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UNITED STATES

Statement by H.E. Mr. William J. Clinton,
President

Near the end of World War II, as leaders and ordinary citizens began to dream of a system that would prevent a return to war, President Franklin Roosevelt asked the people of the United States, and the world, to look ahead to peace. He said that "a basic essential to permanent peace is a decent standard of living for all individual men and women and children in all nations. 'Freedom from fear' is eternally linked with 'freedom from want.'"

And so, at mid-century, a farsighted generation of leaders acted on the bitter lessons of protectionism, devastating depression and war. They embraced the revolutionary idea that freedom - free democracies, free markets, the free flow of ideas, the free movement of people - would be the surest route to the greatest prosperity for all. They were confident that growing economic interdependence would lead to greater peace among nations. And the economic alliances and institutions they created - the IMF, the World Bank, the GATT - built a platform for prosperity that has lasted to this day.

In the fullness of time, they have been proven spectacularly right. World trade has increased fifteenfold. A trading community that began with 23 member nations now embraces 132 economies, and 31 more are working to join. Russia and China, where the shackles of state socialism once choked off enterprise, are moving to join the thriving community of free economies. Trade is creating prosperity among the nations of the Americas and offers hope to emerging economies in Africa.

Now, on the edge of a new millennium, we are creating a new economy: driven by technology, powered by ingenuity, drawing us closer. On any given day, over three million people take to the air on commercial flights. Three decades ago, phone lines could only accommodate 80 calls at one time between Europe and the United States; today they can handle 1 million. In the United States, economic output has tripled, while the physical weight of the goods produced has barely changed. The world's new wealth largely comes from the power of ideas.

This dynamic, idea-based new global economy offers the possibility of lifting billions of people into a worldwide middle class. Yet it also contains within it the seeds of new disruptions, new instabilities, new inequalities, new threats to the global economy. The challenge of the millennial generation therefore is to create a world trading system attuned to the pace and scope of the new global economy, one that offers opportunity for all our people, and one that meets the profound environmental challenges we share.

We took the first, vital step when we created the World Trade Organization in 1995 -- a goal that had eluded our predecessors for nearly half a century. The Uruguay Round that founded the WTO amounted to the biggest tax cut in world history -- \$76 billion a year when fully implemented. And in just four years, world trade is up 25 per cent.

Since 1995, we have begun to build the infrastructure for the new economy, with historic Agreements on Information Technology, Telecommunications, and Financial Services affecting trillions in global commerce each year.

At the G-8 Summit just concluded in Birmingham, the leaders worked on ideas to strengthen the international financial architecture so that private capital markets can spur rapid growth while minimizing the risk of worldwide economic instability.

Now, we must build on these achievements with a new vision of trade, to build a modern WTO ready for the 21st Century.

First, we must pursue an ever-more-open global trading system.

Today, let me state unequivocally that America is committed to open trade among all nations. Economic freedom and open trade have brought unprecedented prosperity in the 20th Century - they will widen the circle of opportunity in the 21st Century. In my own country, one third of the strong economic growth we have enjoyed these past five years was generated by exports. For every country engaged in trade, open markets dramatically widen the base of possible customers for our goods and services. We must press forward. Redoubling our efforts to tear down barriers to trade will spur growth in all our countries. It will create good jobs and boost incomes. It will bring new opportunities for our people. And it will advance the free flow of ideas, information and people that are the lifeblood of democracy and prosperity.

Globalization is not a policy choice - it is a fact. But all of us face a choice. We can work to shape these powerful forces of change to the benefit of our people. Or we can retreat behind walls of protection -- and get left behind in the global economy. At a moment when, for the first time in human history, a majority of the world's people live under governments of their own choosing ... when the argument over which is better - free enterprise or state socialism - has been won ... when people on every continent seek to join the free market system, those of us who have benefited from that system and led it cannot turn our backs. For my part, I am determined to pursue an aggressive market opening strategy in every region of the world. And I will continue to work with members of both parties in the Congress of the United States to secure fast-track negotiating authority.

