

**Remarks of U.S. Trade Representative Rob Portman
And Australian Deputy Prime Minister
and Minister for Trade Mark Vaile,
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Ambassador Portman: Thank you all for your patience. We had so much to talk about today that we're a few minutes late, and I appreciate your being here.

I want to welcome Deputy Prime Minister Mark Vaile and his team to Washington. I want to thank them for their friendship with the United States and for their close partnership in so many areas. I personally appreciate our healthy and growing bilateral trade relationship and of course our close working relationship in the multilateral trade talks, the Doha Round.

As part of the Free Trade Agreement between our two countries we agreed to take stock of our new relationship every year. We are roughly at the one year mark today.

During our meetings today we did review the progress we have already made. We're pleased to report that the Free Trade Agreement is already yielding benefits for both Australia and the United States. As an example, our bilateral trade in goods grew six percent this year for a total of \$23 billion in 2005.

Imports from Australia to the United States were at record levels in 2005 for a number of key Australian exports that were the subject of the Free Trade Agreement including wine, cheese, other dairy products, fresh fruit, vegetable oil, planting seeds and snack foods. US imports of sheep and lamb meat from Australia in 2005 totaled almost \$280 million, up almost 18 percent from 2004.

From the US side overall, US goods exports to Australia in 2005 were \$15.8 billion, up 10.9 percent from 2004. US exports to Australia were at record levels in 2005 for red meat, fresh and processed fruit and vegetables, tree nuts, pet food, vegetable oil, rice and wine. US exports of machinery vehicles, electrical machinery, optical and medical instruments and aircraft enjoyed strong growth also in 2005.

The full numbers for our bilateral trade and services are not yet available but the preliminary data indicates that for Australian services exports to the United States we've seen significant increases.

According to the Australian Department of Foreign Affairs and Trade, Australian services exports were worth 3.5 billion dollars Australian in the first three quarters of 2005, which is a 15.6 percent increase over the same period in 2004.

So we're still getting data in. It's not all available yet in terms of the services side or the investment side, but our preliminary sense is that a Free Trade Agreement that we've just begun

has been quite successful and we expect to see significant growth, particularly in the investment area as the figures come out.

Australia's an important and growing trade and investment partner of the United States and after only 14 months, still very early in our FTA relationship, I'm very pleased with the success we've had thus far and hope to be able to report even more growth in trade between our two economies in the future.

I'd like to say just a word if I could about the Doha negotiations. Minister Vaile and I did take the opportunity today to speak about those ongoing World Trade Organization talks. We both agreed that what's needed now is a contribution from every country, except those least developed countries, every country must step up and be heard. The promise of Doha cannot be met unless all of us do our part.

The United States continues to be ambitious across all of the core negotiating areas – agriculture, but also non-agricultural market access and services. We have substantive discussions going on in all these areas, as you know. This weekend, Minister Vaile and I will be in London for meetings with four of our trading partners.

The pillar that I believe needs the most work at this point is market access, and particularly market access in agriculture and in non-agricultural market access.

In the 2004 framework that we all agreed to there was a requirement that we see substantial improvement in market access in agriculture. We have yet to see that.

We specifically applaud the contributions on agriculture market access, by the way, that has been made by the Cairns Group over the years which has been ably led by Minister Vaile.

At this stage of the game I'm concerned, frankly, that other countries have not yet come forward with adequate market opening proposals. At our discussions this weekend we are hoping that we can resolve some of the current blockages that are keeping us from making progress. I hope we can break the log jam. But as I've said before, this is really at this point a matter of political will. We know what we have to do. We have additional data which will be available to Ministers this weekend, I'm told, in the agriculture area and in the non-market access area. Again, I very much look forward to continuing our strong working relationship with Australia to be able to break that deadlock and to bring some great benefits that can come to the citizens of all of our countries from a successful conclusion to the Doha Round.

Mr. Deputy Prime Minister?

Minister Vaile: Thank you very much, Ambassador Portman.

Ladies and gentlemen, as Ambassador Portman has indicated, this has been the first opportunity since the conclusion of negotiations on the Australia-US Free Trade Agreement, and of course its implementation and startup a little over 12 months ago for us to assess the performance thus

far of what was agreed to as a result of those negotiations, how that's benefiting our respective economies, and also to take the opportunity with the specific working groups that we established as a result of that negotiation as we can continue to enhance and develop opportunities for our respective product sectors to engage in both trade and investment in each other's economies. That's certainly been the clear objective of the Free Trade Agreement from the day we concluded negotiations.

