

**Remarks of Ambassador Rob Portman
United States Trade Representative
Informal Media Availability
Following Consumer Electronics Association Speech
Comments on Doha, China, UAE
Washington, DC
March 15, 2006**

Ambassador Portman: It was a good meeting in the sense that we finally were able to talk numbers. We have been trying to come up with a way to agree on the impact of various policy proposals, and that may sound minor to you, but it's a tough area because it's complicated. It involves a lot of different analyses. Over the last month, month and a half through the Geneva process we've been able to work with all the G6 countries and a number of other countries to agree on what the impact would be of various policy proposals.

For example in agriculture, what the European proposal would mean for the soybean market in India. What the G20 proposal would mean for European poultry. What the US and Canadian Cairns proposal would mean for opening markets and developing countries and so on. So we want to actually, instead of talking past each other which we sometimes do because we don't agree on the impacts, we're able at least to agree on numbers. In NAMA, the same thing. We'll be able to look at a Swiss formula, a coefficient of five which is a relatively aggressive Swiss formula versus the Swiss formula of 25 and what that would mean to developing and developed countries. We're able to plug in with paragraph 8 which is flexibilities in the NAMA, what it would mean.

It sounds sort of boring, but that actually was a step forward. What did we determine after all that? For one, we made it clear we are not going to make decisions upon it because we cannot represent the WTO, and I felt strongly about that. As you know, I've said to as many of you would listen, that this is not a decisionmaking meeting. I'd hoped that we could at least as a G6 come up with some consensus. We were not able to do that. We were able to narrow some of our thinking on the ranges. What's doable. Now we know, for instance, that a very high Swiss formula is not going to result in any new access in many developing countries. Why? Because their actual or applied rates are so relatively low compared to their bound rates, and we know that. I think everyone agrees, you have to have real market access. You have to have new trade flows.

In agriculture I think we now agree, it shows my bias here, but that again, the European proposal as it provides for sensitive products and a relatively modest tariff cut in their formula is not going to result in meaningful new market access. Not just in the developed world but also in the developing world. So we have begun to narrow some of the differences but we're not there yet.

Question: Did London change your assessment at all of whether the April 30th deadline can be met? And in terms of that deadline, is it possible, do you think you need to get an agreement in April on all the aspects of the Articles of Negotiation, or is it some point to take some aspects of it and try to reach an agreement on some of that earlier and then the other things for later? Like

you get an agreement on the thresholds for the tariff reduction formula first, and figure out the seven [pots] later. Is that feasible?

Ambassador Portman: That's a fair question. We had hoped, as you may know, to even agree to thresholds in London, at least among us G6 countries. We were not able to do that. So my own view, for what it's worth, is that it might almost be easier to make the big decisions then to make on an incremental basis some of these smaller but actually politically difficult decisions.

So I think for me, April 30 ought to be about making the bigger decisions on NAMA and agriculture which is our goal, as you know. It's not to work on the whole broad range of WTO issues, it's NAMA and agriculture, and come up with, as paragraph 24 provides in the declaration in Hong Kong, some balance between what developing countries are asked to do on non-agriculture market access and what the developed countries and others are asked to do on agriculture. So to me that would be more likely than coming up with some of the smaller elements. It might be just as difficult politically. I think you need to see the bigger picture.

What did London do? I think it clearly moved us closer to coming up with modalities. We're not there yet, and I'm still not sure that the political will exists to get there. I think we know now better what the parameters are, we now know what has to be done, the question is whether the political will is there.

The United States is ready to step up to the plate, both in October as a serious reduction in our domestic support. I was reminded of that in the House Agriculture Committee, as many of you know, two days before the London meeting. In the Uruguay Round it used that as a basis of comparison, you need to have some basis. There was a 20 percent cut in the most trade distorting support in AMS, and a 36 percent average cut in tariffs. We are now proposing a 60 percent cut in AMS. If you were to extrapolate that out to what it ought to be in tariffs it would be something like 108 percent or 118 percent. We're not asking for that, but we are asking for significant cuts.

If you have any balance at all between domestic support and tariffs, you can't ask one side to reduce 60 percent and then come up with a 39 percent reduction on the other side with substantial deviation through eight percent of tariff lines being subject to sensitive treatment without any consumption based on the TRQ.

Question: I'm not clear what big decisions are and what little decisions are. In Hong Kong --

Ambassador Portman: It would be the formula.

Question: Hong Kong had specific blanks that were supposed to be filled in on April 30th. Will all the blanks that are supposed to be filled in on April 30th be filled?

