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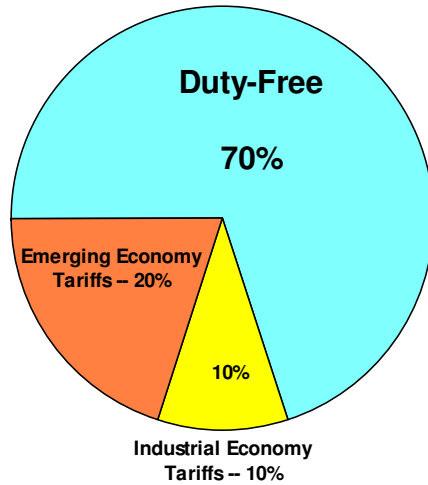
**“The Collapse of the WTO Doha Round Trade Talks:
Implications and Future Options**

August 6, 2008

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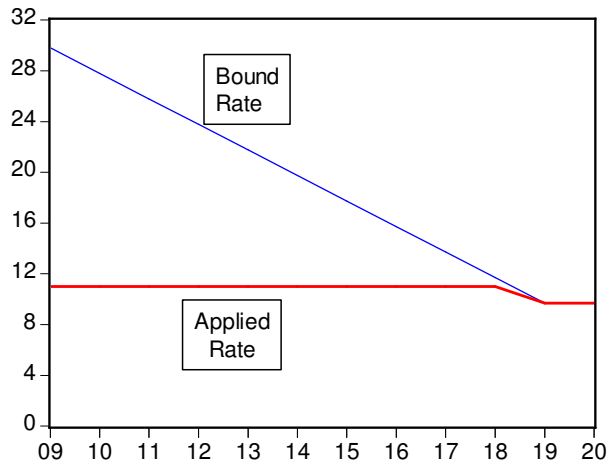
Tariff Graphs
Geneva Daily Blogs, July 22 – 29, 2008
NAM Press Releases

70% of U.S. Manufactured Goods Exports Face No Duties Today



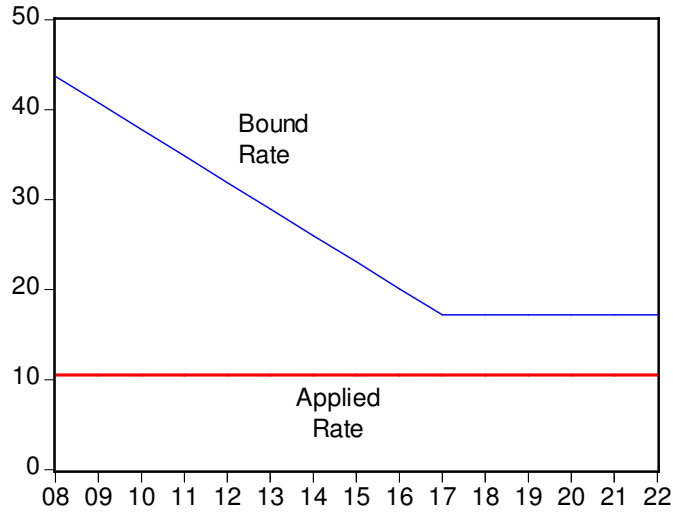
NATIONAL ASSOCIATION OF MANUFACTURERS

Doha Round: Brazil's Industrial Tariffs Assuming Swiss Coeff. of 26



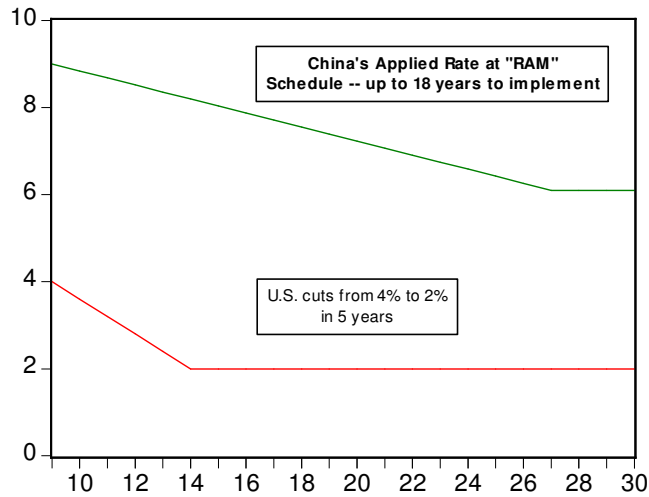
Brazil's average tariff on industrial goods will be cut from 11% to 9.7% -- But not until 2019. Even then only 40% of Brazil's imports will receive tariff cuts.

