

United States Trade Representative Susan C. Schwab  
Media Roundtable - U.S. Embassy Singapore  
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Opening Remarks:

**Ambassador Susan Schwab:** I'm Susan Schwab; I'm the United States Trade Representative. I'm very glad to be here.

I just completed a luncheon meeting with my ASEAN counterparts, economic ministers, and it's always a pleasure to be able to sit down with my ASEAN colleagues. As some of you may know, I've spent a good part of my life – growing up and then ultimately when I was in the private sector – in this region and have various ties to countries in the region, so it's always good to come back. And, quite frankly, when I sit down with my ASEAN colleagues, we always have a great deal to talk about, and the kind of things of that we were talking about today. We talked about deepening and enhancing ASEAN-U.S. economic ties. We have – as you know – one year ago signed a Trade and Investment Framework Arrangement with ASEAN. We've had some projects ongoing with ASEAN under the TIFA including a variety of activities related to single window, regulatory activities, SPS regulatory, and generally activities – we target activities that both contribute to regional economic integration in ASEAN and to bilateral U.S.-ASEAN economic ties. ASEAN represents our fourth largest export market. Taken as a whole, it's our fifth largest trading partner, and therefore has significant potential for future ties going forward.

The second topic that we addressed and spent quite a bit time on was the Doha Round. And there is a situation where my ASEAN colleagues tend to – for most part – represent nations that are proactive and pro trade in Geneva. And we talked about the process going on right now in Geneva with the texts. Those members of ASEAN that are also part of APEC, we met in September and there our ministerial declaration ultimately, the leaders' declaration out of APEC endorsed the point that the negotiations, the Doha Round negotiations, need to go forward on the basis of the texts that are on the table in agriculture and in NAMA – non-agricultural market access – or manufacturing, basically industrial. The Doha Round is not dead; it continues to move ahead. We've made some progress in the agricultural negotiations. We've also made progress in manufacturing and the United States remains steadfastly committed to a successful outcome. We've continued to show leadership and flexibility. There are aspects of the texts that are on the table that make us very uncomfortable. But that is no reason not to move ahead on the basis of the texts, and we are encouraging others to do the same.

To the extent that there are debates going on in Geneva, these are not North-South debates. The split, the differences over Doha have more to do with the differences between countries that are pro ambition and are looking at their offensive interests and future potential, versus the countries that are focused more on their defensive interests. And that really is the distinction, and that is no more evident as in the case of the NAMA negotiations where there is a significant group of so-called middle ground developing countries that have made it clear that they can live within the ranges and the flexibilities in the current NAMA texts, and have rejected calls by other developing countries for more flexibilities in the text. So we are looking forward to continuing our work in Geneva. We have a very senior team that has pretty much been living in Geneva for

the last three months that will be there for whatever time it takes to advise the Chairs in agricultural and NAMA. Until we see the next iteration of revised texts and see if those ultimately can be the basis of bringing countries together.

We had a couple questions last week about trade politics in the United States. And I addressed those as well over my lunch today. Questions had been raised, you know, 'Is the political climate in the United States conducive to bringing a Doha Round agreement home? Will the Congress provide the trade promotion authority necessary?' And I was able to reassure my colleagues that all they need to do is to look at the vote that took place within the last two weeks on the FTA with Peru in the House of Representatives to realize that something has changed in terms of U.S. trade politics. The Peru vote, for those of you who followed it, was approval of the FTA in the House of Representatives by a vote of 285 to 132. Well over a hundred Democrats in the House voted 'yes.' And compared to votes on several recent Free Trade Agreements where there was a margin of one or a margin of two, this obviously reflects a much more bipartisan approach to the trade agenda and is reflective of efforts both among Republicans and Democrats stemming from the May 10 bipartisan agreement to see a U.S. trade policy that is not partisan.

