

**Media Availability of
Ambassador Rob Portman
United States Trade Representative
APEC 2005 Press Conference
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MODERATOR: Okay, good afternoon ladies and gentlemen. I'd like to introduce to you the United States' trade representative, Mr. Robert Portman.

PORTMAN: Thank you very much for coming. We're starting a little bit earlier than we had planned and I know you have a lot of other important people to talk to – more important than me – so I will make a brief statement and open up to your questions.

I want to start by congratulating our hosts, Mr. Ban and Mr. Kim did a very good job of putting together another successful APEC summit.

Yesterday and today, I've had the opportunity to consult with the officials from 20 other APEC countries to talk about how important it is to continue to expand trade in the region to keep our economies dynamic and growing.

It's always inspiring for me to be with my APEC partners because this is a group of countries that truly believes in the power of trade to generate growth in our economy and to achieve prosperity.

As some of you know, this summit for me comes at the end of a ten day trip across three continents – starting in Europe, then Africa, India and China – and here, focusing on two things: one, the Doha development round and efforts to be sure that the Hong Kong Ministerial is successful and two, our bilateral trade relations.

We've had good discussions here on a number of topics from intellectual property to the Bogor goals to the trade facilitation issues and FTAs. We also had the chance to talk about the Doha round.

As we approach the Hong Kong Ministerial, the APEC countries will be recommending to our leaders who are going to be starting tomorrow and the next day, the strongest statement possible to help advance the Doha round with the recognition that more needs to be done in the area of agriculture, particularly market access in agriculture to unblock the talks.

This statement is timely. But it's also an important statement coming as it does from countries that comprise about half of the trade in the world and more than half of the GDP in the world.

Doha is key to this region but also the global economy because this is a once in a generation opportunity to dramatically improve the lives of our citizens through expanded trade.

We stand ready to work with our trading partners to build consensus so that the Hong Kong Ministerial can be a successful launching pad for the negotiations that will occur until the end of 2006.

We agree with Prime Minister Tony Blair who made a speech earlier this week saying that we need to make progress now on agriculture. Where progress is most lacking is in the area of market access meaning the lowering of tariffs and other barriers to trade.

Lowering tariffs on agriculture is not just important to American farmers but it's important to many other countries including many developing countries. It is also the key to the development aspect of Doha. The World Bank has forecasted 93% of the benefits that will come from the agriculture round will come from reductions and the increases in market access.

With that let me open up to your questions, I'm happy to talk about the Doha round further but also the intellectual property guidelines which were adopted, the Bogor goals, the FTA progress we made on the chapter on pre-facilitation and other matters that you may have an interest in.

MODERATOR: Okay, we have a microphone and also please give your name and organization.

QUESTION: My first question is about the sequence from Mr. Mandelson and Barroso overnight said that the EU was not going to make any further offer and Mr. Barroso said that it's not for the rest of the world to tell us what to do. With that sort of position, do you think we can really make any sort of progress whatsoever and secondly, should the EU not come up with a better offer, would the U.S. reconsider its own offer of cuts made earlier this month?

PORTMAN: Well, I do hope we can make progress. Since we're saying... I don't know that Mr. Barroso said that exactly, maybe he did, but as you said that the APEC country shouldn't be telling other countries what to do, it's curious in such this week that Mr. Barroso said that the United States and Brazil should compromise. So he gave us advice.

Compromise means that we would not ask for the reductions and tariffs or the reductions in subsidies that the United States is asking for through our offer.

That kind of compromise would not only lower the ambition in agriculture, it would of course lower the ambition across the board in the round including industrial tariffs, including services, including other important areas where we can make progress such as trade facilitation. I don't think we should be lowering the expectations or the realities of the round.

Again, I applaud the APEC statement because it makes two simple points. One, we ought to keep ambition high. And, two particularly in the agriculture negotiations and particularly in market access and agriculture we have not fleshed out the proposals in a way they can enable us to make progress before Hong Kong, giving us an encouraging and timely statement coming so soon before the Hong Kong ministerial.

