

NATIONAL PRESS CLUB LUNCHEON WITH AMBASSADOR RON KIRK

SUBJECT: THE TRADE POLICY AGENDA: AMERICAN JOBS, GLOBAL LEADERSHIP

MODERATOR: ALAN BJERGA, PRESIDENT, NATIONAL PRESS CLUB

LOCATION: NATIONAL PRESS CLUB BALLROOM, WASHINGTON, D.C.

TIME: 12:30 P.M. EDT

DATE: TUESDAY, MARCH 9, 2010

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**ALAN BJERGA:** (Sounds gavel.) Good afternoon, and welcome to the National Press Club. My name is Alan Bjerga. I'm a reporter for Bloomberg News, and the President of the National Press Club. We're the world's leading professional organization for journalists and are committed to our profession's future through our programming and by fostering a free press worldwide. For more information about the Press Club, please visit our website at [www.press.org](http://www.press.org). To donate to our professional development and journalist ... (inaudible) programs, please visit [www.press.org/library](http://www.press.org/library).

On behalf of our members worldwide, I'd like to welcome our speaker and attendees at today's event, which includes guests of our speaker, as well as working journalists. I'd also like to welcome our C-SPAN and Public Radio audiences. After the speech concludes, I will ask as many audience questions as time permits.

I'd now like to introduce our head table guests. From your right, Hani Nasser, Embassy of Canada; Kyung Song of the Seattle Times; Marilyn Geewax of National Public Radio; Richard Dunham of the Houston Chronicle; Mark Drajem, Bloomberg News; Demetrios Marantis, Deputy U.S. Trade Representative, and a guest of our speaker; Andrew Schneider, associate editor for Kiplinger Washington Editors, and Chairman of the National Press Club's Speakers Committee.

Skipping over our speaker, Frederica Dunn, the Jamestown Post Journal of New York, and the Speakers Committee member who organized today's event, and we thank you for that; Miriam Sapiro, Deputy U.S. Trade Representative, and a guest of the speaker; Todd Gillman of the Dallas Morning News; Jeff Eller, Vice Chairman for Public

Strategies; Jim Ostroff of Kiplinger Washington Editors; and Frank Maisano, Senior Principal for Bracewell & Giuliani. (Applause)

One year ago today, I've been informed, Ambassador Ron Kirk was having his hearing to become the U.S. trade representative. In that year in office, he's lead the office in trying to develop trade policies that are proactive and responsible while recognizing that trade can be a job creator. That has meant new focus on trade policy to assist small and medium sized businesses, increased enforcement efforts to bring home the benefits of existing trade agreements, and moving forward with the Doha Round of world trade negotiations.

But even as he seeks new and more open markets for U.S. goods, meeting President Obama's stated goal of doubling exports in five years, faces challenges ranging from China's treatment of its currency to retaliation against U.S. trade practices, such as Brazil's list released yesterday of U.S. goods on which it plans to impose tariffs.

Ambassador Kirk brings more than 25 years of legislative and economic experience to his role as chief trade negotiator. The first African-American mayor of Dallas expanded the city's global reach through a range of trade programs and missions. Previously, he served as Texas Secretary of State under Governor Ann Richards, and as a legislative aid to U.S. Senator Lloyd Bentsen, both Democrats from Texas.

Prior to joining the Trade Office, Ambassador Kirk was a partner at Vincent and Elkins, LLP, where he was named one of the 50 most influential minority lawyers in America by the National Law Journal in 2008. He received his law degree from the University of Texas School of Law in 1979. Ladies and gentlemen, please welcome to the National Press Club U.S. Trade Representative, Ron Kirk. (Applause)

**AMBASSADOR KIRK:** Alan, thank you so much for the kind introduction. I whispered to him, I think he just proved you can do this speech in about a minute and a half instead of the 15 minutes. So, I would make one correction, if I might, Mr. Chairman, to your admonition to turn your cell phones. If I'm still talking at 1:30, please let your cell ring or beep or do something, and we'll find a way to bring it to a close.

It's a real honor for me to be at the Press Club today with you and your distinguished audience. I'm especially pleased to be joined by two of our Deputy Ambassadors, Demetrios Marantis, and some of you may have known from his career previously at USTR, and his many years of service on the Senate Finance Committee. And Ambassador Miriam Sapiro, who joins us as well from a career serving in various capacities in trade in the Clinton Administration, and then running her own very successful international consulting business. They have made a wonderful, wonderful addition to our team and help us to advance the objectives that the President has laid out for us.

Alan mentioned that it was a year ago that I was before the Senate Finance Committee for my confirmation, so you'll have to indulge me on one very practical

matter. Because when I realized that, I realized that I went before the Senate Finance Committee on my wife's birthday. So that means that today's is Matrice's birthday. So if you're watching, honey, love you, happy birthday. (Laughter)

But it felt like-- I spoke to another group, and they asked me what the first year was like. And I said, "I thought the first couple of years had gone well." And they kept reminding me that it hasn't been a year. But it just felt like it was just a little over a year ago that President Obama took office. And one of his initial challenges to the Congress, to this administration, was to deploy all of our collective talent and resources to help get our economy back on its feet. And as we have worked to address those challenges, we've used some of our tools, but we've also tried to incorporate new thinking into what the President believes should be the foundation for our economy going forward.