And in that connection the Chairman of the Senate Finance Committee, Chairman of the House Ways and Means Committee have reminded me that we don't need Trade Promotion Authority to negotiate the Doha Round. Trade Promotion Authority would only be needed ultimately to implement a Doha Round agreement, and even if we have a break-through tomorrow we would be a long way from implementing it. They have indicated – the congressional leadership has indicated – that if and when we are able to reach an agreement on modalities, so-called modalities, which is WTO-speak, that they would be prepared to move ahead with Trade Promotion Authority. So I think anyone who is talking about TPA is using that as an excuse not to engage, and we look forward to continuing to engage to finally reach modalities, reach an agreement in the Doha Round in the near future.

Let me stop there and open for questions. I am, as some of you know, I am here until tomorrow. I am heading to Cambodia tomorrow and am honored to be the first United States Trade Representative to visit Cambodia. We have a one year old Trade and Investment Framework Agreement with Cambodia and we are having our first annual TIFA meeting with Cambodia the day after tomorrow. So we are looking forward to that before heading home for Thanksgiving.

## Questions and Answers

**Question:** We understood that you were also going to raise some matter of Myanmar. Did that come up?

**Amb. Schwab:** The issue of Burma did come up, and I expressed our concern. You know, ASEAN has a special responsibility when it comes to the situation in Burma, and I think it's clear that my ASEAN colleagues realized, recognized that the credibility and reputation of ASEAN as an organization has been called into question because of the situation in Burma and that it just can't be business as usual. And I think they recognized that. I think the Secretary General – I noticed yesterday, and it could have been AFP – somebody was quoting the Secretary General as noting that the situation in Burma was 'detracting from the good vibes' – that's his words – around the signing of the Charter, the ASEAN Charter that's going to be taking place tomorrow. The signing of the ASEAN Charter is a very important and positive development in ASEAN's history. So yes, I did raise the issue. We talked about for some time and the United States will continue to be supportive of the UN Special Adviser, Gambari, and look to our ASEAN colleagues to do the same.

**Question:** Did you make any suggestions about what precisely ASEAN should do about Burma, or Myanmar?

**Amb. Schwab:** Let me suggest the obvious, which is as U.S. Trade Representative, I am here primarily to work a portfolio related to trade and investment issues and we've got 168 billion dollars worth of trade that we are trying to address here. But it is impossible – you know that there is no way that I could come here without expressing our concern. Another individual in ASEAN has talked about this is a family affair, and I think the point that I needed to make was that the reputation and the credibility of ASEAN as an organization has been called into question because of the situation in Burma. Let me note the fact that the first two questions you all are asking me relate to Burma – that's a sad commentary and it is reflective of the problem and reflective of the challenge that ASEAN has when they are gathered here for the purpose of signing a historic Charter that relates to their economic and commercial ties, as well as the new human rights component that they expect to move along.

**Question:** Was there any mention made to you or concern, particularly by Singapore, concerning maybe growing protectionist measures against sovereign wealth funds investing in the United States?

**Amb. Schwab:** That did not come up in my conversations today. I think that an area though that we are always conscious of is any threat of protectionism, economic isolationism, whether it has to do trade and goods, or investment. The United States maintains and benefits – clearly benefits – from an open market for investments and for goods and services. And it is imperative that we maintain that posture. Obviously every country has a responsibility to ensure the safety and security of its citizens. We have CFIUS as our vehicle for addressing investment questions, and I think we all feel that with the new legislative initiative – the new legislation dictating how CFIUS operates – that we have a good system in place to address it. So no, it was not raised, but it's something that doesn't need to be raised because it's something that we are very self-conscious about and determined to ensure that the U.S. continues to benefit from our open trade and investment policy. While still being conscious of legitimate national security concerns.

**Question:** Regarding the trade of United States with Asian countries, Japan is going to conclude the FTA with ASEAN, and I'll like to know how you think U.S. business will react on that and how it's going to impact American trade?

