

**Ambassador Susan C. Schwab, USTR
Peter Mandelson, European Trade Commissioner
Press Conference
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Ambassador Schwab: I'm sure you all had a chance to see the remarks that President Bush and President Barroso made after their meeting in the Oval Office. They had a very interesting and wide-ranging productive meeting followed by lunch.

Commissioner Mandelson and I participated in that and they were emphatic in their encouragement to us to move ahead with the Doha Round.

Obviously the United States and the EU are committed to seeking a successful conclusion to the Doha Round. Sooner is better, but the content will dictate over chronology.

I think, Peter, you would probably agree we've had a good conversation today. We are clearly making progress. Perhaps there is some stirring of momentum here. That's a welcome change I think from the years of start and stop that we've experienced with the Doha Round negotiation.

There are numerous bilateral conversations going on like this between Ministers at the sub-cabinet level, senior official level. We all know it will take more than two countries or two entities to reach this agreement. It will require multiple countries participating and will require not just progress in agriculture where the US and the EU have had our principle differences but also in manufacturing and services.

Peter?

Commissioner Mandelson: Thanks, Sue.

We came to Washington today looking for new impetus for the Doha negotiations and I believe we found it. The meetings that we've had, first of all, on the Hill with Speaker Pelosi and Senate Majority Leader Harry Reid, then with the President and his colleagues, and now between myself and Sue have given us renewed confidence that the Doha deal is doable and that it can be done within the narrow timeframe that has opened up. I strongly welcome the political leadership of President Bush and President Barroso. I think completing this negotiation will depend on that kind of political will.

Our discussions with President Bush suggest that he wants a successful and early deal in the world trade talks and Europe must work with him to achieve a deal. I think at the meeting there was a strong shared assessment that Doha is important for economic reasons, for the sake of global business confidence, cementing the multilateral system and producing the sort of trade benefits that can be harnessed by developing countries, but also

for political reasons. A successful round will show that the international community can make progress and it can work together to raise confidence.

I think there is also a shared sense of urgency, partly for reasons to do with, for legislative reasons here but also for electoral and other reasons in Europe. But I think that the strong personal commitment that President Bush has is the thing that struck me most.

Our contacts with the Democratic House leadership encouraged me to think that they will back an ambitious multilateral agreement. They know why Doha matters for the US and for all of us economically and politically.

Last of all we both know, I think, that cooperation between the EU and the United States is a necessary, indeed it's an indispensable but insufficient condition for success. We've got to work together for this deal to succeed, but one essential is not enough. The entire WTO membership must have its say and ensure that their interests are clearly voiced and advanced.

There's no question if some EU/US bilateral deal being cooked up and then passed out to the rest of the WTO leadership, if that were possible which it isn't, it's certainly not going to lead to the sort of successful outcome we want to see. Everyone has a stake in its outcome, therefore everyone has a stake in the negotiation.

Press: Jim Berger, Washington Daily.

Do you expect all the key players to take simultaneous steps towards this new center of gravity? Or will there be one or two participants like the EU/US moving first? And would and might it happen at Davos?

Secretary Schwab: I think the process that we're talking about here is tremendously complicated. Think of a three-dimensional chess game. Last week, for example, I had the opportunity to sit down with Minister Amorim from Brazil. I'll be meeting later on this week, actually tomorrow meeting with the Japanese METIN Minister Amari. A day after, the Japanese Agricultural Minister, Matsuoka, and so on. Commissioner Mandelson is having the same kinds of meetings. Those may be visible, those sort of bilateral exchanges may be visible. Going on underneath the surface are tremendous numbers of bilateral and small group meetings involving senior officials, senior agricultural negotiators and so on.

So I think the notion that somehow this will all come together with a crescendo with two countries or three or five or seven or twenty doing something simultaneously I think is perhaps unrealistic. On the other hand, the process that we're going through right now is extremely useful in getting a sense of specifics, priorities, sensitivities, red lines, parameters and where areas of convergence could be so that when it comes time to come out with the next round of activities, whether it's

sequential or all at once, whether it's half a dozen countries or significantly more than that, there are no nasty surprises. I think that really is the key.

Press: Doug Palmer with Reuters.

In terms of how it actually transpires, do you agree that something needs to happen by spring? That seems to be the consensus, that there needs to be some sort of breakthrough by March or some time around then in order to give lawmakers enough confidence to provide an extension so you can finish the round. Is that the sort of timeframe that you're talking about?

Commissioner Mandelson: I think it is. Not only for legislative and congressional reasons here, but for political and other reasons around the world.

For this to be brought to a successful conclusion people have to have confidence and faith that it's on track. We've had the talks suspended for what, six months. We have always focused on the first quarter of this year as the opportunity, the window that would open for a breakthrough to be achieved following a resumption of those negotiations. I don't think anything has happened to change those conditions. I think we would be in real danger if we did not achieve the breakthrough that we're seeking in the first quarter of this year. The window will close and it will take some years to reopen that window and for the world trade round to be looking at completion again.

I think we're in the end game.

Secretary Schwab: As I said earlier, ultimately it's content over chronology. Nobody is going to reach an agreement on the basis of an artificial deadline if the content isn't there that is substantively and politically viable. So the sense of momentum is reflective of progress on content rather than artificial deadlines.

On the other hand I think we all have a sense of urgency and wanting to get this done sooner rather than later, because it's the right thing to do.

Press: Can you give us any more detail about why things, you have a new move today in terms of the issues between the United States and Europe? Can you be more specific?

Commissioner Mandelson: I think because we've had some good discussions while we've been here, but also our senior officials have been meeting in recent weeks and they've made progress. There's not an agreement to be announced on key issues or key numbers, but there's certainly much greater understanding and a measure of convergence now.

I think that progress has given us the ability to report to our political bosses this morning that there is fresh hope for the Doha round and we now have to build on that work and we've sketched out between us what further discussions, what further

work, what further meetings will take place in the coming weeks to enable us really to test success in this round and to do so sooner rather than later, and that will require intensified and accelerated work. That was the mandate I felt we were sent out to deal with this morning. I think the President's parting words, "Go to it, Susan. Go to it, Mandelson. Just get it done," is what he said, I think.

Secretary Schwab: This was on the heels, last week we had a very good meeting with the Brazilians. There is a great deal of work that has been going on during the last several months, and at some point you get a sense maybe you've got some traction and you build on that and see what you can do with it.

But clearly the leaders this morning if it's doable want to get it done, and they like to think it's doable.

Press: This is all very vague. Can you give us -

Commissioner Mandelson: I'm afraid I've got to go to the airport. If you'd like to fly with me to Berlin, I'm very happy to answer your questions. If not, see you next time.

Press: Thank you.

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