

Press Conference
Kenyan Trade Minister Kituyi
U.S. Trade Representative Robert B. Zoellick
European Union Trade Commissioner Pascal Lamy
Wednesday, February 18, 2004
Serena Beach Hotel, Mombasa, Kenya

Minister Kituyi: Ladies and gentlemen of the press, first of all may I thank you for your patience. I know it's very difficult, some of you have been here for more than 24 hours. And you waited until the end of our meeting in a dignified way and that was very helpful for us.

We have come to the end of four consultations. I want first of all, on behalf of the government and people of Kenya, to thank our visitors and friends, the African trade ministers who have been here, Ambassador Robert Zoellick, U.S. Trade Representative and Pascal Lamy, the European Union Trade Commissioner. And also the Director General of the WTO and the Chairman of the General Council, who have been able to join us, [unintelligible] who have been able to join us, and very much substantially enrich our dialogue here. A number of things have been authorized by the African trade ministers to mention here. I will make a brief statement, and then invite both Pascal Lamy and Ambassador Zoellick to make some remarks and then we can take some questions.

At our consultations in Mombasa today, we, the Africans Trade Ministers who have been meeting here, together with some of our Ambassadors from Geneva, are agreed that Africa and the other Africans, the whole group, the so called G-90, have a purposeful interest in engaging on the way forward in the multilateral trade negotiations. We have made substantial progress in contributing to reverse the loss of Cancun. We have been discussing what has been progressing as the priority agenda for the African countries in the Doha negotiations. And also importantly, looking to build in a level of flexibility that can allow the negotiations to go forward. In our discussions we were very immensely enriched by the candid exchange of views between ourselves and Ambassador Bob Zoellick and Commissioner Pascal Lamy.

We were reassured by both of them that in spite of this being a rather tricky year with the impending American election and the change in the European Commission, that the attention of these two critical players in the WTO process is not going to dissipate. And indeed, [unintelligible] progress towards making concrete gains in the negotiations is desired by them as much as by ourselves. We have also been reassured, of the centrality of our development concerns at the heart of the Doha work program. During the deliberations, components of the road map towards Hong Kong have started emerging. And all the Ministers and delegations present committed themselves to making a contribution to building the political [unintelligible] for supporting the negotiations in Geneva and also importantly implementing the work of Cancun and setting the stage for maximizing the benefits of the development round, the Doha Round.

At this stage, I would like to invite Ambassador Bob Zoellick to make a few remarks.

USTR Zoellick: Well, thank you very much. And, let me begin by thanking Minister Kituyi and his team for the leadership they have shown, not only in pulling this meeting together, but in working with many of their African colleagues to help make sure that Africa is fairly represented in this important process. And I also want to thank the Kenyan government for being very gracious

hosts for this important session. And if I were to summarize what we've done in a phrase, I would with respect quote [a person's name in Swahili] "Pole pole tutafauler," and for those of you who don't speak Swahili means, "Little by little, we make progress." Roughly.

For me this was an important part of a strategic dialogue that I've been undertaking over the past 10 or 12 days. It's very important that 2004 not be a lost year for the WTO, as Minister Kituyi said.

I am in the course of a visit to a number of countries, following up on a letter that I sent in early January. And so far, I've been in Japan, China, Singapore – where I visited with a number of countries from South East Asia, and Sri Lanka – Pakistan, India, yesterday Capetown. And this session allowed me to meet a number of African colleagues. And then tomorrow I head on to Geneva, the WTO, and then Commissioner Lamy and I will meet on Friday as I head home. And then within a couple of days I'm heading out to Costa Rica for a meeting with the Cairns Group, agricultural exporting countries. And so part of what this session enabled me to do was to brief and report to my African colleagues some of the impressions I had. And I will summarize that I found that coming out of this session, some responses to the questions I've been posing in various visits there's a good strong interest in moving ahead the Doha Agenda.

It's trying to get a sense of priorities which under Minister Kituyi's efforts and others I get a sense of particular African's interest and I've tried to ask how we can help. And that will be an ongoing dialogue.

We have hard work ahead, but I leave this session with a feeling of encouragement. And as Minister Kituyi said, there's a commitment in Africa as well as a need, a recognition of the need for flexibility on all sides for us to move this forward.

So I've been very pleased by this visit along with the other visits.

Commissioner Lamy: Thanks. Let me, my turn, say how much I welcome [unintelligible] Kituyi's initiative in having this meeting today. I think it's very important that an initiative is taken in order to, sort of set out, the African - G-90 negotiating position. And for this, this endeavor to frame a priority agenda for this group I think is very welcome. And I also take today's meeting as a signal on the G-90's part to embark on a sort of closer working relationship, negotiating relationship between the G-90 and us.

