PRIORITIES BEFORE THE WORLD TRADE ORGANIZATION

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U.S. CHAMBER OF COMMERCE
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The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

The U.S. Chamber of Commerce remains firmly committed to the global rules-based trading system embodied by the World Trade Organization (WTO). In the view of Chamber members, the U.S. business community needs the WTO today as much as ever. Its rules inform national policy at home and abroad, and its dispute settlement system commands global respect.

The multilateral trading system has benefited the entire world. Eight successful multilateral negotiating rounds have helped increase world trade from $58 billion in 1948 to $22 trillion today. This is a 40-fold increase in real terms, and it has helped boost incomes in country after country.

While this rising tide of commerce has brought gains for developed countries, its most dramatic benefits have accrued to developing nations. As recently as 1993, 1.9 billion people—nearly half the world's men, women, and children—lived on $1.25 a day or less, in constant 2005 dollars. Since then poverty totals have been falling fast. By 2000 the number of people in absolute poverty had fallen to 1.7 billion, and the share of world population to 28%. The most recent estimates issued by the World Bank find the totals down to 1.2 billion people and 17.5% of population.

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While no single factor explains these income gains, the rise in international commerce has by all accounts played a major role. The economic growth that trade helps fuel contributes to educating the young, building essential infrastructure, strengthen the institutions of governance, and combating measles, malaria and other preventable illnesses. In the post-war era, these efforts have helped developing countries add two decades to life expectancy and cut the mortality rate of children under age five by 50%.

In recent years, the long impasse in the Doha Development Agenda negotiations led many to call into question the WTO's role as a forum for market-opening trade negotiations. In this context, it is difficult to exaggerate the importance of the success achieved at the WTO's 9th Ministerial Conference held in Bali, Indonesia, on December 3-7, 2013.

To show the support of the U.S. business community for the WTO's work, the Chamber has repeatedly led multi-sectoral business delegations to Geneva in recent years, and it ratcheted up this work in 2013. The Chamber assisted in organizing the U.S. business delegation to the Bali Ministerial and arranging meetings there with a diverse array of officials and private sector delegates from other countries. Our message was simple: The U.S. business community needs the WTO to succeed.

Building on the success at Bali, following are comments on key priorities for the WTO identified by the Chamber and its members:

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The Chamber warmly welcomed the Agreement on Trade Facilitation, the principal deliverable in the Bali Package, as a cost-cutting, competition-enhancing, anti-corruption agreement of the first order.

Implementation of the Agreement on Trade Facilitation. At the Bali Ministerial, trade ministers unanimously endorsed the first multilateral trade agreement since the organization's creation nearly two decades ago. The Chamber warmly welcomed the Agreement on Trade Facilitation, the principal deliverable in the Bali Package, as a cost-cutting, competition-enhancing, anti-corruption agreement of the first order. It promises to streamline the passage of goods across borders by cutting red tape and bureaucracy.

However, the true value of a trade agreement lies in its effective implementation. To that end, WTO Members have until July 31 to submit so-called "Category A" commitments under the Agreement. In this process, they will list all the provisions they commit to fully implement by the time the Agreement enters into force in July 2015. Particularly in the case of developing countries, this represents an opportunity to highlight a strong commitment to efficient customs and port procedures before the global business community and private investors, and bold reformers are likely to see economic benefits in the form of increased trade, investment, and growth. The Chamber is making concerted outreach to developing country governments to encourage them to take on these commitments in a fulsome manner and to underscore the international business community's keen interest in seeing these reforms advance.

Expansion of the Information Technology Agreement. Another immediate priority is to conclude negotiations to expand the product coverage of the 1996 Information Technology Agreement (ITA), which has delivered a cornucopia of innovative technology products to the world. Today, 70 countries are members of the ITA, and they account for 97% of world trade in IT products, which has reached about $4 trillion annually (or one-fifth of global merchandise trade). Extending free trade to the hundreds of new tech products invented since the ITA was negotiated nearly two decades ago—including GPS devices, Bluetooth technologies, flat-panel displays—will multiply its benefits.