Second, we must recognize that in the new economy, the way we conduct trade affects the lives and livelihoods, the health and the safety of families around the world.

We must build a trading system for the 21st Century that honours our values as it expands opportunity. We must do more to make sure that this new economy lifts living standards around the world, and that spirited economic competition among nations never becomes a race to the bottom in environmental protections, consumer protections and labour standards. We should level up, not level down. Without such a strategy, we cannot build the necessary public support for the global economy. Working people will only assume the risks of a free international market if they have the confidence that this system will work for them.

The WTO was created to lift the lives of ordinary citizens; it should listen to them. I propose the WTO, for the first time, provide a forum where business, labour, environmental and consumer groups can speak out and help guide the further evolution of the WTO. When this body convenes again, I believe that the world's trade ministers should sit down with representatives of the broad public to begin this discussion.

Third, we must do more to harmonize our goal of increasing trade with our goal of improving the environment and working conditions.

Enhanced trade can and should enhance -- not undercut -- the protection of the environment. Indeed, the WTO Agreement in its preamble explicitly adopts sustainable development as an objective of open trade, including a commitment to preserve the environment and to increase the capacity of doing so. Therefore, international trade rules must permit sovereign nations to exercise their right to set protective standards for health, safety and the environment and biodiversity. Nations have a right to pursue those protections -- even when they are stronger than international norms. I am asking that a high-level meeting be convened, to bring together trade and environmental ministers, to provide strong direction and new energy to the WTO's environmental efforts in the years to come, as has been suggested by the European Commission.

Likewise, the WTO and the International Labour Organization should commit to work together, to make certain that open trade lifts living conditions, and respects the core labour standards that are essential not only to workers rights, but to human rights everywhere. I ask the two organizations' Secretariats to convene at a high level to discuss these issues. This weekend, G-8 leaders voiced support for the ILO's adoption of a new declaration and a meaningful follow-up mechanism on core labour standards when the ILO Ministers meet next month in Geneva. I hope you will add your support. We must work hard to ensure the ILO is a vibrant institution. Today, I transmitted to the Senate for ratification the ILO Convention aimed at eliminating discrimination in the workplace.

Each of us, in our own nations, must do everything we can to give all our people the education and training to make the most of their lives. Because the new economy is based on ideas, information and technology, the return to education has never been higher and the lost opportunity from being without skills has never been greater. These trends cannot be reversed. Our goal must be to help more people benefit from the possibilities of the new economy even as we ensure that the forces of technology and new trade patterns do not aggravate inequality or reinforce poor labour conditions.

Fourth, we must modernize the WTO by opening its doors to the scrutiny and participation of the public.

We have learned, through long trial and error, that governments work best when their operations are open to those who are affected by their actions - that, as American Supreme Court Justice Louis Brandeis famously said, "sunshine is the best of disinfectants."

The WTO should take every feasible step to bring openness and accountability to its operations.

Today, when one nation challenges the trade practices of another, the proceeding takes place behind closed doors. I propose that all hearings by the WTO be open to the public, and all briefs by the parties be made publicly available. To achieve this end, we must change the rules of this organization. But each of us can do our part - now. The United States today formally offers to open up every panel that we are a party to - and I challenge every other nation to join us in making this happen.

Today, there is no mechanism for private citizens to provide input in these trade disputes. I propose that the WTO provide the opportunity for stakeholders to convey their views, such as the ability to file 'amicus briefs', to help inform the panels in their deliberations.

Today, the public must wait weeks to read the reports of these panels. I propose that the decisions of these trade panels be made available to the public as soon as they are issued.

Fifth, we must have a trading system that taps the full potential of the Information Age.

The information technology revolution is the greatest force for prosperity in our lifetimes. The Internet is the fastest growing social and economic community in history - a phenomenon with unimagined, revolutionary potential to empower billions of people around the world. It has been called the 'death of distance', making it possible for people to work together across oceans as if they were working down the hall. Four years ago, there were less than three million people with access to the Internet. Today, there are over 100 million people, and the number is doubling every year.

