

## **Press Availability**

**with Ambassador  
Susan C. Schwab  
U.S. Trade Representative**

**Friday, January 12, 2007**

**World Trade Organisation  
Geneva, Switzerland**

**Ambassador Schwab:** Thank you. Sorry to keep you all waiting. The purpose of my visit has been to consult with Pascal Lamy and our meeting was detailed and useful and ran over time, so I apologize for having delayed the onset of your weekend.

There has been a great deal of work going on on a bilateral basis, small group basis, since last July when the Doha Round talks collapsed, and I think some of you heard me talk about the importance of confidence building, the importance of “what if” conversations, and those are ongoing. They are ongoing at the ministerial level, at the sub-cabinet level, at the technical level. I’ve been involved with these kinds of conversations.

Some of you know I had the opportunity to sit down with Minister Amorim from Brazil last week, and with Peter Mandelson this past week, and with our Japanese counterparts this past week. There are meetings that have been going on like this over the last three or four months where the objective is to get behind some of the bumper sticker numbers that hung us up in July, because there are still legitimate differences over bumper sticker numbers, and to dig down and see whether we can move up the ladder in terms of the technical work to look more at ambitions, to look more at sensitivities, and to think in terms of packages that might come together at some point.

Are we near a breakthrough? No. We’ve got a long way to go for a breakthrough. Are we making progress? Absolutely, we’re making progress.

Some of you heard me in the fall suggest that we were going to do everything possible. If there were a successful Doha Round outcome out there, we were going to do everything we could to find that. That is in process, and while it’s too early to tell if we will succeed, I personally am more optimistic than I have been in many months that we are on a path that could enable us to reach a successful conclusion to the Doha Round.

Let me just stop there I think and field whatever questions you all might have.

**Question:** Ambassador, you talked about trying to get around these bumper sticker numbers, talking about technical issues, issues of sensitivity. Does that imply that you really haven’t gotten down to negotiating on these key numbers yet, such as the overall level of tariff cuts? Is that still something that is in the future, or are you engaged now on real bargaining on numbers?

**Ambassador Schwab:** I think we've been engaged in real bargaining all along. We've been engaged in real bargaining at various levels for several years now. The key question is, what is different now from before July? We were on a path up through July and that path ran into the rocks. It ran into the rocks perhaps because we were viewing too narrowly the bumper sticker numbers. There are, as you know, many many moving parts associated with the agricultural part of the negotiations, NAMA, non-agricultural market access, services, and so on. Three elements without which you can't say you have a breakthrough, right?

What we have been doing is digging down behind some of the bumper sticker numbers into component parts of that. I know that sounds sort of amorphous but if you look at the framework there are in fact so many moving parts that unless and until you bring some definition to some of those. What does it mean? How do you accomplish it? What is a breakthrough? A breakthrough is meaningful new market access, effective disciplines on subsidies across a variety of sectors, right? How do you ultimately define that? Well, it's more than two numbers, it's more than three numbers. It turns out, it's probably more than 10 or 12 numbers. There's a lot of homework and a lot of technical work, and in this particular instance one of the more effective ways we have found to move ahead with a dialogue is on a bilateral basis. When I say bilateral basis, it's not the US and other countries, it's the US and this country, it's two countries, there are bilaterals going on all over the world that we're not a party to because a breakthrough is not going to just involve two countries or three countries or five countries. This is more of a bottom up process with engaging the larger membership of the WTO.

**Question:** Did you have any discussion with Mr. Lamy about how you're going to proceed from here? There's going to be a Ministers meeting in Davos, a wider group, but after that, is there any kind of plan emerging?

**Ambassador Schwab:** The key focus in terms of the process is how do you juxtapose the quiet bilaterals, the public bilaterals, the smaller group meetings with the broader based WTO process that takes place here in Geneva? So part of what we were doing is comparing schedules. Who's meeting with who when? Pascal Lamy, as you know, has a very active schedule. Exchanging just sort of exchanging that kind of information between now and Davos and then in the wake of Davos. Is there a specific deadline? No, there isn't. Obviously all of us would like to get this accomplished sooner rather than later, but content over chronology. Ultimately it will be substance that dictates when there's a breakthrough, not the calendar that dictates when there's a breakthrough.

If we have some momentum now and that sense of momentum is shared by key countries and we'll get a better sense of that when we get to Davos. At that point I will be learning from some of my other ministerial counterparts how their bilaterals have been going. If there is a sense of momentum, let's take advantage of that and see if we can parlay that ultimately into a breakthrough.