We've always said that it's a living, breathing, dynamic agreement. It's not static. It wasn't static on the day it was concluded. We continue to look for ways to improve that and to improve market access across a range of areas, and of course we are committed to doing that and have done so over the last little while, particularly in some of the key areas of services, professional services, financial services, government procurement and some of the other areas in terms of access through SPS measures. We will continue to work in that regard.

We've had discussions today in some of the issues that consumed some time during the negotiations, if you like, as we worked and moved forward in terms of those issues, and that remains at a very very healthy level and certainly will require ongoing work and will continue to have the attention of our senior officials.

As Rob has indicated, the health of the relationship economically between our two countries is incredibly strong at the moment. It was strengthened with the development and the conclusion of the FTA and as it year on year works its way into the relationship between our two economies it will continue to deliver significant benefits.

Rob outlined some of the benefits that have accrued to both sides, and of course we see that different market circumstances across the world have an impact on what the private sector does. What we need to bear in mind is that governments can only negotiate and create a conducive environment to trade and investment. It is then up to the product sector exporters and investors to take advantage of those opportunities created by the government.

Again, I concur with the points made by Rob with regard to the multilateral agenda which is also a key objective of both our government and the Administration in the United States to achieve a successful outcome in the Doha Round. It is going to take a great deal of political will. It was launched as a market access round particularly in the interest of the developing countries of the world. We've had one extension of time. We certainly don't want to see another extension of time as far as the Round is concerned. That means that key countries have got to make commitments now, particularly in terms of market access in both agriculture and non-agricultural products so that we can see a balance begin to develop as far as moving forward with that agenda.

So I take this opportunity just to thank Ambassador Portman and his team here at USTR in terms of the way they've held and conducted the discussions at the senior officials level over the year. In the past week we've engaged in that dialogue, and certainly it's the epitome of the overall relationship between Australia and the United States. At this particular point in time we believe it's never, ever been as strong as it is today.

Thank you.

Question: Mr. Vaile, do you support that agreement on US-India nuclear cooperation? And do you think it strengthens the argument for Australia to change its policy regarding the export of uranium to India?

Minister Vaile: As the Prime Minister has indicated whilst he's visiting India this week, he's noted the agreement between the US and India with interest, indicated that we will be having a look at that and how that relates to our stance that has been taken but still unchanged as far as India is concerned.

Question: You said at the meeting in London you'd like to see it break a log jam. What would you consider a satisfactory outcome from the meeting? Would a pledge to make an offer at some point down the road be satisfactory? Where would you want to see actual offers coming out of that meeting?

Ambassador Portman: This is not a meeting that's been set up to come up with the framework, or the modalities in WTO speak. That's April 30. But this meeting is timely because it is an opportunity for us to come together, look at the numbers that have now been run using various scenarios, and to enable us over what is really a very short period of time, a month and a half, to come up with the framework or the modality.

So my hope would be that at this meeting we would have the numbers and we would have an agreement between us to continue working toward these modalities but be able to make some decisions this weekend, some basic decisions on what the framework might look like.

Again, I don't think we want to raise expectations too high. This meeting is not intended to be the breakthrough meeting, but I do think it is the opportunity that we have as at least the G6 group and representing a larger group of members to for the first time be able to look at the actual impact of those various possible modalities or frameworks, particularly in agriculture and NAMA. We will have some good numbers. Then to be able to make some preliminary decisions. So that would be my hope.

We're still not seeing, as I said earlier, the proposals on market access we need to see in order for the Round to meet its promise. That means lowering barriers enough so that we can see the real economic benefits to the global economy, but specifically to developing countries many of whom have a special interest, as you know, in agriculture both in terms of domestic support and export subsidies on the one hand, and then on market access or lowering tariffs on the other hand. So that to me would be what I hope would come out of this meeting.

Minister Vaile: Just very briefly, just to follow on from that, I think it is important at this point in time as we are moving very rapidly towards that deadline at the end of April that we set ourselves in Hong Kong, that we've got to start seeing a narrowing down of the differences in

positions as far as market access is concerned in those two areas in both agriculture and non-agriculture or industrial goods.

In terms of the offensive and defensive interest of the different players, they need to move ahead together so the different countries can see what they are likely to achieve. But we've been dancing around these issues for a long, long time now and we really need to converge on what is acceptable. We must always remember that the key guiding principle here is the mandate we set ourselves in Doha in what needs to be achieved in market access in both those two areas.

