

TIMKEN

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Corporate Secretary and
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WORLDWIDE LEADER IN BEARINGS AND STEEL

May 18, 2001

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
Office of the United States Trade Representative
Room 501
600 17th Street, N.W.
Washington, D.C. 20508

Re: *Preparations for the Fourth Ministerial Conference of the World Trade Organization,
November 9-13, 2001, in Doha, Qatar*

Dear Ms. Blue:

The Timken Company herein submits its comments regarding U.S. preparation for the Fourth Ministerial Conference of the World Trade Organization, November 9-13, 2001, in Doha, Qatar.

The Trade Policy Staff Committee of the Office of the United States Trade Representative (USTR) invited public comments on U.S. objectives and preparations for the upcoming meeting in its Federal register notice of April 5, 2001 (66 Fed. Reg. 18,142).

The Timken Company is a U.S. producer of antifriction bearings including tapered roller bearings, ball bearings, cylindrical bearings and various steel mill products (including bearing quality steel, high alloy steel and steel tubing) with worldwide sales of \$2.64 billion in 2000. Timken is based in Canton, Ohio. It manufactures its products in many countries and sells them around the world. Consequently, The Timken Company has a strong interest in a fair international trading system in which tariffs and non-tariff barriers are reduced over time. This should be

THE TIMKEN COMPANY

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accomplished under a system of rules that functions to prevent, and that provides remedies for, any trade distortions that flow from dumping or subsidization.

The Timken Company is an efficient producer of high quality bearings and steel. It can compete effectively around the world with other producers of these products so long as those producers do not engage in or benefit from unfair trade practices. Because it is an efficient producer and world leader in many areas, Timken benefits from a liberalized trade environment with reduced tariffs and non-tariff barriers. However, as a U.S.-based company, and because the U.S. has the freest major market for bearings and steel in the world, Timken is vulnerable to imports that are unfairly traded. Thus, a rules system that provides reasonable remedies for trade distortions is particularly important to Timken as well as other similarly situated U.S. producers. At the same time, Timken continues to face trade barriers to its exports to other markets around the world, particularly in Japan.¹ The company urges the USTR to ensure that any trade liberalization measures that it takes results in the opening of markets not only in the U.S. but also in those of our trading partners.

In addition, many WTO members have been slow in complying with the requirements of the Uruguay Round Agreements, and some are still not fully in compliance. In this regard, the President in the "2001 International Trade Agenda" recently transmitted to the Congress identified as one of his goals for trade in the year 2001 the following: "Ensuring that U.S. *rights under trade agreements* are secured through rapid, effective, and transparent enforcement procedures appropriate to the parties, nature, and subject matter of the agreements."² (emphasis in original). In addition, Ambassador Robert B. Zoellick, U.S. Trade Representative, noted in his description of the U.S. trade policy agenda for 2001 that the U.S. needed "to do a better job of monitoring and insisting on

¹ The U.S. goods trade deficit with Japan increased to \$81.3 billion in 2000, a ten percent increase from \$73.9 billion in 1999. "2001 National Trade Estimate report on Foreign Trade Barriers" at 207.

performance by our trade partners.”³ The U.S. has also stated that it “intends to participate effectively [in the WTO’s ongoing work program] in view of the importance of effective compliance to the realization of U.S. interests in the multilateral system.”⁴ Timken urges the USTR to continue to participate and to press for compliance on the part of our trading partners. It does not make sense to undertake additional obligations while our trading partners have not yet implemented those obligations already undertaken.

The heading numbers and titles below correspond to the headings identified in the USTR’s notice of April 5, 2001.

I. WTO Built-in Agenda Negotiations on Agriculture and Services

The U.S. has presented proposals for negotiation in eleven specific service areas, and other countries have also made service proposals.⁵ Timken urges the U.S. to continue its efforts to develop further agreement among the member countries on service liberalization. Timken specifically supports efforts to obtain liberalization in the service industry, including repair and maintenance services, financial services, telecommunication services, general transport services, express integrated transportation services, and distribution services. Liberalization in these sectors tends to result in improved infrastructures. Such improvements in turn reduce the costs of doing business abroad. This helps exporting U.S. companies like Timken to sell abroad. Some of Timken’s business is the service of repairing and maintaining certain bearings. Thus service

² “The President’s 2001 International Trade Agenda,” transmitted to the Congress by letter dated May 10, 2001.

