



# States, the WTO & Seattle

*While not much came out of the Seattle meeting, state involvement in trade remains essential. States need to keep a close eye on agreements affecting agriculture, services and government procurement.*

BY JEFF O'MALLEY

Those bewildered by the December protests in Seattle might wonder what the meeting was all about. The negotiations in Seattle — the third World Trade Organization ministerial meeting — were convened primarily to set the agenda for a new round of international trade talks. The WTO was to address agricultural markets and subsidies, labor and environmental standards and transparency in government procurement.

When the smoke cleared from the Seattle meeting — literally and figuratively — most agreed that not much progress was made. Efforts to launch a new round of

negotiations were suspended as talks bogged down over fundamental disputes. Developing nations argued that being held to the same labor and environmental standards as wealthier nations is unfair and represents a form of protectionism by developed countries. The European Union, the United States and Japan continued to disagree over agricultural subsidies.

Washington Secretary of State Ralph Munro said there were factors working against a successful meeting: “The Seattle meeting fell far short of expectations. We in Washington state worked very hard to be good hosts, but I am

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Louisiana Rep. Melvin "Kip" Holden (right) talks in Seattle with Richard Sheppard, deputy executive director, US-AEP, Asia/Near East Bureau.

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afraid we were doomed before the opening gavel fell. The facts were that the WTO arrived without an agenda and there was extensive misinformation about the WTO's role in the trade world. These and several other factors all combined to bring down the meetings."

### What is the WTO?

Because misinformation exists, an explanation may be useful. The World Trade Organization is an international organization established by member countries to manage the rules of international trade. The WTO's purpose is to facilitate the free flow of trade worldwide in a rule-based system by administering trade agreements, serving as a forum for negotiations and settling disputes. The 135-member organization's operating principles are 1) opening markets; 2) eliminating protectionism; 3) maintaining environmental, health and safety standards; and 4) promoting democratic values.

The WTO is the successor to the General Agreement on Tariffs and Trade or GATT system, which had been the basis for the market-opening trade policy of the United States since the end of World War II.

Having a common set of rules helps the United States achieve fair market access for products and services and

helps hold trading partners accountable for their actions. The WTO is a member-driven organization. Agreements are reached by consensus among the member governments and are ratified by all members' legislatures. The WTO cannot dictate the laws of national or subnational governments.

### Seattle and the states

The question remains: What does the outcome of the Seattle meeting mean for states?

If the United States accomplishes its overall goals within the WTO, states are likely to benefit. But for states, the results of the Seattle ministerial meeting itself mean little. The Seattle meeting did prove, however, to be a valuable networking opportunity for U.S. state leaders attending.

Numerous governors, legislators and cabinet officials arranged meetings with foreign delegations to promote the international trade interests of their respective states. South Dakota Farm Bureau spokesman Mike Held said: "This meeting has determined the parameters of discussions that will take place over the next two to five years, and we are going to keep agriculture at the top of the agenda."

Three key areas for states to keep an eye on in future negotiations are agriculture, services and government procurement.

- The United States is seeking to lower barriers on agricultural products and reduce subsidies by foreign governments.

- In services, the fastest growing sector of the U.S. economy, the United States champions transparency to reduce unwanted restrictions imposed on U.S. companies.

- In government procurement, U.S. goals are transparency, procedural fairness and public accountability — all of which will help open up procurement markets overseas to U.S. suppliers and products on a reciprocal and nondiscriminatory basis.

The Office of the U.S. Trade Representative continues to explore ways for states and localities to be more involved in the process. Christina Sevilla, USTR director for Intergovernmental Affairs, said the USTR places a great deal of importance on engaging state officials on trade issues of interest through associations such as CSG and other venues. ★

### CSG resources

The Council of State Governments believes that interaction with the international community in the increasingly interdependent world is essential for states. As policy initiatives at the local, regional and subnational level gain in importance in every corner of the globe, state leaders can gain practical ideas and build productive relationships through positive connections with counterparts overseas. The Council has extensive experience in promoting the exchange of ideas and initiatives among states, regions and other nations, and is uniquely qualified to interpret changing national and international conditions to prepare states for the future. CSG activities in the global arena are coordinated through the International Committee, which seeks to capitalize on trade, educational and exchange opportunities. Visit [www.csg.org](http://www.csg.org) and link to the page on CSG's Washington, D.C., office.