

DAILY BULLETIN

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GLOBAL TRADE TALKS MUST PRODUCE MORE MARKET ACCESS, SAYS U.S.

Zoellick cites agriculture, goods and services as crucial

The United States will agree to a new global free-trade deal only if it provides more market access in agriculture, goods and services, U.S. Trade Representative (USTR) Robert Zoellick says.

“We will not accept a deal to put the round back on track simply for the sake of a deal,” Zoellick said in a statement issued by his office July 26 -- the eve of a World Trade Organization (WTO) meeting that aims to put global trade talks back on track after months of stalling.

The talks, known as the Doha Development Agenda (DDA), were launched in Qatar in October 2001 but fell apart during a September 2003 trade ministers’ meeting in Cancun, Mexico. Since early 2004, Zoellick has waged a campaign to break the deadlock over the DDA, traveling more than 32,000 miles and meeting with more than 40 trade officials to discuss how best to move the talks forward.

Most recently, Zoellick met July 25 with the ministers of four West African nations -- Benin, Burkino Faso, Chad, and Mali -- concerned with cotton trade issues.

The Doha negotiations are scheduled to conclude by the end of 2004.

The WTO General Council meets July 27 to discuss a proposed compromise to pave the way to full-blown negotiations on reducing trade barriers.

“To live up to the promise of Doha, there must be substantial new openings for trade in agriculture, goods and services,” said Zoellick, who will represent the United States at the Geneva conference.

“Our goal now is to get back to where we should have been at Cancun by developing the frameworks to reactivate the negotiations,” Zoellick said.

Zoellick said the United States had offered to make substantial cuts in farm subsidies but only if other countries also cut their subsidies and opened markets.

“The United States will work with others to find solutions to problems and to develop creative ways to address the concerns of others. For example, we have worked to complement the EU’s [European Union’s] offer to eliminate export subsidies by removing the subsidy element in our food export credit programs.”

Following is the text of the USTR news release:

Office of the United States Trade Representative
Executive Office of the President
Washington, D.C. 20508
July 26, 2004

USTR Zoellick to Attend Key Meetings in Geneva July 27-28 To Advance Doha Negotiations

World Has Strategic Economic Opportunity To Advance Development with Farm, Goods, and Services Trade Liberalization

WASHINGTON -- U.S. Trade Representative Robert B. Zoellick will participate in meetings this week in Geneva, Switzerland, to seek to develop the frameworks necessary to get the World Trade Organization (WTO) Doha negotiations back on track, so as to be able to achieve ambitious and historic reform in agriculture, goods and services trade.

“Our goal now is to get back to where we should have been at Cancun by developing the frameworks to reactivate the negotiations. We have a strategic economic opportunity to combine an upswing in growth with more open global markets, so as to deepen, broaden, and extend the growth in a way that promotes development. In

particular, we can point the negotiations towards ambitious reform goals in agriculture, goods, and services,” said Zoellick. “Many countries now seem to appreciate that Cancun was a missed opportunity, not a success. But we still have many hurdles to clear. With 147 players in the WTO, achieving consensus is a tall order. We must focus on narrowing the tasks step by step and assuring that there is the appropriate balance.”

“The recent overwhelming support in Congress for top-notch FTAs [free trade agreements] with Australia and Morocco shows that America is committed to opening markets and contributing to global economic growth and development. The U.S. has offered to make substantial cuts in farm subsidies -- but only if other countries also cut their subsidies and open markets,” said Zoellick. “The United States will work with others to find solutions to problems and to develop creative ways to address the concerns of others. For example, we have worked to complement the EU’s [European Union] offer to eliminate export subsidies by removing the subsidy element in our food export credit programs. But we will not accept a deal to put the round back on track simply for the sake of a deal. To live up to the promise of Doha, there must be substantial new openings for trade in agriculture, goods and services.”