**Doha Round: India's Industrial Tariffs
Assuming Swiss Coeff. of 20**



**Bound Rate Drops to 17.2%, but
Current Applied Rate is about 10%.
No Average Cut**

**Doha Round: China's Industrial Tariffs
Assuming Swiss Coeff. of 26**



**Tariff Goes from 9.0% to 6.1%.
a 30% cut -- but spread over
as much as 18 years.**

Daily Reports from the WTO Ministerial in Geneva (July 22-29, 2008)

Frank Vargo, NAM Vice President for International Economic Affairs NATIONAL ASSOCIATION OF MANUFACTURERS

Report from Geneva I Tuesday, July 22, 2008

Negotiations at the [World Trade Organization](#) (WTO) “Mini-Ministerial” meeting called by Secretary-General Lamy technically started Monday, but real negotiations did not start until today. Lamy called the meeting in a gamble to break the deadlock between industrial and developing countries over agriculture and industrial trade.

In what is called “[Green Room](#)” meetings, ministers from key countries negotiate with each other in an attempt to narrow differences and increase the points of agreement. These green room negotiations have started on agricultural trade, and will move to industrial trade (Non-Agricultural Market Access – NAMA) later today. Then, on Thursday, there will be a “signaling conference” for services in which countries are expected to signal what more they are willing to do to liberalize trade in services – which, until now has been virtually nothing.

Both the European Union and the United States advanced new agricultural offers – the EU raising the amount of its subsidy cut to 60 percent, and the United States cutting its agricultural subsidy ceiling to \$15 billion. ([Ambassador Schwab statement](#).) Unfortunately, neither of these offers appeared to have the desired effect—kickstart this week’s negotiations. Brazil sneered at them, and that pretty much set the tone. Things will become even more fun when the other developing country leader – India’s Trade Minister Kamal Nath arrives tomorrow. He was in India today to participate in a Parliamentary vote of confidence, which the government won.

The NAM’s principal activities in Geneva have been to work close in with U.S. NAMA negotiators, and I discussed NAMA strategy with Dan Price (Assistant to the President for International Economic Affairs and Deputy National Security Advisor for International Economic Affairs), and Deputy USTRs Peter Allgeier and John Veroneau. We all agree that the key to a NAMA deal that would provide new market access for U.S. manufacturers is the sectoral agreements. The overall tariff-cutting formula options that have been proposed are simply too weak to cut deeply into the tariffs of the high-tariff countries, particularly Brazil, China, and India. In rough terms, the formula deal would have the United States cut its industrial tariffs in half, while the high-tariff countries would cut theirs one-tenth – and even that would not occur in some cases until 10 years out.

Sectoral agreements, on the other hand, particularly if they take tariffs to zero, would provide real market access. The NAM has been pushing sectorals for seven years, initiating the zero tariff coalition years ago, constructing a tariff model to simulate the results of various negotiating formulas, and buttonholing anyone who would listen.

Now, sectorals have finally become the name of the game. The big news is that the European Union has come on board and insisted there have to be sectorals in order to get enough balance.

But the key high-tariff countries say “no”. They want to stick to a weak formula cut that will shelter them from cutting tariffs a lot. And that is where the dividing line is on NAMA. The Industrial countries are insisting there have to be sectorals if there is to be a deal, and the developing countries are insisting there can be no deal with sectorals. Something like the irresistible force meeting the immovable object.

The negotiating strategy on sectorals that will be played out by the U.S. negotiators is a good one. Can’t discuss it at this point, but it is good, and has a reasonable chance of succeeding. And our negotiating team is the best. So with a great team and a great game plan, it can work. But if the other team simply does not want to play, then nothing can work.

We will know more tomorrow.

