Charting a Course for the Multilateral Trading System
The Seattle Ministerial Meeting and Beyond
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I. Introduction

The widely remarked process of globalization has resulted in dispersion of investment, production and delivery of services around the world to an extent not even imagined a generation ago. These developments have depended on relative freedom of trade and investment—the basic elements of what can broadly be defined as the multilateral trade agenda—and the extent of globalization can be taken as a measure of success in advancing that agenda. Yet the interlinked processes that have produced such profound changes are now running into resistance.

After fifty years of expanding trade and investment, doubts have arisen whether an ambitious agenda of trade liberalization in a time of rapid economic globalization remains a mutual interest. These doubts will be on the minds of thousands of accredited representatives of non-governmental organizations likely to be in the conference hall and the streets at the November 30-December 3 trade ministerial meeting in Seattle. And this is the underlying issue confronting the World Trade Organization as trade ministers contemplate the launch of a new multilateral round of trade negotiations.

The tenor and timing of the Seattle meeting are not particularly auspicious. Neither the United States nor the European Union, traditional supporters of a strong multilateral trade regime, are proposing bold initiatives for trade liberalization which could capture
the public mind. Hence negotiations, once begun, could drag on for years. Overarching the run-up to the ministerial meeting are major weaknesses in leadership compared with previous rounds: a hiatus in WTO secretariat leadership followed by a compromise to split the current term between candidates from New Zealand and Thailand; the replacement of the E.U. Commission, including its outspoken champion of trade, Sir Leon Brittan; and the U.S. loss of public and congressional support for new trade liberalizing negotiations, compounded by political posturing for elections in 2000.

Differences in approach between the U.S. and E.U. are being played out in their views on the scope and structure of the negotiations. The U.S. position is to limit the scope to a relatively narrow set of issues, while the European Union, Japan and some others favor a comprehensive agenda that could encompass many issues, including some new and controversial areas of policy. The somewhat overlapping question of structure relates to whether all negotiating commitments undertaken in Seattle will be linked within a "single undertaking" agreement, like the Uruguay Round agreement of 1994, or, as the United States prefers, separated into several parts on varied time tracks.

The groundwork established for a new round will play a key role in defining the future course of the global trading system. The successful launch of a new round would offer promise of stronger multilateral rules for trade, even lower trade barriers and possible extension of the system to new trade-related areas of policy. At the same time, however, there is already much to do without a new round. A round that languishes in contentious debate for most of the coming decade would weaken the recently established and still fragile WTO multilateral framework and shift the orientation of trade policy more heavily toward regional free trade and bilateral arrangements. The outcome in Seattle is thus far more important in setting a course for the multilateral trading system over the coming decade than for whether the meeting itself is declared a "success" or "failure".
II. Historical Perspective

Past rounds of negotiation under the General Agreement on Tariffs and Trade (GATT), which preceded and is now incorporated within the WTO, offer insights into what should happen at the Seattle meeting and thereafter.1 Certain lessons of experience have come to form the logical framework for trade negotiations. Four specific issues are addressed here:

- comprehensive rounds of negotiations take too long;
- big ideas provide political momentum;
- strong, predominately U.S. leadership is required; and
- well-prepared and lengthy preparations are necessary.

Comprehensive Rounds Take Too Long

The Kennedy Round took four years (1963-67), the Tokyo Round six years (1973-79), and the most comprehensive, the Uruguay Round, stretched out over twelve years, consisting of four years of preparatory talks (1982-86) and eight years of formal negotiations (1986-94). There is broad agreement that the Uruguay Round took too long. U.S. frustration over lack of progress during that round was a principal reason for the shift in U.S. trade policy during the
1980s toward: bilateral negotiations, particularly with Japan; use of unilateral import restrictions pursuant to the infamous Section 301 of U.S. trade law; and regional free trade initiatives, first in North America and later within the Western Hemisphere and across the Pacific. Concern about prolonged negotiations in a new WTO round caused the United States initially to oppose the E.U. initiative for a new round.

The long delays in the Uruguay Round, however, were directly related to the formation of the agenda, at two critical junctures. First, at the 1982 GATT ministerial meeting intended to launch the round, the industrialized countries pressed for inclusion of "new issues"—which came to center on trade in services, intellectual property rights, and investment—while developing countries opposed their inclusion. The meeting ended in failure, and it took four more years of preparatory talks to finally reach agreement for inclusion of these new issues. The second juncture related to agriculture. Agricultural trade had been included in previous GATT negotiations, but was treated largely apart, with the highly protectionist European Common Agriculture Policy never confronted directly. In the Uruguay Round, in contrast, the United States and the Cairns Group of other agricultural exporting nations insisted on basic change in the European agricultural policy as well as reduced protection by Japan, South Korea, and others, which resulted in impasse at the 1990 Brussels' ministerial meeting that was supposed to conclude the round. The negotiations were thus prolonged for three years, after which time the European farm system was finally brought within the framework of the GATT trading system, including fixed tariffs for import protection, limits on export subsidies, and disciplines on domestic support policies.

In this context, a net assessment of the prolonged Uruguay Round is judgmental. In the end, trade in services, intellectual property rights, to a lesser extent investment, and European agricultural policies were brought within the WTO trading system, but was it worth the extra seven years? The lesson learned for the new round is similar. The more comprehensive the scope of issues included, particularly new and more contentious issues, the more likely will be another prolonged negotiation such as the Uruguay Round, and the greater the tendency will be for governments to turn elsewhere, through regional and bilateral actions, to deal with pressing trade policy issues.
Big Ideas Provide Political Momentum

This clearly was the case in the previous three rounds, and equally clear is the lack of big ideas, particularly by the United States, in preparations for the Seattle meeting. The big idea in the Kennedy Round was for industrialized countries to cut nonagricultural tariffs by fifty percent so as to reduce by half the discriminatory impact of the recently established European Common Market, and thus keep the North Atlantic alliance from drifting apart into inward-directed economic rivals. The Tokyo Round, for the first time, engaged a wide range of non-tariff barriers, while the Uruguay Round, as noted above, was exceptional in bringing important new policy areas within the trading system.

Preparations for the Seattle meeting, in contrast, have tended to shy away from or bog down over big and bold new ideas. The two most likely candidates, bringing investment and competition policies within the multilateral trading system, and establishing a schedule to phase out remaining nonagricultural tariffs, have the potential for broadly-based political appeal, but the prospect for decision at Seattle is uncertain for investment/competition policies and totally negative for tariff phaseout.