Background:

The United States is focused on opening markets globally, regionally, and bilaterally. Zoellick stated in a January letter to all WTO Ministers that 2004 should not be a lost year for Doha negotiations. The January letter also outlined ways to put the negotiations back on track, and a number of ideas have been taken up by others. In February, he traveled over 32,000 miles around the world and met with over 40 counterparts to hear their views and discuss how best to get the negotiations back on track. In May, Zoellick hosted a small gathering of colleagues in London to facilitate a discussion about how to keep the Doha negotiations moving forward. He joined Ministers from the EU, India and Australia at a gathering hosted by Brazil in Sao Paulo in early June. He also joined these colleagues at a meeting in Paris and then traveled to Mauritius on July 12 for a meeting of some of the so-called G-90, a group of ACP (African, Caribbean and Pacific), and African Union, and Least Developed Countries. Yesterday, Zoellick met with the Ministers of four West African nations (Benin, Burkino Faso, Chad and Mali) concerned with cotton trade issues. They were in the U.S. on a working visit hosted by the U.S. Department of Agriculture and the National Cotton Council

to meet with U.S. farmers and members of the private sector to focus on cotton diversification and development efforts.

Within the Doha negotiations, the United States was the first WTO member to put forward a comprehensive agricultural trade reform proposal, calling for elimination of export subsidies, cuts of \$100 billion in annual allowed global trade-distorting domestic subsidies, and lowering average allowed global tariffs from 62 percent to 15 percent. The United States also proposed that WTO members agree in this negotiation to a specific date for elimination of agricultural tariffs and trade-distorting domestic support.

The United States proposed eliminating all tariffs on consumer and industrial goods by 2015. The U.S. plan for zero tariffs is comprehensive, would benefit both developed and developing nations, and would eliminate tariffs on the over \$6 trillion in annual world goods trade, lifting the economic fortunes of workers, families, businesses, and consumers. A University of Michigan study estimates that global free trade in goods and services would raise U.S. annual income by \$500 billion as a result of tariff-free trade -- contributing to higher paying jobs. The same study found gains of up to \$690 billion for the EU and EFTA together (Western Europe).

According to the World Bank, developing countries would gain nearly two-thirds of the benefit from global free trade in goods including agriculture. Their increase in annual income would amount to \$539 billion. The bank further found that free trade could help lift 300 million people out of poverty -- a number greater than the entire population of the United States.

Regional and bilateral efforts:

The U.S. Congress recently approved free trade agreements with Australia and Morocco by wide margins (Australia passed the House 314 to 109 and the Senate 80 to 16; Morocco passed the House 323 to 99 and the Senate 85 to 13).

In addition, Congress also recently passed the African Growth and Opportunity Act (AGOA) Acceleration Act, a duty-free preference program designed to promote economic development in sub-Saharan Africa's by expanding access to the U.S. market.

This Administration has completed free trade agreements with 12 countries: Chile, Jordan, Singapore, Guatemala,

El Salvador, Honduras, Nicaragua, Costa Rica, Australia, Morocco, the Dominican Republic, and Bahrain. The United States is currently negotiating free trade agreements with ten more nations: Panama, Colombia, Ecuador, Peru, Thailand, and with the five nations of the Southern African Customs Union (SACU), Botswana, South Africa, Lesotho, Swaziland, and Namibia.

New and pending FTA partners, taken together, would constitute America's third largest export market and the sixth largest economy in the world.

In addition, the United States and Brazil are co-chairs of the Free Trade Area of the Americas (FTAA) negotiations, which remain a U.S. priority.

LANDMARK AGREEMENT WILL EXPAND AIR SERVICES BETWEEN U.S., CHINA

Mineta sees links between aviation, trade opportunities

The United States and China signed a landmark air services agreement July 24 that will more than double the number of airlines that can fly between the two countries and will permit a nearly five-fold increase in U.S.-China air services over the next six years, according to a Department of Transportation press release.

"This agreement opens new routes for travelers and new doors for American workers," Secretary of Transportation Norman Mineta said in the press release. "Expanding aviation opportunities between the United States and China means more U.S. airlines, businesses and travelers can take advantage of growing trade between our two rapidly expanding economies."

Following is the text of the press release:

U.S. Department of Transportation
Office of Public Affairs
Saturday, July 24, 2004
Contact: Bill Mosley
Tel.: (202) 366-4570

United States, China Sign Agreement On Expanded Air Services

BEIJING - U.S. Transportation Secretary Norman Y. Mineta and Civil Aviation Administration of China Minister Yang Yuanyuan today signed a landmark air services agreement that will more than double the number of airlines that can fly between the United States and China and will permit a nearly five-fold increase in U.S.-China air services over the next six years.

