

**CARNEGIE ENDOWMENT  
FOR INTERNATIONAL PEACE**

**SHRI KAMAL NATH  
INDIAN MINISTER OF COMMERCE & INDUSTRY**

**“DELIVERING ON DEVELOPMENT  
IN THE DOHA ROUND”**

**INTRODUCED BY  
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SANDRA POLASKI: Would everyone please take their seats? We're about to begin in one minute.

Good morning, and welcome to the Carnegie Endowment for International Peace. We're so pleased that so many people could join us this morning for this really valuable occasion that we have, an opportunity to hear directly from Minister Kamal Nath about the Doha negotiations and perhaps some other matters that he might want to discuss.

Minister Kamal Nath has been the Indian minister of commerce and industry since 2004. He is a member of the Congress party, which leads the United Progressive Alliance, UPA, government of India. Minister Nath has been elected to the Indian legislature for seven terms, and he served earlier as the minister of state for textiles, and before that, as minister of state for environment and forests. He has also served as the general secretary of the Indian National Congress Party.

Minister Nath, as I'm sure everyone in this room knows, has played a leading role in the Doha round of negotiations at the World Trade Organization. He has been a key spokesperson, not only for India, but has also been a member of the developing country coalitions that have emerged at the WTO during the Doha round, including the G20 and the G33.

I think it's fair to say that he has been one of the most outspoken and tireless advocates for development issues and development interests in the Doha round. In fact, today Mr. Nath will begin by speaking on the theme, delivering on development in the Doha round, and then, as I say, I'm sure will continue to give us some updates on the negotiations before we go to a discussion with you. Minister Nath.

MINISTER SHRI KAMAL NATH: Thank you very much, Sandra, for inviting me to this morning's session. I was here one year ago, and I was just thinking that what I said one year ago and what I say one year later, almost to the day, how much has changed, how much has water flown down the bridge, and where we are today in the Doha round.

At the outset, I think I must make it clear that India very much seeks the strengthening of the rule-based multilateral system. The rule-based multilateral system for a country like India, which is globalizing, which is engaging with the global economy as never before, is extremely crucial. It is extremely crucial, and India, for its part, considers the rule-based multilateral system and the strengthening of the edifice of the WTO as extremely important. Which other country would want it more than India? When India is globalizing where I – engagement with the global economy is now about \$450 billion, when we have a growth rate of 9.4 percent, and yet we face these enormous

challenges, challenges in the process of development, of development within the framework of a democracy.

We do talk of poverty, we talk of the LDCs, but sometimes when one sees numbers, the numbers of India's growths (?), India's prowess in the IT sector, one overlooks that India has 300 million people less than one dollar a day, more than all the LDS, put together. India still has 650 million people engaged in agriculture, with about 80 percent – over 80 percent having land holdings of less than one hectare or one and a half hectare, which is not commerce but is subsistence agriculture. While we talk of India's strengths in the manufacturing sector, in the high-tech manufacturing sector, we also look at the enormous cottage industries, the small-scale industries. We look at the large infant industry.

That is the picture of India, which has to be looked at in real terms, because sometimes I hear these worlds of large, developing countries, large, emerging countries. Of course we are large. Of course we are emerging. Well, what does that mean? That doesn't mean we don't have 300 million people less than one dollar a day. That doesn't mean we don't have 650 million people in agriculture, in subsistence agriculture, and I'm reminded that in Potsdam, telling the United States that you are one million people engaged, employed in agriculture – I have 1.5 million in my district. So that's what you are talking about, and I said, you are batting for the protection and promotion of prosperity, and I am batting for the protection of livelihood. Now you don't require any rocket science to understand what you should – what really should prevail.

But it's not between last year and today. It's between the last round and this round. The Uruguay round was different in many ways, but the most – the biggest difference of the difference is that in the Uruguay round, developing countries really had no technical knowledge. We didn't have even the Carnegie Foundation, we didn't have civil society, we didn't have NGOs. We didn't have so much of access to data. You didn't have the broadband the way it is today.

Whereas today, by the time you get to the hotel after the negotiations, it's on the Internet. All the calculations are on the Internet, what a Swiss 10 (?), what a Swiss 15 (?) means, what a Swiss 30 (?) means. You can look up the Internet what the applied OTD is, where the starting subsidies currently in the United States are. You don't have to look for it. It's all available. And that's the big difference, where all countries want to be engaged.

In India, I was the textile minister when we entered the Multifiber Agreement. The Multifiber Agreement, we thought, at least, I had to say it was a great thing, but telling you honestly, I never know. I thought maybe an end of quotas; we'll see a slump taking place in textiles. Maybe our exports were quota-driven, rather than quality and price-driven. We didn't know at that time. We thought, okay, we must say it's a good thing. Everybody's saying it's a good thing, so let us also say it's a good thing.

So the great difference between the Uruguay round and the Doha round is that there is a lot of technical expertise, there is a lot of technical information, there are a lot of calculations. Everything in this is transparent. You cannot go about and say that you don't – you cannot comprehend or read what this translates into, we do not know, all countries, and all countries want to remain engaged. We saw this in Hong Kong.

In the Uruguay round, it was 10 countries that would sit together and really draft it all out. You had the great alliance between the European Union and the United States, and everything was read was a handout. It was so – you could negotiate to a point. But in 12 years, you find – (unintelligible) – countries wanting to be engaged, wanting to participate, wanting to know what the hell is happening. They're able to evaluate and assess and simulate the impact of every proposal on their own economies.

That is the big difference, and that is the biggest difference of all, and that's what makes this round very hard. And why not? That's the big difference which is taking place, and in this, I feel that when this – since we launched this round, much has happened. The process of globalization has opened up new areas of comparative advantage. Their technological advances have strengthened the push towards seamless commerce and has opened up new areas of trade, explosive growth in China and India.

Twelve years ago, nobody was forcing these explosive growths taking place in India and China and many other developing countries, which is enhancing the demand of goods and services. So even the demand, the demand patterns have changed, and as technology changes, we find that geography has become history. We see that technology is driving employment patterns. It's not, when we talk of loss of jobs, a shifting of jobs, it's not because of labor costs or labor standards alone. India always had a skilled workforce, but these changes are being driven by technology.

If technology wasn't there, much of these jobs couldn't have changed, much of the movement of jobs couldn't have changed, so it's technology which is driving many of the changes in global architecture. It's demographics which is changing, which is changing the global architecture. We are finding different windows in the architecture, different doors, in different positions.