**Question:** Ambassador, coming back to the bumper sticker numbers which you mentioned, one of the major bumper sticker numbers is what the US would do on the domestic support, which the world over has seen as the key bumper sticker in terms of for others to move around. Is there now a sort of an assessment or some kind of scenario, what if scenario, what the US will do on this bumper sticker in order to clear the way for the other bumper stickers to be resolved?

**Ambassador Schwab:** This is not a one number generates a breakthrough in other numbers. There has been some seriously erroneous speculation in the last couple of days about some of these numbers. Not just on the domestic support side, but on the market access side. I don't know where some of these numbers are coming from, but each of the numbers relates to other numbers.

For example, as far as our constituencies are concerned, how much is done in cuts in trade distorting domestic support? As you know, the United States is committed to making cuts in trade distorting domestic support. How much is done in cuts in trade distorting domestic support is directly related to how much market access is on the table. The meaningful new market access. New trade flows.

So there is no single number that is going to generate a breakthrough and there's no single country that can generate a breakthrough. It really is going to have to be a collective of key players and then the broader WTO membership getting engaged.

**Question:** Two quick questions. The Group of 20 doesn't have a special product position yet. Your Ambassador in Brazil has mentioned even the necessity of the coordination. How much would that count for a breakthrough, or how much would that help you?

Secondly, since you are the Trade Representative of the US, how do you see the situation in Venezuela and the possibility of FTAA in the region at this moment?

**Ambassador Schwab:** Let me answer the first question then perhaps after we break we can talk about the other issue.

Treatment of special products by developing countries in the agricultural arena is critically important in terms of getting to a breakthrough and getting an agreement in the Doha Round in agriculture. Again, it's not just one number or one set of numbers, there are a lot of other numbers that need to come into play.

As it happens, there is significantly less definition in the framework related to special products than there is, for example, in how domestic support would be constructed. Or Paragraph 8 sensitivities in NAMA. There's more definition in the framework.

Therefore in special products there is a great deal of technical work that needs to be done, some of which is underway, some of which is being, certainly Brazil is a key player in those conversations. India is a critical player, Indonesia, there are a number of countries that are trying to help move toward more definition in special products.

You asked about Venezuela. Venezuela is a WTO member and is actively engaged in the Doha Round negotiations and that's as it should be.

**Question:** I'd like to ask why are you more optimistic? I'm not quite sure I understand. Is it because people are finally talking to each other again?

Also you say it will be substance rather than the calendar that will dictate the progress of these talks and yet the calendar is looming in June, the US authority to negotiate these agreements runs out. So why are you optimistic? And can you really ignore the calendar? Don't you think by

the time people are talking about March as being the last delay in terms of crunching the numbers and doing whatever else you need to do to get an agreement?

**Ambassador Schwab:** Let me answer your second question first which has to do with Trade Promotion Authority.

The United States is going to need an extension of Trade Promotion Authority to implement any Doha Round agreement. That's fairly straightforward. We've been very up front about that.

However, to the extent that we're making progress in the Doha Round I think you are likely to see Congress and US constituencies much more enthusiastic about moving ahead with an extension of Trade Promotion Authority. So that's a fairly straightforward relationship.

Why more optimistic? There are no guarantees that we're going to get to yes, but the conversations that have been going on over the last three or four months are very in-depth, a lot of different countries are participating with us, with each other without us, that's fine, and we're getting into levels of detail and making some progress on the technical side that enables us to better understand what the parameters are in terms of the numbers. Am I optimistic because we're talking to each other? Yes. We're talking to each other, we're not talking past each other. And we're not talking to each other through you. We're talking to each other directly, which is obviously much more conducive to reaching understanding.

**Question:** Can you expound more on why this meeting was useful? I didn't quite gather the usefulness and why it was necessary to come here and not just talk on the phone or by teleconference. And just following up on my colleague's question, the expiration without the renewal of TPA at the end of June, is that essentially the death of the Doha Round then if the US is going to need it to ...

**Ambassador Schwab:** No, actually if you look at what happened with the Uruguay Round, Trade Promotion Authority, or its equivalent then, expired. It was extended. There are various things we use Trade Promotion Authority for. It will ultimately get extended. Again, we'd like to see it sooner. It would not be the end of the Doha Round.

What we'd like to do though, obviously, is reach a breakthrough and achieve a successful outcome to the Doha Round sooner rather than later. But substance is the critical element. If you have the substance in the breakthrough then Trade Promotion Authority becomes a much more straightforward exercise.

In terms of why here, why in person, I talk on a fairly regular basis with most of my key ministerial counterparts, periodically with Pascal Lamy. As you know, there is a limit to what you can get done on the phone or even in a digital videoconference format. At some point you need to sit down face to face, you look at paper, and you get into a level of detail, and you involve other people.

