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Back

2004-09-30

POWELL SAYS FRANCE CLARIFIED POSITION ON IRAQ CONFERENCE

An Iraqi government proposal to organize an international conference to help the Iraq government prepare for a democratic future may take place at the end of November, Secretary of State Colin Powell says.

Powell told Agence France Presse reporters September 29 that while he talked about the future conference at the United Nations last week, it is actually an idea of Iraqi interim Prime Minister Iyad Allawi. The conference would bring together Iraq's neighbors, along with representatives of the Group of Eight, the Arab League and perhaps the Organization of the Islamic Conference, to meet to discuss next steps to aid Iraq's democratic transition, he said.

Powell said an early French government statement setting conditions for its attendance at an international conference on Iraq's future was confusing, but it had now been clarified by the French Foreign Ministry. The statement, in which France reportedly insisted the conference agenda include topics such as withdrawal of the Multinational Force (MNF) from Iraq and invitees including members of the Iraq insurgency, was not as it seemed, he said. According to Powell, the French Foreign Ministry was referring to a meeting one year after the passage of U.N. Security Council Resolution 1546 (passed on June 8), which calls for a review of the multinational military force's mandate for Iraq in June 2005.

As for the idea of anti-government forces attending, Powell said, "you can't have terrorists going to a conference." He also said he didn't think his French colleague "ever suggested that it would be a conference that would include people who are actively fighting against the [Iraqi] government."

In the wide-ranging interview, the secretary of state dealt with other issues, including:

– Iraq's security situation: Iraqi and coalition forces are having a tough time right now, Powell said. The increase in violence, though, was expected, he said, since former regime remnants and foreign terrorists want Iraq's foray into democracy to fail. He expressed confidence that Iraq will hold elections in January 2005.

– Syria-Iraq meeting: Powell said the Syrian and the Iraqi interim governments – along with U.S. military officials representing the Multinational Force-Iraq – reached agreement September 29 on issues concerning the flow of foreign terrorists over their shared border, as well as steps to enhance sharing information and intelligence. He called it a positive step forward, but said the real test will come in judging Syria's subsequent actions.

– Iran/IAEA: Powell deferred comment on the Russian government's reported statement on Iran's noncompliance with International Atomic Energy Agency (IAEA) concerns, saying that the main issue is what the IAEA Board of Governors will say in November.

– North Korea: He said the Pyongyang regime has not lost, but only delayed an opportunity to achieve its goals in the six-party talks by not agreeing to the next set of meetings.

– Sudan: Powell said the important near-term goal is to "provide the wherewithal" for the African Union to send several thousand more troops to Darfur, so that their presence can stabilize and pacify the situation.

– Cat Stevens' immigration problem: Powell said there is an investigation into why former singer once known as Cat Stevens – now Yusuf Islam – recently was denied entry to the United States.

– Libya: Powell said he had no current plans to visit Libya, but that he was encouraged by Libya's pledge to scrap its weapons of mass destruction programs. Still, he said Libya remains on the list of states sponsoring terrorism.

Following is the transcript of Powell's interview:

U.S. DEPARTMENT OF STATE
Office of the Spokesman

Interview by Agence France Presse's Matt Lee and Christophe de Roquefeuil

Secretary Colin L. Powell

Washington, D.C.
September 29, 2004
(2:10 p.m. EDT)

MR. LEE: Thanks for sitting down with us.

SECRETARY POWELL: My pleasure.

MR. LEE: Go ahead, Christophe. You won the draw [i.e., you get to ask the first question].

SECRETARY POWELL: Christophe?

MR. DE ROQUEFEUIL: Thanks for seeing us today. First question on Iraq: Last week you announced an international conference on Iraq. Can you be more specific about the date, place for this conference? And also, I saw that the French government said that this conference should discuss, or begin to discuss, a possible withdrawal of the American soldiers from this country; and so the French are suggesting that the Iraqi insurgents should participate in this conference. What do you think of this -- about this?

SECRETARY POWELL: Let's start with the first point. I mentioned the conference at a number of points last week [at the United Nations], but it was a conference, really, that had been mentioned earlier by [Iraqi Interim] Prime Minister Allawi. And we have been working with him to arrange such a conference.

He has been going around talking to his neighbors, and then he wanted to bring them together and add the G8 [Group of Eight industrialized nations plus Russia] and perhaps some others to it. And so that's what I was referring to last week. As opposed to announcing it, I -- it was something that had been out there, [that] we had been talking about.

We think it is probably going to be held in the latter part of November. Prime Minister Allawi and his staff are in touch with countries in the region to host it. I think one of the leading candidates would be Cairo, Egypt. And details are being worked [out]. We'll certainly be one of the participants, as a member of the G8, but it is a conference that is now being organized by the Iraqi interim government [IIG].

Purpose? To bring the neighbors together: let the industrialized world, represented by the G8 and perhaps some others -- the Arab League, I expect, would be present, a representative of the Arab League, and a representative of the Organization of the Islamic Conference, and maybe one or two others -- and talk about the situation in the region, and how they all could work together to provide greater stability in Iraq, and assist Iraq as it deals with its challenges, and as it gets ready for elections in January.

With respect to the French government, there was some confusion. I think it's been clarified by the French Foreign Ministry. Monsieur Barnier was not in any way suggesting that talking about withdrawal of U.S. forces was either a condition for the conference, which was reported initially, or necessarily an agenda item for the conference. There is no agenda yet for the conference.

I think what Michel was referring to was the U.N. [Security Council] Resolution 1546, that talks about: a year after the passage of the resolution we review the continued presence of the MNF [Multinational Force -- Iraq]. That's the reference that I think he was making, and I think it got, sort of, picked up in a slightly different way, but the French [Foreign] Ministry has corrected it; although, as I've found, the corrections don't always have the same import as the original story.

With respect to -- and certainly it would not be a conference that would include -- I don't think my colleague ever suggested that it would be a conference that would include people who are actively fighting against the government. If people had laid down their arms, and now wanted to participate in the conference, it would be up to the Iraqi interim government to decide who should represent the Iraqi people; but you can't have terrorists going to a conference.

MR. DE ROQUEFEUIL: Just a follow-up on --

SECRETARY POWELL: Nor did I read that into any of the French remarks. I didn't think that's what they said.

MR. DE ROQUEFEUIL: Right. Just to follow up on Iraq, what's your assessment of the security situation in this country? I saw a survey published this morning in The New York Times, very pessimistic about the number of attacks occurring in --

SECRETARY POWELL: It's a difficult environment. And some parts of the country are reasonably quiet, very quiet, and reasonably secure, quite secure. Other parts of the country are seeing increased activity.

The Sunni Triangle remains the center of the insurgency and has to be dealt with, and we anticipated and said, I think, at the time of transition that the insurgents would do everything they could: one, to keep there from being a smooth transition to an interim government; and they would do everything to try to keep successful elections from taking place, because successful elections mean that the Iraqi people have spoken. And the Iraqi people said, "These are the people we want to be our leaders, not these guys who are putting car bombs out in the streets every day and killing innocent civilians, and killing police who want to sign up to be policemen, or who are destroying the property and facilities and the hopes and dreams of the Iraqi people."

So we knew this would be a tough time, and it is a tough time. But I'm also confident that with the efforts of our multinational forces and with the continued buildup of the Iraqi security forces under the direction of General Petraeus, we'll get on top of it. And we're going full [speed] ahead for elections by the end of [January] 2005. And we're working with the United Nations, working with the Iraqi interim government, and we are now starting to take those steps necessary to organize ourselves for those elections.

MR. LEE: As a related question, you got an agreement today in Damascus with the Syrians, the Iraqis on the (inaudible) of the MNF. I'm wondering if you can elaborate a little bit more on what the Syrians have agreed to do. I assume you're pleased at this as long as they follow through with evidence that they've got.

And also, we have two days from now -- the [U.N.] secretary general [Kofi Annan] is supposed to present his report on Syrian compliance. Is there any way that they can pass the test, as it were, in the next two days?

SECRETARY POWELL: Well, I think they're two separate things.

MR. LEE: Right.

SECRETARY POWELL: The U.N. resolution, I think I'll wait for the secretary general to report before characterizing what score the Syrians get on their compliance with the resolution; but I hope it's a tough report. I hope it's a report that makes it clear that the international community is expecting more compliance than we have seen so far; but I'll withhold judgment until we've seen the report.

Separate and distinct from that: in Damascus, we have had tripartite meetings. A number of understandings have come out of this meeting, with respect to commitment with the IIG and the coalition and the Syrians to stop illicit activity across the [Iraqi-Syrian] border, and to take a number of other measures that would enhance cooperation: sharing of information, sharing of intelligence.

I don't have the whole list in mind, I'm sure Richard [Boucher, State Department spokesman] will get it in the next day or so for you. But I think it is a positive step, but what really matters is action and not just an agreement. But the fact that the Syrians, the Iraqi interim government, and the Multinational Force -- to include U.S. generals -- actually sat down in Damascus to go over these matters; I think we should say it is a positive step forward.

Now, what we have to see is action on the part of the Syrians. They have also taken a few other steps -- with respect to financial activities and intelligence activities -- that I also find positive; but what really counts is completed action, not intentions.

MR. LEE: And what about Hamas and PIJ [Palestinian Islamic Jihad]?

SECRETARY POWELL: I don't have anything to report on that, except that [Syrian] Foreign Minister Shara and I had a very thorough discussion of this last week, and I know that they are examining the situation. And they had some ideas, but we'll see whether any of these ideas bear fruit.

MR. DE ROQUEFEUIL: On Iran, this morning the Russians have said that they still don't think that the case, the Iranian case, belongs to the [U.N.] Security Council. And you're still arguing to bring this thing to the Security Council next month?

SECRETARY POWELL: Well, we thought -- we thought it should have gone to the Security Council last year; but at this point, it's not that important to analyze what the Russians think or what the Americans think. What the Board of Governors of the International Atomic Energy Agency [IAEA] thinks is that Iran has to come into full compliance with its obligations, and that Iran should consider the position that it is in. And the 35-member board of the IAEA says that when they examine this again in November, they'll have to make a judgment as to whether Iran has complied or not.

And I think if the judgment is no, and Iran has not satisfied the community, there will be more of a consensus to refer to the Security Council than there was this month. And so we will see.

MR. DE ROQUEFEUIL: Do you think you can get unanimity on this?

SECRETARY POWELL: I don't know. We'll see.

MR. DE ROQUEFEUIL: Will you go for a vote --

SECRETARY POWELL: I think -- of course we'll go for a vote. We always go for a vote at an IAEA meeting. But I can't tell you now because, one, I can't see into the future, and I don't know what the Iranians might do between now and then.

It is really not what we do: it's what the Iranians do between now and November that will decide what happens in November.

MR. LEE: Barring the overnight creation of some kind of time machine or a transporter device, it seems like the six-party talks [on North Korea's nuclear weapons program] aren't going to happen in September -- resumption of them. What have the -- what have the North Koreans squandered by stalling? And for whatever reason they offer, I mean, do they think they're going to get a better deal if there's a change in [the U.S.] administration here than they -- or whatever. But what have they -- where have they missed out?

SECRETARY POWELL: I think they've lost an opportunity, or they're delaying an opportunity -- it's not a lost opportunity, but certainly a delayed opportunity -- to work with the international community to achieve the goal that all six parties agreed to, and that is, denuclearization of the peninsula.

I think what they're also delaying is an opportunity for the international community to give them what they've asked for: a security agreement; and to provide them assistance with their internal economic needs, whether it's in the form of fuel from some of the countries -- initially, not us -- or other economic assistance.