Question: Can you speak to the pharmaceutical and patent issue? Particularly on the US side. Did you ask for action on the evergreen issue in Australia? If not, what did you raise in that area? In terms of --

Ambassador Portman: He's both Trade Minister and Deputy Prime Minister. He can go either way, depending on whether it's the India nuclear issue or whether it's a market access issue. [Laughter].

We did of course discuss the so-called evergreen issue or the labor amendment issue. We also discussed intellectual property issues that are already being worked on at the working group level. We had a very positive discussion in terms of what we agree on which is that innovation, transparency, ought to be key. Not just in terms of pharmaceutical policy, but overall in terms of intellectual property. I'll let Deputy Prime Minister and Minister Vaile speak for himself on the Australian response, but we certainly raised the issues that we have raised consistently since the Free Trade Agreement.

Minister Vaile: The issues were raised and discussed and obviously we will continue our dialogue on that. We recognize the concerns raised. We maintain an ongoing dialogue with industry in Australia. And just remember that Medicines Australia is very closely linked with some common members to Pharma here in the US and the government remains in close dialogue with them.

You raised the issue of evergreen, and the base circumstance or pathway in terms of recognition of patents and extensions of patents in Australia are a little bit different to the US going through the Therapeutic Goods Administration. Therefore we view that a little bit differently, but we understand the issues that have been raised and we certainly intend to remain in close dialogue on these issues and monitoring the circumstance as it goes forward. We do maintain, though, at this stage at the 12 or 14 month point that in recognition of the core principle that we both agree on in this area, and that is recognizing the value of innovation and the importance of ongoing innovation as far as pharmaceuticals are concerned as the fundamental central principle in what we're doing. We continue to monitor a number of different areas in the operations of our system in Australia previous, or as you call it here in the United States our formulary.

Question: This is a question for Mr. Portman regarding the Australian Wheat Board. In the FTA as I understand it, Australia agreed in the Doha Round they would agree to develop

disciplines that eliminate restrictions on an entity's right to export. Do you think Australia has offered that in the WTO negotiations so far? And where do you think that issue stands now?

Ambassador Portman: A pretty good description of the FTA negotiation. [Laughter].

Minister Vaile: You can give a description of the language in the communique out of Hong Kong if you like. [Laughter].

Ambassador Portman: We have made progress on that issue, and Mark's exactly right, we made progress in Hong Kong in coming closer to defining what those disciplines might be on STEs or State Trading Enterprises. I believe that Australia has met its commitment in the FTA to work with us and others within the WTO context to address STEs as part of export competition.

As you know, there are four or five elements, including export subsidies, that still need to be worked out. One is food aid, one is export credits, and another is STEs. So I think Australia, based on our conversation today supplemented by the work we did together in Hong Kong are keeping with the commitment they made in the FTA and I think we'll get to a result on this. I think we'll get to a result, frankly, on all the export subsidy issues because I see on those issues some convergence. I am not as optimistic, as I said earlier, about the bigger issues of market access and agriculture generally and how we can come up with a formula, not a formulary but a formula, globally --

Minister Vaile: We're on agriculture --

Ambassador Portman: -- to enable us to get access, and that means real access. That means going into not just the water between bound rates or allowed rates and actual or applied rates, but having the ability to level that playing field globally for agriculture where the largest barriers exist. The average tariff in agriculture is 62 percent. So that's where my bigger concern is right now, not as much on the export competition.

Minister Vaile: To add to that, if I can refer you to the language that was in the communiqué coming out of Hong Kong, it was quite clear, and following on from the FTA, that was the next event, if you like, in terms of addressing this range of issues, and of course overwhelmingly the most important issue that we all confront, and that Australia and that Australia and the United States stand shoulder to shoulder, is market access in agriculture. But the exact description on what needs to be done as far as export competition was clearly defined in terms of the communiqué out of Hong Kong and of course we will progress and deliver on our commitments.

Ambassador Portman: And this is important to us. The STEs is an important issue to us, to our wheat growers, as you know, and also to USTR.

Question: Was the AWB scandal discussed today? What are your views on it?

Ambassador Portman: It was only discussed in the context of the discussion on STEs, and I got a good report from the Deputy Prime Minister as to the progress that the investigation, the ongoing investigation, but we did not discuss it beyond that.

