

**Press Briefing**  
by  
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**U.S. Mission to the United Nations**  
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ZOELLICK: Well I appreciate all of you coming. If I were to summarize my past twelve days, I'd say that after some 25,000 miles and strategic consultations with over thirty WTO members, there are encouraging signs that 2004 need not be a lost year for the Doha Negotiations.

Now let me share with you some of the context of this trip. In the months after the Cancun meeting, we sensed that countries were reassessing the break-down that had occurred and an increasing number were seeing Cancun as a missed opportunity. But countries weren't sure how to reenergize the negotiations and get them on track. So in January, as I think all of you know, I sent a letter to my ministerial colleagues that emphasized that the United States did not want 2004 to be a lost year for the Doha Negotiations and I shared my - what I described as a common sense assessment - of where we stood and what we might do. I also said that I would travel to seek other's views and to have a strategic dialogue on the Doha Agenda in the WTO, so over the past twelve days or so I visited Japan, China, Singapore - where I met a number of members of ASEAN, I also met the Sri Lankans there. I was hoping to meet the Bangladesh Minister but he was ill so I didn't get a chance to see him, and then I went on to Pakistan, India, South Africa and then in Mombasa in Kenya, Minister Kituyi put together a group of African representatives and I also met briefly with the Director General there.

Today I just had a meeting with a number of the Ambassadors [at the WTO] including I think all the chairs of the various negotiating groups. Later today I will meet Commissioner Lamy in Paris, and then he and I will have a chance for a follow-up discussion next week because he's coming to the United States. And then I'll be home for the weekend, but then on Monday I leave to go to Costa Rica to meet with the Cairns group, which will give me a good opportunity to meet a number of the Latin American and other players that I didn't get the chance to meet on this trip. And then - I also later next week - meet the Director General again, Minister Sutton from New Zealand and I'm planning a couple calls with some of the other ministers I didn't get a chance to see on this trip.

What I've been trying to do is to get a better sense of answers to the following questions:

First, what are the interests of countries in moving forward the Doha Agenda and what is their assessment of how best to do so. Second, what are their top priorities? Third, what else can the United States do to help? Fourth, what can they do to help? And how do we make this Doha Agenda happen.

So let me share some of the general impressions from the trip. Everyone I visited seems to have a genuine interest in moving forward, or at least not holding the process back. Countries are in the process of shifting from wish lists to what they really need, and from restating positions to problem solving. Now this is tentative. And some countries are further along this process than others. I have a sense that there is an opening to achieve forward progress in 2004 but it won't be easy and in my mind there are two fundamental issues.

First, agriculture is absolutely the key and we will have to commit to eliminate export subsidies to succeed. We will also need progress in all three agricultural pillars, so that includes substantial reduction and harmonization of domestic support - trade distorting domestic support, but also cutting barriers to market access, and access to develop markets will be important. But there's also an interest I picked up in south-south agricultural trade, which will need to be balanced with the concern for special and differential treatment.

Second, and this was underscored in the meeting I just had with a number of ambassadors here. We need to minimize the distraction of the Singapore issues. This is a very real concern for the Africans and some other developing countries, and that's why even from the time I wrote the letter in January to this trip, I've moved to saying we should simply focus on trade facilitation and drop the other three. In this context I want to draw particular attention to the work of Minister Kituyi of Kenya, who with a number of other African ministers is doing something that is very important if we're going to succeed. They're developing an African network that covers all regions and you have some ministers that are more engaged than others, but he's trying to work with ones from different parts of the continent. And as he said in Mombasa they are trying to seek the flexibility to negotiate. So moving beyond simply stating the position to saying whether they can have a representative group that negotiates some of these topics. One point that I emphasized here was, if they're going to be successful, they're going to need the help of others to build confidence. So for some of these African Ministers that are assuming a leadership role, they're going to need to show their colleagues that this is making some progress and that's one reason that I now prefer dropping all the Singapore issues for trade facilitation, because this become a very big distraction in the African context.