So it's technology and demographics which are playing a huge part in changing even the way we negotiate, even the groupings in the WTO. We never had the G20, we never had the G33, we never had the NAMA group. You never had sort of resiforous (ph) – G90, not even three years ago. Four years ago, at 2004 or whatever it was, at the G90 meeting in Mauritius, we never thought that G90 would have a declaration like you had last week where everybody is assertive, where we are looking at – (unintelligible) – economies. We are looking at single-product economies, countries who are there just for – if you take away, if you take away bananas, cotton, sugar, and what's it, one more thing? You take away 55 countries from the WTO who are only a single interest, sugar, bananas, cotton, and I think something else.

So that is the new paradigm. That's the new dynamics in the WTO negotiations, and it is with this – it is with this that we need to. We need to look at the challenges we face. The challenges are not merely of numbers. The challenges are of attitudes. And former U.S. trade representative Charlie Barshefsky was quoted some time ago as saying that the Doha round was launched on essentially false pretenses, and the ability of developed countries to deliver on development promise has always, in important respects been absent, something clear from the outset. I'm not saying it. There's the former USTR saying it.

And if we were to see that the G90 statement issued last week, which says that many studies have concluded that most developing countries will gain little or nothing, and many will be losers from the existing proposals. So obviously there's something wrong with the existing proposals because the existing proposals led to all kinds of simulations (?) in all kinds of countries.

So what do we seek in this? Now, how do I look at it? When I say that geography is history, I also say that we have to look at these new architectures, and we have to look at the larger picture. What is this larger picture? I know I am addressing an audience that's familiar with all the technicalities, so I'm not going to endeavor to get into some of the technicalities, but let me talk about the larger picture.

The larger picture, of course, is that if we want to see greater trade flows, what do we need to see? Not many tariffs. Tariffs is not it. We need to see healthy economies in developing countries. This round has to lead to healthy economies in developing countries because that's where the developed countries are going to find the new markets. If India today is buying five million tons of wheat, we are buying it because people, instead of eating one meal a day, are eating two meals a day. I mean, you have to buy five million tons of wheat. Otherwise, if India wasn't a healthy economy, we wouldn't be buying those five million tons of wheat. If our imports from the United States are growing at 30, 35 percent every year, why are they growing? Not because of tariffs but because India is a healthy economy. Why are United States exports growing to – growing in Africa? Why are they growing in East Asia? Because the economies in East Asia and Africa are somewhat healthy. Most of the countries is getting healthy.

So the most important deliverable in this round is to ensure that developing countries, LDCs, Africa, East Asia, the Pacific all have healthy economies because if they're not going to have healthy economies, whatever formula you have in NAMA, you have a 15 or you have a 20 or you have a 30, sure enough, you're not going to have trade flows. You're not going to have any cuts in agriculture. You won't have any amount of flexibilities. You are not going to have trade flows. Isn't that a lesson from the past? If you were to see trade flow patterns in the last 20 years, and that's a lesson from the past we cannot forget.

On the other hand, we need to – we need to look at what are trade figures today, South-South, North-South. We've got to see tariffs. What are the North-South tariffs? When the United States imports from Europe, what are the tariffs? Well, when the

United States imports from other countries, from developing countries, what are the tariffs? There was – there is concern on industrial products. Let me give you some figures.

We did a study of what our imports from the United States were and what were the tariffs on it, applied tariffs on it, last year. You know what our applied tariffs were? 4.9 percent. That's for the trade basket (?) of the United States. Now the trade basket of the United States is specific, and for those products or the potential products where the United States and Europe can have to sell to developing countries. What are the tariffs we are looking at?

On the other hand, let's look at the tariffs, say, from India to the United States. What were the tariff in shoes, was the tariff on leather? Tariff on leather is 0.5 (?) percent, and the tariff on shoes is 56 percent. So is that fair trade? Where are the tariffs – (unintelligible)?

So when we talk of tariff peaks and tariff escalations, obviously it's of concern to us. There have been great discussion on trade-distorting support. Now if you were to look at the green box, the blue box, were to look at all the payments into the various boxes, what figure do we arrive at? We are not questioning – I see my old friend here from agriculture. He's moved away to the private sector now.

What are the tariffs, and what do the subsidies mean? I would think that today, the real structure flaw in this round, which we call a developing round, has to not perpetuate the structure flaws but has to lead to its correction of those structure flaws.

Well, one can turn around and say, well that's the way, it's a political necessity. The United States needs to protect the one million – not one million farmers, but some farmers and some corporations masquerading as farmers and the indirect employment it generates.

I understand that, and I'm going to respect that. It's only by respecting the sensitivities – and I said yesterday that the success of this round doesn't depend on these numbers but depends on attitudes, and attitudes have to be shaped in how we want to respect sensitivities of each other. I said so. I said we are willing to respect sensitivities, but if my sensitivity, which impinge upon livelihood security, impinge upon infant industry, impinge upon cottage and small-scale industry, dislocate millions of people, it's not sustainable.

We are growing at 9.4 percent. I want a formulation where I grow at 11 percent. I don't need a formulation to grow at five percent. That is the crucial thing. And that's what all the developing countries are saying: please give us a formulation which increases trade flows but does not dislocate because if you are going to dislocate in developing countries where there is no social net, in the ultimate analysis, you're not going to have healthy economies, and that is the crucial thing which we must take note of.

Last week in Potsdam, we started on the premise, let's try and move forward, let's see what's the best we can do. And within the G4, when I sit in the G4, I don't sit as India. I represent the G33. I represent other group formations. When Brazil sits on the G4, it doesn't represent itself; it represents – (unintelligible) – it represents the G20. So it's not that India does not to agree to this. When I say we don't agree to it, it may mean there are 50 and 60 countries or 70 countries who don't agree to this. It may not even concern India.

And it is for every country, and that was my advice to Susan Schwab yesterday, who is a great negotiator, who I think has really engaged herself, invested and dedicated herself wholly and whole-heartedly in committing to a conclusion of the round. My advice to her was that it's not India you need to be talking to. I think you need to be talking to 30 or 40 other countries also.

In the G4, we tried it. We said that the United States says we have a compulsion on OTDS, on domestic support. The United States has problems on product-specific caps. The United States has problems in providing the flexibilities to address sensitivities of developing countries, including India. So where do we go from there? And to correct your flaws, you say, please pay me, what will I be paid for correcting, to stop doing what I should not be doing?

Now, how do I respond to that? That is in the end of the day, the answer. It's not that I blame the United States; it's not that I blame the European Union, as much as I don't want to be blamed, because there are ground realities. There are ground realities of a new Congress. There's a ground reality in a democracy. And these are ground realities which we have to be comprehending and have to be respecting in rules, in anti-dumping. Many of the countries don't want anything to do with anti-dumping, but what is the anti-dumping story? Anti-dumping story of – one of a very important sect in India, in the Marine (?) products, we have not only anti-dumping duty, we had to get ban guarantee. The fishermen of India are required to give a ban guarantee under the anti-dumping rules to the U.S. customs, acceptable to a U.S. bank, in the event of a potential levy.