So all of that, I think, is put into abeyance, and what is causing them to delay: One can speculate on all one wishes to. People think it's because of our election. There are other scenarios that there have been some internal debates, and other problems of a personal nature, inside the regime. I don't know. But the United States stands ready, with the other members of the six-party framework, to pursue this.

We believe that a diplomatic solution is possible. The president has made it clear that that's what he seeks. He wants to help the North Korean people in their time of need. We want and must have a denuclearized peninsula, and we have no intention of invading or attacking North Korea and -- notwithstanding their repeating the case constantly -- no hostile intent.

MR. LEE: Right. Well, you're meeting with the Chinese foreign minister tomorrow. I mean, do you expect to talk about the new kind -- new dates or new ideas?

SECRETARY POWELL: I don't know. I don't know that we have any new dates immediately in mind. We'll have to wait and see.

MR. LEE: What was it -- to go to -- to move onto -- yesterday, in this interview with Michael Reagan, you talked about how you were disappointed that the United States has been the only country that had come out of Darfur and said that, determined that -- had made a genocide determination. In your, I mean, if you had your way, what would the others, including the Europeans, what would they be doing with respect to -- with this issue?

SECRETARY POWELL: Well, as I said when I made the determination that it was genocide, that it doesn't generate any additional action. It generates additional political pressure and elevates the degree of seriousness and rhetoric, but everybody ought to be doing what they can now, no matter what you call it. The European parliament, I believe, said that it was genocide. Or I think it was the European Assembly -- which you'll check [for] me.

And so there is at least some understanding in European circles that this is a proper description of what's happening; and the [U.N.] secretary general is forming a group to go examine this and come back with a recommendation for the [Security] Council, as required under the Convention, the Genocide Convention.

The most important thing we need to be focusing on right now, and over the next days and weeks, is providing the wherewithal for the AU [African Union] to dispatch additional forces to the region, to serve as monitors and protectors of monitors. And by so doing -- several thousand more -- create a greater presence throughout Darfur, so we can see what's going on. And I think that very presence will deter a lot of what is happening.

And we should continue to press the Sudanese government to do everything they can to bring the Jingaweit [i.e., Arab militias in Sudan attacking Sudanese black populations] and others under control, and also press to get the discussions restarted in Abuja after this adjournment -- that they're under way. Keep pressing for a north-south agreement at Naivasha, and that's showing a little more promise. And continue to fill the pipeline.

But the concerns about massive, widespread famine have been dealt with, because the pipeline is open and food is moving in. Disease is still a problem. Childhood dysentery is a particular problem. Clean water, sewage -- those are the kinds of things that we know how to do, and I would encourage all of my European colleagues to do as much as they can, and more than we all have. And this was a consistent message I gave. When I met with the EU [European Union] last Wednesday, I even changed the agenda -- I asked to change the agenda of the meeting, so that we could put Sudan No. 1: not Iraq, not Iran, but Sudan. And they all agreed, and I think I got solid support from [Netherlands Foreign Minister] Ben Bot and the EU.

MR. LEE: But when you spoke of disappointment, what were you --

SECRETARY POWELL: Disappointment is: I wish other people would have come to the conclusion we did -- that it constitutes genocide -- and maybe that would have ratcheted up more pressure on the regime.

MR. DE ROQUEFEUIL: I have a question on oil. How worried are you about the situation on the oil markets and the increase of the price of oil? Is it something --

SECRETARY POWELL: Did you say Korea? I'm sorry.

MR. DE ROQUEFEUIL: No, no, oil. Excuse me.

SECRETARY POWELL: Oil.

MR. DE ROQUEFEUIL: The oil markets and the rising of the price of oil on the international markets: is it something you are discussing with other countries, with Saudi Arabia, with OPEC countries?

SECRETARY POWELL: We -- it's a matter of continuous discussion. As you know, the president took some action last week to make available for sale some of the oil that is in our SPR, Strategic Petroleum Reserve. And I saw that the Saudis have made some announcements recently that they would "up" their production to somewhere around 11 -- 11 1/2 -- million barrels per day. And so we are in constant discussion with the oil-producing nations. We are watching with interest the disturbances that are taking place in the Niger Delta of Nigeria, and I had a conversation with President Obasanjo about that last Thursday evening. And, so yes, we do stay in touch with them.

It's the Secretary of Energy, Mr. [Spencer] Abraham, that tends to follow this a little more closely than I do.

MR. LEE: OK I'm -- I've got little time. I've got just, you know, very -- three very brief things. Two are --

SECRETARY POWELL: You say you want three very brief answers?

MR. LEE: Sure, if you want to give them.

The first one has to do with two U.N. staffing questions, which, one on the IAEA: I've heard [Director General Mohamed] ElBaradei is going -- wants to serve a third term and in the past, the U.S. has been opposed to anyone, sort of, whether they --

SECRETARY POWELL: Yeah, we think that the -- I think it's called the Geneva Rule -- it's a good rule.

MR. LEE: So you would not support his --

SECRETARY POWELL: We think the Geneva Rule is a good rule: two terms. We think it's a good rule. It's been, it's been not -- it's been not followed in the past on many occasions, more often than not.

MR. LEE: Right.

SECRETARY POWELL: But we still think it's a good, useful rule.

MR. LEE: In this specific case?

SECRETARY POWELL: We will make our judgment on specific cases when the time comes to make judgments on specific cases.

MR. LEE: OK, well, I -- because then, but, when you say you think it's a good rule, no exceptions to it?

SECRETARY POWELL: I've told him that. You know, Mohammed knows that, we talked about it, I think it's a good rule. He's free to offer his candidacy, yeah.

MR. LEE: Right. OK, but you -- we, I won't ask you that.

And then at the U.N. --

SECRETARY POWELL: As you know, Matt, we wait until we have such votes before we decide.

MR. LEE: Right. But the ASEAN [Association of Southeast Asian Nations] countries have put forward a Thai foreign minister as a candidate, and you didn't --

SECRETARY POWELL: I noticed that.

MR. LEE: -- to be the next secretary general, and so Kofi Annan, your friend is up for his term is up for -- his term is up in a couple of years, or a year-and-a-half from now, or something. Same question.

SECRETARY POWELL: I know the minister very well, as you know. He is -- I consider him not only a dear colleague but a good friend. And I'm pleased that he would offer himself up for service, and I'm not surprised. In fact, I congratulate him and ASEAN for ASEAN standing behind him. But it's premature to make judgments on this matter. We don't know what the full universe of candidacies might be, and this is some time in the future.

MR. LEE: OK, and then, in this interview --

SECRETARY POWELL: And he -- I knew he was going to do it.

MR. LEE: The Thais always want their hand in WTO World Trade Organization].

SECRETARY POWELL: Well it's, these are --

MR. LEE: In the interview you did earlier, you made mention of a review -- you have to review the Cat Stevens and Ramadan [border enforcement] cases.

MS. MILLER: Al-Jazeera.

SECRETARY POWELL: When did I say that?

MS. MILLER: Al-Jazeera.

MR. LEE: This morning.

MS. MILLER: Al-Jazeera.

SECRETARY POWELL: Yeah, oh, at Al-Jazeera?

MR. LEE: Yeah. What -- is there a review going on that you're aware of?

SECRETARY POWELL: I think it's always important when you have cases where there -- people have questions, whether or not the right choice is made, not only for celebrities such as Mr. Stevens, or Yusuf Alia [sic] as he calls himself now.

MR. DE ROQUEFEUIL: Yusuf Islam.

SECRETARY POWELL: Islam. I'm sorry. Yusuf Islam, but also -- and Mr. Ramadan, a very prominent individual -- but for the average citizen coming across [who] gets stopped. I, on a regular basis, whenever these cases come in -- and they do come in on a very regular basis -- my staff will tell you that I look into them to see if we have done the right thing, because we want to secure our borders, but we want also to make sure that we remain an open nation. And so these two particular cases were asked of me on Al-Jazeera this morning. I said we're reviewing them to see -- to make sure the basis upon which they were denied admission was a sound basis.

MR. LEE: That review is still underway?

SECRETARY POWELL: Hmm?

MR. LEE: That review, as far as you know, is still underway -- is that here, or is it at DHS [U.S. Department of Homeland Security], or who does --

SECRETARY POWELL: It's a combination. It's my office, Homeland Security, intelligence agencies: whatever the source of the information was that caused our "watch list" to suggest that these two individuals should be denied entry.

I think we have that obligation to review these matters, to see if we got it right. And I do that for average citizens. If you checked my mailroom, they -- you know, there's always somebody. I'm saying: It's not special treatment for anybody.

MR. LEE: Right. The conference that Christophe was talking about before: You have no problems with the Iranians being there, sitting down with Mr. Kharazi and --

SECRETARY POWELL: Neighbors. No, I, I -- remember 6 plus 2 [i.e., multilateral meetings about Afghanistan that included the United States and Iran]?

MR. LEE: Right. So: not a problem? Well, what about, then, the -- are relations with Libya warm enough to the point where you might consider visiting Tripoli?

SECRETARY POWELL: Everybody else is. (Laughter.) But I don't have any immediate plans to visit Tripoli. Mr. [Assistant Secretary of State for Near Eastern Affairs William] Burns is taking care of travel requirements.

MR. LEE: Could you see yourself going there at some point?

SECRETARY POWELL: Sure. Why not? But I don't have any plans now. Libya is still on our list of terrorist states. I must say that I'm pleased at the progress we have made, with respect to weapons of mass destruction and, we ended Phase Three of our "game plan." And I think there's much more that Libya has to do. There are some outstanding issues with respect to Saudi Arabia and Libya; and so I have plans to visit Libya.

MR. LEE: OK. You have visited Syria and Sudan, which are also on [the list of state sponsors of terrorism]: Isn't that true?

SECRETARY POWELL: Yes; I didn't say that it was disqualifying. What I said was: There are still outstanding issues, and I have no plans to visit Libya. And I did meet the foreign minister -- the first meeting between two foreign ministers, we have now verified it's 25 years [since the last meeting of U.S. and Libyan ministers].

MR. LEE: It wasn't since '69?

MR. BOUCHER: October 4, 1979.

SECRETARY POWELL: '79. Cyrus Vance.

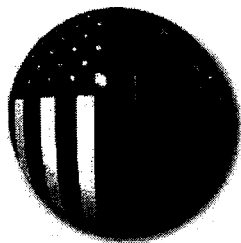
MR. LEE: Ah, who also went to Syria.

SECRETARY POWELL: I think it was the same trip. (Laughter.)

MR. LEE: Thank you very much.

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[Return to USEU Homepag](#)



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Back

2004-08-27

GLOBAL REGULATORY SYSTEM FOR CHEMICALS UNDER REVIEW

The U.S. Environmental Protection Agency (EPA) is asking for public comment on the agency's plan to implement a proposed global system for regulation of the world's chemical business, an enterprise valued at than \$1.7 trillion annually.

The EPA announced August 26 the publication of a research paper outlining its proposals for implementing the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). The intent of the GHS is to end the nation-to-nation disparities in chemical labeling and create a unified system for chemical manufacturers to follow as they advise users about the potential hazards in the use of products.

In a "Question and Answer" document describing the background and purpose of GHS, EPA says the new system has been under negotiation for more than a decade after endorsement of the concept by the international community at the 1992 U.N. Conference on Environment and Development, also known as the Earth Summit.

The proposals are available for review at <http://www.epa.gov/oppfead1/international/globalharmon.htm>

Following is the text of the EPA "Question and Answer" document:

U.S. Environmental Protection Agency

Pesticides: Regulating Pesticides

Questions & Answers

EPA Seeks Comment on Plans to Apply New Global System to Pesticide Labels

1. What is the Globally Harmonized System of Classification and Labelling of Chemicals?
2. Why is EPA publishing a White Paper?
3. Why was the GHS developed, and why is EPA planning to adopt it?
4. How has the U.S. been involved in developing the GHS?
5. How long will it take to change pesticide labels?
6. On what, in particular, would EPA like people to comment?