So what might be the process going forward? Well first, we need to continue to seek the views of others, as I'll be doing over the course of the next week, and then we need to put together a combination of activities in the Geneva context, senior officials from capitals and ministers. Along the way, Minister George Yeo coming out of the discussion with a number of the ASEAN leaders made a suggestions that I have shared with others here, and that is trying to set a goal of agreement on the frameworks that we debated in Cancun by late July. And if we have the right work done here and consultations in capitals and senior officials here, we may be able to have a General Council meeting during the summer, that as appropriate would be supplemented by ministers or senior officials.

Given the importance of agriculture, another key step for me is the Cairns Group meeting where I will have a chance to discuss with some of the G-20 Members and others that I

didn't get a chance to see on this trip. Because I think if we can clear the decks of the Singapore issues then we can really focus on the agricultural text. This will certainly require concentration over the next five or six months and throughout one has to push for the right combination of ambition and flexibility to deal with sensitivities, because the challenge is to bring along 148 economies.

So it's been a productive 25,000 miles, I have a few thousand more after I see Commissioner Lamy - yet today - and early next week, so I think we've been able to cover a lot of ground and while I know we will have some bumps along the way I think we're moving closer to the goal that we seek. So, happy to take the questions.

QUESTION: Warren Giles, Bloomberg News. Ambassador Zoellick, what have you been asking the members of the G-20 that you've been meeting to do, what have you been asking them to contribute to the process in getting things back on track, specifically what can they add to the process at this stage.

ZOELLICK: Well I've been doing less asking and more listening to positions and I had some very fruitful discussions - I think you might have seen some of the press stories coming out of Cape Town. Alec Erwin and I had a very long meeting. I don't want to represent his position, but I think there's a lot of similarity of view on how to try to approach this issues. I had a similarly good meeting with Minister Khan in Pakistan, and I met Minister Jaitley. I had a private dinner with him as well as a separate meeting. Obviously they have more sensitivity on the market-access issue than some of their other colleagues and when - I just spoke to the Brazilian representative about trying to follow up with some of the discussions with Celso Amorin. I think the commonality of interest with the G-20 is first an elimination of export subsidies which I'm trying to emphasize just has to be part of this package to go forward. As I said in the letter, I think to help the European Union along, first the United States can agree to eliminate the subsidy element of export credits which we have offered to do. We can agree to discipline food aid and others can have disciplines on state trading enterprises. But I think that it's only reasonable to expect that the European Union will have to do this in steps and as I said in the letter, I think if they can agree, that they will eliminate all export subsidies, but the timing can be determined as the negotiations go on, perhaps that gives them room to go forward.

In addition with G-20, obviously there is a focus on domestic subsidies and I've made very clear as the United States has from its opening proposals, we're willing to have very significant cuts in domestic subsidies, but I need to get Europe and Japan to cut theirs and get closer to our numbers. We need to get increased access in developed countries - and that's certainly an interest the G-20 has - and we need to get access in some of the major developing countries, and from the discussions that at least I've had so far with most the G-20 countries, I think there's a recognition of that combination.

QUESTION: Naomi Koppel, Associated Press. You've talked about the problems in Africa and with the Singapore issues, but there's another big issue in Africa is cotton, and obviously this is a problem for you more than any other country probably. How are you

going to deal with this, I mean, how can you stop it blocking everything and particularly in this year, politically, what can you do in the United States to solve this?

ZOELLICK: The Minister from Benin was at the meeting that we had in Mombasa, and I think he went away with a positive sense about our interest in taking the issue seriously. We explained that there are both trade and development components to this. On the development side there will be a meeting in Benin later in March that will include the World Bank and the WTO and others to talk about some of the development aspects that are related to the trade aspects. On the trade side, it really will not just be up to the United States because there are a number of countries that - we even discussed this this morning - that believe that in the long run for the WTO you can't draw one product separate from the overall negotiations. However, as we've discussed, there are ways you can emphasize one product within the negotiations, and this is one reason why in both goods and the agriculture area we've suggested sectoral approaches. So what might that mean? And I've discussed this with the Minister from Benin. Well first off, if we can get the European Union to eliminate export subsidies, well then we'll eliminate the subsidy element of export credits, and that's one big concern of the cotton producing countries. Second - and I do believe this negotiation will not succeed unless Europe eliminates export subsidies, so there's just no way around that, and you can tell that from a lot of countries. It's not only a concern for export competition, but as one of the developing countries raised here, they have the same concern that we do, it affects their import competition. There's about a billion dollars of beef subsidies from the EU, so it's hard for others to open their markets unless that's dealt with. So that's one element.

