

**Press Briefing**  
**with Ambassador Susan C. Schwab, USTR**  
**on**  
**The U.S. Perspective on Trade Talks**  
**Tuesday, January 30, 2007**  
**World Trade Organisation**  
**Centre William Rappard, Geneva**

**Ambassador Schwab:** Hello, everyone. Some familiar faces here, some of you I haven't seen for at least 24 hours!

I'm very pleased to be back in Geneva. I think coming out of Davos a number of us emerged with a new sense of optimism and a sense of momentum that had been sorely lacking since July.

As I noted to a number of you when we were in Davos, the United States is fully committed to a successful Doha Round outcome and one of the hallmarks of this WEF meeting was that this was the first time we had a large group of Trade Ministers gathering in one venue where there was clear agreement on the need to move forward with the Doha Round and a sense of urgency that if at all possible we need to identify a means of achieving a breakthrough and ultimately a successful trade agreement.

The focus of our discussions were how to turn this political will, this sense of urgency into reality. We know we have a lot of work to do. We know that ultimately this round needs to alleviate poverty. This round needs to unlock the economic potential of new trade flows. I am very pleased to be a part of this. Just as the last several months have been months of very intensive, quiet consultations and discussions, I suspect the next several months will be characterized by much of the same. Much to the chagrin, I suspect, of a number of people in this room.

Anyway, I'm pleased to be here and pleased to answer any questions you might have.

**Question:** Two related questions.

First of all, do you think that the G6 framework is still a valid and effective way of continuing negotiations? And I'm not quite sure how many bilaterals are underway now, but if you come up with a different set of outcomes with the EU and with the others, how are you going to universalize those different sets? Thank you very much.

**Ambassador Schwab:** Those are both very good questions. As you know, what characterized the events last July was the failure of the G6 to reach any kind of an agreement that might have led to a breakthrough in the Doha Round. So I think unfortunately the G6 focus, and quite frankly the focus on top line numbers, headline numbers, failed us as an approach.

Right now the focus is more on a series of bilaterals, small group meetings, and there are no formal plans that I'm aware of to reconvene the G6.

That said, all of the G6 members were in Davos and I had a chance to speak on a bilateral basis with each of my colleagues, and I know that my colleagues had a chance to speak with each other.

In terms of universalizing, that is going to be a very interesting challenge for us but I think that we have found a formula that has a chance of success, that this focus on key sensitivities and key priorities and then reverse engineering into the top line numbers is a promising approach. It's a bottom up approach where we look at the sensitivities, the flexibilities, the priorities in conjunction with the statistics and the formulas. And that while the initial part of this takes place on a bilateral basis and small group basis, we clearly have to multilateralize it. It will ultimately be multilateralized in two ways. One is sort of an informal expansion of concentric circles where you start widening the circles of discussion, and the other, obviously, is using the more formal mechanisms of the WTO including the negotiating groups.

At what point the more formal mechanism comes into play I think has more to do with how far along we are in terms of the substantive discussions than any specific timing element, but we are aware that no two, three, five, six, eight countries can declare a breakthrough in an organization like the World Trade Organization. This is an organization that is a bottom-up enterprise. There are 150 countries and we operate by consensus.

**Question:** I was wondering, Commissioner Mandelson made a statement in Davos saying that he thought, actually he said it yesterday here in Geneva, he thought there was closer convergence between the EU and the G20 and this was the landing zone. I was wondering if the U.S. also believes it's getting closer to the G20 position, that this is the landing zone for an agreement.

Also, is there any agreement at all whatsoever, or an understanding with the EU on any of these technical issues that you are discussing? Say, for example, how you increase TRQs, the basis. Is it domestic consumption? Is it import levels? Do you now have an understanding with the EU on that, for example?

**Ambassador Schwab:** Let me start with the second part of your question. It is that level of detail that is the focus of a lot of the dialogue, bilateral dialogues going on. What is the treatment of sensitive products going to be, the treatment of special products? How do we ensure that that treatment addresses both critical red lines and key priorities? Both offensive and defensive interests of the membership.

In terms of a landing zone, I don't think we know where a landing zone is. And if the G20 proposal or the EU proposal had been the landing zone, we would have figured that out last July. I think if you look at the G20 proposal you can pick a piece of it and say you subscribe to it. The United States would subscribe to the piece of the G20 proposal that limits sensitive products to no more than one percent of tariff lines. Other countries might subscribe to the part of the G20 proposal that says in the top band, the top band should take a 75 percent tariff cut. Another part of the G20 proposal, as I recall, says the treatment of sensitive products should be a minimum of six percent of domestic consumption.

So you can claim to subscribe to any number of pieces to the G20 proposal as a landing zone. Clearly we have a lot of work to do to find a landing zone where we have convergence because we haven't identified that.