Today, there are no customs duties on telephone calls, fax messages, e-mail, or computer data links when they cross the border. We have spent 50 years tearing down barriers to trade in goods and services. Now, let's agree that when it comes to electronic commerce, we will never erect these barriers in the first place.

I ask the nations of the world to join the United States in a standstill on any tariffs to electronic transmissions sent across borders. We cannot allow discriminatory barriers to stunt the development of the most promising new economic opportunity in decades. Earlier today, at the Summit with the EU, we agreed to deepen our collaboration in this area. And last week, Prime Minister Hashimoto and I agreed to move forward together, with a market-oriented private sector-led approach to enhance privacy, protect intellectual property, and encourage the free flow of information and commerce on the Internet. I hope we can build a consensus that this is the best way to harness the remarkable potential of this new means of communication.

Sixth, a trading system for the 21st Century must be comprised of governments that are open, honest, and fair in their practices.

In an era of global financial markets, prosperity depends upon government practices that are based on the rule of law instead of bureaucratic caprice, cronyism, or corruption. Investors demand it and their loss of confidence can have sudden, swift and severe effects, with ripples throughout regional economies.

With its insistence on rules that are fair and open, the WTO plays a powerful role toward open and accountable government -- but the WTO has not done enough. By next year, all Members of the WTO should agree that government purchases should be made through open and fair bidding. This single reform could open up \$3 trillion of business to competition around the world. And I ask every nation in the world to adopt the anti-bribery convention developed by the OECD. Both these steps would promote investor confidence and stability.

Finally, we must develop an open global trading system that moves as fast as the marketplace.

In an era in which product life-cycles are measured in months, and information and money move around the globe in seconds, we can no longer afford to take seven years to finish a trade round, as happened during the Uruguay Round, or let decades pass between identifying and acting on a trade barrier. In the meantime, new industries arise, new trading blocs take shape, and governments invent new trade barriers every day.

We should explore what new type of trade negotiating round is best suited to the new economy. We should explore whether there is a way to tear down barriers without waiting for every issue in every sector to be resolved before any issue in any sector is resolved. We should do this in a way that is fair and balanced, that takes into account the needs of nations large and small, rich and poor.

But I am confident we can go about the task of negotiating trade agreements in a way that is faster and better than today.

Agriculture, for example, is at the heart of America's economy and many of yours -- and tearing down barriers to global trade is critical to meet the food needs of a growing world population. Starting next year, we should aggressively begin negotiations to reduce tariffs, subsidies, and other distortions that restrict productivity in agriculture. We must develop rules, rooted in science that will encourage the full fruits of biotechnology. And I propose that even before negotiations near conclusion, WTO Members should pledge to continue making annual tariff and subsidy reductions -- ensuring that there is no pause in reform.

We must recognize that the fastest growing industry in the world is services -- and the one least disciplined by WTO rules. So when services negotiations are launched, I believe it is essential that we engage in wide-ranging discussions to ensure openness for dynamic service sectors, such as express delivery, environmental, energy, audio-visual, and professional services.

We must continue our strong momentum to further dismantle industrial tariffs. A good place to start would be an agreement on the sectors - from chemicals to environmental technology - proposed by APEC. And we must move forward on strengthening intellectual property protection.

A trading system that honours our values. A WTO that is open and accountable. A trading system in sync with the Information Age. A commitment to combating corruption. A new approach to trade talks. To move forward with this agenda - I am inviting the Trade Ministers of the world to hold their next meeting in the United States in 1999.

Think about the opportunity that has been presented to us; the chance to create a new international economy ... in which open markets and open economies spark undreamed of innovation and prosperity ... in which the skills of ordinary citizens power the prosperity of nations ... in which the global economy honours those same values that guide families in raising children and nations in developing good citizens ... in which poor people find opportunity, dignity and a decent life and contribute to prosperity ... in which increasing interdependence among nations enhances peace and security for all. This will be the world of the 21st Century - if we have the wisdom and determination, the courage and clarity, of our forbears a half century ago.