Ambassador Portman: I think some of them didn't relate to those two big picture topics which were the formula for reducing tariffs, the thresholds, and the tiers is kind of the broad term, what the top of the tier is with numbers that go to those thresholds for developed and developing countries, which is controversial. Sensitive products. How many and then how they're treated. Then on NAMA, because we've agreed to use the Swiss formula. Remember in Hong Kong we

said Swiss formula. We said coefficients. We need to agree to two coefficients which we haven't yet agreed to. Then we need to set what those coefficients are then decide what the flexibilities are there, which is the paragraph eight flexibility for developing countries. Those are the big decisions.

It's pretty simple now, and I think we know much better what the parameters are. Again, as I said a moment ago, the question is political will. The United States I think has shown our willingness to do our part on all fronts. We're willing to reduce tariffs, we're willing to reduce subsidies, but we must see, as I said at the speech here today, we must see matching commitments from others. If not it cannot be sold in our political system.

Question: Did anybody in London bring anything new to the table?

Ambassador Portman: Yes. But nothing was decided. There were ideas thrown on the table. There were ideas put on the table that had not been looked at previously.

Question: Senators Schumer and Graham said they're going to China next week. How big a deal is it if there's a vote on their bill [inaudible]? Will that put a wrench in the works for them any?

Ambassador Portman: I think that proposal is damaging to US economic interests because I believe that it would result in escalating tariffs on both sides which would hurt our economies. China is a huge export market for us. Over 20 percent growth last year, the third year in a row. A lot of jobs are connected to that. We need to be careful. So I don't think – I understand their concern and their frustration and I expressed it in here. But we need to be careful how we address the issue to avoid hurting ourselves.

So I'm glad they're going. It's great to have more communication. Sometimes we tend not to understand each other's systems very well. China may not have an appreciation sometimes for the vote of Congress for instance. So it's very helpful. They're going to deliver their message and also hear the message on the Chinese side. I think there are ways we can get at our trade issues with China that are more constructive.

As you know, the issue on kraft liner board, that was resolved before we took the WTO case, but we're looking at other potential cases and we will enforce our rights. That is appropriate. That is not protection nor is it going to result in escalating barriers. What it's going to result in is a more level playing field. Those are the approaches I think we ought to take, to expand our exports.

Question: On Doha, what's the next step procedurally? Are you all going to get together again soon?

Ambassador Portman: Probably. There's nothing formally scheduled, but I've indicated my calendar will be cleared. I will cancel other things if necessary. The United States will be there if others are interested in showing their political will and moving the process forward. The United States also will not sign onto a bad deal. A bad deal will mean a deal that's not just bad for us but if it's a deal that, an agreement that does not provide for real trade openings and

doesn't meet the requirement of Doha as I read it in the 2001 declaration and July 2004 framework, it will be bad for the global economy and it will be bad for development.

Some of you saw the Carnegie Study today, and I know people are coming up with different interpretations of it. Look at the Carnegie study in terms of liberalization. They say the more liberalization, the more development will be aided. They say there are winners and losers in development, of course, but the point is the more ambitious we are the more benefits will accrue to the developing world.

So the United States is not interested in a bad agreement.

Question: Would you support a leaders meeting?

Ambassador Portman: A leaders meeting is probably premature because we need to work out more I think first at the ministerial level. I hope the ministers, I believe they are, are communicating directly with their leaders, representing their leaders already. I certainly feel like I am. I feel like the President's strongly supportive of our ambitious resolve here.

First of all, I really respect Prime Minister Blair. I think he's been a force for good in terms of trade. He's really focused on the need for the European Union to be more open. And the Lula, Blair statement, did you get a copy of that? We totally agree with the ambition in that statement. So the United States is supportive of that. But I just wonder if President Bush President Lula and Prime Minister Blair, the G6 group, is the right forum. I think maybe it should be President Chirac and President Blair. Let them work out their issues first.

Again, if Prime Minister Blair was representing the European Union, it would be a very different situation.

I don't know if a leaders meeting is what's needed as much as we need to see some movement in order to meet the Doha requirement of real new market access. Real, it says "substantial improvement in market access." That's the requirement.

Question: Talks with UAE?

Ambassador Portman: Talks with UAE are proceeding.

Question: Do you know when the next round will be?

Ambassador Portman: I don't know exactly when the next round will be.

Voice: The next round has not been scheduled, but you do have a meeting next week.

Ambassador Portman: Next week the Minister of Economy of the United Arab Emirates will be here. She will be here. I will be meeting with her to talk about trade. She is coming for trade discussions as well as other discussions.

Question: This was scheduled before the ports debacle or --

Ambassador Portman: I heard on Monday that she was coming and I was asked whether I would be interested in meeting with her and I said of course. We have been clear that we are going to continue our discussions with the UAE as I said in this meeting.

Thank you all.

Question: Thank you, sir.

#