Now how does that work? That's a non-tariff barrier. It took 30 years for us to get mangoes here, and all of you were denied the chance to eat good mangoes. Now you won't, but that was a non-tariff barrier. So it's not agricultural access. So we've got to be looking at rules. We've got to be looking at services. I understand services is difficult. I understand services is – immigration is a sensitive issue. I don't want to talk about immigration. But certainly I want to talk. I want to talk about contractual service providers. I want to talk about the one-month or the two-week or a five-week visa which is not immigration, where our software engineers cannot even integrate software development because they can't get a visa for one month or three weeks. That's not immigration. And if you don't do that and if you have a domestic regulation which frustrates it, it's a non-tariff barrier.

So, so on and so forth, there are several examples, but I believe that there is determination. I believe there is a determination. All countries recognize the importance. All countries recognize the importance of this round, not only towards an orderly trading system, a rule-based orderly trading system, but as a central ingredient to their own growth. Most of all, China needs it, most of all, India needs it, because we are the ones who are globalizing much more.

And globalization just doesn't move towards the plentiful. It moves toward pain. It does lead towards pain. No more cars can be manufactured in Detroit. You find General Motors and Ford having their plants in India, with 20 million people coming to the middle class every year. You won't even find – if they wanted to make cars in Detroit, that's how much has changed. It's not the economics. You would, if you put all the ships together in the world, they wouldn't be able to ship 20 million cars.

So this is the changing architecture, and it is on this writing on the wall, by reading it, by comprehending it and respecting it, will we have convergence between all countries. Thank you very much.

(Applause.)

MS. POLASKI: Thank you so much, Minister Nath, for giving us such a big picture perspective on what has been changing in the world, and I just want to say that the Indian embassy is going to have a press conference immediately after this event at the embassy, and I would therefore ask media who are here to save their questions. Is that the wish of the embassy, please, to join?

If you haven't already been invited, you are invited to join the press conference just on the other side of Dupont Circle at the Indian embassy. We have a very, very diverse crowd, a very senior crowd of experienced people here, and we would like to get as much opportunity for conversation with Mr. Nath for them since the media will have an additional opportunity. So thank you very much for your cooperation on that.

Minister Nath, let me just take the prerogative of the chair to ask one question before we open it. You talked about the secular changes, the long-term changes in the architecture of the world driven by demographics, driven by the rapid growth, particularly of India and China, but faster growth of a number of countries, the changing weight in the system. You talked about the impact of technology on how trade occurs, how production occurs. You talked about the transparency in the negotiations, both in terms of analysis in data but also in terms of what happens and how rapidly it's transmitted, and all of these things have meant that the Doha round is a profoundly different round than the Uruguay round, and I think that it's always best to start these discussions understanding how much has changed, how much we've moved.

But I can't resist asking – there have been a few changes that are not on the secular level, not on these broad, historical depths, but I think may have some impact, also, on these negotiations. I'll mention just a couple: one, because the negotiations



didn't succeed in Potsdam, it will make it harder to succeed in Geneva with more people at the table, and I think we have to entertain the possibility that we won't see real movement until after two key elections, one in the U.S. in 2008 and one in India in 2009. It may be that we'll have a slow going of the Doha round for awhile, that there will be some time for a thought, but the secular changes will continue to gain force in the meantime.

Second, the U.S. executive is losing fast-track trade negotiation authority, as you know, on Saturday, and I think the most common opinion in the U.S. is that it won't be granted again until there is a new president, so the U.S. is not going to be in a position to initiate bilateral and regional free trade agreement, arguably making Doha more important to the U.S.

And third, this may seem unrelated, but I don't know that it will be. The World Bank has a new president, and the new president of the World Bank, Robert Zoellick, is the former architect of the U.S. trade strategy for most of the current administration who had some very pronounced views on how trade negotiation should go, and whether or not that will influence the posture of the bank toward trade, toward trade negotiations and toward its conditionalities in developing countries I think is a question on many minds.

So we have, besides these long-term trends that you so well described that are changing the context for the Doha round, we have some short-term developments that could change, if not the strategy, the tactics. I wonder if you see those events having much impact on what you would expect to happen next in Doha.

MINISTER NATH: Well, where elections are concerned, elections are important, and the way things have now – the roadmap hereafter is that we are going to see the paper from the two chairs, from the Ag chair and the NAMA chair, and I believe that discussions are at a multilateral level at the ambassadors' level, are going to commence in Geneva. But at least that'll put on the table, or at least that will start putting on the table the concerns of all countries in a very transparent manner.

Now, with the U.S. TPA expiring, the U.S. TPA, in fact, we took it as expired because there was no renewed 30<sup>th</sup> of the cut-out (?) day, but if it wasn't filed as the procedure is and as we understand it, if it wasn't filed many months ago, it was gone in any case. So I think, really, from February, you would probably know this more, but probably from February on was, we knew that there would be no round – there would be no TPA when we are negotiating this. TPA is important, of course. It gives the authority for negotiations. But in moving forth, in moving forward, I believe that what had to change in the United States changed when the U.S. Congress, the new U.S. Congress came.

Now, with the election, a presidential election looming large, I really cannot comment on what – how much it will promote or how much it will constrain flexibility and understanding. In India's case, I don't think it's a looming election, its any issues of a looming election or if there is any electoral issue, because of what we cannot agree to

now, we could not have agreed to five years ago, and we cannot agree to it even in the next five years because these are some of the real things, and whichever the party, whoever the negotiator, we'll have to recognize this.

So I don't see that an issue, but with Bob Zoellick now in the World Bank and with the outstanding role he had as the USTR, perhaps he will try and build some role, and I would encourage him to, to build up some role of the World Bank in encouraging this. And he knows the rules of the game. Nobody knows him better, nobody from the United States' point of view, but I've worked closely with him. I have great admiration for him as someone who understands global trade because I negotiated with him the framework agreement in July of 2004, and much of what I learned about U.S. agriculture, I learned from my friend, Mr. Penn (?), here, and I learned from Bob Zoellick.

So I think the World Bank, if it moves forward, for the first time, the World Bank has somebody who understands global trade as never before since he's been – he's had all his 10 fingers in it, and if he builds some – makes a structural effort, he'll be welcome.

MS. POLASKI: Let me take four or five questions, and then we'll give the Minister an opportunity to comment, and then we'll take another round of questions after Sherman. And please identify yourself as you ask your question.

