

Unedited Event Transcript

The New Global Trade Agenda

Speakers:

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Peterson Institute for International Economics, Washington, DC

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Marcus Noland: Good afternoon. My name is Marcus Noland. I am the Executive Vice President and Director of Studies here at the Peterson Institute for International Economics, and it is my honor and pleasure to welcome you to our meeting on The New Global Trade Agenda. Today, we have two megaregional deals on the horizon while the WTO languishes.

We are delighted to be joined this afternoon by Pascal Lamy who will share with us his recent thinking on TPP, TTIP and the prospect for multilateral trade negotiations. In addition to Mr. Lamy, we are joined by two highly insightful discussants, Robert Zoellick and Anabel González. I cannot imagine a trio better placed to help us understand what it all means. As the cliché goes, this is a trio that literally needs no introduction, but I will bow to tradition and provide brief introductions.

Pascal Lamy is the President emeritus of Notre Europe, Institute Jacques Delors. From 2005 to 2013, he was General Director of the World Trade Organization, a committed European and a member of the French Socialist party. He was Chief of Staff for the President of the European Commission, Jacques Delors from 1985 to 1994. He then joined Credit Lyonnais as CEO until 1999 before returning to Brussels as European Trade Commissioner until 2004.

We have two discussants who will comment on Mr. Lamy's presentation. Thinking about these remarks this afternoon, I was not sure which of our discussants I should introduce first. I thought maybe I should go ladies first, or alphabetically, or perhaps age before beauty. Ms. González wins on two of three criteria.

Anabel González has been Senior Director of the World Bank Group Global Practice on Trade and Competitiveness since July 1st, 2014. Previously, she served as Costa Rica's Minister of Foreign Trade, Director to the Agriculture and Commodities Division of the World Trade

Organization and as Director General for International Trade Negotiations in the Ministry of Foreign Trade of Costa Rica. She is concurrently leading the World Economic Forum Global Agenda Council on Competitiveness.

Robert Zoellick is Chairman of Goldman Sachs' International Advisors. He was the President of the World Bank Group from 2007 until 2012. He served in President George W. Bush's Cabinet as U.S. Trade Representative from 2001 to 2005, as Deputy Secretary of State from 2005 to 2006. From 1985 to 1993, Mr. Zoellick worked in the Treasury and State Departments in various capacities, including Counselor to the Secretary of Treasury and Undersecretary of State, as well as briefly in the White House as Deputy Chief of Staff.

Our format this afternoon is that Mr. Lamy will first present his remarks, and then we'll be joined on stage by Ms. González and Mr. Zoellick who will offer their comments. I will then open up the proceedings to Q&A with the audience. So without further ado, I turn the podium over to Pascal Lamy.

Pascal Lamy:

Well, good afternoon, ladies and gentlemen. Let me thank the Peterson Institute for the invitation. Let me also thank the Peterson Institute for having chosen as discussants two close friends. This is always a bit less risky than otherwise. So, welcome Anabel, welcome Bob. A few remarks in order to introduce our discussion will be devoted to this theme of The New Global Agenda for Trade and my basic point will be to try and help us all understanding what is the new in this New Global Trade Agenda.

As a starting point, a few reminders so that we basically adopt the proper reasoning and the same mind frame. Number one, opening trade works. It is good for growth, welfare under a number of conditions. These conditions being mostly of a domestic nature and this is not within the discussion today.

So the main issue is then how do you remove obstacle to trade and to some extent to investment. Obstacle to trade – two categories. The first one is distance. Technology is taking care of that and each wave of technological developments since many, many centuries has been about shrinking the cost of distance, again, not a topic for this afternoon although there is a connection between this capacity of technology to crush the cost of distance and proper infrastructures and logistics.

And then the second category of obstacle to trade is regulations. And the trade regulations have traditionally had a main purpose which was to protect producers from foreign competition. Tariffs, subsidies, restrictions to public procurement, regulation of services in such a way that foreign

services providers do not have the same market access than, by definition, your domestic producers. So that has, for a long time, been the main reason for trade regulation.

The other purpose of trade regulation is not to protect producers from foreign competition, but to protect consumers from various risks. And that has to do with health, environment, standards, safety of toys, lighters, flowers, cars, prudential regulations in banking insurance, data, privacy and the rest.

There's a third regulation which is about protecting investors but this, for the moment, I will leave also aside although there is a close connection between trade opening and investment opening.

Now, in what I start calling the old world of trade, which was mostly about removing obstacle to trade related to protection of producers, you have an international regime which is the multilateral one, GATT then WTO and you have other regimes which are more trade open, i.e., less protecting your producers through bilateral regional agreements that grant preferences, i.e., more trade open deals than the multilateral one. So, in this universe of protection, you got an international regime which is fairly consistent plus bilateral or regional regimes. That's for the world of protection of producers.

In the world of precaution of consumers, you do have a few, very few areas which are internationally regulated. There is a bit of that in the Codex Alimentarius for food standards. There is a bit of that in the International Office for Animal Health in terms of animal diseases. There's a bit of that in some environmental agreements in areas like chemical products, for instance.

But as compared to the multilateral system of regulating protection, there's very little. Most of that has to do with domestic regimes which is precautionary standards which countries impose at the border when you want to export either goods or services to this country. And to the deference of protection, these regulation precaution is also now in the hands of private players. Tariffs or subsidies are something that has to do with public authorities. Precautionary standards on how green is my beans or how green are my flowers is something that I [inaudible 0:09:50] will decide in order to be nicer to the part of my consumer that likes me being greener.

So if I'm [inaudible 00:10:02.14] and I decide to adopt the pesticide resolution standard which is more stringent than the national one, or the international one if there was to be an international one, the impact I will have on producers, i.e., the sort of trading pact I will have will be as big as

if I were a regulatory public authority, and this has to be factored in of course.

Now, this paints a picture from the previous world where the main issue was protection of producers to a new world where the main issue becomes the precaution for consumers and there are many reasons for this structural shift to happen – less attention on protection because of technology crushing the cost of distance, making multi-localization of production processes easier, making economies of scale and international specialization more efficient hence resulting in an average growth of the import content of exports, which was twenty percent twenty years ago, which probably will be sixty percent 20 years from now.

Now, the moment 60 percent of your exports are imports to which you add value, shooting on your imports makes no sense. It's great to respect international disciplines and WTO standards and, I mean, there's something better than disciplines, which is good sense and good sense tells you more and more that shooting on your imports, i.e., protecting your producers is less and less meaningful or efficient, hence, reliable as a tool.