But we've also looked back on some others for their wisdom. And so I was reminded in 1934, as our country struggled to make its way through that great economic depression, President Franklin Roosevelt addressed Congress. And he told them that full and permanent domestic recovery depends, in part, upon a revised and strengthened international trade policy. Well, that was pretty good wisdom then, we think it's pretty good wisdom today.

In the 75 years since President Roosevelt delivered that message, U.S. exports have increased exponentially. Today, exports account for more than one in every ten dollars of America's income, and exports support millions of jobs across the country. And in fact, in the last quarter of 2009, some economists believe that exports alone accounted for more than half of all U.S. economic growth. And if you'll remember, it was a year ago our economy was growing at a negative 6 percent rate. This last quarter, we were growing by almost 5.7 percent. But our exports grew at a clip of 18 percent.

In 2010, as the world's economy recovers, export-driven growth will continue to multiply. And our administration has laid out an aggressive agenda to seize the full measure of opportunities before us. And we believe those are opportunities that support the creation of more and better jobs that leads to fair prices and more choices for consumers.

President Obama has set a very ambitious goal for us, to double our exports in the next five years. If we do so, that can support up to an additional two million new jobs here in America. He's also asked agencies across the federal government to take part in a national export initiative to help Americans take advantage of these export opportunities. Our office at the United States Trade Representatives, will play a key role, we hope, in helping the President achieve this goal by doing more of what we do best; and that's creating new market access for America's exporters.

And we can do that in a couple of ways. One is by enforcing our Americans existing trade rights through our existing agreements, and also negotiating new trade opportunities. Our trade agenda outlines the United States role in the community of trading nations and underscores the Obama Administration staunch support of the rules-

based trading system, as well as our intent to fully exercise and defend America's rights within the system. And if I might, for those of you who might be joining us by television you can get a complete copy of the President's 2010 trade policy by visiting us at [ustr.gov](http://ustr.gov).

Our trade agenda acknowledges, as well, that our administration, frankly, has our work cut out for us as we seek to help Americans restore their belief in the wisdom and the value proposition of our trade policy. Our trade agenda steps up to the biggest opportunities and confronts some of our thorniest challenges that we face in a global trading system. And our trade agenda seeks to place trade in this proper role as part of the President's broader economic reform agenda. Fundamentally, each of these objectives is anchored by a commitment to the global rules based trading system.

Now, when times are good, that system promotes in the national growth and multilateral cooperation. And when the global economy suffers, as it has over the past several years, the rules based trading system can help to keep trade flowing. But the global trade system could support even more commercial and economic growth. And so our administration is seeking to support that growth in a number of ways, and that's what I want to spend some time talking about.

First of all, we're working to achieve and help lead the members of the WTO to a balanced and ambitious conclusion to the Doha Round of development talks. And we think that has to be one that provokes meaningful market access for all members of the WTO, as well as enhancing the economic development of many of the world's poorest economies.

We're also seeking to resolve outstanding issues with the three pending free trade agreements that we inherited in terms of Panama, Colombia, and Korea. We are committed to resolving the issues related to each of these agreements for a simple reason: they represent great market opportunities for our farmers, our ranchers, our entrepreneurs, our manufacturers, and they'll help us gain access to new markets and create jobs here at home. But we recognize that we have to do those in a way that allow us to work with Congress and other stakeholders to move them forward at an appropriate time.

Now, at the same time we're taking other steps to expand and deliver on additional job creating opportunities to America's businesses and workers in accordance with our rights under existing free trade agreements. I believe that through frank negotiations, and where that fails, exercising our legal rights through the WTO, our enforcement efforts can pay off in terms of new market access for America's exporters. We've already seen the results of that in many cases in a positive way. Our efforts have yielded and saved jobs in the tire industry, and here in America, we've won direct distribution rights for American content companies in China, and we challenged unjustified restrictions on U.S. agricultural exports in a number of markets, from the European Union to the Soviet Union, to across Southeast Asia.

We've expanded on our enforcement activities as well. And this month for the first time, we will introduce a new, comprehensive report that will help us to identify and address troublesome technical barriers to trade, and unfair restrictions on agricultural exports through sanitary and phytosanitary barriers. As traditional trade barriers fall, what we've seen increasingly is that in many cases, these non-tariff barriers are taking their place and becoming some of the more difficult challenges for American exporters. But we hope these new reports will help us focus on specific SPS and TBT challenges and we'll use them to guide our efforts to try to redress some of these problems.

USTR's also taking steps to address the fundamental problem and the too common problem, frankly, of the theft of American intellectual property. Because Americans cannot, and should not, be asked to compete with counterfeiters and thieves. And thievery, this is piracy. I worry about using that term because it just sounds a little bit too romantic. And in an age of American kids who've grown up with Johnny Depp and think that's pretty cool, but it isn't anything funny about this. We suffer losses of billions of dollars of creative energy and industry to America's exporters. And it also can have very real harm to American consumers as well.

