



## **Efforts to advance world trade talks falls short in Potsdam**

**Sara Wyant, Editor, Agri-Pulse**

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“Sadly, and unfortunately, the talks have broken down.”

That was the assessment from Agriculture Secretary Mike Johanns yesterday as he and U.S. Trade Negotiator Susan Schwab briefed reporters from Potsdam, Germany. Leaders from the G-4 group of nations, which includes the U.S., E. U., Brazil and India, tried again this week to push forward and find agreement on some of the most contentious global trade issues.

“We came this week with the commitment to make significant progress towards a successful Round,” they both explained in a statement. “Unfortunately, this week's negotiations could not generate political consensus to meaningfully open markets to new trade - particularly in manufactured goods.”

Johanns said substantial progress had been made in recent weeks on agriculture.

“As recently as this morning, agreement on the food aid competition piece of the [agriculture] pillar had been reached,” Johanns said yesterday. “Substantial” progress was being made on domestic supports and market access, he added, emphasizing the “flexibility” being demonstrated by the EU on the latter.

Johanns said that, in the area of domestic support – we had really zeroed in on overall numbers, and we were negotiating about what those numbers should be. However, he would not verify or deny wire service reports circulating a day earlier that the Brazilians wanted \$15 billion in farm support as a limit, and perhaps that the U.S. was willing to go to \$17 billion.

“We had substantial conversations and negotiations on product-specific caps. We knew that the amber box would be \$7.6 billion. We knew that the blue box would be beyond the ambition of the July framework, and it would be at 2.1%.”

However, he said India and Brazil “didn’t really choose to negotiate,” claiming the two countries “picked numbers...out of the realm of possibility.”

“They adopted that attitude from the beginning: ‘We won’t negotiate.’ We need a party at the table who wants to negotiate.”

Schwab said the negotiations continue to stall over market access, this time “when it came to manufacturing goods and services.”

“We were prepared to stay through the weekend... but some of our other negotiation partners decided to go home.”

Still, Schwab did not rule out the possibility of making additional progress with a broader group of nations when multilateral discussions continue in Geneva, Switzerland.

“Is there any hope? Yes. Absolutely,” said Ambassador Schwab in response to a reporter’s question. “We are absolutely determined not to give up on the Doha Round, and it may be that the G-4 process is not going to get us there, and that certainly appears to be the case. But as Secretary Johanns said, next stop Geneva. We have meetings that we’ll set up there where we will continue working with developed and developing countries alike, with the negotiating chairs, and we’ll find another way to get this done. And yes, it can still be done this year.”

Senate Agriculture Committee Chairman Tom Harkin (D-IA) and ranking member Saxby Chambliss (R-GA) both expressed disappointment with the outcome in Potsdam.

“We should have seen more willingness to match the U.S. offer, but we did not see it. Without such reciprocity, the entire effort could well fail,” said Harkin.

Chambliss said the unwillingness of trade ministers representing Brazil and India to reduce industrial tariffs is unfortunate and remains at odds with the goals of the Round. This is a lost opportunity to lower trade barriers around the world and to liberalize the agriculture, manufacturing and service sectors.”

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