

The Role of the WTO in Furthering U.S. Trade Policy Objectives

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Objectives

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Alan Wolff's paper² presents a thoughtful examination of the question of whether the World Trade Organization furthers the trade policy objectives of the United States. The issue that Wolff addresses is certainly timely and important. In the aftermath of the Seattle ministerial and with the upcoming vote in Congress on our participation in the WTO, the impact of that organization on our trade policy objectives is a matter of great concern in the White House and on Capitol Hill.

It may not, however, be the most important question currently facing decision makers. These individuals are also struggling with whether the United States' continued participation furthers our policy objectives generally, and not just our trade policy objectives. After all, many of the fiercest critics of the WTO will readily concede that

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² Alan Wm. Wolff, "America's Ability to Meet Its Commercial Objectives and the Operation of the WTO."

the institution has been very effective in opening markets, creating a rules-based trading system and facilitating trade. These critics, however, will argue that our trade objectives come in conflict with and should be balanced against other important objectives, such as raising environmental and labor standards, protecting our sovereignty, and furthering our national security and foreign policy interests. The ability of policy makers to resolve this perceived conflict will be instrumental to determining whether and on what terms we remain in the WTO. That, however, is a topic for another panel.

On the question Wolff poses, however, he accurately concludes that, on balance, the WTO does further U.S. trade policy objectives. While the WTO as an institution could be strengthened in a number of ways, it is clear that the WTO has served U.S. trade policy objectives quite well.

Given the brief time allotted to me, I would like to focus my comments on one of the issues raised by Wolff. That is, whether the WTO has had an adverse impact on United States trade policy by inhibiting our use of unilateral measures. This is an important issue because of concern that the United States has been weakened in its ability to open foreign markets. This concern is particularly acute in the wake of certain recent dispute settlement cases that have highlighted that certain trade distorting practices are beyond the reach of the WTO.

Bear in mind that our WTO commitments do not, strictly speaking, alter our ability to act unilaterally. What these commitments may have done is to lessen the will of member countries to take trade actions not specifically authorized through the WTO process. If this is true, then it is important to assess the impact of this dynamic on our trade policy objectives.³ This issue often arises in the context of a specific trade conflict, where the United States has been unable to convince a trading partner to eliminate a particular barrier to trade. These situations often lead to a great deal of frustration regarding our perceived lack of leverage in trade disputes. While this frustration is often well justified, what I would like to do here is to put the issue in a broader context.

First, and perhaps most importantly, even if the WTO does inhibit unilateral action, the net result of having the WTO is still a more open world market than would otherwise exist. The WTO has been extremely successful in lowering tariffs and eliminating quotas. In part because of that success, the trade barriers that we now face involve more complex and less transparent measures. That reality, of course, does not mean that the WTO has failed or that we should be complacent in the face of a

³ This issue, of course, also raises the important question of the impact of our WTO commitments on the sovereignty of the United States. While this is an important issue, I will not address it here in this brief paper.

particular trade barrier. What it does mean is that more remains to be done.

Second, it is important to consider that there have always been constraints on the willingness and ability of the United States to act unilaterally. Before the Uruguay Round -- and even now -- concerns relating to foreign policy interests, broader economic interests, and importer interests, among other factors, have inhibited the use of unilateral tools by the U.S. government. To be sure, the WTO presents an additional restraint, but it is by no means the only restraining influence on policy makers.

Third, to the extent our WTO commitments force us to be more discriminating in deciding when to impose trade sanctions, that often serves our broader economic interests quite well. After all, retaliation through import restraints can often hurt the United States as much or more than the target country. Saying this can be touchy. It could, for example, be misunderstood by our trading partners as suggesting some degree of ambivalence about going after trade barriers wherever we can find them. Nevertheless, it is clear that we do not always gain by retaliating.

While we must put our assessment of the WTO and its impact on our ability to act unilaterally in proper perspective, it is certainly important for policy makers to explore how to increase our leverage in trade disputes. While the WTO has helped in opening markets across the board, there are many barriers that remain beyond the

reach of the existing multilateral disciplines. To the extent we are able to strengthen our hand when faced with such barriers, that will be vital in furthering the ability of the United States to access foreign markets. It will also shore up support for our participation in the WTO and in that organization's role in furthering U.S. trade policy objectives.