Q: Sherman Katz, Carnegie Endowment. Welcome back, Mr. Minister. A few quick questions, if I may. One, China. As former minister of textiles, you're probably particularly aware of the role of industrial imports in India. Some say that China was a shadow over the positions – and its potential, China's potential to export – positions of India and Brazil on NAMA. Anything you'd like to say about that?

Also, I wonder whether you think a text by Director General Lamy would be helpful at this point, and finally, did you feel that you were unduly restricted in Geneva by virtue of your mandates, whether from the NAMA11 or the G20 or G33, some said and even Schwab, Mandelson implied they had more flexibility than they thought that Brazil and India had?

MINISTER NATH: Well, if it's Potsdam-specific, let me say, the shadow of China, which I've read of in the papers, intrigued me because this came about in the discussions when we were talking about NAMA and it was mentioned about some products. I said that you don't have these products to sell; China has these products to sell, so why are you talking about these products and our flexibilities? It's going to be not your products. So it was not that China was looming large.

I was really looking at how do we increase trade flows with the United States and Europe, and when you're looking at a trade basket, I said, you know, these are not in your trade basket. So if I have this as a flexibility, it's not going to affect you if I say that I'm not wanting – I want flexibilities in textiles. I don't think that United States is looking to sell saris to India, is she? But China may be looking to sell saris to India. So that's what

I said. So it's not that China was looming large. It got construed to me that China were the one – we were afraid of China. It's not so.

I always say that China has its own genius and India has its own genius. They're two different brands (?), two different models. So China wasn't the issue. The other issue is the text by the director general. I don't think I would discourage Pascal Lamy from having a text. The text of the chairs is different to text by Lamy. That would be like the Dunkel draft. As you'll remember, the Dunkel draft was a draft that covered the entire gamut. It was just on Ag, and it was just on – (unintelligible) – it was not just NAMA and it was – (unintelligible). It covered everything. And I don't think that Pascal Lamy is planning that, at least not to my knowledge. But a text by chairs, which are really challenge papers, then you start negotiating, you start discussion on text-based, on text-based issues, so that has to move the process forward.

Q: And the pressures from G –

MINISTER NATH: Ahh, yeah. Now when you talked about the pressures from the NAMA11, et cetera, no. The question is that exchange rates, the issue came up, what is the exchange rate? And I said, there is no exchange rate for correcting flaws. There is no exchange rate for correcting on issues livelihood security. That cannot have an exchange rate. Commerce will have an exchange rate. (Inaudible) – have an exchange rate, and there are countries, there are countries who have great problems in NAMA, as you all know – (unintelligible) – in NAMA. But when, in the conduct of negotiations, when you find you are not moving elsewhere, you say, oh, forget it, you know, let's give this up also. So really, I don't think there was, really, when the agricultural discussions, we started the discussions in Potsdam on subsidies, and that's when things started slowing down. The United States said that we can offer 17. Seventeen was put on the table in the discussions, but United States is applying today 10.8.

Then the question came on disciplines in the blue box, discipline in the various boxes. It came on product-specific caps, both in the blue box and annex (?), and when you get into these, where countries like Brazil are looking at market access, but if they're not product-specific caps, no matter what the cuts, unless they're disciplined, it means nothing. In real terms, it translates into nothing. But they had certain products where they wanted product-specific caps, and the United States said that, no, we can't have these.

At the same time, the United States was looking at the European Union in TRQs for a precedent of domestic consumption. They want six percent use, three percent. And when you talk of reductions, you talk of an average reduction and an average of an average. Then there was a question in the cuts (?) of the bans and thresholds, whether we had the G20 bans. I thought the G20 bands had been accepted. All simulations were done on those. There, I was told that, no, these bands and thresholds were not accepted. I said, then why would we talk of cuts first? You set the bans and thresholds.

So, you know, there is a lot of technical work in this, and by the time we got to NAMA with everything not being agreed to, you just have, well, NAMA, you know, how do we have less than full reciprocity, and where we'll go on to the usual, you know, some of it, I confess, rhetorics, some of it substantive, but then that's what negotiation is all about.

MS. POLASKI: Yes, in the back.

Q: Hi, Arvind Subramanian from the Peterson Institute. It seems to me that sometimes it's more difficult to bury the dead than to resurrect the dead, and the Doha round, it seems to me, if you are really honest about it, is a round that nobody really is pushing for, but no one wants the blame for scuppering it, and let me elaborate on that in one important sense.

If you compared it with the Uruguay round, the big difference with the Uruguay round was that there was strong private sector corporate interest in the United States and the EU pushing for the round, someone who really wanted the round. That's not the case in this round. I mean, the private sector is almost conspicuous by its absence. So nobody really wants the round that badly, one.

Two, the whole thing about the Doha development agenda is a bit of a myth, I would say, because if you look at any study done on what the impact would be on the least-developed countries, even a study done recently by Carnegie, it's completely ambiguous. The poorest countries tend to lose from preference erosion, food prices could go up by subsidy reductions, so it's very mixed. So the whole Doha development agenda has been a bit of a sell and a myth.

So given all this and the electoral pressures and the timing pressure that you spoke about, isn't the world and your efforts as well should be devoted to actually quietly laying this beast to rest and planning for the post-Doha world? I mean, it could be a very different world, and we have some ideas on what the world should look like, but – (unintelligible) – carrying on with this trying to raise this beast that has no breath in it anymore, plan for – I mean, let's be realistic, let's be honest and say the Doha round is dead. Let's get back to the drawing board and think creatively about what the drawing board should come up with.

MS. POLASKI: Can I ask the minister to pause for a second? We'll take two or three more questions because I think some of the answers may actually address several people's concerns, if that's all right with you. Yes, in the back.

Q: How are you doing? Steve Lande from Manchester Trade, who may have the experience of dealing the longest with the Indian government, starting with Prem Kumar in the Tokyo round, and let me say, India had great expertise back there as well, perhaps more than we did. Two quick points, and so, in one, to follow up the excellent point that was just made, what seems to have disappeared from the discussion is the only tool that could really help the African countries, which are about 95 percent in the least developed

countries, and that is the aid for trade discussion that took place, as you know, in Hong Kong. India can provide assistance under this program if it wishes and feels in a position to do so, and my personal feeling is the only way one can bring this round over is either directly to have aid for trade, or exactly, as said, working with Bob Zoellick and the G8 and others, China and India as well, to try to operationalize that kind of a program in the same timeframe as the round.

And the second question is, knowing how tough Indian negotiators are, until Potsdam, I was actually convinced that you were just holding out for the last moment and obviously would come to an agreement. The way the trade policy works, as you no doubt know, is there are winners and losers. It's the job of the winners to compensate the losers within an economy. That's the whole reason why you're able to open up markets, and India being such a big gainer, is it because that the Communists and others are in this coalition that prevents you from moving? Are your hands really tied by the G33 or the G90, which you seem to lead, perhaps, more than you follow? But I've very curious why this round, when it appears again on Indian defensive requirements, not on the offense – no one, I think, would disagree with that – is there some reason why it is harder to compromise now than perhaps in the past, or are you negotiating and overplaying your hand?

