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**Remarks by Assistant U.S. Trade Representative Wendy Cutler
Opening Press Conference
KORUS FTA – Sixth Round
January 15, 2007**

Steve Norton: Good morning. Good afternoon. My name is Steve Norton from the USTR Press Office and in just a moment Ms. Cutler will be here and she will make a brief statement and then take your questions. I will call on you and please just one question per person and then we'll wrap it up. Okay. Thank you.

AUSTR Wendy Cutler: Good afternoon everyone. I'm pleased to say that the Sixth Round of KORUS FTA negotiations are now underway.

I would first like to thank Ambassador Kim and the Korean Government for hosting us here this week. As always, they have done an excellent job of making my team and me feel welcome here in Seoul.

We have a busy schedule here this week, but as you know from my Korean counterparts, not all the negotiating and working groups will be meeting.

The Customs Administration/Rules of Origin Negotiating Groups will be meeting later in the month in Seoul, and that's primarily due to scheduling issues between the lead negotiators.

The SPS Group will also not be meeting during the 6th Round, as more technical work needs to be done before we can usefully engage on SPS text negotiations.

Last Friday, the Korean Government announced that it will continue to suspend the work of the Trade Remedies Negotiating Group, as well as the Automotive and Pharmaceutical/Medical Device Working Groups. Instead, these issues will be discussed at the chief negotiator level between Ambassador Kim and me. While we would prefer

that these groups meet, the United States is prepared to make progress on all there of these issues at the chief negotiator level.

Let me emphasize, though, that an FTA between our two countries will require a satisfactory resolution to the automotive and pharmaceutical/medical device issues. And, although the discussion between the United States and Korea on reopening the beef market is separate from the KORUS FTA negotiations, a resolution of this issue is also critical, if the FTA is to become a reality.

That said, we made important progress at our last round in Montana on a range of issues, and my team and I are prepared to take big steps this week to narrow our differences on as many issues as possible, including on the tough issues.

Our remaining time for these negotiations is short if we are to take advantage of the window of opportunity provided by the current Trade Promotion Authority. And our challenges are real – but they are not insurmountable. As we work through the challenges, we need to keep in mind the overall benefits that a successful KORUS FTA would bring.

The United States remains committed to achieving a high-quality, comprehensive, and balanced agreement, one that is good for the United States and one that is good for Korea. Anything less would be a disservice to both of our countries and our citizens and would not send the type of signal that we should be sending to the region and the rest of the world that two large countries can come together to conclude a high-quality agreement.

So, in conclusion, my team and I look forward to getting down to business and moving forward with our important work. Thank you and I'd be glad to take questions.

Steve Norton: Okay. Please, we'll take your questions now, and please identify yourself and your affiliation. And please, one question per reporter.

Q: My name is Kim Young-suk from the *Korea Economic Daily*. You just mentioned that the reopening of the U.S. beef market to Korea is separate. However, in order to make the KORUS FTA a reality, it is critical. But, as you mentioned it is separate from the KORUS FTA negotiations, how can we resolve this issue and what is the accurate U.S. position on this issue? Do you want to wholly change the whole inspection conditions for U.S. beef imported to Korea or anything else? What is your view on this?

AUSTR Cutler: Our view is that it is imperative that we work with Korea to fully reopen its beef market to U.S. exports. And we very much want to sit down with our Korean counterparts and figure out the most effective, expeditious way to achieve this objective, taking into consideration international standards in this area, as well and the health and safety of Korean citizens.

Steve Norton: Next question. Yes, sir.

Q: I am Seo-chun from the *Seoul Economic Daily*. At this sixth round, the SPS group is not meeting. And maybe it's because of the U.S. stance on the beef import inspections conditions. But, the U.S. has already agreed that this issue is not under the KORUS FTA group. But you are now linking that issue with to the KORUS FTA negotiations. Is this contradictory?

AUSTR Cutler: It's not contradictory, and in fact, in the SPS area, there are a number of other specific issues that we are looking to address as well, and so, with respect to reengaging with Korea on the SPS text, we want to make sure that we can usefully work on the other issues and then get back to the table on the SPS text negotiations.

Steve Norton: Yes sir.

Q: I am from *Korea Times*. You just mentioned that the trade remedies issues will be discussed at the level of Chief Negotiator. Is there any possibility for the U.S. law to be amended? You have argued that there will be no concessions to be made by the U.S. side in terms of the trade remedies issue. Is there any possibility for you to change your stance?

AUSTR Cutler: With respect to trade remedies, we submitted a report to Congress at the end of last year, which in reports to our congress on the state of our negotiations on trade remedies with Korea – the report made clear that the proposals advanced by Korea to date, meaning the five anti-dumping countervailing duties and the one safeguard proposal they presented to us in Montana, to the extent that those proposals required a change in law, they would not be in the final agreement. However, the report also made it clear that negotiations are continuing, that we expect to receive other proposals from Korea in this area, and we will seriously look at these proposals. We understand that this is a high-priority issue for Korea in the negotiations. I think that Korea recognizes that this is an area where we have limited flexibility, but nevertheless, in my discussions with Ambassador Kim this week, we will continue to discuss these issues and see the best way forward.