I think what is interesting is when the EU talks about an average cut of 54 percent. That has no meaning until we know what all the other pieces of the puzzle are and that is not a criticism of the EU, it is an expression of how much technical work, policy level work needs to be undertaken before we do have a sense of where the landing zone is.

**Question:** Good morning, Ambassador. I was wondering if you could elaborate a bit on your meeting here in Geneva with Minister Amorim and Minister Mandelson.

And secondly, if you could elaborate a bit on what we're seeing here in parallel to the WTO, the fear of corporate America to challenge infringements of copyright and patents in China. Thank you.

**Ambassador Schwab:** Could you rephrase that second question? I'll do the first question, then we can come back to the second question.

I've had the opportunity in the last, how many hours have we been here? Twelve hours, 13 hours? Anyway, in the time that I've been here in Geneva to have a number of meetings. My team and I were able to spend several hours with Minister Amorim. I had an opportunity to spend the day before yesterday close to seven hours with Commissioner Mandelson and his team. I had the opportunity to meet with Pascal Lamy yesterday. And yes, Minister Amorim and Commissioner Mandelson and I managed to sit down and have a little chat, the three of us. Finally I had a dinner last night with some of the chairs here at the WTO to learn what is going on and how, for example, we might multilateralize the process. And today I had the opportunity to call on the new Director General of the World Health Organization. Dr. Margaret Chan just took office and I had a chance to congratulate her and I look forward to working with her as well.

The second part of your question had to do with intellectual property rights in China?

**Question:** Yes. As you're aware there's a major global conference here on copyrights and patent counterfeiting. We tried to get some comments from major U.S. corporate executives. Their number one concern is the abuse in countries like the former Soviet Union countries, Russia and in particular China, but they're reluctant to take on and make public their case. They're expecting governments, the U.S. and others, to make the case but they're getting the impression that that's not happening. Thank you.

**Ambassador Schwab:** There are several issues wrapped up in that question. Let me try to address each of them.

One, counterfeiting, piracy, violations of intellectual property are a very very serious problem that trading nations, rules-based trading nations face, that entrepreneurs and innovators and artists, those who create face -- whether you were talking about writing a book or filming a movie or inventing a life-saving medicine, there are IP issues that come into play.

China has been a major source of intellectual property rights violations. In fact if you look at where the problems have come from, China is first, Russia is second, and then there are other countries, Brazil and others, that have played into this.

I think there is a genuine interest on the part of responsible governments to address the protection of intellectual property, piracy and counterfeiting issues. I believe in China, for example, the conversations that we had, that I had in China in December as part of the Strategic Economic Dialogue, it is very clear that there is a commitment on the part of many Chinese leaders to

address this problem. Any country that aspires to be a knowledge-based economy, to promote its entrepreneurial and artistic classes sees the value of protecting intellectual property. But if you look, for example, at the statistics of pirated and counterfeit goods coming into the United States, well over 70 percent of the goods captured, the pirated, counterfeit goods captured at the border in the United States come from China and that number has been growing, not going down. So this is an issue we need to address.

The question that you raised about corporate executives, unfortunately whether it's in the intellectual property rights area or many other trade disputes, frequently individual companies, corporations, feel very vulnerable to pressure from governments in countries where they do business. This isn't just exclusively related to intellectual property rights. It is something that I have heard through my entire career as a trade negotiator. It is a reason that in many cases trade associations take the lead in terms of filing cases, registering complaints, and why governments are prepared to take on the responsibility of addressing complaints, because individual companies can be pressured or held hostage and are nervous about speaking out, even when they are in the right.

**Question:** Thank you, Ambassador. I have two specific questions based on what Peter Mandelson told the G20 yesterday in which he said the U.S. can go down to 15 billion but the big issues is the disciplines. He said disciplines will make or break the deal.

Can you throw some light on what exactly are the disciplines that you are agreeing to? He gave an indication that the combined cap of AMS and Blue Box and product specific would be around 14 percent of the current levels. So is there any light you can throw on this?

The second question is on NAMA. On NAMA Peter Mandelson yesterday said that he would argue for a coefficient of 10 and 15 for the developing countries. Is there consensus on this? He also seemed to have said yesterday to some others that he can go up to 20. Where does the U.S. stand on this?

**Ambassador Schwab:** Let me begin with where I started this morning which is I am not going to be negotiating top line numbers, and you and I have had this conversation a couple of times in the last couple of weeks, I am not going to be negotiating top line numbers and certainly not doing so in the press. I did not hear what Commissioner Mandelson said yesterday to the G20, but if that is what he said he was not accurately characterizing the U.S. position in terms of the agricultural negotiations and I don't think -he does not try to characterize the U.S. position. When he talks about it, he talks about what he'd like to see the U.S. position be as distinct from what he believes the U.S. position to be. So I certainly don't intend to talk about that.