Strong, Predominantly U.S. Leadership is Essential

Again the record is clear in previous rounds, with one important, recent modification. The United States exercised the dominant leadership role throughout the Kennedy Round, the Tokyo Round and most of the Uruguay Round. A successful outcome always hinged on U.S.–European agreement. But this was complicated by the politically complex European Community/Union decision-making process that enabled individual countries—most notably France—to resist bold trade liberalizing initiatives. That left it to the United States to take the lead role, at times offering excessively bold proposals in anticipation of European resistance, leading to negotiated compromise.

The Uruguay Round started this way during the years of preparatory talks and actual negotiations through about 1990. In the final phase of the Uruguay Round, however, U.S. support for bold liberalization faltered somewhat. Under the leadership of Commissioner Sir Leon Brittan, who had an unusual ability to obtain negotiating mandates from the Council of member state ministers, the European Union assumed a more co-equal and, in some areas, primary leadership role. This E.U. co-leadership role
has carried over to the post-Uruguay Round period of WTO deliberations, including agreements in the basic telecommunications and financial services sectors, and Sir Leon was clearly out front in calling for a new "Millennium Round" in the face of U.S. opposition.

The absence of strong leadership in the run-up to the Seattle meeting is striking. The United States only belatedly agreed to a new round, and with important restraining conditions. Even more important, congressional and public opinion in the United States has turned against liberal trade, as economic nationalists and protectionists have seized the domestic political initiative. This was most apparent in two failed attempts over the last two years to pass U.S. "fast track" legislation that would have provided the authority needed to conclude the new WTO round. Upcoming U.S. elections in 2000 provide a politically charged atmosphere in which to consider trade legislation, and will make Democrats, in particular, reluctant to confront labor and environmental groups.

As for the E.U., the Jacques Santer Commission was forced to resign over internal scandals and effectively departed as of July 1999, including Sir Leon Brittan, although he was not personally linked to any of the scandals. Finally, there was the extraordinary hiatus in WTO leadership beginning May 1, 1999, when Director General Renato Ruggiero and his deputies departed while the WTO Council remained at an impasse over choosing successors. Mike Moore was eventually approved to assume the director general duties on September 1, but only for three years due to a compromise split term arrangement with his rival, and the impasse continues over selection of deputy directors general. This is another contrast with past experience of having highly able and long-tenured directors general during negotiating rounds. Overall, the most important and threatening contrast with previous rounds in terms of leadership is the very limited degree of U.S.-European consensus for organizing the new round, as explained below.

Well-Organized, Lengthy Preparations are Necessary

There is a varied record on this account. The United States and the European Community never fully confronted the formula for reducing tariffs during preparations for the Kennedy Round, and only resolved the issue at high political level during the decisive GATT ministerial meeting in May 1963. The 1982 GATT ministerial is the prime example of a lack of well-organized preparation leading to failure.
The United States, which was way out front in promoting a new round initiative, was unable to reach full agreement with the EC on the new issues, not to mention agriculture, and little serious high-level direct dialogue took place with developing countries prior to the ministerial impasse at Geneva.

In contrast, the later Preparatory Committee meetings in 1985-86, that led to the successful launch of the Uruguay Round at Punta del Este in September 1986, were astutely prepared at the technical level within the GATT framework, under the firm leadership of Director General Arthur Dunkel. Meanwhile, informal group discussions led to a split among developing countries, with the majority joining the industrialized grouping to propose a comprehensive agenda that basically carried the day at Punta. An innovative procedure was the establishment of an informal grouping of smaller industrialized countries and like-minded developing countries, ultimately the Group of 48 (but with considerable behind-the-scenes input from the U.S., the E.U., and Japan) which undertook the drafting of the majority ministerial resolution that laid out the specific negotiating agenda. The Quad grouping (the U.S., the E.U., Japan, and Canada) was also actively engaged throughout the preparatory phase.

The preparations thus far for the Seattle meeting are mixed, depending on the area concerned. Considerable technical preparation on a number of issues has been done in the course of the WTO work program since the Singapore ministerial meeting in December 1996. At the Geneva ministerial meeting in May 1998, a more targeted work program was established, with responsibility given to the WTO General Council in Special Session, which has met several times. The departure of the WTO secretariat leadership, however, has slowed this process down considerably.

At the informal level, a 13-member group (similar to the G-48 in 1986) was formed, known as the "Friends of the Round."* This group met in Budapest in May 1999, and is scheduled to meet at the ministerial level in late September. On key substantive issues, however, there are still wide differences, or at least lack of precision among the Quad, not to mention with key developing countries such as India, Brazil, and the East Asian emerging market countries. Overall, the preparatory status appears closer to the 1992 failed GATT ministerial than the 1986 successful Uruguay Round launch at Punta del Este.
III. The Prospective Agenda

The scope of issues that could be included in the agenda for a new round ranges from quite narrow to very broad. The United States has proposed a narrowly drawn list, principally related to enhanced market access. The E.U. Commission has presented a comprehensive and detailed listing of almost all issues contained in the WTO work program. The initial U.S. position was, in fact, to oppose a new round all together and to formulate a delinked issue-by-issue WTO work program. U.S. Trade Representative Charlene Barshefsky, at the WTO ministerial meeting in Geneva in May 1998, warned that “we can no longer afford to take seven years to finish a negotiating round,” and, as an issue-by-issue model for a more responsive WTO, “the three agreements completed last year (information technology, telecommunications, and financial services) are excellent examples”.

At the same meeting, E.U. Commissioner Sir Leon Brittan called for “a new, comprehensive round of trade negotiations: a “Millennium Round”. In January 1999, President Clinton accepted the call for a new round in his State of the Union message, but Trade Representative Barshefsky quickly elaborated that the round should be selective rather than comprehensive. The OECD ministerial resolution of May 1999 called for a “broadly-based and balanced agenda,” and the term “manageable and digestible” has been used
in informal discussions, but such guidelines lack precision for narrowing the gap between the U.S. and E.U. positions.

The question now is how far the E.U. and others, including Japan, will insist on lengthening the scope beyond the U.S. proposed minimum, a process driven, in large part, by linkages among the priority objectives of the various participants. The specific issues or categories of issues are as follows, with particular reference to contrasting U.S. and E.U. positions since their differences will likely be the focus of the final phase of preparatory talks and ministerial debate at Seattle.

Services and Agriculture

These are the two principal issues already mandated in the Uruguay Round agreement for negotiation beginning by the end of 1999, the so-called "Built-in Agenda". For services, the Uruguay Round agreement established the framework of rules for trade in services, but market access was basically locked in at the 1994 level, and further liberalization left for the renewed negotiations. Moreover, sectoral coverage was limited to a "positive list" of sectors submitted by signatory countries, and many developing countries, in particular, submitted very short lists.

