



Franklin J. Vargo

Vice President

International Economic Affairs

May 10, 2001

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 Seventeenth Street, N.W.
Washington, DC 20508

RE: Request for Public Comment on U.S. Objectives and Preparations for the Fourth Ministerial Conference of the World Trade Organization, November 9-13, 2001 in Doha, Qatar (66 Fed. Reg. 18142 of April 4, 2001)

Summary

The National Association of Manufacturers (NAM) supports the launch of a new round of negotiations in the World Trade Organization. The agenda should be broad-based, with a focus on reducing tariff and non-tariff barriers facing manufactured goods, services and agricultural products, and include the early adoption of a WTO agreement on transparency in government procurement. A consensus needs to be reached among key members, including the United States and European Union, well in advance of Doha in order for the new round to be launched successfully.

Objectives and Priorities

The NAM appreciates the opportunity to comment on U.S. objectives and priorities for the WTO ministerial in Doha. In the NAM Trade Agenda, approved by the Board of Directors in March, 2001, we urged the Bush-Cheney Administration to launch a bold and ambitious trade agenda as an essential part of a broader U.S. economic strategy aimed at fostering U.S. economic growth and competitiveness. The NAM called for a trade agenda that included a far-reaching combination of multilateral, regional, bilateral, and sectoral initiatives, aimed at striking down as many trade barriers as possible and reasserting U.S. global trade leadership. The trade agenda should build on initiatives already on the table, but should avoid a piecemeal approach to trade policy.

We noted that Trade Promotion Authority (TPA) is a prerequisite to achieving the NAM trade agenda, recognizing that building the domestic consensus on trade will require addressing concerns regarding trade, labor and environment in a positive way that will be broadly acceptable, including to business. The Congress and the Administration should work together on an urgent basis to obtain this negotiating authority.

Manufacturing Makes America Strong

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In its 2001 Trade Agenda, the NAM called for further WTO market access negotiations aimed at reducing tariff and non-tariff barriers facing manufactured goods, services, and agricultural products. It is essential that greater consensus among the United States, the European Union, the developing countries, and others is first attained. The USTR should, as a matter of priority, work to this end. There must be more common agreement on an agenda and the objectives for a New Round, with assurance there will be a genuine focus on trade liberalization. It is important that the Uruguay Round should not be reopened, and a basic WTO principle must be that countries should honor their existing trade commitments and schedules. A key action point in moving forward in the WTO is mending the U.S. - EU relationship and being able to agree on the objectives and strategies for further WTO negotiations.

Given the complexity of reaching a consensus among 140 members of the WTO and the disparate views on a range of sensitive issues, the NAM believes a broad consensus must emerge by July, 2001, at the latest, in order for a new round to be launched successfully in Doha.

The major focus of the NAM in a new round would understandably be industrial tariffs. Despite the decades of negotiation in this area, many industrial tariffs are still high. Average bound tariffs in Central and South America, for example, exceed 30 percent, and there are almost no bound tariffs in this region below 15 percent. The average bound rate in Southeast Asia is close to 30 percent.

The NAM views these tariffs as distorting not only U.S. exports, but also the economies that maintain them. The "import substitution" model of economic growth is long dead, and high tariffs merely retard the global competitiveness of industries in protected markets. The NAM believes that the eventual goal of the WTO in industrial tariffs should be their eventual elimination worldwide. We believe a new WTO round should aim at a major contribution in that direction, doing so in a manner that will result in a genuine improvement in market access for U.S. exporters.

The NAM concurs with much of the U.S. government's non-agricultural market access paper submitted at the WTO ministerial in Seattle and believes that the points there remain valid. The U.S. should continue to explore sectoral agreements along the lines of the Information Technology Agreement, where a critical mass of countries eliminated duties on an MFN basis. Specifically, in order to maximize opportunities for achieving market openings and make more uniform the structure of tariff bindings of all WTO members, members should agree in Doha that market-access negotiations:

- result in fully bound schedules, consistent with what has already been agreed in the agriculture negotiations in the Uruguay Round, and ensure that all participants contribute to ensure a decrease in tariff disparities that currently exist
- enable participants to amplify market openings through specific modalities to be agreed including, but not limited to, initiatives of a sectoral nature and/or expanding the scope of country participation in existing initiatives (zero/zero and/or harmonization);

- provide recognition to Members for bound tariff reductions made as part of recent autonomous liberalization packages; for WTO bindings undertaken since the Uruguay Round (e.g., the Information Technology Agreement or the Accelerated Tariff Liberalization initiative) and for the general openness of markets;
- seek the interim implementation of results to be considered as an integral part of the overall balance of market access concessions to be determined at the conclusion of the new negotiations; and
- endorse the use of applied rates as the basis for negotiation, and incorporate procedures to address non-tariff measures and other measures affecting the conditions for imports, on specific products and on a sector basis, as needed to ensure equitable conditions of market access.

To realize this objective, WTO Members should:

- task the WTO Secretariat through the Committee on Market Access to develop, by date certain, data profiles and analyses to assist Members in the negotiations;
- agree to present proposals on specific modalities to implement the mandate set forth in this Decision, beginning in January 2002; and
- agree that each WTO Member will table a comprehensive offer following agreed parameters no later than a date certain, which should represent the earliest feasible date.

In addition, U.S. government priorities should include the early adoption of a WTO agreement on transparency in government procurement. In the area of services, we would encourage the use of a "negative list" approach, as we did in the NAM submissions on the proposed free trade agreements with Singapore and Chile, and as part of the Free Trade Area of the Americas (FTAA).

Finally, we would like to take this opportunity to reiterate our strong support for the basic WTO principle that countries should honor their existing trade commitments and schedules. We acknowledge the need for a broad agenda that does not exclude particular issues in advance of the negotiation so as to allow the greatest possible negotiating flexibility, including recognition of the specific needs of developing countries. At the same time, we continue to encounter slow implementation of the trade-related intellectual property provisions (TRIPS) and the trade-related investment measures (TRIMS)—from the standpoint of the developing or newly industrialized country itself—negotiated in the Uruguay Round.

The NAM would view any rollback of the timetables or commitments currently existing in TRIPS or TRIMS as a serious setback. We urge the Office of the U.S. Trade Representative to take effective steps to avoid that possibility. In particular, we support the use of WTO dispute settlement procedures against major developing member countries that received the benefit of significant concessions from the United States, but are not holding up their end of the Uruguay Round bargain.

It took eight long years to negotiate these commitments, and the extended transition period granted to developing countries was more than generous. We have no doubt that a stable regime for intellectual property and investment is essential to attracting foreign investment and the technology needed to raise workers' productivity, and hence incomes, throughout the world.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Vargo".

Frank Vargo
Vice President
International Economic Affairs