"This agreement opens new routes for travelers and new doors for American workers," said Secretary Mineta. "Expanding aviation opportunities between the United States and China means more U.S. airlines, businesses and travelers can take advantage of growing trade between our two rapidly expanding economies."

The new agreement, which was initialed June 18 in Washington, D.C., will allow five additional airlines from each country to serve the U.S.-China market over the next six years. The United States may name one additional all-cargo airline, while China may name either a passenger or cargo airline, to start service later this year. The importance of additional air cargo services to China is illustrated by a recent U.S. Department of Transportation (DOT) study showing that air freight is the fastest growing segment of the American cargo industry.

As a result of the agreement, DOT on Friday authorized United Air Lines and Northwest Airlines to operate seven flights each per week between the United States and China. Northwest will operate a new daily flight from Detroit to Guangzhou - the first U.S.-carrier passenger service to that city - with a stopover in Tokyo, while United will begin a new daily nonstop service between Chicago and Shanghai.

The agreement will allow a total of 195 new weekly flights for each country - 111 by all-cargo carriers and 84 by passenger airlines - growing to a total of 249 weekly flights at the end of a six-year phase-in period. A total of 14 of these flights will be available for new U.S. passenger services on Aug. 1 this year.

The signing took place during Secretary Mineta's four-day visit to China to discuss mutual cooperation on transportation issues. He also will travel to Bali, Indonesia, for the 4th Transportation Ministerial Meeting of the Asia-Pacific Economic Cooperation, to be held July 26-29.

Secretary Mineta today also announced a \$500,000 grant from the U.S. Trade and Development Agency for the U.S.-China Aviation Cooperation Program, also known as the Wright Brothers Partnership. This public-private program will bring together the U.S. Department of Transportation's Federal Aviation Administration and a dozen U.S. aviation companies operating in China to increase awareness of U.S. technology, project standards and services that will assist China in strengthening its aviation infrastructure, and improve its aviation safety. The grant announced today is the first installment of a total of \$1 million in funding for the partnership.

SPEEDY NORTH KOREAN NUCLEAR DISMANTLEMENT POSSIBLE, BOLTON SAYS

North Korea could improve international relations by ending nuclear programs

A speedy dismantlement of North Korea's nuclear weapons program is possible if the Pyongyang regime makes the decision to do so, says John R. Bolton, under secretary of state for arms control and international security.

At a July 23 press conference in Tokyo, Bolton said that after three rounds of Six-Party Talks, "the ball is in North Korea's court now." The talks -- which include North Korea, South Korea, Japan, China, Russia and the United States -- are aimed at ending North Korea's nuclear programs permanently and obtaining nonproliferation commitments from that country.

A fourth round of talks has not been scheduled, but Bolton said the hope is that North Korea will provide "a substantive reaction" to proposals to dismantle its nuclear programs that, if accepted, would clear the way to "all kinds of possibilities ... in terms of their relationship with the rest of the world."

Bolton, who was in Tokyo for regular discussions on international security, arms control, and non-proliferation matters, noted that Libya's decision to drop its nuclear programs "wasn't a matter of long negotiations." Once inspections were completed by the International Atomic Energy Agency (IAEA) and the Organization for the

Prohibition of Chemical Weapons, dismantlement was achieved quickly, Bolton said.

“What we seek is the complete, verifiable, and irreversible dismantlement of North Korea’s nuclear programs,” Bolton emphasized. “The case of Libya demonstrates that once a strategic decision to give up weapons of mass destruction is made, you don’t need to freeze. You can move directly from the decision to verification and absolute dismantlement.”

Bolton explained that North Korea would be required to commit to an “unconditional return to the nuclear nonproliferation treaty” along with verification through the IAEA.

“We don’t think that there is any peaceful aspect to the North Korean nuclear program, and they’ve admitted as such in the most recent round of Six-Party Talks, although I don’t discount that that might change in the future,” Bolton said. “But the only explanation that we have for what they’ve been doing is that it’s associated with a weapons program, which is why, when we’ve talked about dismantlement, we’ve talked about it in the context of complete dismantlement.”

Regarding security assurances for North Korea, Bolton said: “We have no intention of invading or attacking North Korea. We’ve put the question of security assurances at an appropriate time as part of our proposition.” What is critical now, he said, “is a strategic decision by North Korea to give up its weapons of mass destruction.”