I've taken the opportunity over the last several months to increase our domestic outreach around the country. And so I've been traveling around the country from west coast cities, talking to stakeholders in businesses about what some of the challenges are and opportunities in the trade world. And unfortunately, one of the stories I heard in Detroit was the same story I heard when I was on the west coast, and when I was in Texas and others. But it was a woman businesswoman that told me of her frustration in many of our markets in which she has gone into a market, been forced to joint venture with another business. They make an order for her product. She ships them the initial order, then they frankly take that order, and either copy it and try to reverse engineer it and then cancel the rest of the order. And by the time she shows up to confront it, she's looking at her business product, often not well engineered, already on the market.

Now, I don't mean to pick on Google or Boeing. If you're Boeing, you can maybe survive and join me in a fight to recover your intellectual property rights. But for too many of our small businesses, that can absolutely be a death knell. So we're confronting this plague of international piracy straight on. We're working with our other partners to try to bring to a conclusion the anti-counterfeiting trade agreement that will help support efforts to regain America's competitive advantage in these cutting edge industries and protect the intellectual property that goes into these new products and services.

We hope that we're able to generate the beginning of a new international consensus that will support legitimate commerce while marginalizing, if not eliminating, illicit trade. Because intellectual property theft doesn't just hurt our small businesses, our entrepreneurs and investors, it also can harm unwitting consumers or potentially harmful and dangerous counterfeit goods.

Similarly, we're committed to upholding basic international labor standards. When our trading partners violate labor obligations in our trade agreements are denied

foreign workers their international rights to organize, this not only hurts those workers, but frankly it tilts the playing field away from American businesses and we're presented in an unfair manner. And we're working to address those.

Our enforcement efforts go hand in hand with the pursuit of new market openings as part of a balanced, comprehensive trade policy. President Obama has said that a successful trade policy is made when we get beyond the idea that new market openings and enforcement are somehow oppositional to one another. Or that trade must always be a battle between international and domestic interests. Or, frankly, between business or labor, or trade at the cost of jobs. And, frankly, between those of us who believe in trade, and from my travels around the country, some of those who simply hate trade. This is too important to allow this to become balkanized in the way we do business in Washington.

So we're seeking a trade policy that best serves the American people and will help them recognize that all of these elements are compelling interests for smart trade policy rather than competing interests in a sum zero game. And we believe, honestly, that thoughtful responses to those who feel like they haven't benefited from trade, and to those families and businesses and others that have felt left behind, this is an important part of rebuilding America's faith in the value proposition of our trade policy.

In the President's 2010 trade policy agenda, these building blocks rest on a solid foundation of belief in the ability of trade, and exports in particular, to produce the kinds of well paying jobs that Americans desperately want and need during this time of economic recovery. As I mentioned earlier, I've taken this opportunity in this quarter to travel all around the United States. And I've met with shareholders on both sides of the trade debate, from small business owners in Nevada to auto workers in Michigan, from port workers in Orlando and Tampa Bay, and textile workers just last week in South Carolina. I heard from many of them their very honest concerns and skepticism about our trade policies. And frankly, a lot of them feel like we've let our partners just run roughshod over us.

But what has encouraged me is that in every case, every one of them understood and understands that a smart trade policy that opens markets, creates the level playing field that America's exporters want and deserve, and that create jobs here at home, is one that all Americans can get behind and benefit from, and this is the trade policy that the Obama Administration is committed to pursuing.

As our trade policy agenda makes clear, USTR is working around the clock to help American businesses and workers of every size; not just those larger businesses, but our small businesses as well. And you might find it interesting to know, and insightful to know, of the 275,000, roughly, companies that export in America, 97 percent of them are what we define as small businesses. So it's 250,000 of our 275,000 are small businesses. But we know one thing that they know, that the world desperately still craves that phrase, "Made in America." So, the President has said and noted, that if we can make more, we believe we can sell more. And if we sell that to our friends and neighbors around the world, we can help create good jobs here in America.

In this difficult economic time, this administration will fight for every job there is to be had. Through targeted trade policy initiatives, search as our small and medium sized business initiative, we're working to help create those opportunities and help Americans grow and expand their reach.

One of our areas of focus is in the dynamic Asia Pacific region. The International Monetary Fund has forecasted that over half of the world's growth in the next 10 to 15 years is going to come in the Asia Pacific region. That makes this home to some of the world's fastest growing economies around the globe. And I'm often asked, why do we spend so much time speaking about Asia Pacific? And why do I talk so much about exports? Again, I remind audiences, and I-- First of all, forgive me, but I tell them I'm a mayor at heart. And I start with the proposition that 95 percent of the world's consumers live outside of the United States. And as our former police chief used to say, "That's a clue." And so if you look at the fact, then, that most of them, and most of that growth is going to be in the Asia Pacific region, it's critically important that the United States becomes engaged in opening up that market for our entrepreneurs, our service providers, our businesses and our ranchers.

So I think there was great excitement and anticipation when we were at the APEC summit last fall in Singapore, and President Obama announced that the United States would move forward toward crafting an aspirational 21<sup>st</sup> century agreement that'll guarantee American exporters access to this very dynamic market. Many of you know that I'm speaking about the Transpacific Partnership. And we have begun our consultations with Congress, we've begun our consultations with stakeholders. I see many of our friends here representing a number of industries that have been engaged with Ambassador Marantis, and we thank you very much for your input.

