

**Remarks by Ambassador Rob Portman
United States Trade Representative
Conference Call on U.S. – India Trade Relations
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AMBASSADOR PORTMAN: First of all, it's been an excellent week in terms of making progress on advancing the economic relationship between the United States and India. President Bush and Prime Minister Singh have had good discussions on enhancing our bilateral trade relationship and also working together to bring the Doha development agenda trade talks to a successful conclusion.

The two leaders issued a joint statement today that I hope some of you have, that specifically addresses our shared views on the Doha talks and also affirms our belief that trade is essential to promoting economic growth, development, economic freedom and prosperity. And my understanding is a joint statement by leaders solely on trade is highly unusual, if not unprecedented.

And I think it's a reflection of the strong and deepening economic ties between our two countries.

On the bilateral trade issues, the president announced today a process to resume the imports of mangoes into the United States. This is a concern that's been raised with me in just about every meeting I've had with Indian officials since I became U.S. Trade Representative. Mangoes are an extremely important export for India, and they also have special symbolism to the country. And they have not been sold in the United States for 17 years, due to phytosanitary issues.

After 17 years of working on this point of contention, we have now resolved it by agreeing to a framework for the trade of commodities treated by irradiation. This is a product of the trade policy forum that we started during Prime Minister Singh's visit last year.

I had very good meetings this week, including several sessions with my counterpart, Commerce Minister Kamal Nath. We affirmed -- and our leaders then reaffirmed our goal to double trade within the next three years with India. That's an ambitious goal, but we believe we can meet the target. We believe we're on track to do so.

India is now our 20th-largest goods trading partner with two-way trade in -- last year, 2005, of about \$26.8 billion. Therefore, I guess that means in 2008, we have committed to having at least \$54 billion in two-way trade.

Related to that goal, we have also agreed to intensify our efforts to reduce barriers to trade within the context of the Trade and Policy Forum that I spoke about earlier. The Trade and Policy Forum, again, was launched by our president's -- the president and prime minister last summer. It has five focus groups -- addresses agriculture, tariff and non-tariff barriers to trade in industrial products, services, investment and then innovation and creativity, which includes intellectual property.

It's one of only three such Cabinet-level trade forums that the United States has with other trading partners. One is with China, which is the JCCT that's coming up in April. Another is with the European Union. And the fact that we have also chosen now to commence and to be so active on a forum with India is a testament to the importance which the United States attaches to our economic relationship with India.

In addition to creating the trade policy forum, the president and Prime Minister Singh also created the U.S.-India CEO Forum, which was made up of 10 Indian and U.S. CEOs. They were asked to develop a series of recommendations to strengthen the economic relationship between our two countries. They've now done that, and we accepted their recommendations today. The president commented favorably on them today. Their recommendations included reducing tariff and non-tariff barriers in agriculture and manufactured goods, which is certainly the U.S. effort in India and globally; also, eliminating barriers to investment, freedom to invest in the services sector and recommendations of new commercial dispute mechanisms.

With regard to the Doha Development Round, yesterday Minister Nath and I continued intensive discussions on how to move the process forward. India has been a leader in those negotiations, and Minister Nath has been a strong advocate for India in these talks and represented India very well as one of the leaders of the G-20 developing countries, closely worked with the G-90 developing countries and other groups.

We agreed during our talks yesterday and today to work in partnership to bring the Doha talks to a successful conclusion. Both the United States and India agree it's extremely important to see a successful round come together this year. With our so-called G-6 Doha meeting scheduled for next week in London -- and that's a meeting that the Indians and the United States, the EU, Japan, Australia and Brazil will be having in London next week -- with that deadline approaching within a week, but also with our year-end deadline approaching for completion of the round, we must redouble our efforts to achieve the promise of Doha. And we again had very good discussions on that.

