

G-6 Ministers' Press Conference
April 12, 2007
New Dehli

Ambassador Susan C. Schwab
U.S. Trade Representative

Honorable Kamal Nath
Minister of Commerce, India

Commissioner Peter Mandelson
European Union

Honorable Warren Truss
Minister of Trade, Australia

Honorable Celso Amorim
Foreign and Trade Minister, Brazil

Honorable Toshikatsu Matsuoka
Trade Minister, Japan

Minister Nath: Thank you for being here. We are sorry to keep you up so late for your timing. We had to finish early to make it convenient for you. We normally have discussions to midnight, but then in deference to your timing we decided to finish a bit earlier.

We had the G4-G6 meetings have taken place for the first time since the July impasse of last year when as you know talks were suspended. This is the first G4-G6 meeting we've had. Since the Davos meeting in late January all of us have been engaged bilaterally in fairly intensive consultations in a bilateral format to narrow our differences and to enable progress in multilateral in Geneva.

As you all know, the Doha Round is already six years old and there is general consensus among members that we should strive towards its conclusion by the end of this year. It is essential, therefore, that we take stock of progress made so far and assess the remaining distance to be traveled and make plans for intensifying our engagement to ensure that we can conclude the negotiations within this timeframe. This is what this meeting was all about.

It is in this context that we held these meetings today, not looking for a breakthrough, but looking, taking stock after there was at the end of January and the last two or three months, various different bilaterals. We've had the G33 meetings and G20 meetings. We've had really --

various groupings have met, but it was important that we put all the discussions of those meetings on the table and be able to take stock today.

Obviously the effort was not to make any dramatic breakthrough but to assess in a sober, realistic and constructive manner where we are and where we should be going. That is what we have really satisfactorily done today. We have assessed the areas that we have made progress, the issues that we continue to have some division, where some convergence is needed, and how best we should narrow these down in the quickest possible timeframe.

In our discussions today we have reaffirmed our joint commitment to ensure early completion of the negotiations. We have prepared a roadmap for intensive engagement for the next few weeks and months. We have discussed ways in which our consultations can see into the larger multilateral process in Geneva.

An obvious prerequisite for this success is that we all remain firmly wedded to the mandate. This is a development round. The outcome of this round has to be to improvement in the lives of the people of all developing countries. For us, this is the prime deliverable of the round. As far as India is concerned -- why speed in concluding the negotiations is important. The crucial element is the content of the outcome. The livelihood of millions of subsistence farmers and other poor in India is the core issue which guides India's negotiating position.

This is entirely consistent with the mandate of the Doha Round. We expect developed countries to understand this poor concern, why we work towards a successful outcome.

We also have a G6 communiqué which we shall be releasing, I'll read it out to you, but before I do that I want to say something in Hindi.

[In Hindi.]

This is a ministerial communiqué of the G6 trade ministers. We are pleased to note that the meeting in New Delhi inaugurates a new phase of our discussions. We believe that by intensifying our work we can reach convergence and thus contribute to concluding the round by the end of 2007.

We are conscious of our responsibility to facilitate consensus amongst the wider WTO membership and we will work with a view to contributing to the decision-making process of the negotiating groups in Geneva in a timely manner.

We are therefore prepared to intensify our engagement in parallel to the multilateral negotiating group process from Geneva. We will work with the Director General, the Chairs of the Negotiating Groups, the Chair of the General Council and the entire WTO membership in the best interests of completing this Round in the time envisaged.

So that is the communiqué. It's very brief because we don't want to complicate it. We don't want to add or subtract from the real essence. But I believe that this G6 meeting in New Delhi really provided a new impetus and provides a new momentum in the [inaudible] that we've set ourselves of concluding this round by the end of the year.

I'll be happy -- please identify if you want to ask a question and who you'd like to ask a question to. Identify yourself and go ahead.

Question: [In Hindi.]

Minister Nath: [In Hindi.]