The new negotiations will thus focus heavily on more open markets and broader sectoral coverage, but other service sector issues will also be addressed. The status of electronic, or e-commerce, including the extension of duty-free status currently under negotiation, will likely be one important new issue. The United States is being pressed by the E.U. and Japan to include maritime services, which it is strongly resisting, while urging others, in turn, to include audio-visual and other cultural services, with equally strong opposition in Europe and Canada. Aside from such relatively narrow issues, however, services is one area where the U.S. and the E.U. are largely in agreement for a broad and ambitious approach to further market opening.

Similarly, the agricultural negotiations are intended to continue the course of trade liberalization begun in the Uruguay Round through a further lowering of tariffs, reduction in permitted export subsidies, and restraints on domestic support programs. Beyond this broad objective, however, major differences over the new round agenda exist between the U.S., generally supported by the
The United States would like to focus on market access results, with agreement on substantial further trade liberalization within a reasonably short timeframe. A phaseout of export subsidies is the number one U.S./Cairns Group priority, where the E.U., in 1996, accounted for 84 percent of $6.5 billion of global subsidies. More detailed E.U. proposals, in contrast, play down the market liberalization objective, referring rather to “the continuation of the reform process,” which needs to strike a balance “between the long-term objective of substantial, progressive reductions in support and protection, resulting in fundamental reform, with other concerns, notably the experience and effects of implementing the reduction commitments agreed in 1994, special and differential treatment for developing countries and non-trade concerns.”

Moreover, the E.U. raises two issues deriving from the Uruguay Round agreement where there will be major differences with the United States and the Cairns Group. The first is the use of domestic support programs linked to output which are basically prohibited but were permitted to continue until 2003 under the so-called “peace clause.” The E.U. now claims renewal of the peace clause is essential to ensure the implementation of agricultural reforms. The second issue relates to genetic modification of food and animal products, wherein the E.U. wants to insert the “precautionary principle,” which would permit imports to be restricted pending the determination of food safety, in the Technical Standards Agreement or elsewhere. Meanwhile, the United States does not yet have a clear position for the looming broad debate over genetic modification. The E.U. also firmly links any agreement on agriculture to all other parts of a “comprehensive” round, within a “single undertaking” final agreement and, in response, the U.S. has referred to the E.U. new round strategy as ABA: “anything but agriculture.”

**Nonagricultural Tariffs and Non-Tariff Barriers**

Further reduction in tariffs and other border restrictions on imports, such as quotas and licensing requirements, is, implicitly at least, on the agenda for the new round because this basic element of trade liberalization has always been a major if not the principal part of prior GATT negotiating rounds. This time, however, the specific
negotiating objectives could be far more contentious, beginning at the Seattle meeting.

Tariffs are generally very low in the industrialized countries except for a few sectors, textiles and apparel in particular, while they are very high in the emerging market economies, and extremely high in China and Russia, which are likely to become WTO members during the course of the negotiations. The insistence by many developing countries on reductions in textile/apparel tariffs is further complicated by the Uruguay Round agreement to phase out import quotas in this sector by 2005, but which has been implemented very slowly and now lacks credibility. For example, during the first four years through 1998, only 2 out of 750 U.S. quotas and 14 of 219 E.U. quotas were eliminated. Looking ahead, when new round negotiations reach the serious stage, in 2002 or 2003, negotiations for tariff reductions and the slow implementation of existing commitments to phase out quotas for textiles and apparel will converge.

The U.S. and E.U. positions on non-agricultural tariff reductions are both modest in content while wide apart in concept. The U.S. approach concentrates on the phaseout of tariffs in selected sectors, such as environmental and medical equipment, toys, chemicals, and forest products, as being pursued in the Asia-Pacific Economic Cooperation (APEC) forum. This would avoid, however, the central issue of overall high tariffs in emerging market economies, and pockets of very high protection in the industrialized countries, and would preclude major cuts in textile/apparel tariffs which the U.S. opposes. The E.U., in contrast, calls for a comprehensive, “tariff-band” approach which would focus on removing tariff peaks in specified sectors such as textiles/apparel, ceramics, glass, and footwear.

Furthermore, E.U. tariff level objectives would be weaker for developing countries and include the avoidance of “any unacceptable reduction of margins of preference in key sectors for the development of developing countries”. Developing countries will surely rally to the E.U. tariff peak proposal. Japan also supports the comprehensive approach, including “efficient correction of peak tariffs,” but wants to exclude forestry and fishery products entirely. Neither the U.S. nor the E.U. approach, of course, comes close to the “big idea” of a full phaseout of non-agricultural tariffs as being pursued at the regional level, within Europe and the Mediterranean Basin, the Western Hemisphere, and across the Pacific.
Intellectual Property Rights
Certain aspects of the Uruguay Round intellectual property rights agreement (TRIPS) are mandated for further negotiation, and a number of outstanding issues will likely be added. For example, the E.U. will likely raise differences in geographical indicators for wines and spirits, Japan seeks changes in the system of patent application, and the United States will press for further commitments in the areas of new scientific and pharmaceutical research and artistic creation. The intellectual property rights agreement was the most complex "new area" in the Uruguay Round agreement, and therefore much more work could be incorporated in the new round.

A complicating factor is that developing countries were generally given five years to adopt the Uruguay Round standards, including effective implementation, and this transition runs out at the end of 1999. In other words, lack of effective enforcement against intellectual property piracy will be subject to dispute settlement complaints beginning in 2000, which could lead to a flurry of major complaints against key developing countries just as a new round gets underway.

Government Procurement
Only 26 of the 133 WTO members, basically the industrialized country grouping, signed the Uruguay Round Government Procurement Agreement, and broader participation will be sought by the U.S. and the E.U. in the new round. Broader coverage by industrialized countries is another mutual objective. A new WTO agreement on transparency in procurement, targeted, in particular, to reduce bribery and corruption, has been under negotiation, and may be completed by the time of the Seattle meeting or else possibly added to the new round agenda.

Investment and Competition Policies
These are the principal "new issues" for possible inclusion in the new round, where yet again the U.S. and the E.U. are fundamentally at odds. The United States wants to have these issues studied further and excluded from the new round, while the E.U. and Japan propose to include them as a prominent part of a comprehensive Millennium Round.
The Uruguay Round agreement contained modest commitments on certain trade-related investment measures and the services agreement basically includes investment, since the delivery of many internationally traded services requires a physical presence in the importing country. The Uruguay Round agreement also mandated a study of both investment and competition policies leading to possible future negotiations, and these two areas, in fact, constitute the principal trade-related policies not included within any multilateral framework.