Frank Vargo, NAM’s man in Geneva
July 22, 2008

Report from Geneva II

Wednesday, July 23, 2008

From the NAM's perspective it was a mixed day [at the WTO negotiations in Geneva](#). Contrary to some predictions, nobody walked out. Also Indian Trade Minister Nath rethought his rather critical initial comments on the U.S. offer to cap total agricultural subsidies at \$15 billion and [said it was a useful thing for the United States to do](#). Additionally, Brazil is understood to have said they could work within the present NAMA text. NAM has said the same thing, but we have low end developing coefficients in mind, along with reasonable flexibilities not excluding too many products, and of course participating in major sectorals. I don't think Brazil is in the same corner as we are.

On the other hand, some mid-range developing countries were understood to step forward and say they could do sectorals. That is very good, and hopefully a bandwagon could develop that might develop some momentum. However, Argentina dumped all over the NAMA text and South Africa had major problems as well, being concerned that cutting their tariffs would allow China to decimate their manufacturing industry.

The U.S delegation began advancing some thoughts about how sectorals might be made more attractive, but I think it is too early to expect a reaction to that, and I should not get into details at this point.

[Director General Lamy decided](#) that the "Green Room" process with 30 or more ministers in the room was not helping narrow differences and was locking things into their already established positions. So he decided to move to "Small Group Meetings," for example, with the U.S., EU, Japan, Brazil, India, and Australia, to see if these groups could do a better job of narrowing differences.

In my experience from previous negotiations, that is the right thing to do at this time. I don't read any backward movement into it all. This is a good thing, and we will see where it goes.

NAM had a good session with Commerce Under Secretary Padilla today on sectorals. Chris is totally convinced that without sectorals there cannot be enough balance to move forward with NAMA, as is Ambassador Schwab and key White House advisor Dan Price. Conversation with Chris came up with some additional ideas, and they may work their way into the U.S. position.

Also met with Japanese officials, who said they have been advocating sectorals in their bilateral meetings, and with the [Federation of Indian Chambers of Commerce and Industry](#), who are certainly not supportive of sectorals. We had a good and friendly talk, though, to try to understand each other's positions better. My view is that India's position is not wholly based on hard economic analysis, but also reflects a strong legal view that they do not want to be committed to things to which they did not agree in the Doha or Hong Kong ministerial text. But they certainly made their point that they are an immovable object on sectorals, and I made the point we are an irresistible force. So who knows where this will turn out.

Also had discussions with [Business Europe](#), who is increasingly on board with sectorals, but also wants the anti-concentration clause which would limit the proportion of any import category that could be exempted from tariff cuts on the part of developing countries.

Finally, had detailed discussion with a key Congressional staffer to explain NAM's views on sectorals from top to bottom.

All in all, a busy day. No wheels fell off the cart, and we are off to Thursday.

Frank Vargo
NAM's Man in Geneva

Report from Geneva III Thursday, July 24, 2008

Well, there is good news and there is bad news. The good news is that they are really engaged in meaningful discussions and negotiations at WTO Headquarters, having broken into smaller groups that can actually talk about swapping concessions. The bad news is that the divides have not been bridged. As this is the NAM, I focus on industrial trade, but the situation in agriculture is not much better. French Prime Minister Sarkozy today [said there is no way France will agree to what's on the table](#), for example. That's a pretty blunt and serious statement. At the same time, Brazil and India say the United States still needs to reach more deeply into its agricultural pockets and give them more. In the Non-Agricultural Market Access (NAMA) discussions, things are pretty heated. Three key issues are in contention: the "flexibilities" (amount of imports that developing nations can exclude from making any tariff cut at all), sectoral agreements, and the anti-concentration clause (limiting the ability of developing countries essentially to exclude entire industries from tariff cuts, and compelling them to spread their "flexibilities" around.

In all three cases, the United States and the European Union are very much shoulder-to-shoulder and U.S. and European industries have basically the same goals and the same concerns. But in all three cases, the three primary big emerging manufacturers (BEMs) — Brazil, China, and India — so far are intransigent. It is "eyeball-to-eyeball," and went on well through last night and into this morning. They are at it again this evening in Geneva.