³ “2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program” at 2 (2001).

⁴ *Id.*, at 8.

liberalization will provide a direct benefit to Timken and other U.S. companies who provide services or would like to provide services abroad.

As in all other sectors, Timken urges the USTR to continue efforts to improve market access for U.S. companies in important export markets.

II. Non-Agricultural/Industrial Market Access

Timken supports a request/offer approach for duty reductions, not a formula-based approach. This would allow for accelerated duty reduction where appropriate, without adversely affecting import sensitive sectors, such as bearings. In regard to steel, it is important that the Administration seek tariff harmonization on steel to the point that the tariffs of our trading partners are no higher than those of the United States.

III. Existing Agreements and Work Programs

Timken urges the U.S. to obtain full implementation by all trading partners, including developing countries, of all the obligations they have undertaken as members of the WTO. Timken particularly urges the U.S. negotiators to focus on full implementation of the TRIMS agreement, the Customs Valuation agreement, and the Subsidies Agreement, including all required notifications. Because the U.S. is the largest and most open market for bearing products, and because bearings are an import sensitive product, the failure of the U.S. to obtain any bargained-for benefits from its WTO membership is of particular significance to The Timken Company.

Moreover, if a country does not comply with the WTO notification requirements, then the U.S. does not have any independent means of determining the extent of compliance of any country.

⁵ *Id.*, at 12.

Without such information the U.S.'s ability to assess where it stands with a particular country relative to trade liberalization are limited.

A. ANTIDUMPING, SUBSIDIES

The U.S. has been an active participant in the "Ad Hoc Group on Implementation"⁶ of the Antidumping Agreement.⁷ The USTR describes this group as serving "a vitally important role in promoting improved understanding of the Agreement's provisions and exploring options for 'best practices' among AD administrators."⁸ Timken supports U.S. participation in these efforts.

However, Timken urges USTR to oppose any proposal which would permit a general reopening of negotiations on either the subsidies or the antidumping agreement. The agreements, achieved after difficult negotiations, have been in place for a short period only. Hence, any reopening of negotiations is premature. The existence of the "Ad Hoc" group attests to the fact that implementation of the agreement in many countries is still ongoing. Timken urges the USTR to continue its efforts to help implementation and to focus the attention of concerned countries on these activities. In any event, any controversies should first be handled through the already established dispute settlement procedures.

The Antidumping Committee also established an "Informal Group on Anti-circumvention" in 1997 in response to a Decision on Anti-circumvention made at Marrakesh. At that ministerial, the Ministers adopted a decision that the Antidumping Committee should develop rules to address the

⁶ *Id.*, at 41.

⁷ The Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994.

⁸ "2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program" at 43.

problem of circumvention of antidumping measures.⁹ This group has apparently spent time discussing what constituted circumvention as well as considering measures adopted by member countries to avoid circumvention of orders.¹⁰ Timken urges the USTR to engage in an effort to move the work of this committee forward and hasten the development and adoption of anti-circumvention rules.

B. DISPUTE SETTLEMENT

Timken agrees with USTR that greater transparency is required. The U.S. and other countries have urged that certain critical documents, such as panel reports and substantive background notes be made available on a more timely basis.¹¹ Apparently this proposal has enjoyed widespread support among member countries,¹² and Timken urges the USTR to continue to seek early release of these documents.

The U.S. has also proposed other steps for improving transparency in the short term, including the designation of some WTO meetings as open to the public.¹³ This proposal has been opposed by some members on the grounds that it would threaten the government-to-government nature of the WTO.¹⁴ Public access to panel and appellate body proceedings, would not, of course, threaten the ability of member states to negotiate in private during the consultation stages of the

⁹ *Id.* at 41.