Question: Steve Irwin, Voice of America. This question is directed at Ms. Schwab.

There's been a lot of criticism of the United States that it's really up to Washington to offer some significant breakthroughs to avoid a collapse of the Doha Round. What has been your reaction to that, and could you tell us what you told your fellow Ministers here today?

Ambassador Schwab: I think as this meeting demonstrates, and I would say as the success of this meeting demonstrates, there is a shared sense of responsibility and a shared sense of urgency here. I think if you ask any one of us we will tell you that no single country can provide a breakthrough in the Doha Round. No two countries or even four countries or six countries can provide a breakthrough in the Doha Round, and that ultimately this is a shared responsibility.

The United States is more than willing to do its part. President Bush has been very very clear about that. I have expressed that both privately and publicly to my colleagues. But I think the key is taking this shared sense of urgency and collective responsibility and translating it into, translating the sense of urgency into action. I think that really is the key and that will ultimately test whether we're able to deliver on our responsibilities.

Question: My name is [inaudible] from AFP. To Ms. Schwab.

How optimistic are you? There's been so many deadlines that have been missed for the Doha Round. How optimistic are you that this one can be, or this goal can be achieved of reaching a conclusion in 2007?

Ambassador Schwab: I think this is a question that you shouldn't just direct to me but I will give you my assessment. If we can translate the shared sense of urgency into action it is a realizable goal.

We've all been very conscious of not setting artificial deadlines. Unfortunately the history of the Doha Round up to this point has been the setting of artificial deadlines and the failing to meet those deadlines.

I think that now, and it's clear from the communiqué, our desire and intent to intensify the engagement, whether that is at the senior official level, chief negotiator level, ministerial level, that if we deliver on that we have a good shot at getting closure, having a breakthrough and meeting an end of year deadline.

Minister Nath: Peter, maybe you'd like to respond to that too.

Commissioner Mandelson: I'd say this, Kamal. I believe this has been a much better meeting than some predicted. I believe that we will see a change in tempo and method in the negotiations in the coming weeks. In fact this has been neither a mere stock-taking nor has it been a breakthrough. But definitely a course correction.

This small group process that we've been involved with -- was really started earlier this year after Davos. It supports, it doesn't replace, the formal negotiating machinery in Geneva. This process that we've been conducting though is in my view essential to help bring convergence and build consensus.

I think we've made progress on the architecture of an agreement and structural issues, especially in agriculture. We need to make matching progress now in other parts of the negotiation in order to bring a balanced outcome. But this work is only a prerequisite for the ambitions that we need to create for this round. At the end of the day we don't export or import formulas, treatments, averages, or coefficients. We trade in goods and services that help bring prosperity and raise living standards all over the world. It's the trade flows that we're seeking particularly, but not only to benefit developing countries.

That is what is at stake in these negotiations. I think we've forged a very clear agreement amongst us to conclude this round by the end of the year. That has clear implications for what we do, its sequence and its timing. That's why we have to intensify and speed up our work and that is the message from New Delhi.

Minister Nath: Minister Celso Amorim?

Minister Amorim: If I would have to single out the two most important aspects that appear in this apparently very simple communiqué. I would single out our convergence or our effort to reach convergence and contribute to concluding the round by the end of 2007, and of course this is an indication as we work to that date, and this is complemented by a very simple phrase which is to intensify our engagement.

Of course when you look into that it may sound very abstract, but in fact it means more frequent meetings at the senior official and ministerial level of several forms, by the way -- unilateral, bilateral, and of course the multilateral way which is very important.

I would say that the combination of these two very simple assertions show that we have made an assessment and in our assessment not only we continue to believe it's desirable, but we also believe it's possible to finish the round in a rather short period.

I would add, reminding as Kamal did that it's the development round. We cannot forget that. It's a round in which all of us have to share benefits, but the greatest part is to go to the poor and the greatest part is the poorest of the poor. So that's something that we have to take into account.

