A generation ago, U.S. diplomacy was personified by Henry Kissinger’s “shuttle diplomacy,” featuring a series of one-on-one meetings between parties rather than direct interaction among all involved. Many believe the 1975 appointment of Daniel Patrick Moynihan as ambassador to the United Nations was a reflection of Kissinger’s disdain for multilateral diplomacy. John Bolton, the current U.N. ambassador, has not reached Moynihan’s international status as a provocateur even though he said it wouldn’t make a “bit of difference” if the top 10 floors of the U.N. — which include the office of the secretary general — vanished from its 39-story headquarters building.

As the Bush administration starts its sixth year in office, its demeanor to other nations is more critical than ever. Anti-U.S. crowds greeted recent overseas visits by President Bush to the Summit of the Americas and Secretary of State Condoleezza Rice to Europe. While the U.S. remains the world’s greatest military power, its foreign policy has significant implications for the transportation and logistics industry.

Trade towers above all other issues here. The U.S. economy, the world’s largest, is an engine for economic growth at home and overseas. Although we’re always watching imports, the U.S. is the world’s largest exporter. As the Business Roundtable points out, “A 10 percent increase in U.S. exports leads to a 6.9 percent increase in domestic employment. By comparison, a 10 percent rise in domestic demand creates just a 4.2 percent increase in U.S. employment.”

The most recent round of World Trade Organization talks ended in Hong Kong two weeks ago, and the results were disappointing. Although there was a last-minute agreement to eliminate export subsidies on farm products, there is a lot of fine print. (The agreement does not take effect until 2013 — and then only as part of a wider agreement.)

These talks were the latest in the Doha Round, begun in Qatar in the aftermath of Sept. 11. The grand vision included an elimination of trade-distorting subsidies provided to the farmers of developed nations. These richer nations would benefit from increased trade in services. This tradeoff is still far away — and time is short. There is another meeting in Geneva in March, but WTO deals require consensus. Furthermore, President Bush’s fast-track authority expires in 2007.

The WTO’s challenge is daunting. For more than 50 years, trade talks have helped the manufacturing powers. The Doha Round was to help the rest of the world, but the objections of U.S. textile companies and of farmers in Japan and Europe make compromise difficult. Some observers have even questioned the WTO’s future role. Two centuries ago, when David Ricardo outlined comparative advantage (building on Adam Smith’s absolute advantage), his point was that free trade is not a zero-sum game — it benefits everyone.

Current talks are not progressing in that spirit. If the WTO cannot move forward, it will be left to enforce existing agreements only. A disruption in trade could devastate our economy — which is forecast to run an $800 billion current account deficit. Interest rates have stayed low because of our trading partners’ willingness to invest in government debt. This supports consumer spending. Our industry benefits from international and domestic movement.

The problems highlighted at the Hong Kong meeting are not the sole multilateral threat to our industry. Transportation providers are deeply entwined with energy and environmental issues, and last month, the U.N. Framework Convention for Climate Change held the Montreal Climate Change Conference. This was the largest intergovernmental climate gathering since 1997, when the Kyoto Protocol was adopted. At that point, 146 countries promised to cut greenhouse gas emissions.

The Montreal meeting looked to be heading nowhere fast as well. However, on the last day, consensus was reached on the Montreal Action Plan. It extended the Kyoto Treaty, but nonparticipants, specifically the U.S. and Australia, agreed to nonbinding talks on Kyoto’s ultimate replacement. Although emission-reduction targets still don’t exist for developing countries such as China and India, they have access to, and financing for, green technology and projects.

With the trade and environmental challenges — continued open global markets and compliance with increasing strict environmental standards — major multinationals have become proactive. Some are transportation providers in their own right, but all are major transportation consumers. These companies are often ahead of governments in recognizing the need to resolve these issues for the mutual benefit of all concerned. They may succeed where governments falter, and that might benefit our industry, as well as stakeholders worldwide.

Ted Prince is senior vice president of Optimization Alternatives Ltd. He can be contacted at (804) 754-2291 or at ted@oax.com.