

**Remarks of
Deputy U. S Trade Representative Peter Allgeier
before the
Association of Women in International Trade
July 16, 2001**

Introduction

- Thank co-chairs of WIIT Customs Section—Susan Renton and Donnette Rimmer for opportunity to meet with so many professionals devoted to the cause of creating a better trading system.
- Theme provided by WIIT is: “Trade Under the Bush Administration”.
- Starting point for explaining trade policy under the Bush Administration is that free trade is the North Star of our trade policy. That’s where we’re aiming.
 - Not because of any ideological reason, but because we are convinced that free trade is an essential ingredient in our nation’s economic welfare, as well as in other countries’ pursuit of prosperity.
 - In the case of the United States, the value of trade in goods and services, including earning and payments on investment, reached a record 33.7% of the value of U.S. GDP in 2000. During the past decade, exports of goods and services and earnings on foreign investment have accounted for one-fourth of our economic growth.
 - Recent research by the World Bank (David Dollar and Aart Kraay) demonstrates that so-called “globalizing developing countries” (i.e., those that cut their tariffs by more than one-third between the mid-1980s and the late 1990s) experienced per capita income growth of 5.1% in the 1990s, compared to a decline of 1.1% for non-globalizing developing countries. Moreover, the trade share of GDP doubled for the globalizers between the late 1970s and the late 1990s, while the trade share for the non-globalizers actually fell by 12%.
 - But even beyond the economic benefits of free trade, the opening of economies through trade liberalization inevitably contributes to those societies in more profound ways—introducing the principles of openness, non-discrimination, more equal opportunity, and rule of law, all of which contribute to more democratic, less corrupt, and freer societies.

- That's why the Leaders at the Summit of the Americas in Quebec last April were so strong in their commitment to the Free Trade Area of the Americas (FTAA). The overriding theme of the Summit was that free trade agreements lock in economic reforms and contribute to strengthened democracy and the rule of law. This point was made most eloquently by President Fox of Mexico, President Flores of El Salvador, President Pastrana of Colombia, and President Lagos of Chile.
- These Leaders backed up their rhetoric with action. At Quebec the Summit leaders agreed that any unconstitutional alteration or interruption of the democratic order in any state in the hemisphere would disqualify that government from further participation in the Summit of the Americas process.
- The two principal trade negotiating objectives of the Bush Administration are the launching of a **New Round of trade negotiations in the WTO** and the completion of the **FTAA** negotiations no later than January 2005.

New Round in the WTO

- The U.S. is committed to a successful launch at the Doha Ministerial of a new Round that will offer benefits to all countries.
 - We should have no illusion about the tremendous stakes involved in our efforts to launch a new Round in November.
 - Our countries and the global trading system need to reverse the dismal message on trade that came from the Seattle Ministerial.
 - The current global economic slowdown makes it even more important that we press forward.
- In the past two months we have been reaching out to our trading partners—in Asia, in Latin America, and in Europe--- in an effort to identify the essential elements necessary to secure a launch.
- In particular, we have intensified our consultations with the European Commission, through the personal engagement and involvement of Commissioner Lamy and Ambassador Zoellick, who will be meeting later today to continue their work toward the New Round. While we may have started from different perspectives, the fundamental point is this: the U.S. and the EU share the common strategic objective of launching a Round at Doha.

- This effort has encouraged both of us to revisit, review and reconsider our positions, and to understand more fully what is being sought by the other party. We are continuing this work in pursuit of our common strategic objective.
- Obviously, U.S. - EU engagement is an important element in helping to forge a compromise, but it is not enough, and we do not presume that we can make decisions for the rest of our partners in the WTO. That's why we are committed to working with our other partners—to find a way forward that works for all WTO Members.
 - We are very cognizant of the fact that the WTO in 2001 is a very different institution than the GATT was in 1985 when the Uruguay Round was launched. There are now 141 members of the WTO, with developing countries playing a much more significant role than in the launch of the last Round.
 - We must incorporate the interests of developing countries into the negotiating agenda and other work of the WTO that is initiated at Doha (although one needs to note that the developing countries are by no means monolithic in their interests and priorities, and so a few prominent voices from the developing world do not speak for the entire developing world).

Elements for an Agenda at Doha

- To launch a Round that offers benefits to all countries, we must have a balanced agenda, in the sense that it allows countries with different interests to pursue their priorities in the negotiations. Of course, we all will have to convince our negotiating partners of the merits of our substantive positions in the negotiations themselves and in the other work of the WTO. For now, however, our aim should be to develop jointly an agenda for negotiation and other work that Ministers can adopt at Doha.
- The U.S. is prepared to work pragmatically with other countries to identify the elements of such an agenda. If we avoid the temptation of pre-negotiating results in the preparations, we should be able to find a balanced agenda that meets all our needs.
- To find a way forward, the United States reiterates our readiness to stretch, to understand what the other countries really need to get started and to accommodate interests where we can, without undermining our fundamental interests.