But having said that, also the idea that we, I would agree totally with Susan Schwab, we can't be moved by artificial deadlines. All of you remember Cancun and how [inaudible] in Cancun and therefore [inaudible] the assessment [inaudible].

But having said that I think we have already made many strides. We have a lot that was accumulated and if we don't finish, without an artificial deadline, but if we don't finish in the foreseeable future, in a manageable future, in a future whose political conditions we can't define or predict, I think a lot will be at risk.

So there are artificial deadlines and there are deadlines that are put by history, by political conditions, by fatigue of negotiators, fatigue of leaders. So I would stress what others already stressed in terms of the sense of urgency. I totally agree and Brazil would never sign on an agreement whose content is not the one that we think is fair for us, for developing countries, and for the multilateral system as a whole. But if we lose this sense of urgency, if we wait too long for agreements to come let us say in a more or less automatic way without the pressure, without the political pressure from the leaders and from the ministers, we think that these will never come.

So I think there is an important balance here. No artificial deadline, but a very strong sense of urgency and a determination, the determination to make, to concretize the sense of urgency. And when we speak of intensified engagement, that is what we mean. You have to think, these are six ministers, we will not be saying that if we don't think it is possible.

Minister Nath: Minister Matsuoka from Japan.

Minister Matsuoka: [Through translator.] I would like to report to the members of the press who are gathered here today that owing to the excellent leadership and tremendous efforts on the part of Minister Kamal Nath and also efforts on the part of all of my colleague ministers who are present, we were able to achieve the great success, and I want to pay the highest tribute.

The first element of success from this meeting is that all of the ministers were able to agree that we will intensify our work so that we will be able to conclude our round by the end of this year.

In agriculture we were able to confirm that the balance of the three pillars: market access, domestic support, and export competition is important. We were also able to affirm that any agreement that is to be reached has to be comprehensive in nature and to cover not only agriculture in NAMA but also cover services and rules and therefore there must be a balance amongst all sectors.

The communiqué that we are releasing today from the G6 is stating an important message. In order to accelerate the pace of future negotiations it's sending an important message to the Geneva process as well as the entire membership of the WTO.

We were also able to agree at this meeting that the next G6 ministerial meeting will be co-hosted by Japan and Australia in order to make this process more effective. Australia and Japan will have consultations on whether the venue will be either in Tokyo or Canberra, but this is an important step for future progress that we have been able to make this decision.

I want to conclude my remarks by again paying my highest respects to our greatest host, Minister Kamal Nath, and other ministers of the G6.

Question: I am [inaudible].

My question would be to Mr. Mandelson and the representative of the USTR and other countries. The growth has brought inflation as one of the major concerns in countries like India. With 9.2 percent growth rate we have an inflation rate of 6.5 percent. In this context now both of them – subsidy reduction and also the tariff reduction from the developing-country side has become more important than they were earlier. Will the inflation check, because it is affecting the poor the most especially countries like India, would a check on inflation be a prime concern in your negotiations in the coming months?

Commissioner Mandelson: If you are asking me whether I think the inflation rate in India will be a key determinant of our negotiations in the outcome of this round I'm bound to say to you that I don't believe it will.

If on the other hand you're asking me what the relevance is, then I would say that a country like India benefits from cheaper imports, through cheaper inputs to its productive process including cheaper foodstuffs. I think you have to strike a balance between lowering your tariffs in order to enable your people to benefit from lower cost goods and foodstuffs and the need to maintain tariffs so as not to overwhelm the, in the case of food production, the subsistence agricultural

sector of the country. I rely on Kamal Nath who is a conscientious and well proven negotiator to be sure on India's behalf that the right balance is struck.

Question: I am sorry to tell you that our government has achieved 9.2 percent growth rate but has failed to reduce inflation below 6.5 percent, so maybe that is a concern why I'm asking this question. Because both the sides, whatever they do, if you go for subsidy reduction and if we go for all India, countries like India go for tariff reduction, then both the steps will ultimately benefit the poorest victims, specifically in countries like India. So why not quicken the process, why not go for faster progress on the whole issue? That was my question.