During our initial round of negotiations, we will focus on how we can maximize export opportunities for small and medium sized businesses, what we can do to promote innovation and competitiveness. Also, what we can do to promote regulatory coherence and make it easier, frankly, for Americans to export throughout the Asia Pacific region. We're also working to expand trade opportunities through other vehicles in this important region, one of which is the Asia Pacific economic cooperation, APEC. As many of you know, we have worked throughout APEC to grow jobs, expand exports and stimulate trade driven growth of small to medium sized businesses, and others. Specifically in 2010 we have an ambitious work agenda to make it cheaper, easier and faster for the APEC economies to operate within the region.

We're also working on an exciting initiative to reduce barriers immediately for trade and investment in environmental goods and services. We think focusing on these areas will help American exporters to succeed within the Asia Pacific region. But we can also help the APEC economies to become greener. In 2011, many of you know the United States will host the APEC Economic Forum. President Obama, I think, has announced that they will host the leaders meeting in Honolulu, Hawaii. We also plan, as

USTR, to leverage this unique opportunity to demonstrate our commitment to play a stronger and more constructive role in the development of the Asia Pacific region.

But we're also looking to further increase market opportunities within those ten southeast Asian economies that make up the Association of Southeast Asian Nations, ASEAN. They're collectively our fifth largest trading partner. So within that group, we are working to strengthen our trade and investment relationships. We've agreed to establish dialogues on trade and trade finance. And in May, I'll join my colleagues, a number of ASEAN trade ministers, in a multi-city tour that will permit us to exchange ideas about how government and business can work to expand trade and investment opportunities between the United States and ASEAN.

But this is just one part of the world. And I want to make it plain, while we explore these new opportunities in the southeast Asia region, while we strengthen our reach on enforcement, that we won't neglect some of our most significant trading partners as well. We continue to work with our partners within the European Union which is still our largest trading partner to reduce non-tariff barriers between the European Union and the United States. And we're also working on other matters to strengthen the bilateral and multilateral relationship with this important partner.

Within North America, we continue to work with Canada and Mexico to strengthen the economic engagement between our three great economies. Our three trade ministers recently convened in Dallas under our NAFTA Free Trade Commission and committed ourselves to work together cooperatively to strengthen the Labor and Environmental Commissions and to begin to look at how we can bring about more regulatory cooperation specifically with the goal, again, of making it easier for small businesses to participate in this extraordinary economic engine.

These efforts, and others, outlined in our trade policy agenda are not merely paper commitments. USTR's lawyers, negotiators and trade specialists are already putting in the hard work necessary to bring home the benefits of trade. And doing so is not just a priority for those of us at USTR, it's priority for all of us within the Obama Administration. President Obama has made it clear that trade is an essential element of our administration's overall economic recovery. He has talked about the importance of increasing exports, whether it's through our negotiations within the WTO, through the conclusion of our pending free trade agreements, or through new market access opening opportunities.

In his State of the Union address most recently, in the White House Business Roundtable, the President has been emphatically clear: that to create jobs here at home, to boost economic recovery, and to remain globally competitive, the United States needs to export more American goods and services to other nations. But we also recognize that a robust and aggressive trade policy initiative won't be enough to get us where we want to go. Reforming our healthcare system will help every American business, whether it's large or small. I won't go into an exhaustive debate about healthcare policy, but I can tell

you, none of us can accept a default in which the result is that healthcare costs rise by 70 percent over the next ten years.

We also have to continue to invest in our education system. And President Obama and Secretary Duncan have directed more resources through the American Recovery Act towards investment in higher education than at any period of time in our history. And we also have to invest in America's core infrastructure. Not one of these things alone will solve all of our problems, but if we do them in a collaborative, smart, thoughtful way, we can help to fuel this economic recovery and create the good jobs that Americans so badly need and deserve.

In the words of President Roosevelt again, we must revive and strengthen not only our exports, but all parts of our economy. Now, this is a big job and USTR can't do it alone. But we will do our part to boost American exports, to support export sector entrepreneurs, and to increase export sector hiring. And as we do so, we will continue to maintain an open dialogue with the American public. And as I said when I spoke to the Senate Finance Committee last week on the President's 2010 trade policy, we can use common sense to find common ground. And on that common ground, we can move forward together towards new jobs, new opportunities, and a brighter future for American workers and businesses and farmers and ranchers. And I'll look forward to beginning that conversation with those of you today. Thank you so much for the opportunity to address you. (Applause)

MR. BJERGA: Well, thank you very much for your time, Ambassador Kirk, and we didn't even need people's cell phones. It's just shy of 1:30, which means we have a good amount of time for questions, and please keep those questions coming in. Our first question is sort of a philosophical question about the Obama strategy on his trade missions, and such. Comment on the difference in strategy between seeking exports and seeking trade? Exports, which the Obama Administration pledges to double, is about selling products, while trade implies two-way concessions between nations. How is the Obama Administration strategy a trade strategy rather than an export strategy?

AMBASSADOR KIRK: Well, as Todd Gilman would know in Texas, we might call that more of an answer than a question. I mean, you can't have both. Look, it's easier, it's certainly more digestible for a lot of Americans right now to talk about exports. But the reality, if we're going to meet the President's objective to double exports over the next five years, it's going to happen as part of a comprehensive trade strategy. And that's why the President also talked about this national export initiative. So as a practical matter, what he has done is convened all of us who touch our trade policy in any manner whatsoever, and he's tasked us to come up with the most focused, targeted approach to expanding our exports using all of our available tools.