For decades countries have used different systems for informing workers and consumers about physical, health and/or environmental hazards associated with the use of chemicals. Such disparities can create barriers for companies engaged in international trade and cause confusion and potential risks to people because of inconsistent labeling. To address these problems, the U.S. and other governments and stakeholders have worked together to develop a harmonized international system. EPA is requesting comments on a white paper that outlines the Agency's initial plans for applying the new system to pesticide labels. This document provides answers to general questions about these plans and the new classification system.

1. What is the Globally Harmonized System of Classification and Labelling of Chemicals?

The Globally Harmonized System of Classification and Labelling of Chemicals, or GHS, is a logical and comprehensive approach to defining chemical hazards, classifying chemicals based on the best available data, and communicating hazard information on labels and safety data sheets. It was developed through years of international negotiations and is based on harmonizing the approaches taken in the

major existing classification systems used throughout the world. The GHS sets out hazard classification criteria and key label elements, including symbols, signal words ("danger" or "warning," depending on the severity of the hazard), and hazard statements (such as "causes skin irritation").

2. Why is EPA publishing a White Paper?

As the Agency responsible for regulating the use, sale, and distribution of pesticides in the United States, EPA maintains criteria for classifying and labeling pesticide products. EPA is planning to revise its policies to be consistent with the internationally harmonized system. Given the size and scale of the pesticide market in the United States and the importance of label review in the U.S. system of pesticide regulation, EPA recognizes that significant effort and time would be required to implement GHS label changes and conduct effective outreach and education activities. Implementation would also require continued coordination at a national and international level. EPA foresees this process occurring in multiple stages over several years. The white paper outlines EPA's current thinking and invites public comment on how to implement the GHS in ways that will maximize the benefits of harmonization while minimizing the burden on stakeholders and the agency.

3. Why was the GHS developed, and why is EPA planning to adopt it?

The production and use of chemicals is fundamental to all economies. The global chemical business is more than a \$1.7 trillion per year enterprise. In the United States alone, chemicals constitute more than \$450 billion in business, and exports exceed \$80 billion per year. The United States, like many other countries, has developed systems for providing information on hazardous properties and control measures aimed at ensuring the safe production, transport, use, and disposal of chemicals. Existing systems are not always compatible, however, and often require multiple labels and safety data sheets for the same product both within the United States and in international trade. Consequently, users may see inconsistent label warnings or safety data sheet information for the same chemical. Companies involved in international trade need to follow multiple regulations regarding hazard classification and labeling depending on where they do business. In addition to being costly and time-consuming, this complicates compliance efforts and can result in barriers to international trade in chemicals.

The GHS was developed to address these problems by bringing greater consistency to chemical hazard classification and labeling, without reducing the level of protection afforded by existing systems. The major goals of the GHS are to promote safer handling, transport and use of chemicals and to reduce unnecessary barriers to trade. The intent is that countries that already have classification and labeling systems will adapt them to be consistent with the GHS, and that countries that do not now have well-developed regulatory systems will adopt the GHS as a first step toward development of more comprehensive national strategies for the sound management of chemicals. EPA believes that pesticide users and producers will benefit from greater harmonization of our requirements with those of other agencies and countries, and that adoption of the GHS will both advance our public health and environmental protection goals and reduce trade barriers that confront U.S. companies.

4. How has the U.S. been involved in developing the GHS?

The United States has taken a leadership role in GHS negotiations for more than a decade, beginning with the international community's endorsement of the development of "a globally harmonized hazard classification and compatible labelling system, including material safety data sheets and easily understandable symbols" at the 1992 United Nations Conference on Environment and Development (UNCED, or the "Earth Summit"). In addition to EPA, key U.S. agencies involved in development of the GHS include the Occupational Safety and Health Administration, the Department of Transportation, and the Consumer Product Safety Commission, as well as the State Department and other agencies interested in the international and trade aspects of the system. U.S. industry stakeholders and representatives of workers in the chemical industry also participated and joined in the consensus which led to formal adoption of the GHS by the United Nations Economic and Social Council in July 2003.

5. How long will it take to change pesticide labels?

Given the size and scale of the pesticide market in the United States and the importance of label review in the U.S. system of pesticide regulation, EPA recognizes that significant effort and time would be required to implement the GHS label changes and conduct effective outreach and education activities. After labeling rules and policies change, there would need to be time for a transition to the new labels. Implementation will also require coordination at a national and international level to avoid unnecessary disruptions. EPA foresees this process occurring in multiple stages over several years. At the international level, bodies such as the World Summit on Sustainable Development and the Asia-Pacific Economic Cooperation forum have set goals for GHS implementation in the 2006-2008 time frame. This is a very ambitious goal for pesticides.

6. On what, in particular, would EPA like people to comment?

EPA will consider all comments submitted by the public. The Agency is especially interested, however, in hearing from our stakeholders on the following questions:

-- What are your views on the options presented for GHS implementation mechanisms? Are there additional considerations you believe EPA should take into account?

-- Do you have recommendations on additional regulations, in addition to 40 CFR 156, which you believe may warrant review and possible

revision in connection with GHS implementation?

-- Would you favor a voluntary pilot project to permit GHS label revisions before final rules are in place? If so, what criteria would you propose for participation in the pilot?

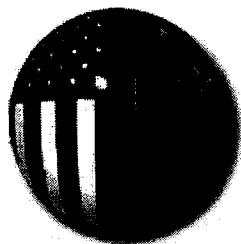
-- What time frames would be reasonable for the various steps involved in implementation, consistent with international implementation goals?

-- Do you have suggestions for work-sharing with NAFTA Technical Working Group partners and/or states, or for making the process more efficient?

-- What are the most effective steps that EPA can take in terms of outreach and education?

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[Return to USEU Homepag](#)



United States Mission to the European Union

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Back

2004-09-21

UNITED STATES ASKS TRADE ORGANIZATION TO ACT ON EU CUSTOMS RULES

The United States filed a case with the World Trade Organization (WTO) September 21 requesting consultations with the European Union (EU) on the issue of EU customs laws and regulations.

A lack of uniformity in customs administration across the EU has caused burdens on American exporters, particularly smaller businesses, according to a press release issued by the Office of the U.S. Trade Representative (USTR).

WTO rules require its members to administer customs laws "in a uniform, impartial and reasonable manner" and to provide tribunals "for prompt review and correction of administrative action relating to customs matters," USTR said. "The United States considers that the EU fails to meet either of these requirements."

The first step in a WTO dispute is to request consultations. If the consultations do not resolve the dispute, the United States may seek the formation of a dispute settlement panel.

American firms exported \$155.2 billion worth of goods to EU member countries in 2003.

Following is the USTR press release with background information on the WTO case:

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20508
<http://www.ustr.gov>

U.S. FILES WTO CASE AGAINST EU OVER EUROPEAN CUSTOMS SYSTEM

WASHINGTON -- United States Trade Representative Robert B. Zoellick announced that the United States today is filing a World Trade Organization (WTO) case against the European Union regarding EU customs laws and regulations.

At issue is the fact that many important aspects of customs administration in the EU are handled differently by different member State customs authorities, resulting in inconsistencies from State to State. Although the EU is a customs union, there is no single EU customs administration. Lack of uniformity, coupled with lack of procedures for prompt EU-wide review, can hinder U.S. exports, particularly for small to mid-size businesses.

"We will continue to work with the EU to try to resolve our concerns over their customs administration," Zoellick said. "Today our exporters face a common market with non-common customs practices. We hope that the consultations we have requested today will help address some of the problems faced by U.S. exporters, and in the process strengthen the integration of the EU. We look forward to working with the new EU Commission on these issues, which we recognize cross various jurisdictional and bureaucratic boundaries. We hope there is an opportunity to combine uniformity throughout the EU with Europe's effort to integrate its ten new members."

WTO rules require WTO Members to administer their customs laws in a uniform, impartial and reasonable manner. They also require Members to provide tribunals for prompt review and correction of administrative action relating to customs matters. The United States considers that the EU fails to meet either of these requirements.

Variations in the way that goods are treated by the different EU member States can cause problems that burden all traders. These problems are compounded by an inability to obtain prompt EU-wide review of national administrative decisions. An importer or other interested party has to wend its way through national administrative and/or judicial appeals before obtaining an authoritative determination from an EU-level tribunal.

The first step in a WTO dispute is to request consultations. If the consultations do not resolve the dispute, the countries that requested consultations may seek the formation of a dispute settlement panel. Dispute settlement procedures, including appeal, typically take about 18 months.

Background:

The lack of uniform customs administration by the EU affects U.S. producers, farmers, and exporters in a number of important ways. For example, goods may be classified differently and thus be subject to different tariffs depending on the EU member State through which they are imported. Similarly, a U.S. exporter may be able to obtain binding guidance in one member State on how its goods will be valued for tariff calculation purposes. But the exporter may not be able to rely on that guidance in another member State; indeed in some member States the exporter may not be able to obtain binding valuation guidance at all.

These problems fall particularly hard on small and mid-size businesses, which often lack the resources to work their way through member State and EU bureaucracies in order to reconcile inconsistencies in classification or valuation in different States.

There are three reasons for requesting WTO consultations now. First, the EU has just recently expanded from 15 member States to 25 member States. The trade barrier inherent in lack of uniform customs administration expanded when the new member States joined in May. As an indicator of the level of trade potentially affected by this barrier, it should be noted that U.S. goods exports to the EU-25 totaled \$155.2 billion in 2003. By pressing this issue now, we hope to address this problem early in the EU's process of dealing with the challenges of enlargement.

Second, enhancing trade facilitation is a key part of the Doha Development Agenda. The United States expects that pressing a major player in world trade to administer its customs laws and regulations in a uniform manner will help to advance that part of the agenda.

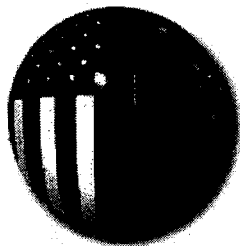
Third, over the past months we have tried to work with the Commission to address the concerns of U.S. exporters. Although Commissioner Lamy and his staff have tried to help with individual problems, it has become clear that the allocation of authorities within the EU and even the Commission has precluded achieving the necessary systemic solutions.

Neena Moorjani, Press Secretary, Office of the United States Trade Representative, Executive Office of the President, Tel: 202-395-3230, Fax: 202-395-6121, www.ustr.gov

Contact: USTR: Richard Mills / Neena Moorjani (202) 395-3230

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[Return to USEU Homepag](#)



United States Mission to the European Union

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Back

2004-06-23

U.S. VOICES CONCERNS OVER LATEST EC CHEMICALS PROPOSAL

The United States believes that the European Commission (EC) has made "limited improvements" to its latest proposal to regulate chemical substances, but that despite "a number of welcome modifications," the proposal does not yet offer a realistically workable solution for ensuring "robust protection" of the environment and human health.

The EC proposal is intended to regulate the registration, evaluation and authorization of chemicals and is commonly known as REACH.

The United States spelled out its concerns about REACH in a 59-point document submitted June 21 to the World Trade Organization (WTO) committee on Technical Barriers to Trade (TBT).

The document says the United States "appreciates and understands" the EC's interest in collecting data on chemicals currently in use, in facilitating the introduction of new, cleaner and safer chemicals, and in improving its system for regulating chemicals. At the same time, however, the latest EC proposal – issued in October 2003 – "still appears to adopt a particularly costly, burdensome, and complex approach" that could "prove unworkable in its implementation, disrupt global trade, and adversely impact innovation."