Minister Vaile: Look, it's important to recognize and I did take the opportunity during the course of our discussions on trade matters to raise the issue of the Cole Commission of Inquiry into this matter and Cole is not just conducting an inquiry into AWB, but there were two other companies that are part of that inquiry as well. I took that opportunity to brief Ambassador Portman exactly on what is happening, the initiative the Australian government has taken immediately following the release of the Volcker report last year. The Cole Inquiry is well underway, originally was set down to conclude and report at the end of this month. I understand while stopping overseas on this visit to the United States there's been a request by Commissioner Cole for an extension. The Attorney General in our system will consider that and if he deems that necessary and of value in terms of providing an opportunity for a full investigation of the matter I would imagine he will grant that extension.

But I took the opportunity of, it wasn't on the agenda here, but of briefing Ambassador Portman of the current situation, where it's up to, and I certainly intend doing that in each of the meetings over the next day or so that I hold with members of Congress and members of the Administration whilst here in Washington.

Question: Minister Vaile, does Australia want to reopen the Free Trade Agreement to try to get sugar included?

Minister Vaile: I don't know that reopen the negotiation or reopen the FTA is the right way to put it. I think there are issues that were agreed upon as part of the FTA and our acceptance of the inability to do any more on sugar at the time has become part of the FTA as have some of the structures that have gone into place. For example, some of the things we're doing in response to issues in the pharmaceutical sector that were requested by the US. Those things are part of the agreement and that structure is there, it's not to be relitigated if you like.

But of course being sort of a dynamic arrangement, this is about yes, there's a set of guiding principles in that document, but there's an economic relationship that we want to continue to expand and develop and grow. On both sides. So there will be requests from both sides to look at and review certain aspects. Of course I raise sugar today because it is an important issue to Australia. We accept and understand the circumstances that existed at the time when I negotiated this agreement with then Ambassador Zoellick, but of course since then different circumstances have beset, if you like, the market in the United States and our exporters had the opportunity gratefully extended to them by the US to sell more product into the US in the last 12 months. So there are a couple of issues we've asked as part of ongoing work, can they be looked at?

That's not getting any undertaking to do any more than that, but certainly I raise that issue because it's important for our industry that I raise that issue and we put it in that context.

Question: Deputy Prime Minister Vaile, you at home I understand made a connection between the single-desk monopoly and the US support system for agriculture here. The single-desk in a sense is a way to combat the market distorting practices that the US --

Minister Vaile: And the European Union. [Laughter].

Question: Is there any linkage here in a trade negotiation sense between further reform in the single-desk and performing US --

Minister Vaile: At the moment if you look at the --

Question: -- negotiators.

Minister Vaile: -- the three pillars that we're dealing with as far as agriculture is concerned, I mean you've got the export competition pillar as it's called that contains the negotiation to eliminate export subsidies, to eliminate export subsidy elements and trade distorting elements of the operations of STEs, of food aid programs, of export credit programs and the like all in that export competition pillar, and that's a negotiation in itself.

Then you have the domestic support circumstances that are applied by a number of countries, the common agriculture policy in Europe, farm bill mechanisms in the United States that are also subject to negotiations. But I have made that linkage not just in Australia but in my internal discussions in the WTO that the operations of the management and marketing systems as far as the Australian wheat industry are concerned are certainly done and to give our growers an opportunity to fairly compete against enormous export subsidies that come out of the European Union and the mechanisms, the different programs of domestic support that are provided to farmers in the United States, because we don't have those things. We don't have any of those mechanisms in Australia, we got rid of them years ago, so I have made that link and called that mechanism the equalizer, if you like, because you've got to be able to try and compete at least fairly.

Now it's been a number of years I think, if my memory serves me correctly, since the US has used the export enhancement program as far as wheat exports are concerned, but certainly there are those domestic support components in the different programs right under the farm bill that do provide support. There is an obvious link.

But just in conclusion, that resides in the export competition pillar because it's more directly related to export subsidies that, for example, that the European Union use a lot more of than does the US. I think the US export subsidies are about 15 million dollars a year.

Question: On the Doha Round, both of your opinions. When will the G6 agree on numbers for the two formulas, market access formulas, or will it be sufficient just to narrow differences by the end of April to make that progress?

Ambassador Portman: Repeat the first part of your question.

Question: When is it going to be necessary to make decisions on the numbers that go into the formulas, both for agriculture and NAMA?