¹⁰ *Id.* at 43.

¹¹ *Id.* at 36.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

dispute settlement process as well as to negotiate at any time outside of the panel and appellate body proceedings. Therefore, Timken urges the USTR to continue to press for such transparency.

C. TRADE-RELATED INVESTMENT MEASURES

Timken notes that it is important for the WTO to examine the extent to which TRIMS obligations of WTO members have not yet been implemented because of either the phase-in of obligations or non-compliance. Timken suggests that the TRIMS Committee develop an implementation timetable.

Timken believes that new negotiations on the TRIMS Agreement are not warranted at this time.

D. CUSTOMS VALUATION

The practice of using arbitrary customs valuations for imports often artificially increases the prices of those imports. Because implementation of the Agreement on Customs Valuation usually has the effect of reducing or eliminating such practices, Timken supports a continued focus on implementation and notification issues.¹⁵ In addition, Timken urges USTR to seek greater public availability of notified materials, including customs valuation and classification rulings.

¹⁵ See, Report (2000) of the Committee on Customs Valuation to the Council for Trade in Goods, G/L/414, 14 November 2000.

IV. Development and Related Issues

The U.S. has been active in negotiations with developing countries to address legitimate requests for additional time to comply with various WTO obligations.¹⁶ At the same time, the U.S. has resisted approaches that provided for blanket approval of time extensions.¹⁷ Timken supports this kind of approach. It also generally supports the WTO's efforts to integrate all developing countries in the multilateral trading system. This, however, should ultimately include the enforcement of all obligations under the agreement, including the notification provisions, for all members.

V. Systemic Issues/Institutional Reform

Timken supports USTR's efforts with regard to: (i) expanding the range of WTO documents available to the public; (ii) broadening the range of WTO meetings and events that would be open to the public; (iii) strengthening the guidelines for consultations with non-governmental organizations (NGOs); (iv) enhancing the WTO's program of symposia and consultations on specific topics of mutual interest; and (v) expanding and improving the use of Internet facilities to reach more stakeholders in more creative ways.

The USTR should negotiate to improve communications in both directions, providing both for greater public access to WTO information and providing increased mechanisms for public input to WTO activities. Public access to the notifications required under many agreements would be particularly useful, preferably through the internet.

¹⁶ "2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program" at 38-39, 45-46.

VI. Singapore Work Program Issues (Investment, Competition, Transparency in Government Procurement and Trade Facilitation, Electronic Commerce)

A. INVESTMENT

Please see Timken comments made in section III.C, above.

B. COMPETITION

Timken recognizes that anticompetitive practices around the world, some of which have government support, impede private party access to markets. Timken supports continued dialogue on the issue of competition but does not view WTO negotiations on competition as appropriate.

C. TRANSPARENCY IN GOVERNMENT PROCUREMENT

Timken agrees that transparency is essential to increase confidence in the agreement and to further its implementation, and is supportive of efforts to improve transparency. Timken also supports efforts to expand membership in the Government Procurement Agreement.

D. TRADE FACILITATION

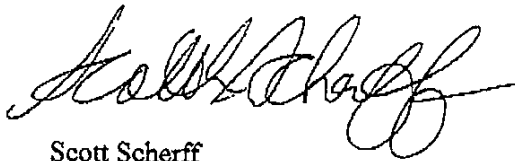
Timken recognizes that harmonized customs forms and streamlined procedures for checking at borders can reduce costs for companies involved in international trade, and Timken believes that it is important for the WTO to address trade facilitation matters. Timken endorses the active participation of the United States in activities at the WTO designed to promote trade facilitation.

¹⁷ *Id.* at 39.

E. ELECTRONIC COMMERCE

Timken supports the traditional view of the U.S. government on electronic commerce, namely, that this sector of the economy should be minimally interfered with during its development stages, both in the area of regulation and taxation.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Scherff", written in a cursive style.

Scott Scherff

kss/blue wto letter.sas

THE TIMKEN COMPANY