

**Remarks of Deputy United States Trade Representative
Ambassador Peter Allgeier
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Thank you

Donald [AmCham Nicaragua Secretary Donald McGregor]

Bill [AACCLA President Bill Gambrel]

Lorcna [AmCham Nicaragua Chairman Lorcna Zamora-Rivas]

For that kind introduction.

Introduction / September 11

On September 11, America, its open society, and its ideas came under attack by a malevolence that craves our panic and retreat from the global stage. This was an assault on more than buildings and innocent people – it is a strike against the global economy and liberty itself. As President Bush declared last Thursday to the Congress, “This is civilization’s fight. This is the fight of all who believe in progress and pluralism, tolerance and freedom.”

This is, as Federal Reserve Chairman Greenspan has said, a struggle between the producers and the destroyers; between those striving, day in and day out, to build better lives for their families and those who only know destruction, tearing down what others have created. On September 11, over 60 countries lost people to the hate of the destroyers. Hundreds from overseas, including many from Latin America, are missing and presumed dead, and the offices of businesses and Consulates from numerous nations were destroyed. The U.S. is grateful for the pledges of support we’ve received in the wake of the attacks, from individuals, nations and organizations, such as the OAS.

Our enemy’s selection of targets – the White House, the Pentagon, and the World Trade Towers – pointed to U.S. political, security, and economic vitality. The U.S. and the world’s counteroffensive must advance across all these fronts. The United States will continue to advance the values that define our nation - openness, opportunity, democracy, the rule of law, tolerance and compassion. Trade reinforces these values, serving as an engine of growth and a source of hope for workers and families in the United States and around the world. Trade is particularly vital today for developing nations that are increasingly relying on the international economy to overcome poverty and create opportunity, and that have been hit with greater economic uncertainty after the terrorist attacks. So in addition to military actions we must advance trade, and thus the values that define us.

Post-September 11 Commitment to Trade

America has been and must continue to be the economic engine for freedom, opportunity and development. U.S. promotion of the international economic and trading system is vital, but we cannot do it alone. We must join forces with Latin America in the cause of trade liberalization and economic growth to promote the international economic and trading system. The task before us today, promoting the Free Trade Area of the Americas, is critical to advancing the causes of openness, development and growth.

Let me be clear where the United States stands: Erecting new barriers and closing old borders will not help the impoverished. It will not feed hundreds of millions struggling for subsistence. It will not liberate the persecuted. It will not improve the environment in developing nations or reverse the spread of AIDS.

This President and this Administration will fight for open markets and free trade. We will not be intimidated by terrorists or those who have taken to the streets to blame trade – and America – for the world's ills. The global trading system has demonstrated – from Seoul to Santiago – that it is a pathway out of poverty and despair. As President Bush stated in July in a speech at the World Bank, the protesters against globalization, largely upper middle class and affluent young people, are "no friends of the poor." Or as former President Zedillo of Mexico said, the protesters "seem strangely determined to save the developing world from development."

A recent World Bank study examined developing countries that opened themselves to global competition, and those that did not. The income per person for globalizing developing countries grew more than five percent a year; non-globalizing countries fell a little over one percent a year. The absolute poverty rates for globalizing developing countries fell sharply over the past 20 years, and the income levels of the lowest income households grew in line with the overall economy.

We also know that, beyond the economic benefits of free trade, the opening of economies through trade liberalization inevitably contributes to those societies in more profound ways: locking in economic reforms, and introducing and reinforcing the principles of openness, non-discrimination, more equal opportunity, and rule of law, all of which contribute to more democratic, less corrupt, and freer societies.

Message for Nicaragua

So the nations of the Americas concerned about their domestic economic conditions should focus on trade and the opening of their economies. Those trying to spur growth and investment without incurring further debt or dependence on foreign assistance should open markets and improve the climate for foreign direct investment. By participating in agreements such as the FTAA and other liberalization, countries will reap economic rewards.

In Nicaragua's case, respecting private property rights and strengthening the rule of law will improve its investment climate. Similarly, the FTAA will enshrine transparency and has committed itself to democratic principles, so we look to that whatever government is elected in November to embrace the same goals. We also look to Nicaragua to implement financial reforms, as the international financial institutions have recommended.

A Snapshot of the Trading System: Stresses, Uncertainties & Anxieties

Let me give a snapshot of the international trading system at the start of this year. Then, the clouds of the failure to launch the global trade round in Seattle in 1999 were hanging low, and they left many people around the world dispirited. The global economic slowdown has only heightened their anxieties. So will the ripple effects from terrorism. Financial markets are skittish and fearful of protectionism. Movement on trade liberalization is now vital for economic recovery – and for sustaining economic reforms globally. We are mindful that, while the United States let its Trade Promotion Authority lapse, others moved ahead with bilateral and regional trade agreements. There are 30 free trade agreements in the Western Hemisphere; the United States belongs to only one.

