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'Re-Balancing' US Interests

Dwindling financial resources and the growing impatience of the American public will provoke a US "re-balancing" in the world – manifesting itself first in US withdrawal from the Middle East, Assistant Secretary of State for Southeast Asian Affairs Kurt Campbell said yesterday (WTD, 9/28/11).

Like it or not, the reality is that the American public is saying "it is time to do some nation-building at home," Mr. Campbell told a day-long meeting on the Asia-Pacific region sponsored by the Pacific Economic Cooperation Council.

But pointing to the economic and political importance of the Asia-Pacific region – which includes such huge economies as China and South Korea as well as the politically important allies of Japan and Australia – Mr. Campbell said the United States intends to bolster its presence in that region (WTD, 9/28/11).

"Nothing is more important, but nothing is more challenging" when it comes to China, the State Department official added. Washington intends to improve its relationship with China in the economic sphere, diplomatically, in military cooperation and "people-to-people".

The Obama Administration intends to be "pro-active" in the Asia-Pacific in the years ahead, Mr. Campbell suggested.

APEC

The United States has high hopes for this November's Asia-Pacific Economic Cooperation forum meeting in Honolulu, Mr. Campbell continued, pointing to the importance of the East Asian Summit – in which both the United States and Russia are new members.

President Obama, Mr. Campbell continued, also sees his participation in this year's leaders' meeting of the Association of Southeast Asian nations in Bali in December as important symbols of US interest in Asia.

The assistant secretary also noted India as an important alliance partner in the region.

In remarks to a luncheon session, Commerce Undersecretary for International Trade Francisco Sánchez said the Asia-Pacific economy represented over half of the world's total wealth and a full 45 percent of world trade. "Now is not the time to rest," he said. The next 30 years will show just how important that region is, he added.

There is upwards of \$120 billion in US investment in ASEAN alone, Mr. Sánchez pointed out.

Washington is developing its own views of the region for the future, commented US Senior Official for the Asia-Pacific Economic Cooperation forum Kurt Tong. He suggested that a reinvigorated APEC will gradually assume a primary economic cooperation and trade role in the region. A successful TransPacific Partnership negotiations – with nine APEC nations – should present a big boost toward an eventual free trade agreement for the Asia-Pacific.

Mr. Tong speculated that ASEAN will focus primarily on banking and financial issues; the East Asian Summit of some 16 nations will deal with security relations.

The 'New Silk Road'

The Administration believes that the best way to boost economic development and political stability in Afghanistan is for the country to trade more with its neighbors, so that it becomes part of a



regional trading hub, Undersecretary of State for Economics, Energy and Agriculture Robert Hormats said yesterday (WTD, 9/19/11).

That is the basis for the “New Silk Road” initiative recently announced by Secretary of State Clinton. “If Afghanistan is firmly embedded in the economic life of the region, it will be better able to attract new investment, benefit from its resource potential and provide increasing economic opportunity and hope for its people, he told a program sponsored by the Johns Hopkins School for Advanced International Studies and the Center for Strategic and International Studies.

The initiative will similarly benefit Pakistan, he added.

The aim is to return the region to the major trading hub it once was, until faster sea routes became the preferred way to move goods instead of overland travel. The loss of its role as a trade center cut Afghanistan and much of Central Asia off from the rest of the world. “Though it is located right in the middle of a rapidly growing continent, Afghanistan became, in many ways, an economic dead-end from any direction,” Mr. Hormats commented. Afghanistan is now beginning to emerge from years of economic isolation.

21st Century Trade

Washington hopes to encourage Afghanistan’s return to the global economy by promoting infrastructure development, regional customs harmonization and “21st Century” trade policies that will return the region into a major trade hub and encourage foreign investment.

Afghans have much work to do if the country is to move from an aid-dependent economy to one based on sustainable private sector-led growth, the undersecretary continued. Agriculture and light manufacturing are both sectors ripe for development.

Afghanistan should start taking steps immediately to develop its extractive industries. The US Geological Survey has verified that Afghanistan sits on top of at least \$1 trillion in mineral wealth – iron, copper, gold, rare earth elements and others, Mr. Hormats noted.

The “silk road” initiative will complement efforts already underway by the Afghan government to increase trade ties with other countries in the region, Senior Economic Advisor to President Karzai Sham Bathija said. The government sees regional integration as the best way to attract much needed foreign investment.

LDCs’ December Agenda

Geneva – An informal group of developing countries yesterday conveyed to World Trade Organization General Council chairman Yonov Frederick Agah that the December World Trade Organization ministerial conference must formally agree on “duty-free/quota-free” market access for least-developed countries and deliver on a pledge to desist from taking up “new issues” and avoid any “plurilateral” approach to “harvest” issues outside the Doha Development Agenda single undertaking, WTD has learned (WTD, 9/29/11).

Dominican Republic Ambassador Luis Manuel Piantini Munnigh did not elaborate to WTD on the list of issues and concerns he conveyed to the General Council chair.

The informal group – which includes a large majority of WTO members – is restive over attempts to introduce “new 21st Century issues” under the rubric of non-Doha items, said several trade envoys.

The European Union wants climate change and energy security among other issues to be discussed in parallel with the Doha issues, a move supported by Australia and Switzerland. In its draft on elements for guidance by ministers for December, Switzerland pressed for a mandate on new issues to address the changed circumstances since the talks formally began in 2001.

A representative from one African country told WTD his group will oppose attempts to put new issues on the agenda.