And some of that is what we laid out, and some of that can be through enforcement, it can be through new agreements. It can be through stronger partnerships with our general system of preference partners, whether it's in AGOA or in CAMTA (?).

We're going to look at everything we can to open up those markets with the hope that by exporting more, we help create and support these jobs.

MR. BJERGA: Colombia's president will step down in August. Will he be able to see the U.S.-Colombia FTA passed through Congress before he leaves office? And what is the time table for Colombia, Panama, South Korea FTAs?

AMBASSADOR KIRK: August may be a bit ambitious, but I would say this. President Uribe and his team have been great partners to work with us to address the issues raised by many members of Congress about the violence against union organizers and labor leaders. And President Obama recognizes that this is a great opportunity, in one case, for America to get a huge win. Because Colombia and Panama are both GSP partners. So the practical effect is that their goods are coming into the United States, for the most part, duty free. And lost on many of our friends is the reality, in the case of our GSP partners, these free trade agreements are almost singularly about our ability to access those markets. But we understand the concerns and are working as smartly as we can to try to address them in a responsible way so that we can move forward.

MR. BJERGA: Two of the president's trade nominees are being held up in the Senate. What is the impact of not having those two staff members in place?

AMBASSADOR KIRK: March madness is absolutely my favorite time of the year. I mean, I love it. I live for this. But none of you would want to coach a basketball team in which three, four of your star players are told that they have to sit out of the game for no reason. Their grades are fine, they don't have an injury, they haven't violated any rules. But, because of the unique wonders of our Senate parliamentary procedures, we don't have an ambassador in Geneva, although he has been approved by the Senate Finance Committee. We don't have an agricultural ambassador. Look, we're getting the work done. And when I took office, I had a chance to visit with one of my predecessors and real mentors, Ambassador Bob Strauss. And I had a chance to talk to Charlene Barshefsky and Carla Hills and Susan Swab. And they all reminded me that we have, we believe, truly, the best value proposition for the American taxpayer and USTR. We only have 227 employees, and we are stretched thin. And when we don't have a full complement, it means Demetrius and Miriam and the rest of us just have to do more.

But Secretary Clinton made the observation when she testified on the Hill the other day, at some point, this begins to strain our credibility and the good will that we have worked so hard to regenerate around the world, because the world believes you don't care. You don't have an ambassador in Geneva, how can you be serious about the Doha Round? So we would be greatly advantaged, not only just from manpower and the intellectual strength these two individuals bring, but I think it would help us regain some of our credibility.

MR. BJERGA: Several questions, not surprisingly, about the Doha Round. What are the chances that the Doha deadline of this year called for by the G20 nations will be missed?

AMBASSADOR KIRK: Well, considering that we have tried and failed three successive years-- it passed as prologue. I don't know that I would put too much stock in it. But I would tell you this. President Obama, perhaps more than any president we've had in recent times, is fundamentally committed to the developmental premise of Doha. And as difficult of a challenge as we have had with this economic tsunami here in the United States, you just can't imagine the impact this has had on the poorest countries in the world. So, we take very seriously the President's challenge to us to work collaboratively with our partners to try to meet the imperative, at least a stretch goal, from our leaders at the G20 summit to bring the Doha agreement to a close.

Now, if all of our of our partners are willing to sit down and engage with us, and particularly open their minds to negotiating across not only agricultural, but in NAMA and in services, and on rules, and are willing to make the hard choices necessary to produce a balanced outcome, I think we can meet that goal. And I'm proud of the work that we have engaged in, as shorthanded as we've been, to change the negotiating paradigm in Geneva. But we especially need, frankly, these advanced developing economies such as Brazil, China, India, South Africa, to come to the table in the same spirit.

MR. BJERGA: Last week, Australia's ambassador said his country's negotiating position was that all products in all sectors are on the table. Is that the U.S. position?

AMBASSADOR KIRK: We believe so. Let me say this; Australia, Canada, the European Union have been very helpful, very open. But Australia, in particular, and their trade minister, Simon Crane, have been very helpful in helping us to convince our colleagues, our partners, within the WTO that we have nothing to fear by putting everything on the table. The Doha Round was never intended to be only about agricultural. But for whatever reason, we seem to have stalled there and have been afraid to engage in services, in manufacturing, in these other areas. We believe in engaging not only horizontally across all sectors, but supplementing that with the sustained bilateral talks between the developed and advanced developed economies is the only way to get us across the finish line.

MR. BJERGA: Is there a danger that the U.S. could be blamed for a failure of the Doha Round?

AMBASSADOR KIRK: That's a certain possibility. But rather than operating from that paradigm of blame avoidance, the President has told us, "This is important." And forgive me for not mentioning this. The other thing, if we get this right, this is a huge shot in the arm to the world's economy. As important as doing bilateral agreements are, which we won't give up on, to get an agreement among 153 economies and have a major trade liberalizing impetus could help every economy in the world. But we have to get it done right. So, we think it's worth staying at the table, and we'd rather focus on moving us to a position that we're in a stronger, more productive environment rather than worrying about who to blame if it doesn't pass.