MS. POLASKI: We'll take one more question, and then – here on the left – and then allow Minister Nath time to comment as he chooses.

Q: Mary Irace with the National Foreign Trade Council, and it's not true that business has not been engaged in this round. I'm sorry, but we've had a concerted effort since before the launch of the round. Many other business groups have. We've done an enormous amount; I'd be happy to talk to you more about that. I think there is a question of, at perhaps a CEO level, because frankly, they don't have time for a negotiation that doesn't seem to be going anywhere.

But I would just like to ask a question about whether there is an appreciation in India for the linkages between goods services and NAMA because I think from the U.S. perspective, we have been watching the G4 quiet discussions, and while we have not been privy to them, it has been our observation that there had been quite a bit of progress made and that the U.S. was demonstrating quite a bit of flexibility. Now, maybe it wasn't enough, and we know – we're all for product-specific caps, by the way, and we're all for as high a number as possible in the way of eliminating domestic support, but none of that is going to happen unless there is a comparable level of ambition or ambition, period, in NAMA and services.

Now with respect to NAMA, I have to say, it's very discouraging to see that after so many years, we're still talking about high 30s coefficient for developing countries. I mean, India has been remarkable in its unilateral liberalization. A coefficient of 20 would hardly even impact your tariffs. We have noted that a group of middle income – there is a middle group, now, of developing countries that have stepped forward. That

believe that ambition is the way forward, and they have stepped forward to suggest more ambitious coefficients.

From the U.S. business perspective, I just have to say we're very discouraged by what happened in Potsdam. We had enormous hopes that there was going to be a breakthrough and that this would have put the round on the right track. We were also confident that we would have been able to get some trade promotion authority, if only targeted for the Doha round. Chairman Rangel of the ways and means committee made that viewpoint clear, that there was that possibility. There's always been strong bipartisan support for multilateral trade negotiations. I think what is a shame here is that it now looks as if this negotiation will be put in hiatus. It's a shame for a lot of reasons. The U.S. Congress is clearly turning more protectionist. We don't know what will happen, but I don't think it's going to be pretty. (Chuckles.) This could mean bad things.

We may not – who knows what will happen to GSP? I know there are calls for, perhaps, limiting it just to least-developed countries because if there's no MFN liberalization, well then preferences are getting in the way of that, which is actually against a key principle of the WTO. So we are watching this with alarm. We look forward to the chairman's text. The U.S. – I mean, if we could just somehow get to the linkages between these things, I think Ag will sort itself out. There has been a lot of progress on that, but what we need is to see some reasonableness on a NAMA coefficient that actually has some meaning, and combined with the flexibilities, there are plenty of ways to protect sensitive industries, combined with long phase outs, combined with less than full reciprocity commitments.

I think – one final point, I think the trade for aid and the other issues that are on the table for the developing countries, this is what's going to lose out the most because I think it'll be very difficult politically for the U.S. to support going forward in a huge way on lots of issues that are pending in the Doha round that will be very helpful to developing countries, absent an outcome. So anyway, I don't mean to be criticizing in any way. I just think we have missed a major opportunity. It does appear that the G4 was not, perhaps, best equipped to deal with NAMA, but we have noted the progress on Ag, and all we can do is encourage the way forward. Thank you.

MS. POLASKI: Quite a range of views, Mr. Minister. Do you have any comments? One's (?) calling for burial and advocating against burial of the Doha round.

MINISTER NATH: Well let me start with the last. I appreciate your saying that domestic support should be used (?). What do you think, really, should be the OTDS? Let me ask, what do you think should be the OTDS offer of the United States? When you're talking of NAMA, what do you think should be? The OTDS of the United States is a blind \$10.8 billion dollars today.

Q: Well, we've read the reports about the \$17 billion, but it is our understanding that, you know, when you're behind closed doors, there are lots of different scenarios that are discussed, and we had the clear impression that the U.S. was rather flexible. I can't

define that for you, I'm not behind closed doors, but it's my understanding 17 billion was certainly not our bottom line.

The problem is, agriculture is still one of the most protected sectors, and clearly we need to reform and open it up. The NPTC has been out front on that. We support product-specific caps. We know this is very important for the developing world. The way to get there is to have a big package in the round. The way to get there, you cannot ignore the linkages because the U.S. cannot negotiate in isolation on one of its most – as you well know, I mean, I'm speaking to someone who knows much more about this than I ever will, but so it just can't be done in isolation, so I think, again, if we're still talking about 30 percent coefficients on NAMA, I mean, it's just not going anywhere. I mean, that's just very disappointing. So for a business, if you can't get to below 20, I mean, what is the point of this negotiation? We've been negotiating tariffs since 1947, and I know there are parallels between Ag and NAMA, and frankly, that's a whole other debate we could engage in, and I won't – (chuckles) – start that, so again, I think the U.S. wants to do the right thing, is prepared to do it, but it's got to be a big package, and key emerging markets in developing countries must engage in this negotiation in a liberalizing way.

MINISTER NATH: With the OTDS, with the head room of OTDS of 70 percent, what would you expect? If the United States is applying (?) 10.8 in OTDS and they're looking for a NAMA coefficient of 15, that means they want head room. And I offered that. I said, whatever head room you want in OTDS, okay –

Q: Do you mean 17 billion?

MINISTER NATH: No. They're applying 10.8.

Q: Yes, right.

MINISTER NATH: So if they're asking for 17, that means they're looking for a 70 percent head room. Am I right?

Q: Well, on NAMA, of course –

MINISTER NATH: No, no, no. On OTDS. Okay. They're applying – they want a 70 percent head room. At the same time, you want me to tell the NAMA group that don't look for a head room – (unintelligible).

Q: Well –

MINISTER NATH: What is that kind of package? So in a negotiation, the point – why I said this was not to negotiate with you but to point out to you that these are the things which come up in a negotiation, that you say that I want so much more than what I am doing, but I won't give you so much more. You say, why aren't going to give us so much more? So these are things which get thrown up, and many want to convince others.

You really want to convince your groupings – (unintelligible) – turn around and say that in domestic support, they are so much of flexibility.

