

Joint Press Conference

Brazilian Foreign Minister Celso Amorim
EU Trade Commissioner Pascal Lamy
USTR Robert B. Zoellick
Australian Trade Minister Mark Vaile
Indian Trade Minister Nath
Sao Paulo, Brazil
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Moderator: [translated from Portuguese] We don't have too much time so Minister Amorim will do his first trade [unintelligible] then you will be able to ask four questions even because Minister Zoellick, he will be traveling shortly. We can start.

Min. Amorim: [translated from Portuguese] So good evening. First of all I would like to explain to you that we are here in an alphabetical order starting from the center. Is that right? Well, I would like to tell you that we had a meeting. It was a very [unintelligible], long meeting. It lasted for four hours and it was very important. We were able to discuss at this meeting that the agricultural issue at the WTO and we discussed the three pillars: subsidies to exports or exports competition, as we usually say it in English, a domestic support and access to markets. On all the three we had a very good conversation. It was very fruitful. And not only were we able to better understand the concerns of each of the parties, in our case, remembering that Brazil and India, they speak not only on their behalf but also on behalf of the G-20. We agreed that we have to proceed on analyzing the three pillars and supporting them in parallel. There is a lot of work to do concerning these three pillars such as access to markets. We have, more recently, received a proposal. We studied elements in this proposal, we also studied the summary that was made by the agricultural committee president. And based on all these discussions we found a lot of work for the technicians to do and this will start now and we will continue next week, not the week starting next Monday but the week after next, when, once again, the agricultural committee will hold a meeting. We believe that we had a very good discussion, that there are plenty of possibilities of progressing but certainly there is a lot of work ahead of us. So I can summarize it like this. I don't know if any of my colleagues would like to add anything to what I have just said. Gentlemen? So now we can start with the questions. Right over here, in the middle please.

Reporter: [translated from Portuguese] Andreas Soliana, Folha de Sao Paulo: Minister Amorim, you mentioned the importance, or having the United States discussing the parallelism with the European community. I would like to know what was mentioned about this. Not only by you, but also by Mr. Zoellick. If there was any progress, if it was quite clear that we are going to eliminate agricultural subsidies, direct subsidies, indirect subsidies throughout the negotiations?

Min. Amorim: [translated from Portuguese] As I mentioned there is a lot of work still ahead of us. This was a topic that was mentioned with the depth that we had according to the time that we had because we had one hour to discuss each topic then we had a general discussion. We believe that the topics that were discussed, the different aspects discussed, give us some marginative progress. But this is a negotiation that we'll have to continue on a technical level.

Commissioner Lamy: On this, as Celso said we have a common resolve to address all three pillars in the same spirit in the same degree of precision. On your point about export competition. The side of the problem that has to do with export support, export subsidies. I think the good news is that there is understanding at our level that parallelism and equivalence are the name of the game. What remains to be done of course, and this is what our technical people have to do, is to translate these into technical parameters.

Reporter: This is a question to Mr. Lamy or to Mr. Zoellick. Everybody is talking about specificity now days. Has there been any specificity which has been talked about in domestic support or export subsidies. For example with a Swiss formula or by an amount of 10 billion US dollars, anybody going to cut subsidies? Any specific discussions on specificity?

USTR Zoellick: Let me start with this one, and first let me just say how much I know I and my colleagues appreciate Minister Amorim in convening this meeting. It comes at a busy time with the UNCTAD meeting but it allowed us to meet our new ministerial college, Minister Nath from India. My own sense is that it comes at a very important time in the process because there was an agriculture experts meeting in Geneva the first week of June. There will be one next week and so this is a very important time and we appreciate Brazil taking that initiative. It fits the role that Brazil plays in the world economy and trading system.

On the aspects of specificity, there has been a great deal of specificity in export subsidies in the past couple weeks Commissioner Lamy on behalf of the European Union agreed to eliminate export subsidies. You can't get anymore specific than that. As he described, we also spent about an hour trying to talk about how we achieved the parallelism and equivalence which of course is of concern to all of our countries. On domestic support - that is not where the Swiss formula would come in, that is a market issue, that is cutting tariffs - on domestic support the text that was developed in Cancun has a lot of specificity but we discussed other aspects of it related to the different boxes and how to ensure that there is an overall not only reform but cuts in trade distorting support. Then as Commissioner Lamy said we also had a good discussion on the market access. That is where some of the issues would fit in about different types of mechanisms and formulas. What the ministers I think pointed to was how we need to further develop that framework, building on some of the principles that came out of the G-20 paper but some of the ideas that others have had and some of our experts have focused on. So the task now is to move forward all three pillars in parallel, in a similar level of specificity and recognizing that we are only five countries and this has to be done in the context of the overall WTO with all 147 members. And we were fortunate that Ambassador Grosser who is the chair of the Agricultural text sat in the meeting, so I think it is very constructive...