The U.S. document also notes that some national European governments "have articulated similar concerns about the workability and uncertain economic implications" of the REACH approach. In particular, it says, Britain, France and Germany have stated that the proposal is "too bureaucratic," "unnecessarily complicated," and that "it will as a result not be workable in practice."

Washington has commended the EC for simplifying regulatory treatment for selected chemicals, such as polymers, but says REACH would impose "an administratively burdensome regulatory regime" on thousands of other chemicals "that are unlikely to pose any significant risk to health or the environment."

It urges the EC to consider adopting a simpler and more cost-effective approach "while relying on a science-based decision-making framework."

A major U.S. concern involves the effect of REACH on transatlantic trade, because the regulations would apply to a majority of U.S. exports to the European Union (EU) – valued at over \$150 billion in 2003. Among the key sectors affected would be textiles, pharmaceuticals, electronics and automobiles.

Another concern involves the effect of REACH on small and medium-sized enterprises (SMEs). The United States says the proposal "places all SMEs at a distinct disadvantage because most do not have the resources or the capital to meet REACH's administrative requirements."

The U.S. document also cites concerns over the possibility that the EU approach to assessing chemical risks will supplant ongoing international efforts in this area, the likely negative impact of REACH on innovation, and a potential lack of consistency in implementing and enforcing REACH across EU member states. It asks the European Commission for clarification on all these points.

"The extensive impacts of this proposed regulation on EU and international stakeholders merit a full and comprehensive assessment, based on realistic assumptions as to how the program will be implemented," the document says.

Following is the text of the United States' comments on the REACH proposal:

U.S. Mission to the European Union
Brussels

U.S. SUBMITS COMMENTS ON EUROPEAN COMMISSION'S REACH PROPOSAL TO THE WORLD TRADE ORGANIZATION
TECHNICAL BARRIERS TO TRADE COMMITTEE

Notification G/TBT/N/EEC/52 Regarding European Commission Regulation COM(2003) 644

June 21, 2004

Introduction

1. The United States appreciates this opportunity to comment on the European Commission's proposed Regulation COM(2003) 644 of 29 October 2003, concerning the Registration, Evaluation, Authorization and Restrictions of Chemicals (REACH), which was notified to WTO Members in G/TBT/N/EEC/52 of January 21, 2004 and G/TBT/N/EEC/52/Add.1 of March 10, 2004.
2. We applaud the European Commission (EC) for submitting a WTO TBT notification for its REACH proposal at this stage of the EU regulatory process -- i.e., before the EU Council adopts its common position. This represents a welcome step in providing a more meaningful opportunity for interested WTO Members to provide comments, consistent with the EU's transparency obligations under the TBT Agreement.
3. We urge the Commission to provide a meaningful consideration and response, not just for written comments from WTO Members, but for all substantive written comments it may receive from interested parties in response to this notification. The Commission's constructive Internet consultation on its May 2003 public draft regulation demonstrated clearly that there is strong global interest and concern about this particular draft EU regulation.
4. The United States remains keenly interested in the development of the EU's new, comprehensive regulatory framework for chemicals (REACH). As chemicals are used in some manner in the production or use of most manufactured products, and the full scope for implementation of the regulation is not clear, the current proposal could affect the majority of U.S. goods exported to the EU (over \$150 billion in 2003). With the May 1, 2004 expansion of the EU to 25 countries, the potential impact on US-EU trade will be even greater.
5. The United States shares the EU's interest in ensuring robust protection of the environment and human health. Our societies demand that we achieve these objectives. These are objectives we achieve through our domestic regulation and through our active participation in activities to promote international regulatory cooperation and harmonization in the area of chemicals. We are also engaged in a constructive bilateral regulatory dialogue and technical exchange with the European Commission on approaches to the regulation of chemicals.
6. The United States also appreciates and understands the EU's interest in gaining information on chemicals currently in use, in facilitating the introduction of new, cleaner and safer chemicals, and in striving to improve the EU-wide system for regulating chemicals.
7. We are concerned, however, that the European Commission's draft chemicals regulation still appears to adopt a particularly costly, burdensome, and complex approach, which could prove unworkable in its implementation, disrupt global trade, and adversely impact innovation. The proposal also appears to discount substantial resource constraints facing governments and industry.
8. In our view, despite a number of welcome modifications, the Commission's October 2003 proposal continues to raise fundamental questions about its workability -- and thus its ability to effectively achieve its health and environmental policy objectives. Many U.S. concerns about the Commission's approach, as outlined in our detailed July 2003 comments, remain (see <http://www.useu.be/Categories/Environment/July1003USEUChemicalsComments.html>).

We note that some EU governments have articulated similar concerns about the workability and uncertain economic implications of the Commission's proposed REACH approach. We also note that many of the EU's trading partners continue to stress that the potential adverse consequences of REACH for global trade are enormous. Given the range of concerns expressed in Europe and around the world, it remains essential that the implications of the Commission's proposed regulation be accurately and fully assessed.

Key Elements of Concern

Unworkable Regulatory Approach

9. Despite a number of limited improvements to its proposed regulation, the Commission's October 2003 proposal retains an overly complex and expansive regulatory approach that continues to raise serious questions about the key issue the Commission has stressed in its consultation process - namely the workability of REACH. In our view, the Commission's revised proposal remains difficult, if not impossible, to implement in an efficient and cost-effective manner. An unworkable regulatory approach will not permit the EU to realize its intended health and environmental objectives.
10. While the Commission's proposal now simplifies regulatory treatment for selected chemicals, such as polymers (at least for the near-term) and certain intermediates, it continues to impose an administratively burdensome regulatory regime on thousands of chemical substances and uses that are unlikely to pose any significant risk to health or the environment.
11. We urge the EU to ensure that a robust, science-based regulatory approach is incorporated in REACH. A regulatory focus on substances that are likely to pose the highest risks to human health and the environment would simplify tasks, conserve government and industry resources, and allow the most significant potential benefits to be realized. For example, a more cost-effective approach would be to target substances with the lowest cost per risk reduction.

12. In this respect, we agreed with the concerns expressed by Prime Minister Blair, President Chirac, and Chancellor Schroeder in their September 2003 letter to European Commission President Prodi in which they stated that the Commission's proposed regulation was "too bureaucratic," "unnecessarily complicated," and "that it will as a result not be workable in practice." We believe these observations remain valid with respect to the current REACH proposal.

13. As the EU Council and European Parliament consider the Commission's proposal, we encourage EU authorities to introduce suggestions for alternative mechanisms and techniques that could better target EU resources, set priorities and yield a more cost-effective regulation.

14. Implementation of an overly expansive and complicated approach will prove problematic given resource constraints at the level of the Commission, as well as the Member States. Commission documentation of limited EU testing capacity, for example, underscores the importance of establishing a transparent mechanism for the broad acceptance of data from non-EU test labs and sources. Companies outside the EU will need clear guidance to ensure that data from non-EU labs and sources is widely accepted. Guidance will be particularly important for foreign firms conducting tests in countries which may not be covered by the OECD procedures for mutual acceptance of data.

15. We seek clarity on the conditions imposed on producers or importers for submitting registrations for substances contained in articles. For example, under Article 6 (General Obligation to Register Substances in Articles), how is "article type" defined? How is a producer or importer to interpret the condition "intended to be released during normal and reasonably foreseeable conditions of use?" Likewise, how is a producer or importer to interpret that a substance is "likely to be released during normal and reasonable foreseeable conditions of use, even though this release is not an intended function of the article?" How does the Commission intend to ensure consistency in the interpretation of this Article by Member State customs authorities?

16. We also believe additional clarity is needed with regard to how the cost-sharing arrangements and consortia for registrations/testing would work.

17. The authorization process with its hazard-based approach continues to present a potentially large and complex challenge. Making authorization decisions on a company-specific basis for a significant number of chemicals and a myriad of uses is likely to be difficult and time-consuming. We encourage the EU to consider ways to reduce further the scope, simplify the task, and prioritize review to target chemicals of greatest concern, while relying on a science-based decision-making framework.

18. A question here is whether the authorization process can lead to generic exemptions (e.g., for certain uses) that would apply to all relevant parties, and which would presumably appear in Annex XIII. Although the "Explanatory Memorandum" that accompanies the proposal indicates Annex XIII ("List of Substances Subject to Authorization") can be amended to include additional exemptions per the procedures of Article 130, how that process would work is unclear.

19. We note that under Article 57.8 (Granting of Authorizations), a holder of an authorization "shall ensure that the level of exposure is reduced to as low as is technically possible." Given that it would be possible to reduce exposure to zero by not producing or using the substance at all, it is not clear how this condition is to be interpreted. As a practical matter, how is a holder of an authorization to comply with this provision? What role, if any, does control cost play in reducing levels of exposure?

20. The authorization process should be informed by the data developed under the registration and evaluation stages. The proposal's procedures and timeframe for authorizations should permit data developed under registration and evaluation to be considered by the authorities when making authorization decisions.

21. In the authorization phase, manufacturers and/or importers/exporters would be required to produce information that shows that risks associated with requested uses are adequately controlled or, if the risk is not adequately controlled, whether the use of the substance is socially and economically important, as well as information on alternatives/substitutes. We would appreciate clarification on what constitutes "adequate control," "economic importance," and "social importance" -- and how the EU would intend to ensure consistency in the interpretation of these information requirements.

22. We question whether firms requesting authorizations would have access to data that would be critical to conducting effective analyses (e.g., on competitors' potential alternatives, which often are treated as business confidential). We also question whether firms would have personnel with expertise sufficient to prepare the types of analysis, or with access to appropriate methodologies, that would be needed to provide the bases for public decision making.

23. We believe the authorization section does not result in sufficient information from companies to assess the proper balance of safety, risk, and availability of products (including substitutes/alternatives). For example in Annex XV, where information about socioeconomic analyses is offered, a list of elements that "may" be included in an authorization justification is provided. Furthermore, Annex XV does not suggest that consideration of human health and environmental risk information is included for authorization requests, which raises the question as to the role that risk will play in the authorization process.

Imposes Substantial Costs/Uncertain Benefits

24. The costs to implement REACH would be substantial, yet the Commission has not fully and transparently assessed the economic implications of its proposal. For example, the full impacts on downstream users and the recent entry of 10 new countries into the EU are still being examined as part of a new Commission impact assessment.

25. European studies conducted assessing the economic impacts of REACH on the French and German economies (MERCER and Arthur D. Little, respectively) have underscored substantial potential adverse effects on European economic growth and employment. We understand that other EU governments are now examining the practical implications of implementing REACH at the Member State level. We encourage EU governments to make such assessments public. It is important that these different studies are conducted and compared to get a more informed sense of the implications of the Commission's proposed regulatory approach for national and local government authorities throughout Europe.

Disrupts Global Trade

26. The EC's proposed regulatory approach could adversely impact production and transatlantic trade worth tens of billions of dollars in chemicals and downstream products. Among key sectors the Commission's impact assessment noted could be affected were textiles, pharmaceuticals, electronics, automobiles, and advanced materials. The Commission further noted that serious and very specific impacts could be experienced by users of specialty chemicals, such as makers of semiconductors.

27. Given the widespread use of chemicals as inputs in most manufactured products, the REACH proposal could impact the majority of U.S. goods exported to the EU. To illustrate the enormous potential scope of this regulation on products, the Commission-sponsored business impact assessment (Risk & Policy Analysts (RPA)) stated that 500,000 to 5 million different article types are on the EU market -- with an average of 10-50 substances per article. This proposal could impose burdensome analytic, reporting and administrative requirements on many downstream users.

