in the round," he said before leaving Geneva.

But many analysts said that neither the United States nor Europe was poised to act boldly. France, where farmers are fighting fiercely for their quotas, is gearing up for elections, while President Bush, mired in low approval ratings, faces heavy resistance from Republican lawmakers in Congress who are up for re-election this fall.

Ms. Elliott at the Center for Global Development said she was surprised that the United States had not tried to revive interest in the talks by offering some small new concessions on farm subsidies.

"Are they really committed to getting this done, and getting it done this year?" Ms. Elliott asked. "I have to conclude from this weekend that they are not really committed."

Edmund L. Andrews reported from Washington for this article and James Kanter from Geneva.

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