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The Clinton Administration Agenda For The Seattle WTO

November 24, 1999

On October 13, in a speech to the Democratic Leadership Council, President Clinton outlined his agenda for the new round of World Trade Organization negotiations set to begin in Seattle, Washington on November 30th. The President noted that we have participated in eight such rounds over the past 50 years -- and that during that period the world has experienced the most rapid, sustained period of economic growth ever recorded. The President's agenda reflects his desire to make Seattle "a new type of round for a new century: a round that is about jobs and development." Working with the other nations of the WTO, the President wants the Seattle Round to be about expanding prosperity and improving the quality of life and work here at home and around the globe. This Round should ensure that the global trading system honors our values and meets our goals for the 21st Century.

EXPANDING OPPORTUNITIES FOR AMERICAN AGRICULTURE:

American farmers, ranchers and agricultural producers have always been the most productive and innovative in the world. Today, America is the largest exporter of agricultural products in the world and those exports support 750,000 American jobs that pay higher than average wages. In Seattle, the United States will push to make sure agriculture is traded as fairly as other sectors of the global economy, which is long overdue and will mean new opportunities for American farmers.

Working To Eliminate Export Subsidies: The European Union spends 50% of its overall budget on agricultural supports that distort trade. This includes $7 billion in export subsidies to support the 2% of its population involved in agriculture, accounting for 85% of all export subsidies in the world. These subsidies put American farmers, ranchers, and producers at a disadvantage. In September, the U.S. helped forge an agreement among APEC nations in Auckland, New Zealand to make elimination of export subsidies an "important objective" for the Seattle Round.

Reducing Tariffs: Since 1948, major industrial nation's tariffs on manufactured goods have dropped 90% to an average of just 4% today. Agricultural tariffs, however, remain too high, with bound rates averaging 50% around the world -- five times higher than U.S. agriculture tariffs. This disparity puts American producers at a disadvantage. The U.S. will work to even the playing field around the world.

Ensuring Market Access For Ag-Biotechnology: America leads the world in agricultural products developed with biotechnology. These products hold great promise and will unlock benefits for consumers, producers and the environment at home and around the world. We are committed to ensuring the safety of our food and environment through strong and transparent science-based domestic regulatory systems. In Seattle, we will continue to insist that market access for agricultural biotechnology products be based on sound science.

Reducing Trade-Distorting Domestic Supports: Currently, too many farmers around the world are paid to produce products whether or not the market needs them. This causes excess production and depresses international prices for agricultural products. Even after Uruguay Round commitments are fully implemented, the EU will be allowed to provide more than four times as much in domestic supports as the United States. This would distort world trade and undermine the competitiveness of American agricultural producers.

EXPANDING OPPORTUNITIES FOR AMERICAN Goods And Services:

Manufacturing: Manufactured goods are the centerpiece of America's exports. Since 1992, U.S. industrial production has increased by more than a third, the fastest of any major industrial nation. After losing over 2 million manufacturing jobs between 1981 and 1992, the American economy has gained over 240,000 new manufacturing jobs since 1993 -- even after taking into account the difficult job losses associated with declining U.S. exports resulting from the recent Asian financial crisis. Manufactured exports have grown 61% since 1992 and one in every five factory jobs is due to exports. These jobs pay about 15% more on average than non-export related jobs.

In Seattle, the United States will push to open more opportunities for American manufacturers to sell their goods to the 96% of consumers who live outside the US. Specifically, the Administration will fight to further reduce trade barriers; eliminate or sharply reduce tariffs, which remain 15-25% or more in key markets; and simplify customs procedures, to make them less costly for the 95% of American manufacturers who are small or medium-sized firms.

Services: The United States is the largest exporter of services in the world. The U.S. export of services increased 47% between 1992 and 1998, accounting for $264 billion in 1998 alone. And service exports support almost 4 million American service and manufacturing jobs. Services now play a large role in international commerce, accounting for nearly 20% of world trade or about $1.3 trillion in 1998. In Seattle, the United States will pursue an agenda to increase opportunities for U.S. service providers by: seeking commitments for more openness in key sectors, like finance, telecommunications and construction; ensuring growth for new services, like telemedicine, satellite entertainment and on-line instruction; and preventing discrimination against particular modes of delivering services, including electronic commerce.

Immediate Tariff Cuts: The U.S. will seek "immediate access" through an accelerated tariff liberalization agreement which would phase out tariffs in eight key areas -- chemicals, energy products, environmental products, fish, forest products, jewelry, medical and scientific equipment, and toys -- on a provisional basis pending completion of a broader Round. These account for $198 billion of U.S. exports and support 2.2 million American jobs. Dropping these tariffs as part of an early down payment on a broader 3-year market access negotiation would create new opportunities for growth in these industries.

Transparency In Government Procurement: The U.S., together with South Korea and Hungary, has proposed a worldwide agreement on transparency in government procurement to promote good government practices. The agreement would encourage competitive bidding, publishing of contracts and other practices to increase transparency. These procedures reduce the potential for bribery, corruption and insider deals and reduce unnecessary costs. Some nations have reported savings of 40-50 percent by implementing these practices. Adoption of this proposal would provide all nations with more opportunity to sell their goods and services in the $3.1 trillion worldwide government procurement market.

