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## WORLD TRADE

# EU, Brazil point fingers at each other

High-level trade talks between the EU and Brazil raise even more questions about the success of the Doha round of WTO talks scheduled for next year.

BY Frances Williams

Financial Times

**GENEVA** - The European Union and Brazil on Wednesday blamed each other for lack of progress in global trade talks as World Trade Organization members acknowledged they no longer had time to complete an interim pact this year.

Putting a brave face on their failure to produce a breakthrough in three days of high-level talks in London and Geneva, ministers from the United States, EU, Brazil and other leading trading nations said they remained committed to concluding an ambitious Doha round accord by the end of 2006 and would work for the best possible deal at next month's WTO ministerial meeting in Hong Kong.

"I am optimistic we can make significant progress in Hong Kong even if it is not as much as ministers would have liked," Mike Johanns, U.S. agriculture secretary, said in Geneva. "We can lay a pathway to have a successful round completed in 2006."

"The Hong Kong meeting was never meant to be the end of this process," Rob Portman, U.S. trade representative, said. "It was always supposed to be a milestone on the way."

By scaling back expectations for Hong Kong, ministers hope to avoid repeating the damaging collapse of previous ministerial meetings in Seattle in 1999 and Cancun in 2003.

But Peter Mandelson, EU trade commissioner, warned this was a risky strategy. "We need an outcome for Hong Kong that significantly advances the negotiations," he said. "There is a risk of losing more and more time until it is too late to recover."

The final deadline for concluding the round is generally seen as end-2006, in time for the package deal to be approved by the U.S. Congress before the administration's trade negotiating authority expires in mid-2007.

Pascal Lamy, WTO director general, is now aiming to produce by the end of this month a draft text for ministers to approve in Hong Kong.

This would include a timetable for agreeing on a blueprint for the round early next year that negotiators will use to draw up schedules for market opening in agriculture, industrial goods and services.

But even this "recalibrated" approach could fail without rapid movement to narrow deep divisions between WTO members in almost all areas of the talks.

Mandelson, who is under strong pressure from France and its allies not to give more ground in agriculture, insisted that it was up to countries such as Brazil and India to show their hands on industrial goods and services as an "incentive" for Brussels to go further.

But Celso Amorim, Brazil's foreign minister, said the EU's demands were totally unacceptable to developing countries.

"Why should we put a proposal on the table when the EU will not move on agriculture?" he said.

There were signs on Wednesday that the Hong Kong meeting could agree on a package of measures to help the very poorest countries, including duty-free and quota-free access for their exports.

Portman on Wednesday left Geneva for Burkina Faso, one of four poor West African countries pressing for an agreement in Hong Kong to end U.S. cotton subsidies. He will go on to New Delhi, Beijing and then Seoul for the Asia-Pacific Economic Cooperation forum meetings to lobby for more progress ahead of the Hong Kong conference.