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WTO to Give Duty - Free Deal to Poor Nations

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HONG KONG (AP) -- Negotiators at a World Trade Organization meeting reached an agreement on a draft text Friday that would grant duty-free and quota-free access to imports from so-called least developing countries, Indian and Indonesian officials said.

In talks that began late Thursday and spilled over to Friday morning, key negotiators were able to agree on a text that addressed both the demands of the poor countries and also the concerns raised by the United States and Japan, an Indian official said, requesting anonymity because an official announcement was due later.

According to the draft, rich countries as well as leading developing countries like Brazil, India and China would provide duty-free access on "a lasting basis," he said.

"I think it's acceptable to all developed and developing countries," Indonesian Trade Minister Mari Elka Pangestu told reporters.

The draft text now must be finalized by the finalized and then adopted formally by the trade body to become effective.

The EU trade chief Peter Mandelson said he was "hopeful that an agreement would be reached."

Among the 149 WTO members, 32 fall into the category of least developed, with per capita incomes of less than US\$750.

The agreement came after negotiators from least developed countries dropped their demand that all of their products should be allowed duty-free access, the Indian official said.

In return, negotiators from the U.S. and Japan agreed to limit the exemptions to a fixed percent that will be worked out later. Such exemptions would be transitory and would end by a set date, he said.

According to the draft text of the agreement, developing economies like India, Brazil and China will allowed more flexibility than the rich nations.

On Thursday, the least developed countries said they planned to meet with other developing countries to forge a common strategy at this week's global trade talks. The EU had blamed the U.S. and Japan for holding up a deal on duty-free access.

For instance, the United States has voiced reluctance to give duty-free access to textile products from Bangladesh. Japan has problems with putting rice on the list. These concerns appear to have been addressed in the new text.

The issue of duty-free and quota-free access is a key component of the current Doha round of trade talks that were launched in Qatar's capital in 2001 particularly to address the concerns of poor nations, which say they had lost out in previous WTO negotiations.