On the anti-concentration clause, vigorously opposed by India, their Trade Minister Kamal Nath made the most amazing - [and incomprehensible statement](#). He chided "high-cost" U.S. and European businesses for trying to prevent developing nations from shielding entire manufacturing industries from tariff cuts, and is reported to have said, "is at the heart of globalization, if you're non-competitive you can't seek refuge under an agreement of the WTO ... The future is that cars are not going to be made in Stuttgart or Detroit — they're going to be made in Asia."

Huh? Excuse me, but I think he got it exactly backward. Our auto industry is so efficient that we are down to 22 hours or so of labor in a car, charge only a 2.5% import duty on cars, and export \$45 billion of our cars around the world - 2.5 million cars. How many of those cars went to India? Last year exactly 417 cars, worth a little over \$3 million. Why so few? For starters, how about India's 100% import duty? And then there are those non-tariff barriers.

You want to talk about being non-competitive and seeking refuge under a WTO agreement - you're talking India. Mr. Nath, we will compete with you any day - if you will come out from hiding behind your huge tariff wall you are trying to keep.

Really very little more that I can add from Geneva today. Had more good meetings with key U.S. negotiators. Also met with European industry groups and Japan's Keidanren - all of whom are pressing their negotiators for market access.

One area hasn't been talked about much - non-tariff barriers. There really is little controversy here between industrial and emerging nations, and seems to be something that can be put into the negotiation stream with little difficulty at this point. Of course the actual negotiations could be difficult.

And behind the closed doors of the negotiating rooms at the WTO headquarters, they keep going at it, with U.S. and European negotiators pressing for market access, and the BEMs pressing for protection. Ambassador Schwab, Dan Price, Peter Allegeir, John Veroneau and the whole U.S. government team are just fantastic. They are getting by on a couple of hours of sleep a night, and are trying everything possible to get other countries to get with the program and truly negotiate. They deserve a real hand.

That's about it for this evening . It could still go either way. The negotiations could come to an inconclusive halt tomorrow, or they could go on perhaps into next week and perhaps with real results. Stranger things have happened, right?

Frank Vargo
NAM's Man in Geneva

Report from Geneva IV Friday, July 25, 2008

Sorry to be posting this so late, but the U.S. Government briefing on today's developments occurred very late, and I stuck around after that to get some more of my points in.

What happened today is that [Director-General Lamy worked](#) with the "Group of Seven" (G7) core countries to agree on an outline of points where there have been key differences. The text is a positive development, but "breakthrough" is too strong a word because at this stage it is only being forwarded to the broader group of countries participating in the "green room." They may or may not endorse it, and will probably seek some changes. In addition, while of the Group of Seven core countries, India did not veto the text it indicated it was being forwarded without India's approval. Moreover, the text is really only an outline of key points. It is not a self-contained text and if agreed by all, its points would be incorporated into the existing agricultural and NAMA texts.

That the text was developed and passed the Group of Seven hurdle, however, is a very positive step – and without this development the Mini-Ministerial quite probably would be coming to an end. The text allows forward movement to the next step, and of course each step has its own perils.

Regarding the content of the Non-Agricultural Market Access (NAMA) text, the content of the three alternative tariff formulas and the amount of product exclusions remains a problem. The anti-concentration content also remains a problem. I will go into greater detail tomorrow.

The non-tariff barrier part of the existing negotiating text was not altered in any way, which is fine since it has not been controversial or opposed by anyone and actually has one of the best chances of being approved pretty much as is – including the auto industry component.

The sectoral part was strengthened significantly by noting that certain (undesignated) countries will agree to participate in at least two sectorals. That is a big change from the vague "maybe we will, maybe we won't" earlier position. Also, an incentive was put into the language that developing countries could be allowed to have a slightly weaker tariff cutting formula for the rest of their imports if they participated in a sectoral. This is to the U.S. advantage since so much more market access is gained by having countries participate in sectorals than is lost by a one-point tariff formula change.

The sectoral component is only worth something if key countries participate. The idea is to have Brazil, China, and India participate in sectorals. If they do not, the sectoral in itself will produce relatively little. The idea behind the sectorals is to produce more balance for the United States. If the country participation or the industry sectors included do not give the United States enough balance at the "end of the day" when the results of formula cuts, NTBs, and sectorals are added up, then there is no deal. And the tariff cutting formulas are pretty weak.