An Activist Trade Strategy

President Bush decided that we needed an activist strategy to regain momentum on trade. That is exactly what we have developed. We are proceeding with trade initiatives globally, regionally, and with individual nations. By moving on multiple fronts, the United States maximizes its opportunities: if some are reluctant, the United States will work for free trade with those who are ready. President Bush has made clear that pursuing bilateral, regional, and global trade agreements simultaneously can create a healthy dynamic (a “competition for liberalization”) that encourages countries to agree to the most ambitious, and most advantageous trade agreements for the United States. The Administration’s strategy also recognizes that America's trade policies must be aligned with our society's values, including compassion and fairness. So we moved promptly to use the flexibilities in the rules for intellectual property to help promote a comprehensive response to the pandemic of HIV/AIDS.

Executing the Strategy

The Administration is moving quickly to execute this trade strategy. That is why I am here. We are pushing toward the establishment of the Free Trade Area of the Americas. We are pressing for the launch for the new global trade round in November. With Africa we are energetically implementing the African Growth and Opportunity Act, which offers duty-free access for most goods from sub-Saharan Africa. To give you some indication of the impact of this legislation, South Africa now expects investment of at least \$100 million in its textile and apparel facilities, which will create 13,000 jobs. These dry numbers come alive with the stories of hope and opportunity generated by each investment.

In the aftermath of the September 11 attacks, the United States promptly signaled through words and deeds that we would move ahead despite the blow. Along with the European Commission, we affirmed our determination to proceed with the WTO ministerial

meeting in November. We finalized our successful negotiations in Geneva to bring China and Taiwan into the WTO after a 15-year journey. At the end of last week, Ambassador Zoellick strategized with Ministers from the Andean nations on the reauthorization and expansion of the important Andean Trade Preference Act. This week we pushed forward efforts to liberalize trade with the four nations of Mercosur and with Central America. Later this week Ambassador Zoellick will travel to Moscow to work on Russia's accession to the WTO. We hope to complete our free trade agreement with Chile this year. And our negotiations with Singapore for a free trade agreement are keeping pace.

Now – more than ever – strategy, momentum, and execution around the world are critical to our success. We need to strengthen the U.S. and global economies as they reel from the shocks of September 11.

New Round in the WTO

Perhaps that broadest and clearest signal we could send of our common commitment to economic growth and trade liberalization is the a successful launch at the Doha Ministerial of a new Round that will offer benefits to all countries. The stakes are even higher now, with the global economic slowdown and international terrorism on all of our minds. We have been reaching out to our trading partners—in Asia, in Latin America, and in Europe--- in an effort to identify the essential elements necessary to secure a launch. The U.S. has worked with EU Commissioner Lamy to develop common approaches and worked with others, such as the Cairns Group, to create a network of supporters for the new global trade negotiations.

Obviously, U.S. - EU engagement is an important element in helping to forge a compromise, but it is not enough, and we do not presume that we can make decisions for the rest of our partners in the WTO. That's why we are committed to working with our other partners—to find a way forward that works for all WTO Members.

We are very cognizant of the fact that the WTO in 2001 is a very different institution than the GATT was in 1985 when the Uruguay Round was launched. There are now 141 members of the WTO, with developing countries playing a much more significant role than in the launch of the last Round. We must incorporate the interests of developing countries into the negotiating agenda and other work of the WTO that is initiated at Doha. To find a way forward, we are prepared to stretch, to understand what the other countries really need, to accommodate interests where we can, without undermining our fundamental interests.

FTAA

The same commitment and willingness to find workable solutions drives our participation in the Free Trade Area of the Americas. The FTAA is central to the U.S. hemispheric strategy of promoting democratic values and expanded commercial opportunities for all. The FTAA, which when completed, will be the biggest free trading area in the world covering 34 democracies and comprising 800 million people. Already, the trade between the U.S. and its hemispheric neighbors is growing increasingly important. Over the last

decade, U.S. exports to Latin America and the Caribbean have grown 38 percent faster than to countries outside the hemisphere, and the United States currently buys 31 percent of everything Latin America exports -- not including excluding Mexico, where the U.S. buys 85 percent. So the U.S. market represents the principal outlet for the international commercial activity for many of our neighbors, providing an essential economic basis for other countries of the hemisphere to raise living standards and enact beneficial social reforms for their people.