The rapid growth of foreign direct investment (FDI) since the late 1980s has resulted in half or more of trade driven by investment-related decisions. Investment and competition policies are also interrelated in that effective competition is increasingly dependent on the ability of new entrants to merge with or acquire existing companies (in other words investment). The initiative to include at least investment policy within trade agreements gathered momentum during the 1990s through the North American Free Trade Agreement (NAFTA), with the free-flow of investment now an integral part of U.S.-Canada-Mexican economic relations, the Free Trade Agreement of the Americas (FTAA) and APEC free trade and investment negotiating objectives, and negotiations on an Organization for Economic Cooperation and Development (OECD) investment agreement, intended for later extension within the WTO.

The outlook for the new round, however, is highly uncertain both as to whether these issues will be included and, if so, within what negotiating mandate. For investment policy, the OECD negotiations are at an impasse over differences among the industrialized countries and, in the face of opposition from environmental groups in particular, the United States ceased pressing for early OECD agreement and opposes inclusion of this issue in the new round.

The E.U. proposal for inclusion, while largely ignoring the divisive issues among industrialized countries, focuses on the interests of developing countries, with emphasis on the need to “preserve the ability of host countries to regulate the activities of investors,” and noting that “traditional provisions on special and differential treatment for developing countries (e.g. exemptions and exceptions or longer transitional periods) may no longer suffice.” These relatively weak points of departure stand in contrast to the essentially mutual
A second, related problem is that competition policy is inherently linked to anti-dumping policy, as the “trade remedy” for the lack of compatible competition policies at the national level, and anti-dumping will certainly be a contentious issue at Seattle. Years of negotiation in the Uruguay Round toward disciplines to limit protectionist abuses of anti-dumping policies failed, and anti-dumping duties have become the policy instrument of choice for protectionist interests, especially in the U.S. and the E.U., but increasingly in developing countries as well.

Japan, South Korea and probably most developing countries will press for commitments at Seattle to strengthen WTO disciplines for anti-dumping procedures, while the E.U. position is “to be open as regards the inclusion of anti-dumping in the new round”. The United States categorically opposes the inclusion of anti-dumping on the new round agenda.

Environmental and Labor Standards

These two issues are usually discussed jointly, as the “social issues,” reflecting in part the strong, parallel efforts by environmental and labor groups to link these standards to trade policy. They are very different, however, in their current status with respect to the new round, or more broadly the WTO agenda. Environmental standards are basically in, although with major differences on key specific issues, while core labor standards are essentially out.

The linkage between environmental standards and trade policy has been the subject of lengthy discussion within the WTO, and a high level symposium in Geneva in March 1999 suggested a few specific negotiating objectives to be pursued either within the new round or separately. These would include free trade in environmental
goods and services and the elimination of subsidies in the agricultural and fisheries sectors that tend to increase pollution or have some other adverse environmental impact. The central issue of contention, however, is the threat of import restrictions linked to production practices in the exporting country. "Process and Production Methods," and this issue has dropped off the immediate negotiating agenda.

This is the issue wherein the United States unilaterally imposed restrictions on imports of tuna because of concurrent killing of dolphins, and more recently on imports of shrimp because of similar killing of sea turtles, although neither case relates to environmental standards as such (the dolphin killing is a matter of animal rights and sea turtles are an endangered species). Both times the United States was brought before a GATT/WTO dispute panel and found in violation of its GATT/WTO commitments. The issue of trade actions related to production practices was discussed for several years in the GATT and later in the WTO, and is now at a prolonged impasse because the U.S. government insists on the right to act unilaterally, while almost all other members oppose any such actions linked to WTO commitments unless based on some form of multilateral environmental agreement.

For the new round, the E.U. wants to address environmental issues in a number of areas, including eco-labelling and linkage of the precautionary principle to protection of the environment, while acknowledging that "developing country concerns over unilateralism and eco-protectionism need to be met with a view to preventing potential abuses." The United States also supports an active WTO work program on environmental issues, but not as part of the new round. Developing countries will oppose any objective that might permit unilateral trade restrictions.

As for labor standards, developing countries have long resisted bringing core labor standards into the WTO on the grounds that the United States and other industrialized countries would use them for protectionist-motivated import restrictions. The issue reached a showdown at the WTO ministerial meeting in Singapore in December 1996, when agreement was reached to reject the use of labor standards for protectionist purposes, and to affirm that, "the International Labor Organization (ILO) is the competent body to set and deal with these standards". The E.U. supports this arrangement, noting that promotion of labor standards through restrictive trade practices would prove counter-productive. The U.S./E.U. attempt at the
Singapore meeting to create a WTO working group on core labor standards and international trade failed, and the E.U. sees no prospect for creation of such a group at Seattle.

The United States has also confirmed the Singapore agreement in preparations for the new round, while giving more prominent U.S. support to the ILO work on core labor standards, including the appearance of President Clinton at the June 1999 ILO meeting in Geneva. It is not clear, however, whether the United States will try again to establish a WTO working group at Seattle, or to obtain some other "social clause" commitment. Probably the result will be nothing more than hortatory language in support of ILO norms and commitments. In any event, the new round agenda is unlikely to have anything significant on it about core labor standards and trade policy.

Implementation of Existing Agreements and Decisions

This subject was included in the May 1998 Geneva ministerial declaration as part of the work program leading up to the Seattle meeting, but it is not yet clear which specific issues in this category will be linked to adoption of the new round agenda. Developing countries will likely raise implementation of certain Uruguay Round commitments as a precondition to launching a new round. At the May 1998 WTO ministerial meeting, Argentine Foreign Minister Guido Di Tella, with respect to renewed agricultural negotiations, warned: "Before embarking on this process, we must resolve the thorny issue arising from non-fulfillment of the commitment entered into during that (Uruguay) Round, by virtue of which we agreed to approve disciplines in respect to agricultural export credits". Indian Minister of Commerce Ramakrishna Hegde was more sweeping, raising the lack of implementation of Uruguay Round commitments on special and differential treatment for anti-dumping, textiles and apparel, technical barriers to trade, and phytosanitary measures. He concluded, apparently in opposition to a new round: "We consider that attention should be focused on implementation issues and the issues relating to the built-in agenda rather than take up new issues at the present moment". Other WTO decisions relate to negotiations in progress, such as the agreement on greater transparency for government procurement and an extension of the duty-free status of electronic commerce.
Special Measures for Least Developed Countries
This is another item in the Geneva ministerial declaration that remains to be clarified. Special and differential treatment for developing countries, and least developed countries in particular, has been part of past GATT negotiations, but little has materialized beyond a weakening of the commitments of these countries within the multilateral system. Technical assistance by the WTO to help the least developed prepare for compliance with WTO obligations is one possible result.

