

Press Conference
With Singapore Trade Minister George Yeo and
U.S. Trade Representative Robert B. Zoellick
Conrad International Centennial
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BG Yeo: Dear friends from the media, I'd like to thank all of you for coming this afternoon; Ambassador Bob Zoellick was coming down to the region and invited some of his colleagues from S.E. Asia to join me for discussion for how we can put the Doha Round back on track after the failure of Cancun. So we just had a meeting preceded by lunch involving the Ministers from Thailand, Philippines, Indonesia, Cambodia, and Brunei. And the two of us.

We had a very good exchange. We talked about the importance of maintaining a certain tension in the system without which many of the problems, trade problems, simmering below the surface can boil over and start off a different dynamic in trade politics in the world. In any case we were not that far off from brokering a compromise in Cancun.

Just before the Chinese New Year, Pascal Lamy, the European Trade Commissioner, met the ASEAN cabinet ministers at a retreat in Jogjakarta. He showed flexibility, in fact, a lot of flexibility on the Singapore issues. He was prepared to unbundle them. He was prepared to take some of them out from the single undertaking. Of course it was still a little vague but then this is part of the process of negotiation.

Then, on the sticky issue of the final elimination of export subsidies, he has recently said that he is prepared to consider this towards the end of negotiations. If you think about it, had these two positions been on the table, in Cancun, I believe we could have closed our negotiations there successfully. But the event ended poorly. There was recrimination, tempers flared, op-ed pieces were written, but now everyone has reevaluated the position and decided what's in the best interest of each of us and all of us collectively, and it must be to get the multilateral system back on track. So, a few weeks ago, Bob Zoellick did us all a great favour by writing this important letter to all the trade ministers calling for a resumption of negotiations based on certain clear principles.

In agriculture, which is the principal sticking point, the real debate is really that between the Europeans and G20 countries and they are meeting now, and I hope that between the two of them they can come to some compromise because if they can reach a compromise, then I believe the other positions can be fitted in, relatively easily. So we discussed all this at lunch and after lunch and I thank Bob Zoellick for being very constructive, being very clear. But more importantly, in his usual way, for exercising leadership and assuring all of us of his unflagging commitment to the multilateral trading system. And he is taking risks by doing all this and is probably... I mean, it's not easy, flying around the world the way he is doing in order to meet ministers and see how he can get people working together again; but we are fortunate to have in Ambassador Zoellick, a leader who feels a deep sense of responsibility for the global trading system.

Bob, that's my general assessment of our meeting earlier. It ended constructively; people felt more hopeful, more energized. The ASEA countries which are part of the G20, will try to take a more active process in getting the G20 to work with Europeans on a compromise. Indonesia is leading a group of 33 countries to articulate more clearly their collective position on special products and special safeguard mechanisms and if we can get the Europeans to articulate more clearly their new flexibilities, then I believe we would have established a new psychological position for all of us to get round forward again.

In his letter, Bob suggested that we target for a ministerial at the end of the year. We discussed this, taking into account the fact that Lamy will be stepping down at the end of October, that perhaps we should think of a special session in Geneva at the end of summer to which maybe ministers can be invited, and to see whether we can not in fact achieve what we tried to achieve in Cancun. If we can do that then we can say, we can hope the entire process is back on track. So I end here and pass over the microphone to my good friend Ambassador Zoellick.

Zoellick: Well, thank you George. It's always a delight to be back in Singapore and let me start by thanking George, his Ministry and the government for hosting this informal session. It's a particular pleasure to be here with one of our most recent free trade agreement partners since our trade agreement went into effect in January.

This is the third stop on the trip that I am taking. I just came from Beijing and Tokyo before this and I wanted to make sure I could see a number of our ASEAN colleagues because they are very important members of the trade system. As some of you will recall, the first step of starting to climb back from Cancun was actually taking in Thailand at the APEC meeting where there was an agreement of all the APEC countries to work off the text that had been developed in Cancun. So these are good partners, and I wanted to come to get their advice, and counsel, and to share ideas.

So I see this visit as one of a strategic dialogue and what I mentioned to my colleagues is that the good news is the US economy is recovering nicely. But for the global system it would be useful if we can broaden that recovery and deepen it and make sure that we have an open trading system that spreads its benefits to all countries because as we've seen at other times, that's what feeds the longer sustained recoveries.

As George mentioned, the letter that I wrote in January reflected my sense that in the months that followed Cancun a number of countries were making reassessments. Some saw the lost opportunity at Cancun and recognized there was good work done at Cancun and George had one of the hardest tasks dealing with the agricultural text. It's a good sign of the skill and respect that his colleagues have for him. They always ask him to take on that thankless job. That the fact that the agricultural interests of Singapore are primarily on the consumption side.

So what I sensed was missing, however, after the WTO meeting in December was the sense of how to reengage and so I tried to put forward in a letter some common sense

ideas about how we might push the agenda forward but then to suggest that I was going to travel and talk to others as I am in the process of doing, to get their ideas.

I think George gave an excellent summary of some of the elements that we discussed. As I mentioned in the two earlier stops, one of the points that I've been trying to assess are whether countries have a strong interest in moving the Doha agenda forward and I certainly got a sense that countries do, and have a sense of priorities. And I think what came out of this meeting is the importance of agriculture, and as George mentioned, getting an agreement to end export subsidies as some point and also the need to resolve the question of the Singapore issues as we discussed. All countries have sensitivities so we also discussed some areas where we might be able to help one another in terms of refining some of the elements, whether it being goods or agriculture.

