

Check Against Delivery

Statement of the United States Representative
to the Trade Negotiations Committee (TNC)
June 30, 2004

Mr. Chairman,

- We have 31 days – one month – to finalize agreements on the frameworks that eluded us at Cancun. Time is short and we need to transform general sentiments of good will into action.
- We thank the Chairs for their very thoughtful reports and know that they will be invaluable input into the package that the Director General and Chairman are going to present.
- We have a tough job. The challenge is to produce a package that puts the Round back on track. This does not require us to produce a Ministerial declaration. Rather, we need to concentrate on setting the stage for the next phase of the negotiations and the ultimate success of the DDA. To succeed, we must ensure that the results in July maintain a high level of ambition and provide the substance necessary for our negotiators to work, while reflecting the overall balance of the Single Undertaking that our Ministers agreed at Doha was essential to the DDA.
- So, the task we need to complete is clear: produce a fairly simple, compact package that reflects all the interests and commitments of Members and a program of work that enables Members to address their concerns and interests in the next stage of the negotiations.
- Do we have the necessary ingredients? The reports from the Chairs suggest that we are making headway. It now will take focus, determination, flexibility and a readiness to compromise to meet our goal.

G-8 Commitment

- A number of Members have shared statements made by regional and other groups on the DDA. Several weeks ago, President Bush hosted Leaders at the G-8 Summit in Sea Island, Georgia. There, Leaders pledged their commitment to the DDA negotiations. More specifically, they instructed Ministers to seize this moment of strategic economic opportunity by achieving global reduction to barriers to trade in order to deepen, broaden and the emerging growth being experienced by various regions.

- The commitment of Leaders was very explicit. They said that the multilateral trading system is the best means of achieving greater and effective trade liberalization and stronger global trade rules.
- They focused on the most pressing task ahead of us: pushing ahead on the core issues in the negotiations, which are the drivers of economic development and growth, namely substantially reducing trade-distorting agricultural subsidies and barriers to access to markets; opening markets more widely to trade in goods; expanding opportunities for trade in services; overhauling and improving customs rules and other relevant procedures to facilitate trade; and advancing the development of all countries, especially the poorest, within the WTO system.

AGRICULTURE

- Without doubt, agriculture is the key to generating progress in other core issues of the DDA. Chairman Groser's report indicates the distance we have come since Cancun in developing the needed framework to continue.
- Specifically, the following concepts are at the very center of the detailed discussions between Members:
 - establishing a credible end-point for the elimination of export subsidies and parallel treatment of other trade-distorting export practices;
 - substantial reductions in trade-distorting domestic support (i.e., substantially larger reductions for the most trade-distorting support than was agreed in the Uruguay Round); and
 - substantial improvements in market access by formulas --more effective than those used in the Uruguay Round -- that will ensure high tariffs are cut more than others.
- Members are engaged in very detailed and substantive discussions on creating a framework of formulas and rules that will deliver these and other important reforms. While significant gaps remain, and fundamental differences exist on several key issues, progress is being made.
- Discussions managed by the Chair of the Special Session of the Committee on Agriculture are helping to clarify the issues and develop approaches to address specific formulas and concepts.
- As is evident from Ambassador Groser's presentation, in the coming weeks, much effort will be required of all of us -- at both the technical and political levels – to ensure that we have approaches on all three pillars of export subsidies,

domestic support and market access that comport with the Doha mandate and yield both ambition and specificity to take us to the next phase of negotiations.

- But, we cannot afford to sit back and wait for results in agriculture to be delivered. We need to ready the other elements for July, so that the package can come together. As many like to remind us in this House, nothing is agreed until everything is agreed.

NAMA

- On NAMA, the text that emerged from Cancun has provided a sufficient basis for us to carry the work forward. On the one hand, each of us could offer our own sets of changes but that most likely would result in lengthening the debate that could divert us from substantive negotiation. Alternatively, we can agree that the text identifies the areas for work, and set out a plan to carry our work forward into the next phase of negotiations.
- Today, delegations should confirm for Chairman Johannesson that the latter approach is the way to proceed. We need to be practical and determine that the elements for a good result in market access are evident; what we need to do post-July is to further elaborate these elements into modalities.
- For this reason, we are attracted to concentrating at this stage on agreeing upon a roadmap that moves us forward and that will enable our negotiators to find the right balance between ambition and the needed flexibility.

SERVICES

- The services negotiations are the third critical element in securing the necessary liberalization to move the global economy forward. The United States believes that, in keeping with the Doha mandate, the July package should highlight the importance of achieving progressive and substantial liberalization across all sectors and modes of supply in the services negotiations.
- The Chairman's Report to the TNC from the Council for Trade in Services presents a balanced summary of Members' views on the services negotiations and a meaningful set of recommendations on the way forward.
- The United States believes that the TNC should set a date for submission of improved offers and suggests that the date be determined in relation to other key dates that may be established for other aspects of the DDA market access negotiations.

- We believe that the treatment of services, given its relationship to the market access negotiations in the other areas of agriculture and NAMA, is worthy of specific attention in the July package. We are hopeful that by the end of the week, Chairman Jara will have recommendations to be approved at the end of July.