In terms of NAMA, again, the U.S. position has been very consistent in terms of wanting the most ambitious, market-liberalizing outcome when it comes to the entire range of negotiating areas in the Doha Round, whether it is agriculture, whether it is NAMA, whether it is services, trade facilitation, and so on. So the lower the coefficient the happier we would be. We're also, as you know, interested in particular sectoral agreements. For example, in an area where there is a clear juxtaposition of environmental interests and trade interests, if we could see a global elimination of trade barriers in environmental goods, goods that contribute to lowering emissions and so on, we as trade negotiators can contribute to broader energy and environmental concerns.

**Question:** Ambassador, two questions.

First of all, it's a very basic question but I cannot not ask it. Is it time for the U.S. to come with a proposal that other countries are waiting for? That's the first --

**Ambassador Schwab:** You haven't been listening to what's been going on in the last couple of weeks.

**Question:** Yes I have, but that's the question, for example, that agriculture (inaudible) in Europe yesterday made it clear to the Commission that they were very upset that the U.S. didn't bring anything new to Davos, basically.

**Ambassador Schwab:** You're talking about the French and the Austrian statements yesterday?

**Question:** That was the second question. But what I was talking about was the European producers, the associations who put out a press release saying that you didn't bring anything new to Davos.

Secondly, how can you negotiate basically with the EU if 15 out of the 27 are not very sure that they can do what you expect them to do?

**Ambassador Schwab:** Every country or group of countries involved in the Doha Round negotiations has its own political sensitivities and political dynamic. Commissioner Mandelson has 27 constituencies he needs to listen to. Some are more powerful than others. Some are more constructive than others. I will not second-guess the internal politics that Peter Mandelson has to deal with, nor would I invite anyone to second-guess what it's like to work with 535 members of the United States Congress and all of the constituencies I have. For example, Celso Amorim has a multitude of constituencies in Brazil that he's dealing with, both offensive interests -- industry, agriculture, and defensive interests. So each one of us comes to the table with our own political imperative and I think we need to respect each other's political imperative and stretch as far as we can to reach the best substantive outcome, the most ambitious and balanced substantive outcome we can accomplish so as to increase economic development, alleviate poverty, and as I said, unlock the economic potential of new trade flows.

In terms of a particular proposal, I'm trying to think how to respond to the first part of the question. We tried "the U.S. goes first" model of negotiating the Doha Round. It failed. We did go first. We came out first with a very ambitious market opening elimination of trade distorting subsidies proposal. We were waiting for comparable levels of ambition to be generated among our major trading partners. It didn't happen. So we tried that, we set that aside. It didn't work. We tried the "let's find convergence on the top line number" model. That didn't work, you saw what happened last July on that.

So starting in July, and you're from the Brazilian press, less than five days after the talks broke down here in July, I was in Rio de Janeiro meeting with Minister Amorim. The model that we are now following, that we've been following ever since, are the quiet bilaterals, small group meetings with -- particularly quiet bilaterals -- not just at the ministerial level but at the ambassadorial level, the technical level. There's been a huge amount of work going on and it started with that meeting. We have been true to the commitment we made to try to move the process forward and the EU is now engaged and other countries are now engaged. That's the model that we hope will work this time.

**Question:** You haven't mentioned India so far. I wonder is this because you see absolutely no sign of any movement when it comes to questions such as special products and (inaudible) sort of on the under side of the big developing countries?

**Ambassador Schwab:** India obviously is a critical player and has a critical role to play in the success, or quite frankly, the failure of a Doha Round negotiation. India is I think starting to step up its participation. Minister Nath expressed his support for the approach that we are taking when he was in Davos and I welcome that. It's my hope that going forward India will be a proactive and engaged participant in the process.

**Spokesman Sean Spicer:** The Ambassador's got two more quick points to make and then we've got to hit the road, so I'm going to have her touch on both of those and we'll go from there.

**Ambassador Schwab:** We're heading to London this afternoon where I'll be calling on Gordon Brown. For those of you who follow the Finance Minister and particularly Gordon Brown's comments about Doha, his interest in Doha is most welcome and I'm going to be dropping by to see him in London.

The other thing that is perhaps the worst-kept secret in town is that the President of the United States will be speaking about international trade both today, Tuesday, and tomorrow, Wednesday, and that tomorrow we would expect his speech to address the question of Trade Promotion Authority, and we will welcome that speech and look forward to working with the United States Congress, Republicans and Democrats, House and Senate, to see Trade Promotion Authority renewed.

I'll stop there. Thank you all very much.

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