On the other side, precaution is going full speed. And the reason why precaution is going full speed is simply because people are getting less poor on average on this planet, which is great. They are getting more into areas which they didn't care before. And one of the great things about becoming less poor is that you acquire the right to care about other than just surviving or feeding your kids next week, which is great, which is acquiring the right to dream. The flipside of this being that if you acquire the right to dream you also acquire the right to nightmare and precaution is basically about nightmare.

Now, there is—I have been to a school of thought that doesn't believe nightmares are bad. They are. They tell you something. So, nightmares are nightmares. And they are the revelation of a sort of anxiety which has to do with the fact that you start caring again about other than just survival, about risk, about whether things are good or bad, going in the right direction, bad direction, whether food is good, whether environment is good, whether even social standards are good. That's the shift. These things become more and more important. Millions, if not billions, of people care about that and less and less care about the impact on protection of producers. And this is why trade regulation, trade negotiation is changing.

Roughly, to be short, what I would qualify are the three generations, one which is the old generation, GATT, NAFTA, WTO, '90s; one which I would say is new generation with the Trans-Pacific Partnership; and one

which is an even newer generation which is what's ongoing with the TTIP, the Trade Transatlantic Investment Partnership.

First generation, the old generation was mostly about reducing protection with a focus on goods, services and notably in goods, agriculture, did a great job in this direction although for the moment, locked in terms of establishing multilateral tariff standards, and locked mostly because of agriculture, as we all know.

The other area, which this first generation coped properly with and which have to do with this protection versus precaution, was the regulation, the administration, the regulation, the judicialization of the existing grey zone between precaution and protection, which is when precaution can be manipulated for protection purposes.

And there are two agreements in the WTO system: SPS Sanitary and Phytosanitary Agreement and the Technical Barriers to Trade Agreement which establish a proper balance between the legitimacy of protecting health, for instance, and the legitimacy of obstructing trade. And these basic principles have been detailed, sophisticated to some extent, augmented, by the WTO Dispute Settlement Jurisprudence. So the grey zone between protection and precaution is in the present system acknowledged, recognized and regulated.

What this system does not do, and never did so far multilaterally, was establishing links which were advocated by some, notably EU and Democrat administrations in the US between trade opening and core labor standards, environmental standards, anti-corruption standards. There were various attempts.

Remember, there are few in this room who are old enough to remember Seattle. That's one of the reasons why Seattle broke down. EU and US on the one side, US quite aggressively, EU less aggressively at the time, wanted this to happen. Developing countries refused in the name that this would be tantamount to establishing a new kind of protectionism while we had to get rid of the rest, and it didn't happen.

And the other thing that does not pertain to this initial first generation system is anything like multilateral investment regime. For the same reason, developing countries at that time opposed it. There's a little bit of that through Mode 3 in the services area in WTO but nothing which would look like the beginning of a multilateral investment regime.

Second generation in this transition from what I call the old world to the new world. Trans-Pacific Partnership which was just concluded and which remains to be ratified. And we all know that all details about TPP have not

yet been released so there's a lot in the detail which hasn't gone public at this stage but roughly speaking, what we know is that TPP will have a relatively modest trade opening content so the protection reduction side of TPP is not very impressive and for several reasons the first one being the heterogeneity of the countries participating in TPP; the second one being, and I think it's no secret here in Washington, that extracting any trade concession from Congress is such a pain that the available currency for the US to pay trade opening is in limited quantity.

So in protection reduction, if you don't pay you don't get. If you pay little, you get little which is in my view what happened with the TPP. But there's a big change in the TPP in that the US extracted from developing countries who multilaterally had enough of a coalition to resist it in taking them separately, and notably Vietnam and Malaysia, while the Pacific Latin American countries have never been a big problem on this issue, is this linkage between trade opening, labor standards, environmental standards and anticorruption standards. On this, TPP is a real breakthrough.

Again, details remain to be released, but it's not only a question of principle. There are in TPP processes for implementation of these linkages which I think are much stronger than what existed so far, which in a way look more like what US and EU had extracted from a number of developing countries with their preferential regimes, with the GSP and the like.

And that of course is a big step forward, in my view more of a political breakthrough than a purely economic breakthrough, but something very important and which, to be frank, and without ruffling any of my good friend Zoellick's feathers, something which is specific to a Democrat administration. I don't think a Republican administration would have gone that way so far in pushing on these issues.

Third generation, TTIP, which is as compared to the two other ones, not much probably on trade opening, not the least because what remains to be opened in reducing protection on both sides of the Atlantic is limited. There's a bit of that in textile, clothing, SUVs, special steels, ceramic on the US side. There's a bit of that in agriculture on both sides, but frankly speaking, nothing really important.

Don't expect anything significant in TTIP except good words on linkage between trade opening, labor, environment and anticorruption for a simple reason which is that EU and US are already at par compared to the rest of the world in terms of the linkage between trade opening and multilateral or international regimes in labor environment or corruption.

Where the TTIP will have to break ground, and I'm not saying it will, I think the jury is still out for a variety of reasons. Where the TTIP will have to break ground is on regulatory convergence, which is this notion that the US and EU could agree on the same level of precaution throughout goods and services and just as importantly for producers, not only the same level of precaution but the same level of administering precaution, which is we find a producer what really matters.

If I'm a producer of roses, US and EU may have the same pesticide residue level, but if they administer it in such a different way in terms of whether I have to pay or not to be certified, whether inspectors have to come next week, next year, whether I have to fill how much paperwork, I basically have to segregate my production or the impact on my capacity to realize economies of scale with a single standard is deeply affected by the way this standard is administered. So that's the big game. That's where TTIP really makes sense.

This is where the two highest level of precaution on this planet, which are EU and US could agree to converge thus de facto creating the world standard on precaution in, again, a variety of goods and services.

Now, final point. If I'm correct in this shift, the description of what's happening and in the fact that these various categories of trade discussions or trade agreements are on the itinerary from the old world to the new world, we just have to recognize that this transition entails major changes which I think haven't yet been openly debated, or enough debated. A few examples of that, not an exhaustive list.

One, in the world of precaution, preferences disappear. So the whole part of the trade temple which was based on special and differential treatment, let's have a trade policy that eases trade for the least developed countries, and the rest, if you are in the business of precaution, disappears. I can't have a zero tariff for Rwandan roses, ten percent for Costa Rica, sorry Anabel, twenty percent for Israel. That makes sense in the old world because Rwanda is less developed than Costa Rica which is less developed than Israel. I'll never do that with pesticide residues. No way I can administer at my border a specific pesticide residue for Rwanda which would be a bit more lax than the one for Costa Rica which would be—no way. It just doesn't make sense. It's just not how to think.

