

If Revived, Doha Talks Face Higher Bar

White House Seeks to Resume Trade Negotiations

But Domestic Opposition Has More Muscle

By GREG HITT

WASHINGTON -- The Doha round of global trade talks stalled after hitting numerous roadblocks over the summer. Now the White House is working to revive negotiations, even as a **new barrier looms: a Congress much more skeptical of free trade.**

Administration officials have stepped up the campaign to win support for its plan. Trade Representative Susan Schwab, who spent years as an aide on Capitol Hill, is wooing the incoming trade czars of the new Democratic Congress. Speaking recently to the U.S. Chamber of Commerce, she urged cooperation on trade and Doha. "We cannot let a strong, potential Doha deal slip through our fingers," she said.

Treasury Secretary Henry Paulson is rallying support for Doha around the globe. In London, he said Doha remains the administration's "top trade priority," even with the change in control of Congress next year. In Geneva, U.S. negotiators, after months on the sidelines, are taking part in fresh talks with trading partners on thorny issues, such as cutting farm supports.

The administration is banking that all the political maneuvering will help inject some momentum back into the talks by the spring. The goal isn't necessarily to finish a deal then, but to show enough progress to persuade skeptics in Congress to extend the president's trade-negotiating authority beyond June, when it is set to expire. That authority lets the president negotiate deals with other countries, and put them to Congress for an up-or-down vote -- without amendment. As a practical matter, nations generally don't like to sign deals that could be changed in Congress, so extending that authority would buy U.S. negotiators some extra time to seal a Doha deal.

Whether the Bush administration is able to restart the Doha talks could serve as a measure of the muscle behind critics of free trade in the U.S. And if the impasse on Doha becomes permanent, it could herald the closing of the era of global economic integration that began after World War II.

"A failure of Doha really would signal a crisis of confidence in the multilateral trading system," said C. Fred Bergsten, director of the Peter G. Peterson Institute for International Economics, a free-market think tank in Washington. "The WTO would continue to exist. But there would be a big loss of its standing and its credibility."

The Doha Round was launched in 2001 under the World Trade Organization in Doha, Qatar, with the aim of lowering global barriers to trade in manufacturing, services and farm products. The U.S. and other major trading nations hoped the round, opened after

the Sept. 11 terrorist attacks on America, would give a lift to the world economy and reinforce multilateral alliances at a time of global tensions. To get the talks off the ground, the U.S. and European Union promised that the final deal would work for poor countries as well as wealthy ones.

Other WTO parties welcome signs of greater Bush administration engagement on Doha, after the congressional-election outcome damped expectations about what the White House can achieve on trade over the next two years. "Our clear sense is that there is a basis of a deal there," said Peter Power, spokesman for Peter Mandelson, the EU's trade negotiator who has also been seeking to build support for the talks.

The Doha round has been tough going from the start. By July, when WTO chief Pascal Lamy suspended discussions, a trans-Atlantic row had erupted over trade-distorting farm policies. The U.S. wanted Europe to accept deep tariff cuts aimed at opening new markets for American farm products, while Europe demanded a more aggressive U.S. effort to end subsidies paid to American farmers. At the same time, Brazil and India dug in against proposals by the U.S. and Europe that developing countries should cut tariffs on manufactured goods.

Many of the issues under discussion, like agricultural trade, are more sensitive than those tackled during past talks. The field of players who must reach consensus, meanwhile, has expanded from a small club of wealthy nations led by the U.S. to about 150 with the expected entry soon of Vietnam.

That's where Mr. Paulson comes in. Treasury secretaries traditionally have stayed out of the trade arena. But Bush aides hope to capitalize on Mr. Paulson's credibility as a former chairman of Goldman Sachs to sharpen attention on Doha at the highest political levels in Europe and Asia.

The Paulson-led effort will build on the economic diplomacy of Ms. Schwab. Just back from Asia, where Doha dominated her agenda, the U.S. trade representative is set to travel abroad again early next year, including possible visits to Brazil and Europe. The emphasis is on "quiet talks" about key issues, one administration official said.

In Geneva, lower-levels officials from the U.S. and other countries began talking last month to try to break the impasse. American officials suggest the U.S. could embrace deeper cuts in domestic subsidies paid to farmers than those put on the table several months ago. But U.S. officials are unwilling to proceed without other players, like Europe and India, showing they are ready to bargain in earnest.

Ms. Schwab has also begun to reach out to a critical player in Washington: the Democrats. More critics of globalization and free trade are expected among new rank-and-file lawmakers arriving next month. The administration will likely have to weigh Democratic priorities like labor and environmental protection more seriously to keep the president's trade agenda on track.

Some old-line Democrats, such as Rep. Charles Rangel of New York and Montana Sen. Max Baucus, could emerge as allies of the administration and its free-trade agenda. The two lawmakers, who will take over the House Ways and Means Committee and the Senate Finance Committee, respectively, share traditional Democratic concerns, but have records that support free trade. This past weekend, they joined Republicans to rally support in Congress for a Bush-backed trade package, which included legislation lifting Cold War-era economic restrictions on Vietnam.

"The Democrats in Congress want to be full partners in the process," said Bill Frymoyer, who advised former House Minority Leader Richard Gephardt on trade policy. "The door is open."

It remains unclear how much sway Messrs. Rangel and Baucus will have in shaping the direction of their party on trade issues, and whether Democrats, more broadly, will cooperate with the White House.

Congress is set to vote in the spring on pending trade pacts with Colombia and Peru, and those votes could set the tone for mid-year action on renewing trade-promotion authority.

"Ideally, you get a breakthrough on Doha, which gives you traction to get renewal" of the president's trade-promotion authority, Ms. Schwab said.

Another potential factor is how the new Congress will handle the looming expiration of U.S. farm programs, which provide an array of support for domestic producers. If lawmakers move to beef up that program, that would make it harder to close a deal in Doha, and possibly threaten already settled issues, such as a commitment to end all export subsidies for farm products.

The administration's fresh focus on Doha hasn't necessarily won the same level of attention from its chief executive. Joining visiting South African President Mbeki in the Oval Office Friday, President Bush told reporters that the two talked about "the necessity of trade."

"We talked about, interestingly enough, the Darfur round," Mr. Bush said, apparently confusing the Qatar city with the Sudanese region beset by violence.

--John W. Miller in Brussels contributed to this article.

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Tackling Trade

With a new Congress starting in January, the challenges for U.S. Trade Representative Susan Schwab have changed since her confirmation in June:

CHALLENGE	WHAT SHE'S DONE
Reviving the stalled Doha global round of trade talks	Traveled abroad to build support among trading partners. Maintained dialogue with other top trade negotiators, including the EU's Mandelson and Brazil's Amorim.
Expanding bilateral trade and renewal of Trade Promotion Authority	Reached out to Democrats pivotal to congressional approval for TPA. Pushed for votes on deals with Peru and Colombia; is negotiating deals with South Korea and Malaysia.
Re-establishing the bipartisan consensus	Briefed Democrats on negotiations and emphasized the need to address the coming majority's priorities such as labor and the environment.



Susan Schwab