Recall that Doha was launched four and half years ago, and given the fact that trade promotion authority will expire in 2007, it is critical that we move forward and move forward now with making the necessary commitments and tough political decisions to move the round forward. This is a once-in-a-generation opportunity, not just to generate global economic growth, help our country and India, but also an opportunity to lift literally millions of people out of poverty and by helping with regard to development. And that's because trade liberalization, when combined with pro-market developmental domestic reforms, enhances the economic growth potential of developing countries. No country understands this better than India. And to catalyze far-reaching trade liberalization through Doha, the United States has already put forward bold reform proposals in each of the three areas -- agriculture, manufacturing and services. And we will continue to work for an ambitious outcome, working, again, very closely with India, as well as our other trade partners in the World Trade Organization.

With that, I'd love to hear your questions on these and other topics. I'm hopeful that this telephone connection is working. And with that, perhaps we can hear the comments or questions

from those who are listening.

(Pause.)

AMB. PORTMAN: Again, thank you all for being on. I'm still here. And I just received an email from Christin. I feel like we're on cable television here. The email says, "I'm wondering whether in his meetings with Minister Nath he got any better sense of when India will move on NAMA services and when Brazil will move on NAMA services." It says it's a question from a reporter, but not who. So whoever it is out there, if you're listening, we did talk quite a bit about two things related to your question. One is that we will move in concert with the major negotiating areas -- meaning agriculture -- non-agricultural market access, or NAMA, which is industrial tariff reductions, and then services, which is not tariff reduction, but is regulatory reforms and non-tariff barriers.

And so, I was encouraged by the fact that India is in agreement with that strategy. I think it's the only strategy that works at this point in that countries are reluctant to come forward and make concessions or changes in their approach to these three areas without all the areas being dealt with together. So I think that seems to be, now, our approach rather than each country that has a concern in one area saying I will only go once others move ahead of me. And the fact that India is taking that position is very positive.

Second, we did talk about the importance of coming forward with constructive proposals in all three areas. I didn't get a commitment on timing, nor did I ask for one from India. In terms of this weekend, we will be in London again in this G-6 format, all of us meeting together, and it would be a good time for us again to have these more serious discussions.

One thing that is beneficial for me at this point as compared to even a week ago is we now have more numbers. We've been running scenarios in Geneva, taking certain basic formulas into account, making certain assumptions. And by running the numbers we now have a better sense of what precisely the impact will be in each of our countries.

Example would be, in non-agricultural market access, we were able to demonstrate to our colleagues in India -- our trade partners in India what the impact would be of certain types of formula on the non- agricultural market access discussion. And that was very helpful. And by this weekend in London, we are told, we will have additional numbers that will have been generated through this process. I'm hopeful we'll have some numbers in agriculture because it's an area where I think there is also the opportunity for us to move forward if we have a better sense of what the actual numbers are, what the impact will be.

So the more information the better, and I believe that it is important for us to take advantage of these new numbers to get countries to make tough decisions, including the United States. You know, we need to look at our numbers, the impact, and be prepared to move forward. As I indicated earlier, we have made aggressive proposals in each of the areas, including agriculture, which is obviously a politically sensitive area.

I'm getting another question now. This is from Doug Palmer, so I know the identity of this one.

And it is regarding mode four. "Have there been any efforts to reduce opposition in Congress on this point or do you just hope to outwait Representative Sensenbrenner, who is due to step down as House Judiciary chairman next year?" That's a rather cynical question, Doug. Just kidding.

Well, we have been in discussions with Chairman Sensenbrenner and others for the past several months. When I came to this job, which is about nine months ago now, we began a process of working through the congressional process on this issue of mode four. Mode four is the fourth mode in the services part of the WTO, for those of you who don't follow it as closely, and it has to do with movement of people, in particular.

In the case of mode four in India, there has been a strong interest in permitting more movement to the United States and the EU and other countries with regard to temporary workers who would come in on a contract basis. Often this is computer programming in the case of India.

So it's a very important issue to India. In order for us to be successful in the services area, they are looking for some movement on mode four.

