



**Written Comments of Consumers for World Trade  
Submitted to the International Trade Commission (ITC)  
August 17, 2004**

Subject: Concerning the Proposed U.S.--Bahrain Free Trade Agreement

Consumers for World Trade (CWT) is a national, non-profit, non-partisan organization, established in 1978. We are the only U.S. public interest organization with the sole mission of speaking for the interest of consumers in international trade policy. Our goal is to create and maintain an open and equitable international trading system in which the interests of consumers are represented and heard and where consumers enjoy the widest selection of products at reasonable prices.

We welcome this opportunity to provide our views on the U.S.-Bahrain Free Trade Agreement. CWT urges that any free trade agreement involving the United States --

1. Be comprehensive in product/sector coverage (i.e., have no exemptions from liberalization commitments)
2. Result in zero tariffs on all consumer products traded between the countries as quickly as possible
3. Phase in trade liberalization over the period of implementation in a consistent manner (i.e., no significant backloading of liberalization)
4. Ensure that non-tariff barriers are also eliminated and that new ones do not emerge as tariffs are reduced
5. Provide flexible rules of origin that facilitate, not restrict, trade
6. Promote competition in both markets
7. Prohibit embargoes of exports to the other market

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8. Maintain unrestricted access for parallel imports of genuine goods
9. Improve the transparency of trade laws, regulations, standards and rules in each market
10. Provide a role for consumers to provide meaningful comments in any dispute settlement or similar proceeding authorized by the agreement or under domestic laws

Unfortunately, the U.S.-Bahrain Free Trade Agreement does not meet all of the above criteria. While we applaud the 100% elimination of duties on consumer, industrial, and agricultural products, we are dismayed by the inclusion of restrictive rules of origin placed on apparel, textiles, and footwear which comprise the lion's share of our consumer imports from Bahrain. Incorporation of simple and flexible rules of origin would have resulted in lower prices for a wider array of Bahraini exports and would have benefited consumers in the United States. Eliminating duties is just one half of the equation in liberalizing trade in textiles and apparel. Permitting commercially viable rules of origin on these consumer products is the other, and would have had a significant impact on the prices consumers pay at retail. This is because these markets are highly price sensitive.

**Concluding remarks**

CWT notes that the elimination of tariffs – in agricultural and non-agricultural products – will not only benefit consumers through price reductions, but also stimulate greater competition among suppliers, leading to increased product innovation and choice in the marketplace. We applaud our negotiators for eliminating duties. However, with over 280 million consumers in the United States, U.S. trade negotiators should keep in mind the ultimate cost of trade barriers – and restrictive rules of origin are just that - is borne on consumers. We urge you to make full use of upcoming FTAs to liberalize trade not only through the reduction and elimination of tariffs, but by incorporating commercially viable rules of origin as well. Our bilateral agreements provide an important opportunity for the U.S. to achieve not only increased access to a foreign market for U.S. exporters, but also a more open and competitive U.S. market for U.S. consumers.

Thank you for the opportunity to present these comments.

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