Commissioner Mandelson: I suggest we continue this very interesting in dialogue between us afterward. [Laughter].

Ambassador Schwab: I think Peter Mandelson did a very effective job of responding. Let me just add the following, which is if you are a good, responsible trade negotiator you recognize that these are very very tough negotiations for really every country involved. Therefore it is our responsibility to be sensitive to both the priorities and the sensitivities of each of our trading partners as they engage in these negotiations. It is really up to the government of India to strike the balance between having cheaper, less expensive food for consumers and looking after subsistence farmers and livelihoods. I think we need to be sensitive to both the priorities and the sensitivities that are faced, not just by Korea, but by each other. I think that's really the only appropriate answer for us to offer.

Minister Nath: You only asked the question. You didn't state what you should have also said, that India has reduced its tariffs on wheat and lentils and some foodstuffs to zero percent which no other country has done, and we are importing a large quantity of food at almost zero tariffs. We are doing that as never before. So that is also a relevant fact in today's topic.

Question: My question is for Ms. Schwab.

Ma'am, will the expiry of the Trade Promotion Authority in June end cast a shadow over negotiations until it's end?

Ambassador Schwab: I think that we recognized last July when the talks broke down that trade promotion authority was then going to expire before we were able to revive the talks. I think the single most important thing that we can accomplish in terms of a breakthrough is also the single most important thing for me to be able to contribute to the political dialogue at home on trade promotion authority.

President Bush has made it very clear that he wants an extension of trade promotion authority and we are engaged in a very active dialogue with Democrats and Republicans, the leadership in Congress, both in the House and the Senate, about moving trade promotion authority.

Question: I have a question for all the ministers.

I was wondering about special product protection, are any discussions being made so far with relation to the special product protection since you discussed agriculture?

Minister Nath: Let me answer that first and then I'll give it to the others.

Special products are very much a part of the framework agreement and the Doha declaration. There is certain specified portion in it, there is certain non-specified portions in it. On the non-specified portions we are building the specific architecture which will then lead to putting it the bottom line. We have the headlines, we need to put in some architecture to lead to the bottom line. So it was discussed today. It was discussed bilaterally yesterday, as well as it will be discussed bilaterally tomorrow. So that's an ongoing process. It is much more formal than what it was a couple of months ago.

Commissioner Truss: Special products and sensitive products are one of the very difficult issues that need to be resolved if we're going to achieve a successful outcome to these talks. Clearly the objective is to have a regime which will enable fairer and freer and more open trade to occur between countries, taking into account the particular sensitivities and special interests of the individual countries.

One of the things that's been happening since Davos has been an extensive array of bilateral discussions and meetings with groups with particular interest in issues of this nature and that's led to a number of proposals being put on the table.

This G6 meeting today has helped us to take an assessment of what progress has been made and what we need to do now to accelerate the process to come to a stage where we have an agreement. The issue of special products is clearly one of the important areas to be addressed. The Cairns Group of which Australia is the Chair has been doing some work on sensitive products. G33 has met recently to talk about special products. That's an important ingredient to achieving a successful outcome.

Can I also just complement India for hosting this meeting of the G6 today. I think it's been a constructive gathering and will help us to accelerate the pace. We will need to do that. The bulk of the work will have to be done in the weeks ahead.

From Australia's perspective and the Cairns Group respective, we still want to have an agreement that achieves major breakthroughs. We don't just want an agreement, we want a good agreement. Particularly an agreement that delivers commercially viable trading opportunities and creates new opportunities for all countries. To have an agreement everyone has to have some gains. We won't get all that we want. We'll all have to make some concessions. We can't

expect the Americans or the Europeans to do it all. India will have to do something. Australia will have to do something. The world will have to adopt a spirit of compromise to achieve something that is very important if we're going to achieve our potential in enabling trade to help build their own economies. Therefore, I think this meeting has been a constructive step forward but we've still got a lot of work to do.

