

(USTR)—indeed it was argued that there would not be a Doha Round if Zoellick had not made it happen in the first place and then kept it alive in the Geneva process in 2004—there appears to be considerable risk that US trade leaders will not get backing from the domestic side when they push forward. The bilateral agreements that the US is negotiating, which were seen by some as merely a sideshow, were facing a tough time in Congress and were at risk of being shut down.<sup>9</sup> The inward focus in the United States was, as one observer noted, a rather ironic state of events given the global security situation.

While the path to resolution of the imbalances was as shrouded in uncertainty to roundtable participants as it appears to be to economic observers more generally, many tended to the not illogical perspective that unsustainable imbalances will not be sustained—and the only questions are what will trigger the correction and what will be the consequences?

There are enough possible triggers for an adjustment—events in the political sphere or in currency or financial markets—and the adjustment could start outside the United States: rising interest rates could be a problem in the developing countries, impacting negatively on sovereign debt, commodity prices and growth.

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<sup>9</sup> Editors' note: The Dominican Republic-Central American free trade initiative (DR-CAFTA), which involved the United States, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua, faced intense lobbying against liberalizing sugar trade and was also slowed down by various other sticking points, the latest of which was an intellectual property issue with Guatemala which passed legislation to resolve the issue in March 2005. The DR-CAFTA eventually was passed by the US Congress, but by the narrowest of margins. The United States is also negotiating a separate pact with Panama and an FTA with the Andean countries (Colombia, Ecuador and Peru) in addition to the stalled Free Trade Area of the Americas (FTAA). Other US regional/bilateral initiatives include negotiating a number of FTAs in the Middle East that might be rolled up into a Middle East Free Trade Agreement (MEFTA), a proposed network of bilateral FTAs with ASEAN countries, and FTA talks with the South African Customs Union (SACU). A Congressional push is also mounting for an FTA with New Zealand.