The second element is domestic support and I don't want to get too technical on this, but if you go back and you look at the Cancun text, there was an interest in not only getting a cut in overall aggregate measure of support, the "Amber Box" - but the text that George Yeo developed said you will also put a cap on each product. That's very important to developing countries so it prevents shifting that you might cut a lot in one product and then increase another. We can support that, I don't know whether Europe can or I know there's been some discussion about Canada with dairy, but we can support that, and indeed as I've explained to the Africans, we could go beyond that in cotton because if we achieve the types of levels of reduction we're talking about for all products, then we would need to deal with further reductions and change some of the cotton programs, but it's got to be part of the package. And then the third element is cotton tariffs. You have some developing countries that with the end of the multi-fiber agreement are going to be some of the big cotton textile producers. Some of those countries have very high tariffs on cotton. So those elements of a trade package in a sectoral, are the best way of trying to deal with the problem of cotton producers. But I think where others can be of help - and I have a sense that they're willing to be of help - is that this needs to be part of an overall agriculture package. We're not going to be able to take out fruits and vegetables and say: "Europe should eliminate all its export subsidies on fruits and vegetables and, then we'll turn to the rest of the negotiation." It has to be done together. This will require some additional work but I think, I think we're making progress.

QUESTION: Sir, coming back to the G-20 question, why are you meeting the Cairns Group and not the G-20, since the G-20 did make signs to invite you to meetings the Europeans have met the G-20 twice already, is there any planning of a meeting between you and the G-20, since it survived for longer than some would think.

ZOELLICK: We have no difficulty in meeting with the G-20. I talked with G-20 members all the time and frankly I think we will need to work closely with the G-20 because they share a lot of our interests in terms of eliminating export subsidies, domestic support cuts, in other countries market access. And as you know there is some sensitivity within the G-20 about market access for developing countries and as I said I had some good discussions along the way on those topics. The reason that I'm going to the Cairns Group is that I was invited to go to the Cairns Group and frankly I know I've read in the paper about being invited to meetings - I don't recall any informal invitation but I don't mean to make a big deal of that because Celso and I talk. And I talked to Felipe how we need to follow up and I'll see, I think Minister Rodriguez at meeting of the Cairns Group, so this is one of the items that came out of our discussion and you can talk to some of the Ambassadors. I think a number of the developing countries that want to liberalize agriculture can work closely with us because as Alec Erwin said, we've got to push a couple of the other big developed countries. But that doesn't mean we should leave out developed country producers either, of agriculture: Australia, New Zealand, the United States and others, so I think there's some cooperative work here that I hope we can undertake.

QUESTION: Ravi Khan, Washington Trade Daily. One question which is not been very clearly addressed is are you going to start with a clean slate on agriculture given wide spread opposition on all the three pillars from G-20, from you and from others, namely the G-20 for example if you go by domestic support they're asking for elimination of "Blue Box" completely, they're asking for stricter disciplines in the green box, in export credits and export subsidies, they're asking no linkage with this clause. Given these kinds of problems, would you prefer to start with a new slate as you start the process for the framework agreement by the end of July?

ZOELLICK: To be honest, I don't know. To me that's in some ways an impractical question. No one starts from an... you're involved with all the work that's evolved, the Harbinson text, the US-EU product, the product that was done from George Yeo's text. I have not really encountered any country that is unwilling to work off the Cancun text, and so I think the reality is we'll be working off the Cancun text, but countries who want to push for different elements of it. And as I said, we've not even really had a full discussion on some of the elements that are in the Cancun text. I mention the case of the product specific caps for example. We're comfortable with that, I'm not sure all other parties are. So, I'm not worried about having a basis for discussions. The question of the "Blue Box" has come up again because I've heard different voices of Europe on this. Please recall our original proposal called for the elimination of the "Blue Box." If the European Union can live without the "Blue Box," we can live without the "Blue Box." However, if you look closely at CAP reform and you look at even what Franz Fischler said he was doing in his article in the Wall Street Journal, I'm not sure they can live

without the "Blue Box." And the problem that I have is that given the fact that the European Union subsidies and the "Amber Box" are three and a half times larger than ours, I'm not going to be in a situation where we allow Europe to have some big additional form of subsidy and the United States doesn't have it. And that's why our suggestion is we cap it.

