WTO issues negotiating text on trade rules
12.19.08, 01:35 PM EST

By Jonathan Lynn

GENEVA, Dec 19 (Reuters) - The World Trade Organisation (WTO) issued a revised negotiating text on Friday for trade rules but made clear that members had differences on measures to deal with unfairly priced imports and subsidised goods.

Uruguay's WTO ambassador Guillermo Valles Galmes, who chairs negotiations on rules, said that on many issues he did not have a basis to propose compromises and members would need to work intensively to reach agreement as part of a broader deal under the WTO's seven-year-old Doha round to free up trade.

The new draft makes it clear that "zeroing" -- a controversial U.S. method of calculating duties on imports that are dumped, or sold below their cost at home, and which is opposed by other WTO members -- will need further discussion.

"Delegations remain profoundly divided on this issue," Valles said in a comment on the text.

"Positions range from insistence on a total prohibition of zeroing irrespective of the comparison methodology used and in respect of all proceedings to a demand that zeroing be specifically authorised in all contexts."

Agreeing on what constitutes unfair imports and how to deal with them has taken on added importance in the economic crisis.

With jobs under pressure in many countries as economies contract, countries will be tempted to look for ways to restrict imports which will add to protectionist pressures even if such measures are allowed under WTO rules.

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Valles also made it clear there were big differences in the subsidies section of the text over whether to tighten up rules on government aid for loss-making institutions -- a question certain to be sensitive as governments pour billions of dollars into bailing out troubled industries and banks.

In an example of the tensions around subsidies, the United States launched a legal case against China at the WTO on Friday over its support for Chinese-branded goods.

Global trade rules allow a country to impose anti-dumping duties on imports that are sold for less than they cost at home if that damages businesses in the importing country.

To calculate or review those duties often requires comparing different batches of the product to work out an average. In zeroing, the importing authorities ignore cases where imported goods actually cost more than at home in these calculations.

All the WTO's 153 members except the United States object to zeroing, which has been the target of a dozen trade disputes.

But Washington says WTO courts that have rejected zeroing have overstepped their powers and a Doha deal must recognise it.

Other areas of difference in the anti-dumping section include whether to make lesser punitive duties mandatory if some groups such as consumers or retailers in the importing country benefit from the lower prices and whether anti-dumping measures
should automatically terminate after a fixed period.

The new draft says a revised text on fisheries subsidies will be issued after discussion of issues raised in an accompanying "roadmap".

Here the challenge is to strike a balance in rules between two conflicting aims -- promoting development to help millions of small-scale fishermen in countries like India and protecting the environment by preventing overfishing.

Oceana, a group that campaigns to preserve the seas and fishing stocks, said the new roadmap offered a way for negotiators to reach an agreement limiting subsidies.

"Time is running out for the world's fisheries and the WTO to do its part to reverse global overfishing," senior campaign director Courtney Sakai said in a statement.

The draft shows the determination of WTO members to continue to work in 2009 to conclude the Doha round, despite this month's setback when they called off a meeting of ministers to seek a breakthrough in the talks this year because of big differences. (For the full draft click on: http://www.wto.org/english/news_e/news08_e/rules_19dec08_e.htm ) (Reporting by Jonathan Lynn; Editing by Elizabeth Piper)