Reporter: Andrew Hay from Reuters News Service: I wonder if you've discussed the issues of tariff rate quotas as a solution on the market access issue?

Min. Amorim: [translated from Portuguese] Well perhaps not with the specificity that you are mentioning there. They're arguable all topics related to access to markets were discussed. Tariff quotas were one of these topics. If it is or if it isn't a solution, what solution, or one of the solutions, this is what the technicians will have to decide. What I believe that we were able to do

this time was to find a lot a lot of critical mass in terms of a political point of view so that we can request from our technicians a deeper analysis in different aspects concerning market access. Trying to find a level of accuracy that is greater than what we have today, enlarging what have been done by the G-20, what has been summarized by the agricultural committee president, but we cannot prejudge the results yet.

Min. Nath: As far as the market access is concerned, up to now there was, in the earlier discussions there was a complete divergent views, but today, I must say, there appears to be some convergence. Now, it's for the technicians to work out details. Details which will lead to further discussions so that trade, market access really means trade. Trade on a sustainable basis. And I think that everyone realized that market access is as important a pillar as the other two pillars. And keeping the intensity for all three pillars. We hope to be moving forward in this.

Reporter: Raymond Collitt with the Financial Times. I think we all appreciate the complexity of the issues at hand. I was wondering if for the millions of readers and television watchers who don't understand the complexity get sort of a general assessment of where we are and where we are going especially in terms of the time frame. There has been a time frame set of mid July we are now in mid June. It sounds like there is still a lot on the table to be done by this timeframe that you have set yourselves. What happens if we don't make that timeframe? What is your assessment perhaps Commissioner Lamy, and perhaps Mr. Zoellick could address this, perhaps you could expand your volcano analogy which is quit useful. Thank you.

Commissioner Lamy: Let's acknowledge frankly, that turning all this into something that your listeners or readers or viewers can understand is what our Greek friends call a Herculean task. To put it as simply as possible, the political direction is there. Export support has to be phased out. Trade distorting domestic support has to be substantially reduced, market access has to be substantially improved. That's the politics of that. At the end of the day it will have to translate in numbers XYZ then minus X percent of Y. Which is the frustration you will have until the end of, not July, but the final endpoint of the Doha Round. Because numbers will only come now at the end. And what we're trying now is halfway between this political direction, which your readers can understand, and the final numbers, is to structure the negotiation so that we only have the numbers to negotiate in the second stage. So we have to create boxes, parameters, formulas in each of the three areas, agree to that so that then there's nothing more to do in this agricultural pillar then decide on numbers compromise on numbers. So that's what we're sort of boxing, framing, structuring, sort of sketching each item. And of course, it's very intense in political terms, because depending on the way that you structure these there are things that we will be committed to do from then, and of course, this is sensitive. So I think that is what we're trying. And of course our joint effort, endeavor, is to try and do this by the end of July, so that in this area of the negotiation, as in the three other areas of the negotiations from which we will concentrate on in July, we are sort of halfway.

Min. Vaile: If I could just add to that point in terms of the significance of the process and the timing. We need to bear in mind that we are further advanced in terms of convergence in dealing with the very critical issues of agricultural trade reform than we've been in the 50 plus years of the history of the organization. I think the significance in terms of the focus on the timing has brought us here together at the beginning of the week of the UNCTAD conference, at the

invitation of Minister Amorim, and we certainly thank him and his government for making these arrangements. And in terms of the nature of the discussions and the issues that you canvassed in your questions, was very productive and fruitful and continues to move forward. And our officials in Geneva can continue to work towards a framework, if we can achieve that by July. But importantly, it should not be underestimated the commitment of all members of the WTO, particularly the key players, in terms of moving the agriculture agenda forward. I mean there's work to be done in other areas. But it's always, if you start from the most difficult and the most sensitive area, and in terms of recent months, there has been significant progress made.

Min. Amorim: [translated from Portuguese] I would just like to add here because a meeting like this to which we invited the other four ministers, it is not something that is totally exempt from risks or free from risks. At this moment five ministers from five countries representing different interests, in the case of the European Community, different groups of countries with different interests, would get together in a crucial moment. And the fact that we saw that there is enough convergence here, you see we have many different countries here, we have many senses and this per se is historical, if we compare with other negotiations from the past. And the fact that we have found enough convergences to instruct our officials to continue their work urgently I believe is very significant. It is a message that at the same time that there is an awareness of a lot work ahead of us in July but it is also a message of confidence and this is something important. We have no illusions, we haven't arrived there yet but we continue progressing on the right destination. This is very important to be understood by all.