28. Downstream users of chemicals are especially concerned that this regulatory approach could significantly disrupt complex global supply chains. Manufacturers of chemicals for many applications may halt production where demand does not justify registration and testing costs.

29. Small manufacturers, who account for 95% of the EU's chemical firms and the majority of U.S. firms, would face a relatively larger burden in complying with REACH. We remain concerned about the ability of smaller companies, especially non-EU firms, to comprehend and comply with the administrative requirements of REACH. The proposal places all SMEs at a distinct disadvantage because most do not have the resources or the capital to meet REACH's administrative requirements.

30. Some EU and foreign manufacturers of chemicals and downstream products may simply exit the EU market, reducing competition in the marketplace. Finding ways to reduce regulatory and administrative burdens will be important in assuring continued SME access to this market.

31. We are also concerned about possible disruptions that REACH may impose on importers of chemicals. A typical distributor may import 1400 preparations from outside the EU. Based on the current proposal, such a firm would have to register each substance included in the 1400 preparations if its imports of the substance exceed one ton per year, which could create tremendous demands on the firm's resources. In addition, some of the information required under REACH may not be readily available to the importer, as the chemical producers may be unable or unwilling to provide the information.

32. The Commission's October 2003 impact assessment notes that various projected impacts of the REACH system for downstream users have differed widely. One key factor in estimating the cost of implementing REACH to downstream users is how many chemicals are likely to be withdrawn from the market.

33. While the EC's impact assessment suggests only 1-2% of substances will be withdrawn from the market as a result of REACH, other European studies (e.g., MERCER, Arthur D. Little) estimate substantially higher withdrawal rates (10% or more). Higher withdrawal rates could result in substantially higher costs for implementing REACH.

34. The EC impact assessment also notes that the consequences of the withdrawal of chemicals will be seen in reduced availability -- and possibly performance -- of chemical preparations available to downstream users. The typical chemical preparation may contain a mixture of between 5-500 basic substances, sourced from numerous suppliers. It is therefore likely that the withdrawal of particular substances will lead to the need to reformulate or replace a wider variety of preparations -- involving time and additional costs. The EC study notes, however, that "it is uncertain how widespread such occurrences will be in practice."

35. It is important that the Commission conduct a more in-depth assessment of the implications of REACH for downstream users and global supply chains. In this regard, we are encouraged that the EC is now conducting an improved extended impact assessment focused on the implications of REACH for downstream users.

Departs from Ongoing International Regulatory Cooperation

36. Given the considerable international implications of REACH, we remain concerned that the Commission proposal does not adequately recognize ongoing international efforts designed to assess risks posed by existing chemicals. Many of these programs show considerable promise in achieving their objectives. As we have urged in the past, the Commission approach should supplement, not supplant, these ongoing efforts.

37. We support multilateral efforts in the OECD to promote greater international regulatory cooperation and harmonization in the area of chemicals. We suggest that the Commission approach should be consistent with these international efforts and seek to complement

activities that are underway at the national and international levels to address the testing needs and risks posed by existing chemicals. We are concerned that the Commission's proposal imposes an approach that could undercut progress achieved to date under these other programs, such as the OECD Screening Information Data Set (SIDS) program and the U.S. High Production Volume (HPV) Chemicals Challenge Program.

38. We believe the proposal could negatively impact participation in the OECD SIDS program and the U.S. HPV Chemicals Challenge Program in view of the "robust summary" submission requirement for registrations. Registrants should be required to certify to the authority that they have appropriate access to studies underlying, and used for, the development of technical dossiers.

39. We note that the new emphasis on in-vitro testing is limited by the availability of testing procedures. The EU has recognized this, and is dedicating resources to develop alternative testing methods. However, these may not be available soon. Even when new test methods are developed, using these methods, prior to OECD acceptance, will present issues for compliance under the OECD procedures for "mutual acceptance of data". The process could result in situations where industry would need to do non-OECD tests to meet European requirements and OECD tests for other governments.

Adversely Impacts Innovation

40. Higher compliance costs likely will impact negatively innovation and hinder the introduction into the EU market of more effective and safer chemicals and downstream products.

41. The Commission's assessment of the business impacts (RPA report), for example, states that impacts on innovation are expected to be negative in that both financial resources and staff normally devoted to product development and innovation will instead be focused on addressing the potential for, and impacts of, the withdrawal of substances.

Creates Market Uncertainty

42. We remain concerned that the regulation does not provide sufficient information detailing how decisions will be taken regarding the regulatory treatment of various chemicals. This lack of clarity will likely create uncertainty in the market, affecting not only the chemicals industry but downstream users as well.

43. For example, it is unclear which chemicals -- and which uses -- will be subject to restrictions in the EU once REACH is implemented. Uncertainty is twofold: it stems from the complex and unclear decision-making process involving Member State authorities, the Commission, and the new Chemicals Agency, as well as an unclear/imprecise regulatory standard (i.e., whether or not industry can "demonstrate that the risk from the use of a substance can be adequately controlled or that the socio-economic benefits outweigh the risk.")

44. The Commission should clarify the regulatory standard envisioned for chemicals. Such clarification would assist business decision-making related to innovation and overall supply chain management. Clarification would also assist the EU in its efforts to create a regulation that targets chemicals of greatest concern, and would facilitate evaluation of the costs and benefits of the REACH system.

45. Depending on the specific activity under this draft regulation, the European Chemicals Agency, EU Member States, and/or the Commission are responsible for action. The administrative coordination for this regulation is complex and not entirely transparent for stakeholders.

46. While the EC's October 2003 proposal better defines the responsibilities of the Chemicals Agency, we continue to question how the Member State authorities and the Agency will effectively coordinate their work. There remains a serious potential for needless duplication and a lack of consistency in implementation and enforcement of the regulation across Member States. A lack of consistency in regulatory implementation could undermine the integrity of a single EU-wide market, as well as the EU's health and environmental objectives.

47. A stronger role and strong scientific credentials for the Chemicals Agency could help ensure more coherence and consistency in the implementation of REACH. To increase efficiency and consistency, we continue to believe that the Chemicals Agency should have more complete decision-making powers and accountability throughout the process -- particularly with respect to evaluations and authorizations.

48. We would appreciate further clarification concerning how authorization decisions will be made by the Commission, including how the Chemicals Agency's opinions (Article 61) will be taken into account, as well as what role Member State views might play in the authorization process.

49. In addition, we would appreciate further clarification concerning how the process for deciding on additional substances to be included in Annex XIII (Articles 54 and 56) will work in practice. For example, will there be any opportunity for the public (including NGOs and industry) to provide comments before a decision is taken to include a new substance in Annex XIII?

50. We would also appreciate clarification as to how regulatory actions (such as those referred to above) might be "underpinned by the precautionary principle" (Article 1.3). What scientific information or risk assessments will be required to support such regulatory actions?

51. Moreover, we have noted that the Commission has included an appeals process to address concerns of legal uncertainty. However, it

appears that this appeals process (Article 87) is limited to decisions taken by the Chemicals Agency, and does not extend to decisions taken by the Commission, for example those related to Authorization (Article 57). We would appreciate clarification on the scope for appeals and whether any similar appeal process applies to the Commission's decisions.

52. The draft regulation requires innovating companies who have submitted business confidential test data to the authorities, in order to register a certain class of substance, to disclose these data to their competitors under certain circumstances. In such circumstances, it is not clear that the innovating company has an opportunity to prevent this information from being disclosed. For instance, it appears that where the innovating company is unable to reach an agreement with its competitor to share test data, the Member State Competent Authority will itself disclose the data and require the innovating company to seek compensation from its competitor. We would appreciate any further clarification that the Commission could provide on this issue, and whether there has been any consideration given to the impacts that such an approach might have on innovation within the EU.

53. Further, although the proposed regulation anticipates that companies submitting data can apply for confidential treatment of their data, the standards for what may be considered confidential may be unnecessarily exclusive. Such a standard may not give submitting companies assurance that their confidential data will be protected. We would appreciate more detailed information on how the proposed REACH approach would treat confidential business information to ensure that legitimate commercial interests are protected.

54. We also are concerned that mechanisms for data sharing and mandatory consortia of companies not be imposed in a manner that may create anti-competitive results.

Concluding Remarks

55. While the Commission's October 2003 proposal does reflect limited improvements to its proposed regulation for REACH, in our view, the draft regulation still appears to adopt a particularly costly, burdensome, and complex approach, which could prove unworkable in its implementation, disrupt global trade, and adversely impact innovation. It fails to clarify how and on what basis key regulatory decisions will be taken.

56. To better achieve its objectives, we continue to strongly encourage the EU to: 1) reduce the scope of aspects of the regulation to better focus scarce resources on substances that are likely to pose the highest risks and ensure a robust, science-based regulation; 2) develop an EU approach which supplements -- and does not supplant -- ongoing international cooperative efforts to effectively address the risks posed by existing chemicals; 3) clarify, simplify, and enhance transparency concerning the process by which regulatory decisions will be made; and 4) ensure that the EU regulation's impacts -- both positive and negative -- are fully and transparently assessed. As the EU Council and European Parliament consider and revise the Commission's proposed regulation, these European institutions should also ensure that the approach is fully consistent with the EU's WTO obligations.

57. Given the scope, far-reaching implications and global interest in this extensive regulation, we urge the Commission to provide for meaningful consideration of, and written response to, the substantive comments received. We also urge the Council and the Parliament to consider the comments the Commission receives from this WTO notification. As these bodies deliberate on the Commission's proposal, we encourage them to craft revisions that will improve the cost-effectiveness of the regulation, while minimizing unnecessary adverse impacts on trade and employment.

58. We look forward to reviewing the Commission's improved impact assessment, which is due by the end of 2004, including its assessment of the full impacts on downstream users. The extensive impacts of this proposed regulation on EU and international stakeholders merit a full and comprehensive assessment, based on realistic assumptions as to how the program will be implemented.

59. We also request the Commission to keep the TBT Committee fully informed as this draft regulation continues to move forward through the EU's decision-making process, including providing updates concerning any changes that might be made to the regulation.

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[Return to USEU Homepag](#)



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USTR ZOELICK, COMMISSIONER LAMY DISCUSS DISCUSS AIRBUS, DOHA, CHINA

Date: September 30, 2004

U.S. Trade Representative Robert Zoellick (USTR) and European Union Trade Commissioner Pascal Lamy held talks September 30 to discuss global and bilateral issues including the next steps in the Doha round of international trade negotiations, the rise of China in the world economy, and the importance of working together to protect intellectual property rights (IPR) and combat counterfeiting.

A USTR statement says Zoellick reiterated the position that current European subsidies to the Airbus consortium are unacceptable, and that the United States would "soon make a determination" as to how to end these subsidies, including bringing a case before the World Trade Organization (WTO) "if need be."

Following is the statement:

"USTR Zoellick and Commissioner Lamy met this afternoon for approximately two hours.

"The U.S. and the EU share a strong and vibrant trillion dollar economic relationship that offers many opportunities and some challenges. Both men have a successful track record in managing disputes while continuing to work together to advance a shared agenda. They discussed a broad range of global and bilateral issues, from Doha to China to IPR to the new Commission and EU enlargement.

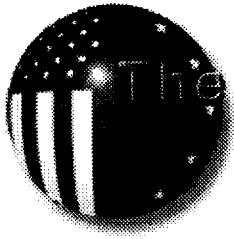
"They compared notes on next steps in the Doha negotiations and talked about ways to build on the good work and momentum generated by the framework reached in July in Geneva. In addition they discussed the rise of China in the world economy, and the importance of working together to combat global IPR piracy and counterfeiting.