The E.U. call for early duty-free access for products from least developed countries would have significant impact on the textiles/apparel sector if it included early phaseout of quotas as well. The higher cost of food imports as export subsidies are reduced is another issue that has been raised, but to the extent action is taken it would more likely fall in the realm of aid than of trade policy. In any event, inscription on the new round agenda is likely to be in general terms.

Other Old and New Issues
A number of other issues have been raised that could broaden the scope of the new round agenda, although which ones will be pushed hardest for specific negotiating commitments is not yet clear. Long-standing issues that were part of the Uruguay Round agreement include further work on government procurement, as already noted, rules of origin, customs procedures, technical standards, and phytosanitary and other regulatory measures. Important new and potentially controversial issues that could be included are genetic modification of plant and animal products (within negotiations on agriculture and/or standards), electronic commerce beyond or linked to the interim free trade commitment, and coordination of trade and financial policies.

The trade/finance relationship was addressed in the Uruguay Round in terms of “greater coherence,” with no significant results, but the large trade impact of recent financial crises, the long-standing and now record U.S. trade deficit, and the transition of the financial system toward floating rates make this issue more relevant for attention in the new round. The E.U. has raised better coherence between trade and finance in the context of sustainable development,
while the United States has no specific proposal, inside or outside the new round agenda.

**WTO Institutional Reforms**

Institutional reform of the WTO is under discussion, but it is unlikely to be included on the new round agenda as it was in the Uruguay Round (which led to the creation of the WTO). A major issue is greater transparency in WTO proceedings, particularly for dispute settlement. Participation by "civil society," including business, labor, environmental and consumer groups, and greater access to WTO reports and documents are specific objectives that may be resolved, at least in large part, by the time of the Seattle meeting.

A more in-depth look at the capability of dispute panels, especially as more intellectual property rights complaints are raised beginning in 2000, may be forthcoming. Another issue addressed unsuccessfully in the Uruguay Round is the formation of an executive committee of limited membership, as exists in the IMF and the World Bank, to facilitate WTO deliberations and discourage the frequent practice of key small group discussions held outside the WTO. The recent growth of WTO membership and the requirement that all meetings be plenary in fact poses a significant management challenge for a broadly-based new round. There is no indication, however, that this issue will be raised at Seattle.

**The Name of the Round**

The new round does not yet have a formal name, which could be an issue of contention. Previous GATT rounds were mostly named after the place where the round began or took place, such as Annecy, Torquay, Geneva, Tokyo, and Uruguay, but in two instances they were named after prominent Americans who took a strong lead in launching the round, Douglas Dillon and John F. Kennedy. This time, the EU took the initiative for a new round which Sir Leon called the "Millennium Round." The United States apparently opposes the name Millennium Round and there are indications that the American plan is for President Clinton to make the opening speech in Seattle in the context of launching the "Clinton Round." A more neutral name would be the Seattle Round.
IV. The State of Political Play

Decisions affecting the agenda to be decided in Seattle will be taken in disparate forums: in the WTO Council and the Quad, and among APEC leaders and the ministers who constitute the Friends of the Round. But the big question facing the Seattle meeting and the multilateral agenda thereafter relates to the wide gap between the initial positions of the U.S. and the E.U. on both the scope and content of the agenda. This is an ominous contrast with previous rounds when a high degree of U.S.-European consensus provided the central political momentum for successfully establishing the negotiating objectives.

On current course there are, in fact, three basic alternatives for the outcome at Seattle. The first is the U.S. position of a narrow agenda, consisting principally of services and agriculture, nonagricultural tariffs and nontariff barriers, intellectual property rights, and government procurement, with even these issues limited in scope largely to increased market access commitments. The second is the E.U. call for a comprehensive agenda, including virtually all of the issues in the previous section, linked together within a single undertaking final agreement. The third is an impasse at Seattle, which would likely result in the immediate start of negotiations on services and agriculture (as already mandated) and the establishment of a Preparatory Committee to continue work
toward launching the new round at the next ministerial meeting in 2001.

The uncertainty hinges, most of all, on the flexibility of the U.S. and the E.U. to achieve convergence somewhere between the first and second alternatives, and to some extent on how developing countries position themselves on key issues. In each case, however, important political factors either have not yet come into play or cannot be predicted.

For the United States, there will be a political cost for each step toward the E.U. position. An agricultural mandate weak or non-committal on market access, and linked to various other contentious issues, will weaken support from domestic agricultural interests. An across-the-board commitment on cuts in nonagricultural tariffs that targets high textile and apparel tariffs will be opposed by the textile lobby, as will inclusion of antidumping by steel and other strong proponents for excluding this issue from the new round. A vague and weak mandate to negotiate an investment agreement will be criticized from one direction by environmentalists, opposed to such an agreement in any form, and from the other direction by business interests who support a strong free investment agreement as negotiated in NAFTA, and pursued in the OECD and the FTAA. Agreeing to abandon completely a labor rights linkage to trade policy will intensify AFL-CIO opposition to fast track authority and the round in general.

All of these costs must be evaluated against a political balance sheet for free trade that has undergone a major change: a relatively low level of interest and support from American business groups. During the preparatory stage of the Uruguay Round, these groups were out in front of the U.S. government arguing for inclusion of trade in services and protection of intellectual property rights, as they were again in the early 1990s in favor of an OECD investment agreement. Now, disillusioned by two failures to obtain fast track authority and administration abandonment of the OECD investment initiative, the U.S. business sector is subdued at best, perhaps reserving its options until after the 2000 presidential election.

For the E.U., the issue of negotiating flexibility involves not only the usual political struggle among member states (particularly over agriculture) but the uncertain trade posture of the new Romano Prodi Commission. The E.U. positions presented in this essay were elaborated in a document publicly released July 8, 1999, entitled
"Communication from the Commission to the Council and to the European Parliament: The E.U. Approach to the Millennium Round". They represent the views of the outgoing Santer Commission, and of Commissioner Sir Leon Brittan in particular, and are only recommendations to the Council of Ministers and the European Parliament.