As far as Europe is concerned, I think the meeting we had was very substantive. It went beyond general declarations, beyond already known positions to address a number of issues on agriculture, industrial tariffs, on development related issues, or what we call Singapore issues in our WTO jargon, which have allowed me to explain the flexibilities with which the European Union has, which I have as a negotiator, in agriculture, in trade distorting domestic support, a lot of that in this negotiation. And I understand it's an important point for the G-90. In export support, where I can, zero export support for productive interests for [unintelligible] countries. I said [unintelligible] year on my suggestion that can provide for this. I don't have any preconditions on this list. It will remain to be negotiated, the timing of the phasing out to zero. On "Special and Differential" treatment and areas of concern to the G-90, obviously cannot afford the whole bunch of WTO initiatives for a number of reasons. I've made it clear that we are ready, for instance, to address small economies problems, land-locked economies problems, and that as far as industrial tariff

reductions, we understand that the G-90 countries are not in the same position as, for instance, other developing countries like Brazil or India.

On Singapore issues, which is investment, competition, trade facilitation and transparency in government procurement, I have made it clear that following the discussions which took place in Cancun, I'm willing to have two of these remaining in the negotiations – trade facilitation and transparency in government procurement, and two of these dropped out of sight, investment and competition.

So without entering into technical details, which [unintelligible] go to the substance of the agenda, and I feel I have a better sense of the feel of what your priorities are after today, which is very helpful because of course the next question and your question will be: “where do we go from here?”

Well from here, we have increased the momentum for negotiations in Geneva. And I think we Europeans see it as in the coming weeks, trying to get where we should have been in Cancun and in my view this is very [unintelligible] by sort of spring time. And then in the remaining useful part of this year, trying to move this beyond where we should have been in Cancun, pending all these initiatives which have [unintelligible]. And I think there is ample scope for further negotiations between the EU and U.S., EU and G-20, EU and G-90. And I see today as the start of real negotiations between us and the G-90. And for this reason, it's welcome.

Minister Kituyi: Thank you. We'll take a number of questions. And you say which media house you are from.

Question: William Wallis, the Financial Times. Ambassador Zoellick, have you been able to move forward on the cotton issue? Have you brought anything specific to the table on cotton, and any other, kind of, sweeteners that bring the American position beyond what it was in Cancun, that was unacceptable to African countries?

USTR Zoellick: Well, the first part is that, we had a colleague from Benin today, which was one of the key countries in that, and we've been talking with them and with the other countries that have been particularly interested in cotton about their interests. And we are trying to focus on both the trade and development side. Let me just speak to the development side for a moment. We spoke today about a meeting that will take place in Benin in late March with the World Bank and the IMF and others to try to focus on some of the development issues.

On the trade side, we favor the complete elimination of export subsidies, by all countries and that includes the subsidy element of export credits. So that's one core element that obviously is important for cotton producers. We also discussed the importance of reducing domestic subsidies, or what trade people call, the domestic support, as part of an overall reduction. And what I emphasized with our colleagues is that some countries have had a concern that if you reduce the overall numbers as part of a negotiation, that it might allow countries to increase for particular products as they lower for some. We support the provision, we not only support the provision that was in the draft text that would prevent that, but in addition we're willing to further for cotton. And so I suggested that we might do some things particularly related to cotton as part of an overall negotiation dealing with agriculture. And third, an important element is tariffs. There are some countries that are very big textile and apparel producers - that may become even bigger ones that may become even bigger ones with the end of the multi-fiber agreement at the end of 2004 – that

have very high tariffs in cotton. And so that's an area we can work on together. So I think it's only fair that you ask the others involved, but I think the tone on this was a constructive tone about how to move forward. I did emphasize that it's important for all products and items to be treated together. The only way that trade negotiations work is if there's a give and take, and if there's a sense of how people that are going to have to make difficult decisions on the domestic front will be able to gain in other sectors. And so as you know our position on agriculture is aggressive in terms of export subsidies, domestic support and tariffs, and so that's an area we need to work together to create the context for the improvement on cotton.

Question: [unintelligible] from the BBC. Ambassador, considering this is an election year, and considering politicians [unintelligible], maybe it's not politically expedient for subsidies to be removed right now. Maybe we'll keep talking until the elections are over?

USTR Zoellick: Well, I'm glad you asked the question, because that was one reason I sent the letter to my colleagues in January. And we have two political events this year among others. We have the elections in the United States, you'll have a change in Commission in Europe. I was just in India, you're going to have elections in India as well, actually elections in South Africa. The point that I wanted to emphasize is that President Bush is committed to moving the Doha Agenda forward, and I believe we can make substantive progress that we failed to do in Cancun. But I think we need to try to do so during the next months. Pascal mentioned this Spring. My assessment is there needs to be work done until the Spring, we really have until about the end of July. Now in the case of the United States it really depends on whether I can show that I can open markets and cut other people's subsidies. That will allow me to build the support to take on the subsidies reduction in the United States. But from the start, the proposals that we put forward, and obviously that required us to build support in our own country, could support that sort of package. So what I've been emphasizing throughout this visit is, trying to get a sense of the priorities that other countries have and trying to narrow the work. So this is one reason, as Pascal mentioned, there are topics in the Singapore, the supposed Singapore issues that need to be narrowed. I would go one step forward than Pascal would, and I would just focus on trade facilitation, because I think there remains an anxiety on that topic. But, Europe has made big moves, we'll see whether Japan and others can make moves, and then focus on the market access agenda. And then I think, we all have elections at various times, but I think we could get something done this year. And I have to compliment again, as Pascal did, Minister Kituyi, because part of the challenge here is pulling together diverse groups of countries in sub-Saharan Africa. And taking your wish list and making it into a negotiating list. And that's the process I see going forward now.

