

TRANSCRIPT

U.S.TR Ambassador Susan Schwab

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<<*consecutively translated*>>

A/U.S.TR SPICER: We'll call on you and she'll take some questions when that's done. Please, we're going to stay here for about 20 – 25 minutes. Obviously, it's been a long trip and the ministers' meeting just broke up and we want to make sure she can continue with her meetings so ...

OK guys, thank you.

AMBASSADOR SCHWAB: Good afternoon everyone.

Good afternoon. Thank you for joining us for this conversation. I'm looking forward to being here this week. We got in very late last night and it is always a treat to be able to attend an APEC meeting. I'm also very pleased to be back in Vietnam. Being here with my APEC counterparts is an opportunity to talk about ambitions and optimism and moving a global and regional trade agenda forward.

To put the APEC membership into perspective, two-thirds of U.S. trade in goods takes place in this region. One-point-six trillion dollars in annual trade.

In our retreat this morning, the ministers focused first and foremost on the Doha Round of multi-lateral trade negotiations. Resuscitating the Doha Round is clearly the top trade priority for all of the countries that are represented – or the WTO members represented – here at APEC.

We also spoke about other medium and longer-term goals and objectives for broader economic integration in the region. And you will hear more about this later on in the week, but in the near term, they are focused on the Doha Round and the ambitious and balanced outcome of that round that would create new trade flows in agriculture, manufacturing and services.

For the United States, we are also looking forward to several other events while we are here this week. We are looking forward to signing a bilateral agreement with Indonesia, a memorandum of understanding related to illegal logging.

We are also hoping that some time this week we will have the opportunity to sign the bilateral accession agreement for Russia's accession to the WTO.

And before I close my opening remarks and stop for questions, I wanted to offer a clarification on a question that has come up about the (PNTR) from Vietnam.

The Bush Administration and the leadership in the Congress, Republican and Democrat, are clearly committed to enacting permanent normal trading relations for Vietnam – with Vietnam joining the World Trade Organization. We are confident that permanent normal trade relations will be enacted in the United States. And we will continue to press very hard to see that enactment takes place before Vietnam actually joins the WTO.

You have to be a student of our Congressional system to understand the vote that took place yesterday. The fact is that there was strong bipartisan support in favor of permanent normal trade relations for Vietnam in the House of Representatives. The vote was a majority vote in favor of 228 to 161. And that vote, the 228 – 161, is a 67-vote margin in favor with strong endorsements by both Republicans and Democrats.

However, the procedure that was chosen yesterday was one that required two-thirds votes in the House to accelerate the process. And because of it being the first day back from the election and a lot of the members were not there, they fell 32 votes short of that two-thirds. The Congress is going to be back beginning in December again for the regular (lame duck) session and at that point we would expect Congress to take up in the normal procedures, (PNTR), both in the House and in the Senate. And as I said, this is a clear priority for the Administration and we are confident that ultimately, PNTR will be passed for Vietnam.

Let me stop there because I know there was some confusion about that issue and let me respond to any questions.

Q: (Inaudible)... from Tokyo. Can I ask you two questions in regard to the Doha Round? Part of the reason why WTO round has been suspended appears to be the responsibility of subsidies. What solution can you, can the United States make in order to return to this round on subsidies issues. The second question is why at this moment in time, the United States can decide (inaudible)

AMBASSADOR SCHWAB: The Doha round ... The Doha Round negotiations, as you know, broke down in July, reflecting fundamental differences between key players. No single country, no single group of countries will be able to unilaterally put the Doha Round back on track.

Artificial deadlines will not do the trick. High-profile ministerials will not do the trick. The only thing that will get the Doha Round back on track is if all of the key players, developed and developing countries alike, are willing to stretch beyond where they were in July.

The U.S. position is very clear. There are at least four elements that would be key to a break-through.

First, in the case of developed countries and developing countries, new trading flows in agricultural goods through market, new market access, is key. So what we're talking about is meaningful new market access and new trade flows in agriculture.

In the case of the developing countries, we are also talking about treatment of special products that allows for new market access

When it comes to trade distorting domestic subsidies, it is clear that the European Union and the United States in particular need to address and do more in terms of reducing the use of trade distorting subsidies.

And in the case of manufactured goods – and services – quite frankly, again new market access opportunities resulting in new trade flows is critical to achieving a breakthrough.

As I indicated, when you're looking at sequencing and priority activities, resuscitating the Doha Round is the top of the list.

That does not preclude, that does not prevent us from looking ahead to the medium term and the long term in such initiatives as meeting (the Doha goals) and the potential and future for broader free trade understandings within the region.

Q: You say that the EU and the U.S. in particular (inaudible) could do more in terms of reducing (trade distorting) subsidies agriculture. Do you actually have a system of concessions to put on the table to restart the Doha Round and is the U.S. (inaudible)

AMBASSADOR SCHWAB: There comes a point in a trade negotiation where it stops being useful to negotiate with the press. This is a point where artificial deadlines, high-profile ministerials are no substitute for small, quiet conversations on what ifs. The U.S. position has never been one of putting down a proposal and saying "take it or leave it."

We do continue to believe that unless and until there is significant market access on the table in agriculture, in manufacturing, in services and so on, it would be impossible to achieve new trade flows and therefore impossible to achieve global growth, global economic growth and the alleviation of poverty. That is at the core of the Doha Development Agenda.