Don't forget that what is being discussed in Geneva now are just the "modalities," the guidelines for the negotiations – not the negotiations themselves. Trade negotiations never follow a straight line, and their various upward and downward movements should not be seen too dramatically.

However, today's development was positive and indicates for at least six of the seven "Group of Seven" countries a desire to try to reach an agreement. That counts for a lot. But the outlier – India, could still take the whole thing down.

NAM's Man in Geneva
Frank Vargo

Report from Geneva V

Saturday, July 26, 2008

A [quiet day in Geneva](#), at least on the surface. The major event today was the long-anticipated "signaling conference" on services, in which countries indicated what they were prepared to do in liberalizing services. The Coalition of Services Industries indicated it was very pleased, and hoped that substantial new offers would be made as a result.

On NAMA, this has been a day of very intensive bilateral negotiations. The U.S. has been working in close tandem with the EU, and both have been pressing for China, Brazil, and India to step up to the plate. There seems, for the time being at least, to be some distance opening up between Brazil and India - in which Brazil is making some reasonable statements, indicating willingness to move ahead, and not being shrill in its tone. India, on the other hand, continues to be extremely difficult and critical.

Not too much to report. NAM was asked to speak for manufacturers at a meeting of Congressional staff who are here in Geneva, along with the [Farm Bureau](#) for agricultural interests. There is a lot of congressional concern for what this deal might do to affect import-sensitive industries and a lot of questions as to how there can be enough gain for export-oriented industries.

Also met again with U.S. negotiators, and continue to admire the job they are doing. It is not easy to be in bilateral meetings all day, be in green room and other WTO meetings, plan the next day, examine strategies, report back to Washington, etc.

Tomorrow will bring more bilateral meetings, and probably a meeting of the Green Room in which about 30 countries will give their reactions to the Lamy text developed yesterday. Most of them apparently will say in general it is OK, but they have problems in that the U.S. and Europe aren't doing enough in agriculture. Many of them also oppose the anti-concentration language in the text for NAMA and the provision for sectorals.

Could be an interesting day tomorrow.

NAM's Man in Geneva
Frank Vargo

Report from Geneva VI Sunday, July 27, 2008

I sympathize with journalists who have to fill a newspaper even when there is nothing to report. There is a lot going on here in Geneva, but most of it has continued to be the small group meetings and one-on-one bilaterals. And that's really how things get done in trade negotiations. You cannot have 30 people sitting around a table and get anything agreed. You have to get the most interested parties to meet with each other, see what they can swap, get them to agree on some language, and then to out and sell it to the rest.

There are 153 countries in the WTO and theoretically any one of them could hold up a deal. That's very unlikely, but there are probably 40-50 countries who absolutely have to be in accord with an agreement.

[WTO Director General Pascal Lamy's](#) text, which I reported on in an earlier blog, is the basis of the agreement, if there is one. After a full day of bilateral discussions on this, a "Green Room" was convened about 7 p.m. Geneva time and could run quite late tonight - it is 11 p.m. as I write this, and I don't know if the Green Room is running or not.

Lamy's plan is to have his text - really his outline - incorporated into the ag and NAMA chairmen's' texts and given out for approval tomorrow. Then there will be another day of discussion and angst, and hopefully we will be done Wednesday - although I was asked to be prepared to be here through Thursday (groan). You know, you can only eat so much raclette.

My activities today involved meeting with General Director Lamy's Chief of Staff, meeting with Commerce staff to discuss some technical details, and trading rumors with some of the press. And I did get to take a long walk along the beautiful lake. It is very warm in Geneva, and thousands of people were out in the lakeside parks or out on sailing boats.

I had earlier promised to discuss in somewhat greater detail the "anti-concentration clause (ACC)," so let me do that now. Developing countries are allowed to exclude up to 14 percent of their tariff line items from making cuts, and there is concern that they will cluster these tariff lines in sensitive areas, particularly textiles and autos. So, the European Union came up with the idea that no more than half of a tariff category could be excluded - or 40 percent, depending upon the breadth of the category definition. That would ensure that at least half the items in the tariff category (4-digit HS, for those of you who do that sort of thing) would have to take the formula cut.

