



Auto Safety Group • Congress Watch • Energy Program • Global Trade Watch • Health Research Group • Litigation Group
Joan Claybrook, President

Memo to Reporters

July 17, 2008:

Contact: Lori Wallach (202) 588-1000
Ann Eveleth (202) 454-5180

Next Week's Bizarre WTO Mini-Ministerial

A Mandateless Bush Dangles U.S. Agriculture Offers Contradicting U.S. Farm Bill To World Negotiators Who Would Rather Wait for Next President

Next week's WTO mini-ministerial will go down as one of the oddest in trade negotiating history no matter the outcome. Emperor Bush has no clothes, um, trade authority, yet acts as if he can commit the United States to agriculture offers that conflict with the Farm Bill supported by 500 U.S. farm interests and an overwhelming supermajority of Congress. In Geneva, the Bush administration reiterated its support for negotiating texts, while in Washington this week the largest U.S. agriculture and manufacturing groups – Republican constituencies that provide the base of support for trade deals – attacked the proposals as unacceptable. U.S. public opinion against more-of-the-same trade policy increases with each poll. Now even Republican voters believe our trade policy is bad for the U.S. economy by a 2-to-1 margin, according to a *Wall Street Journal*/NBC News poll. Negotiators from various key countries do not want to deal with a lame-duck president whose representations they do not trust, and have serious concerns about the latest negotiating texts, which face roiling opposition – and, in some instances, mass protests – at home. Yet they march zombie-like toward the mini-ministerial meeting to avoid being blamed if the ministerial-that-should-never-have-been-scheduled “fails.” And, World Trade Organization (WTO) spinmeisters are simultaneously playing down expectations and hyping as earth-shattering a meeting limited to trying to resolve negotiating modalities due in 2003 for two of at least six Doha-Round-derailing issues.

First, many WTO countries are extremely reluctant to make any new concessions because they worry that the Bush administration is making representations that are not politically viable domestically so as to “win” a deal next week that the new U.S. president, responsible for actually passing any Doha deal, will repudiate. President Bush is desperate to repair his woeful legacy by being able to get credit for some Doha breakthrough. Yet he is simultaneously 100 percent free of responsibility to ensure Congress could pass such a deal. Many countries realize that the political and legal reality is that the United States will be only in a position to engage honestly in Doha Round talks after the new president arrives.

But no WTO nation is willing to declare that Emperor Bush has no clothes, given the legacy of collateral political attacks (cuts in foreign aid, removals from preference programs and more) that befalls countries that dare to state the obvious at WTO. **In private, negotiators fret about the Bush administration's legacy-not-viability approach to trade negotiations.** Exhibit No. 1 in this discussion is

the Korea Free Trade Agreement that the Bush administration signed last year knowing it could not get through Congress, just so that Bush could announce completion of another Free Trade Agreement (FTA) minutes before his 2002 grant of Fast Track expired.

The unreliability of Bush administration representations is most obvious regarding agriculture. Speaking before a European Parliament trade committee, WTO Director-General Pascal Lamy insisted that the U.S. Farm Bill poses a significant hurdle to the successful completion of the WTO Doha Round talks. Lamy recognized that the Farm Bill set U.S. policy for the next five years and that the overwhelming veto override votes by which it was passed demonstrate that Congress is unwilling to change the basic framework of U.S. farm policy. Now, U.S. negotiators are making offers that conflict with the Farm Bill, claiming that Congress will “conform” U.S. law to whatever is agreed in Geneva.

Savvy WTO negotiators have not missed the point that Congress’ support for the *positions* in this Farm Bill are so strong among Democrats and Republicans alike that Congress overrode Bush’s veto to enact the legislation by more than a two-thirds vote – twice. And they have access to the same public documents available in Washington regarding what happens if new Doha Round rules require changes to the Farm Bill. The legal answer is contained in U.S. Public Law 103-465. According to a Congressional Research Service interpretation of this law: “WTO agreements and adopted WTO rulings in conflict with federal law do not have domestic legal effect unless or until Congress or the Executive Branch, as the case may be, takes action to modify or remove the statute, regulation or regulatory practice at issue.” Despite this, U.S. Trade Representative Susan Schwab just again declared: “We have already signaled our willingness to put an enormous amount of market opening and subsidy discipline on the table in the context of an agreement” in a speech to the Washington International Trade Association. Schwab will be gone in less than six months. In contrast, the 500 U.S. agriculture groups that support for the Farm Bill will be around in 2009.