Now why are they wanting for us to have the flexibility? What do you say to that? There's no answer. But anyway, there is a linkage between services and NAMA. I must say, we discussed services. There was a very healthy discussion. There was a movement forward in services. The question was, the question was how do we tie this? How do we freeze what we were discussing in line with the NAMA and the Ag modalities because NAMA and Ag are modalities; services is addressed differently. Now, we could find a way to do it, so we said we'll talk to Pascal Lamy to find how we can do it, but of course there was movement. I think the only area in which there was a visibility of some movement forward was in services in Potsdam. But then we couldn't freeze it because there were no mechanics to freeze it. So that, undoubtedly, is there, that NAMA is linked, not only with services, NAMA is linked with agriculture. Twenty-four, paragraph 24 of the Hong Kong declaration, links it very directly, very specifically together.

So I think that when we talk, when we talk of NAMA, we have to also be talking of the flaws. We have to be talking of gaps. Why should Brazil – I mean, there was the issue, why should Brazil not have tariff-specific caps? Why should they accept OTDS? You know, India is not offensive in agriculture, as everybody here knows. We are not offensive agricultural producer. But for countries which are offensive agricultural producers, why would they accept OTDS, which is so high, which is a flaw? We must understand that domestic support is a distortion. Tariffs is not a distortion. That's the basic thing.

To the next question, the aid for trade, I entirely agree with you that aid for trade and the package, there has to be a role for South-South (?) countries. For India, we are working and we have already – we've almost finalized the duty free, quota free package for Africa, for the LDCs, and I completely agree with you that aid for trade must dovetail with everything in this round. That's the only way we can make it happen. There's no doubt about that.

The question where nobody wants this round and it's more difficult to bury it, well, I've heard you, and your views I'll convey to the G4 if and when and if ever we have another meeting. (Laughter.)

MS. POLASKI: Let's take another round of questions, and can I ask you, please, to keep your questions succinct so that we have time for more? There, in the back, Evelina (ph), will you take the microphone, please?

Q: Dan Anthony with the Coalition for GSP. Sometime in the next couple days, USTR is going to announce whether Indian jewelry will continue to receive benefits under the GSP program. Members of Congress have been very outspoken, saying that they don't think that these benefits should continue because of India's perceived unhelpfulness at Doha. So a couple of quick questions.



Was the successful outcome at Potsdam the last hope for these jewelry benefits? Two, did you discuss this with USTR Schwab yesterday? And three, were there any kind of commitments made in those discussions?

MINISTER NATH: Well, I think the GSP benefits are not negotiated. They've been unilaterally given with the United States. I did mention it to the USTR in Potsdam. I didn't choose to do it yesterday, but I did mention it, not as a negotiation. I mentioned it, that the GSP was important because it's a high labor-intensive sector to India, employing poor people. It met the objectives. Now if the United States Congress, it's free to do so, perceives that it must have a different structure, it's a unilateral programs of the United States. It's not a bilateral program between India and the United States, so really, there's nothing which can make us demand it, and that's what I said in Potsdam.

I mentioned it to Susan Schwab, that the termination of this – would it help? Who would it be helping? If 11 out of 12, in any piece of jewelry, 11 out of 12 pieces of diamond are cut and polished in India. They suddenly (?) won't start getting polished in Africa after that. And the only other place it go to, China, so if that was okay, fine, but we would take note. We would take note of this termination of the GSPs, and as in when the moment comes, we'll remember this wasn't extended. That's all I can say.  
(Laughter.)

MS. POLASKI: Let me just add, because if it didn't come up here, Minister Nath may not have heard this, but there is a range of views on GSP and preferences, generally, in Congress, and while there have been some very harsh voices in Congress about India's benefits, Brazil's benefits, and benefits, in fact, for some other, much less developed countries as well, there have also been some very, very strong voices in favor of preferences as a developmental issue, and so I think that we will see some correctives coming from the Congress. Certainly the most responsible member of Congress on the House side on these issues, Chairman Rangel, has long –

MINISTER NATH: He's supporting it.

MS. POLASKI: – been a strong supporter of preferences because he sees that they have a development potential, so I don't want you to go away with the impression that things on the U.S. are always nasty and brutish because that's not accurate. In the back, there.

Q: Ekrem Sarper with the Coalition of Service Industries. I wanted to turn quickly to the issue of services. As you know, minister of services represents over 50 percent of world GDP, and according to one study by Robert Stern from Michigan University (sic), there would be \$1.7 trillion gain in services if it was fully liberalized, which is 31 times the gains in agriculture and twice that of NAMA. My question is, shouldn't services be higher up on the agenda and not be beholden to agriculture?

And secondly, regarding the movement of personnel issue, U.S. industry shares your concerns. We, too, want to be able to move our personnel from one office to another globally. They shouldn't be restricted. But one of the big problems we face when we go up to Congress is we're asked, what is on the table from developing countries on services? What are our companies going to achieve? And right now, the current state of offers is that we have no new commercially meaningful offers on the table. How will that be addressed in order for us to be able to move forward and convince Congress to move forward on the movement of personnel issue? Thank you.

MINISTER NATH: First, in your views, I entirely agree with you, that services should be as important as Ag and NAMA, if not more important, and I do wish you'd prevail upon Susan Schwab to understand your point of view.

The second point is that on offers, the offer, the current offer on the table from the United States is just the offer of the Uruguay round, in mode one and mode four. We need to be correcting that, and I think that services has not got the kind of attention, it hasn't had the kind of negotiations, as what it deserves – as what it needed. And we need to be. We need to be driving this as much as driving agriculture, and if the United States drove services as much as they drove agriculture, agriculture which represents – well, the numbers, I don't remember, but I know it represents one million people in direct and indirect employment, versus the several millions in services – somehow the lobby of services doesn't seem to be strong enough. You've got to have a strong lobby instead of having such a strong lobby for one million people who can really hold almost the whole WTO to a standstill.

MS. POLASKI: In the back, on the left.

Q: Sudha Meiyappan from Manchester Trade. I have two questions for you, Mr. Nath. One is, speaking of a representative of G20, the role that India has taken, do you think the negotiations should have moved – could have moved forward if India had spoken for itself as against representing a – (unintelligible) – countries who are not in the same power as India?

And the second question I have is on the visas. I read a statement by you saying that because senators had asked Indian companies questions about their visa practices, it would affect your Doha negotiations, so how could you connect India being such a big recipient of the software boom in U.S.? How could you hold negotiations for the visas that we are getting? Could you please throw some light on this? Thank you.

MINISTER NATH: Well, the first thing first. When the Indian companies informed me about letters (?) from the – they said that, you know, you are discussing with the United States. I have just come back from a meeting with the USTR, and I was told of the letter. I said, you know, this was not raised with me. I wish this had been raised with me. I would have been happy to get the responses even in a better way. Certainly, information, there's no problem with information, so my response was that I knew nothing about it, and this had not been raised by the USTR. In fact, when I showed

the letter two days later to Susan Schwab, she was equally surprised. She said that nobody's even mentioned this to me. So her surprise was as much as mine, and my surprise was as much as hers. That's where that is concerned.

