

**“Foreign Trade put to the Test-
Latin America, the United States and
the European Union as important Economic Partners”**

**A Multilateral Trialogue between Latin America, the United
States of America and the European Union on the Future of
International Trade**

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**Welcoming Remarks
by
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Senoras y Senores:

Bienvenidos a nuestra conferencia, el dialogo multilateral entre America Latina, Los Estados Unidos y la Union Europea. Como usted estan notando, mi relacion con la idioma espanol es como mi relacion con una linda mujer: Yo l'adoro, Yo l'amoro pero tengo nigung controle sobre ella, entonces permiteme:

Ladies and Gentlemen:

Good evening and welcome to our multilateral dialogue between Latin America, the United States and the European Union as important economic partners. The Konrad Adenauer Foundation is proud to host this two day conference here in the wonderful city of Puebla. With today's and tomorrow's endeavor it is our intention, to stimulate the discussion on the future of international trade.

If you read the newspapers, which we all do from time to time, if only by accident, it is clear that we –the Europeans and Americans- are back in the dog house, both on bilateral and multilateral issues. The press says that both the EU and US have deserted the WTO Round and are back, snarling at each other, like two cats in a bag.

So what's going on? Let me try to give you a very quick overview, starting with the currently fashionable game: who killed Cancun? Some believe that Cancun was just

an accident. That we were going along in the same old WTO way towards a deal, that we could have made it, and we were just a hard day's night away from success.

If this was just an accident, then we could just get up, brush ourselves down, remount the horse and press ahead regardless of the negotiations, perhaps with a decent down-payment of early concessions up-front to stress our "good will", our determination to bring the Round, come what may, to an early conclusion.

If you believe however that there are some real problems to solve, that means hard thinking from all quarters. It also means that if you jump back on the horse, you may fall off quite quickly, or indeed go off in the wrong direction.

Some of the press are also saying that it is too late for reflection, because after the shock of Cancun, the American horse has bolted for the simpler, more homespun world of the bilateral trade agreement. Let's try and get this into perspective. Yes, if the Round were dead, and I don't believe it is, then it would be reasonable to think about putting most of one's eggs in the bilateral basket. Even if the Round is only stalled, then yes, again, it is reasonable to ask whether we cannot and should not advance on other fronts in the meantime, whether on market access or indeed on new rules. But we as Europeans are not going to lose any sleep about Bob Zoellick pursuing an FTA with Morocco, where the US starts from a tiny percentage

share of Morocco's total trade, nor about the one we did with Mexico. And did you know how many Free-Trade agreements (FTA's) the US has? Six, including that we count NAFTA as two.

The EU, as our American friends love to point out, has got a fair few more than that (34), even though we have been at this for a long time. Remember the EU's father was a political Union, her mother was a free trade area.

But hard to miss, since Cancun, and since the US announced its new platform of FTAs, and we in Europe started to consult on whether we should continue to support the Round, how much the rest of the world has suddenly come to love the multilateral system. Anyway, the issue is not so black and white, so cut and dried. For the foreseeable future, we in Europe, you in the US and in Latin America, are going to pursue a mix of multilateral and bilateral trade agreements. I think that is healthy.

So, what's the answer after Cancun? Simply to shrug? To back off from Doha Round because it is too difficult? To conclude that the EU should retaliate against the US because it is obviously difficult to assemble a majority for WTO compliance in the Congress? I don't believe so. This would send the message that in the next episode we will see that the development of trade is the law of the jungle: might is right, beggar thy neighbor, and forget the basic rules of the road. So I conclude with two rather unglamorous

solutions: perseverance with the multilateral round; and compliance with agreed rules. Neither will be very easy, but it seems to me probably to be the only way to go. We all know that the existing WTO aquis is a complex mixture of market access and rules. In many areas, the WTO needs new and strengthened rules to ensure that market access is delivered, and that the WTO can continue its transition to a pro-development organization. And I also think, that the European Union also has made it clear, after numerous consultations within the 15 member states alliance, that our main priorities are trade facilitation and transparency in government procurement.

That, ladies and gentlemen, is why it is genuinely the right moment to say: “The stakes are high”. It is therefore up to responsible politics to decide on whether the United States, the European Union, Chile and Mexico are married partners, lovers or just good friends. But I also think the EU, the US, Chile and Mexico are worldly enough (or is that “globalized enough”!) not to demand exclusivity from each other. At the risk of departing from the Catholic concept of marriage, we have to accept the other partner’s right to entertain close relations with others. Of course, as George Orwell might say, The EU, the US, Chile and Mexico have chosen each other as preferential partners, and so reserve for each other treatment that is little more equal than accorded to others!

At the same time, the EU, the US and Chile and Mexico and other participants in regional trade agreements, should tear their eyes away from time to time, and consider their responsibilities both to others, notably the developing countries, and more widely, to the multilateral trading system. I think all of us, in fact, can point to the sustained record of the Doha Development Agenda. But the challenge there, of course, is only just the beginning. It really is a matter of political will, deciding we are going to do it, and getting on with it. In other words: bring real advances to development, via better rules, via better market access.

Thank you very much. Welcome to our conference. The Konrad Adenauer Foundation is looking forward to fruitful discussions among –let me say- more than just lovers and friends.