So if you look at the logic that we've had in agriculture, let's eliminate export subsidies. Let's quit fooling around, let's eliminate them all ok? In the "Amber Box" the next most trade distorting, let's bring that cap down significantly. Our proposal was to bring ours down from about 19.1 to about 10 and a half billion and that would take significant changes in our programs if we can get the Europeans and the Japanese to come down. Third, if "Blue Box" is going to be kept, let us cap it so that we can start the reduction of that. And "Green Box" we are willing to have disciplines on. And by the way, we will also have reduction in de minimis.

To be honest, the sense I get from discussing with G-20 members is, there are actually more similarities than there are differences, but I am sure that there will be tough bargaining ahead too. I have not looked on this side so, over here, yes sir

QUESTION: What do you think would be an acceptable date for eliminating export subsidies, acceptable for both the G-20 countries and for the European Union?

ZOELLICK: That is tempting. [laughter] But I will just say, for those in Europe that believe that the U.S. and Europe have similar agricultural programs, I will just say our positions is we would be able to eliminate them tomorrow. I do not think Europe's is. But as a practical matter, what this process is about, is trying to bring everybody along. And that is why I said to try to be fair I think we will not be successful unless we get an agreement to eliminate export subsidies.

However, knowing the difficulties the European Union still has, I think if we can get Europe to agree that they will eliminate export subsidies in this negotiation, as most of us thought, we agreed in Doha, then we should be flexible in working out the timing because this will shape other reforms in the CAP program. We all have to have flexibilities here. We have sensitivities, Europe has sensitivities, it just turns out this is a very big item for the rest of the world and so that is why we need to work with some understanding.

MODERATOR: We have time for just one more question.

QUESTION: Just before Cancun you had a very good deal with the European Union. Are you somehow distancing yourself from the European Union now?

ZOELLICK: I know this has been a confusing point for people, so let me restate again. The European Union did a reform of the CAP, and I compliment Fischler and Lamy and others for doing it. I do not think it is done as much as one would all like, but it was a good effort. They needed to translate the CAP reform into trade positions. It was very

clear they were not going to do that on their own before Cancun. So, Commissioner Lamy and I were asked, with Franz Fischer and Secretary Veneman, our Agriculture secretary, in the space of about, less than two weeks, to try to come up with a framework. As I said at the time, I think that framework has moved the process forward but I personally always felt it would have to get moved further. That does not mean that we have changed our positions. So, for example, some people felt that that meant that because Europe at that point couldn't commit to eliminating export subsidies that we would accept that. No we did not accept it, but that as far as we can go in ten or twelve days. So, what I hope if you look at what then happened in Cancun, the text that George Yeo developed pushed it further, and now we'll have further discussions. So, what I try to do with the latter actually was to reemphasize what we would like to try to see happen.

But, remember here, the purpose of all this is not to make argumentative points. It is to try to bring everyone together. So, coming back to the question on the "Blue Box," if Europe can eliminate the "Blue Box," that is great, we don't use it. Now, if it's there, we would have to explain, and I have been doing this for some of our colleagues, how it would not undermine our overall efforts to cut our trade distorting subsidies. I will not get in all the complexities of that, but believe we can do that.

So, I think it moved us, the process. I have some recognition of some of Europe's constraints, it comes back to this question, why they are not going to be able to eliminate export subsidies tomorrow, and why we have to work with that. So, we are trying to pull everybody together here. Europe is not the only one with sensitivities. Other countries have sensitivities. Among developing countries some actually see great opportunity for trade among developing countries, some are sensitive to those items.

