



TRANSCRIPT

For more information, contact
Press Attaché Robert Ogburn 397-4756 (E-mail: OgburnRW@state.gov) or
Deputy Press Attaché Brian Gibel 397-4773 (E-mail: GibelBM@state.gov)

AUSTR Wendy Cutler
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MODERATOR: Thanks to Mr. Han and Mr. Im from MOFAT for providing such nice press facilities through most of the rounds that we've had. I appreciate it very much. Same ground rules as normal. We'd like to ask that you speak slowly and give your name and also the organization that you're working for. And we're going to stick very firmly to the one-part question rule.

CUTLER: Good evening everyone. Sorry to be late, but we've been working hard. I'm pleased to be here with at the close of our eighth and indeed the final formal round of the KORUS FTA negotiations. The round is not formally over yet because certain negotiating groups are still meeting. When this round started last Thursday, I said it would be the most intensive round and one that is critical. It was critical for us to make a lot of progress this week, and I'm pleased to say that this has happened. Across the board, we have made significant headway. We have closed three important chapters of the FTA this week – customs administration, government procurement, and competition policy. In addition to these three chapters that we've closed, we've also come very close to closing eight additional chapters. And when I say very close, I mean very close. We're talking about maybe one or two outstanding issues. The eight chapters I refer to are financial services, services, market access and national treatment for industrial goods, telecommunications, e-commerce, transparency, dispute settlement, and technical barriers to trade. I have commented before that some of the more sensitive issues, including autos and agriculture, could remain at the table at the end of this round and so it should come as no surprise to you that these issues still will require more work and careful attention. In addition to these issues, there are a number of other areas that remain to be resolved including IPR, industrial tariffs, investment, and non-conforming measures. And both the negotiating leads, and Ambassador Kim and I are working hard though to achieve positive outcomes on these issues as well. Based on the progress we've made here this

week, I firmly believe that an agreement that creates mutual and lasting benefits for both countries is within our grasp. Perhaps more so than ever, I've really detected a positive change in the mood in Korea about KORUS FTA. The Koreans that I've met with this week in the business community, the political community, the media, and among the young Koreans who are working for U.S. businesses here in Korea, they've expressed the belief that this deal is going to be successfully completed. There seems to be kind of an air of inevitability here, and I'm more than inclined to agree. Now, with respect to next steps, I have my homework to do and Ambassador Kim has his homework here. Ambassador Kim and I have agreed to pick up our discussions early next week in Washington where we will continue our work on the full list of issues that need to be resolved. The list has been considerably narrowed during this round, but we still have our work cut out for us. Beyond that, it's kind of up in the air. We will decide additional steps based on the kind of progress Ambassador Kim and I can make next week in Washington. In conclusion, let me just say that the United States remains committed to completing this agreement by the end of March. The unprecedented progress we've made here this week in our eighth and final round gives me increasing confidence that we can do this. Thank you. I'll be glad to take any questions.

MODERATOR: Okay, the first question is from Korean media. Maeil Kyungje?

Q: My name is Mr. Jun from Maegyun Economic Daily. You just mentioned about the word regarding the automotive. The automotive negotiating group is going through the more difficult process than expected so some people even think that the U.S. side would like to accept the U.S. industry's pressure and prolong its period of eliminating its tariffs. So can you tell me about what kind of level the tax system change can be acceptable to the U.S. side? Is it possible for this issue to be resolved at the chief level negotiator?

CUTLER: The automotive issue remains a key priority for the United States in this negotiation. Achieving improved access to the Korean automotive market is on the top of our agenda in these negotiations. Ambassador Kim and I have spent a great deal of time on this issue this week. Clearly we have gaps that we're going to need to considerably narrow both with respect to tariffs staging as well as with respect to the range of non-tariff measures that we are seeking to eliminate through these negotiations. When I mentioned earlier that both Ambassador Kim and me have some homework to do before we meet again next week, this is one of the issues that I was referring to. We both have some internal consultations to conduct before we get back together.

MODERATOR: Okay, the next question to Western media. Wall Street Journal?

Q: Hi, I'm (inaudible) of The Wall Street Journal. I guess the other major issue is agriculture. Can you give a little bit more detail on what's going on there and maybe specifically I just ask is rice on the table still?

CUTLER: Our agriculture team has been meeting all week. I would have hoped I'd be in a position to report more progress on their work, but I'm not able to do so. Our team is going to stay in Seoul, however, to continue their work and will be joined by Ambassador

Crowder who is responsible for agriculture issues at USTR. He will be in Seoul the 19th through the 21st meeting his counterpart, Deputy Minister Min, on these issues. We are hopeful that they will make important progress while he's here during that timeframe.

MODERATOR: Okay, back to Korean media. Did Yonhap have a question?

Q: I'm from the Yonhap News Agency. Now the negotiations are nearing its end. Same with Korea, I think that the USTR is getting under big pressure from various stakeholders. For example, the Democratic Party is putting more pressure on the labor issues while some representatives sent a letter on automobiles to President Bush. So about these issues, how has the USTR been dealing with these issues?