So, of course, it is our concern that we don't want, we don't want in movement of people anything which is a non-tariff barrier because that is, if we are talking of trade flows, we were to (?) talk also of movement of people, which is not immigration. We are talking mode one. The United States, I've asked the United States, said please, I'm looking for nothing more. Why don't you bind it, what has been there for the last 10 years in mode one? Now why can't that be accepted. We are looking for nothing more. If we are ever to bind just what it is in mode one, over the last 10 years, is that asking too much?

So there are issues of this sort, but the United States is not willing to bind it, whereas when we come to NAMA, they say, you bind your existing applied levels. So it's fair there, but it is not fair there. So it's very simplistically put, when you look at it, if you – (unintelligible) – get it. What was your second question? You had a second part to –

Q: Well, I was asking, shouldn't India –

MINISTER NATH: Okay, about the G20. Right. Okay. No, India is a part of a coalition, the G20 proposal. The G20 is a credible group because it has offensive and defensive interests in agriculture. Now, if India wasn't in the G20 and it was just an agricultural offensive proposal, you know it would have been? It would have been much more tougher. So the agriculture offensive and defensive interests in the G20 get balanced out, get tempered. That is the credibility of the G20.

Now if India weren't in the G20, what India would have done. Well, India would have had flexibilities. It cuts both ways, by we may have had some more flexibilities, in something else we would have had less flexibilities. So you've got to look at the package as it is.

MS. POLASKI: In the front, here.

Q: John David of the Federal Communications Commission. Mr. Nath, how do you believe the development goals of the developing world can be reconciled with the free trade policies of the West, and if they can't be, what would the West have to do in order to aid in development? Thank you.

MINISTER NATH: Well I don't think the developing countries have non-free trade policies. You wouldn't see a 30 percent growth in exports. Trade wouldn't have been with the India and United States \$30 billion if it were not a free trade policy. We are looking. I mean, there is no question of there is no market access. If there is no market access, those huge numbers wouldn't be there. We are talking about additional market access. We must remember that, even in agriculture. We are talking not of

market access. We are talking of additional market access. India is a huge importer of agricultural products, but we are a huge exporter. (Unintelligible) – exports like to the United States don't cause injury to the United States. We are exporting tea, coffee, spices, and unless the United States decides to grow tea and decides to grow spices, et cetera, there is no injury.

So when you say how will free trade increase, well I think free trade is increasing. We have unilateral liberalization. We have unilateral reduction of tariffs. When I was here last year, our NAMA tariffs was much higher. Today, they are seven percent below what they were last year when I was speaking to you. So we're doing it unilaterally. We are not doing it because of a – (unintelligible) – of compulsion. But we want what we are doing unilaterally to be recognized and respected and not pocketed. But what we do unilaterally gets marketed. That's the problem.

MS. POLASKI: Yes, here in the front.

Q: Thank you very much. My name is Peter Ehrenhaft. I'm a lawyer in town, and I'm very interested in exporting lawyers. You probably don't know that we have more lawyers than we have farmers in the United States. (Laughter.)

MINISTER NATH: And there are more Congressmen who are lawyers than there are farmers. (Laughter.)

Q: That's true, too. But one of the great problems about the export of services that is of very great interest to lawyers and other professionals is the fact that it is – that these are regulated professions in almost every country in the world, and in the United States in particular, they are subject to state regulation, as distinguished from federal regulation, and so Ms. Schwab can say what she wants, but it's the state chief justices that determine how many Indian lawyers can practice in the United States. It is engineering boards in Texas and Oklahoma that will determine how many Indian engineers can, in fact, work in the United States. It is regulatory boards and so on at the state level.

These issues of state impingement on free trade seem to have been forgotten by the regulators in discussing this, and we have found that you can't persuade the state regulators to be more liberal with regard to hospitable access by foreigners if we can't demonstrate that there is market access for our people abroad, and India has been among the most sticky with regard to American professionals operating in India, at the legal level, doctor level, engineering level, and so on. What have you done to look into that issue?

MINISTER NATH: Well, at the legal level, we last, in our last discussions, we decided that lawyers are very eloquent, and they must talk this out amongst themselves. (Laughter.) So the Indian lawyers and the U.S. lawyers, we decided. So we decided to set up a group of lawyers from the U.S. side, as you know, and a working group from the Indian side consisting of lawyers alone. And we said, let them both argue their own

cases, and where they cannot converge, then the governments will step in. I believe the next meeting is next month. It was supposed to be held during my visit, but then I thought that there's going to be, I don't want to dedicate my visit to these lawyers meetings, you know? (Laughter.) So I would let this happen a few weeks later. And that's happening.

So we've set up a lawyers group. The United States, the USTR has set up a lawyers group. I presume it's a wide cross-section of lawyers, and they have to sit down and resolve because there are domestic issues in India and the domestic issues in the United States. The domestic issues in India, the maximum partners you can have is 20. In the United States, you can have thousands. So we need to correct our – amend our domestic partnership laws. But I fully subscribe – let me make this clear: I completely agree with you that it's got to be reciprocal. There's no question of there being no reciprocity. And what needs to be done in correcting our own regulations, domestically, needs to be done. I've asked – set up a group, we have asked them to tell us what needs to be corrected – the advocacy laws, the partnership act, all that sort of thing.

And at the same time, how it's going to connect and how is it going to work to give satisfaction to the U.S. counterparts is what this group will be working on. So I am very keen to see accountancy, I am very keen to see lawyers because while you, too, have more lawyers than farmers, we have less lawyers than farmers, but we do have more lawyers than what you have, you know? (Laughter.)

MS. POLASKI: That was a very gentle answer. I thought you might give us the famous quote from Shakespeare: first we kill all the lawyers. (Laughter.) Questions. Yes, Ambassador. The microphone is coming on your left.

Q: My name is Kailash Ruhee. I'm from the embassy of Mauritius. I'd like to ask the Minister whether he reckons that the proliferation of free trade agreements between various countries, including India, is not undermining the whole process of economic integration at the global level and leading eventually to the – (unintelligible) – of the Doha round. And the other issue is for developing countries, speaking mainly from the perspective of African countries whether regionalism shouldn't be encouraged as a stepping stone for the eventual integration of those economies to the global economy.

MINISTER NATH: First, there is this – been debated many times whether bilateral and regional trade agreements are contradiction to the multilateral system. Let me emphatically (?) say no. I consider these to be building blocks for the multilateral system. The bilateral or regional trade agreements always have to be WTO-plus. Number two, bilateral or regional trade agreements cannot address issues of rules, cannot address the issues – several other issues. So they are not a contradiction. We've had agreements, trade agreements. We have the NAFTA; we have the CAFTA. President Bush also talked of an AFTA. We've had the European Union, which is basically started with a trade agreement.

