

February 24, 2009

The President
The White House
Washington, DC 20050

Dear Mr. President:

As your Administration faces the formidable economic challenges undermining the U.S. and global economies, we wish to work with you to generate economic recovery, job creation and development in the United States and throughout the world. We believe the most pressing trade issue is to take immediate steps to stop the spread of protectionist measures fueled by the global economic slowdown.

While leaders of the G-20 and APEC committed to a standstill in November 2008 to prevent new protectionist measures, the letter and the spirit of this declaration have been violated repeatedly since those commitments were made. We urge that a central outcome of the upcoming April 2009 G-20 meeting be a much stronger commitment to a trade and investment barrier standstill. In particular, the G-20 should be called upon to remove the time limit of 12 months and work with the WTO to closely monitor the renewed standstill commitments and hold nations accountable to their promises.

While at the G-20 meeting in London, the leaders will also discuss the ongoing WTO Doha Round negotiations. As the three organizations most involved with agricultural, manufacturing and services trade, the direction your Administration takes with respect to the Doha Round is of paramount importance to us. Our organizations have been committed from the beginning to a balanced outcome that achieves meaningful new market access globally through a significant reduction of trade barriers. Such a result will generate economic opportunities for America's farmers, manufacturers, and service providers, and for producers in developed and developing countries alike – particularly in the least developed countries.

However, after seven years of negotiations and despite the best efforts of U.S. negotiators to seek an ambitious outcome, it is apparent that the negotiations are at an impasse. The gap between nations, such as the United States, that want true global liberalization, and major advanced developing nations that seek to obtain market benefits without providing substantial reciprocal new market access, has yet to be bridged. The sharp division of views is reflected in the December 2008 agricultural and manufactured goods texts that were proposed by the WTO as the basis for agreement.

Those texts would have produced a badly imbalanced result, and we do not view them as the basis for advancing the negotiations. The Doha Round cannot proceed, let alone succeed, until the negotiating texts are revised to provide balance and greater ambition from the advanced developing countries.

We believe and have consistently supported the position that the least developed countries should receive new market access benefits without being asked to reciprocate. But advanced developing countries cannot be viewed in the same terms as poor countries that are struggling just to enter world markets. As the advanced developing countries have assumed a well-deserved leadership role in global economic talks and negotiations, they must also demonstrate leadership by making significant contributions to global openness by opening their own markets.

Accordingly, we believe the direction of the negotiations needs to be reassessed. The negotiations cannot simply be picked up where they were left off. Until all major participants recognize the Round must provide reciprocity, balance, and ambition, we do not see how there can be meaningful progress. This is not yet the case and there is currently no basis for another Ministerial meeting, nor do we believe there should be quick movement to schedule one. Instead, we urge the focus be on technical discussions with exchanges of views to explore possibilities for obtaining greater balance.

Some argue that we must quickly agree to accept what is on the table in order to eliminate the “water” (the difference between bound and applied tariff rates) so as to prevent countries from raising their applied rates in these tough economic times. This argument would have some validity if countries were required to eliminate their “water” immediately. But that is not the case. The Doha text gives these countries 10 years or more to bring their bound rates down to today’s applied rates. Even then, many of those bound rates will still not reach today’s applied rates – offering no protection against tariff increases in the coming years. Thus, the “water” argument is simply not a valid reason for the United States to accept a poor Doha deal. The focus must be on an ambitious deal that cuts real trade barriers and generates new trade flows, not a deal in name only.

Change is needed in both the agricultural and manufacturing negotiations, where major U.S. concessions have not been balanced with significant new market opportunities on the part of others. Moreover, the services negotiations have been stuck for nearly three years. The currently tabled services offer, when combined with the signals made at the July 2008 Ministerial, will not provide meaningful new market access, or even commit countries to bind most of their existing levels of access. We recommend strongly that the services negotiations be given the same emphasis as the other two key pillars. All three negotiations must move in concert and provide balance as well as ambition to achieve the economic growth and development objectives that launched this Round.

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In addition, in order to realize some tangible benefits from the efforts to date, we recommend that your Administration consider alternative paths forward, including whether some parts of the Round should be considered for a separate agreement in the near-term, rather than waiting for an overall conclusion. In particular, the ongoing trade facilitation negotiations enjoy broad support by developed and developing countries – including the least developed countries. A trade facilitation and capacity building deal in the near-term could bring much needed benefits to all nations if rapidly implemented on a separate track. Industrial non-tariff barrier negotiations have also languished and need renewed emphasis.

Trade has been a crucial component of U.S. and global economic growth, and will be central to the recovery of both. U.S. leadership is essential to bringing the Round to a successful conclusion, and the United States must continue to press for the ambitious outcome that would create new trade flows that will stimulate growth. Similarly, at the April G-20 meeting in London the United States must take a strong position against the global slide toward protectionism. We look forward to working with your Administration to accomplish these vitally important goals.

Sincerely,



John Engler
President
National Association
of Manufacturers



Bob Stallman
President
American Farm Bureau
Federation



Bob Vastine
President
Coalition of
Services Industries