Well, this set off a cacophony among the developing countries, who precisely want to concentrate their exemptions in key sectors. The result was that Lamy's text says that at least 20 percent of a tariff category must take the full percentage cuts - meaning a country can exclude up to 80 percent. That's not very helpful in spreading the flexibilities and keeping them from being clustered, and is one more problem we face on the road to trying to cobble out a deal that looks reasonably balanced for us.

NAM's Man in Geneva
Frank Vargo

Report From Geneva VII Monday, July 28, 2008

Two steps forward, and one step back. Or is it one step forward and two back? At any rate there was no forward movement in the WTO talks today. This morning, the U.S. had some very pointed words for India and China, stressing that the Lamy text was the only way forward. If countries were to reject the text or backtrack, there is no chance for a deal. Nobody is completely happy with the Lamy text (including the NAM), but if there are to be negotiations, the Lamy text is really the only basis on which to have the terms of negotiation. (Lamy's update for July 28 is [available here](#).)

The U.S. is not the only delegation concerned. Press reports indicate that France continues to pressure the EU delegation to resist agricultural changes and Germany is now understood to be pressing on the industrial side, saying German industry is not getting enough market access. China and India pushed back, saying they are being asked to do too much, and then they all went back into a "Group of Seven" (G-7) meeting - ministers only this time, no note takers or observers, so the ministers could frankly exchange views.

The G-7 met most of the day, broke up, and reconvened. So far, without resolution. The big issue is "SSMs - special safeguard mechanisms by which developing countries can clamp down on agricultural imports if there is a surge. They want, in fact, to be able to slap tariffs on that are higher than their legal WTO bound rates. Wow! That would in essence destroy one of the longest-standing pillars of the WTO, going back to 1946-47 when the GATT was first agreed. Big issue. But not just a theoretical issue. U.S. farm interests are extremely concerned about the protectionist possibilities here.

The issue is so serious that the whole Ministerial meeting could come unwound. We'll see.

The other hot issue is the question of whether Brazil, India, and China will sign on to Annex Z and participate in sectoral negotiations. Brazil doesn't seem to have a serious problem here, but China and India are still very resistant. My tea leaf readings, though, indicate that the degree of loudness of "no" is diminishing. Some questions are being asked about the nature of sectoral negotiations, whether if you start the process you are bound to finish it, etc. These are good and useful questions.

But first we have to get past the SSM issue, and that seems to be as big as Mont Blanc, which looms in the distance from Geneva.

NAM's Man in Geneva
Frank Vargo

Report from Geneva VIII – The Collapse July 29, 2008

So what happened? Well, the proximate cause of the failure was the hang-up on India's and China's insistence that they and other developing countries be able to break their WTO tariff bindings if they felt they had to protect themselves against surges of food imports if prices fall – the Special Safeguard Mechanism (SSM).

Why was that such an important issue? Because tariff bindings are one of the pillars of the GATT-WTO system ever since 1947. A binding is an inalterable promise that you will never ever raise tariffs above that bound rate. You exchange concessions with other countries and bargain on rates, and what you end up with is the rate at which you will lock your tariff in.

If the Doha Round had permitted bindings to be violated for some food products, it would have meant loss of market access for existing food exports, but would also have meant that a basic premise of the WTO had been undone – with the inevitability that this undoing would spread.

The issue was so central that it really consumed full attention, a fire so intense that it drew the air out of other issues. Everything else halted. And in the end, the two sides could not agree. Those wanting protection just would not be satisfied with something within the present rules.

But more broadly, there was little meeting of minds here. Pascal Lamy, the Director-General, took a real risk in calling this meeting. He figured if there was any chance of doing a deal this year, the agreement on terms of negotiation had to be done now. If the basketball was going to go through the hoop, there had to be a backboard off which to bounce it – and that was this meeting of ministers.

But, to be trite, it was a bridge too far. Issues just weren't ready, whether they were in manufactured goods or agriculture. Ministers were being asked to make decisions on matters on which their deputies had been unwilling to agree – and based on my experience, just because you bring in someone with a higher title, that country's position is not going to change.