This changes a lot of things in the way developing countries will have to adjust to trade regulation. And notably it gives more importance to their effective capacity to match these levels of precaution which are imposed on them by notably EU and US. They will still be imposed, by the way, as they are imposed today. I don't think US administration or EU administration has ever consulted Rwanda on what was the proper level of

pesticide residues. They just listened to their science experts, medics, who tell them this level of microgram is good for health and above it's bad and Rwanda has no say on that.

Now if EU and US converge, Rwanda won't have a say either but Rwanda will have the same which, again, is very good news for Rwanda because Rwanda will be able to realize economies of scale which weren't there in the previous world. But it's a big change. It means that this doctrine, again, that developed countries could favor development through discrimination. Affirmative discrimination in trade doesn't work anymore because precaution is, by definition, [inaudible 00:26:39].

What changes also is, and we've seen that in the huge turbulences which are in Europe notably, and more specifically in Germany about TTIP is the political economy of relationship to producers and consumers. In the old world, I roughly had my domestic producers against me and my domestic consumers with me. Producers didn't like me because I was increasing competition, and consumers liked me because I was providing cheaper prices.

In the new world, in the world of precaution, it's exactly the other way around. I get consumers against me because they're afraid that I'm going to open trade at a price for the precaution they care about, this syndrome of precaution dumping which is exactly the problem German public opinion has now with TTIP and I have producers on my side because producers like leveling the playing field in terms of standards and they even accept that if the result of that is a higher standard, the benefit they draw from economies of scale is higher than the cost they will have to engage to match a bit of a higher standard. At least that's what I've seen in Europe with chemical industry, pharmaceutical industry, food industry, car industry.

In some cases, seen from the European side, not all, there are other cases where they're the other way around. If you want to harmonize EU and US, EU will have to go up, and in some cases US will have to go up. And the question for producers is whether the cost of that is a good deal or not as compared to the benefits I'm making.

Another thing that changes, and we've seen that again in TTIP is the growing importance of transparency in legitimization of trade policy and trade negotiations. Already at the time where the issue is about protection of producers, you need some transparency. If it's about precaution for consumers, you need a lot of transparency. And this is where, in my view, TTIP got a very bad start because on both sides, the promoters of TTIP didn't realize that they were not talking about the same thing as in the past. Their narrative of how new the game was, was in my view, wrong.

And finally what changes, and this opens a whole bag of totally new issues, is that the world of protection was reasonably flat in terms of values, in terms of ideology, in terms of imagination. Bicycles are the same everywhere on this planet. Scrap metal is the same always in this planet. And exchanging a tariff on scrap metal against a tariff on bicycles is no big game. There's nothing that connects to passion. It's all rational. And the only question is how much for how much.

In the area of precaution, it's a totally different world, because precaution is about risk. And risk is about a scale between good and bad, and as we know, on this planet, that's one of the charms of human diversity, scales of values between good and bad are quite different on a number of issues. And because they are different, they entail different attitudes vis-à-vis precaution, different levels, different priorities, and this takes us into a much more complex world where negotiating some sort of convergence on precaution will be tough.

Now, it might not be the case for crash test for cars, which probably a few engineers can do. If it's about data privacy, as we've seen with a recent court case in EU on the safe harbor, if it's about GMOs, if it's about prudential regulation as we've seen in the US attitude in TTIP about whether there should be convergence in precautionary standards in services, that's a different ballgame.

And this, again, opens a new world which I think is, in many ways, a more difficult world, which means that some way if we want to keep benefiting from economies of scale of globalization, there's still a long way to do in, again, leveling the playing field, anywhere than downward in precaution, fascinating exercise, probably intellectually, philosophically, politically more difficult which is I think what we have to expect for the decades to come. Thanks for your attention.

Marcus Noland: So I don't know if this is the old world of volume and price or the new world of precaution, but we have definitely given you volume. We have two discussants to discuss Pascal's very interesting and stimulating remarks – Anabel González and Bob Zoellick. Since Bob is still fiddling with his microphone, would you like to start?

Anabel González: Alright, well, thank you very much, Marcus and thank you very much for hosting us here today. I'd like to start by saying that Pascal Lamy is an influential trade practitioner. Under his leadership in the WTO, he worked to strengthen the institution quite significantly and let me mention three examples that come to mind. First, as a watchdog of protectionism with the G20 Trade Monitor Reports, then the institution also played a central role in the collective response to the financial crisis, for instance in the

area of trade facilitation. And he also shaped the trade agenda by being one of the first leaders to emphasize the transformational power of global value chains.

But as we heard today, he's also a global thinker, contributing with provoking ideas to the debate on the current state of world trade, the global trading system and their future.

So, he made reference today to two systemic shifts that are at work. One is transitioning from a world of national production systems to a world of cross-border production. And the second one is moving from a world where trade barriers were mostly about protecting domestic producers, to one where cross-country differences in the protection of consumers are the main source of trade costs because of the divergent national regulatory systems. So, this changes the scope of trade agreements, and he's made reference to this, sort of a transition in three generations.

An Italian friend of mine likes to think of this in the context of an old movie by Sophia Loren and Marcello Mastroianni that is called "Yesterday, Today and Tomorrow". So, yesterday agreements are basically about eliminating border measures most notably tariffs. Not that we did not pay attention to non-tariff measures, but we did mostly in the context of thinking about them as substitutes to trade policy.

In the case of the today agreements, they have a wider scope. They are deeper in that they include provisions on investment, competition policy, intellectual property rights and other. And one important driver of them of course is that with cross-border production, these domestic policies have important spillover effects.

Now in the case of tomorrow agreements, it's even more ambitious. They aim at making comparable the divergent regulatory systems, either through harmonization or through mutual recognition, to reduce the compliance costs for firms and increase the efficiency of course of global value chains.

Now, the widening and the changing scope of trade agreements, in turn also has an impact on the size and the geography of the agreements. And this is, of course, what we are seeing now because deeper agreements require negotiation not only about tariffs but of the policies themselves leading to large coordination problems. And this is why these deals are generally possible or feasible more among countries that are not too distant in terms of policy preferences.