Ambassador Portman: That's a good question because, as you know, there are modalities and there are full modalities and that language changed, but the view of the US and I think Minister Vaile will share this, is that on April 30th we need to come up with the formula including the numbers. That means the thresholds need to be decided, the percentage decrease needs to be decided within each threshold, the tariff cap issue needs to be dealt with, sensitive products and TRQ treatment needs to be dealt with. So I think in order to really make progress in April adequate enough to have a July conclusion to the tariff schedules being addressed in the fall, if you sort of back this up from your end, you've got to have the formulas in place which includes those key numbers.

That's the goal. That's why this meeting is so important. It's not the meeting to make the decision, but it's a critical meeting to getting us to that April 30th decision which is actual numbers being applied to some kind of a formula. We believe that we have a good basis now in domestic support. We believe we have an excellent start in terms of export competition, and the third pillar, market access, is what's lacking.

Minister Vaile: Rob makes a very very valid point. We just need to remember that the so-called G6 mechanism, if you like, is not about final decisionmaking, it's about moving key players and key interest groups towards that. The final decisionmaking has got to take place in Geneva, and that's a very valid point. But something has to happen in the mean time and the catalyst for that probably needs to be this meeting this weekend.

Question: Mr. Portman, I know that a couple of state legislators and beneficiary advocates have come to your office with the fear that they think this trade agreement might affect how state components like Medicaid prescription drugs for instance. And they want you to verify it does not affect Medicare in any way at all. Are you going to address that at all? Or how can you make sure that pharmaceutical companies won't challenge cost containment measures of states to curb those skyrocketing programs?

Ambassador Portman: It's a good question. I'm glad we have a chance to clarify it. We will be responding in more detail to these individual concerns that have been raised, but this Free Trade Agreement will not affect the ability for states in the context of Medicaid or the federal government in the context of Medicare, to be able to put in place appropriate policies or formularies we talked about earlier, with regard to prescription drugs.

This is a concern, as you know, that was raised at the time of the agreement, going through the process. I think we addressed it adequately then. As you saw, there's a large bipartisan majority for this agreement and it's really not the intent of the agreement.

Question: This is the FTA, right? The Australian FTA, not Doha.

Ambassador Portman: Right.

Question: What was your response to Australia's request for greater access for sugar in the US market?

Ambassador Portman: We've already talked about sugar. I think Minister Vaile did a good job of talking about the fact that at the time of the FTA we went through all of these difficult discussions including on sugar and we made certain decisions. So one of my responses was this is not the time to reopen the FTA.

On the other hand, I was able to make the point, which was made indirectly earlier, that in this fiscal year alone, so since September 30 of last year we have increased exports from Australia 59 percent. That's because we have had a stronger need here for raw sugar and we've been able to increase those exports. Whether that continues over the next year or not will depend on a lot of different things that relate to market conditions. But the point is that we will be flexible where we can, where we have a need to be able to provide for additional sugar. But reopening The FTA at this point is not a practical alternative.

So my response was that we'll continue to work together on all these issues, but not to reopen that discussion at this point.

What was your second question?

Question: Australian Wheat Board?

Ambassador Portman: I'm confident that Australia is taking its responsibility seriously. I think you just heard that from Minister Vaile. The responsibility under the Doha Round is to be sure that the monopoly powers are not essentially trade distorting or result in commercial displacement. If you look at the Hong Kong language, it refines that further in terms of the kinds of discipline that are required. Based on the meeting we had today and you heard this in the comments a few moments ago, I am confident that Australia is taking its responsibilities seriously in this area just as the United States is in terms of export credits which is a tough issue for us within the export competition area.

I said during my opening comments everyone has a role to play here and all WTO members need to step up to the plate. I think Australia is not only cognizant of that, but I think they're going to end up taking a leadership role among those countries that must address the STE issue.

Question: So would you be comfortable with that [AWB] remaining in place as long as it meets this criteria [inaudible]?

Ambassador Portman: It's a good question. I will not answer it beyond saying that to the extent there is a monopoly power and an inability to export, I think it's difficult to meet the requirements. But having said that, the WTO's about trade. It's not about, I think Minister Vaile mentioned earlier, what private companies might want to arrange. It's not about what the

governmental decision might be with regard to regulating markets beyond trade. So to the extent it's not trade distorting and doesn't result in commercial displacement, it's really not within the ambit of our discussions. That's my view.