**Amb. Schwab:** I think first of all I should state the obvious, which is until we see the actual agreement, it's hard to know how significant the agreement is, what the language is like. I'm assuming the agreement is consistent with the WTO. The WTO requires that substantially all trade be included in any kind of a regional or bilateral free trade agreement. That's certainly the case in the free trade agreements that the U.S. negotiates. Those are gold standard FTAs: very, very comprehensive. So I'm looking forward to finding out more about the details and – to the extent that any of these bilateral or regional FTAs leave out or negotiate around major sensitivities – I think that's not a good set of precedents. But the United States is supportive of any bilateral or regional deals that contribute to market opening. We particularly like ones where we're involved, but we are also supportive of such market liberalizing agreements where other countries are involved because we think that real trade liberalizing agreements can be a significant benefit and contribute to economic growth and development. And we all benefit from that. I'm going to be meeting with Minister Amari right after this, and I'm looking forward to hearing what he has to say about the FTA.

**Question:** Do you see a U.S.-ASEAN FTA happening anytime soon or sometime in the future?

**Amb. Schwab:** Probably not in the near future, but I certainly wouldn't want to rule it out over time. Here are a couple of thoughts. One, we have very active bilateral engagement with various ASEAN members. We have a Free Trade Agreement with Singapore, obviously. We have Trade and Investment Framework Agreements with Cambodia, Indonesia, Vietnam, The Philippines. We're negotiating a Free Trade Agreement with Malaysia already. With the return of democratic rule in Thailand, we hope to continue negotiating that FTA. And the fact that we have a TIFA with ASEAN means that we have the potential for creating the building blocks down the road. But there are obviously geo-political, it is impossible to image an FTA in the near term under the current political circumstances. But that doesn't mean that we don't have the opportunity to continue broadening and deepening the economic and commercial ties we have with individual ASEAN members.

**Question:** When you said the political circumstances, did you mean that Myanmar would be included in a ..?

**Amb. Schwab:** For example.

**Question:** Do you see that....

**Amb. Schwab:** You need to look at – the process that we’ve engaged in has been primarily, well, actually dual-track: dramatic deepening of economic and commercial ties with individual ASEAN members that are prepared to make that kind of economic and commercial commitments that go with a Free Trade Agreement with us or a Trade and Investment Framework Agreement. And then in the case of ASEAN, the TIFA arrangement with ASEAN that again serving the dual purpose of further integration within ASEAN and further trade between the United States and ASEAN members with which we’re trading.

I am sorry I cut you off.

**Question:** ASEAN integration by 2015: do you think that time frame is reachable?

**Amb. Schwab:** For ASEAN? Well, that’s a really good question and I suggest you ask them. No, it’s a really good question because I can tell you – having negotiated, I’ve closed four FTAs in the last 18 months. They are really hard, and if you are going to do it right and you’re talking about serious, the elimination of barriers between countries, and if you’re talking about trade in goods and services and talking about investments, you are talking about property rights, protection of intellectual property rights and so on. It’s a huge amount of work. I think it’s a very good sign – the Charter being signed – I think is a very positive development and I think bodes well for the progress that ASEAN should be able to make toward that goal.

**Question:** Are planning to meet any Chinese officials on this visit and what issues you might raise with them if you do?

**Amb. Schwab:** I’m actually, I’m not scheduled to meet with any Chinese officials on this visit but I’m going to be in China in two weeks. On the 10th, is that announced?

**Deputy Assistant USTR:** The date of the JCCT has been announced. (Laughter)

**Amb. Schwab:** Thank you. I’m going to be in China on the 10th for the Joint Commission on Commerce and Trade, so that’s what, two weeks from now?

**Question:** What will you be raising?

**Amb. Schwab:** The JCCT agenda tends to be very long and very detailed. The JCCT is a problem solving – it's designed to be a bilateral problem solving forum. And so we address issues on both sides having to do with trade regulation, goods, services, investment, WTO compliance, intellectual property rights, you name the issue it's in there. So that will be a day and half, very in-depth and there's a lot of preparatory work going on right now. Vice Minister Ma was in Washington the week before last so there's a lot of work going on in advance of that.

**Question:** Just to follow up on Burma, did the ASEAN countries suggest whether they had any particular strategies when you said that, 'your credibility is being harmed'?