The document takes a generally uncompromising line vis-à-vis known U.S. positions, with all credit to the E.U., as expressed in the opening sentences: "The European Community has been at the forefront of efforts to launch a Millennium Round of trade negotiations in 2000. A comprehensive trade round, conducted as a single undertaking and offering a balance of benefits to all WTO members, will make an important contribution to global economic growth and strengthen further the rules based trading system." It is not clear, however, whether the Prodi Commission, including the proposed new trade commissioner, French Socialist Pascal Lamy, will continue this confrontational approach.

Developing country positions on the new agenda are least clear except to say that they will not be monolithic. Agricultural exporters are members of the Cairns Group and will work with the United States to get firm commitments from the E.U., Japan, and others on trade liberalization in this sector. Textile/apparel exporters will close ranks in support of substantial tariff reductions by industrialized countries, but have different interests over the slow phaseout of import quotas as agreed in the Uruguay Round. Developing country positions will likely be closely aligned on inclusion of antidumping, and probably more disparate on an investment agreement. A key question is whether a basic split will develop among developing countries, as happened in the preparatory phase of the Uruguay Round.

The Seattle meeting itself faces potential organizational problems. The new and untested WTO Director General, Michael Moore, still without his deputies, will have been in office barely three months, limiting the usual secretariat role of preparing the way at the technical level for later high-level political negotiations. U.S. Trade Representative Barshesky’s plan to chair the conference, a physically exhausting job, raises questions about the usual role of conference chairperson to act as an objective chair throughout most of the conference, and as honest broker to bring parties together at the end. Others can certainly represent the U.S. positions at Seattle, but
this is an odd arrangement in view of the U.S. Trade Representative’s key policy-making role. In similar circumstances, Uruguayan Foreign Minister Enrique Iglesias played the role of chairperson superbly at Punta del Este in 1986. Taking that approach in Seattle would cast Secretary of State Madeleine Albright in the role of chairperson.

Finally, in the spirit of greater openness, special interests groups will proliferate at Seattle as never before. Traditional business and agricultural interests groups will likely proceed, as in the past, mainly through behind-the-scenes lobbying. Environmental, labor and human rights groups, which have been increasingly critical of liberal trade and the WTO, will also play a prominent role in the process, some through lobbying and others through demonstrations and media events. Many thousands of others who are critical if not hostile to liberal trade, including self-styled anarchists and protesters against globalization, will be out in the streets, seeking maximum media attention. Disruptive actions are quite possible.

Another important issue for the WTO, which may have some impact on the outcome in Seattle, is the long pending accession of China to WTO membership, derailed in the Spring of 1999 by adverse developments in the overall U.S.-China relationship. Chinese membership negotiations may well drag on into 2000, and thus the impact of Chinese observer status at Seattle would not be significant. However, if Presidents Clinton and Jiang agreed to revive WTO negotiations leading to a quick resolution of outstanding differences, political momentum would build for approval of Chinese membership by the time of the Seattle meeting. Such a course, however, raises two questions. The first is how China would position itself on the various trade liberalizing agenda items under negotiation, as a still centrally-planned economy going through a most difficult phase of policy reform and with apparent political divisions within the government. The second question relates to the United States, where President Clinton would presumably have to submit legislation to Congress to give China permanent normal trade relations (formerly MFN) status, which will undoubtedly be contentious within the Congress, and which could distract further from the need to rally bipartisan political support at Seattle for new trade liberalizing negotiations.

Finally, there is the issue of the time horizon for the new round, related to whether multilateral trade rounds, like the Uruguay Round, take too long. There is official agreement that the new
round should take only three years, or until the end of 2002, but for
the U.S. and the E.U., at least, this agreement masks the fact that
they are based on radically different proposed agendas. The U.S.
position of a limited agenda focusing on market access could
reasonably be completed in three or perhaps four years, but the
comprehensive, interlinked proposals of the E.U. will certainly
drag on well into mid-decade.

In any event, after the Seattle meeting and without fast track
authority, the Clinton Administration will be in no position to
begin serious negotiations and a hiatus will take place through at
least mid-2001. By that time, a new U.S. Administration will be in
place and will have had time to obtain bipartisan political support
for the new round from Congress, including support for fast track
authority. Nonetheless, the likely outcome at Seattle is to maintain
a three-year schedule.

One irony of this outcome is that the split-term compromise
over the new WTO director general has the Moore tenure expire at
the end of August 2002, even before the three-year deadline. That
makes him something of a “lame duck” as manager of the new
round from the very outset. More important, an unclear compromise
and lackluster agenda, with a noncredible deadline, raises the
question posed at the outset of how the new round will impact on
the overall performance of the WTO during the coming decade.
V. Charting a Course for the Multilateral Trading System

Notwithstanding the perils of predicting the outcome of meetings, it is likely that a new trade round will be formally launched in Seattle, with an agenda much closer to the E.U. comprehensive, interlinked single undertaking than to the U.S. limited scope, market access approach. Linkages beget linkages, and as the various participants or groups of participants put forward their priority objectives, it will be difficult to draw the line. Least likely to make the initial cut is a commitment to negotiate multilateral agreements on investment and competition policies, where resistance from the United States and developing countries could defer these issues for further study. However, the E.U. proposal for a relatively weak investment agreement, with emphasis on special and differential treatment for developing countries, and the inherent linkage between competition policy and antidumping, could engage the developing countries and leave the United States isolated.

Of course, it is also possible that an impasse could develop, especially if political opposition from various U.S. interest intensifies as concessions to the E.U. accumulate. This need not derail the entire process but would likely defer most issues to a Preparatory Committee for a rescheduled launch in 2001. But the Americans will be at a tactical disadvantage to threaten such an outcome (as they did
successfully at Punta in 1986), for two reasons. First, they will become increasingly isolated as others sign on to the comprehensive approach in order to secure inclusion of their priority items. And second, the United States is the host country, at the personal invitation of President Clinton in May 1998, and therefore “failure” of the meeting to achieve its purpose will be a blow to the President’s prestige, especially if he were to appear at Seattle to open the meeting. This situation invites others, as trade negotiators know best, to dig in and wait for the United States to capitulate.

One consequence of a comprehensive agenda outcome, as discussed above, is that it will take much longer than the official three-year projection for a new round, regardless of what the ministers say in their final statement at Seattle. This should not, however, come as a surprise. It has been clear throughout the preparatory talks that the E.U., in particular, is not in a position to make early specific offers for further trade liberalization in agriculture, and that consequently a key element of the E.U. comprehensive agenda strategy is to link agriculture to everything else so as to ensure more prolonged deliberations than could result from negotiations limited to the mandated issues of services and agriculture. This widespread assessment was confirmed in June 1999, when E.U. summit level negotiations over internal agricultural reform suffered a setback, including a likely delay in major changes perhaps until 2006.

