

As Prepared for Delivery

U.S. Statement to the Trade Negotiations Committee
Deputy U.S. Trade Representative Peter F. Allgeier
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Geneva, Switzerland

Mr. Chairman,

The United States joins others in welcoming this session focused on our future work in advancing the Doha agenda. Our commitment to the success of the negotiations remains as strong today as it was leading up to and during the Ministerial Conference last year in Doha.

In a little more than a year, the TNC will be finalizing its preparations for the 5th Ministerial Meeting in Cancun. Ministers are scheduled to meet at the mid-term of our three-year enterprise to review our progress and provide the guidance needed for us to arrive at a final result, as required, by January 1, 2005.

The situation we confront today in the global economy is even more compelling than when we met in Doha. In Qatar, Ministers were convinced that the best way for the WTO to contribute to global growth and development was to embark on a wide-ranging agenda that held the promise of benefits to the diverse Membership of the WTO, with special emphasis on the interests of our partners in the developing world. All of our economies need that impulse to liberalization even more in today's economic environment.

We have been heartened by the common sense of purpose that is evident amongst delegations to meet the deadlines assigned by our Ministers, and to continue the positive spirit that guided our deliberations in Doha. We will succeed if we continue to be pragmatic, flexible and maintain our sense of shared responsibility.

In operational terms, this means that while we may have differences, we must proceed on the assumption that partners are prepared to work in good faith to arrive at Cancun ready to enter the final stages of the negotiations. The pace of progress in various areas may differ, but at the end of the day, we all have agreed that they are part of an overall package of results where everyone must gain.

The United States understands that each and every aspect of the negotiations is important. Some issues are important to us because of direct U.S. interests. Others are important because we recognize that to shape an agreement, we will have to work to find appropriate solutions. We fully embrace our role in finding such solutions.

We are gratified that many countries have joined us in making submissions in the negotiations so that we do not find ourselves in a situation where only a few Members are making contributions. For our part, we have made submissions on a wide range of issues in the negotiations to help

move this process forward. More are in the works, reflecting our interest in forging consensus in achieving greater market access and strengthening the rules and disciplines of the system.

Progress to Date and the Road Ahead

Since meeting in Doha, Members have made considerable progress. We reached agreement the procedures and structure needed to conduct our work. Procedural agreements have given way to more substantive discussions and negotiations. Our meeting today provides an opportune time to check our shared expectations for progress in the months ahead.

On technical assistance and capacity building, the Membership is delivering on its Doha commitments. At the outset, we gave energy to the process by meeting and beating the targets for the voluntary Global Trust Fund – which is now operational. The United States is proud of its contribution to this effort, along with the enhancements of our bilateral trade and capacity building efforts. We appreciate the opportunity that our technical assistance team from Washington has had this week to meet with individual delegations to focus on the 2003 WTO technical assistance plan and our bilateral assistance programs.

As we heard during Director General Moore's meeting with the WTO membership on Tuesday, the challenge now is to be practical about shaping the 2003 plan as it relates to our objectives for Cancun, and our 2005 deadline. We need to arrive at shared expectations on what our objectives should be for the WTO in this area and how we – donors and beneficiaries – make the system accountable. We encourage those who have not yet done so to make their requests for assistance by the end of July, so that we may finalize our plan in the fall.

Our approach to the WTO trade-related technical assistance effort is part of the Administration's larger efforts in the Millennium Challenge Account (MCA) as announced by President Bush in March of this year. The MCA recognizes that economic development assistance can be successful only when it is linked to sound policies in developing countries. In such environments, every dollar of aid attracts two dollars of private capital.

We are particularly appreciative of the African Group's efforts to provide the Committee on Trade and Development (CTD) suggestions on how to improve the situation with respect to technical assistance. We look forward to further discussions. It is important that we together shape the assistance and determine what is needed, what works, and where we need to be innovative, so as to contribute to our negotiations and to countries' long-term development objectives.

Turning to the negotiating agenda, let me begin with agriculture, which many, including the United States, consider to be the centerpiece of the negotiations. Our immediate goal is to progress sufficiently this year so that the Chairman is able to produce an overview paper for consideration by year end, so that modalities can be established by the March 31, 2003 deadline.

The United States has taken an ambitious approach to the negotiations. Last month, the United States called for the elimination of export subsidies, and significant agricultural reform. We held

a substantial number of consultations with Members as part of this process.

Our team is consulting domestically so that we may be similarly ambitious in the other pillars of the negotiation – market access and domestic support. We look forward to the upcoming meetings at the end of July and early September where we expect to advance the negotiations in these areas.

Similarly, we have embarked on a bold course of action in services, tabling, by the June 30 deadline, initial requests of nearly all WTO Members to liberalize trade in services, including in areas such as financial services (such as banking and insurance) telecommunications, express delivery, energy services, computer services, distribution services, and environmental services.