On NAMA – Non-Agricultural Market Access – we actually made a little progress. The non-tariff barrier text was so non-controversial that no one even mentioned it. On tariffs, we have known the tariff cutting formula is too weak to open markets for us, so we had to look for deeper cuts in major industrial sectors. The goal here in Geneva was to move Brazil, China, and India away from absolute refusal to even talk about sectorals and to a position where they would at least be willing to enter into beginning to negotiate sectorals.

This was the NAM's bottom line. I don't know if, had the Ministerial gotten to that point, we would actually have achieved that objective, but all three of the countries were moving in that direction. On the other hand, the terms were weakening somewhat, so we don't know what would have come of this.

Where do we go from here? NAM President Governor Engler has called for a cooling-off period. Everyone must recognize that there is now no way to conclude these negotiations before the end of this Administration. The new Administration needs to come on board and begin looking at this, and there will also be a new EU Commission.

There is no point in picking up where we left off. People need to think about what they really want and what they are willing to give up for it. But we must resist the wags who can't wait to pronounce this the end of the WTO, or the end of the Doha Round for that matter. Absolutely not. And here I am going to agree with Indian Trade Minister Kamal Nath, who said, "My confidence in the institution of the WTO remains intact, and we will take this up and move forward."

The World Trade system should actually be viewed the stronger for having just gone through a difficult process of disagreement. It is flexible enough to withstand this, so long as we do not become its enemies and accuse the institution of failure, rather than a failure of some large new countries to realize that it is give and take, not take and take.

The NAM will certainly be looking at ideas on how to move ahead. One excellent idea that perhaps can gather traction is that of an environmental sectoral that would reduce or eliminate tariffs on products meant to help clean the environment. There are other possibilities as well. Since non-tariff barriers were non-controversial, maybe some of those could move ahead – so long as we get away from the idea nothing can happen outside a huge round.

I want to end my last blog from Geneva by saying how proud I am of Amb. Susan Schwab, Presidential Assistant Dan Price, Commerce Under Secretary Padilla, Ambassadors John Veroneau and Peter Allegeir, and the entire U.S. interagency negotiating team. They worked ceaselessly, with little sleep, looking for ways to make this thing work. If anyone could have made it happen, it was them. But even they couldn't make it work when others just said no.

Thanks for reading these blogs, and I look forward to coming back to Washington and to home.

NAM's Man in Geneva
Frank Vargo



July 29, 2008

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FOR IMMEDIATE RELEASE

**“Cooling Off Period Needed to Reassess Where to Go with the Doha Round,”
says Engler**

WASHINGTON, D.C., July 29, 2008 – National Association of Manufacturers (NAM) President John Engler today released the following statement in response to the end of World Trade Organization (WTO) discussions in Geneva:

I regret to say that, despite incredible efforts on the part of U.S. Trade Representative Susan Schwab, Assistant to the President Dan Price and the entire U.S. negotiating team, WTO members declined to agree on terms that could have provided greater opportunities for trade of manufactured goods.

Time and again at the Geneva meetings, China and India reiterated how they could not lower their barriers, but insisted we must lower ours. Revealing the sort of negotiation he had in mind, Indian Trade Minister Nath, for example, remarked that cars will no longer be made in Detroit and Düsseldorf but in Asia, a process he seeks to foster by maintaining India’s impenetrable barriers against U.S. cars while having virtually open access to our car markets.

The “Special Safeguard Mechanism” demanded by China and India for their agricultural sectors was the final straw. That mechanism would have violated one of the most basic tenets of the world trading system: nations do not violate their tariff bindings by raising tariffs above the legally-bound levels. Once an exception is made, no matter how small, the entire world trading system could begin to unravel. The Doha Round was supposed to move world trade forward, not backwards.

It is regrettable that China and India in the end refused to stick with the rules and wishes of the majority of countries. However, we must face the reality of what they did. It is important to note, however, that other developing countries, especially Brazil, made it plain during the Geneva talks that they were prepared to enter into give and take negotiations, and that is a positive development.