My two deputies and our chief agricultural negotiator were a part of this conversation today. You just cover more ground, you get more done when you do it face to face. I felt that in view of some very very important meetings that I've been engaged in in the last couple of weeks with Brazil, with the EU, with Japan, with other countries, and meetings that have taken place, less visible meetings that have taken place with other countries, that it was time to sit down in person

and start going through results of meetings, schedule going forward. Here are areas where we seem to be making technical progress. How could this ultimately come together in a breakthrough? And asking questions. Really comparing notes. As you saw, we met for almost three hours and got significantly more done than you could do on the phone.

**Question:** I would like to know from where you gather your optimism [inaudible]. Last time the French government, the Prime Minister and others say that [inaudible] a bit from [inaudible]. So from where do you get your optimism?

**Ambassador Schwab:** I think I described the nature of my optimism in terms of fleshing out pieces of the puzzle, getting much more deeply into the conversation. But you're asking a different question. You're asking me to comment on internal EU politics and I'm too smart to do that. [Laughter]. I leave the internal EU politics to the experts.

**Question:** You said earlier that you thought you'd been negotiating on bumper sticker numbers too narrowly. That suggests to me at least that you may be at the stage of tradeoffs, bargaining between sectors. Is that a correct assumption?

**Ambassador Schwab:** No. I didn't mean to imply that. First of all, most of what's been going on over the last three or four months I would characterize as consultations, as distinct from what you would think of as formal negotiations. A lot of technical work, a lot of specificity, and you look, as I said, I use the example of NAMA where we've talked about that developing countries have flexibilities, we've talked about sectorals, we've talked about coefficients. What is behind that. What's the real meaning in terms of priority sectors and key sensitivities?

You can do exactly the same analysis in agriculture and in the ag negotiations the ag part of the equation, there are even more moving parts. So you can have conversations about tiers and cuts and special products and sensitive products and the treatment of those. And when you start going through specifics and you're looking at key sectors where you have ambition and key sectors where you have sensitivity, and then you start playing with the pieces of the puzzle -- again, this is agriculture, this is manufacturing, and ultimately services -- the idea is to see whether you can start coming together with some of the broader numbers rather than starting with the bumper sticker numbers.

We're talking about the complexities associated with some of the bumper sticker numbers and it turns out that is probably a prerequisite to getting to those numbers. For obvious reasons I'm not going to talk about specific products or sectors. It is not tradeoffs across -- We're not saying X for Y. But if X is sensitive to me and Y is sensitive to you, but I feel really strongly about Y, and this country feels really strongly about Z, are there ways of putting this together so that we can have an ambitious outcome that doesn't blow him out of the water politically.

**Question:** I remember in July when the talks collapsed you said there were too many loopholes with the offers on the table. I was wondering in your recent talks with Peter Mandelson did you get more in terms of sensitive products? Does the US still insist on keeping eight percent of [inaudible]?

**Ambassador Schwab:** Loophole is a category under which there are whole lot of different numbers and different ways of approaching it. What is the coverage? What percent of sensitive products? What is the treatment of sensitive products? The same analysis on treatment of

special products. When you go behind that and look at the way the framework is constructed, there are a lot of details in certain parts of the equation and virtually no details in other parts of the equation. A lot of the work has been technical in terms of what are the implications of this piece for that piece? As distinct from I'll trade you this number for that number. Because you need to know how each of these factors interrelate. There are different variables here and you need to know how the different variables interrelate before you can start trading one variable off for another. We had not been through that exercise, and we're not done with that exercise. But we are making, finally making progress on, you can call it technical, on a technical level and increasing understandings that are prerequisite to ultimately getting to real tradeoffs.

**Question:** Would it be fair to say that you are now going for some sort of bottom up calculation of the bumper sticker numbers? So you'll add up all the components and see what you come out with, which might come a lot closer to what people have been demanding in overall terms?

**Ambassador Schwab:** I think bottom up is a good way of characterizing it. I think comprehensive or interrelated. It is the relationships between the factors that ultimately determine ambitions and flexibilities. The United States is still very much committed to a high ambition outcome. The EU is committed to a high ambition outcome. Every developing country that I have talked to expresses a commitment to, realizes the importance of a high ambitious outcome. The question is how is that defined in the details. So it is bottom up, it is comprehensive, it is, is there a better turn of phrase for it? It is detail specific and technically sound.

Thank you.

**Question:** So there is still life in Doha?

**Ambassador Schwab:** There is indeed life.