



Setting Standards for Excellence

MALCOLM E. O'HAGAN

President

May 3, 2001

Ambassador Robert Zoellick
Office of the U.S. Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Dear Ambassador Zoellick:

The National Electrical Manufacturers Association (NEMA) is pleased to respond to your Federal Register request for public comment on U.S. objectives and preparations for the upcoming meeting of the World Trade Organization (WTO) Ministerial Conference in Doha, Qatar on November 9-13, 2001.

NEMA is the largest trade association representing the interests of U.S. electrical industry manufacturers. Its mission is to improve the competitiveness of member companies by providing high quality services that impact positively on standards, government regulation and market economics. Founded in 1926 and headquartered in Rosslyn, Virginia, its more than 450 member companies manufacture products used in the generation, transmission, distribution, control, and use of electricity. These products, by and large unregulated, are used in utility, industrial, commercial, institutional and residential installations. Through the years, electrical products built to standards that both have and continue to achieve international acceptance have effectively served the U.S. electrical infrastructure and maintained domestic electrical safety. Annual shipments exceed \$100 billion in value.

NEMA members, the vast majority of whom are small- to medium-sized enterprises, very much want to increase their international sales. To help them in the Americas, the Association has benefited from the assistance of a Commerce Department Market Development Cooperator Program (MDCP) grant in opening offices at the U.S. Commercial Centers in Mexico City and Sao Paulo – and NEMA members are very much looking to other regions as well.

Our industry asks U.S. negotiators to take the following NEMA priorities into account as they prepare for the upcoming WTO round:

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- **Trade Promotion Authority:** NEMA favors quick approval during the 107th Congress of trade agreement negotiating authority. Over the past three years, the President's lack of such authority has not only impeded the Administration's ability to negotiate agreements, but has been invoked by many of our trading partners as an excuse to delay real negotiations on opening their markets. We must remove this barrier to trade liberalization and leadership by giving President Bush broad "fast-track" authority as soon as possible in the 107th Congress. NEMA favors keeping labor and environmental issues outside of trade agreements. NEMA supports the market opening measures contained in the recently concluded U.S.-Jordan Free Trade Agreement (FTA) but opposes the inclusion of labor and environmental provisions that hold the possibility of trade sanctions. For this reason, the FTA with Jordan as currently negotiated sets a poor precedent for future and more ambitious trade agreements, including a Free Trade Area of the Americas (FTAA).
- **Tariff Elimination:** The world-wide elimination of tariffs on electrical products is a basic NEMA goal. We therefore urge the U.S. to pursue tariff elimination for electrical products in all fora, including via a WTO sectoral agreement, via regional agreements such as the FTAA, and via bilateral agreements. NEMA also urges the U.S. to push for completion of the second phase of the Information Technology Agreement (ITA-2), which would eliminate tariffs on a wide range of IT items, including some NEMA products. NEMA also supports continued efforts by U.S. officials to expand the membership of the existing ITA and to negotiate accelerated tariff elimination for electrical products under the North American Free Trade Agreement (NAFTA).
- **Energy Services Liberalization:** NEMA supports liberalization of trade in energy services, in order to allow more people worldwide to enjoy high quality, affordable energy, and also to provide new opportunities to those energy service and electricity providers who use the equipment made and services provided by NEMA's members. Thus, NEMA is an active member of the industry coalition campaigning for the inclusion of commitments on energy services in the WTO's "built-in agenda" negotiations on services. NEMA's primary perspective is that of the industry that provides the equipment and products used to build and maintain electrical energy systems, but many NEMA members are active and increasing providers of energy services as well. The liberalization that is good for utilities is also good for our manufacturers, service suppliers, and for the users of electricity. USTR has included energy services in its proposals for the WTO services

negotiations and we look forward to continued efforts from the Bush Administration and support from Congress to secure commitments from our trading partners in this crucial area.

- **Transparency in Government Procurement:** The U.S. has been a leader of efforts to achieve a WTO agreement to make government procurement more open and transparent. Preferences for local companies on the part of host governments, as well as a lack of transparency in awarding contracts, have served to unfairly exclude U.S. companies on countless occasions. It is time for U.S. entities to be able to compete on equal footing with domestic suppliers. We look forward to continued leadership from USTR and Congress in pursuing a WTO agreement on transparency in government procurement, to be implemented at the earliest possible date. Considerable work has already been done on this subject in the WTO, and it should be possible to finalize an agreement by the Doha Ministerial.

NEMA also urges the Bush Administration to increase efforts to obtain full implementation and enforcement of all signatories to the 1999 OECD Anti-Bribery Convention and the 1997 OAS Convention on Corruption.