The Free Trade Area of the Americas (FTAA)

- The Free Trade Area of the Americas (FTAA) provides the framework for the Administration's hemispheric strategy of promoting democratic values and expanded commercial opportunities for all. Once completed, it will be the largest free market in the world, comprising 800 million people across 34 countries.
- U.S. trade with the Americas has propelled American export growth for the last decade. Our neighbors in the Western Hemisphere now buy nearly half (45%) of all goods exported by the U.S. While Canada and Mexico are our top export destinations, Latin America is an increasingly important U.S. customer. As these markets have adopted economic reforms over the last decade, U.S. exports to Latin America and the Caribbean have grown 38 percent faster than to countries outside the hemisphere, reaching \$59 billion in 2000.
- Looking at the FTAA from the perspective of our trading partners, the United States currently buys 31 percent of everything Latin America exports (excluding Mexico). Thus, the U.S. market represents the principal outlet for the international commercial activity for many of our neighbors, providing an essential economic basis for other countries of the hemisphere to raise living standards and enact beneficial social reforms for their people.
 - This role of the United States is extremely important today—when we see mounting economic and political strains in several of the countries in the region. It is a time for even greater U.S. leadership in the FTAA.
- At the same time, however, we recognize that our markets are much more open to foreign goods than are the markets of our trading partners in the hemisphere. The average applied US tariff is about 3%, while the average post-Uruguay Round applied rates for major Latin markets are in the range of 10% and 15%, and their average bound rates are nearly 35%.
 - The FTAA can eliminate such discrepancies, creating a level playing field for all countries of the Hemisphere to reap the benefits of the fair and open exchange of goods and services between neighbors.
 - In addition, the negotiation of the FTAA will help to “lock in” economic reforms that many countries have taken in recent years, including the dismantling of state monopolies in sectors such as telecommunications and transportation; introduction of transparency and competition in government procurement; strengthened protection for intellectual property rights; and unilateral reduction of import barriers.
- We have made real progress in turning the idea of an FTAA into a reality. At the Quebec Summit, all 34 heads of state signed a declaration pledging to conclude

negotiations on the FTAA no later than January 2005. The United States is committed to working with others to meet, or beat, that deadline. Meeting in Buenos Aires at their 6th Ministerial earlier this year, Western Hemisphere trade ministers set out firm benchmarks for the next important stage of FTAA negotiations between now and the next Ministerial in Quito, Ecuador, to be held by October 2002.

- Immediately following next year's FTAA Ministerial, the United States and Brasil will assume the co-chairmanship of the FTAA negotiations—it will be our joint responsibility to bring the negotiations to a successful conclusion by the January 2005 date. It's a great opportunity for us to strengthen our relationship with Brasil in a way that benefits not just our two countries but the entire hemisphere.
- One of the most important decisions the hemisphere's trade ministers made in Buenos Aires was to release to the public the preliminary draft consolidated texts of the nine chapters of the FTAA which have been negotiated to date. I am pleased to say that these complete texts are now available on the FTAA website in the four official languages of the FTAA: English, Spanish, French, and Portuguese.
 - While governments are still free to modify or add to these texts, these draft chapters will form the basis of our work as we move forward.
 - We are interested in hearing your views on these texts. USTR has issued a Federal Register Notice seeking such comments.
- Ministers have instructed negotiators from all FTAA governments to undertake three major tasks over the next 15 months:
 - (1) Revise the draft chapters of the FTAA text, eliminating brackets in the texts to the maximum extent possible before the Quito Ministerial.
 - (2) Beginning the work of preparing the critical market access phase of the negotiations which are mandated to start no later than May 15 of next year.
 - (3) Begin to create the overall architecture of the Agreement, including drafting the general provisions and making recommendations on any institutions required to implement the FTAA.

The Global Trade Agenda

- Leaders from many nations, both within the Western Hemisphere and without, have told us that they want to pursue free trade agreements with the United States. The

President has made clear that pursuing bilateral, regional, and global trade agreements simultaneously can create a healthy dynamic (a “competition for liberalization”) that encourages countries to agree to the most ambitious, and most advantageous trade agreements for the United States.

- Accordingly, we will consider each of these expressions of interest in free trade agreements seriously at the same time that we are aggressively pursuing the launch of a new round of global trade negotiations and while maintaining our focus on the FTAA as our first priority in the Western Hemisphere.

Trade Promotion Authority

- Neither the WTO Round nor the FTAA will succeed without strong, clear U.S. leadership. And an essential ingredient for U.S. leadership is U.S. Trade Promotion Authority.
- The United States has an unparalleled opportunity to shape the international and hemispheric trading orders—and to build a world on the cornerstones of freedom, democratic values, open trade, and free markets—as well as security.
- The rest of the world wants us to play such a leadership role, so that we all can make progress.
- Broad and flexible Trade Promotion Authority can put us back in the leadership position. We need your support and help to achieve this strategic objective for America.