So, in a way, part of what we are trying to do is combine ambition with flexibility for sensitivities. In a way that makes sure that this is an advance for the global trading system. Part of what I have been trying to do over the past twelve days is to get a better sense for people what are their priorities, what are the sensitivities we have to deal with. Obviously take Japan. Japan doesn't like the tariff cap, I think the tariff cap is very important. So we are going to have to deal with that in some issue and in some fashion. In my view, and in the view of many other countries, we do not want to do it in a way that undermines the overall market access opening in Japan.

So, India has sensitivities on agricultural market access. But it is not only us, there is a lot of people that see there is a three hundred million person middle class developing in India and that is an important opportunity for Africans, as well as Americans and Australians and others. So, we have to deal with that sensitivity. Because Minister Jaitley has a concern about hundreds of million of subsistence farmers. So, it is a problem solving exercise. That is why as I said in my opening remarks, I think the good part that came out of Cancun, in the months afterwards, was that people recognized that, there was a missed opportunity. And so now, we are trying to do our part to move to the practical problem solving nature of this.

QUESTION: Just one similar follow up. Do you see the possibility that the United States and Europe would then update their paper, that that would help the negotiations if you two came to a new agreement.

ZOELLICK: At this point I do not think that would be a constructive step. In other words, I think what we have a text that was developed in Cancun. Remember we worked actually with Mexico and Chile and others at the APEC meeting shortly after Cancun to say let us not lose the benefit of that text, let us work off that text. We have been slowly bringing other countries to agree to work off that text, some have been more overt, some have been sort of implicit. I think Commissioner Lamy said that he'd be willing to discuss to work off that text. So I think it's best to work off that text that we developed as a basis to refine.

Again, what you haven't asked about as much, but I am emphasizing and it is going to be very key. If I were going to focus in the next six months, we have to take the contentious nature of the Singapore issues off the table. And so, my view is, let us focus on trade facilitation, push the other three away. If people continue to maneuver on that, it will cause problems with the Africans and developing countries. We won't focus on what we have to focus on which is agriculture. I think that if we can focus on those two points, if you look at the text that was developed in Cancun, there are issues related to goods and other things, but I think those can be pushed forward. Part of the challenge, when you are dealing with 148 players, is to simplify and focus. And I am simplifying and focusing on Singapore issues and agriculture and within agriculture there are these different elements.

MODERATOR: Thank you all, we really have to go. We have to go

QUESTION: What about the two other aspect of the round, what about goods and services?

ZOELLICK: Let me just answer this. On the stops I have tried to talk about these issues. Let me just be very brief. In goods, one of the ideas that I was trying to explore with people was how we can have an ambitious formula with a degree of flexibility, and so for goods. And I think that will be important to move that forward. Secondly, sectorals, I think most people believe it is important. Some countries are concerned about the mandatory nature. So, I was trying out the concept of a "critical mass". In the information technology agreement, for example, it was 90 percent of the producers. It may vary by sector. And, third, I think there is a general agreement on non-tariff barriers. But the reason I haven't been emphasizing that, in terms of the next step, is that there wasn't as much debate about that text in Cancun. That will be work that has to get done. But, I am not sure it has all to be solved before you put together a text.

Similarly on services, a very important issue area, but as you may recall, the Cancun text basically tried to encourage more countries to make offers. So, at each stop along the way, I was actually discussing with countries what we need to do to try to help them to understand how the services liberalization can help with development, the win-win possibilities among developed and developing countries. And I think, one of the points



that has become clear to me is, it is a more difficult topic for some countries because it cuts across more ministries, you see. It deals with a telecommunications ministry, a financial ministry. So, when I get back I will also going to talk with the World Bank about whether they can, and I think they are inclined to do so, give some help, to work with countries to realize the benefits of liberalization in services. Because, for example, in sub-Saharan Africa, it is now 55 percent of their GDP. It is two-thirds of our GDP. But, you see, again, this is trying to make a deal happen. And to make a deal happen the real focus is got to be on solving the Singapore issues and the agriculture problem. Thank you all.

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