QUESTION: CBS Radio. Sir, I wonder if you could tell us if you were able to speak to the demonstrating farmers here in Korea, exactly what would you tell them in order to persuade them to call off their demonstrations?

PORTMAN: I don't think they'd have much interest in listening to me. But I have talked to a lot of farmers in America about the reality that by reducing barriers to trade, including tariffs, but also subsidies, that it will increase the competitiveness for economies and increase economic growth which raises the living standards for everyone.

Second, I'd make the point to the farmers back home, not referring to the Korean farmers, but to our American farmers back home that trade in agriculture is an area where the highest barriers currently exist. Other areas, trade barriers have been reduced, for instance, the average tariff rate here in the APEC countries have been reduced dramatically over the last decade. But in agriculture, you still have very high tariffs barriers and subsidies.

Finally, you should remember that in the Uruguay round and now the Doha round, neither has or will require the immediate elimination of protections. It does require that certain products that are deemed to be sensitive products can be excluded from the normal reductions and have to be treated in a special way. This allows for transitions and allows for some cushioning of the trade impact in particular sectors.

QUESTION: Morgan Faircloth from the Wall Street Journal. Besides the statement, are there any actions you would like to see the nations of APEC take to try to move the Doha round forward? Particularly, do you think that Japan and Korea need to move more aggressively on market access and agriculture?

PORTMAN: That's a great question. One thing I did ask in the ministerial meeting was that the nations of APEC become even more engaged in the Doha round – that they be at the table. Second, that our APEC group try to pull together our own consensus. Along those lines we had a meeting of our senior officials yesterday afternoon.

As far as I know, this was the first ever meeting of APEC senior officials to discuss how we can come together as an APEC group in anticipation of the Hong Kong meeting. We also agreed in that meeting to continue to share information between APEC countries and have further meetings in Geneva.

With regard to Japan and Korea, in my view both have taken a very constructive approach to the Doha negotiations. They have a proposal, as you know, as part of the G-

10 countries in the agriculture area. But they both have indicated in our meetings that they strongly believe that the success of Doha is critical to their economies and in the global economy so they are willing to work with all of the countries in the WTO to come up with solutions. I had very good bilateral meetings with both Japan and Korea yesterday and today.

QUESTION: Financial Times. Did you manage to get this consensus together? In particular, can you tell us whether there is any possibility of some kind of APEC consensus or proposal / collective offer and whether that would be focused on agriculture or whether it would perhaps be focused on other areas that might encourage the EU to give up more in agriculture?

PORTMAN: An intriguing question. You recall that during the MRT in June, the APEC countries decided to endorse a specific formula for the non-agricultural market access as part of the talks which is where most of the trade occurs – this would be a reduction primarily of industrial tariff.

So APEC has already contributed to building a consensus. We have just started this larger process of trying to think about whether we could build a consensus over the other areas as well as the specifics of NAMA.

Clearly there are differences of opinion that would be hard to bridge in the next couple of weeks before the Hong Kong meeting must be prepared but I do think we can help bridge differences by having APEC play a more central role in the talks.

QUESTION: In the Minister's statement it talks about a clear roadmap being set in Hong Kong, could you talk about what that would involve? Would that involve future dates for meetings to come and future deadlines for coming to full modalities that people had once hoped to reach in Hong Kong so that there are now future deadlines to reach those modalities?

PORTMAN: Hong Kong was never meant to be the end of the process. Sometimes back in the States, some of the reporters have asked me, "Why aren't you finishing your work in Hong Kong?" Hong Kong was always meant to be a milestone along the way.

However, we had hoped to have much more of a roadmap in Hong Kong, in particular, what is called in WTO speak "modalities" – meaning having the formulas, and having the numbers for the formulas and services having a process to reduce barriers. We will not have that unless we make a lot of progress in the next few weeks. The United States will keep pushing hard to try to have as much of a roadmap as possible in Hong Kong.