At a meeting of the informal group on Tuesday, trade officials from Dominican Republic, Cuba, and Kenya among others said they will never accept a “plurilateral” process to take up issues selectively

on the ground that it would undermine the "multilateral" framework of the WTO. Another envoy said developing countries are completely opposed to putting trade facilitation – “which is being sneaked from the back door as it would suit the industrialized countries.”

Issues such as developing-country accession, duty-free/quota-free market access and a roadmap on how to move on Doha issues after the ministerial meeting must take precedence over all other issues, WTD was told.

Around the Globe

- Solar manufacturers including a unit of SolarWorld AG are preparing a U.S. trade complaint against China, as they seek to counter low-cost, subsidized imports, according to people familiar with the matter, Bloomberg news service reported. The case, which would be filed at the Department of Commerce and the U.S. International Trade Commission in Washington, would be one of the largest targeting China, with political implications as both nations race to develop clean-energy technologies.

The companies say that China's subsidies to solar companies violate global trade rules and provide those manufacturers with an unfair advantage, according to the people, who spoke yesterday on condition of anonymity because no complaint has yet been filed. “We are actively conversing with our federal contacts in seeking help on how to prevent China from decimating another U.S. industry,” Ben Santarris, a spokesman for SolarWorld Industries America Inc. in Hillsboro, Oregon, said in an interview. He declined to discuss a possible filing.


In the first seven months of this year, China shipped \$1.4 billion of solar panels to the U.S., more than the \$1.2 billion of panels it sent in all of 2010, according to U.S. International Trade Commission data. Imports from South Korea, the Philippines and India also jumped. The collapse this month of Solyndra LLC, a California maker of solar panels that had \$535 million in U.S. loan guarantees, has renewed demands from U.S. lawmakers and union leaders that the Obama administration pursue unfair-trade complaints against China for out-sized subsidies to its clean-energy companies.

The volume of imports from China sped up as prices fell. China sent more solar panels to the U.S. in July of this year than in all of 2010, according to U.S. Department of Commerce data supplied by SolarWorld.

China provided \$30 billion in credit to its biggest solar manufacturers last year, about 20 times the U.S. effort, Jonathan Silver, executive director of the Energy Department's loan program, told a congressional panel Sept. 14.

- The Small Business Administration yesterday signed a tri-partite Memorandum of Understanding with the Commerce Department's International Trade Administration and Turkey's Small and Medium Enterprises Development Organization to encourage collaboration to assist small and medium-sized businesses with international trade opportunities. The MOU will enhance and improve cooperation between the participants.

ITA intends to coordinate digital video conferences with the SBA and KOSGEB to provide information, share best practices and promote international trade among small businesses; SBA will organize briefings for KOSGEB and representatives of Turkey about SBA's loan guarantee and technical assistance programs, participate in an exchange of experts for training and knowledge-sharing purposes, explore meeting opportunities for U.S. and Turkish businesses and provide KOSGEB with information on SBA's approaches to promoting opportunities for small business.

KOSGEB will share knowledge and experience about policies, measures and applications, exchange data and publications about small and medium-sized businesses, host an exchange of experts for knowledge-sharing purposes, organize networking events, mutual business trips to enhance the cooperation between both countries' small and medium-sized businesses, and encourage and support establishment of “Business Matching Centers” to improve the trade volume of both countries. — 

On the Web.....

Afghanistan

Silk Road. Undersecretary of State Robert Hormats remarks on the New Silk Road initiative for Afghanistan. (available at: <http://www.state.gov>) issued: 9/29/11.

Asia-Pacific

Anti-Corruption. Speech by David M. Luna Director for Anticrime Programs, Bureau of International Narcotics and Law Enforcement Affairs on anti-corruption efforts in the Asia Pacific. (available at: <http://www.state.gov>) issued: 9/27/11.

Economy. Pacific Economic Cooperation Council release on opinion poll finding Asia Pacific leaders are gloomy about the US and European economic outlooks. (available at: <http://www.pecc.org>) issued: 9/29/11.

China

Currency. Statement by House Ways and Means Democrats on need to move China currency legislation. (available at: <http://www.democrats.waysandmeans.house.gov>) issued: 9/27/11.

Currency. American Soybean Association statement on pending Senate action on China currency legislation. (available at: <http://www.soy.org>) issued: 9/29/11.

Foreign Investment

Rwanda. US Trade Representative's office blog on signing of the US-Rwanda bilateral investment treaty. (available at: <http://www.ustr.gov>) issued: 9/29/11.

Intellectual Property

ACTA. Motion Picture Association of America statement on signing of Anti-Counterfeiting Trade Agreement. (available at: <http://www.mpaa.org>) issued: 9/29/11.

Rwanda

BIT. US Trade Representative's office blog on signing of the US-Rwanda bilateral investment treaty. (available at: <http://www.ustr.gov>) issued: 9/29/11.

Small Business

Turkey. Small Business Administration release on signing of memorandum of understanding with International Trade Administration and Turkey to assist small businesses with trade opportunities. (available at: <http://www.sba.gov/oit>) issued: 9/29/11.

Trade Policy

FTAs. Letter from Senate Republicans to President Obama urging him to submit the three free trade agreements with Colombia, Panama and South Korea. (available at: <http://finance.senate.gov>) issued: 9/29/11.

Turkey

Small Business. Small Business Administration release on signing of memorandum of understanding with International Trade Administration and Turkey to assist small businesses with trade opportunities. (available at: <http://www.sba.gov/oit>) issued: 9/29/11.