"With regards to the Boeing and Airbus issue, they discussed their respective positions on this important issue. USTR Zoellick reiterated the United States' point of view that the status quo is unacceptable. We believe a new agreement is needed that creates a level playing field and ends the unfair support that Airbus receives from launch aid. As the President has said, we think these subsidies are unfair and we will pursue all options to end these subsidies -- including bringing a WTO case, if need be. We will continue to consult with domestic stakeholders and the Congress, along with officials in Europe, and we will soon make a determination as to next steps."

USTR Press Releases are available on the USTR website at www.ustr.gov

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The United States Mission to the European Union

<http://www.useu.be>

Brussels, Belgium

NEW BIOMETRIC AND MACHINE-READABLE PASSPORT REQUIREMENTS FOR EU CITIZENS

Date: Updated September 30, 2004

FACT SHEET: NEW PASSPORT REQUIREMENTS FOR EU CITIZENS

Many EU citizens will soon be affected by several changes concerning the passports they use for travel to the United States and the processing of visitors at U.S. ports of entry.

Beginning **September 30, 2004**, all EU travelers (except those with diplomatic visas, children under 14 years old, and those over 79 years old) will be enrolled in the US-VISIT program when they arrive in the U.S. Previously, only those entering the U.S. with a visa were enrolled in US-VISIT.

As of **October 26, 2004**, travelers must hold machine-readable passports if they are to be admitted to the U.S. without a visa.

WHAT IS THE US-VISIT PROGRAM?

US-VISIT aims to enhance security for American citizens and visitors while facilitating legitimate travel and trade. Foreign visitors will have their two index fingers scanned and a digital photograph taken to verify their identity at major ports of entry. These procedures take about 15 seconds.

US-VISIT entry procedures are currently in place at 115 airports and 14 seaports. By December 31, 2004, the program will be expanded to the 50 busiest land ports of entry, and then to all 165 land ports of entry by December 31, 2005. To date, more than 9.1 million people had been enrolled in US-VISIT at U.S. points of entry with no delays. (More information: [US-VISIT website](#))

US-VISIT AND EU CITIZENS

By September 30, 2004, US-VISIT will apply to all EU citizens, including those who qualify for the Visa Waiver Program (VWP) and may enter the U.S. for up to 90 days using only a passport for business or pleasure, with no visa required. Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Slovenia, Spain, Sweden, and the United Kingdom participate in the VWP. (See more on the VWP below.)

The decision to expand US-VISIT to VWP country citizens was taken after it became clear that most of these states would not be able to meet an October 26, 2004, deadline set by Congress on adding biometric identifiers to their passports. This deadline has now been extended one year to October 26, 2005.

US-VISIT procedures already apply to citizens of EU countries who need a visa to travel to the United States (the Czech Republic, Cyprus, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia) and to those of all EU Member States traveling for reasons other than business or pleasure or those who intend to remain longer than 90 days in the U.S.

HOW US-VISIT WORKS

ENTRY: Many of the entry procedures in place today at air and seaports remain unchanged and are familiar to international visitors. When visitors arrive, they are enrolled in US-VISIT as part of their passport inspection process.

The new, inkless digital "fingerscanner" is easy to use. Visitors first put the left index finger, then the right index finger on a glass plate that electronically captures their fingerscans. Visitors will also look into a camera and their digital picture will be taken. U.S. Customs and Border Protection Officers will review travel documents and ask questions about the visitor's stay in the U.S.

The biometric enhancements to the entry procedures are simple, clean, and add minimal time to the process – an average of 15 seconds in most cases. Biometric identifiers also protect visitors by making it virtually impossible for anyone else to claim their identity should their biometrically enhanced travel documents (such as a visa) be stolen or duplicated.

EXIT: US-VISIT is testing and evaluating departure confirmation alternatives. Ultimately, all visitors will be required to check out before leaving the United States. This exit confirmation information will be added to the visitor's travel records to demonstrate compliance and record the individual's status for future visits to the United States.

RESPECTING PRIVACY

The Department of Homeland Security safeguards the biometric and biographic information provided by travelers and ensures that their privacy interests are not violated. US-VISIT records will be protected in a manner consistent with all applicable privacy laws and regulations. Personal information will be kept secure and confidential and will not be discussed with or disclosed to any person within or outside the US-VISIT program other than as authorized by law and as required for the performance of official duties.

US-VISIT has developed a [privacy policy \(PDF\)](#), a [Privacy Impact Assessment \(PDF\)](#), and a way for visitors to have their records reviewed for the purpose of amending or correcting them based on questions concerning accuracy, relevancy, timeliness, or completeness and if you have any questions or concerns you can contact the [privacy officer \(privacyUSVISIT@dhs.gov\)](mailto:privacyUSVISIT@dhs.gov).

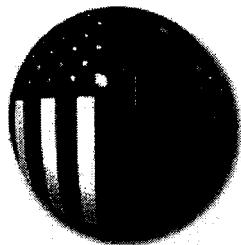
THE VISA WAIVER PROGRAM: PARTICIPATING COUNTRIES AND ELIGIBILITY

The following 27 countries are currently in the VWP: Andorra, Austria, Australia, Belgium, Brunei, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, New Zealand, Norway, Portugal, San Marino, Singapore, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom.

To qualify for VWP participation, a country's refusal rate for non-immigrant visas must average less than 3 percent for the previous fiscal year. VWP candidate countries must also provide reciprocal visa-free travel for U.S. citizens, have a machine-readable passport program in place and demonstrate that they are taking adequate measures to prevent fraudulent use of their passports, and demonstrate that effective border controls are in place for their territory. Other factors taken into consideration include the degree to which the country's law enforcement agencies cooperate with U.S. authorities and international entities such as Interpol, and its political and economical stability.

More at http://travel.state.gov/visa/tempvisitors_novisa_waiver.html and http://travel.state.gov/visa/tempvisitors_novisa_waiver3.html.

▶ Return to USEU Homepage



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Back

2004-10-01

DEVELOPMENT TIED TO DEMOCRATIC REFORM, SECURITY, POWELL SAYS

Secretary of State Colin L. Powell says economic development in poor countries remains a complex and difficult task but inextricably linked to achieving a more democratic and secure world.

In September 30 remarks to the Bretton Woods Committee Conference in Washington, Powell described Bush administration policy aimed at promoting development with the understanding that no single formula fits all countries.

The conference took place in connection with the annual meetings of the International Monetary Fund (IMF) and World Bank in Washington, which continue through October 3. The Bretton Woods Committee is a non-profit group that aims to increase understanding of international finance and development as well the role of the IMF and World Bank.

Powell identified three pillars of the administration's development policy.

"The first of these is a program of economic growth that emphasizes good governance and economic freedom, the key conditions that make possible the success of individual enterprise," Powell said.

Most important for that first pillar, he said, is the Millennium Challenge Account, a supplementary U.S. foreign aid program that rewards developing countries where the governments rule justly, invest in their people and promote economic freedom.

Other aspects of the first pillar, he said, are reducing the debt of developing countries, allowing more transnational movement of workers and allowing those workers to send remittances back to their home countries more easily.

Powell said the second pillar of U.S. development policy is a commitment to social development, including the fight against hunger and malnutrition and the fight against disease, especially HIV/AIDS.

The third pillar, he said, is sound stewardship of natural resources. The Bush administration has initiated 17 major programs to promote sustainable development, he said.

Powell said the administration's development policy is tied to promotion of freer trade and foreign investment regimes.

The U.S. goal is to eradicate poverty, and the vision to achieve that goal embraces democracy, rule of law and economic freedom, he said.

"And we have a strategy that sees economics, politics and security as three parts of a whole," Powell said, "and that combines effective growth methods with social development and sound environmental stewardship."

Following is a transcript of Powell's remarks:

U.S. DEPARTMENT OF STATE
Office of the Spokesman
For Immediate Release
September 30, 2004

REMARKS

Secretary of State Colin L. Powell
Development, Democracy and Security
Bretton Woods Committee Conference

September 30, 2004

Ronald Reagan Building
Washington, D.C.

(1:45 p.m. EDT)

SECRETARY POWELL: Well, thank you all very much. It's a great pleasure to be introduced as the dessert. (Laughter.) Probably the nicest thing I'm going to hear about me for the rest of the day. And I was privileged to be a member of this Committee and I was a member of a number of organizations before returning to government, and they made me resign from all of them, some 52 nonprofit organizations of various kinds and manner -- the Boys and Girls Clubs of America, Howard University, United Negro College Fund and the Bretton Woods Committee. And the only saving grace is I save 250 bucks a year that I no longer have to contribute to the Bretton Woods Committee. (Laughter.)

But I do appreciate being with you today. I'm pleased to be able to extend my gratitude for the Committee's 20th annual meeting, commemoration. The very impressive program that you put together every year is testimony to the intellectual sophistication and well-deserved reputation that the Committee has enjoyed over the years.

I was privileged to address your meeting last year, and before that in 2001, and I look forward to these opportunities.

Today I'm going to focus on our development policies, our development agenda, and how those policies connect to both the promotion of democracy around the world and the promotion of global security around the world.

But we can't talk about global security without discussing terrorism. And the promotion and establishment of democracy is necessary because it is democracy that is the ultimate enemy of terrorism and that which will eventually defeat terrorism.

We've recently passed the 3rd anniversary of 9/11. We have been fortunate that our nation has not been struck again in the manner we were hit on 9/11. And I believe, therefore, that we're safer as a nation today than we were then, but we're not yet safe. But under the President's leadership we have tightened our borders, but without compromising the openness that defines us as a society.

This has been quite a challenge for me and for Secretary Tom Ridge and Attorney General Ashcroft to make sure that we know who's coming into our country, to make sure that we have visa and identification policies in place that protect us, and also protect those who are visiting here, the traveling public. But at the same time, we would lose who we are, we would fail to communicate to the world the nature of our society, if we got so tough with these restrictions that people cannot come to our country.

It's a problem that Tom and John and I and the President especially have been dealing with, trying to find the right balance. And in recent months we have increased the interconnectivity of our databases, we have done more with respect to making it easier to get the interviews needed to come into the country, we have worked with our Transportation Security Agency people and Homeland Security people to make it easier to pass through our airports.

And I hope that the world will see that the United States is as open as ever. We are a nation that touches every nation, we are touched by every nation, and it is essential that we always be seen as a nation protecting itself but welcoming the rest of the world to come visit, to come learn, participate in our business activities, go to our universities, come to our hospitals, go to Disneyworld, that whatever you choose to do in this country, know that you are welcome.

And so we are safer because the President's instructed us to make sure that our borders are secure and, at the same time, we remain open. We've created a Department of Homeland Security and we're now in the process of creating a National Intelligence Director in order to make sure that we are doing the best job we can to protect ourselves and to use the intelligence that we get in the best way possible.

We've achieved unprecedented intelligence and law enforcement cooperation not only here within the United States but with dozens of countries around the world, and not just to fight terrorism, but also to stop the proliferation and the transfer of weapons of mass destruction to keep such weapons from ever falling into the hands of terrorists, those who mean us harm.

And we've led coalitions, proudly led coalitions that have unseated two detestable and dangerous regimes: the Taliban in Afghanistan and Saddam Hussein's reign of blood and terror in Iraq. We've freed 55 million people from lives of fear, repression and stagnation.

We've given two nations a chance to build a future in freedom, and to be a beacon of hope and justice to all of their neighbors.

We've made the necessary start toward these goals, but we're not there yet. Achievements of such significance are never easy, cheap, or painless. Remnants of the old regimes in Afghanistan and Iraq know what coming democratic elections mean.

