



Midway Through Doha:
Outlook for the
Cancún WTO Ministerial



Why do the WTO negotiations matter?

- Promote growth and prosperity at home:
 - Expand the recovery through trade
 - Strengthen market access for U.S. exports
- Advance growth and development abroad: Freer trade enables willing countries to harness the benefits of globalization
 - Continued protectionism no favor to world's poor
 - 70% of developing country tariffs paid to each other
 - World Bank: two-thirds of global income gain from free trade in goods to developing countries
- Level the playing field: U.S. will move, but other nations must begin to match our openness



Cancún: The Midpoint

- U.S. led effort to launch new global trade negotiations in November 2001
- Once-in-a-generation opportunity: Ambition on opening markets
- Aggressive schedule for Doha Development Agenda; other rounds took far longer
- 2001 Doha Ministerial established the negotiating agenda
- Cancún is midpoint review and guidance
- With 146 economies negotiating, we need to agree on frameworks to guide how barriers are to be reduced
- Cancún sets stage for 2nd half of negotiations—much work will remain before January 1, 2005



Open Global Markets: Key to Strong U.S. Economy

- Trade: accounts for 28% of the value of U.S. GDP
- One-third of U.S. acreage is planted for export (\$55 billion in 2002)
- In 1990s, NAFTA and Uruguay Round raised purchasing power for typical American family by \$1,300 to \$2,000 a year
- University of Michigan: One-third cut in remaining trade barriers would boost annual family income by \$2,500, complete removal by \$7,500.



Global Free Trade: An Engine of Development

- Developing countries would gain \$540 billion per year from eliminating trade barriers on goods alone
 - Three-quarters of this from removing their own barriers
- Complete elimination of barriers to trade in goods could lift 300 million people out of poverty by 2015
- Eliminating trade barriers for services would mean another \$900 billion annual gain for developing countries
- Free trade helps promote rule of law and democratic values



Setting High Standards: U.S. WTO Proposals

- United States has bold proposals in three key areas of market access:
 - Agriculture
 - Goods
 - Services
- Needed to solve problem of access to life-saving medicines for developing countries under the TRIPs rules



Resolved: TRIPS and Medicine for Public Health Crises

- United States is biggest source of life-saving drugs
- Global trade rules provide flexibility
- Struck a balance to ensure access to medicines while protecting intellectual property for R&D
 - Anti-diversion; non-commercial use; countries opted out; review process



Agriculture: Developing a Framework for Success

- U.S. pressing to:
 - Cut average world farm tariffs from 60% to 15%
 - Agree on date for eventual tariff elimination
 - Eliminate agricultural export subsidies
 - Cut trade-distorting domestic farm support by more than \$100 billion globally.
- August 13 U.S.-EU text sets stage for progress:
 - Framework agreement on three pillars
 - Consistent with core U.S. objectives



Consumer & Industrial Goods: A Duty-Free World

- Make every corner store a duty-free shop: outlets for nearly \$6 trillion in goods and groceries worldwide
- United States is challenging our trading partners to:
 - Achieve “Tariff-free World” by 2015
 - Achieve zero tariffs as soon as possible in key U.S. export sectors
 - End non-tariff barriers
- We seek a framework for ambition at Cancún; will press for numbers later



Trade in Services: Freeing the Information Economy

- Services amount to almost two-thirds of the U.S. economy
- Service industries employ 8 of 10 Americans—provide more new jobs than rest economy combined
- U.S. services account for 28 % of the value of America's exports and nearly one-fifth of the whole world's trade in services
- United States seeking liberalization in key sectors: telecom, express delivery, financial services, others
- Services trade promotes development: combine new type of industrial revolution with information revolution
 - fastest-growing sector in many least-developed economies



Cancún Draft Text

- Draft reflects discussions to date
- Some have not accepted as basis for work
- Agriculture: export subsidies; domestic subsidies; market access
- Consumer and Industrial Goods: need formula for cuts; sectorals; non-tariff barriers
- Services: agenda to achieve liberalization
- “Singapore” Issues: trade facilitation; transparency in government procurement; competition; investment
 - Will negotiations proceed in these areas?
- Special and differential treatment
- Text provides a starting point



Keys to a Successful Ministerial

- TRIPS and Health Resolved
- Framework for Agriculture
- Framework for Goods
- Direction for Services
- Direction in other areas
 - “Singapore” Issues
 - Special and Differential
 - Rules