Minister Amorim: Very briefly, since the question was directed to all ministers, I'll just make one comment.

I think special products is one important element of the final breakthrough but it cannot be conceived as the key to the breakthrough. All these things are interrelated as we know, and there are interrelations with market access and agriculture in developed countries which is not precisely defined yet. Certainly not in quantities, certainly not in numbers.

There is a relation of course, and a very direct relation, with domestic support also in developed countries. Again, these numbers are not totally refined. They're an approximation.

So I think they have to be seen all in this context. Maybe some of these issues and maybe special products might be one in which let us say the architecture is a little bit lagging behind but in any case we have come to a point in which architecture and substance will have to be, almost to merge because it's very difficult to have a perfect sequencing of our discussions.

I would like to make one final point from there. You know when you ask, and I know how the media does, "no breakthrough reached in New Delhi," that's probably the headline tomorrow. [Laughter]. I would say something that I really believe. You have breakthrough in process and breakthrough in substance. Of course breakthrough in process is not enough, but it's an indispensable condition to have a breakthrough in substance. I do believe that we have -- well, it's not exactly breakthrough. We have big step ahead in terms of process, in terms of the more frequent engagement, in not only senior official meetings but also ministerial meetings. So all these, as I said in several formats. So I think all of these show that we are getting nearer to the end.

Let me say another thing. Although some of these numbers or some of these concepts have not been totally frozen yet, so the outline is still a big clue, we could never come to these advances in process if we were not convinced that it is possible to freeze those numbers. So that's the area in which we are. We're not [inaudible] there, but we have made important progress. It's all the important advances, the substantive advances, that we made in the bilateral, multilateral, parts that committed us to come to these, call it an advance, call it a breakthrough on the process.

Minister Matsuoka: [Through translator.] I think the questions of special products and sensitive products is very important, just as important as the cut of the tariff rate. Of course we have many things that we are going to defend, and the ones on the offensive side we want to

obtain as much as we can. So this is where the tug of war is exists in the negotiations. But in the agriculture sector what is important is to strike a balance among the three pillars: market access, domestic support, and export competition. Japan is supporting the SP, special products of India and other countries. So I think this is indeed a question of balance between the ambition and the resolve of exporting countries, and developing countries.

But as I have stressed in my earlier intervention, the overall balance is important not only in the agriculture sector but also with other negotiating sectors such as NAMA, [inaudible] and [inaudible]. In this context the question of special products is important. It is quite symbolic.

Commissioner Mandelson: I don't think anyone should underestimate what has already been negotiated by India's Minister in protecting Indian agriculture. India is taking on just two-thirds of the tariff cuts because of provisions already agreed for sensitive products...because of a commitment already agreed for special products. As well as that it has a commitment and agreement we operate with a special safeguard mechanism.

So with that degree of protection I don't think that anyone could suggest that India's agriculture is going to left undefended, but equally, equally India's trading partners are entitled to know how many sensitive products, what provisions and treatments and special products, how the special safeguard mechanism will operate. Just as we in Europe who in some sense also have a less competitive agricultural sector and have provisions for sensitive products and special safeguard mechanisms, we too are obliged to our trading partners to say how, nonetheless, some additional trade flows and additional market access would be created. I think that's fair.

I think Kamal would accept that. I certainly do. In discharging that obligation to our trading partners, so that they will know how and where they will gain, we too are entitled, I think, to understanding and respect from them about the particular sensitivities of less than 20 competitive agricultural sectors which certainly we in Europe want to sustain, and which certainly in India they have to sustain because people's livelihoods are at stake.

So that's the essence and the complexity of the negotiation we're undertaking. I think we've made quite a lot of progress. I think we've made quite a lot of progress in these areas, but we've yet to clinch the final deal that satisfies everyone -- both the importers and the exporters of agriculture goods.

Minister Nath: Thank you very much.

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