MR. BJERGA: Former Mexican President Ernesto Zedillo has said that the relevant question about Doha isn't how the WTO can save the Doha Round, but whether the WTO can be saved from it. Given the changes in trade and economies we've seen since the Round was launched, is there an appeal to just scrapping it and starting fresh?

AMBASSADOR KIRK: We believe, frankly, that a lot of good work has been done. And I know there's been a lot of attention on the fact that this has taken seven or eight years. But for many of you in the room that have followed trade, it took eight years to get the Uruguay Round done. And as we recently saw in Copenhagen with the climate talks, it's hard to bring 153 of the most diverse economies in the world to a consensus. When you've got the poorest economies in the world to some of the most advanced. So I don't believe we should give up. A lot of good work has been done, but we shouldn't be afraid of honestly confronting some of the gaps that exist. There are loopholes in terms of the use of special safeguards and safe mechanisms that make it impossible for some economies to determine what the market opportunities are. And so anyway, rather than focusing on a failure phenomenon, we believe it's just more important to honestly confront the gaps and see what we can't do to work collectively to close those.

MR. BJERGA: Moving away from Doha, the U.S. is currently facing the prospect of WTO approved tariffs worth hundreds of millions of dollars from Brazil over cotton. The EU is now applying to the WTO to impose tariffs over U.S. anti-dumping methodology. How does it affect U.S. efforts to convince countries to abide by their WTO commitments when the U.S. fails to comply with WTO rulings that have gone against it?

AMBASSADOR KIRK: Well, first of all, and in my remarks you heard me say over and over again, our support for our trade policy begins with the staunch belief that this only works if we have a rules based system. And that has to apply to the United States, as well as it does to our partners. And I would submit, and put the United States compliance record, up in the WTO against any of our trading partners. And where we have been found, and where we have exhausted our appeal remedies, we have acted to come into compliance. But we're also going to expect all of our trading partners to do so as well.

Dispute resolution is, in fact, a healthy part of any trade relationship. Every American, any business person enters contracts every day. And in most contracts, you anticipate and include how you're going to resolve disputes. They inevitably arise, but we shouldn't lose sight of the fact that if we can get this right, in the case of the European Union, this is our largest trading market. I mean, we're talking about almost \$3 billion a day that goes on between the United States and the European Union? In the case of Mexico and Canada, each of these are a billion dollar a day relationships. And what I'm trying to do in our office is to move away from focusing on those handful of disputes to a broader discussion of what we can do to work on some of these non-tariff barriers and others to facilitate and help grow trade.

MR. BJERGA: Given that, what specific trade issues do you plan to address during your upcoming trip to the EU and Egypt?

AMBASSADOR KIRK: In the case of Egypt, we are just beginning this relationship and we're looking for ways, whether it's through either Ateefa (?) or a bid that we can strengthen opportunities with this region of the world with an important strategic and domestic partner, we are frankly very proud through our work with Egypt that we are now going to be able to remove them from our 301 priority watch list, as they have made great progress in strengthening their intellectual property rights regime. When I'm in the European Union, one, I've got to do some practical work of meeting my new colleague. My previous colleague, Baroness Catherine Ashton, who served as their trade minister, is now, as I affectionately refer to her, the high priestess for foreign affairs. But she is the equivalent of their Secretary of State.

I've had a chance to speak with Carl DeGoot (?) by phone, but we'll be meeting with him to begin to lay the groundwork of how we want to work to address some of our issues. But one irritant we have still is the fact that our poultry producers have been locked out of the European Union for 14 years now. Even though we've been to the WTO, we've won the lawsuits, we've taken it to their scientific community. So we want to talk about what we can do to get them to be more compliant with that as well.

MR. BJERGA: And what solutions is the U.S. considering to the Brazil cotton dispute?

AMBASSADOR KIRK: Well, we had a team that met with the Brazilians not last week, but the week before last, when they were in Argentina. Mike Flowman and Secretary Locke are in Brazil as we speak. Ambassador Sapiro and her team, I might say, have been engaged with our Brazilian counterparts. If not daily, certainly weekly, seeing if we can't find a way to avoid this retaliation. But ultimately, if we can't do that, we'll have to work with Congress to see if we can't come up with a means to comply.

MR. BJERGA: Mexico last year imposed \$2.4 billion in tariffs on 90 U.S. products after the U.S. shut down a cross border trucking program. What steps are being taken to resolve this dispute? Will we see a new cross border trucking initiative?

AMBASSADOR KIRK: Well, we would like to. We were most pleased that the language that was included in the 2010 appropriations rider that wiped out the funding for the cross border trucking initiative was not included in this year's budget. So one, we don't have that prohibitory language in place. President Obama has tasked Secretary LaHood and Secretary Locke and myself to work with Congress, as well as with our partners in Mexico, to see if we can't come up with a program that meets some of the concerns raised by members of Congress, but also allows Mexico to step away from their tariffs.

Ambassador Sapiro and I were in Mexico three weeks ago. We met with President Calderon directly about this. This is a matter of great interest to them. We have heard

from U.S. agricultural exporters, for the most part, particularly in the west coast that have been impacted by this. So we understand the sense of urgency. And we will work as quickly and thoughtfully as we can to see if we can't come up with an acceptable resolution.