They mean the end to their hopes of regaining their undeserved privileges.

So these regime remnants and terrorists are doing everything they can to resist this, to resist freedom, and they do it with fury, murdering innocents, as we saw again today so tragically in Baghdad, destroying progress as they go.

What are they fighting? What are they blowing up? Why are they killing people? To keep people from deciding who they will be led by. To keep people from ratifying the constitution that will protect the rights of the minority and protect the rights of the individuals and society.

Why are they blowing up children? Why are they killing people? To go back to the past. To go back to a past where they invaded neighbors, where they tyrannize their own populations.

But their fury can't match the determination of the Afghan and Iraqi peoples to be free, and the determination of the United States and its allies to stand by them until they are free.

These elections will be held, a presidential election in Afghanistan on October 9th, next weekend. If you had told me a couple of years ago, after my first trip to Afghanistan after the Taliban was kicked out in the fall of 2001, that just less than three years later 10 million Afghans would have registered to vote, if you had told me 10 million Afghans were going to register to vote just six months ago, I would have told you we can't get there. And if you told me that over 40 percent of them are women who registered to vote, I would have said, "Can't be." But it is.

So many of them are refugees who were living in camps in Iran and Pakistan just a few years ago. Three million of them have walked home. They have already voted. They have already voted to go back and help build a new Afghanistan. And these people will vote next weekend.

There will be terrorists out there. There will be remnants of the Taliban. There will be al-Qaida out there. They will do everything they can to disrupt this process of democracy to keep the Afghan people from expressing their will.

But they won't succeed. They won't deny what 10 million people have asked for by the simple act of registration.

The same thing will happen in Iraq. It won't be easy. We face a very, very difficult insurgency. We see it every day on our television sets. I need not belabor it. Our commanders are working hard to defeat it. Iraqi leaders -- Prime Minister Allawi, President Sheikh Ghazi, all of the other cabinet officers who are involved in this -- are working hard to defeat it because they know what it means for their own people and they know what it means for the region and they know what it means for the world.

Iraqis are standing up to defend their country. They are signing up to become policemen and members of the armed forces, members of the border patrol, securing their pipelines and doing other things.

Elections are taking place in Iraq. You don't read about it, but municipal elections have been taking place in various parts of the country. The whole country is not aflame. There are parts of the country that are settling down, creating municipal councils, rebuilding their schools and hospitals, getting ready for a better future.

Our challenge, principally, is in the Sunni triangle, and our commanders and our political leaders are working on that. We have to stand tall and firmly with our Iraqi colleagues.

As the President has said repeatedly, American policy is about so much more than the military side to the war on terrorism. It has to be, because we all realize that we can't defeat evil except through the process of building a greater good.

And that brings me to my main topic for today, which is precisely about such a process of building a greater good.

And I can't think of a more appropriate moment to address such a topic, as we mark the Committee's 20th birthday, and the 60th anniversary of the World Bank and the IMF [International Monetary Fund], those great institutions that have done so much over a 60-year period.

The Bank and the Fund have been trying to build a greater good throughout their entire existences.

So it's appropriate to reflect back on the Bretton Woods experience to see what lessons we might learn as we go about a similar ambition here in the 21st century.

The pioneers of Bretton Woods and the Bretton Woods system were practical visionaries. They had to be visionaries because no one had ever done what they were getting ready to do, what they were trying to do. History records many instances of leaders gathering after major conflicts to reconstruct the global power balance. Remember the Treaty of Paris after the Napoleonic wars, the Versailles Treaty after World War I, and many, many other similar efforts.

But Bretton Woods is the only case of leaders sitting down to reconstruct global economic relations after a major conflict, and not merely to slice up the world into power centers.

With no precedent to guide them, the pioneers of Bretton Woods had to rely on their own education, their own imagination, their own perspiration in order to be practical and to be effective. They worked hard to match what they understood about theory to what they knew from experience during a time of great and enormous historic change.

The three veterans of the 1944 conference who are with us today will testify to that. Jacques Polak, Burke Knapp and Raymond Mikesell, gentlemen: we thank you for your hard work, and through you we thank all your colleagues. The whole world remains in your debt.

As we think back about the origins and development of Bretton Woods, the key lesson is that we've got to keep doing what the Bretton Woods pioneers did: match theory against experience.

As Secretary Snow emphasized this morning, we've got to keep learning and adapting to a changing world if we're going to make a difference.

Of course, the IMF and the World Bank have been trying to do this for decades. And after all the debates and disputes we've endured, and all the policy reforms and recalibrations that we've tried, one thing has become clear: development is not easy; development is difficult.

Development has far more moving parts and far more nuance associated with it than most experts thought when the IMF and the World Bank were in their early decades. We know now that development doesn't work as a narrowly economic or a technical exercise, anymore than economics makes sense when it's entirely divorced from politics or psychology.

And that's because human beings, and human nature in all its complexity, are at the center of all the action, of development.

So of course political attitudes and cultural predispositions affect economic behavior. So do external factors, including security conditions under which development is taking place.

This doesn't mean that some societies are doomed forever to poverty and underdevelopment because of their cultures, or some other social or political circumstances.

As President Bush has often said, freedom and development are the birthright of all people.

It does mean that there's no one-size-fits all formula to make it happen. All the moving parts are still moving. Development remains difficult.

The Bush Administration has taken this point very much to heart. We see democracy, development and security as inextricably linked one to the other, and linked to what's happening throughout the world.

So we recognize that we can't succeed at poverty alleviation unless we take the challenge of good governance seriously, and simultaneously.

We can't sustain fragile new democracies and spread democratic values further without working on economic development.

And no nation, no matter how powerful, can assure the safety of its people as long as economic desperation and injustice can mingle with tyranny and fanaticism.

This is why President Bush wrote in his National Security Strategy about "expanding the circle of development by opening societies and building the infrastructure of democracy."

He doesn't separate in his mind or in his strategy the economic from the political, development from democracy. And he doesn't see security, as some might suggest, in narrow military terms. He doesn't think in stovepipes. His vision is an integrated one, so that it can be a practical one, one that will work.

Understanding the true scope of the challenge is important, but it doesn't make our jobs easy. For example, although we know that democracy and development go hand-in-hand, it's not always obvious what to work at first.

A country doesn't have to be wealthy to be a democracy, but it helps to be pointed in the right direction. That's because to a poor family in Africa, Asia or Latin America, democracy is an abstraction. It doesn't mean any, who cares if you have a democracy? Give me anything. Call it democracy, call it totalitarianism, call it anything you want, as long as it translates into a decent job for me, food on my table, a roof over the head of my family, an education for my children, a doctor when I need one, and a better future for my children. If democracy will do that for me, then I'm all for democracy. And if it doesn't do that for me, then let's go move on and find another system that will.

So, just as growth aids and sustains democracy, democracy aids and sustains growth. Totally interlinked.

Genuine democratic politics makes it hard to shelter corruption, makes it hard for small cliques to distort the market by manipulating access to credit, licenses and jobs. Genuine democratic politics produces maximum economic freedom, and that, in turn, produces growth, growth which produces jobs, jobs which give people hope, jobs which give people dignity. Dignity. Go home on a Friday night with a paycheck or with the results of one's labor and bring dignity into the home, to the family, to the children.

So we work to advance both development and democracy. We make progress where and when we can, using one success to reinforce

another. We take it step by step, case by case.

Our vision for development and democracy is joined to our pursuit of global security. As the President wrote in that same strategy document, "A world where some live in comfort and plenty, while half of the human race lives on less than two dollars a day, is neither just nor stable."

Nor is that world safe. We don't see development as a soft policy issue. It's a core national security issue, particularly in a time of terrorism.

Most of my days are spent on these sorts of issues, rather than what some might call hard power. A large part of my day is spent on open trade issues, on the Millennium Challenge Account, on what we have to do about HIV/AIDS, which is also an enemy of development and an enemy of democracy.

And here again a burden of difficulty tests our understanding and our ability to act effectively.

We do see a link between terrorism and poverty. But we don't believe that poverty directly causes terrorism because the facts say otherwise. Few terrorists are poor. The leaders of 9/11 were all well-educated men, far from the bottom rungs of their societies.

What poverty does do is breed frustration and resentment which ideological entrepreneurs can turn into support for terrorism in countries that lack the political rights, the institutions, necessary to guard the society from terrorists. Countries that are lacking basic freedoms.

So we can't win the war on terrorism unless we get at the roots of poverty, which are social and political as well as economic in nature.

Sure we want to bring people to justice if they engage in terrorism. But we also want to bring justice to people.

We want to help others achieve representative government that provides opportunity and fairness under the rule of law. We want to unshackle the human spirit so that entrepreneurship and investment and trade can flourish anywhere in the world under any system -- cultural system, religious system. It shouldn't be restricted to those of us in the industrialized West.

This is the indispensable social and political pre-condition for real, sustainable development. This is how we uproot the social support structures of terrorism, even as we go after terrorists themselves by hard power means.

Development is a big and complex job, and we approach it with an integrated policy composed of three essential pillars. The first of these is a program of economic growth that emphasizes good governance and economic freedom, the key conditions that make possible the success of individual enterprise.

The Millennium Challenge Account [MCA] is the touchstone of this first pillar, and you've heard Paul Applegarth say quite a bit about it already today.

I want only to reinforce the point that the Millennium Challenge Account isn't reserved for an exclusive club of emerging democracies. Nor is USAID [U.S. Agency for International Development] going out of business. In fact, it's quite the contrary. USAID has come close to doubling the funds available to it over the last four years. We have been very successful in getting Congress fund more and more USAID programs at the same time we went forward with the Millennium Challenge Account.

Just as the President believes that no child should be left behind in education, that every child can learn, he believes that no nation should be left behind in development, that every nation can prosper.

We announced the first tranche of countries for the Millennium Challenge Account and later today we'll be announcing some countries that are not qualified for it, they're not ready for it -- it may take them a long time to be ready -- but we're going to use some of the money Congress has given us to point them in the right direction, give them some seed money so they can work in those areas where they need major improvement to even start becoming competitive for the Millennium Challenge Account.

One of the interesting and exciting things for me is a lot of countries who weren't picked in that first tranche, but thought they should have been and were annoyed by it, come to my office, sit across from me, express their annoyance, and then they say, "What do we have to do? What do we have to do to get ready for the next tranche? What do we have to do when the program really scales up in 2006 to 5 billion new dollars a year?"

And the answer I give them is pretty straightforward, and you've heard Paul, no doubt, talk to it this morning. We want to see honesty in government. We want to see the rule of law. We want to see the end of corruption. We don't want to pour any more money down rat holes that ends up in Swiss bank accounts. We want to see dignity for individuals within your society. We want to see you committed to economic reform that will ultimately get rid of the need for aid because you're trading, because you've joined the world that's moving forward, a world of trade, a world of investment.

We want to see you create conditions where people want to invest in your country. We don't want to keep sending you money from either

USAID or the Millennium Challenge Account, nor should you want it. You should want to reach that point where you're standing on your own two feet. It might take years, and we'll be with you for years, but you've got to be moving in the right direction if you want to benefit from this account.

So it's a development program. It's a pillar of our policy that supports those nations that have made the right choices and are moving in the right direction.

It isn't the only aspect of our first policy pillar -- the MCA. As the President said to the General Assembly nine days ago, and as Secretary Snow, I believe, repeated this morning, we're stressing debt reduction as well, debt reduction for the world's poorest most heavily indebted nations, who may have made bad choices in the past to get into the situation that they find themselves in, but unless we help them, unless we help them relieve themselves of that burden, we will just keep them underfoot forever, and that is not in our interest.

We've made a good deal of progress on this issue already, and we want to make more.

