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## **Can a New Cast Save Global Trade Talks?**

**By STEPHEN CASTLE and VIKAS BAJAJ**

BRUSSELS — As stalled global trade talks resume Thursday, the world will look to the two countries most responsible for their acrimonious collapse last year — the United States and India — to lead negotiators in striking a deal that is palatable to both developed and developing countries.

While there are signs that the host of this week's session, India, has become more willing to bargain, negotiators are still trying to determine whether the administration of President Barack Obama is even paying attention yet.

Two days of talks are not expected to produce a breakthrough, and even the optimistic forecast for the long-running negotiations, known as the Doha Development Round, does not foresee any agreement until the end of next year.

But negotiators hope discussions Thursday and Friday will send a signal to the Group of 20 summit meeting in Pittsburgh this month and provide some idea of what concessions the United States needs to sell a trade agreement back home.

That the talks are taking place in New Delhi — with a new Indian trade minister, Anand Sharma, as host — is significant in itself.

The Indians are “sending a very strong signal internally and externally” of their commitment, said Catherine Ashton, the European trade commissioner, who negotiates for the 27 countries in the European Union.

During an interview Tuesday night, before leaving for India, she added that Mr. Sharma “would not be doing it lightly.”

For India, this meeting provides an opportunity to recast itself as a proponent for the Doha talks after earning a reputation as an obstructionist last year.

Trade ministers from the rest of the world often complained, in private, that India's former trade minister, Kamal Nath, was brusque, impatient and unwilling to engage in detailed negotiations to find compromises. Mr. Nath, who represents a largely rural constituency in Parliament, is now in charge of the ministry for roads and surface transport.

Analysts in New Delhi say Mr. Sharma, who has previously served as a spokesman for the Congress Party and in the Foreign Ministry, has both domestic political influence and an appreciation for the art of diplomacy.

“Personalities clearly matter in driving this debate,” said Eswar S. Prasad, a professor of trade policy at Cornell University in New York State who has advised the Indian government on economic issues. “Having a different person than Kamal Nath might change the contours of the debate.”

Still, Mr. Prasad and other analysts say the personnel change will most likely not be enough to substantially alter India’s position on many issues like agriculture.

While acknowledging that India still had its problems, Ms. Ashton highlighted the difficulties facing Ron Kirk, the new U.S. trade representative.

“We all know Ron has very little domestic lobby support for the Doha round,” she said. “There is a sense in which this belonged to the previous administration, and there is not a strong lobby in favor.”

What was needed, she said, was an “Obamaization” of Doha — “making it feel that this is a deal that this administration and this president feels comfortable with.”

In Europe, policy makers fret that trade is low on the agenda of an administration that is expending political capital on other fronts.

“The big issues,” Ms. Ashton said, “are health care and climate change. It is hard when you have big issues domestically to add in more issues.”

Diplomats also point to the fact that the White House has not yet filled all the positions in Mr. Kirk’s team, including that of Ambassador to the World Trade Organization in Geneva.

“I don’t see that the Obama administration has the energy at this time or the political interest at this time in pushing a trade agenda, when they need it on health care,” said Gary Clyde Hufbauer, a fellow at the Peterson Institute for International Economics in Washington.

The Doha Development Round was started in November 2001. A deal would involve rich countries’ opening their markets for farm produce and cutting subsidies for agriculture. In return, the wealthier developing countries, like India and Brazil, would cut industrial tariffs. Advocates say this would help lift poorer countries out of poverty by increasing global trade.

But last year, talks foundered on the right of India and other developing countries to protect sensitive agricultural products from competition in the event of a surge of imports. The United States argued that this would mean moving backward on current commitments.

Since the collapse of those talks, the landscape has been transformed by the global financial and economic crisis.

Joseph Francois, a fellow at the Center for Economic Policy Research and professor of Economics at Johannes Kepler University in Linz, Austria, argued that the “depth of the recession and the collapse of

trade has focused people's minds and there is perhaps more enthusiasm for sending a positive message" on the Doha round.

But he also said the recession might strengthen the hand of labor unions in the West, who usually are critical of free-trade deals. "Domestic politics matter and it's going to be hard," he said. "It has to look like Obama comes away with something."

Speaking during a conference call with journalists Tuesday, Mr. Kirk did not disguise the fact that Doha was a difficult sell in the United States.

"Those who believe in trade," he said, "have to articulate our policy in a way the American public understands and feels comfortable with."

The U.S. approach has been to talk bilaterally with individual countries to ask them how, in detail, they would apply the draft agreement. The idea is that this would make clear what market access U.S. companies would gain in the richer developing countries in exchange for concessions being made by Washington on agriculture.

Peter F. Allgeier, the former U.S. ambassador to the W.T.O., said American negotiators were pushing for more detailed concessions because they had to get a better deal for exporters to persuade lawmakers in Washington to reduce farm subsidies.

"The new administration in Washington is ready to conclude a deal, but it knows that at least what has been discussed so far isn't going to be sufficient to fly with Congress," said Mr. Allgeier, who next week will become president of C&M International, a international trade and investment consulting firm.

But critics argue that the United States is, in effect, asking countries to state their bottom line, something few will do until the last moment of the negotiation. The other risk is that to satisfy the Americans, developing countries would seek further concessions of their own.

But Professor Francois, who has in the past been a skeptic about Doha, now says he is more optimistic and that "the U.S. being problematic might, in a sense, help the dynamic."

He recalls that, during the Uruguay round, which ended in 1994 and led to the creation of the World Trade Organization, the sense that Washington was about to walk away from the talks helped bring it to a successful close — but after seven and a half years. Like Doha, that negotiation "was pronounced dead," he said. "In fact, there were frequent funeral services. But then it came back."

*Vikas Bajaj reported from New Delhi.*

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