



May 9, 2001

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

Re: The Fourth Ministerial Conference of the World Trade Organization

Dear Ms. Blue:

In response to the *Federal Register* notice of April 5, 2001, Eastman Kodak Company submits the following comments regarding preparations for the Fourth Ministerial Conference of the World Trade Organization (WTO) in Doha, Qatar, later this year.

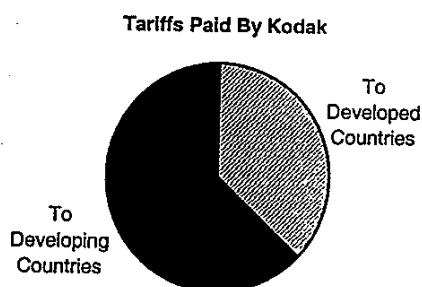
These comments will address two basic questions: 1) should the United States seek to launch a new Round of multilateral trade negotiations at Doha; and 2) if so, what should the agenda for such a Round be? We will focus particularly on the issue of non-agricultural market access and industrial tariffs.

1. It is essential that the U.S. seek the launch of a new WTO Round at Doha.

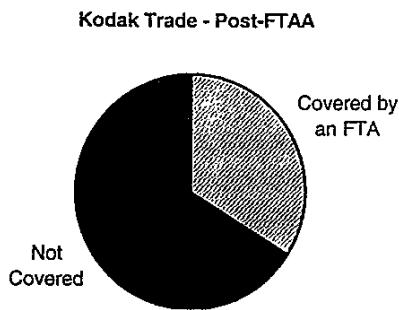
A new WTO Round which deals with industrial market access is Kodak's top trade priority, and we strongly urge the United States to lead the way in launching a new Round. For Kodak, a successful WTO Round promises the reduction or elimination of tariffs which last year cost our company and its workers more than \$200 million.

These payments are not just made in developing countries with high tariff rates; more than one-third of Kodak's annual tariff bill is paid on routine trade between

developed countries, where rates are relatively low but trade volumes are very high. These tariffs serve no protective purpose, but impose a huge tax on intra-developed country trade. As the WTO itself recently concluded in a study on market access, industrial tariffs are a very significant item of unfinished business.



A recent Kodak analysis of free trade agreements under consideration by the U.S. reveals that a WTO Round is--by far--the most important trade initiative to our company and its workers. For example, even after the ambitious Free Trade



Agreement of the Americas (FTAA) is concluded and fully implemented, about two-thirds of Kodak's global trade flows will remain outside the coverage of any free trade agreement currently in existence or under active consideration.

Kodak will benefit from--and strongly supports--the FTAA and bilateral FTAs, but there is no substitute for a WTO Round. Indeed, a WTO Round is an essential complement to regional and bilateral free-trade initiatives; neither can replace the other. Regional initiatives such as FTAA create strong incentives for a WTO Round, just as the launch of WTO negotiations will ultimately be necessary for the successful conclusion of FTAA.

2. The U.S. should support a broad but manageable Round, with industrial tariff negotiations as a centerpiece.

We believe that a new Round should be sufficiently broad to offer a balance of concessions and opportunities for all countries, but not so sweeping as to make an agreement impossible to achieve. A new Round must have at its core negotiations on agriculture, services and industrial market access. In addition, we support talks on trade facilitation and on reforms to the WTO Dispute Settlement Understanding.

Kodak also believes the United States cannot refuse to discuss antidumping or countervailing duties if it expects to launch a new WTO Round. If we take important items like AD/CVD "off the table" in advance of negotiations, there will be no new WTO Round, period. This simple reality argues strongly for an open-minded approach to the AD/CVD issue at Doha. We need not and should not agree to scrap important U.S. trade remedy laws, but refusing to even discuss them will doom any chance of further trade liberalization.

Kodak strongly supports the recent proposal of the National Foreign Trade Council to seek the complete elimination of industrial tariffs in a new WTO Round. The United States must resume its traditional leadership role in multilateral trade liberalization and put forward bold objectives for the Round; this proposal should be one of them.

But this does not mean the United States should try to pre-negotiate the outcome of a Round at Doha; we must not repeat the mistakes of Seattle. Detailed proposals from WTO members, such as broadly eliminating industrial tariffs, can come later in the process. The important thing at Doha is to get started, by setting in place a broad agenda and a rough timetable for new negotiations. Kodak believes that industrial market access must be one of the key components of that agenda, and we see evidence of an emerging consensus among WTO members on this point.

Many commentators have used Kodak's experience in the *Japan-Film* dispute to argue that the WTO should include negotiations on competition policy in a new Round. We do not agree. The WTO panel in *Japan-Film* failed to grasp the basic nature of collusion between government and industry that has long characterized the Japanese market. It is by no means clear that future WTO panels, even with significantly augmented resources, would be better capable of dealing with purely private collusive behavior, which is usually much more opaque than the well-documented actions of the Japanese government presented in *Japan-Film*.

We are pleased to offer these comments, and look forward to bold leadership from the United States in launching a new Round of multilateral trade negotiations at the WTO Ministerial in Doha.

Sincerely,



Christopher A. Padilla
Director, International Trade Relations
Eastman Kodak Company