We also want to get at the problem of restricted labor migration and remittances. The international community needs to do better at matching labor that wants to work with markets that need that labor.

President Bush has taken the initiative here, specifically with regard to the U.S.-Mexican relationship. But it is a worldwide problem that takes a toll on all of us.

Because there's too little legal labor mobility, there's too much illegal migration -- with all the security, public health and humanitarian liabilities that go with that illegal migration.

The global economy also pays a cost in the reduced flow of remittances, which contributes more to developing countries each year than all the official foreign assistance combined. And here too we've taken the initiative, trying to find ways to make it easier and cheaper to send remittances back to countries and the families desperately in need, to make a more reliable system available to those who rely on those remittances.

The second pillar of our policy is a commitment to social development.

Sound economic and political institutions can't work unless people are healthy and educated enough to take advantage of them.

So we fight hunger and malnutrition through the Food for Peace program and in other ways. We encourage poorer nations to invest in their own people, especially the most valuable investment of all -- in education.

And we fight diseases, particularly the scourge of HIV/AIDS.

President Bush sees the struggle against global HIV/AIDS as a moral imperative, but he also sees the ravages that HIV imposes on development. Its victims include not just those who become ill, but whole societies held hostage by this tragedy.

This is a sophisticated audience. You all have traveled the parts of the world where HIV is rampant. You've seen what it does. It takes out the teachers. It takes out the doctors. It takes out the military. It takes out those in the age group roughly 18 to 40 and it leaves you orphans and grandparents, neither of whom can really generate the income needed to take care of either group. It's a destroyer of societies, a destroyer of families, a destroyer of democracy and a destroyer of development.

The President's Emergency AIDS Fund devotes \$15 billion over 5 years to prevent new infections, to treat millions of our fellow citizens of the world who are already infected, and to care for orphans that have been left behind.

Under President Bush's leadership, the United States is now contributing more than twice the resources of the rest of the world combined in fighting HIV/AIDS. But we all know it's not enough. We need to do more. The rest of the world needs to do more. The need is great.

But here, too, fighting disease as a part of our development strategy can't be separated from its political and security dimensions.

Fighting AIDS isn't just a medical problem, and money alone won't conquer it. It's a problem with social roots.

It's a challenge where political obstacles often loom large in some countries to fighting this disease. It's a challenge with very serious global security implications if we fail the test before us.

And it's a challenge that intertwines with other issues that may seem unrelated at first glance.

We have so much to do with respect to HIV/AIDS, and as I talk to my colleagues around the world, especially those not necessarily in the developing world but in larger countries, countries that are more sophisticated, countries that have the capacity to go after this problem now, I sense an increasing awareness of the need to do something about this in places such as Russia, India, China, as well as the places

you know so much about in Africa and in the Caribbean.

The third pillar of our development policy is the sound stewardship of natural resources. Development must be a process that invests as well as it pays dividends, plants as well as harvests. You don't eat your seed corn. You husband your resource base so future generations can prosper.

And we believe deeply in the sound stewardship of natural resources. Let me point out that the relationship between the word "conservation" and the word "conservative" is not coincidental. It's organic.

Remember that it was a Republican President, Teddy Roosevelt, who invented the modern concept of conservation, about a century ago.

So no one should be surprised that this Administration has initiated 17 major programs promoting sustainable development - from an initiative against illegal logging to clean water and sanitation initiatives in Africa and in South Asia.

And we're getting results from these initiatives by working with other governments and with the private sector. And these results are not just what we can show in bar graphs and in charts.

Here's what an elderly woman, Madam Bambini from Kasai in central Ghana, said when after one of our water projects had reached her village: "Today I thank God that he made me live to see safe, clean water in my village. Now I can 'go home' to my ancestors knowing that my grandchildren and their children will have better lives."

It's that's the kind of result that matters. We talk about it in the Department all the time. Don't think of this in terms of nation-states. Don't think of this in terms of geo-power politics. Think of this in terms of people. Think of this in terms of families that will be saved. Think of this in terms of children who will have a better life. That's what development is all about and those are the kinds of results that matter. Those are the kinds of results that will turn people on, results that stir people's imagination, so that they know in their hearts that yes, they can have better lives.

Our 3-pillar development agenda is linked firmly to our broader international economic policy, particularly our push for freer trade and a more liberalized investment climate. I said it last year to this Committee, but it's so important that I'll say it again, and I touched on it earlier:

Aid can be a catalyst for development, but the real engines of growth are entrepreneurship, trade, investment. All of these things come together. That's what produces jobs, and a job is the most important social safety net of all for any family.

So we're pleased, very pleased, with the G-8's "Agenda for Growth," which Secretary Snow [Treasury Secretary John Snow] discussed with you this morning. And we're pleased that a new multilateral framework for trade negotiations is now in hand. Turns out there is life after Cancun after all [World Trade Organization negotiations collapsed at Cancun, Mexico, in 2003 and were revived in 2004.].

My friends, we in America have a goal: to eradicate poverty.

We have a vision of how to achieve that goal, too: we see the multiple births of political systems where access to opportunity is fair, and where democracy and the rule of law enable free people to use their God-given talents to prosper.

And we have a strategy that sees economics, politics and security as three parts of a whole, and that combines effective growth methods with social development and sound environmental stewardship.

We have a goal, a vision, and a strategy -- but we also have something else of supreme importance. We have faith in the capacity of our fellow human beings to care about one another and to love one another, to take care of one another.

Why do I say this? Because most people don't work to get rich. They work because they're in love. They're in love with their family. They're in love with life. They work to provide for spouses, for children and grandchildren, sometimes parents, grandparents, other family members and dear friends.

When we understand this, when the all-important moral dimension of what we're striving for stands out, and that provides both our highest motivation and our greatest hope for success with our efforts.

We now have a tremendous opportunity to translate our hope into lasting achievements.

We Americans have been telling people around the world for many years that representative government and market systems unleash the energies that best produce prosperity.

We've been telling everyone that respect for human dignity empowers people, motivates people to dream and to work for those dreams.

And now, just a dozen or so years after the Cold War, more and more people who believe in these principles can act on their beliefs. More

and more national leaders accept this. More and more societies are trying it.

But it's not easy. Results don't spring up overnight.

There are complications to understand, difficulties to overcome, even when ample resources are at hand and intentions are pure all around.

So we in America feel a particular moral obligation to help overcome these difficulties, and we are helping them. The development policies of this Administration are very creative, perhaps the most creative since the birth of USAID back in 1961, and the most generous by far since the Marshall Plan.

We can do more. We have to do more. I'm so pleased that this Committee exists to give us guidance and to point us in the right direction.

With all the challenges that we are facing today, with all of the difficult scenes that we see on television every day, I believe that there are great opportunities every day as well. A good part of my day is spent trying to make sure we do not lose sight of these opportunities. So many nations that used to be my enemies, I joke with them. They come in and they sit in my office and we sit around, and they're from the Balkans or the Caucasus or Central Asia or somebody who used to be in the Warsaw Pact but now they're in NATO or the European Union, and I joke with them, "It's great to have you here. You all used to be on my target list. Now you're all here." (Laughter.)

And it is the most wonderful thing for me now to sit and talk with them, not about nuclear exchange, not about the Cold War, not about the Iron Curtain, not about that which I am an expert in from my 35 years as a soldier, but instead to talk to them about democracy and openness, dignity of the individual, the desire that we all have to see the world a better, safer place, free of terrorism, but also free of hunger, free of poverty.

This is something we can all rally around. This can be our great cause for the 21st century, a cause that governments can unite around, that individuals can unite around, that corporations can unite around. It's a great cause and I think that destiny has put America in place in this 21st century to lead that cause and to do everything we can to defeat terrorism -- yes -- but also to defeat poverty and defeat disease and to make sure that people throughout the world can dream like our youngsters dream and can achieve like our youngsters achieve, as long as they're willing to work hard, as long as they're willing to believe in themselves and to believe in their political systems and in their societies.

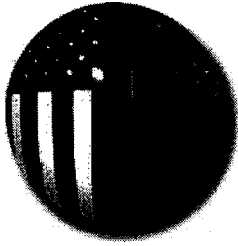
So we need the work of everyone in this room, in your individual capacities but especially when you come together as the Bretton Woods Committee. So I thank you for your service and I thank you for your attention today and I look forward to working with you in the months and years ahead.

Thank you so much.

(Applause.)

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[Return to USEU Homepag](#)



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[Back](#)

2004-10-01

UNITED STATES CORRECTING CLIMATE CHANGE OUTSIDE KYOTO PROTOCOL

The United States has not changed its position on the Kyoto Protocol, despite approval of the protocol by Russian President Vladimir Putin and his cabinet, State Department spokesman Richard Boucher said during his September 30 press briefing.

"We felt it just wasn't the right thing for the United States," Boucher said, "but it's up to other nations to independently evaluate whether ratification is in their national interest."

Australia also has declined to participate in the United Nation's global warming treaty. The Kyoto Protocol requires developed-nation signatories to limit or reduce emissions of six greenhouse gases to 1990 levels. The greenhouse gases include carbon dioxide, methane and nitrous oxide, which come mainly from industrial and transportation sources.

"The administration is focusing on carrying out the president's commitment to address the long-term challenges posed by climate change by advancing a comprehensive set of domestic and international activities," Boucher said. The activities include domestic programs and incentives to meet the president's goal of reducing the nation's greenhouse gas intensity 18 percent by 2012.

The Kyoto Protocol will enter into force when it is ratified by 55 industrial countries that together produce at least 55 percent of greenhouse gas emissions. The United States produces 36 percent of world greenhouse gas emissions. Without the United States as a party, Russia is the only industrialized nation that can make up the necessary 55 percent.

Russian approval will not be complete until the lower house of parliament, the Duma, ratifies the protocol.

Text of the State Department briefing excerpt follows:

U.S. Department of State
Daily Press Briefing
Thursday, September 30, 2004
2:30 p.m. EDT

State Department Spokesman Richard Boucher

Excerpt

QUESTION: The Russians took action toward ratification of the Kyoto Protocol today. Do you have any thoughts on the implications of that action?

MR. BOUCHER: Let me try to explain where we are. And just, first of all, to say that the United States' position on the Kyoto Protocols has not changed. We felt it just wasn't the right thing for the United States, but it's up to other nations to independently evaluate whether ratification is in their national interest. Our understanding is Russia has not ratified it at this point. The Government has decided to submit it to the Duma and it's not clear when the Duma would complete its role in the ratification process.

I would point out that the United States continues to participate actively under the UN Framework Convention on Climate Change. President Bush's support has reaffirmed our commitment to that treaty, and we are carrying out climate change initiatives. The Administration's focusing on carrying out the President's commitment to address the long-term challenges, posed by climate change, by advancing a comprehensive set of domestic and international activities.

These include domestic programs and incentives to meet the President's goal of reducing the nation's greenhouse gas intensity 18 percent by 2012; dramatically enhanced commitment to develop and move to the marketplace cleaner energy technologies that are the key to addressing climate change while promoting global prosperity; regional and bilateral agreements with major international partners to pursue research on global climate change and to deploy climate observation systems to collaborate on energy and sequestration technologies and explore methods for monitoring and measuring greenhouse gas emissions; and finally, innovative multilateral partnerships such as the Carbon Sequestration Leadership Forum, the International Partnership for the Hydrogen Economy, the Methane-to-Markets Partnership,

the Earth Observation Initiative, the Generation IV Nuclear Forum and the International Project to Harness Fusion Energy.

So we're working on all these efforts with other partners from both the developed and the developing world in order to make our own contribution to preventing climate change.

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[Return to USEU Homepag](#)