Question: George Swallow. [unintelligible] you've really been travelling around. What is the one that all these places you've been travelling, what has [unintelligible]

USTR Zoellick: I think the number one topic is the need to resolve the agriculture issue. And, without getting into all the details, we've talked about some of that today. You've heard Commissioner Lamy talk about what he's trying to do on export subsidies. The key message I that I've heard is we're going to have to eliminate export subsidies. As I wrote in the letter, I think it's only fair to the European Union, that if they can move in that direction, you have to determine "when" in the process, because they have to see the rest of the negotiation. So agriculture is key. There is also focus on other aspects of the market access agenda – goods and services. And then finally, resolving the Singapore question. I think we're getting close in terms of narrowing that

agenda. But as I said yesterday in South Africa, every country has to be brought along, each country has different interests. And so that's the process we're undertaking.

In Cancun the text on services wasn't very contentious because it was focusing on how to put forward more offers. The text on goods was not all that contentious, although there are various issues there that are related to formulas, sectorals and non-tariff barriers. So the key message that I'm picking up in various visits is – resolve the Singapore issue question so that we can narrow our focus, and then let's work on agriculture. And what I picked up along the way is, we now need to have a combination of meetings in Geneva, expert meetings, involvement of Ministers to try to narrow the differences on the agriculture text. And I believe that's something we can do, as I said, in the timeframe of the middle of the year. It won't be easy, but I believe it's possible.

Question: Anthony Moreland, from AFP. Minister, as a representative of the G-90, I wonder whether you've heard anything of the problems that scuppered Cancun, are you closer to a resolution, farther along the road to Doha?

Minister Kituyi: Yes, very, very substantially. First of all, at home in Africa, and in the G-90, we set out what we wanted. But we did not build in any negotiating flexibility. And one of the self analysis issues has been "how do we make progress from our desires, the wish list, to a negotiating platform." And that transition is critically important for this round to succeed. And we have gone a substantial way in getting there on that score. Two, we have been having anxieties as to what extent key players in the multilateral negotiations appreciate our concerns as being at the core of the development agenda of Doha. That we are supposed to be the main consumers of the developmental content of this round. And I'm satisfied that very substantial responsiveness has been shown to the matters, the issues that we think are important to us. Particularly our perceptions on what is the way forward in Africa, on the cotton question, on Singapore, on "special and differential" treatment. These are areas that are important to us. And I have a sense of close support and more positive flexibility both within the U.S. and the European Commission negotiating positions now. And I think this can be the basis for unlocking the process in Geneva, which is [unintelligible] very important. The political goodwill has to be there to inform the technical negotiations in Geneva. And substantial progress has been accorded on that score in Mombasa.

Question: Can I follow up, then is a Ministerial session within sight?

Minister Kituyi: We are looking at the different scenarios. Consultations are still going on between parties that are represented here and not represented here, about what's the best way to move forward. You assess, you know, what is the benefit of a Ministerial, and what are the [unintelligible] scenarios that are possible. We have looked at some of those today, and we're still continuing a dialogue on this score. For us and the African group, we have a major we have major African constituencies that was not invited to this meeting. And we have to go to them also and get a sense of comfort and this level of ambition and this will inform the consultations this Spring on the way forward.

Question: [unintelligible] I've just looked at the [unintelligible] on the Singapore issues?

USTR Zoellick: We favor including the trade facilitation issue.

Question: Could I follow up that question, Minister, what the African position is on the Singapore issues? Are you happy to move forward on trade facilitation, or are you happy to move forward on transparency in government procurement, as well?

Minister Kituyi: I said at the start of this meeting this morning that today's meeting was not a negotiating round. We were glad to open up the issues, the contentious issues to the European Union and the U.S. to see if they are ready to move, to make steps, concede some ground. But for us as a group we're agreed certain mechanisms and flexibilities, but I'm under extreme instruction not to expose my hand.

[laughter]

Commissioner Lamy: You mean not today.

Minister Kituyi: Not today.

[laughter]

Minister Kituyi: Negotiating flexibilities can only remain flexibilities if they are used in the negotiation, and that's the way I intend to use them.

Question: Can I ask just one more question. Commissioner Lamy also said he's ready to receive a list of products for the elimination of export subsidies. Are you also ready with that list, or are you any closer to creating that list, or do you even want to create a list?

Minister Kituyi: I first heard this from Commissioner Lamy, ten days ago in Mauritius. And since then I have been in touch with both Geneva and the capitals around Africa to see the reactions to this and the possible inclusions. So the [unintelligible] of that will inform how we move forward on this. But there is no doubt that this is an important step forward in facilitating progress on this critical question.

USTR Zoellick: They've been making a list, and checking it twice. And you know how the rest of the song goes.

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