The FTAA will eliminate tariff discrepancies, creating a level playing field for all countries of the Hemisphere to reap the benefits of the fair and open exchange of goods and services between neighbors. In addition, the negotiation of the FTAA will help economic reforms that many countries have taken in recent years, including the dismantling of state monopolies in sectors such as telecommunications and transportation; introduction of transparency and competition in government procurement; strengthened protection for intellectual property rights; and unilateral reduction of import barriers.

At the Quebec Summit in the spring, all 34 heads of state signed a declaration pledging to conclude negotiations on the FTAA no later than January 2005. The United States is committed to working with others to meet, or beat, that deadline. Meeting in Buenos Aires at their 6th Ministerial earlier this year, Western Hemisphere trade ministers set out firm benchmarks for the next important stage of FTAA negotiations between now and the next Ministerial in Quito, Ecuador, to be held by October 2002. Immediately following next year's FTAA Ministerial, the United States and Brazil will assume the co-chairmanship of the FTAA negotiations—it will be our joint responsibility to bring the negotiations to a successful conclusion by the January 2005 date. It's a great opportunity for us to strengthen our relationship with Brazil in a way that benefits not just our two countries but the entire hemisphere.

Ministers have instructed negotiators from all FTAA governments to undertake three major tasks over the next 15 months:

- (1) Revise the draft chapters of the FTAA text, eliminating brackets in the texts to the maximum extent possible before the Quito Ministerial.
- (2) Beginning the work of preparing the critical market access phase of the negotiations that are mandated to start no later than May 15 of next year.
- (3) Begin to create the overall architecture of the Agreement, including drafting the general provisions and making recommendations on any institutions required to implement the FTAA.

One of the most important decisions the hemisphere's trade ministers made in Buenos Aires was to release to the public the preliminary draft consolidated texts of the nine chapters of the FTAA which have been negotiated to date. I am pleased to say that these complete texts are now available on the FTAA website in the four official languages of the FTAA: English, Spanish, French, and Portuguese. This unprecedented step provided the public with the same text that our negotiators are using as a basis for progress. If you have not already reviewed the text, I urge you to do so.

Underpinning the Strategy

One issue that arises in trade agreements whether regional like the FTAA or bilateral like with Chile is the relationship between trade and other U.S. international objectives – such as improving the environment, health, and working conditions. President Bush has proposed that we build on openness and growth in developing countries with a toolbox of cooperative policies. Given America's respect for our sovereign authority to set environmental standards, establish labor laws, and regulate social, health, and working conditions, we need to be cautious about infringing on others' sovereignty by trying to compel their standards through trade agreements. We want to ensure that the United States has full freedom to set environmental standards for itself, which compels us to let other do the same. And the WTO jurisprudence has backed environmental measures in a series of cases.

Given the great diversity of countries and conditions, there is no "one-size-fits-all" formula that can deal with environment, labor, health, and other societal conditions. As a general matter, other nations are more likely to work with us to improve local standards if the U.S. approach is positive and cooperative, not intimidating. In some cases, the United States and the WTO can work with other international organizations, such as the International Labor Organization, the World Health Organization, and secretariats for multilateral environmental agreements. The United States can also use aid, international financial assistance policies, and special trade preference laws – such as the African Growth and Opportunity Act, the Caribbean Basin Trade Partnership Act, the Andean Trade Preference Act, and the Generalized System of Preferences Act – to promote adherence to basic standards. We can learn from experience with other agreements, such as the NAFTA side accords or Canada's agreements with Chile and Costa Rica.

Conclusion: Affirming our Commitment to Trade & Openness

The eyes of the world are now on America. It is the moment to affirm our commitment to trade and openness. From Latin America to Asia to Africa, the United States has an unparalleled opportunity to promote prosperity, liberty, the rule of law, and democracy – in the spirit of harmony, not hegemony.

In the aftermath of the terrorist attacks, Chairman Greenspan testified last week: “The foundations of our free society remain sound, and I am confident that we will recover and prosper as we have in the past. As a consequence of the spontaneous and almost universal support that we received from around the world, an agreement on a new round of multilateral trade negotiations now seems more feasible. Such an outcome would lead to a stronger global market system. A successful round would not only significantly enhance world economic growth but also answer terrorism with a firm reaffirmation of our commitment to open and free societies.”

So here's the bottom line: We are back at the free trade table, and we are breaking down barriers around the world. At the dawn of this new century, we have a choice of ideas. Which ones will triumph – those of fear, destruction, and dwindling dreams – or those of humankind's untapped potential, its aspirations, and the creative energy of free peoples

seeking better lives? We can let our past success slip away amidst disputes, narrow interests, and insecurities. Or we can build on our momentum, championing the values of openness and liberty, and setting a course of prosperity – not just for a year or two, but for decades to come. That is what is at stake. Thank you.