CUTLER: Well, just as a general matter, at USTR we've always had the reputation for being able to deal with pressure and stress. Clearly in the United States now over the past month or so, there really has been an increasing focus and interest in the KORUS FTA. I think this is because we've made so much progress over the seventh and now the eighth rounds that our stakeholders see this agreement as a real possibility. Up until now and during the remainder of these negotiations, we are going to continue to seriously consider the advice, recommendations, and concerns expressed to us by our stakeholders particularly by Congress as we perceive, and we will continue to seek to strive a deal that's not only in the U.S. national interest and good for the United States, but good for Korea as well.

MODERATOR: Okay, we'll go back to international press. Bloomberg?

Q: Hee-jin Koo with Bloomberg News. You mentioned Mr. Crowder and Mr. Min meeting in Seoul next week. I'm presuming that they are going to talk about beef as well. What kind of a role does the beef issue play in the reaching of the accord? How much of the what you might call it a "market opening" – is it a full market opening still that the USTR wants to see? Thank you.

CUTLER: The issue of reopening the Korean beef market remains a key objective of the United States. Once again this issue is technically separate from the negotiations. Ambassador Crowder is responsible not only for the agriculture part of the KORUS FTA negotiations, but he's also responsible for the beef issue. So we anticipate both issues will be discussed here in Korea next week. I'd like just to point out that there was an important development with respect to the beef issue and that is that the OIE – the international organization for animal health – came out with its recommendation just this weekend calling the United States in the controlled risk category. We believe that this recommendation provides support that the U.S. regulatory controls for BSE are effective and that U.S. cattle, beef, and beef products from cattle of all ages can be safely traded in accordance with international guidelines and poses no health or safety risks to the American people, to the Korean people, or any people around the world.

MODERATOR: Okay, we'll take maybe one or two more questions. Back to Korean media with Ms. Kim from Seoul Shinmun.

Q: My name is Ms. Kim from Seoul Shinmun. You just mentioned that from the 19th to 21st there is going to be agriculture talks held in Seoul. In Washington there is going to be a meeting between the chief-level negotiators. The chief-level negotiations will be focusing on some pending issues. As for the chief-level negotiating meeting, is it only going to be between you and Ambassador Kim or other high-level officials talks such as textiles?

CUTLER: I'm not exactly sure how and when our textile negotiators are going to re-engage. But it's quite possible that they will be re-engaging at the same time Ambassador Kim comes over to Washington. I just don't think that's been finalized yet. I look forward to making major progress with Ambassador Kim in Washington next week on the outstanding issues. I think it's safe to say that no matter how hard we work, there will be, even after our work in Washington next week, a handful of issues that will probably need to be elevated above the chief negotiators' level. So I think you will see engagement at the ministerial-level hopefully just on a couple of outstanding issues.

MODERATOR: Associated Press?

Q: Ms. Cutler, Kelly Olson of Associated Press. Do you anticipate that there are any issues that may require the intervention of the presidents of the two nations?

CUTLER: At this juncture now, I'm kind of focused on the issues that are on my plate determined to make as much progress with Ambassador Kim next week. As I've said I think that there will be a handful of issues that need to be resolved at the ministerial-level and beyond that, frankly, we'll just have to see.

MODERATOR: Okay, last question to Segye Ilbo?

Q: I'm from Segye Ilbo Daily. You mentioned, at this round, you made a lot of progress and headway. The agriculture and automotive issues will be the last one which will be on the table until the end of this process. The trade remedies sector is another big issue to the Korean side but no one mentioned about the trade remedies progress. Wasn't there any change in the U.S. stance towards the proposals from the Korean side regarding the trade remedies?

CUTLER: With respect to trade remedies at our last round, during the seventh round, Ambassador Kim shared a number of ideas with me with respect to Korea's interest with respect to safeguards, anti-dumping, and countervailing duty measures. I explained to Ambassador Kim this week that I am still working hard in Washington to be able to provide him an official response and this is one of the areas that as soon as I get on the plane tomorrow and get back to the office on Wednesday I will be turning to. I know this is an important issue for Korea in the negotiations. It's obviously a very sensitive issue for the United States. So we will see what we can do within the limited flexibility we have on this front on anti-dumping and countervailing duty measures. On safeguard measures, the trade remedies negotiating group met. They did narrow differences on the

application of safeguard measures and there are a couple of outstanding issues in that area. We'll continue to try and narrow our differences on those issues too in Washington next week.

MODERATOR: We actually have time for one more question. I know that Hanguk Kyungje had their hand up earlier?

Q: My name is Kim Hyun-suk from the Korean Economic Daily. In the previous FTA with the United States, the U.S. position on the automotive sector was the immediate elimination of the tariffs on automobiles. Now the U.S. industry doesn't want the immediate elimination of the tariff whether they are focusing on the their overlong elimination of the tariffs. So I want to ask you if the Korean side removes some discriminatory factors in their tax system, is it possible for the U.S. to eliminate the tariffs right away?

CUTLER: With respect to the automotive issue, clearly the elimination of the discriminatory aspect of Korea's tax system is very important. But there is also a wide range of other non-tariff measures that we've asked for Korea's attention and action on. These issues include standards, regulatory issues, and transparency, among others. While you can look at previous FTAs the United States has concluded and tried to compare the automotive sector, let's just keep in mind the United States (companies) sells about 4,000 cars here and Korean companies sell about 800,000 cars in the United States. So this is a different situation than we faced with respect to the sector in other FTAs and that's why we're placing such a priority and so much attention to this issue. Thank you very much.