Q (translated): I have two questions and both are about PNTR. The question (inaudible) Vietnam (inaudible) the agreement to join the WTO by the end of this month, November, Vietnam will become a full member of the WTO. But you said that the U.S. Congress will resume, will meet in December. So how will the Bush Administration work to push for PNTR approval? And the second question is, PNTR is easily viewed as a gift by the U.S. President when he visits Vietnam, but clearly this time he cannot have the gift with him. So, what do you think, what is the other gift you will bring?

(laughter)

AMBASSADOR SCHWAB: Let me begin by noting that the way the accession process works is one month – or is it 30 days – 30 days after Vietnam formally submits its paperwork to the WTO is when Vietnam officially becomes a member of the WTO.

So if the National Assembly approves Vietnam's entry into the WTO at the end of November, then it's the end of December some time, or some time in early January when, in fact, Vietnam will join the WTO. The lame duck session of the United States Congress resumes, I believe, December fourth.

The fact that they were in session for a couple of days this week was generally for more procedural activities. And while we are disappointed that the Congress was not able to enact PNTR in the three days that they were in session this week, we are confident that they will enact PNTR.

WTO accession is not a gift that Vietnam is giving to the United States or a gift that the United States is giving to Vietnam. Vietnam's accession to the WTO is important to Vietnam and important to the United States. And we are confident that PNTR will follow.

Q: Good afternoon, Ambassador. My question to you is related to PNTR. You said that accession would be in December, but yesterday we saw that many Democrats voted against the PNTR. (inaudible). Do you think this is just about politicians because they chose to vote on suspension or do you think that (inaudible) the Democrats are against (inaudible) this?

AMBASSADOR SCHWAB: Before I joined the USTR, I spent 10 years in academia and your question is a wonderful question about how the legislative process works in the United States.

The House leadership used suspension (indistinct) because they had the best of intentions and want a quick passage of PNTR. Had they used normal procedures, the vote would have been overwhelming. And in fact, if you look at votes in the last four, six, eight years on trade matters, this is a very strong... yesterday's vote was a very strong bipartisan vote. 90 Democrats voted yes and that includes the Democratic leadership in the House.

We have not talked about the Senate. When the Senate Finance Committee passed PNTR before they left for the election, that was by a vote of 18 to zero – a fully bipartisan vote within the Finance Committee. So there is strong bipartisan support for PNTR for Vietnam and the issues, the current issue has to do with procedures and timing, not with substance.

Q: My name is Jason (inaudible). I work for (inaudible) news. (inaudible) you alluded briefly to (inaudible) long term goals for the whole region. I wondered if you could touch on whether the U.S. will be specifically proposing an APEC free trading area during this

meeting and what kind of response you are expected to see. Secondly, PNTR (inaudible) clarification but, when the U.S. and Vietnam signed the bilateral textile agreement 2003, it was our understanding that the agreement called for the end of quotas one day on joining the WTO and there was no specific reference to PNTR, so if you could just clarify if Vietnam does join the WTO without the PNTR passing, although, obviously we hope that won't be the case, would the bilateral textile agreement, still come to the fore and (inaudible) quotas to be eliminated? Is that, is my understanding correct (indistinct)? Thank you.

AMBASSADOR SCHWAB: Let me address your second question first, which is yes, as I understand it. The agreements would go into effect and as I said, PNTR is just a matter of time and we're fully confident that PNTR will be enacted. And it is a very, very high priority for all concerned and we'd like to see it enacted before Vietnam actually becomes a member of the WTO so the issue really is moot, but we see this going into effect.

Second, in terms of the broader economic issues of economic integration in the region, I think that the first most obvious thing to say is how strongly committed the United States, for very many years, [is] in terms of broader economic integration in the region – our role in the founding of APEC, the commitment to the (inaudible) roles, which really addresses these issues and the fact that we already have several free trade agreements in the region. We're in the process of negotiating others in the region.

One of the issues that has been raised by, among others, ABAC – the business community participants in the APEC process – is their concerns about the proliferations of FTA's – free trade agreements – and regional trade agreements. One of the issues that we are exploring is, for example, model measures for FTA's. So this notion of broader integration is one that is under discussion by the ministers at this point and is likely to be discussed by the leaders. And I'll just stop at that point.

Q: (inaudible) I'd like to ask a question that was not mentioned in your remarks and that is the (IT question) about intellectual property. Was there any discussion today and what was the outcome?

AMBASSADOR SCHWAB: As you know the protection of intellectual property rights is an issue throughout the world, including in this region and many of the governments, many of the economies that are part of APEC are committed to the protection of intellectual property – strengthening the protection of intellectual property.

And we will be speaking later on today about initiatives to further the protection of intellectual property across APEC.

Q: (inaudible) ABC. I understand that Pascal Lamy has told the meeting this morning that he wants to restart (Geneva) tomorrow morning and that he is going to ask all the (inaudible) for the various negotiating (things) to resume. Is that your understanding (in

the briefing you've had) from Pascal Lamy -- that he is trying to actually do a (inaudible) start (inaudible) tomorrow morning?

AMBASSADOR SCHWAB: I think the obvious response is, you could ask Pascal Lamy what Pascal Lamy is going to say. In terms of the conversation that we had earlier today, we're not really talking about a formal restart to the negotiations.

What we are talking about -- and again -- you need to ask him specifically, is furthering and moving forward with the more informal processes that will enable us to get some of the technical work done so that if we achieve a breakthrough we have moved the ball forward on a broad range of activities.

And, you know, informal, substantive dialogues are always going to be useful, presumably a useful potential way of moving the ball forward.

But you should ask Mr Lamy.

<<*press conference ends*>>