Steve Norton: Yes sir.

Q: My name is Hu-young from *JoongAng Daily*. I want to ask you a question regarding the Kaesong Industrial Complex. As you know, as you just mentioned, this issue is not under the FTA negotiations, but the same applies to the beef issue too, because you just mentioned the beef issue is not an FTA issue, but you are linking that to the FTA negotiations. So, considering that, is there any possibility to discuss the KIC issue under the FTA negotiations? What is your solution to this issue?

AUSTR Cutler: Well, first I thought that you were suggesting that we trade Kaesong for beef. But in all seriousness, let me just say that the Korean government is seeking to address Kaesong under the FTA and put proposals forward in a negotiating group that would cover Kaesong goods under the agreement. With respect to reopening the beef market, we have not put text in the negotiating proposals put forward in the FTA to

address beef. Just to clarify what I just said, we put forward proposals to achieve further market access in beef, specifically to reduce the 40% tariff on beef in Korea, but we have not put negotiating proposals on the table to achieve the full reopening of the beef market that was closed in response to the detection of several BSE cows, BSE –infected cows, in the United States. Just to also clarify, our position on Kaesong remains consistent, and that is we view this as an agreement between the United States and the Republic of Korea, and as such, we look to cover the goods and services from these two countries.

Steve Norton: Yes sir, ma'am sorry.

Q: E.J. Koo, Yonhap News. You mentioned a lack of time. How much of a burden is the time factor and do you expect a 7th round? Thank you.

AUSTR Cutler: With respect to the time question, the time factor question, clearly I would prefer to come to the 6th round in Seoul being able to report to you that more progress has been made in this negotiation. That said, we have made important progress to date, but we clearly have a lot of work to do to meet the deadline presented by our Trade Promotion Authority. Through my discussions this morning with Ambassador Kim, I remain encouraged and optimistic that we can do this, meaning we can achieve a successful and balanced KORUS FTA under our current Trade Promotion Authority. And, with this goal in mind, Ambassador Kim and I have already agreed that we are going to have meetings, not only on the three issues that are specifically going to be elevated to our level, but that we will be in frequent meeting on all the issues on the table this week, and furthermore, I suspect that we will see increased high-level contact between our two governments immediately following this round. And finally, with respect to a 7th round, I have nothing to announce today, but come back on Friday and I may be able to update you on this question.

Q: I am Kim Jung-nim from *Seoul Shinmun*. It has been reported that at the 5th round in Montana, the U.S. side suggested to open the acupuncturist market in Korea. How seriously is the United States thinking of opening the market of acupuncturists or Oriental doctors, or how do you plan to develop that more seriously at this round?

AUSTR Cutler: I know that there has been a lot of speculation in the Korean press on this issue. This issue, frankly, has now been elevated to my level yet, and so I will be in consultations this week with my services negotiator and get a better sense where this issue stands.

Steve Norton: Yes sir.

Q: I'm from *Money Today*. There is information that this week you are prepared to make progress in some key areas like trade remedies, automotive and pharmaceuticals. As for the trade remedies issues, do you include the possibility of amending the U.S. law? When you say that you are prepared to make progress, what do you mean specifically?

AUSTR Cutler: Why don't you ask me that question on Friday, and hopefully I can report progress that we've made this week.

Steve Norton: Just one more question please. Yes sir.

Q: I'm sorry I have two questions. The first one is related to the previous question on trade remedies. You just mentioned that you are ready to make progress and continue discussions on trade remedies this week, and when you say that does it mean that, does it include the possibility of amending the U.S. domestic law regarding trade remedies, or as just reported to the U.S. Congress, it will not be effective to the possibilities that require the domestic law amendment in the U.S. What is your view on this? And the second question is that Ambassador Kim recently reported that there is a voice raising among the U.S. Congress for the U.S. to extend the TPA deadline. What do you think about the current status of such voices and what is the USTR's view on this?

AUSTR Cutler: Since we only asked for one more question, I'm going to choose to answer your second one. Thanks very much for giving me the choice. I didn't have to debate long which one I prefer to answer. With respect to the extension of trade promotion authority, no announcement has been made by the administration with respect to its plans. And even once the administration announces its plans, obviously we'll need to work very closely with Congress to make extension a reality. And the last time TPA expired, it took eight years to renew. So the timing would be uncertain on any extension of trade promotion authority. It's also not clear what a new trade promotion authority would look like – would it have more requirements, less requirements, would it focus on certain negotiating areas? It will all have to be discussed between Congress and the administration. So, I believe it makes sense to use the current window of opportunity presented by our current trade promotion authority to try and get this deal done. If we're successful, then Korea will lock in preferential access to the largest market in the world and it'll be uncertain when other trading partner will be able to follow given the uncertainty about the extension of trade promotion authority. Thank you very much. I look forward to seeing you all on Friday.