Now, they also impact the negotiating dynamics because it's not—and Pascal made reference to this—it's no longer that much about a reciprocal

exchange of concessions, although we see that a little bit at the end of the negotiations in particular. But it's more about coordination and convergence. And in this world of coordination and convergence, exchange of information becomes vital. Trust building processes among parties are also quite relevant. So this is why preferential trade agreements have become so popular and in my view, will continue to be very popular for the foreseeable future.

Now of course many agreements contain and I mean, this is not such a clear cut distinction, many agreements contain elements of yesterday, of today and tomorrow. And Pascal said the GATT is clearly an agreement from that perspective of yesterday, TTIP aims at being the agreement of tomorrow, and in the case of TPP, I think it's mostly a today agreement, and I think Pascal was referring to that, but I think it's a little bit of a strange animal in one sense.

On the one hand, you know, size matters, and of course this is an agreement that covers 40 percent of global GDP and the like, and it seems to be an exception to this inverse law of the depth and size of trade agreements. And the second point is that although being mostly a today agreement, it does seem to contain some innovative elements in terms of some annexes related to the regulation of specific sectors to promote common regulatory approaches among members.

So with this sort of framework in mind, I'd like to address two specific questions that I believe are very relevant to us at the World Bank Group. And the first one is, what are the risks and opportunities for developing countries in this evolving structure of trade agreements? And here, the concerns, as we probably know, is that preferential trade agreements and in particular megaregional trade agreements, could undermine the relevance of the multilateral trading system, which is the forum where the voices of the smaller developing countries are heard the loudest.

So the concerns are, I think, well understood. On the one hand, there is the risk of fragmentation. The WTO uniform rules have a value, of course and segmentation creates cost. So different rules and disciplines in preferential trade agreements create costs for trade firms.

The second risk is of course the risk of exclusion, because countries negotiating TPP or TTIP or any bilateral regional trade agreements, for that matter, do not take into account the concerns of nonmembers of that agreement. And this can generate some negative spillovers on those nonmembers, the magnitude of which would depend on how much trade and investment barriers are reduced on a discriminatory basis, and I will come back to this in a moment.

And third, there's always a concern in the case of the developing countries that are part of these agreements that maybe there is a little bit of a sense of unfairness in the sense that some of the rules and disciplines of the agreement may be more suited to the advanced countries in the negotiations owing, of course, to their larger negotiating power. Now having said all this, I believe that there are a lot of reasons to be optimistic.

First, the reality is that the provisions in many of the today and tomorrow agreements are nondiscriminatory. If you are talking, for instance, about regulatory barriers or a new services regime, this is not something that you can actually say, "I'm only going to apply this to members." In many cases it doesn't make sense; in many cases it's simply not possible. And there are also a number of provisions in these agreements that are simply not discriminatory at all. If you think, for instance, about a commitment to join an intellectual property convention, this has no discriminatory elements to it. So that's the first important point.

The second point is that these preferential agreements can stimulate innovation through a laboratory effect. You know, developing countries can look at these agreements, their impact, and can then decide how to take some of these provisions and take them forward in another preferential trade agreement or in the WTO. If you look, for instance, at what happened with NAFTA, you know, NAFTA got spread in the whole of the Americas for example, and the provisions in many of these agreements are very much identical to that agreement. Or arguably, this is also, sort of like the basis of the trade facilitation agreement in the WTO context.

The third point is that deep integration provisions offer a commitment device to drive domestic economic reforms. And this commitment is essential, if you come to think about it, in areas such as competition, or services regimes, or state-owned enterprises. And, you know, I must say that I believe that this is the most important impact of an agreement like this. And I can talk from the experience of my own country in a previous world, when we negotiated the US Central America Free Trade Agreement, where Costa Rica committed to opening up the telecom monopoly that had been in place for a long time – a very difficult decision, one that led to the agreement being ratified by the first and only referendum ever in the history of the country.

But today, five years later, after the provisions of the opening of the telecom having come into place, it has been a success story. And if it wouldn't have been because of that agreement, I am not sure that we would have been able to open the monopoly, at least for some time now. So this is a very important element.

And finally, I think preferential trade agreements, particularly the larger ones, have a contagious effect. They somehow play sort of like a domino effect and you see other countries actually wanting to either become members or begin to implement some reforms. I'm thinking here in Southeast Asia, for instance, the case of Thailand, whether they will move along to adopt some standards to become very much embedded in the international production systems of automobiles or even in a country like Indonesia that is not embedded in this system but nevertheless saying that they want to use the agreement to change course and promote some reforms.

So my second and final question refers to what actions should the global community take to maximize the impact of today's and tomorrow's agreements on development. And here are some suggestions. They're not meant to be sort of inclusive of all, but I think are relevant.

First is, improve the coherence between the multilateral trading system and preferential trade agreements. For example, insofar as the new agreements achieve progress in the area of regulatory cooperation and convergence, plurilateral agreements under the WTO umbrella, for example, could be a device to extend the approach to non-members of these preferential trade agreements.

Second point is that we definitely need to find a way to provide new energy to the multilateral trading system. You know, simply telling governments to go back to Geneva won't do the trick. And I think is very relevant. In particular, we need to change the perception that the cost of non-agreement is lower than the cost of agreement. And here, there are many good ideas that have been put in place including by some people in this house, by Gary, by Jeff, by others, flexible architecture that allows for different speeds and different depth of reforms can be relevant.

Third point is monitoring and evaluating preferential trade agreements. And this is very important because this is something that although there's a little bit of this that is being done today, reality is that much more can be done. For instance in something that may be similar to the G20 monitoring trade reports that may allow better understanding of what is it that some of these agreements contain, some of these today and tomorrow agreements contain.

And finally, I think that it's very important to help developing countries adjust and benefit from the new global trading system. At the World Bank, we are shaping our country engagements to help policymakers identify what would be the main impact of this agreement, and to design appropriate policy responses technical assistance, financial support, in

particular to strengthen developing countries' capabilities to comply with standards. I think it's going to be key in going forward. So, let me stop here, Marcus. Thank you very much. Thank you.

Marcus Noland: Thank you very much.

Robert Zoellick: Well, along with others, I would like to thank Pascal for coming. As I think everyone in this room knows, he's both one of the best and most experienced minds in international trade today, so thank you for being with us. And it's a real pleasure to be here with Anabel. As she mentioned, we first worked together about a decade ago on CAFTA, and I'm delighted she's moved to the post at the World Bank, and I can see she'll make very valuable contributions there. And I hope, as some of your comments suggested at the end, the World Bank-WTO cooperation that Pascal and I started will continue because I think some of the ideas that you've suggested would be very important for the WTO.

