

Transcript: USTR Robert B. Zoellick

Introduced to the press by Pakistan Minister of Commerce Humayon Akhtar Khan

At the Ministry of Commerce in Islamabad, Pakistan

February 15, 2004

4:00pm

BEGIN TRANSCRIPT:

Minister Humayon Akhtar Khan: I'd like to welcome Ambassador Bob Zoellick and his entourage to Pakistan. Historically speaking, this is the second visit of a United States Trade Representative to Pakistan. The last one was a very brief visit in October 1988.

Ambassador Zoellick is part of President Bush's team. He works out of the White House and is a Cabinet-level person of President Bush's team. We welcome him here. He has been on an extensive trip where he has been traveling to China, Japan, Singapore. And he will be traveling to a number of other countries regarding the WTO Doha Development Agenda negotiations, and trying to get them back on track.

Now I'll give the floor to Ambassador Zoellick and then I'll make some comments myself.

USTR Robert B. Zoellick: Thank you, and I'm sorry for imposing on your holiday. I wanted to come to see the Minister as part of a strategic dialogue about how to move forward the Doha Development Agenda, the WTO negotiations.

Pakistan has been a good colleague and counterpart and commands respect in many quarters in developing and developed countries. So I wanted, on this tour that I am undertaking, to have a chance to talk with the minister and his team, and seek their counsel.

I wrote a letter to my ministerial colleagues in January of this year that was intended to try to get some re-energy to the Doha negotiations after the breakdown in Cancun. Because it was our assessment that in the months following that Cancun meeting, a number of countries realized that it was a missed opportunity. But they weren't quite sure how we could most effectively engage. So in the letter I first emphasized that the United States did not want 2004 to be a lost year for the negotiations. And I outlined some ideas about how, in both substance and process, we might move the negotiations forward. But then I said that I wanted to consult with other colleagues around the world to get their ideas. And that is why I am here.

The United States and Pakistan in particular are focused on getting a good result in agriculture, and that's dealing both with questions of subsidies, but also with opening markets. We are committed to trying to achieve a good result in the area of manufactured goods. And I compliment the Pakistan Government - it has lowered tariffs and demonstrated that lowering

tariffs can increase revenues and also increase economic activity. And third, in the services area where we think there is potential for both developing and developed countries.

So it was a useful opportunity for us to compare notes. I have with me our ambassador to the WTO operating in Geneva, who works very closely with her Pakistani counterpart.

Since this visit was focused on the WTO agenda, we only touched briefly on bilateral topics. But we did agree that as part of the Trade and Investment Framework Agreement that we signed in Washington that we would have a meeting, I believe, in April, where we will cover a number of topics including textile and apparel, the work that the government is doing on intellectual property rights, moving forward with the possibility of a bilateral investment treaty and other areas that will strengthen the commercial and economic relationship between our two countries.

Minister Humayon Akhtar Khan: I'll just make a few remarks and we can take a few questions.

As I have always said, the WTO exists since 1995 and Pakistan has been part of that. And prior to that Pakistan was part of GATT, in fact, one of the founding members since 1948 of GATT. Pakistan believes very strongly that the current Doha development agenda negotiations will strengthen the WTO with respect to Pakistan. Pakistan will be able to benefit more from it, particularly in areas of agriculture and market access in the textile sector. We're very clear on that.

Because of the major reforms that have taken place in Pakistan since the early nineties, Pakistan finds itself in a position where it can form a pragmatic role, particularly in being a bridge between the developed and developing nations in the process of the Doha Development Agenda negotiations.

With respect to Pakistan's bilateral relationship with the United States, we are encouraged that we have been able to sign TIFA, the Trade and Investment Framework Agreement. The first round of negotiations for the TIFA, as Mr. Zoellick has pointed out, will take place in Washington in April. We expect to do some negotiations on what is called a bilateral investment treaty. The United States is working on a draft of this treaty. And the hope that we will be able to reach some conclusion on that agreement in our talks in April in Washington (exists).

The United States is one of Pakistan's largest trade partners. We cherish our political and trade relationship with the United States. It has always been healthy, and we hope that it will continue to move in an even healthier direction. Any questions? We can take three or four questions.

Question: Pakistan is facing tough times in terms of revelations on nuclear proliferation. What is the future of this bilateral agreement and economic cooperation between the United States and Pakistan after what is happening after this issue of the nuclear transfer of technology?

USTR Zoellick: Well, obviously that is a security issue and it's not one that I work on regularly. I would say that, as the Minister mentioned, the United States considers Pakistan to be a good and important partner. We have tried to demonstrate that with financial support that has

buttressed the actions that the government has taken to strengthen the economy and create more jobs, create more opportunity for people.