QUESTION: CNBC. Is it your position that the only thing holding up an agreement on the Doha agenda is the European position on agriculture? And if so, why has APEC not made a statement to that effect? Yesterday all we heard was that they couldn't agree on what the problem really was.

PORTMAN: First the statement, of course, will wait the leaders meeting but what I'm hearing is just the opposite as was noted in this question asked by the gentlemen about the EU response. Some are nervous that it is too pointed. I think that you'll find the statement focuses on where we believe the problem is and I think you'll find that the statement is a constructive statement.

I believe that if we can solve the agriculture issues, the other pieces will begin to fall in place fairly quickly. But I also understand the EU's concern that if they agree to provide real market access to their markets and a framework for the global markets, then they need to know that there will also be for their economy reductions in industrial tariffs and reductions in barriers to services.

That's why the United States has been working with Europe to be sure that we make progress on all fronts. Just as we are asking the EU to do more on lowering their tariffs, we are also asking that in the NAMA area and the services areas and other areas, there also be progress made.

QUESTION: My name is Hyoshin Lee from the Korea Times. Regarding bilateral trade relations between the U.S. and South Korea, when plan to launch FTA and bilateral investment of treaties? Do you have any preconditions for such talk?

PORTMAN: As you know we have a very strong economic relationship with Korea already – in fact, Korea is our 7th largest trading partner. The United States is interested in deepening those economic ties but we have set no date for any kind of new agreement.

QUESTION: My name is Lee Jin Soo from Yonhap News Agency. I think from what I gather, there are two things that are sort of floating up top when it comes to agriculture. One would be market access and the other would be state subsidies both domestic and export. The announcement made by I think Korea's top trade minister a few minutes ago said that APEC has agreed, or there is an understanding, that APEC would abolish all export subsidies by 2010. Could you elaborate on that a little more further and does that cover domestic subsidies?

PORTMAN: You're talking about the statement that will await the leaders' announcement I believe. But I think I can confirm since you told me about the point intended that I can confirm that is likely to be part of the statement.

This is an important part of the consensus building to get to a resolution on the agriculture issues. There are three pillars in the agriculture negotiations. One is export competition for export subsidies. We know that they should be eliminated and APEC is taking an aggressive stance for an early date. The second pillar is domestic support. Domestic support is a tough issue for the WTO to deal with.

Last month, on October 10, the United States made a bold proposal to reduce our trade distorting domestic support while Japan and the EU and others do likewise. That is why

observers believe the first pillar and the second pillar have been, are ready for negotiations.

The third pillar is the pillar of tariff reduction for market access. There the United States, the Cairns group, the G-20 developing countries, and others have proposals on the table to reduce the barriers to agriculture trade. But the European Union has not been willing to agree to real changes in market access. It's not just the European Union. There are some other countries also in the G-10 who are concerned about reducing tariffs.

QUESTION: Bloomberg Television. I just wanted to follow up on a question from my colleague given the comments that came from Peter Mandelson overnight saying perhaps that their position is that they are not going to compromise. We just spoke with Alexander Downer of Australia. He said the WTO talks are doomed to fail if the Europeans do not make certain concessions on tariffs and he also suggested that perhaps the United States may change its offer if the EU does not move. What is the U.S prepared to do if the EU does not move?

PORTMAN: The United States has not given up hope. We still believe that we can come together with a solution that enables us to keep our offer on the table but also allow others to make the necessary concessions so that we can find the solution.

The reason we're hopeful is very simple. And that is that the countries of the world seem to agree on the importance of coming to a conclusion on this round because it's the one way we can think of to truly dramatically increase economic growth and alleviate poverty. We don't believe the world community will let this once in a generation opportunity slip past us.

I'm sorry I could not take anymore questions. I will be walking out slowly if anyone has any quick questions they want to ask.