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USTR's Zoellick Warns Developing Countries on WTO Negotiations

Compromise needed to avert potential failure, he tells G-90 ministers

U.S. Trade Representative Robert Zoellick warned a group representing the world's poorest countries that, unless they chose more flexible positions, the long-stalled World Trade Organization (WTO) negotiations could collapse again.

In July 12 remarks at the G-90 trade ministers' meeting in Mauritius, Zoellick said the United States remained willing to consider giving developing countries some special protections from imports, decided case by case.

Negotiators realistically have only until the WTO General Council meeting at the end of July, he said, to establish a framework for completing the negotiations, formally called the Doha Development Agenda, or risk final failure. Zoellick traveled the globe to help revive the negotiations after they collapsed at the WTO ministers' September 2003 meeting in Cancún, Mexico.

"And if we fail again -- because we did fail the last time -- I do not know for sure what will happen to the Doha Development Agenda," Zoellick said. "I do not know whether it will be revived."

Agriculture remains the most contentious issue, as it has been since the negotiations were launched in 2001. The United States has been insisting that developing countries must open their markets to agricultural imports in return for wealthy countries eliminating export subsidies and sharply reducing domestic support for agriculture.

Yet as recently as July 11, members of the African, Caribbean and Pacific (ACP) countries issued a draft negotiating position essentially rejecting any commitments to open their agricultural markets or to make any other reforms in agriculture. The 79-member ACP represents the largest bloc in the G-90.

Zoellick reminded participants that, because of developing country opposition, a consensus had emerged to drop from the Doha negotiations three of the four so-called Singapore issues: investment, competition policy and transparency in government procurement. Only the issue of customs facilitation -- making customs procedures open and efficient -- remains for negotiation.

The U.S. trade representative, urging developing countries to open their markets to imports of industrial goods and services, asked them to consider the potential benefits of such a move to their own exports.

“We need to figure out how to limit the burden on countries but not limit the opportunities of countries,” Zoellick said.

Survey Shows Pro-Trade Sentiment in U.S., U.K., France, Germany

Trade better than aid for poor countries, survey respondents say

By Kathryn McConnell
Washington File Staff Writer

Washington -- A majority of the public in four industrialized nations believes international trade contributes to economic growth in developing countries and the world in general and increases the number of jobs for people in developing countries, a survey by a Washington-based research institute indicates.

Results of a May 2004 survey of people in the United States, United Kingdom, France and Germany also show that respondents support specific forms of trade protection -- such as for farmers, especially those that “protect the countryside” -- but are “lukewarm” about nonspecific trade barriers, said John Audley of the German Marshall Fund of the United States.

Audley, coauthor of the survey report, discussed it with reporters July 13 in Washington.

Two-thirds of the survey respondents said that while they support trade, it should not come at the expense of jobs or the environment, Audley said. Additionally, 80 percent said governments should negotiate future trade agreements in a more transparent and accountable manner, he said.

An overwhelming majority of respondents -- 79 percent -- supports aid to developing countries but says trade is more effective than aid in helping to boost these countries’ economies, Audley said.

Respondents’ most-cited reason for fighting global poverty was that “everyone should have a chance to work and earn a living for themselves and their families,” the author said. They attached less importance to opening poor countries’ markets to products from wealthier nations and to eliminating terrorist breeding grounds, Audley said.

People in all four countries believe that international trade agreements increase product choice and help make their own economies more innovative and competitive, according to the report. However, they perceive specific agreements -- notably the U.S.-Canada-Mexico North American Free Trade Agreement (NAFTA) and to a lesser extent the European Union Internal Market -- as causing problems for domestic workers, he said.

Another majority of respondents -- 56 percent -- believes multinational companies benefit most from lowering barriers in international trade, Audley said. An even larger group -- 76 percent -- professes a more favorable opinion of small business than of multinationals, the report said.

The fund recommends that policy-makers redefine international trade as a “project of the people and small business, not of multinationals,” Audley said.

Further, he said, the public wants trade agreements that feature a more gradual integration of developing countries into the global market. Three-fourths of respondents also believe that rules protecting intellectual property rights should be adjusted to give developing countries better access to life-saving medicines.

Finally, respondents said policy-makers should be "honest" about the true costs and benefits of trade. "While some rhetoric is often necessary to motivate action, policy-makers should always keep in mind the high cost of overstating the benefits and understating the costs of new trade deals," the report said.

The German Marshall Fund promotes cooperation and understanding between the United States and Europe. The organization also has offices in Belgrade, Berlin, Bratislava, Brussels and Paris.

U.S. Determining How to Proceed on Open Skies Talks with EU

State Department's Byerly says U.S. committed to aviation liberalization

The United States and European Union (EU) "lost a golden opportunity" to liberalize the trans-Atlantic aviation market when the EU rejected an historic first-phase air-services agreement in June, said the State Department's John Byerly July 13.

However, Byerly said, the Bush administration remains committed to liberalization of transatlantic aviation. He noted that at this year's U.S.-EU Summit in Ireland, "President Bush and his Irish and [European] Commission counterparts called on the two sides' negotiators to continue efforts toward a comprehensive aviation accord 'that will expand opportunities not only for airlines, but also for airports, tourism, business links, and cargo transport.'"