What will be the impact of a new round on the future course of the global trading system? There are, of course, the direct benefits of a new round agreement, whatever the level and composition of the results. Some further reduction in trade barriers and some strengthening and broadening of multilateral rules for trade will take place, and this is a clear plus for a more open, multilateral trading system. The rapid growth in world exports since the mid-1980s, as the leading edge for overall growth and job creation, in developing as well as industrialized countries, will be stimulated further. Agreement on a comprehensive new round will, in principle, reassert the multilateral commitment to more open trade—and possibly investment—and constitute a rejection of the economic nationalist and anti-globalization forces that will receive prominent prime time TV coverage in Seattle.

Beyond this positive result, however, three other dimensions of the future impact of the agenda adopted at Seattle need to be considered: (1) the functioning of the WTO during the years of new
round negotiations; (2) the relationship to regional free trade and investment initiatives underway elsewhere; and (3) the longer term strategy for the international trade and investment architecture.

The Functioning of the WTO

The WTO will have an extremely busy and challenging set of operational activities to contend with over the next several years, with or without a new round, as well as a likely growing number of influential critics. In particular, a heavy workload is anticipated for dispute settlement procedures, especially with the addition of developing country commitments for intellectual property rights, all under pressure for institutional reform toward greater transparency and participation by "civil society". The implementation of the Uruguay Round agreement for agriculture remains complex and contentious. Many difficult issues need to be addressed for implementing the recently concluded agreements on financial services and basic telecommunications. Uruguay Round agreements on technical standards, phyto-sanitary standards, and rules of origin will require further work, including technical assistance for developing countries to achieve effective implementation of their commitments. Textile/apparel quota phaseout is a ticking time bomb that will have an explosive impact if the U.S. and the E.U. request a substantial delay in 2003 or 2004, which is quite likely. Finally, the anticipated accession of China and Russia will change the political orientation of the WTO toward a truly international organization, more like UN bodies.

As a last reprise on comparisons with past GATT rounds, the outlook for a new round in the WTO will be very different from all past GATT negotiations when the round negotiations constituted the overriding activity within an otherwise relatively routine schedule of other GATT activities. In this context, pursuit of a comprehensive trade round, launched with less than enthusiastic U.S. participation and without big ideas, is certain to strain the ability of the fledgling WTO to meet the operational challenges ahead.

Regional Free Trade and Investment Initiatives Elsewhere

During the late 1980s and 1990s, the international trading system shifted from the predominately multilateral structure of earlier decades to a "three track" system of multilateral, regional free trade and bilateral commitments, with the principal momentum
toward further trade liberalization shifting back and forth between the multilateral and regional free trade tracks. Since the conclusion of the Uruguay Round in April 1994, the regional track has gathered further momentum. The E.U. has extended or is negotiating associate and other free trade arrangements in Eastern Europe and the Mediterranean Basin to include up to 35 countries. Within the Western Hemisphere, NAFTA and MERCOSUR are the wellsprings for Hemispheric free trade and investment among another 34 countries. An overlapping group of about 20 nations across the Pacific have agreed, in principle at least, to achieve free trade and investment by 2020. A Transatlantic Free Trade Agreement, which in trade policy terms would be the easiest to achieve, was proposed by several European leaders but rejected by the United States. Overall, close to half of international trade and investment is already within regional free trade groupings, and this share would increase substantially if Western Hemisphere and Asia-Pacific free trade were to be realized.

The impact of a comprehensive new round on this multilateral/regional free trade relationship depends on the concrete results achieved in the round by about mid-decade. The FTAA is scheduled for completion in 2005, and the E.U. schedule for new Central European membership is 2007, the 50th anniversary of the Treaty of Rome. These two polarizing regional groups, absent a definitive movement forward at the multilateral level, will likely extend further. An associate free trade arrangement between the E.U. and Russia and the Ukraine, already discussed informally, could emerge more for political than economic reasons, as E.U. membership expands into Central Europe and the Baltic. East Asian nations, singly if not jointly, would seek a free trade agreement with the FTAA so as to assure enhanced access to the U.S. market in particular. Growing concerns on both sides of the Atlantic about a post-Kosovo decline in the North Atlantic political/security relationship could revive interest in transatlantic free trade.11

In these circumstances, a prolonged new round with lackluster results, such as only modest cuts in nonagricultural tariffs, even less in agriculture, and a relatively weak investment agreement with limited commitments by developing countries, could well tilt the political momentum for the evolving trade system more heavily, if not definitively, to the regional approach.
Longer Term Strategy For the International Architecture

Both of the preceding points lead to the broader question of what is the longer term strategy for the international trade and investment architecture. Is it from here to free trade? In this context, the dichotomy between the multilateral and regional free trade tracks is most stark. There simply is no articulated long term strategy for the multilateral WTO, and certainly not in the E.U. and other proposals for a comprehensive Millennium Round. At the regional level, in contrast, free trade and investment is proclaimed loud and clear, in mutually reinforcing political and economic terms. Implicitly, however, if the large majority of major trading nations are committed to regional free trade, isn’t the longer term strategy somehow to bring these regional groupings together within a multilateral free trade framework? The central challenge for the trading system is indeed, or at least should be, this quest for a multilateral/regional free trade and investment synthesis.12

On this most far-reaching aspect of the impact of the Seattle meeting on the multilateral trading system, the results, based on the existing range of proposals, are headed for disappointment. The wide differences in negotiating objectives on most issues will likely lead to a lowest common denominator agenda of lackluster objectives. The political orientation of statements by some participants, particularly key developing countries such as India, is largely a throwback to earlier GATT times when a reduction of import barriers was viewed as a “concession” rather than as in the self-interest of the trade liberalizing country—another contrast with policy statements by members of regional free trade groupings.

In any event, the timing of the Seattle meeting is especially bad for agreement on broad new trade liberalizing initiatives. The United States, temporarily at least, has lost its long-standing bipartisan political support for free trade. Recently elected socialist governments in Europe have not yet fully come to grips with international free trade objectives, which are linked to internal economic reforms, while the new E.U. Commission needs to get its collective thoughts together on trade strategy, most particularly for the Transatlantic relationship. A number of emerging market economies are just recovering from serious financial crisis and now have to reconsider longer-term trade and investment strategy. Japan has had a
particularly difficult decade of the 1990s, although more market-oriented structural reforms seem finally to be taking hold.