MR. BJERGA: On the general topic of WTO dispute settlements, should they be made so that they can be retroactive so that countries can be punished for violations that occur before they're found guilty?

AMBASSADOR KIRK: I'm a little bit uncomfortable with giving you an answer. I don't know that I'm ever going to be comfortable with punishing anyone before they're found guilty. But part of the efforts that we are making in the Doha Round as well is we have the opportunity to revisit our rules and our compliance systems and very little attention has been paid to that. It's probably best that we address that in that form.

MR. BJERGA: In line with the National Export Initiative, how is USTR and the administration handling the opening of markets in Asia for U.S. beef exports? Is the administration willing to be flexible in what product standards are set to open these markets? And where do Japan and China rank in priority for getting markets open?

AMBASSADOR KIRK: We were cautiously optimistic, very proud in December when we announced after 15 years or so that we had negotiated an agreement with Taiwan to essentially get them to allow beef back into their country under the same terms and conditions that we have with Korea. Unfortunately, in this case, Taiwan's legislative body acted to undo that act. So one of our first priorities is to work with Taiwan and working with the new administration in Japan to see if we can't get them to become OIE compliant to allow our beef into this market. And for those of you that maybe aren't into agriculture will understand. These are big dollars, these are not insignificant funds. These are billions of dollars that affect cattlemen and ranchers and those in the processing industry around the country. But we continue to engage all of those partners to see if we can't bring them into compliance.

And again, Ambassador Marantis just came back from about a 17 day trip throughout southeast Asia and met with every one of our counterparts on this particular subject.

MR. BJERGA: What steps is USTR taking to China's National Indigenous Innovation Initiative program, which is seen as some by a threat to U.S. intellectual property?

AMBASSADOR KIRK: We are very concerned about the so-called Indigenous Innovation program. We were disappointed that China put this initiative in place, particularly after what Secretary Gary Locke and I, joined by Secretary Vilsack believe, was a fairly productive JCCT meeting last fall. Suffice it to say, we have been engaging businesses here to better understand what their concerns are. We met with one of the Chinese vice ministers who was here in preparation for our next strategic and economic

dialogue this spring, and then the JCCT next fall. And this was one of the prime topics of concern.

But we believe broadly, and let me say this, not just with China, throughout Asia, whether it's Europe, China, Canada, Mexico, our objective is to just get government's thumb off the scale. I mean, we are guided by one principle and one fundamental belief, that America's manufacturers, ranchers, entrepreneurs, workers, can compete and win with anybody if you allow us to do so fairly. But whether it's indigenous innovation, intellectual property, SPS barriers, government has to abide by certain internationally recognized standards. And our objective in every case is to try to move government distorting behavior from every venue that we can. And that's our approach on all of these.

MR. BJERGA: The U.S. government provides incentives for solar, wind and other renewable energy projects through production tax credits and DOE loan guarantees, which are open to and have been obtained by foreign owned companies seeking to build renewable energy projects in the U.S. What are we doing to insure that U.S. companies get that same access to foreign markets?

AMBASSADOR KIRK: Well, one of the initiatives that I mentioned, both in the context of work that we're doing within, frankly, APEC, one of the critical elements, more exciting elements of our proposed transpacific partnership, is our work to reduce-- I mean, to work with what we call a coalition of the likeminded to try to move quicker to eliminate all barriers on investment in environmental goods and services. President Obama has noted time and time again, it's not just enough to rebuild our economy, but we ought to be looking more toward the future, where we can compete and gain a foothold, that we get a competitive advantage on the world. Because all of the world seeks to be more concerned about climate change, all of the world is in the race to go green, we think it only makes sense in those proven technologies to work more rapidly to try to reduce barriers on those. But initially, we're doing it within the APEC region and it's incorporated into what we're doing in our talks on the TPP.

MR. BJERGA: You've discussed green standards. What prospects do you see for some future advancement between the EU and U.S. in developing joint transatlantic green standards?

AMBASSADOR KIRK: Well, our dialogue with the European Union takes place principally through the Transatlantic Council. And one of the issues that we have been talking about is how do we more sharply focus on a number of issues that could make a difference right away. But the European Union is a central player in our broader effort to have a faster harvest on the environmental goods and services trade initiative. So this is one area that we are working hand in hand with our partners of the European Union.

MR. BJERGA: Mentioning the transatlantic partnerships, there's a question about the transpacific partnerships. Has the U.S. talked to Japan, South Korea, Mexico and Canada about joining the transpacific partnership talks? Would you expect any new, big economies to join the talks this year?

AMBASSADOR KIRK: Well, first and foremost, part of our excitement about the transpacific partnership is it does represent one of the fastest growing, most dynamic economic regions in the world. But we recognized that to move as quickly as we would like to do, and ambitiously, we probably are better served starting off with the smaller number of likeminded countries. But ultimately, our hope is that we get in on the ground level and help to craft what can become ultimately desired objective, which is a free trade agreement of the APEC economies, which at some point would obviously include Japan, Malaysia, all of the other APEC members. But initially, I think we were wise in getting the United States to the table early so that we can help to frame what will be, I think, one of the most dynamic and forward looking free trade agreements in the 21<sup>st</sup> century.

