

GATT talks slouch toward conclusion

by Suzanne Rose

The year-end deadline for concluding the five-year-old "Uruguay Round" trade talks under the auspices of the U.N.-sponsored General Agreement on Tariffs and Trade is coming up. Several deadlines for reaching breakthroughs along the way have passed, since the talks resumed this fall after deadlocking last December. The demand of the U.S. government and GATT functionaries that world food production be sharply reduced in the midst of a growing world food shortage is the major sticking point in talks which otherwise include bringing areas such as banking, services, textiles, and copyright laws under trading rules. This demand is couched in the alleged need to reduce "surplus production," by eliminating "trade-distorting subsidies" (farmers' income) and allowing trading cartels to penetrate domestic agriculture markets of sovereign nations with more cheaply produced imports.

Reaching such an agreement on agricultural reform, although long sought by cartel interests in the U.S. and Europe, is fraught with difficulty now. European governments, which provide the world's main exportable food surplus outside the United States, are confronted with the need to provide emergency food assistance to the republics of the former Soviet Union. Reports are that, under the guise of eliminating export subsidies (which would allow the cartels to dominate every market with the most cheaply produced grain), the U.S. is demanding that cuts in export subsidies be calculated in terms of physical export cutbacks. This would lead to a reduction of European Community (EC) grain exports by as much as 50%.

GATT Secretary General Arthur Dunkel has announced that intense negotiations will resume Dec. 5 and run through the latest deadline of Dec. 20, in time to report an agreement by the end of 1991. Top trade officials from the U.S. and the EC are meeting in Brussels to achieve the breakthrough on agriculture which they think will allow broader negotiations in the other areas covered by the Uruguay Round to proceed. The current EC-U.S. meeting was sparked by a telephone call from President Bush on Nov. 28 to Dutch Prime Minister and EC President Ruud Lubbers—Bush's second personal intervention within a month.

Trading the blame

As the talks head into their final phase, where either a deal will be concluded or the talks will simply end, the Bush

administration blames the EC for the impasse over the degree of projected cuts, and EC governments, led by the French, blame the U.S. for failing to concede enough. What is clear through the rhetoric and posturing is that two things have intervened to upset the applecart. One, the deepening depression in the U.S. and British economies, which makes U.S. lawmakers cautious about backing anything which seems to threaten jobs and livelihood; two, the perception around the world, since the defeat of Bush protégé Richard Thornburgh in the Nov. 5 special senatorial election in Pennsylvania, which was in part a vote against "free trade," that the administration has been weakened and may not be able to get such an agreement through Congress.

One U.S. farm organization source reports that a breakthrough in the agricultural negotiations has been achieved. He said that agreement has been reached to cut 35% from internal price supports, export subsidies, and barriers to market access for imported goods, and that the cuts will be sustained over a period of five years, after which further cuts will be made. He said that Bush offered to waive Section 22 of the Agriculture Adjustment Act which protects the U.S. dairy, peanut, sugar, and cotton farmers from cheap imports. He claimed that the breakthrough between the U.S. and the EC occurred when Japan caved in and agreed to tariffication of rice imports, instead of the ban which has protected their rice farmers.

Other reports say that the base period for calculating the cuts is still at issue between the U.S. and the EC, as well as how the cuts in export subsidies will be calculated. According to Reuters on Dec. 2, "France says the United States is showing no sign of compromise in the current GATT world trade talks, leading to doubts about whether it is serious about an agreement." French Secretary of State for Foreign Trade Jean-Noel Jeanneney told the French Senate on Nov. 29 that Bush must concede more. French resistance has been forced by angry farmers: More than 200,000 demonstrated on Oct. 30. Still, Bush administration officials claim that more concessions are needed from the EC.

These controversies obscure the point that the beneficiaries of the GATT negotiations are not the United States, or the nations of Europe, but multinational banks and food trading organizations known as cartels. They are seeking to dramatically lower the cost of farming in the West, by reducing farmer incomes and production, to provide loot for collapsing western financial institutions, and to obtain control over production and distribution of food for political purposes.

U.S. lawmakers have reacted sharply to press reports of Bush administration concessions on Section 22, as well as reports that Bush is willing to include U.S. farmers' deficiency payments in the calculations for cuts. He is reportedly demanding that the base period for cuts start in 1992, and not include the 25% cuts already made in U.S. farm supports since the 1985 farm bill. Sixty-one senators have written to Bush to protest his reported concessions.