USTR Zoellick: Since you said you were from the Financial Times and you asked us to explain this to your readers, I'm afraid I won't, my vocabulary is not as big as the Financial Times readers so I have the reverse problem of my political technocrat friend in Europe. But I would try to explain it this way. First off as a number of our leaders recently pointed out, the context is one in which the United States is having a good economic recovery, many other parts of the world, China, East Asia are, some in Latin American are coming back more, India is growing well. So there is a point of strategic economic opportunity. If we could combine an upswing in the global economy with a real opening of markets around the world, that is the best thing we can do to extend growth, deepen it, have it promote development. Now the WTO works through consensus with 147 members, so it is an extremely difficult process, and it works in stages. The first stage of Doha was to create a working agenda and mandate. The next stage which was supposed to be done at Cancun was to try to further refine how we would address those topics in reducing barriers and tariffs and subsidies. We were unsuccessful. So far in 2004 we have seen some important movement. The European Union, Japan, Korea have agreed in one area of the negotiations, the Singapore issues, to focus on trade facilitation. That is a big plus for many developing countries, particularly in Africa but also India, other colleagues. But we also now have to figure how to move ahead in agriculture, goods, and services which are the core of the world economy.

We have all realized that agriculture is the real key to unlocking that door. So the way that this meeting fits into that is that there are three pillars in agriculture, we have all agreed that the three pillars need to move together, roughly the same level of detail at this stage to explain how we will do the cuts and liberalization. And as Commissioner Lamy mentioned, that would not yet mean the numbers, they would come in the next stage but it would create the means. Now your

readers may think that this is a very complicated process but it is the way you bring along 147 players at once. And so this meeting comes at an important time, as I said, I compliment Celso and his government for having it because we only have five weeks left, there is still a lot of work to be done and a lot of these concepts still have to be translated into words and frameworks. That is where the WTO becomes hardest because these ultimately are political level decisions but there a lot of technical work to be done. So you need a blend of our expert people, some of which are with us, some of which are in Geneva, and some core decisions.

So it moves in these steps and stages but I think again on export subsidies we have a chance to do something extremely historic here, the elimination of export subsidies with an equivalence for other forms. Domestic support, if you go back and look at the cuts in the Uruguay Round we are looking at a much deeper set of cuts and reforms here. Therefore, we are trying to get the framework with the numbers to come next and then obviously market access is critical, that is the opening of the overall markets for both developed and developing countries while taking into account the special and differential treatment. Now there are other issues, for example there are some issues that are related to particularly to the development agenda. Some of them flow through but they also have to be taken into account. There are other topics that for example some of our other colleagues would emphasize in terms of rules development.

But so at this stage we really focus primarily on these key agricultural topics to have these three pillars move together and our hope is by July to have those frameworks to basically accomplish what we didn't accomplish in Cancun, which would give momentum for the next stage which is putting in the numbers. If we are successful with that then you have completed the other aspect of the strategic economic opportunity that I suggested.

Moderator: [translated from Portuguese] We have time for a last question, please.

Reporter: [translated from Portuguese] Sergio Leo from the newspaper Valor Economico. Until recently, Mr. Lamy has said that for the European countries it would be very difficult to progress in this agricultural liberalization without parallel, similar progress in other areas of negotiation I would like to know if this topic came to the table on this meeting and if you discussed about it, what is Mr. Lamy expecting in this sense?

Commissioner Lamy: When we together decided on the agenda of the negotiation in Doha, we put, sort of, 20 topics on the list. And these 20 topics are on the table. They are part of what we call the single undertaking, which means nothing is agreed on one of the topics if all the topics together are not agreed. So this chain, this link between the topics remains. And the negotiation, at the end of the day, will have to move on all these topics. Now, given the dynamic of the negotiation, and the concerns here and there, we have agreed that we would focus in July on modalities on agriculture; industrial tariffs; what remains of Singapore issues; and development issues; plus probably something about services. These are linked, as these five topics are linked with the others. So this link remains. And if I take agriculture within the agriculture, the three pillars are linked with one another. And within the first pillar, which we mentioned which is export competition, what Franz Fischler and myself have said in terms of export subsidies, is linked on condition on the fact that others proceed to the same sort of disarmament as we do. So there are links everywhere. So none of us of course will agree to make a concession on the table

which will be ballied without the rest of the thing coming. This is why we have to meet from time to time at this level to check that the systems move in parallel. And what Celso Amorim said, what Bob Zoellick said, for instance, in terms of the degree of precision of these agricultural topics, of which we spent most of our time today, that the degree of precision in the three pillars is the same is so important. Because this encourages those of us who move, and I have a vague feeling we made a rather good move, to explain to our constituencies that we are not just stupid, naïve, dreamy negotiators who put things on the table without the others doing the same. Which is of course a criticism which we all have to face at home. So this is conditional of course.

Min. Amorim: Well, thank you very much for this. It puts us Brazil in a very comfortable position because we are in favor of total and complete disarmament. So thank you very much.

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