

## Disappointment at Potsdam

SIR – Your leader on the Doha round did the negotiations a disservice by joining Susan Schwab, America's trade representative, in her disingenuous attack on India (and Brazil, to a lesser degree) as the cause of the failure of the summit in Potsdam between the United States, the European Union, Brazil and India (“[Potsdam's price](#)”, June 30th). The breakdown at Potsdam was America's fault, not India's. Ms Schwab offered to lower the ceiling on America's distorting agricultural subsidies to \$17 billion. As America currently spends only about \$11 billion, a ceiling of \$17 billion would actually allow it to raise its subsidy level in the future.

In Ms Schwab's world, however, what is sauce for the goose is not sauce for the gander. Regarding manufacturing, she insisted that India (and Brazil) not merely lower their subsidy ceilings, but that they do so to such an extent as to bring the actual tariffs down below current levels. Aside from the double standard of the American position, India has already undertaken significant unilateral liberalisation—it cut its top industrial tariff to 10% in 2007 from 38.5% in 2001—for which it has received little credit.

The significant additional access demanded by Ms Schwab would require India to cut its ceiling by nearly 80%. But then, under the July 2004 Doha framework, such a large cut would have to be matched by near-zero tariffs in the developed countries. Ms Schwab was unwilling to make that concession.

India has had a history of being protectionist, and we have criticised it for being so. But with the exception of agriculture (where other countries are hardly a shining example either) India today is far more open than it used to be. Its merchandise and services imports are expanding at breakneck speed. During the Doha round it is doing what America and Europe have done for virtually the entire post-war period: engage in tough bargaining to obtain maximum concessions for its offers.

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