What we have done is we have gone to the Congress, which has responsibility for immigration, and we are working with them so that they understand better what the request would be from our trading partners and how it might be able to be met, either within existing statutory vehicles or the possibility of some new ways to provide for regulated and congressionally approved short-term movement that would be certainly non-immigrant status, but even more restrictive than some of our existing non-immigrant opportunities, like the H1-B visa.

So we are working closely with Congress. I have met personally with Chairman Sensenbrenner and also with Ranking Member of the House Judiciary Committee, John Conyers. We're also working with leadership in the Senate Judiciary Committee and others who are interested.

Do I have another question? (Pause.) If anybody's still on this line, you are very patient. You deserve the U.S.-India Trade Award.

Okay. Here's the next one. Jim Berger.

Good morning, Jim or good afternoon now. "I'm getting the feeling that the agriculture talks in the DDA is stuck again. Is that your sense and Mr. Nath's?"

Jim, you know, I may be a little too close to this, and it may be too close to my recent discussions with Peter Mandelson last week in Washington and in a conversation with Mr. Nath, but I think we are making, you know, some limited progress. At a minimum, I think it's now well understood that the U.S. proposal on substantially reducing our trade-destroying subsidies must be combined with market access for our farmers that is real, that is tangible; that is something that we can demonstrate based on a tariff reduction formula and a sensitive product regime, you know, that is, again, based on numbers. And that's one thing I'm looking forward to by this weekend, is having some better numbers on that.

So I'm not as negative about it as perhaps you are, based on your question. I think your question

is understandable given that many of the press reports have been that the European Union is still not interested in moving on its own.

But I do think the change is, as I tried to talk about earlier, I tried to explain earlier, is that there is a -- a sense -- and the European Union needs to speak directly to this. I think Commissioner Mandelson did last week -- that they could see some movement if there was also movement in the other two areas. And that is opening up the services market more, which is extremely important to European commercial interests, and also very important to European companies is reducing industrial tariffs. I recall that Germany is the second- largest exporter of manufactured products in the world. And I also had a meeting last week, by the way, with the state secretary for Trade in Germany, Minister Sachenbacher.

So we are in touch with the Germans. I also met with the Dutch trade minister and vice prime minister last week on the same topic. We're in touch with the Dutch, we're in touch with a lot of the member states in addition to working closely with Commissioner Mandelson. And my sense is that they are looking for some movement in the other areas. And again, I'm hopeful that based on the numbers we are now able to produce jointly and, through our own U.S. analysis, that we are going to be able to demonstrate that the movement in all three areas is the sensible way to approach this and that, you know, it is something that is -- in the political context that we all work within, it's something that is practical and doable.

All right. I hope we have another question by now. Sorry to hold you for so long. You got a question? (Pause.) Okay. I'm told there's one more question. Evan Clark for Women's Wear Daily. Whoever lasts the longest on this call, I need you to tell Cristin who you are, and you will get the supreme award.

Okay. Evan Clark: "Did any textile-specific issues such as a textile sectoral in the NAMA talks come up in your talks with your Indian counterparts? Is the U.S. supportive of breaking textiles away from the main NAMA talks?" Evan, I -- it's late here, so I may be not recalling all the details of the meeting, but I do not recall us talking specifically about the textile sectoral. We did talk about sectoral agreements within NAMA. And as you may know, the Indians have some specific interests there; textile was not one that was mentioned. But I don't recall us talking specifically about the textile sectoral. I have talked about it in the last week quite a bit, because, as you may know, I met with the president of the NCTO, the National Council of Textile Organizations, and several of his board members in North Carolina -- I believe it was last Friday -- and they expressed a(n) interest in pursuing a sectoral approach to textiles, depending on, frankly, what the sectoral approach looks like.

In other words, their interest would be to have more predictability and certainty post-quota, but also looking beyond 2008 with the end -- that the end of 2008 of the China Comprehensive Textile Safeguard Agreement.