Pascal is known for his superb conceptual structures. When we were doing negotiations, I always had an interest in them. Some of our counterparts were a little less patient with him. I think in this case, it's a very helpful way of looking—one cut of looking at the trade agenda. I think the lines among these agreements may be drawn a little bit more sharply than I would have drawn them, but I think that's partially a form of explanation.

The focus on precaution which is a term that I know Pascal uses for analytical purposes always makes me cringe a little bit because the history of the lexicon is important in terms of the associations people carry with it. And I think in this case it will raise a sensitive issue with a broader discussion of the trade community here because of course as I know you would acknowledge, it involves a risk assessment, it involves questions of burdens of proof, it involves questions of assumptions and methodology and whether fairly or not is the view in the US trade committee those have been used for protectionist purposes. So, as an analytic method, I know this is a big leap, but you might want to come up with another term that says the same thing without some of the associations.

What I'd like to do today is to complement what Pascal said from a political economy perspective, and in doing so maybe try to integrate some of his I think conceptual thoughts. So in doing so, I want to make four points in particular.

First, when I look at TPP, what it highlights to me is the importance of building on advances in trade policy. You don't hear much of this in the current debate, I think whether fairly or unfairly, because the administration would like to say this is a totally new different type of trade agreement and everything is new and everything in the past was mistaken.

You got eleven countries other than the United States in this, six of which we already have free trade agreements. As a negotiator, I can assure you, you would have never gotten TPP done if you hadn't done a lot of the work, the baseline work, with those other six countries to start. And indeed, when you look at the five we've added, Pascal talked about Vietnam and Malaysia, those have significance in perhaps a strategic sense. Economically the big change here is Japan. You have is New Zealand, which always means to me, dairy and Brunei, which is oil, which we don't have barriers on. So this is really adding Japan. That's a very big move, which I don't think would have happened in Japan absent the US-Korea FTA, which got the Japanese recognizing the need to move.

And I think the idea of the importance of these trade agreements building on each other also affects domestic politics. And I'm adding this point because I saw an editorial in the FT this week, and it was on a different point, it was trying to talk about Great Britain and free trade agreements. But it was suggesting that bilateral FTAs were too difficult for the United States, too much work.

As you see, I actually believe they can grow into other things, but actually I think there's an important political perspective on this. When we were pushing around free trade agreements about 10 or 15 years ago, part of the idea was to make them a regular order with Congress, almost to become a regular piece of business. And if you go back and you look at the votes, there actually were a reasonable number of Democratic votes for a lot of those FTAs. I think Australia got about 80 votes in the Senate. Most of them were in the high 200s, low 300s. Every once in a while the unions, and therefore the Democratic party, would pick a target, as CAFTA was, so that was a very hard fought one.

But I think it's an important idea if you believe in the politics of trade policy of kind of whether it will get back to a process where we keep this as a continual flow, and I partly emphasize this because I think when President Obama made his effort to get TPA over the last year, part of the problem was he hadn't been making the case for six years. And frankly, it was a little—I talked with members of the Democratic side as well as the Republican side and it's a little hard to get the caucus to turn on a dime if you haven't been making the argument for six years. So, I partly think this is a—also I think an important role of the Peterson Institute here. Peterson Institute has been sort of a policy and intellectual leader and I think that the next 2016, 2017 are going to be very important in the future structure of trade policy on that.

Second point, following on the first, it's very important that we be thinking now how to make TPP organic. So wherever you come down of

what's new and what's old, what I mean by that is that we add new members. So Korea is obviously one potential candidate. There are ASEAN countries that have been talked about. I spoke about this with the Prime Minister of Mongolia because it'd be a good way to show the economic, legal and other environment for Mongolia.

Third, TTIP. I think Pascal has highlighted an issue that he and I have both talked about primarily in Europe about the real benefits of this agreement obviously being standards and regulation. We know that there are traditional barriers but those traditional barriers, to be frank, are politically difficult. So it's a big political lift to get those removed. And as Pascal properly pointed out, standards and regulation issues take a lot more time. It's harder with the regulatory agencies. It's different politics. You can't trade of the US Environmental Standard on this for the European Health Standard on that.

And most important it affects the domestic politics as his example of Germany makes very clear. Germany, a traditionally free trading country is highly sensitive that it is going to lower its standards. There will be a reverse political challenge on the US side which is the fear that this agreement would take European, in American view, overregulation which is slow growth and productivity, and impose it on the United States.

So I think to get the benefits of regulations and standards, there will be a need on both sides to really explain this agreement differently than it's been done. And in practical terms, if I were going to give you my best guess, the administration will support TTIP rhetorically. It won't do much on the agreement. It certainly won't get it done. It's in part, I don't necessarily agree with this, but I think it will be worried about the effect on votes for TPP and anything causes anxiety. It will ultimately blame internal European processes for that. And I think that's a big mistake.

So one push I hope that comes out of this effort by the Peterson Institute and others is to say, "Look, what could reasonably get done on TTIP in 2016 so to set this up as a real potential topic for the next US president" and you still will have another three years for that commission mandate so that could be quite important.

And Pascal has hinted at this, there's been some other good work done on this in standards regulation. The simple way I would approach this would be to try to take some of the sectors that are already Trans-Atlantic – autos, pharmaceuticals, chemicals, big machinery, maybe some processed food products, and get the industries to try to come up with ways that they would not lower the quality of the standards, but look for ways they can reduce cost.

We now have another issue to deal with given the Volkswagen problem and that is we're not only talking about standards; we're talking about enforcement. So, of course, you'll hear the Americans say, "You've got really high standards; you just don't bother to enforce them until our regulators discover what has been done." That'll add to some of the political complexity.

But I think if the EC and the United States in 2016 could set up a pathway to say, "Here are the sectors we're working on, regulatory purposes, there are other transparency and items that in a sense are reflected in the Administrative Procedure Act of the United States and in similar European processes," and figure out kind of an attractive opportunity.

So I've suggested that we take the tariff area, and frankly I don't care whether it's 95 percent, 97 percent, I don't care whether it's 10 years, 15 years, but come up with a package to say we can eliminate these tariffs once we get the rest of the agreement. I think if that were targeted in 2016 and people shifted the expectations and began the explanation that Pascal and I have talked about, I think that could be very important going forward.