- **WTO Technical Barriers to Trade (TBT) Agreement:** NEMA supports the concepts outlined in the WTO TBT Agreement and believes that all countries should implement, to the fullest extent, the obligations outlined there. These obligations include: standards development processes that are transparent and include participants from all interested parties; a conformity assessment system that upholds the principles of most-favored nation treatment (meaning equal treatment in all countries); and national treatment (meaning equal treatment of domestic and foreign products, as well as test laboratories conducting conformity assessment services) in the application of testing and certification procedures.

In addition, the U.S. government must continue working to dispel the misinterpretation that the use of the term "international standards" in the WTO TBT agreement applies only to International Electrotechnical Commission (IEC), International Standards Organization (ISO) and International Telecommunications Union (ITU) standards. An interpretation should continue to include internationally recognized and accepted norms such as some North American standards and safety installation practices. This misinterpretation can be disadvantageous to U.S. businesses' efforts to sell in global markets. Moreover, the importance of openness and transparency are lost when focus is only on those three standards bodies.

NEMA applauds US negotiators for the language they were able to have included in the recently completed Second Triennial Review (particularly Annex IV) of the TBT. In this respect, The Bush Administration must continue vigilant monitoring of our WTO partners to ensure their adherence to their TBT commitments.

- **Opposition to Mutual Recognition Agreements (MRAs):** In NEMA's view, the use of MRAs should be limited and considered only as an alternative for conformity assessment needs when applicable to federally regulated products such as medical devices. MRAs are not the answer to conformity assessment needs in non-regulated areas; if anything, they serve to encourage the creation of unnecessary product-related regulation. In this regard, while we strongly objected to the inclusion of an electrical safety annex in the U.S. MRA with the European Union a few years ago, we are pleased that the United States both excluded electrical products from subsequently negotiated MRAs and refused to sign on to any such accords that include them. We look forward to a continuation of that stance.
- **WTO Accessions:** NEMA looks forward to **China's** accession to the WTO in the near future, but supports U.S. and EU efforts to ensure that China is fully committed to fulfill all of its pledges and obligations. NEMA welcomes the opportunity to help our member companies take advantage of China's formal market-opening entry into the rules-based international trading system and will work with the National Association of Manufacturers to assist USTR, the Commerce Department, and Congress to monitor and ensure China's compliance with those rules. If multilateral negotiations on China's accession are prolonged into the summer of 2001, NEMA calls on President Bush and Congress to grant a one-year renewal of China's MFN status. NEMA also looks forward to **Taiwan's** WTO accession, which should quickly follow China's.

NEMA further hopes for greater progress in bilateral negotiations with other WTO accession candidates. NEMA appreciates the ongoing negotiations with **Saudi Arabia** and urges continued emphasis on standards and TBT issues. NEMA representatives traveled to Saudi Arabia in May 2000 to strengthen dialogue with Saudi Arabian Standards Organization (SASO) officials and will continue to develop a cooperative relationship to ensure market access for products made to NEMA standards. USTR should also seize the opportunity for renewed emphasis on negotiations to bring **Russia** and **Ukraine** into the WTO. Although membership is years away for both countries, U.S. leadership is needed

to ensure that progress toward that end continues at a reasonable pace and both countries reinvigorate their long processes of legal and economic reform and institution-building.

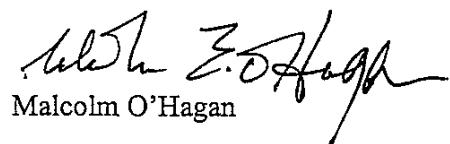
- **Continue to Pursue Other Regional and/or Bilateral Free Trade Agreements:** We endorse your other ongoing efforts to achieve any other accords which serve to provide greater market access by reducing or eliminating tariffs, customs regulations, technical barriers, government subsidies or preferences for local companies. Further, in our view initiatives such as the Free Trade Area of the Americas and the Jordan, Chile and Singapore bilateral FTAs serve to spur rather than block overall progress in the WTO.
- **Monitoring, Enforcement and Overseas Presence:** The U.S. Government needs to do more than simply reach favorable trade accords; it also needs to be vigilant in making sure that other countries live up to their commitments to foster openness, transparency and competition. In this regard, our view is that the Commerce Department's Standards Attaché program should be expanded and fully funded. Likewise, we greatly appreciate the assistance provided by Foreign Commercial Service (FCS) offices abroad, and hope that FCS activities will receive ample support in the years ahead.

Similarly, the Bush Administration and the 107th Congress should continue the trend in recent years of reasonable increases in funding and staff for the Executive Branch to better allow it to more effectively negotiate, monitor and enforce trade agreements.

Thank you for your consideration of our remarks. These and other issues are discussed in the attached January 2001 paper on "NEMA Trade Priorities for the New Administration and Congress".

We look forward to continuing our excellent working relations with USTR in the run-up to Doha.

Sincerely,



Malcolm O'Hagan

Enclosure:
As discussed