Libya’s decision to give up weapons of mass destruction, Bolton said, has resulted in the lifting certain sanctions, the opening of a U.S. liaison office in Tripoli for the first time in decades, and possibilities for resolving issues involving support for terrorism. “So on the part of the United States, our response is not hypothetical. That’s why the Libyan model, we judge, is so important. It’s been a success in the case of Libya. It could be a success in the case of North Korea or Iran,” he said.

ARAB BUSINESSWOMEN PURSUE BUSINESS STUDIES, INTERNSHIPS IN U.S.

Middle East Partnership Initiative hosts 42 interns

By David Shelby

Washington File Staff Writer

Washington -- Forty-two young Arab businesswomen will arrive in the United States in August to participate in a four-month training program aimed at honing their business skills and providing them with on-the-job exposure to American business practices in some of America’s best-known companies.

Women from almost every Arab country will take part in the program sponsored by the State Department’s Middle East Partnership Initiative (MEPI) in partnership with the Bureau of Educational and Cultural Affairs.

The women come from a wide range of academic and professional backgrounds according to Sonia Franceski, one of the project coordinators.

“Some pursued undergraduate studies in liberal arts, languages, engineering or chemistry. Some have done post-graduate studies in law or applied sciences. Some have three to four years of business experience,” she said.

“One of the unique things about this program is that we made an effort to reach out at the grassroots level, working through Amideast and American Chambers of Commerce, to find a diverse group of young women. Many worked their way through college,” she added.

In its selection of candidates, the program coordinators hoped to find a group of women who have already demonstrated a strong will to take the risks that will be necessary for them to assume future leadership roles in the Middle East business community.

The program will begin with a one-month academic training program at a leading U.S. business school. Entry-level interns will study at Duke University’s Fuqua School of Business, and management-level interns will study at Emory University’s Goizueta Business School. The interns will take courses at the masters of business administration (MBA) level.

After completing their coursework, the women will begin their three-month internships. Program coordinators have made arrangements to place the women in positions with some of America’s leading companies.

Interns will work with companies such as the Walt Disney Co., Microsoft Corp., Pfizer Inc. (a pharmaceutical company), Frito-Lay Inc., General Electric Co., General Motors Corp., Lucent Technologies, Gap Inc., Hewlett Packard Co., Proctor & Gamble Co. and a number of leading consulting firms and law firms.

They will be engaged in a wide range of activities including human resource management, legal analysis, strategic planning, project reviews, marketing and engineering.

Franceski noted that this is a unique opportunity for many of the women who are currently employed in fields that have nothing to do with their academic backgrounds. "So in matching the candidates to the internships, we've made an effort to give them the business opportunities they've been seeking. For example, women with law degrees will be working in law firms."

The coordinators have also matched some of the women with internships that are directly related to their current jobs. An Omani woman working in tourism will pursue an internship with Disney while a Qatari woman working in fashion design will be placed in a position with The Gap.

Most importantly, she said, these will be "stretch assignments" for the women, forcing them to demand more of themselves and learn more about their capabilities.

"We hope that these women will walk away from here with a better understanding of the host of opportunities that exist for them, particularly with the improving trade relations between the United States and the Middle East," she said.

Franceski noted that several of the candidates had indicated a desire to start their own businesses in the future. "We hope that through this training, they gain the necessary skills that will allow them to take that risk," she said.

In addition, she said, the program provides benefits to the American firms involved as it "allows them to establish new relations with the region." She said that some of the companies may be looking to expand their business in the region and may be looking for potential hires.

At the very least, "they gain from bringing in someone with a different perspective who can provide them with

a better understanding of how business works in the Middle East," she added.

The Middle East Partnership Initiative (MEPI) was established by the Bush administration to support economic, political and educational development in the Middle East and to promote opportunities for women in the region.

In the past, MEPI has sponsored numerous conferences and training workshops in the region addressing topics from trade regulations to banking, judicial and customs reforms. This is the first time that MEPI has hosted visiting professionals for internships in the United States. The project coordinators hope that this will become an annual program.

Please Note: Most texts and transcripts mentioned in the U.S. Mission Daily Bulletin are available via our homepage www.usmission.ch. Select "Washington File" from the drop-down menu under "News."