**Amb. Schwab:** The obvious answer is that you need to ask them, but it was a real discussion. They're obviously concerned, and their leaders are going to be talking about this. They take it seriously; the question is what the results will be. It was very clear: they take it seriously. And what does that mean? We'll see.

**Question:** Doha timing: do you see any realistic possibility of it happening before President Bush leaves office? And if so – I know you cited Peru but – do you think the current Congress could possibly act on it or are we talking the next Congress? I know you discussed the modality thing.

**Amb. Schwab:** That's a good question. The answer is absolutely. There is every reason to expect that this could happen under the current Administration. Let me be clear: the United States has played a leadership role from day one on Doha. And we will continue to show flexibility and the determination to get the deal done. What we're not going to do – and what I can't be in a position of doing – is bringing home an agreement on modalities that I can't in good conscience recommend to the President of the United States, or can't in good conscience recommend to the Congress of the United States. So I can't tell you 'any Doha deal.' But I think we've been moving in the right direction, with a couple of, with unfortunately some exceptions, some countries that aren't inclined to make a contribution commensurate with their level of development, let's put it that way. But to the extent that they become increasingly isolated, by other developing countries, who understand the potential benefits of an ambitious outcome, I think there is a very realistic prospect.

If you've been following the Doha Round, what is interesting about the approach now is – unlike earlier when we were trying to get this done with a G4 or G6 kind of negotiating process where the U.S., EU, Brazil, India, Japan, Australia were acting as sort of a proxy for the rest of the WTO membership – when that broke down in June in Potsdam and we moved into this multilateral framework where you've got the Chairs of the negotiating committees putting down texts, the impact has been quite dramatic in terms of the timing. And you're asking me about the timing. Before, your obstructionists could basically hold up the works. And get away with it. Now, you've got an individual with a pen, the negotiating Chair of the agricultural committee, or the agricultural negotiating group, you've got the individual who is the chair of the NAMA negotiating group, the rules negotiating group, trade facilitation, and so on. And when they choose to put down a paper, a draft text, they put down a draft text. And therefore countries that

could be obstructionist and not come to the table are risking not having their voices heard, not providing input. And therefore, the timing – while we'd like to see things moving faster – we're fully supportive of the Chairs of the agriculture and the NAMA texts, to take the time that they need to fill in the gaps so that you can go to the next step, because after these next texts are put down, then you are talking about having to convene more of a cross-cutting dialogue with senior officials and ultimately ministers. Right now, the challenge is filling in the gaps so that senior officials and ministers can have a realistic conversation and ultimately negotiation, which was not possible before because there were so many blanks in the texts. So, yes, absolutely it is eminently do-able within this timeframe, within this Administration.

**Question:** And current Congress?

**Amb. Schwab:** Yes, oh yes.

**Question:** How much of a problem do American companies consider the fragmented market of ASEAN? Do they consider that a significant obstacle, or is this not really a problem since there already is a lot of U.S. investment in the region?

**Amb. Schwab:** There is a large amount of U.S. investment in the region. Frankly, when you think in terms of supply chain, any barrier to facilitated trade is costing you money. For every day that something sits on a dock waiting for customs clearance, some have estimated that's the equivalent of a one percent tariff. So companies that are invested or trading in the region accommodate themselves to the uneven sets of barriers, but really welcome the further harmonization. One of the areas where we've made real progress in the last year on the TIFA is on the single window, the single customs window. And Barbara Weisel would be happy to go into details on that. But that's an example where we are working with our business community and working with our ASEAN trade partners, because they recognize that it's in the interests of their businesses as well.

So, are they [American companies] troubled by it? I spent an hour and a half, almost two hours, yesterday afternoon with U.S. business community representatives from the region. They are troubled by barriers that exist in individual ASEAN member countries. Some of those we deal with bilaterally through TIFAs or other negotiating fora. But I think all of us agree that we'd be better off to have fewer barriers and more facilitated transactions within ASEAN. And that's in the interests of ASEAN businesses, ASEAN entrepreneurs, as well as any company that is trading with or invested in the region.

Thank you all very much.

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