Our reasoning is simple. Liberalizing services has a force multiplier effect reverberating across an entire economy: every product, idea or consumer is touched and benefitted by a more effective and efficient service sector. To the extent that the services sector is opened and modernized, countries receive an important economic boost, and the competitiveness of their firms and workers will be enhanced. The World Bank estimates that services liberalization can yield income gains for developing countries about 4.5 times greater than gains for these countries from trade liberalization in goods alone. Our requests were carefully shaped to take into account the differing levels of development of our partners.

Another objective is transparency in services, especially for regulatory regimes. Transparent regulatory regimes can lead to benefits for both small and large economies via good governance and improving public confidence in the legitimacy of the regulatory regime.

What is needed now is a critical mass of requests to be tabled so that by March 31 of next year we can take the market access negotiations to the next stage and table initial offers. This in turn will energize the work in services on rules, particularly in improving the rules in areas such as domestic regulation, for the benefit of all Members.

In TRIPS, we have been active as we pledged in Doha, when our Ministers made the historic declaration on TRIPS and public health. We have embarked on substantial consultations with our partners to propose a framework to ensure that poor countries without their own production facilities are able to gain greater access to drugs needed to combat HIV/AIDS, TB, malaria and other public health crises.

We are determined to conclude an agreement, by the end of the year, that provides a solution that enables Members without sufficient pharmaceutical production capacity to use effectively the flexibilities in the TRIPS Agreement.

We are committed to a solution that addresses the legitimate concerns of poor countries without creating loopholes in the TRIPS Agreement that benefit the commercial interests of only a few other Members.

The U.S. proposal, along with the contributions of others, should enable us to quickly agree on

the substance of a solution and then allow us to turn to the appropriate mechanism to implement it. We will continue to participate actively and constructively in this effort, including at the informal consultations that the TRIPS Council will convene later this month.

We were gratified that the General Council this month implemented the U.S. proposal at Doha to extend until 2016 the transition period during which least-developed countries do not have to provide patent protection for pharmaceuticals.

In addition, responding to the requests of least-developed countries, the TRIPS Council also approved in June a waiver that would exempt least developed countries from having to provide exclusive marketing rights for any new drugs in the period when they do not provide patent protection.

We believe that this action should provide the necessary momentum to ensure that we can resolve the compulsory licensing assignment that our Ministers directed us to accomplish by the end of the year.

At the same time, we have been an active participant in the discussions on geographical indications, where Doha includes particular milestones.

We are participating constructively in negotiations to establish a multilateral system to notify geographic indications for wines and spirits. We made submissions providing our ideas on how we could advance the work. We asked Members to consider a voluntary and non-burdensome information-based system.

The potential expansion of coverage of GI's beyond wines and spirits is an issue where there is no consensus among Members. Like many other Members, we continue to believe that the costs clearly outweigh the advantages and expect that our partners will carefully assess the costs of taking on such new obligations.

The way forward for negotiations on non-agricultural market access has been elusive to date. These negotiations are part of the single undertaking and it is reasonable to expect that progress in this area will need to keep pace with other areas in the negotiations, particularly in the light of the large amount of detailed and technical work that has to be done. We were heartened to hear Chairman Girard's report this morning that discussions are continuing on various ideas for removing the remaining impediment to adopting the negotiating group's program of meetings. We urge all to resolve this issue today, so that we may move to the substantive agenda.

For many Members, the Doha negotiations mean market access. This is an area where substantial gains can be achieved with the participation of all Members. The World Bank recently estimated that 70 percent of duties on developing country exports of manufactures are levied by other developing countries.

The United States has already tabled contributions and we intend to work cooperatively with our partners in advancing this aspect of the negotiations, and to do so in a manner that gives energy to other areas of market access negotiations in services and agriculture.

Addressing S&D and Implementation Issues

The Doha agenda provides a number of milestones to check progress on the way to the 5th Ministerial, with milestones in July, December, March, May, and finally at Cancun. We know that many of our partners are looking at the end of this month as one important milestone.

The Committee on Trade and Development in Special Session has nearly completed its work to prepare recommendations on Special and Differential Treatment (S&D) as required, for General Council consideration at the end of the month. There has been significant engagement on the issues, and Chairman Smith is to be commended for his efforts in helping all of us to navigate through a very difficult topic. We are poised to take the work forward in a positive manner.

Not surprisingly, various views emerged during the work, including the sense that we need to look carefully at our approaches to S&D, given the varying levels of development of trading partners and our need to differentiate and tailor our responses accordingly. Thoughtful comments and suggestions were made about specific agreements, including the use of transition periods. Whether the subject is agriculture, subsidies or textiles, the discussion showed that a single approach is not necessarily the best approach in all circumstances.