The longer view of trade strategy therefore needs to consider what happens next, particularly during the two years until the next WTO ministerial meeting in 2001. A first observation is that whatever is agreed at Seattle can be revised and upgraded as negotiations move forward and new leaders develop their own, possibly more bold and forward-looking agendas. Such revision, however, will be more difficult to the extent that highly specific negotiating commitments are adopted. If, for example, a very modest target is set for reduction in nonagricultural tariffs, with exemption from reciprocity by developing countries, the minimum die will be firmly cast. A similar result would occur if any further liberalization of agricultural trade is linked to agreement on various other domestically-oriented agricultural reform objectives. In this light, an agreed agenda of more general objectives would be preferable to specific commitments of limited scope and unpromising results.

A positive change of course, however, also remains open to the United States for the Seattle meeting. It could reassert its traditional free trade leadership role and call for a more ambitious level of new round objectives. This would represent a radical change of approach from present U.S. strategy, but could be justified by the threat of impasse in Seattle and stalemate over the longer term. In any event, bold tactical moves are often the hallmark of a successful diplomacy, including commercial diplomacy.

The bold change of direction in this case would best center on the two “big ideas” of a multilateral phaseout of remaining nonagricultural tariffs and a basically free international investment agreement. For nonagricultural tariffs, the proposal would be to develop a program to phase out remaining nonagricultural tariffs over ten or twenty years. APEC and Western Hemisphere (except Cuba) nations have already agreed to this on a regional basis, with considerable discussion of how such regional free trade should be open-ended, particularly to include Europe, and some if not all of these countries could reasonably be expected to join in such a U.S. initiative at Seattle. The American textile and apparel industry would almost certainly oppose a free trade initiative, even over twenty years, but it did not block or even strongly condemn the same initiative undertaken earlier by the United States for free trade in the Americas and across the Pacific, which is where the
bulk of U.S. textile and apparel imports come from. A parallel but
less sweeping proposal for the agricultural sector would accompany
such a free trade initiative for nonagricultural trade, with, for
example, a ten or twenty year phasew out of agricultural export
subsidies as one compelling objective. The E.U. is clearly not in a
position to respond positively to such a broadly-based multilateral
free trade proposal at this point, but the intent would not be to
reach consensus agreement at Seattle, but to engage the issue for
serious discussion over the next two years.

U.S. support for a WTO investment agreement (including an
implied name change to the World Trade and Investment
Organization, or WTI), would likewise be designed to up the ante
ward more ambitious free international investment objectives, as
being pursued in the FTAA and the OECD. Again, APEC and
Western Hemisphere emerging market economies are clearly on
record for both free trade and investment on a regional basis, and
thus could be rallied to support a multilateral initiative, drawing
upon language adopted at the summit meetings in Bogor in 1995
and Santiago in 1997, to launch negotiations for regional free trade
and investment.

Environmental groups will be out in force at Seattle, mostly in
opposition to any investment agreement. However, in the process
of negotiations some of their concerns would be susceptible to
reasonable accommodation while others would be proven unfounded.
President Clinton is well placed to take this case to environmental
groups, to explain why a rules-based multilateral investment
agreement would be preferable to the current non-system whereby
governments are free to pursue environmentally damaging investment
policies with impunity.

In the context of a more forward looking, free trade and open
investment approach, the alternative outcomes in Seattle discussed
above—a comprehensive agenda agreed now or an impasse leading
to further preparatory work—would tend to converge into a set of
general objectives, bolder but not fully agreed. Formal negotiations
could officially be launched at Seattle, leaving the specifics for
follow-on deliberations. Or the launch could be postponed, except
for services and agriculture, while other issues are developed
further by a Preparatory Committee led by the new Director General.
In either case, the Seattle outcome could more justly be considered
a “success,” at least for believers in open international trade and
investment.
End Notes

1 The specifics about previous GATT negotiations are drawn heavily from Ernest H. Feigen, Traders and Diplomats: An Analysis of the Kennedy Round of Negotiations Under the General Agreement on Tariffs and Trade, (The Brookings Institution, 1970), and Traders in a Brave New World: The Uruguay Round and the Future of the International Trading System (University of Chicago Press, 1995).

2 Sections 301-309 of the Trade Act of 1974, commonly referred to as section 301, authorize unilateral action to withdraw U.S. trade benefits or restrict imports into the United States based on a determination by the U.S. Trade Representative that "an act, policy, or practice of a foreign country violates, or is inconsistent with...any trade agreement, or is unjustifiable and burdens or restricts United States commerce..."

3 The Cairns Group refers to 15 agricultural exporting countries including Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Indonesia, Malaysia, New Zealand, Paraguay, the Philippines, South Africa, Thailand, and Uruguay.

4 "Fast track" authority refers to expedited procedures for legislative consideration of trade agreements entered into by the President of the United States. Under those procedures, once the President has submitted an agreement to Congress, along with draft implementing legislation and a statement of administrative action necessary for its implementation, the legislation is subject to a final vote, without amendment, within specified time limits.

5 The Friends of the Round membership consists of Argentina, Australia, Chile, Costa Rica, the Czech Republic, Hungary, Korea, Mexico, New Zealand, Singapore, Switzerland, Thailand, Uruguay, and Hong Kong.


7 These and other quotes on E.U. positions are from the July 8 communication.
The Asia-Pacific Economic Cooperation (APEC), established in 1989, is the primary regional vehicle for promoting open trade and economic cooperation among its 21 member economies. In its 1994 Bogor Declaration, APEC agreed to achieve the goal of free and open trade and investment in the region no later than 2010 for the industrialized economies and 2020 for developing economies.

At the 1994 Summit of the Americas in Miami, Heads of State and Governments from thirty-four Western Hemisphere nations agreed to construct the Free Trade Area of the Americas (FTAA) by 2005. This would be a free trade area covering all of North, Central and South America and the Caribbean.

The three track structure of the trading system is described in detail in Ernest H. Preeg, Trade Policy Ahead: Three Tracks and One Question, (CSIS, 1995). The "One Question," incidentally, with respect to convergence among the three tracks is, "Convergent toward what ultimate goal?" For the answer, see endnote 8.


The alternative routes to a "multilateral/regional synthesis" are presented in Ernest H. Preeg, From Here to Free Trade: Essays in Post- Uruguay Round Trade Strategy, (The University of Chicago Press/CSIS, 1998), especially the final and title essay, "From Here to Free Trade: The Quest for a Multilateral/Regional Synthesis".
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