The NAM was prepared to back industrial trade barrier negotiations, so long as they contained provisions that could have resulted in a balanced outcome. But the Geneva talks never reached the point of settling on the rules for industrial trade discussions.

We must prepare ourselves for the onslaught of those pronouncing this to be the end of the WTO. That is nonsense. The WTO is the arbiter of the rules-based trading system and will

continue to be the venue for future broad or specific negotiations. We cannot allow the fact that some nations were not ready to engage in truly reciprocal negotiations to be an excuse aimed at the whole system.

What we must do now is to determine where to go from here. From the NAM's perspective, we want to move forward with trade liberalization; but it is clear that the Doha Round needs a cooling-off period in which industries and governments can determine how serious they are about various components of the negotiations. Perhaps the round can then be re-started in more or less its present form, or perhaps a new set of guidelines will be needed. Nevertheless, in some fashion, trade liberalization talks will continue to be needed.

The NAM was represented in Geneva by our Vice President for International Economic Affairs, Frank Vargo. The NAM's views were taken fully into account. We could not have higher praise for the way in which the U.S. government worked with us.

We are also enormously proud of the way Ambassador Schwab and the whole team conducted this negotiation. Their skill and dedication at the negotiating table is second to none. But even their efforts could not succeed when others see the negotiation only as a donor's conference and keep asking what more we are going to give them. We commend the U.S. negotiators for their courage in standing up for trade liberalization that would have benefited the United States and the world's poorest countries as well.

We will continue to work with USTR, Commerce, and State as well as with the Congress to determine the best course for the United States in the months and years ahead.



August 2, 2008

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NAM ANNOUNCES COALITION FOR ENVIRONMENTAL TRADE AGREEMENT

“We Should Move Ahead in Trade Where Possible,” Says Engler

WASHINGTON, D.C., August 4, 2008 -- The NAM today announced it is initiating a new coalition of companies and associations aimed at supporting negotiation of the Environmental Goods and Services Agreement (EGSA) in the World Trade Organization (WTO).

“We cannot let the recent failure of the WTO meetings in Geneva put the parking brake on forward movement in trade,” said NAM President John Engler. “While everyone sorts out when and in what form the Doha Round might be re-started, we should seek out areas in which there may be enough interest for stand-alone agreements to advance trade liberalization in areas in which participants would see a balance of interests.

“One such area where I believe there may be enough interest among WTO members is the Environmental Goods and Services Agreement,” said Engler. “This Agreement would lead to tariff-free treatment among its participants on a range of environmental goods and services, as proposed by the United States and the European Union last year.

“This would be a worthy endeavor,” Engler said. “Working together to create barrier-free trade in goods and services that improve our skies and water not only can restore confidence that WTO members can move forward, but also will help result in a cleaner environment.

“Accordingly, I am announcing that the NAM is initiating an effort both by the U.S. business community and by a coalition of our counterpart industrial associations in other countries to advocate for WTO negotiations on this important Agreement,” Engler said. “In her public statements following the end of the Ministerial, I am pleased to note that U.S. Trade Representative Ambassador Susan Schwab said this is one area that could be moved forward on its own track.

“Some other WTO members may feel that nothing should be agreed until everything is agreed and that there should not be stand-alone agreements separate from the Doha Round, so the way forward is by no means a slam-dunk,” Engler acknowledged. “The task is to find the right combination of products and WTO members so enough countries will see a self-contained balance – and that’s what our new coalition is going to seek to achieve.”

“This is an Agreement that can benefit all countries by lowering the cost of products and technologies that will help clean the environment, and it is well worth seeking,” said Engler.

“While this coalition will be an integral part of our approach to the WTO, we remain completely dedicated to finding other areas where progress can be made to advance the Doha Round,” said Engler. “These include a trade facilitation agreement that would shorten customs clearance times and non-tariff barrier agreements among countries willing to enter into them.”

The National Association of Manufacturers is the nation’s largest industrial trade association, representing small and large manufacturers in every industrial sector and in all 50 states. Headquartered in Washington, D.C., the NAM has 11 additional offices across the country. Visit the NAM’s award-winning web site at www.nam.org for more information about manufacturing and the economy.

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