Byerly, deputy assistant secretary of state for transportation, outlined some of the history leading up to the latest round of negotiations as well as the give-and-take on a number of important issues. "We were convinced that a first-step accord not only could meet the near-term objectives of both sides but also could provide impetus for progress in follow-on negotiations," he said. "We were disappointed, therefore, when European transport ministers rejected what we had negotiated."

"The reasons offered publicly [by the EU for the rejection] are far from convincing," Byerly added.

He cited four "lessons" the United States will draw on when negotiations resume:

-- Government negotiators and private sector stakeholders must work closely and honestly with one another. ... An agreement that fails to address stakeholders' real needs and legitimate concerns won't be acceptable, Byerly said. By the same token, the stakeholders have an obligation to be honest about those needs and concerns.

-- The EU must ensure that it can address the full range of rights traditionally included in an air-services agreement, including fifth freedom rights outside the EU. Although the EC and EU member states may not be able to legally speak with a single voice on all subjects, the United States asks "that they find a more workable way to deal with all relevant issues," Byerly said.

[The airline industry uses the term "freedom" to describe privileges of air carriers operating within the airspace of another country. Some of these deal with the pick-up and discharge of passengers. Fifth freedoms involve the right of a carrier from country A to pick up passengers in country B who are destined for country C, or deposit passengers who originated in country C at a destination in country B.]

-- Both sides should be realistic about what is achievable in the near term and how, in practical terms, to make progress toward broader liberalization. For the U.S., a step-by-step approach means one step at a time coupled with a commitment to keep working, he said.

-- Efforts to denounce existing agreements do not square with statements made at the U.S.-EU Summit in June 2003 when President Bush and his EU counterparts announced the start of comprehensive air-services negotiations and called it "an historic opportunity to build upon the framework of existing agreements."

Byerly said the U.S. government and other stakeholders will assess how next to proceed. "We expect to consult informally in early autumn to take stock of developments. Similarly, if individual member states come knocking, we will most definitely answer the door."

Early in his remarks, Byerly noted that of the 25 current EU member states, the United States has Open Skies agreements with 15, as well as with Norway, Switzerland and Iceland, which are associated by treaty with the EU aviation market.

Key Africa Trade Law Extended to 2015

Bush signs AGOA III, says law promotes economic growth, peace

By Tara Boyle and Erica Matsumoto
Washington File Staff Writers

Washington -- Praising the African Growth and Opportunity Act (AGOA) as a law that "has been beneficial to the people of the continent of Africa and to the people of the United States of America," President Bush signed legislation July 13 that reauthorizes AGOA until 2015 and extends the expiration dates for a number of its key provisions.

"Like all good partnerships, AGOA has been beneficial to all parties. Free trade between the United States and sub-Saharan Africa has created jobs, wealth, and opportunity on both continents," said Bush, who was flanked at the White House ceremony by Secretary of State Colin Powell and senior members of the U.S. Congress.

The landmark AGOA legislation, originally enacted four years ago, gives African nations duty-free access to U.S. markets if they make progress in opening their economies and building free markets.

The latest version of the law, known as AGOA III, extends through September 2007 a provision that allows African nations to sell duty-free apparel to the United States, even if the fabric used in making the apparel is produced in a third nation. That provision was due to expire this fall.

President Bush called AGOA an important complement to traditional aid programs for Africa.

"When nations close their markets and opportunity is hoarded by a privileged few, no amount of development aid is ever enough," he said. "But when nations respect their people, open their markets, expand freedom and opportunity to all their citizens, entire societies can be lifted out of poverty and despair."

AGOA has generated more than $340 million in investment and created thousands of jobs since it became law. Last year, African exports to the United States increased by 55 percent under AGOA, while American businesses saw a 15 percent increase in their exports to sub-Saharan Africa, totaling nearly $7 billion.

Thirty-seven African nations are currently eligible to participate in the program.

"Things are happening because of the law we're extending today, positive things for people in Africa and in America. The enactment of this law will help ensure that this mutually beneficial trade continues," President Bush said.

The president's remarks came one day after U.S. Trade Representative Robert Zoellick met with African trade officials in Mauritius to discuss World Trade Organization (WTO) talks to be held in Geneva later this month.

President Bush told African diplomats who attended the AGOA signing that such trade negotiations are "important meetings for the people of the United States; they're important meetings for the people on the continent of Africa.

"And the reason why is because we want to advance our shared economic agenda, and it's very important for our AGOA partners to help make these talks in Geneva a success. Pass the word on to your capitals."

The president also highlighted the importance of trade laws such as AGOA in promoting peace and stability in Africa.

"It's important for our people to understand, by opening United States markets, we make it more likely there will be peace on the continent of Africa.

"AGOA nations are strengthening the rule of law. They are lowering trade barriers, they're combating corruption, and eliminating child labor. They're setting an important example for the entire continent, demonstrating that governments that respect individual rights and encourage the development of their markets are more likely to grow economically and achieve political stability," he continued.

The signing of AGOA III also drew praise from its supporters in the U.S. Congress.

"Many provisions of the African Growth and Opportunity Act were set to expire this year," Senator Charles Grassley, a Republican from Iowa, said in a statement. "This created an environment of uncertainty, which was leading to investment flight and lost opportunities. The signing of this bill today will help Africans reap the program's full benefits." ###