SINGAPORE ISSUES

- The market access gains we all seek will only be realized if we ensure that the system of rules we are committed to evolves accordingly.
- We are pleased that the debate on Singapore Issues has been replaced with a serious effort to launch negotiations on Trade Facilitation in July, which is clearly an essential element of the package. Questions remain, to be sure, but the shift in focus is welcome.
- The ingredients for modalities on trade facilitation are evident. Like others, we see a unique opportunity for the negotiations to draw upon a broad array of experiences and resources to develop a creative, can-do approach to these negotiations. We want to negotiate an agreement that we can implement, even if in some cases, for some Members, it may take some more time – and technical assistance -- to do so. Benchmarking progress has been used in ensuring implementation of other Agreements and a similar approach can be considered here.
- Questions remain about what to do with the other issues identified at the WTO's first Ministerial meeting in Singapore. For our part, we are ready to work with others to find the appropriate and fair compromise that will enable us to move forward. It is clear that the three issues of competition, investment and transparency in government procurement will not be part of the Single Undertaking. Nevertheless, it may be beneficial, even to the opponents of negotiations on these subjects, to maintain a modest degree of study within the WTO, to enable all Members to determine for themselves the relevance of these issues to their trade goals.

DEVELOPMENT

- Like others, we see the question of development permeating our work in the DDA. We are grateful to Chairman Ismail in helping us to build on our progress to date but in a way that ensures that no Member is left behind. We must ensure that we all go forward on the same path in the rules-based system of the WTO. We are ready to consider how best to implement the results secured before

Cancun on the specific proposals submitted by some of the smaller and poorer economies. Make no mistake, however, our work is far from finished. We need a new work plan for the future. To succeed, we all need to be practical and pragmatic as the negotiations proceed.

- One area that was singled out after Cancun for work has been the important question of cotton. When Leaders at the G-8 agreed that all three pillars of the agriculture agreement must be treated with equal ambition, they flagged cotton as a particular issue that requires attention. In their remarks they stated that "cotton, a matter of primary concern to our African partners, can be best addressed ambitiously as part of the agricultural negotiations, while at the same time working on development related issues with the international financial institutions."
 - We think that this provides a sound basis on which to build as the negotiations proceed.
- We are pleased to report to Members that since the important meeting on cotton in Benin, a number of steps are being taken to focus on the problems in this area. For our part, the United States has held special meetings in Africa focusing on science and technology, where cotton was given prominence in our work and our bilateral programs.
 - Next month, in partnership with the U.S. National Cotton Council, we will have a program for the countries that took an initiative at Cancun on cotton. The focus is on diversification and cooperation, and it will explore ways and means to diversify, facilitate reform and promote growth.
- We will work with others to ensure that the development-related aspects of this sector continue to move forward, through our bilateral efforts, and in cooperation with the IFIs. We look forward to the report by the Secretariat on progress to date and remain committed to the appropriate follow through.
- Also, I want to call attention to a brand new U.S. assistance program, over and above our current assistance, called the Millennium Challenge Account (MCA). In January, Congress authorized the Millennium Challenge Corporation (MCC) to administer the MCA and provided \$1 billion in initial funding for FY04. President Bush has pledged to increase funding for the MCA to \$5 billion a year starting in FY06, roughly a 50% increase over current U.S. core development assistance.
- The MCC will establish results-oriented partnerships with the countries that qualify for funding. The Corporation will enter into a proposal, or "compact," with each recipient country that lays out concrete objectives, benchmarks and responsibilities for meeting mutually established development goals.

- In May, the MCC selected 16 initial countries that are eligible to develop a compact to receive MCA assistance. The MCC will work with potential recipient countries to develop compacts that set forth a commitment between the United States and the developing country. In this partnership, countries will identify their own development priorities and establish a plan for achieving sustainable economic growth and poverty reduction. The MCC has just finished its visits to all 16 countries to begin the process.
- We are pleased to report also that the U.S. Congress has taken important steps to address concerns of our African partners by extending the special program of tariff preferences under the African Growth and Opportunity Act (AGOA), which will ensure tariff preferences until 2015. This should be interpreted as tangible proof of our commitment to ensure that trade is an important part of our overall development strategy towards Africa.
- Finally, we note that many of our partners have raised concerns about implementation. There are many differences of view about the best way forward in this area and many competing agendas. Like others, we believe that the outcome proposed at Cancun may offer the best means of accommodating concerns.
 - It is the responsibility of the TNC, negotiating bodies and other WTO bodies to find appropriate solutions. The DG has undertaken consultations in the past, and he should continue to do so. For our part, we will continue to pursue proposals in the negotiating groups aimed at addressing many of these issues, as we already have.
- I haven't mentioned each and every point of the agenda and work program agreed at Doha. Let me reassure partners that we fully respect the bargain we struck at Doha and will continue to act accordingly. In the area of rules, for example, we have been an active participant in the work to date. We have both tabled substantive proposals to ensure that work progresses and actively engaged in dialogue on proposals by others.
 - One small point that I would bring to your attention is our method of work in areas like rules. These are difficult and complex issues. We see no reason why proposals tabled and discussed in the consultations cannot be generally available. We hope that others will work with the Chairman, as he consults on what we believe is an issue that can be solved in a very straightforward manner.
- With regard to the draft paper to be presented by the General Council Chair and the Director-General, we should not become fixated at this point on a specific, arbitrary date for its delivery. Rather, the timing and structure of the paper should be guided by the need to strike the right balance between the ripeness of the

issues and the need to provide Members with adequate time to absorb the paper's content in order to complete our work by the end of July.

- We stand at the verge of an historic economic opportunity. Estimates vary, but we have the potential to lift out of poverty somewhere between 300 and 540 million people by 2015, if we succeed in achieving ambitious results, especially in the core negotiating agenda. Thus, each of us has a powerful incentive to ensure that we take a significant next step toward this achievement by the end of July. It will take hard work, determination and flexibility on the part of all. The United States is committed to playing a leadership role in meeting this challenge. We hope and trust that others are ready to play their part.

Thank you.