Fourth point. And some of Anabel's comments bring us to that. So, let's connect this again to the global agenda. Well, I've touched on that a little bit with TPP expansion and obviously TTIP but Anabel knows this well, you know, at the time that we were trying to free trade area the Americas, which we inherited from the Clinton administration, valuable ideal, I always thought with Venezuela and Argentina this was going to be a bit of a long march, that we had free trade agreements that were negotiated now with 50 percent of the non-US GDP. So if I were guiding American trade policy, I would say not now because Brazil has got its hands full, but at some point there may be a government in Brazil that says, "Look, we actually have to change some of our policies." And here, this is where the Pacific Alliance and the TPP and others could create a context to this.

So in the same way in which TPP drew on bilaterals, you could do something more on the Western hemisphere side if conditions open up. The WTO—and I think Anabel's comments suggested this—my own sense is that to be able to get progress, we're going to have to move in sectors or categories. So the ITA-II agreement was a good example, the Trade Facilitation Services is the big one out there now for the reasons we know in a unique category. Peterson Institute has done some good work on this.

You know, for countries such as China that recognize the risk of what they call the middle income trap, but I know Adam doesn't like the term but let's just suggest we'll call it increasing productivity at higher incomes—

services are very important in that. So again, I think this is a very significant potential opportunity and, let me make another point related to China again. Because some people see TPP as organized against China, I think it's all the more important that the United States in particular, but with Europe and others, move forward other items on the agenda so the Chinese are interested in a bit.

I don't suggest that's going to be politically easy, but I think there's a lot of progress that can be made and it's striking to me that on both the service sector and the BIT, the Chinese have moved to a negative list, which you won't find the Brazilians and Indians moving to. Now, the exceptions are too long. I understood the most recent visit of Xi Jinping actually narrowed the exceptions. I gather it's still too long. But this to me is an opportunity to create some win-win possibilities here. And again if I take the services in the WTO and the BIT possibilities, this is a way of suggesting to the Chinese along with ideas such as the steps that China might take to be accepted as part of the SDR dealing with some of the currency issues where you could and should make progress together.

My very strong belief and I think it's borne out by, interestingly enough, by 15 years now since Fred and I were talking about competitive liberalization is that you now have a process where you see how these things build on one another. They build on it in policy terms, as Pascal was talking about. So, when we first put trade and environmental provisions in our bilateral FTAs, they weren't as extensive as they've become. I don't know how extensive they'll become but people have become a little bit more accommodating to some of these issues and similar with some of the new sectors that Anabel mentioned. They're important terms of international politics.

Now and then, you have to get the right moment in the world economy, in national economies, people absorbing what's happened. And I think this is where I perhaps am a slight contrarian. I think it's important on the domestic economy. I think it's important for the United States to keep on offense in the Congressional context on trade.

So the one item I haven't talked about but I'll defer because I've spoken long enough is the prospects for TPP passage. But I'll leave that if people want to get that into the question and answer.

Marcus Noland: Thank you. Pascal, would you like to respond to any of this or should we go directly to questions?

Pascal Lamy: Very brief remarks. A, I totally agree, while I didn't insist on that with the point that both Anabel and Bob have made which is that in the area of precaution, you should not talk about negotiations. If you start calling

something a trade negotiation and it has to do with precaution convergence, you get the narrative wrong from the very beginning because you give the impression that precaution is something you can trade off. Precaution is not something you can trade off. It's something you can discuss, you can harmonize, you can converge, but the moment you give the impression that I'm going to exchange my level of precaution against your level of precaution, you're dead politically.

Second, on the semantics, Bob, I know your well-known reaction on the word precaution and we discussed that quite a bit for the last 20 or 30 years. I just want it to be clear that the ones that invented the precautionary principles are the US with the Clean Air Act in the 1970s, and at the time Europe was still in the Stone Age of Polluter-Payer. Now, it's true for a variety of reasons the US have moved back since and the Europeans have moved forward in terms of using precaution as a concept. But you invented it. We didn't.

Third, totally agree, and that's my third and only remark at this stage—totally agree with Bob when he mentioned this sensitive issue of Volkswagen. Why? Why is Volkswagen good news for the TTIP? Volkswagen is good news for the TTIP because in Europe, most people are convinced that Europe is great about precaution, and US is terrible. That's what conventional wisdom says, sort of, in EU nothing you can do until it's formally authorized; in the US everything you can do until it's formally forbidden, sort of, conventional wisdom. And that matters for public opinion if you don't put the record straight.

Now putting the record straight is looking at facts and regulations. And if you look at facts and regulations, you roughly realize that in one third of the cases, EU is higher than US in precaution; in one third of the cases, the US is higher than EU and what you said about enforcement is part of that; and in one third of the cases, the level of precaution and enforcement is roughly the same but the way it is done is so different that it has the same impact of segregation if I'm a producer.

And that's where the Volkswagen thing comes in. It was a reminder to many Europeans that these guys may be serious about precaution also on the other side. And although I wouldn't say it's good news for everybody, it certainly is good news for rebalancing part of this popular conventional wisdom which a number of anti-TTIP people are pushing in Europe, and I'm not saying they don't have a point. I have myself criticized a lot the way the European Commission and to some extent USTR have wrongly sort of narrated, sort of told what this negotiation is about. So they clearly have a point. For instance, the fact that while the thing is about precaution, you decide that the mandate will remain secret is a huge political blunder.

If you want to have a problem about precaution, keep it secret or say the mandate is secret.

So that was stupid. And by the way, it's one of the areas where this transition from protection to precaution has a bearing on the way you interact with public opinion and you trigger a necessary public debate, again, because legitimization is extremely important in these areas because it impacts people's lives. And I think if that's the case, you have to be more transparent.

Marcus Noland: Okay. We have about 20 minutes for discussion. We have a roving mic, we also have a mic in the center of the room. So, first question, Fred Bergsten.

Fred Bergsten: Actually, if I may, a quick question for each speaker.

Marcus Noland: Only Fred gets to ask more than one question. We've got a pretty full house and we got 20 minutes, okay?

Fred Bergsten: Very brief. Pascal, you suggested one place we ought to have new international negotiations, I think you would call them, is in the area of investment. My experience over a long period is that international investment has been booming, but every time we try to talk about it, we bog down. And even simple investment negotiations, like BITs, between the US and China, US and India, go nowhere. Do you really think the international investment process would be helped by trying to negotiate international agreement?

