

SUMMARY, FINDINGS, AND RECOMMENDATIONS

The Doha Round of global trade negotiations is in danger of foundering. A successful end to these talks is crucial for America's future economic growth, its international relationships, and its security. The Committee for Economic Development (CED) calls on President Bush to take decisive and immediate action to break the current stalemate by launching an initiative to eliminate trade barriers – beginning with agriculture – at home and challenging others to do the same abroad.

These steps must be taken not only to enhance the outlook for U.S. economic growth, but also to provide an important avenue by which developing countries can pull themselves out of poverty—a result strongly in the interests of the United States. Trade spurs economic growth and encourages governments to commit to needed domestic reforms. It helps to integrate developing countries, both economically and politically, into the global system and gives them a stronger stake in that system. It reduces the risk of political collapse, which, as seen in places such as Afghanistan and Somalia, can have devastating effects on our own security.

This policy statement sets out a bold vision of what a strong and open global trading system should be and offers a series of recommendations for reaching that goal.

Specifically, we recommend that the Administration:

- **Take leadership to delink all agricultural subsidies from prices and production levels, while challenging all developed countries to do the same. Its initiative should also provide open access to our markets for all developing**

country agriculture exports, and similarly challenge other developed countries to do so. We can no longer tolerate farm policies that encourage overproduction at the public's expense while impoverishing the developing world.

- **Commit itself to eliminate all tariffs and non-tariff barriers (including quotas) in manufactured goods, without exception, by 2008, and challenge other countries to do the same.** This includes textiles, apparel, and other traditionally protected sectors.
- **Take the lead to eliminate all barriers to cross-border trade in services.** Service exports are the fastest growing category of U.S. export trade and the fastest growing sector in many developing countries.
- **Commit itself and call on others to reduce reliance on anti-dumping and countervailing duty remedies and pledge to tighten procedures and standards for such remedies.**
- **Reaffirm the importance of enforceable commitments and adherence to well-defined trade rules under WTO while seeking to develop procedures that would reduce confrontation and increase the percentage of mediated or negotiated—"out-of-court"—settlements of trade disputes.**
- **Develop and champion adjustment programs throughout U.S. economic sectors dislocated by trade, encouraging workers to shift to new employments without resorting to protection as an "interim" or "transitional" policy.**

- **We urge world opinion leaders—in business, education, government, and elsewhere—to become determined and committed advocates for a successful conclusion to the Doha Round of trade negotiations, which is broadly supported by business organizations and policy institutions in the U.S. and around the world.**

THE GLOBAL ECONOMY NEEDS U.S. LEADERSHIP

The role of the United States in the world, after September 11 and the wars in Afghanistan and Iraq, is under intense scrutiny. Other nations are eager to see if the United States will continue to embrace the core economic principles and institutions that it has supported over the last half century—global economic integration through open trade and investment, supported by the World Bank, International Monetary Fund, World Trade Organization, and other multilateral organizations.

The Doha Development Round provides a critical opportunity to show the world that the United States will lead all nations in acknowledging and acting on their responsibilities. But the lack of decisive progress in these negotiations has sapped their energy and unduly lowered expectations of success. To reinvigorate these talks, the United States should begin by taking the initiative to eliminate existing trade restrictions, particularly in the area of agriculture. We expect that doing so would galvanize pro-trade constituencies around the world and provide the leadership example for our major trading partners in both advanced and developing economies to reciprocate. We recognize that political realities and temporary hardships will make it difficult for government leaders everywhere to take these bold steps. But the challenge of leadership is to rise above traditional ways of

doing things. We appreciate that U.S. officials may be reluctant to lead in the absence of clear indication that other countries will follow. But, the potential gains are well worth the risks, and the option to revert to a more traditional, slower, and less productive negotiating strategy will always exist.

CED calls on all negotiators to renew their commitments to address issues on the agenda, establish a firm basis for further progress, and conclude negotiations on schedule.

In addition to the responsibilities of developed countries, developing nations have their own obligation to address a variety of structural reforms within their countries if they are to enjoy the benefits of the world economy. These reforms include pursuing sound economic policies, improving governance, eradicating corruption, promoting transparency, and investing in human development. They should embrace efforts to expand trade through the WTO. Such leadership is needed to attract private-sector resources through foreign investment and to promote long-term economic growth, which is necessary to reduce poverty.

This statement is being written as trade ministers prepare to meet in Cancun, Mexico (September 10-14, 2003). The meeting is an important stocktaking session to measure progress towards the ultimate goal of an agreement to expand trade and promote economic development. As with most negotiations, progress may be difficult to measure prior to a final agreement, which is scheduled to be concluded before January 1, 2005. Visible leadership by the United States at the Cancun meeting is necessary to achieve these goals.