

KATHLEEN A. AMBROSE
VICE PRESIDENT
INTERNATIONAL AFFAIRS



May 18, 2001

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Qatar WTO Ministerial Agenda and Preparations

Dear Ms. Blue:

These comments are submitted on behalf of the American Chemistry Council in response to the April 5 *Federal Register* notice published by the Office of the U.S. Trade Representative and calling for public comments on the agenda and preparations for the Fourth Ministerial Meeting of the World Trade Organization, to be held in Doha, Qatar, from November 9-13.

The American Chemistry Council strongly supports the launch of a new round of multilateral trade negotiations at the Doha Ministerial meeting. Indeed, a new Round of WTO negotiations is ACC's highest trade priority because it is vital to achieving our objective of eliminating tariff and non-tariff barriers to worldwide trade in chemicals. Moreover, we believe that a round that is sufficiently broad and flexible to allow for meaningful requests and concessions across a wide range of sectors is in the best interest of U.S. businesses, workers, and consumers.

The American Chemistry Council represents the leading companies engaged in the business of chemistry. The business of chemistry is a \$460 billion enterprise and a key element of the U.S. economy. It is the nation's largest exporter, with more than \$80 billion in exports in 2000, and accounts for ten cents of every export dollar. The industry has maintained a steady stream of trade surpluses for more than 70 years, with a trade surplus in 2000 of \$6.3 billion.

The American Chemistry Council is committed to multilateral trade liberalization and confident that, with U.S. leadership, significant gains can be made this year. The Council and its member companies stand ready to assist the Administration in promoting the multilateral trade agenda.

Specific Positions

The Council supports the launch this year of a new round of multilateral trade negotiations that:



- is broad-based, thus offering possibilities for balanced concessions between sectors, and mutual advantage and increased benefits for all WTO members;
- builds on sectoral and regional enhancements undertaken since the conclusion of the Uruguay Round; and
- requires final results of all negotiations to be adopted in their entirety by each WTO member.

An approach built on the above principles has the advantage of allowing the necessary trade-offs and increasing the likelihood of success for the negotiations, including the mandated agenda on agriculture and services. It should enable the WTO membership to develop new rules and clarify existing rules to address the challenges of an ever more integrated trading system.

The American Chemistry Council prefers a timetable for the negotiations that is short (i.e., not exceeding 3-4 years) and that should be concluded as a single package. To accommodate some developing countries' concerns about new issues (e.g. investment and competition), any new agreements should be accompanied by appropriate, specific conditions and technical assistance programs so that governments have the tools available to adopt the new rules as the agreements stipulate. As justified by specific circumstances and as authorized by WTO Members, additional time periods for implementation can be provided.

However, requests for delayed implementation should be allowed only on a case-by-case and temporary basis. The American Chemistry Council strongly opposes any attempt to use the implementation debate as a means to re-open existing Uruguay Round agreements.

Tariffs

Further tariff reductions are key to a successful new round. For products classified in Harmonized System chapters 28-39, the Council advocates agreement among countries having a viable chemical industry to implement by 2010 (or earlier) to achieve the elimination of chemical tariffs worldwide. For developing countries, more flexible phase-in periods for achieving this objective would be possible, depending on the level of development of their chemical sector.

Working from applied, not bound, rates, a possible phase-in approach for tariff elimination is outlined below:

- 5 equal stages, over no more than 5 years, for tariffs of 6.5 percent or less;
- 7 equal stages, over no more than 7 years, for tariffs above 6.5 percent, and up to and including rates of 15 percent; and
- 10 equal stages, for all rates above 15 percent.

The key point is to employ the negotiating approach that will provide U.S. negotiators with the maximum flexibility in order to get the largest number of countries on board the chemical tariff elimination proposal, and to achieve the elimination of chemical tariffs in the fastest possible manner.

Non-tariff Measures

Tariff liberalization must be accompanied by the streamlining of non-tariff measures that affect trade in chemical products. Examples of non-tariff measures that are of concern to the chemical industry include, but are not limited to, import licensing, quotas, trigger price mechanisms and discriminatory standards. Harmonization of information requirements to be shown on Material Safety Data Sheets, as the Council is pursuing through the APEC Chemicals Dialogue, is an example of the type of regulatory approach that would simplify compliance requirements and costs for chemical producers worldwide. The Council will be pleased to work with U.S. negotiators to develop the key objectives for this part of the multilateral negotiations once the non-agricultural tariff discussions are underway. The Council has already been working closely with our industry counterparts in Europe and Asia to identify practices of common interest, and we expect to expand the industry dialogue to counterparts in Latin America later this year.

Trade Facilitation

The American Chemistry Council is in favor of simplification and harmonization of customs procedures. To help developing countries implement new rules, technical and financial assistance in support of trade facilitation measures should be provided by the WTO along with the World Customs Organization (WCO).

Investment

The American Chemistry Council favors expanding the commitments which WTO Members should take with respect to investment in the new Round. The Council calls for a WTO investment agreement that enhances market access, provides for basic rules such as non-discrimination and minimum standards for the protection of investments, promotes transparency, predictability and stability of national investment regimes, and contains a dispute settlement mechanism.

Intellectual Property

The TRIPs Agreement is a basic pillar of the WTO, and the American Chemistry Council strongly opposes any attempts to weaken TRIPs. In fact, aspects of TRIPs need to be improved, and some disputed concepts need to be clarified. For example, the Council is opposed to international exhaustion and calls for the patentability of biotechnological inventions.

Trade and Environment

The American Chemistry Council supports efforts to clarify existing WTO rules as they pertain to environment and consumer safety issues. Such an approach must not result in new forms of protectionism; rather, it should establish that national environmental, health, or safety objectives can be pursued even at high standards as long as they do not introduce protectionist or discriminatory measures. Issues of particular concern to the American Chemistry Council include clarification of the relationship between WTO rules and multilateral environmental agreements (MEAs), elaboration of rules to prevent national eco-labeling schemes from becoming new trade barriers, and confirmation that the use of precautionary measures must be based on scientific evaluation, risk analysis, and risk management.

Trade and Labor Standards

The WTO is not the competent body to pursue international social policy. Close cooperation between the WTO and the ILO is the more appropriate avenue for dealing with labor standards. The American Chemistry Council strongly opposes the introduction of trade sanctions related to core labor standards.

Thank you for this opportunity to submit the American Chemistry Council's views on preparations and the proposed agenda for the Qatar WTO Ministerial meeting. We look forward to working closely with U.S. negotiators throughout the Round and to consulting frequently as the negotiations proceed, so that together we can assess progress and identify the next steps required. The American Chemistry Council stands ready to offer U.S. negotiators any assistance they may require to ensure that we can achieve the best possible result for our sector in these negotiations.

Sincerely,

Kathleen A. Ambrose

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Vice President
International Affairs