For Anabel, you started out by saying worries about the link between the multilateral system and the regional agreements. But as Bob mentioned right at the end of his comments, there's a massive multilateral agenda underway all these huge plurilaterals on services, on environmental goods, on revising the procurement agreement, on ITA. So the WTO negotiating process, in and around it, is alive and well. So why do you worry about the link between the two?

Bob, you said, rightly, TPP should be organic, we know at least half a dozen countries are out there ready to apply and come in. How would you handle China?

Marcus Noland: Okay. Let's collect our questions, I got a line of four people at the mic already. Sherman Katz. Please introduce yourself and your affiliation.

Sherman Katz: Sure. Sherman Katz, Center for the Study of Presidency. This question is about China picking up from where Fred left off. I start with it being for Ambassador Zoellick, but the others please comment. Bob, you said

almost precisely 10 years ago that China should be a responsible stakeholder in the system. And I wonder if you would share with us your evaluation—be kind enough to share now as to whether China indeed has become a responsible stakeholder. Let's leave aside South China Sea, let's stay in WTO for the moment. And of course as you know, many in Geneva are saying until the US and China can get together, with China paying much more on agriculture, paying much more on market access in manufacturing, nothing will happen in WTO.

Marcus Noland: Nice narrow question. Yes, please.

Victoria Guida: Hi, Victoria Guida with POLITICO. My question is for any of you. It's about the WTO and you all framed the agreements today in terms of, you know, yesterday, today and tomorrow. The Doha Round, or whatever is left of it, seems to sort of be stuck a little bit in yesterday. That seems to be the sense. They are trying to pull something together. I'm wondering how you would see any sort of small package agreements in Nairobi and whether you see a role for multilateral negotiations in the near future or whether as Mr. Bergsten suggested, it's going to simply be plurilaterals.

Marcus Noland: Next.

Jennifer Lee: Hi, I'm Jennifer Lee. I'm with Hong Kong Phoenix TV. The question is also about China, asking it more clearly. So do you think China should or shouldn't join TPP because they've already shown their interest in joining?

Marcus Noland: Who are you asking?

Jennifer Lee: Yeah, and then the second question ...

Marcus Noland: No second question. Who are you asking the first question to?

Jennifer Lee: Mr. Zoellick and Mr. Lamy.

Marcus Noland: Okay. Please, the gentleman standing behind you.

Male Speaker: Yes, 21st Century Business Herald China, also about TPP and China. There is a report including three professors, including one from the SAIS across Mass Avenue said that if China joined TPP, China would contribute to close to 50 percent of the export and while US will also benefit a lot, the first benefit of when China joins TPP. So I wonder why World Bank or Mr. Lamy or Goldman Sachs did such similar research on the scenario of China, if China joined the TPP what would happen, and if so China contribute a lot and the US gain a lot, so at the first stage why do you think China was not invited by the US? Thanks.

Marcus Noland: Thank you. I think we have a lot of interest in China. Pascal?

Pascal Lamy: On Fred's question. On investment, I still hold the view that a multilateral investment regime would be a great thing to have. It would make things much simpler. Of course lawyers would make less money but that's after all good for the consumer because at the end of the day, they pay for that one way or another. Short of getting there, I think what we should try and do is to have the equivalent of the SPS, TBT in investment. By the way, I also hold this view for services.

All these areas around domestic regulation in a way are a bit confused. If there was a basic multilateral agreement that establishes a balance, and which would establish what are the normal rights of an investor in a country, that would help. At least you would have a sort of single standard on which you can go plus or not depending on what you want to do. And the notion that text of principle like the SPS and the TBT establishes a balance between precaution and protection, which is also the issue about investment protection, I think would be a good thing.

On China, I think China paid its WTO accession at a very high price. And that we've since paid the price of this high price in the fact that China, since it joined WTO didn't seriously open its trade including in an area where it needs to open trade if it wants to keep growing, which is services, which is by the way whether China will join. It is of crucial importance. So, that's a reality, and again, so far, and you know it's a bit of a joke to keep calling China a recently acceded member in WTO. Let's be frank, this is language for diplomats. Nobody who lives in real life will keep calling China a recently acceded country.

Now, on TPP as we all know, there are varied views on China. We even had an op-ed in the China Daily who said, "Why should China start considering joining TPP?" And I think those who are in favor of that are in favor of that because they believe that TPP contains a number of elements which would trigger domestic reform in China starting, of course, with the state-owned enterprise issue, which at the beginning was a poison pill in the initial frame of the TPP negotiation by the US to make sure China would not join. You know, but China, they play Go. They don't play chess so they play Go.

And at some stage, they might very well decide to do that if they gather the necessary political energy to overcome the huge vested interests which the state-owned enterprises represent in China, and which have been somehow ossified with corruption.

You're absolutely right, it's stuck in yesterday's world. But I didn't say yesterday's world was totally dead. It's dying but there's an area where the old protection mantra still is extremely lively. It's agriculture. And by coincidence, none of these bilateral agreements, no TPP, no TTIP nor anything of its kind will seriously deal with an important issue which is agricultural subsidization.

So, there remains in the old world, a few of these things, and this is where Doha is stuck and Doha will remain stuck, in my view, as long as this agricultural issue will not be cracked. And let's be frank, the obstacle to this agricultural not being cracked is one country on this planet, the name of which I don't think I need to insist on in Washington.

Marcus Noland: Bob?

Robert Zoellick: India? That was a little unfair, but ...

Look. So, God, there are so many good questions here. Let me try to integrate things around China on responsible stakeholder in TPP. But first, let's go back to what the responsible stakeholder was trying to address. This is now getting a bit dated but we have some veterans in this room. So much of the focus on US policy towards China after the opening was on trying to integrate China into the world economy through the WTO accession. That was the big challenge of the '90s, accomplished finally in 2001.

So the point of the speech was partly to say, what could be a new concept that people in the United States could organize around? And the idea was that integration concept could be applied across a broad range of activities, hence being a stakeholder. And that as China benefited from the international system that the United States and others had helped create over 50, 60 years that it should take responsibilities in that. And it's been kind of interesting how this idea has been a bit of a political football because from the US point of view, it was up to the US to decide whether this had been met. So I don't really think it conceded a great deal. But nevertheless, some people thought that it was the same as saying China was a responsible stakeholder, which was not the point.

I do think as Pascal mentioned, and all of us mentioned, it creates the opportunity for adroit use with reformers in China of how you can use the international system, whether WTO, BIT, SDR and others to support the reform process as well. Now as for the situation today, I divide it into three categories, and I'm not going to go on too long on this because it requires more extensive treatment.