ENSURING CONTINUED FREEDOM IN THE New INDUSTRIES OF THE FUTURE:

E-Commerce: The Internet and electronic commerce are central to continued economic growth and prosperity in the United States and around the world. In the U.S., electronic commerce totaled just over $50 billion in 1998, and it is projected to reach $1.4 trillion by 2003. By 2006, almost half of the U.S. workforce will be employed by or intensive users of information technology services and products. Worldwide, the number of people using the Internet has grown from 3 million in 1995 to 200 million users today, and may reach nearly 1 billion by 2005. The U.S. has an aggressive agenda to ensure that the Internet continues to be an engine of economic prosperity in the U.S. and around the world. Specifically, the U.S. is seeking to: extend the 1998 U.S. led moratorium on customs duties on electronic transmissions; ensure that WTO members take no action to inhibit the growth of e-commerce; and ensure that developing countries benefit from the expansion of e-commerce.

ITA-2: In 1997, the WTO adopted the Information Technology Agreement (ITA) which eliminated duties on $600 billion worth of technology products including computers, telecommunications equipment and other technology goods. In Seattle, the United States goal is to adopt "ITA-2" -- an agreement to make additional information technology products tariff free.

Putting A Human Face On The Global Economy:

President Clinton has worked to "put a human face" on the world economy. In a major address on trade in June 1999, the President defined that goal as "giving working people everywhere a stake in its success, equipping them all to reap its rewards, providing for their families the basic conditions of a just society." In Seattle, the United States will pursue a specific agenda to broaden participation in the benefits of trade among and within nations.

Labor : The United States proposes the creation of a WTO Working Group on Trade and Labor during the Seattle Round. In December 1996, WTO members renewed their commitment to the "observance of internationally recognized core labor standards." The U.S. Working Group proposal would create a mechanism within the WTO to meet this commitment foster dialogue and research on six labor issues that bear upon the extent to which expanded trade promotes broad gains in living standards and economic development. In addition, the U.S. supports a strengthening of the International Labor Organization (ILO). The ILO has made considerable progress in recent years. In 1998, it issued a declaration establishing core labor standards as universal principles of human rights. And in 1999, the ILO passed a convention banning the worst forms of child labor. The U.S. proposal would build on these successes by granting the ILO observer status at the WTO, similar to that enjoyed by the World Bank, IMF and the UN Conference on Trade and Development.

Environment: President Clinton has committed to ensure that "spirited economic competition among nations never becomes a race to the bottom in environmental protection." The United States will pursue an agenda in Seattle to: conduct a US environmental review on the consequences of the Round;

proposing that the WTO's Trade and Environment Committee help identify environmental implications as the Round proceeds; pursuing "win-win" opportunities that provide both more open markets and the promise of yielding environmental benefits, such as elimination of tariffs on environmental goods and elimination of fishery subsidies that contribute to over-fishing; insisting that the WTO continue to recognize the right of members to take measures to meet environmental standards higher than those required by international standards; and strengthening the cooperation between the WTO and international environmental organizations like the UN Environmental Program. In addition, the President recently signed an Executive Order to require environmental reviews of major trade agreements with significant forseeable environmental implications.

WTO Reform and Developing Country Institution Building: The United States will also pursue an agenda to make the WTO itself more open and accessible -- reflecting core democratic values. Specifically, the U.S. has proposed opening the WTO's dispute resolution procedures to the public, allowing non-governmental organizations (NGOs) to file amicus curiae briefs in cases involving the environment, and creating institutional structures to increase consultation with NGOs. In addition, the U.S. is proposing measures to help developing nations by providing technical assistance on implementing trade policy and strengthening institutions in developing countries responsible for trade, labor, environment and other policies that influence the gains to living standards from trade.

5. EXPANDING THE COMMUNITY OF NATIONS THAT BENEFIT FROM AND PLAY BY THE RULES OF THE TRADING SYSTEM:

In the 20th Century, Americans have fought around the world to protect and advance the core values of democracy. At the dawn of a new century, we have a unique opportunity to bring more countries into the family of democratic nations and the rules-based trading system.

Bringing More Nations Into The Open Trading System: Thirty-three economies, most of which are transitioning to market-based systems, have applied for WTO membership. Overall, these thirty-three economies, including China, represent 1.6 billion people and nearly 1/6th of the world's GDP -- a tremendous potential market for American goods. In order to gain membership in the WTO, these nations must: open their markets by reducing tariff and non-tariff barriers; pass and enforce laws on intellectual property rights; create transparent and fair services laws; and apply customs and other regulations uniformly. The U.S. is committed to helping these nations join the WTO and benefit from the world economy, and in turn become markets for American goods and services.

Ensuring That Developing Countries Fully Benefit From The Open Trading System: The United States is committed to ensuring that the Seattle Round lifts living standards and promotes opportunity in the developing world, in particular the least developed nations. Countries that have opened their economies to the world have created opportunity, growth and hope for their people. The U.S. will work to give the least developed countries greater access to global markets. The President has called on the U.S. Congress to act by passing the African Opportunity and Growth Act; expanding the Caribbean Basin Initiative; and renewing our duty-free GSP program. And the US commits to work with other nations to offer technical assistance to help nations implement trade reforms -- and develop the Internet and telecommunications capacity to enter the 21st century economy. As a result, citizens of those nations will benefit more fully from the world economy, there will be more markets for American goods and services, and there will be more peace and stability in the world.