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US will take 'tough decisions' at trade talks

By Edward Alden

President George W. Bush said on Thursday that the Doha round of world trade talks had reached "a critical moment" and that he would press for further progress when he meets European Union leaders in Austria next week.

"Countries in Europe have to make a tough decision on farming, and the G20 countries have to make a tough decision on manufacturing. And the United States is prepared to make a tough decision along with them," the president said at the summit of the Initiative for Global Development in Washington. But he acknowledged that the talks faced "tough sledding right now".

Mr Bush's comments come as trade ministers are also set to meet in Geneva later this month to try to break the deadlock in the talks.

Susan Schwab, who was formally sworn in at the White House yesterday as the new US trade representative, said last week the US had many allies in its call for an ambitious agreement that would produce deep cuts to tariffs on agriculture and manufactured goods, as well as reductions in farm subsidies.

But the US appears to be increasingly isolated in holding out for such a deal. A top aide to Kamal Nath, the Indian commerce minister, told Reuters in Geneva on Thursday that the US was the major obstacle to a "moderately ambitious" agreement.

"The rest of the world could reach an agreement on a modestly ambitious outcome," he said. "The real problem is going to be the United States."

It is unlikely that Washington could accept such an agreement. The White House is under growing

pressure from US farmers and their supporters in Congress not to agree to any deal that does not involve far greater cuts in barriers to US farm exports than have been offered so far by Europe and by the G20 group of developing countries.

Earlier this week, Saxby Chambliss, the Republican chairman of the Senate agriculture committee, warned Pascal Lamy, director-general of the World Trade Organisation, that Congress would rather see the administration walk away from the deal than accept a package that does not open big new markets for US producers. He told reporters that Congress was "not under any pressure politically to complete a Doha agreement".

"If Europeans think they've got us where we've got to have an agreement, they're wrong," he said.

Industrial lobbies in the US and Europe are also pressing for greater concessions by developing countries. In a joint statement this week, the US National Association of Manufacturers and Confederation of European Business (Unice) said a "minimalist outcome", in which developing countries did not make deep cuts to tariffs on manufactured goods and open their markets more to service industries, would not be acceptable.

But the US is also facing pressure from some sectors at home not to offer further tariff cuts. US textile and clothing makers, who have faced intensive import competition, this week welcomed a statement by the US trade representative's office that the sector needed "special consideration" in future tariff reductions.