But in Asia Pacific security matters like the South China Sea, obviously we're far away from having a shared understanding. But part of this isn't an overwhelming surprise to me. You have a rising power, and again I think the US position actually as implemented recently was emphasizing a key global principle of freedom of navigation, and that's probably what we should be stressing. Cyber is the one I'm most worried about. And I can't go into detail of that. The optimistic side would be that this agreement that was struck or at least starting reminds some people of what happened in non-proliferation 20 years ago.

We started this discussion with China about 20 years ago on non-proliferation and frankly, China had businesses. They had relationships and others that they eventually had to exit. And that would be the constructive view. I think cyber is even more complicated because I'm not sure that the US and Europe and Japan and other allies actually have an agreed concept about how to deal with cyber and all its dimensions. So I'll leave that one at that.

The second issue is beyond the Asia Pacific, whether issues of Pakistan, Afghanistan, UN Peacekeeping, Africa, dealing with Iran, or for that matter we'll see, but perhaps climate change, I honestly think that there has been some good work with China. So the real danger is kind of in the Asia Pacific security space.

On the economic one, I promised Graham Allison actually today, right before I came here to do a full list of this which maybe I should share with Fred Bergsten and we could compare it. But here are some points. In the financial crisis actually, it depends on your view on stimulus policies, but the Chinese and US stimulus were far in excess of others. I think they kind of handled it pretty responsibly. Both of us have a lot of cleanup from the stimulus.

There's an interesting story in Hank Paulson's book how the Russians say, "This is a moment of US weakness, let's really squeeze the U.S. with dollar security." And the Chinese are saying, "Well, wait a minute. Why would we want to do that? That would mess up the international economic system. Let's not try that idea." That was somewhat revealing to me about kind of attitudes in this issue.

If you look at the support that I got at the World Bank, trying to support on the ITA side, frankly the Chinese were very cooperative, and not only in terms of broader development but frankly, the China 2030 Report, which we worked with them which became the basis for their structural reforms.

If you look at the Asian Infrastructure Investment Bank, I think that was frankly a potentially very good idea. I think the US made a mistake in trying to oppose it. I think the US has now recognized that. This was a wonderful example. Much of my diplomatic career I spent having other countries tell the United States what we should spend money on. Here the Chinese are willing to put some money forward on infrastructure and if they did it in a way with governance and environment and other issues which I—Chairman Jin has been here at the Peterson Institute. I think it can go well.

On trade as Pascal mentioned, this is all relative. But on the WTO accession that China agreed to was far more open than Brazil or India or other middle income countries. And are there issues that one needs to—and I mentioned the negative list is kind of an approach. So on the economic side, I don't mean to be Pollyannaish, there's work on government procurement, services, open capital account, two-way investment. And there will be big battles in China, and there will be frustrations, and the intellectual property rights issue related to cyber is obviously a big issue. I continue to find many reformers in China that want to move in a direction that I think the US would like the international economic system to have sort of the core principles. So I think it would be a big mistake to abandon that, and that brings me to TPP.

Look, we have to recognize the role of politics and power and danger and other issues, the political security issues. So what I would do with China would be, as I explained, I would say, "Look, the components of the TPP might not be something that you're actually ready for. Even if you signed on, you couldn't implement it. But let's work at the elements that fit your reform program. Let's work at the Bilateral Investment Treaty which, by the way, is similar to the investment package you would have in TPP." The question is, can we have that with Europe? And obviously, the Chinese are more willing to allow an international investment arbitration than some in Europe are.

If you make the services sector negotiation in the WTO, that's another key area. The SDR is going to be very important towards an open capital account. So I would continue to try to find an agenda with the Chinese, and in good political economy sense and to compliment the administration on this, they used China's chairing of the APEC to push Chinese agreement on the ITA-II. Well, keep in mind, China is the chair of the G20 next year, if memory serves. So it would be a good opportunity to try to make some headway on some of those issues.

And then, the last point that I just want to make a connection to something that Fred said, is when I used to have conversations with Pascal about governance and systems and others, I always had a sort of final recourse

which is von Hayek's notion of spontaneous order. So where Pascal always wanted a structure and agreement, I always felt if we were not quite there, there can be an order created through sort of competition and private sector role which is partly what the competitive trade liberalization strategy is about. It's partly what investment is about.

And I think this is very important now, because I think this is another area that Peterson Institute has done a lot of work in. It spends a lot of time on the macro and monetary policies. I think the monetary policies are running their course here, and we're going to have a handoff to private sector-led growth. And what we're going to start to find is countries that want to differentiate themselves by who is doing the structural reforms. And that's a very nice opening to a trade and investment agenda. That's why I would suggest it's not incomprehensible for the next five years. You might have a Brazilian government that looks on these issues differently. You might even have an Indian government that takes some of these issues. And we need to be positioned, as the US, again as a leader in the international trade system, working with others, the World Bank, EU and others, to take advantage of those spontaneous moments and not be too captive to do we have the exact, perfect structure of governance right.

Marcus Noland: Anabel?

Anabel González: Alright, well, you know, Fred, I haven't heard many people say that the negotiating function of the WTO is alive and well recently. I think that there's a very important result, which is the Trade Facilitation Agreement. The ITA is also an important result and others may come. But I think that there is great frustration in Geneva.

First, of course on what to do with the Doha Round because, you know, you may argue of course that the process has not been working, but the reality is, and I think Pascal mentioned this, is that the issues that are being discussed in Doha are still very relevant and will not go away by the fact that we're not able to find an agreement on them.

And the other issue, I think, is how to move forward in the future. And I think that the solution to this calls to a flexible architecture, with different speeds, different depth, allowing for different countries to come together negotiating issues of common interest and maybe opening the way for others. But I think that for that to happen sort of in a broader way, we need to find some kind of agreement on the Doha Round issues that are still pending. And until that happens, I wouldn't think that this negotiating function is that alive and well.

Marcus Noland: Okay. Well I know there are many questions in the audience, but I also know that we're approaching our witching hour. My test of the success of

these meetings is whether we keep the audience. And I can tell you from sitting here in the front looking out, virtually not a single person has left today. And not only did we keep the audience, the interest was so high that I didn't have to resort to any of the questions that I had written out in advance in case of the dreaded , you know, dead silence when people here finish speaking.

So at least from our perspective, this has been a great success. Join me in thanking our three speakers, Pascal Lamy, Bob Zoellick, Anabel González. I apologize to those of you who didn't get to ask your questions, and I declare this meeting adjourned.