Second, negotiators from many countries greeted the initial announcement that the WTO would hold a Doha Round ministerial July 21 with extreme bewilderment because negotiations do not normally occur unless all parties have authority to make a deal. The Bush administration has no authority to make binding commitments on trade for the United States since losing Fast Track trade authority a year ago. In the months leading to Fast Track’s 2007 termination, U.S. and WTO officials warned that a WTO breakthrough had to be agreed upon before Bush lost authority. When the deadline passed, they changed their tune to try to keep talks alive. Yet the U.S. Constitution grants Congress *exclusive* authority “to regulate commerce with foreign nations” and to “lay and collect taxes [and] duties.” This means that while a president may negotiate, the United States can only be bound to trade commitments through a vote of Congress. Many WTO negotiators recognize that Bush is the lamest of lame ducks.

Many countries’ delegations assumed the announcement was just the latest in a series of such announcements for March and May ministerials that were designed to try to generate movement, but were later canceled when differences remained unresolved. With 20 legislative days left before Congress leaves for the elections and congressional leaders adamant about not scheduling a lame-duck session, there is zero chance that Congress will provide Bush new Fast Track authority. Indeed, the House Democratic leadership explicitly stated *in writing* last year that it will not support further Fast Track for Bush. And that was before House leaders reasserted their constitutional trade authority and took action to *remove* residual Fast Track authority that applied to a Colombia FTA signed *before* Fast Track expired.

Third, amidst the uber-hype about the possibility of a “breakthrough,” what is actually at stake is whether countries can close their differences on agricultural and non-agricultural product

negotiating modalities. Doha Round modalities – the design for future negotiations that will fill in specific commitments – were supposed to be agreed upon in 2003 on these two issues *as well as services, anti-dumping and an array of other issues that remain stymied to this day*. Given that the texts for next week’s talks are largely unchanged from past drafts that various key WTO countries have rejected, WTO officials are talking down expectations. Simultaneously, the same officials and the Bush administration – desperate to demonstrate the Doha Round is not altogether dead – are hyping the importance of this meeting even though the services and dumping and other issues that could scuttle any final deal are not even on the agenda.

Meanwhile, in the United States, many of the business, farm and labor interests who will outlast the Bush administration are screaming about the Bush administration’s approach to next week’s summit. National Association of Manufacturers’ President John Engler warned July 16, “Just to get an agreement to say we have an agreement is pointless.” Bloomberg reported Engler’s warning that without the support of American farmers and manufacturers, Congress won’t approve any final deal. In a letter to Bush this week, a group of major farm organizations labeled the Doha agriculture outline as “unacceptable” and announced “deep concern about the status and direction” of the Doha Round.

These warnings from constituencies that typically provide the base of support for trade deals come in the context of growing American public opinion against more-of-the-same trade policy. Most recently, a July 2008 CNN/Opinion Research Corp. poll found that “51 percent of Americans view foreign trade as a threat to the economy, compared to only 35 percent of Americans who felt free trade posed a threat to the economy in 2000.” Last month, a Rasmussen Reports poll said nearly three-quarters (73 percent) of Americans believe that an FTA has had a negative effect on their families, while more than half (56 percent) of Americans believe that the North American Free Trade Agreement (NAFTA) should be renegotiated. In May, a poll from the Pew Research Center for the People and the Press reported that 48 percent of Americans – including 42 percent of Republicans and 52 percent of Independents – said that “free trade agreements—like NAFTA, and the policies of the World Trade Organization” have been “a bad thing” for the United States, while only 35 percent said they have been a good thing. This is a dramatic reversal from a 2004 poll in which Americans believed that these trade agreements have been a good thing, by a 47-to-34 margin.

Americans’ demand for a new model for U.S. trade policy is based on lived experience of the status quo model implemented by WTO and various FTAs. Fifteen years of the WTO has proven disastrous to American workers, family farms and the environment. Household income for U.S. families has stagnated, while the U.S. trade imbalance has grown from \$95 billion in 1993 before WTO to more than \$700 billion today, threatening global economic stability. During that time, the U.S. has lost more than 3 million manufacturing jobs and nearly 300,000 U.S. family farms. Internationally, the WTO model has failed to deliver on promises of increased economic stability and decreased poverty. Instead, during the WTO era, economic conditions for the majority have deteriorated, with the number and percentage of people living on less than \$1 a day increasing in the world’s poorest regions.

###

Public Citizen is a national nonprofit advocacy organization based in Washington, D.C. For more information, please visit www.citizen.org

For more information, please contact Lori Wallach, director of Public Citizen’s Global Trade Watch division, at 202-588-1000 or lwallach@citizen.org, or Ann Eveleth at 202-454-5108 or aeveleth@citizen.org.