Despite progress over the past year, the ITA expansion talks were suspended in July 2013 and again in November. These actions were triggered by China's insistence that dozens of tariff lines be dropped from consideration or subjected to extraordinarily long phase-outs. No other country has adopted such a cautious stance, and many WTO Members have objected. The Chamber was one of more than 40 international business groups from dozens of countries that have repeatedly urged the Chinese government to reconsider this position.

By one estimate, a commercially significant expansion of the ITA could add an estimated $190 billion to global GDP annually. China is the largest exporter of IT products and

even has a trade surplus in many of the product categories it seeks to exclude. The Information Technology Industry Council estimates that an ambitious outcome in these negotiations could save China's tech sector $7 billion in reduced tariffs on their overseas sales each year. Working closely with other business organizations and allies in other countries, the Chamber continues to urge the Chinese government to return to the negotiations with a more pragmatic stance as soon as possible.

Launch of Negotiations on Trade in Environmental Goods. In January, the United States and 13 other WTO Members, including the 28 Member States of the European Union, launched a new initiative to eliminate tariffs on environmental goods. These countries account for 86% of global trade in environmental goods. The initiative aims to build on the APEC Leaders' commitment to reduce tariffs on the APEC List of 54 Environmental Goods to make renewable and clean energy technologies cheaper and more accessible.

The U.S. Chamber of Commerce welcomed the initiative. As Executive Vice President and Head of International Affairs Myron Brilliant said: "Eliminating barriers to trade in environmental goods such as solar panels, gas and wind turbines, and products to control air pollution and treat wastewater is both pro-environment and pro-growth. We look forward to working with the administration and other members of the WTO to make this an ambitious and commercially meaningful agreement."

Total global trade in environmental goods approaches $1 trillion annually, but some countries currently apply tariffs to these goods as high as 35%, discouraging use of environmentally-friendly technologies. The countries taking part in this initiative have begun to reach out to other countries to encourage them to join the initiative. The initiative will complement U.S.-led efforts to remove barriers to trade in environmental services, such as air pollution monitoring and solid and hazardous waste treatment, as part of the Trade in Services Agreement (TISA) negotiations.

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Conclusion of the Doha Development Agenda. First, some context. In a 2009 research paper, the Peterson Institute for International Economics estimated the trade facilitation element in a completed Doha Round would add almost four times as much (roughly $385 billion annually) to global economic output as the Round's agriculture and non-agricultural market access portions (a total of approximately $100 billion in annual world GPD gains) even though the latter were seen as the meat of the deal.

In addition, there is great promise in the Trade in Services Agreement (TISA) negotiations now underway in Geneva — not within the WTO but among a coalition of more than 50 interested countries. The U.S. business community is keenly interested in the TISA, but

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the fact remains that the WTO Members most interested in services trade liberalization will no longer be looking to the Doha Round for redress.

In light of these two developments, it is unclear whether WTO Members are sufficiently motivated to harvest the potential gains of the Doha Round in the two principal negotiating groups remaining, namely, trade in agricultural and non-agricultural goods.

Can new issues be added? The U.S. Chamber has been a strong proponent of new trade disciplines in such areas as digital trade, regulatory coherence and cooperation, investment, state-owned enterprises, and due process in antitrust enforcement. Our members and staff have prepared detailed recommendations and analysis on how to tackle these "21st century" issues in trade agreements. However, the 160 Members of the WTO appear to be far from a consensus on whether to address these issues in the Doha Round, in principle or in practice.

With a great deal of important work ahead on trade facilitation, negotiations on IT and environmental goods, and trade in services, Geneva's trade community faces a bright and busy future. The immediate, the practical, and the necessary will rightly be at the fore. But the year ahead will also provide opportunity for reflection on how the WTO can build on its recent success to foster economic growth, the rule of law, and new trade opportunities in the decades ahead.

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