The specific Doha mandates for various issues subject to negotiation identify S&D as an issue to be reflected in the course of our work. We look forward to working cooperatively with others to ensure that this is done in the most effective manner.

As part of the recommendations which will be submitted to the General Council at the end of the month, the United States supports the establishment of an appropriate monitoring mechanism on S&D. We pledge to work with Chairman Smith and other members of the CTD in developing this idea and bringing it to fruition. Let me reassure colleagues that we are prepared to engage in a discussion of ideas on specific S&D provisions. But, a note of caution is in order. In several cases, the issues raised are part of the on-going negotiations or have been the subject of previous debate and review under the heading of "implementation." We will need to have realistic expectations in this area.

In our view, S&D is not an end in and of itself. It is a tool to foster economic development, adjustment and integration into the multilateral trading system. The certainty and predictability of adhering to a rules-based system, combined with thoughtful recourse to S&D provision are shown to be the best way to promote long-term economic growth. A number of Members have raised the issue of differentiation in this context. We agree that this is an area that deserves more attention in our future work.

The Council for Trade in Goods has held extensive consultations on textiles, pursuant to our collective commitment of Doha to review again the tires discussed at Doha. Thank you,

Ambassador Supperamaniam for your stewardship of this issue. While no consensus has emerged, the discussion has been serious and not perfunctory. The engagement has been significant. Members recognize the complexity of the issues involved and their implications. For our part, the United States remains committed to the continued full implementation of the Agreement on Clothing and Textiles agreed in the Uruguay Round.

On the question of implementation more broadly, we are gratified at the work that has been done since Doha. As an example, the work of the Committee on Subsidies has been particularly significant. It appears that the Committee is close to agreement on a number of requests submitted pursuant to Article 27.4 related to export subsidies. On other issues there has been thoughtful engagement.

We take seriously the provisions of paragraph 12 of the Doha Declaration on implementation and intend to pursue the discussions responsibly. Our collective expectations must reflect the reality that some of the issues simply may not be the subject of consensus at the end of the day, while others may only carry the potential for achieving consensus within the context of the broader Doha negotiations.

U.S. Domestic Action

Finally, let me turn to the situation in the United States regarding Trade Promotion Authority. President Bush, Ambassador Zoellick and other members of the Cabinet are working hard with the Congress to secure passage of Trade Promotion Authority (TPA). We recognize that this U.S. domestic is important to our partners. Legislation has been passed in both Houses and most recently, Conferees have been appointed to prepare a final agreement that can be ratified by both Chambers.

The process has not been easy, but we are confident that we will prevail in obtaining legislation that will enable the United States to continue its leadership in strengthening the multilateral trading system through these important negotiations.

Like others, we have faced challenges, including passage of new farm legislation that deals with one of the three pillars of the agricultural negotiations. Some might wish to use the passage of new Farm legislation – which deals with one pillar, domestic support -- to question the U.S. commitment and resolve to an ambitious outcome for the Doha agriculture negotiations.

Allow me to be very clear and direct on this point.

– The United States is committed to an ambitious outcome to the agriculture negotiations. All three pillars (market access, export competition, and trade distorting domestic supports).

– The Farm legislation does not impose any new restrictions on market access. U.S. tariffs, and our preference programs such as GSP, AGOA, CBI and the enhanced ATPA are unchanged. It does not introduce new export subsidies.

– The United States maintains its support commitments taken in the Uruguay Round. The Farm legislation was designed not to exceed WTO caps. Should spending approach WTO limits, the legislation has an unprecedented “circuit breaker” provision that requires the Secretary of Agriculture to ensure that the United States will honor its international commitments in the WTO.

In contrast to others, the United States has a comprehensive, forward-looking, trade liberalizing proposal for the WTO agricultural negotiations. We are committed to the Doha mandate of: substantial improvements in market access, substantial reductions in trade-distorting domestic support and elimination of agricultural export subsidies.

Let me reiterate that the United States intends to be active in all areas of the negotiations, including areas in which the United States was not a demandeur. We stand by our commitments at Doha and the compromises achieved there.

Appreciation for Director General Moore’s Efforts

The fact that we all are here today assessing the progress in the negotiations is a testimonial to the focus and persistence of Mike Moore during his tenure as Director General.

It is a remarkable achievement to have lifted up this organization from its nadir at Seattle, brought it to the successful agreement on negotiations at Doha, and launched us on our way to the mid-term review of those negotiations at the 5th Ministerial in Cancun next year.

Please allow me to express the gratitude of the United States for that tremendous accomplishment and contribution to the international economic system. You certainly deserve to be enormously proud of your three-year stewardship of this organization, and indeed of the international trading system itself.

Thank you.

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