We all discussed the importance of the services market but also how frankly there needs to be more work done in understanding some of the synergies in the services area. This is a topic that I hope to discuss with the World Bank upon my return in Washington.

So I found it to be a very useful session. I shared with my colleagues some of the insights I gained from my stop in Beijing and in Tokyo where again I found both governments sincerely interested in trying to be helpful in moving ahead the Doha agenda and so with that, I'd be happy to take any of your questions.

Q: (Reuters) Giving the fact that the General Council this week, have you reached a consensus on the timing of the ministerial. Could you elaborate based on your thinking as to the practicality of a meeting in Geneva at the end of the year?

Zoellick: Well, first off, I'm pleased that we're now ready to go back to work because we have agreed on the Chairs of the groups. That was important action that I am pleased will allow us to move forward. I think what all of us have recognized is the need to combine work in Geneva with work in capitals. And that's in effect what I've been doing on this trip is trying to consult with ministers informally. And as I suggested in my letter, one option is to have a ministerial later in the year to set some goals. I remain open to that possibility. We have the reality that the European Commission changes at the end of October and so Commissioner Lamy has said to some of us the possibility of having something earlier in the year and we're open to those possibilities.

As George mentioned, one idea that I hope to discuss with others is if we can some work done and a combination of Geneva and capitals and with experts is whether there may be a session in Geneva that may involve ministers without necessarily leading to full blown ministerial. Because I think our goal would be to try to get done this summer if possible what we didn't get done in Cancun. And as George mentioned, if we can get countries to focus on a narrow issue of Singapore issues and particularly if we can reach some consensus on trade facilitation, we can get an agreement on the export subsidies as he mentioned, if the G20 and the EU discussions are productive that could provide the basis for experts working on the text and perhaps involving ministers. But this is just an idea and its one that shows the benefit of the trip which is that this was atruly open

consultation and is something that I will take with others; and frankly, speaking for the United States, we're open with anything that works. My main goal with the letter and the visit has been to say we don't want this to be a lost year, and there are different ways in moving forward and I want to hear what others have to say and I picked up some good advice including this idea on this stop.

Q: (Bloomberg) How confident are you that a global trade agreement will be reached by the deadline January 1st?

BG Yeo: Perhaps I should answer this and let Bob off the hook! I think it is highly unlikely that we can conclude the round by the end of the year. I think it would be very good if we put the round back on track by the end of the year.

Q: Mr Zoellick do you have any reactions to what China said in the news today that it was beginning to review its foreign exchange policy?

Zoellick: In general I leave the exchange rates issues to the President and the Secretary of the Treasury and I was pleased to see that our Treasury Department will be having discussions with China about this issue, I believe in the next couple of weeks.

Q: (CNA) You'll be going on to a number of other countries after this. What sort of message, [unintelligible] hope to achieve [unintelligible].

Zoellick: Well, the real purpose is to have a strategic dialogue. I set out in a seven or eight-page letter a number of ideas and this gives me an opportunity, other people have had a chance to read it, to discuss it and get their thoughts and ideas. What I've also discovered and sometimes trips take on their momentum is that I'm picking up ideas at each stop that I can share with others and I think today's discussion was particularly rich in terms of getting a sense of what are the key priorities to move forward. I don't see those as being really different from what I had picked up in the other stops and as you know on the Singapore issues, this will be a question that Europe, Japan and Korea will need to determine where they stand. As George said, they've showed some flexibility. I think this will be very important in terms of bringing along some of the African countries. The United States, as my letter said, would always be pleased to proceed with trade facilitation where I see there is a general consensus but we're not the only country.

On export subsidies, we've long favoured their total elimination. As I said in the letter I think one of the conclusions at Cancun is that's a very strongly felt issue and that any agreement will have to include that. We tried to ease the process for the EU by agreeing to eliminate any subsidy outcome of our export credits in a simultaneous fashion to support it. We, I saw some article has had this incorrect, we don't really have much in the way of export subsidies, very small, \$5 or \$10 or \$20 million or something; Europe has \$4 or \$5 billion. But we all have to help one another on this process and that's a way that we can help.

But to be fair to the European Union, I think something that would allow them to say that

they would agree at a later point about when it'll be eliminated, allows them to see what happens at an overall package. So these are ideas that I'll be testing and then in each stop I also try to get a sense of countries' priorities, so for example, in China yesterday, the US/Chinese positions overlap quite well actually in terms of the overall interests so we talked about ways to work on those together. I am learning that the services issue is one where I think to move that agenda forward, we're going to need to get some capacity building going for people to see some of the synergies in terms of a more open services market. And as George, mentioned, Minister Rini is taking a leadership role dealing with the special products issue which I think is an important part of the agricultural package, it's one I mentioned in the letter. And that may help some of the other developing countries move forward with a more ambitious program.

So I really am trying to listen to others each step along the way and I will be finishing in Geneva with other WTO countries and then I'll also have a chance to talk with Commissioner Lamy and then a few days later will be the Cairns Group which is a key agricultural area and again it is key to me that an agricultural package is going to be fundamental in moving this forward.

BG Yeo: We have time for one more question.

Q: [unintelligible] of the Hindu newspaper based here. Sir, as part of your strategic dialogue, which among the hold out countries are you really focusing on?

Zoellick: I don't think there's any one hold out country, I think countries have sensitivities to work through and the purpose of the trip is to try to talk a number of the leading countries but also when I'm in Africa I am very pleased that Minister Kituyi of Kenya has organized a meeting with countries all throughout sub-Saharan Africa. So this is something by the nature of the WTO that we all have to do together.

BG Yeo: Well, thank you Bob. Thank you ladies and gentlemen.

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