



Department of Social Development and World Peace
Office of International Justice and Peace

Background on Trade
February 2007

“The delay in implementing the commitments undertaken by the international community during the last few years is another cause of concern. So it is to be hoped that the trade negotiations of the ‘Doha Development Round’ of the World Trade Organization will be resumed.”

-- Pope Benedict XVI, January 8, 2007

BACKGROUND

Global trade talks and negotiations involving the 150 member countries of the World Trade Organization (WTO) are conducted under the auspices of the WTO. The current series of trade negotiations are called the Doha Development Agenda (DDA) and were due to conclude by the end of 2006. Last July, the Round was put “on hold” by WTO Director General Pascal Lamy. Since then there have been a series of informal negotiating sessions that have produced little progress. The main sticking point in the negotiations remains a dispute over the level to which WTO members, especially the US and Europe, are prepared to open up their agricultural sectors.

Trade ministers hope to make some steps towards an agreement by March 2007. While many consider this time-table ambitious, the U.S. Administration is under pressure to show concrete gains in the Doha Round that would justify granting an extension to the President’s Trade Promotion Authority (TPA) when it expires in June 2007. TPA allows the President to negotiate trade agreements without having them altered by Congress. Congressional leaders have stated their intention to take a close look at a possible renewal of TPA to increase the involvement of Congress during trade negotiations. Elections in France in 2007 may create a difficult environment for the French government (and therefore the European Union) in which to offer the commitments sought by other negotiating parties. Some commentators are speculating that the Doha Round may not conclude until 2010, if at all.

Bi-lateral trade agreements

In addition to global trade talks, the U.S. has continued its efforts to negotiate *bilateral trade agreements*. Negotiations between the U.S. and countries of the Andean region, Colombia, Peru and Ecuador on the U.S.-Andean Trade Promotion Act continue. Peru was the first to conclude an agreement made public in January 2006. It awaits Congressional ratification. Colombia signed a trade agreement with the United States in October which also needs action by Congress.

For the first time a “side letter” was issued by all parties acknowledging the importance of traditional knowledge in the area of biodiversity accompanies a trade agreement. While not contained within the

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body of the agreement, the “side letter” clarifies in a non-binding way the intention of the trade agreement to respect indigenous rights. Moving forward, many argue that protecting indigenous rights should be binding on the parties with an appropriate enforcement mechanism if these obligations are breached. The U.S. and Peru agreed, in effect, to compensate those indigenous groups that have traditionally preserved such knowledge and techniques. This “side letter” marks a new step in ensuring trade respects the rights of indigenous people. USCCB sent a letter to Ambassador Portman, the U.S. Trade Representative, highlighting concerns regarding the agreement. (See www.usccb.org/sdwp/international/tradeind.htm.)

Other developments: Negotiations appear stalled in the proposed agreement between the U.S. and the Southern African Customs Union (SACU) that includes the countries of Botswana, Lesotho, Namibia, South Africa and Swaziland. The United States hopes to achieve progress in a regional trade agreement with the 34 countries of the Western hemisphere (excluding Cuba) called the Free Trade Area of the Americas (FTAA). Negotiations on the FTAA are stalled awaiting progress on agriculture and intellectual property rights at the WTO.

In the new Congress, members have declared their intention to subject trade agreements to closer scrutiny in regard to strengthening labor standards and environmental protections. Since the change in Congressional leadership, groups traditionally resistant to the inclusion of labor and environmental protections within trade agreements have shown increasing flexibility on this question. The selection of Representative Sander Levin as Chairman of the Subcommittee on Trade of the House Ways and Means Committee signals a strong move in the direction of inclusion of these protections.

Haitian Trade Preferences

See section in Haiti Backgrounder entitled “Trade and Haiti’s Economic Development.”

USCCB POSITION

For over a decade, the U.S. Conference of Catholic Bishops has addressed aspects of international trade. Rather than take a position for or against complex trade agreements, the Conference has proposed a set of ethical criteria that should guide trade negotiations. In July 2004 these criteria were applied to the US-CAFTA agreement in the Bishops’ Joint Declaration and in November 2005 they were applied to the US-Andean Trade Promotion Act.

In November 2003, the U.S. Catholic Bishops issued the statement *For I Was Hungry and You Gave Me Food: Catholic Reflections on Food, Farmers and Farmworkers*. It can be found at this website: www.usccb.org/bishops/agricultural.htm. This statement articulates the Conference’s specific policy on trade, particularly as it applies to agriculture.

The continuing deterioration in terms of the... gap between rich and poor countries has prompted the social Magisterium to point out the importance of ethical criteria that should form the basis of international economic relations: the pursuit of the common good and the universal destination of goods; equity in trade relationships; and attention to the rights and needs of the poor in policies concerning trade and international cooperation.

--Compendium of the Social Doctrine of the Church, # 364

USCCB PRIORITIES

Domestic Farm Policy

- The United States should target agricultural supports to small- and moderate-income farmers and to programs that promote sustainable agricultural practices and promote rural development (see Farm Bill Background 2007).

International Trade Policy—Subsidies, Tariffs and Quotas and Differential Treatment

- The subsidies, tariffs and quotas of richer countries that severely constrict poorer countries in their ability to sustain their own agriculture should be reduced.
- Developing countries should be given some flexibility (technically referred to as “special and differential treatment”) in using appropriate subsidies, tariffs, quotas and other support measures to make sure they have sufficient food supplies, enhance rural incomes and promote rural development.

Having a Voice

- Trade documents should be made available during the process of negotiation for review and public comment.
- Major elements of civil society, including groups representing the poor, business, labor and religious communities, should have greater access to participation in the process.
- Richer countries should provide technical assistance to help poorer countries be able to participate more fully in trade negotiations.

Labor and Environment

- Trade agreements should treat labor and environmental concerns as integral to trade agreements and not as peripheral matters.
- Trade agreements should lead to economic and social improvements at home and abroad, particularly for poor and vulnerable workers and their families; this can be accomplished by adopting internationally agreed upon labor standards.
- Trade agreements should foster the right to organize and bargain collectively.
- Trade agreements should encourage and not undermine the ability of poor countries to promote environmental protection and sustainable agricultural practices.

Migration

- The impact of trade on migration should be concretely addressed when trade measures are considered.

For more information: Visit these websites: www.usccb.org/globalpoverty/ and www.usccb.org/sdwp/international/tradeind.htm or contact Rev. Andrew Small, OMI, United States Conference of Catholic Bishops, at (202) 541-3153 or asmall@usccb.org.