So this is a discussion I've been having with our textile sector and will continue to have. We are, you know, interested in working with other countries on this possibility. We are doing a lot of outreach to other countries to see what interest there is. It requires, as you know, in the sectors for the key interested parties to have a common interest in moving forward; otherwise, it cannot

be an effective sector -- sectoral discussion. Sectoral discussions are not mandatory. They are voluntary, and countries need to step up and agree on a voluntary basis to whatever the framework might be.

So we are working on that right now, and until we have a better sense of support from other WTO members -- and then have a better sense of what the contours of such a sectoral approach might be -- it's premature for us to take a position.

But we are sensitive to it. We are working on it, and we are sensitive in general to the textile issue, as evidenced by our work with China, but also our work with the Central American Free Trade Agreement countries.

The decision by El Salvador to join the CAFTA in a formal way last week is an important step for textile exports. As you know, Central America is a major part of a new business plan that many U.S. companies are pursuing, and El Salvador in particular is a major export destination for U.S. textiles.

So El Salvador coming on and meeting all the requirements and commitments to the textile area, including the agreements we were able to reach on pockets and linings, was a very important and positive step for the U.S. textile industry.

We're hoping that additional countries will now come on in the short term, and that Costa Rica will move forward under their new administration with President Arias to ratify -- the only country that has not ratified of the six is Costa Rica, and we are working on implementation with the four countries that have ratified but not implemented yet.

And again, we're hopeful that at least a couple of those countries will come on in the very short term, and the others will come on soon thereafter.

So I filibustered as long as I can on these few questions that we've gotten. (Chuckles.) I appreciate, again, those who came on the call. I believe there were no further questions.

Uh-oh. Here we go. Another question has just come in. Alexia Garamfalvi from U.S. -- Inside U.S. Trade. "Can you discuss how the Nuclear Cooperation Agreement could have an impact on trade if Congress were to approve the agreement and amend the Nuclear Non- Proliferation Act that would allow sales of nuclear technology to India?"

It's a good question. And obviously this is one of the reasons that the United States has such a strong interest in this Nuclear Cooperation Agreement moving forward. The U.S. has technology that is sought after globally for the commercial use of nuclear power. And yes, the United States would have significant opportunities in the Indian market, just as they do in other markets around the world.

So the technology that American companies currently possess with regard to nuclear power generation certainly would be a comparative advantage the United States has and is -- could very well affect trade, in a positive way.

As I indicated earlier, our trade with India is relatively small, compared to what we would like it to be. That's why we made a commitment to double trade within three years. As an example, our trade with India last year, as I indicated, was just under \$30 billion in goods, 26.8 billion (dollars). And that is less than -- well, it's roughly 10 percent of our trade with China, as an example.

And with a country as large as India and with a growing economy, certainly it's in our interest to expand trade, and this would be one area, by providing services and technology in the nuclear area, where we would have the possibility of expanding our trade.

For the third time I'm hearing from Christin, one more question. And again, I appreciate your patience.

This is the second round for Jim Berger of Washington Trade Daily. Greetings, Jim. The question is, "What are the prospects for a TIFA with Pakistan during the visit?"

Not good for a TIFA, but for a BIT, which is a bilateral investment treaty, there is still a possibility of us reaching agreement. It's not a trade investment framework agreement, it's a bilateral investment treaty. We've been working closely with the State Department on this. I had a conversation last week, in fact, with the prime minister of Pakistan regarding this question, where we went into some detail on the U.S. requirements in a bilateral investment treaty.

These are broad commitments we are seeking, and it would require some changes for Pakistan. And we are not there yet, but we are still hopeful that we will be able to conclude this during the president's visit, even within the next couple of days be able to close the gaps. But we are not there yet. But again, this would be a BIT, a bilateral investment treaty, and not a TIFA.

I again thank you all for holding on. I think that's it. (Pause.) That's it. I see a personal e-mail here for -- (chuckles) -- Eric Toy, who's with me, but I can't answer that one.

Thank you, if you're still on. And I will be back in Washington on Monday and then again heading to actually New York and then London on Friday, Saturday and Sunday for these WTO talks. And we look forward to getting your additional comments or questions if you have them.

Thank you very much. Goodnight.