But as I said earlier in response to the question, this is an important issue to the United States. It's one that again, I believe that as a former agriculture minister and in his current role, that Minister Vaile is handling this matter very responsibly. He's been a leader in the WTO ever since I got here. I mentioned today that when I first arrived in this job which was about ten months ago now, I relied on him to take me around and kind of introduce me to not just the issues but also some of the personalities and players in this WTO context. He has been a leader in this WTO negotiation in the last ten months and I know that Australia will continue to take a leading role.

One more question and then we're going to let you go.

Question: Mr. Portman, you mentioned that now is not the time to renegotiate the FTA or whatever, so what is the point of this meeting if you guys can't bring up areas that you would have liked to improve the FTA at the time and now a year later things are different, let's do some things differently. What was the point of the meeting then? And what other things did you guys discuss besides sugar and pharmaceuticals?

Ambassador Portman: We went over over a dozen different and discreet issues. We actually made a lot of progress.

I mentioned the working groups earlier. We have several working groups on different issues, including pharmaceuticals, including many of the agriculture issues. Today as an example I think we made progress with regard to professionals. There is an interest in Australia in accounting law and engineering to have the ability to have US certification and USTR cannot make those decisions, as you know. These are professional bodies and sometimes state organizations, but we have agreed to continue to facilitate that. I think we've made progress already and can make more progress now.

We also talked about a lot of different agriculture issues that relate to sanitary/phytosanitary issues. One, as you know, that's high on my agenda is the apple issue and fire blight. We were able to win a WTO case in the context of the Japanese market. We're interested and have been for over a dozen years in the Australian market. We mentioned progress in that. We've got a working group working through some of those issues with their equivalent of our AFIS, the Department of Agriculture and others who are working with us on that.

There are a number of areas where, as I think Minister Vaile said earlier, this is a living, breathing document. There are going to be changes and opportunities where we can help each other to achieve the full benefits of this agreement over time.

So we did make progress today. We will meet again next year and we will make additional progress, but in the mean time, these working groups will meet and I think these meetings are an

excellent idea. I'm glad, although I had nothing to do with it at the time except voting for the agreement when I was in Congress, I'm glad this process was set up. I was part of the original caucus, the Australian caucus. Not that they needed me because it was such a popular agreement.

But this is a good idea to have a stock-taking every year.

Minister Vaile: But it injects some energy and momentum into what we're doing at official levels. Just remember that although the sexy issues, if you like, are the market access issues, it's about beef and some dairy product and sugar and some of the politically sensitive agricultural issues, but some of the significant opportunities for both sides are really in the services sector, in financial services, in investment, government procurement. There is a need for ongoing work as far as our officials are concerned and what we're trying to structure as a mechanism for every 12 months or so the Ministers to meet and look at what is being done and what is being achieved, and continue to drive that process.

For example, as part of the government procurement chapter I think when we concluded the agreement there were 27 of the states in the US that had acceded to that. We're coming up to a point where there's going to be 31, there's four more going to accede to the government procurement chapter. That's giving our service providers access or being treated, what we call being given national treatment, to compete in those contracts.

Now it was a bit easier for Australia because we have far fewer states, but we still had to get them all on board. And of course US providers have got access to their government procurement programs. So it's just an example of what is achieved as sort of a threshold or a beach head at the start of the process that then is added to and added to through this mechanism of annual review.

Question: Can I just ask you on another matter? Australia's effort to secure a Free Trade Agreement with China --

Ambassador Portman: I lost control of the press conference. [Laughter].

Minister Vaile: This is the ABC. They're like that, yeah. [Laughter].

Question: But is Australia's efforts to negotiate a Free Trade Agreement with China jeopardized by China's threat to blockade our ships?

Minister Vaile: Our relationship with China has been in existence for many many decades and issues arise from time to time that we will deal with in the way that we have in the past with the professionalism and the maturity the relationship requires. We just remember that we've got in the not too distant future a significant visit to Australia by Premier Wen Jiabao and a whole group of senior ministers including my counterpart, Bo Xilai; the Chairman of the Planning and Reform Commission, coming to Australia. And of course a part of our negotiations, this is something we actually had a discussion over lunch about, is some of our other regional trade

agreements that we're independently negotiating and comparing notes. We discussed China because China is very very important to the global economy and it's significantly important to Australia, obviously.

But part of one of the working groups that we've established in the FTA negotiation with China is working on the structure surrounding the trade in resources because Australia is so important to China in terms of resources trade and vice versa. But I wouldn't expect to see this as a destabilization. We can eyeball our counterparts in China and have a very frank discussion about any number of issues.

Ambassador Portman: Thank you all very much. I appreciate it.

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