Now, when countries in the East have started looking at trade agreements, there is this huge uproar that, oh, this is going to be – this is not going to be fair or is going to dislocate the multilateral trading system. I don't think. I think this only is a building block, and this strengthens the multilateral trading system because it has to be WTO-plus. I believe that with – there is no proliferation. It's very natural. As more economies are engaging with each other, there is more need for such agreements. Like we have agreement with Mauritius, you know. We are – (unintelligible) – agreement with Mauritius. We have this agreement in our region of the South Asian regional cooperation. It's only natural that these agreements are there. As much as it's natural that the United States and Canada has an agreement, it's as natural for India and Bangladesh to have an agreement and countries in the region. So India will move ahead on regional trade agreements, bilateral trade agreements, which we believe are important. It's a win-win situation for both countries, and it doesn't in any way negate or contradict or weaken the multilateral trading system.

On your question of regional integration, of course it's important. Regional integration has taken place in Europe. It's taken place – the classic example is United States and Canada and NAFTA. There's regional integration. So regional integration will take place. It's a natural consequence of growth, development, and progress.

MS. POLASKI: Let me inject a short question of my own that hasn't come up in any of the questions yet, Minister. On the special products, which addresses the vulnerabilities of small farmers, small-scale farmers in developing countries, the G33 coalition had articulated and refined a list of indicators that would demonstrate that a particular product was related to livelihood security, food security or rural development concern, and there were some reports out of Potsdam that for the first time, there was some receptivity to discussing those indicators by all parties. Can you tell us just a little bit about that? Do we see any possible conversions coming on special products?

MINISTER NATH: When special products were inserted into the framework agreement, we discussed this when Bob Zoellick was the USTR, and it was very thoughtfully put in because there were different to sensitive products. Sensitive products is a commercial products. Special products is a livelihood security issue. And when somebody, I forget, somebody asked me that G33 would – one of the G33, something about the G33. Let me tell you this. I didn't answer it; I forgot. But the G33 is talking about protection of livelihood security, and you are talking that we can negotiate livelihood security, let me make it clear once and for all – I've made it clear many times – livelihood security is not up for negotiation. It's very clear, and those who want livelihood security should be up for negotiations, I'm afraid, are just not with it.

Now, livelihood security was built in in agriculture market access, essentially because developing countries would have to compete with subsidized products, would have to compete with agriculture, which was commerce, where they had agriculture, which was not commerce, which was subsistence agriculture. That's why livelihood security was built in.

And special products. They were classified as special products in the framework agreement. In the framework agreement, the criteria was defined in the Hong Kong declaration. There was a discussion whether what are the numbers? Now, we will have a different number to Mauritius. Mauritius would have only one or two special products, they may have sugar, or Sri Lanka. So you can't have a number. So it would (?) set appropriate numbers. It would (?) not set limited numbers, few numbers, select numbers, or numbers to be negotiated.

So when the United States all along said what are the numbers, I said, I don't negotiate what's not in the agreement. I have to negotiate indicators. The numbers have to flow from indicators, which are to be negotiated, and I've always said and I always tried to prevail upon the United States and every other country that we want to have indicators which are transparent, which are credible. So the G33 came up with indicators, and somebody said in the negotiations, for one and a half years, there was refusal to even talk of indicators. It's only in May, in May of this year, that United States agreed to discuss indicators, and we evaluated the process in Potsdam, and I'm happy to tell you, Sandra, that both sides said that there is good progress in discussion of indicators.

And let me make it very clear, I'll be happy, anybody, any institutions can frame and suggest good indicators which are transparent and critical which define livelihood security because this is not a ploy, a trade-blocking ploy. This is a genuine issue, and whoever can contribute to this, I'll be very happy because we want the indicators to be credible and transparent. So now they've come up with some, negotiations were on. Just before Potsdam, the officials met. They moved forward; they said, you know, why this, why not this, why this, why not this, and there was good progress forward.

So at Potsdam, the issues, the special products was not one of the issues that blew it. Really, it was discussions on NAMA and discussions on OTDS and discussion of product-specific caps, and when OTDS – and that is really, if I was to round up, without being partisan, I must say that every country tried to put something forward, but that putting something forward was just not enough. So I would not want to blame, you know, apportion blame. It's here, the United States had difficulty on OTDS. And as I said when I was speaking, every country needs to respect, and that is the only way we are going to see the end of this round, respect sensitivities. Has to recognize that at the heart of this round lies the healthy economies in developing countries. Let's not do anything this round which kills the economies or stops growth in developing countries because these are the markets for development.

And that is the most important thing. So in Potsdam, it started with OTDS, you know, United States had this much, probably they had more flexibility, they were waiting to say it, but before they could say it, they said if that is it, well then, this doesn't work. So nobody was willing to be flexible of (?) NAMA. You know India is flexible on (?) NAMA. Why should I be flexible when I have – (unintelligible) – of 70? It made no sense.

Then on product-specific caps, why should Brazil – (unintelligible) – that what they're getting in tariff cuts is being cut away? Everything will be loaded onto products of their interest, subsidies will be loaded on products of their interests. So they feel they are getting nothing out of it, and that's how it all blew. So it's not a question of positing blame, then, in NAMA. Obviously there was a position which not acceptable, and maybe rightly so. So I don't want to say that that was right or this was wrong, but really, if anybody is to take the blame, I think, collectively, all of us have to take the blame.

MS. POLASKI: I think we have time for, perhaps, two more questions. Yes, there in the middle.

Q: Hello, I'm Leslie Delagran with Oceana. I wondered if you could give us your views on the fishing subsidies discussions in the current round. As you know, this is the first time that the WTO has dealt with an environmental issue directly, and the talks are dealing with fishing subsidies as they lead to overcapacity and overfishing, and the issue is the long-term sustainability of the world's fisheries, and frankly, the long-term sustainability of the livelihoods of fishermen as well.

MINISTER NATH: Absolutely. Well, you know, to be frank (?) with you, we could never even get there. You know, fishery subsidy is an important subject, especially for small fishermen, marginal fishermen in poor countries. We could not even get there, but we did mention that this is a subject we need to discuss, but before we could reach there, we were sitting on our planes back home.

MS. POLASKI: Another question? No? Then I think that we have perfectly come to the end of our time allotment, and we want to thank you so much, Minister Nath, for being so generous with your time and so clear with your views and so open with your views. I think we've all learned a lot today, and let me ask the audience to join me in appreciating. (Applause.)

(END)