We think the growth rates that Pakistan is now achieving, about five percent, are a good start. But we know that to have sustained growth that it is important for Pakistan to be able to play a more active role in the international trading system and that is what brings us together globally. But it is also why we want to strengthen our bilateral ties.

And so, as I mentioned when I made my opening statement, I came here because we value Pakistan's opinion and counsel as part of the global negotiations. And we want to try and see how we can conform our positions and work more closely together for the benefit of the two countries and the global trading system.

Question: Is there any chance of signing a free trade agreement between the two countries in this year?

USTR Zoellick: Well, our free trade agreement negotiations take a long time to do. They normally take well over a year. But the way that we approach possible free trade partners is by starting out with the types of elements that the Minister mentioned. Trade and Investment Framework Agreements are really ways where we try to work on common issues, whether they be customs questions, intellectual property questions. We allow other countries to look at the nature of the free trade agreements that we have done.

But very importantly, we also try to combine them with our business sectors, because we try in both countries to create an environment with trade that allows businesses to invest and create opportunities for new jobs. And that is why, as the Minister also said, one element is a bilateral investment treaty which we are in the process of revising the draft that we use with various countries. And we hope to be able to develop that in time so that we can discuss it with Pakistan in April. And that's another building block.

Right now, a lot of Pakistan's exports to the United States are in textiles and apparel. And that is a sensitive product for us as the Minister and I have discussed. But what will be quite important is that at the end of this year, we and all other countries are ending the quota system that has governed textiles and apparel for some 40 or 50 years. And we and various U.S. retailers want to try to work with Pakistan to make sure that, we believe, Pakistan can be competitive producer in that market. It is not going to be easy for a number of developing countries, but Pakistan has produced good products. So, that will be another element of our discussion: is to make sure that in a more open and competitive environment without quotas, that Pakistan can continue to be an important part of our overall market.

But to come back to the TIFA, we want to expand on that. There are other aspects in terms of manufacturing and agriculture that we want to give Pakistan an opportunity to sell to the United States.

So I would look upon these as a building block approach because we believe that it will strengthen the relationship, and we believe that it is a good support for some of the actions that the government has taken on the economic side.

Question (paraphrased): What is the volume of bilateral trade right now between Pakistan and the United States? And the other thing that I would like to know is, on the WTO, what exactly do you want from Pakistan and what kind of assurance have they (Pakistan) given to you?

USTR Zoellick: Right now, Pakistan exports about 2.3 billion dollars a year to the United States, and we export about 750 million dollars to Pakistan. So we, the United States, has a trade deficit with Pakistan. You export more to us than we export to you.

But we hope those trade numbers can grow. And we see trade as a win-win opportunity. We hope to export more to Pakistan, but we also hope Pakistan can sell more to the United States.

On the WTO, I was really not looking for agreements. I was looking to compare notes and get counsel about how we are approaching negotiations. And as I mentioned in my opening remarks, Pakistan and the United States have many commonalities, although one is a developed, and the other is a developing country.

In agriculture, we consider that to be the heart of the negotiation. We both want to eliminate what are called export subsidies, the money that people will pay to export agricultural goods. In addition, we are committed to trying to cut the other types of subsidies which the United States has – various subsidies for farm products – if we can get other countries to open their markets, both developed and developing.

This is of interest to Pakistan because you want to sell to developed countries as well as developing countries. You have good products. We talked about some of the products of particular interest.

Similarly in the area of goods, as I mentioned, the quotas in textiles are going to be eliminated. Some countries have preferential trade arrangements. So, Pakistan would be better off if we can lower the tariffs together on those and other goods.

In the area of services there's opportunities. And then, there is a category of what has been referred to as "Singapore issues," an additional set of issues. And there, I think, the United States and Pakistan again have a very similar approach, which is that we both believe that a consensus can be reached around something called trade facilitation, making the customs rules work more quickly. And we are willing to consider transparency in government procurement, but that depends on other countries' interests. And we are less active in pushing some of the other items on the Singapore agenda.

So the real purpose of this was the fact that Pakistan has been a good partner, and while I am getting reports from Geneva and we can communicate by mail, I wanted to make sure that I had a chance to talk to the Minister and his team face to face and get their advice and counsel. And

our goal is to use the next coming months to try to pick up where we were unsuccessful in Cancun, and see if we can move this forward over the course of 2004.

And if we can, we'll depend on the help and support of important countries like Pakistan.

Minister Khan: Thank you.

END TRANSCRIPT.