MR. BJERGA: One country that would love to become more involved in trade talks is Russia. Your trade policy agenda released on March 1<sup>st</sup> says you are waiting for clearer signals on Russia's trade plans in 2010. How much clarity will it take for Russia to enter the WTO?

AMBASSADOR KIRK: That's probably a question more appropriate, either when you have the prime minister or the president of Russia here. There is a healthy debate, I think, within Russia on whether they would rather proceed as this proposed bloc with Belarus and Kazakhstan. We had made, and were making, very good progress in helping Russia get over the final hurdle of its WTO accession. And we continue to dialogue with them. But to some degree, this is a decision that the Russians will have to make. But we believe in the United States it is very much in our interests, and in the interests of American businesses and entrepreneurs, to have Russia a part of a global rules based trading community.

MR. BJERGA: The U.S. and Canada recently reached an agreement on Buy American requirements in government procurement. But there are still barriers in accessing federal highway projects and at the state and local levels. With such policies, the U.S. may be sending a message on protectionism to the rest of the world that the U.S. may not find advantageous. Can we expect to see Buy America requirements as a standard for doing business in the U.S. in respect to government procurement?

AMBASSADOR KIRK: Well, let me speak to the resolution of the Buy American issue with Canada that our office negotiated and we were very proud of. Because, one, for the first time, we got Canada to agree to essentially comply with and join the Government Procurement Act through the WTO. I want to give kudos again to Ambassador Sapiro, who very quickly after joining our team, jumped into those negotiations.

One of the misconceptions about our Buy American provision that was included in the Recovery Act by Congress was that it was not WTO compliant, when in fact the President insisted, and we had language within the bill that made it clear that the Buy America provision would be instituted in full concert with all of our WTO requirements and agreements, as well as any of our other free trade agreements. And within that, for

any country that is a signatory to the Government Procurement Act, they would have access to most of those funds spent at the federal level. Until we negotiated this reciprocal market access for U.S. businesses, Canada and its provinces have never been a part of that Government Procurement Act. But what we negotiated, frankly, was a very good win/win solution because for the first time now, our businesses have access to spending and procurement at Canada's provincial level while giving them reciprocal access under the Recovery Act. So this was actually a very smart and good result for U.S. exports.

MR. BJERGA: Questioner is asking, what's the update on whether the USTR will take China's internet censorship to the WTO as an unfair barrier to trade?

AMBASSADOR KIRK: I'm going to assume this relates to the Google case? We are still dialoguing not just with Google, but other internet providers to make sure that we fully understand what is happening in China. I know there are still very intense negotiations, frankly, between Google and the Chinese government. And then we are studying making our own-- trying to make our own determination whether we believe, in fact, this is not WTO compliant, and if the best resolution is to go forward and file an appeal. Our preference, and again my very strong preference, based on my career as a mayor and a lawyer, is that if we can get these resolved through the direct negotiation over the context of our dialogue with China in the strategic and economic dialogue, or the JCCT, that is so much more preferable than the uncertain path of what can be a two, three, four year legal battle through the WTO.

I think we have demonstrated pretty clearly that we are not afraid to take matters to WTO. We took China on on the tires case, we have a pending raw materials case. But when I talk to American businesses, what they tell me in this very difficult and economic environment, time is just simply a luxury they don't have. And if it's going to take five years to get something resolved, a lot of our business can't survive that process. So, we'll look at this seriously, but our first preference is to see if we can't get this resolved through direct negotiation rather than having to run to the WTO in every case.

MR. BJERGA: In your background as a background as a businessman, do you run USTR like a business?

AMBASSADOR KIRK: I wish. I would say this. Having been a mayor with 15,000 employees, I'll never forget when I got elected mayor, my city manager said, "Do you understand you can only be mayor if you accept the fact that the good thing is that you haven't been a former city--" I was a city attorney for six years. He said, "You've got 15,000 people so excited that you're leading the city, and about 25 percent of them are into the whole Ron Kirk magic. They are on board, they are ready to go. You got about 60 percent that, you know, don't know, but they'll follow." And he says, "And we got 10 percent, probably," but he said, "you got 2 or 3 percent that are doing something so wrong, so bad every day, willfully, that they just don't get it. That's the nature of 15,000 employees."

The flip side at USTR, I'm serious, this is the best run agency in the government. We have, for the most part, about 225 trade specialists who we have, frankly, stolen from Commerce and Agricultural and Export/Import Bank, and they get to do what they love, and that's focus on direct negotiations and market opening. So, the agency really does run itself, and it is a great place to work. And we have an exceptionally talented team of dedicated, professional people.

MR. BJERGA: We're almost out of time. But before asking the last question, we have a couple of important matters to take care of. First of all, to remind the audience of our future speakers. On March 15<sup>th</sup>, we have Dick Arme, the Chairman of freedomworks. On April 5<sup>th</sup>, Douglas Shulman, the Commissioner of the Internal Revenue Svc will be talking about the tax code as your clocks tick down. And on April 12<sup>th</sup>, actor Dennis Quaid will discuss the prevention of potentially deadly medical errors at a press club luncheon.

Second, and this is the moment we've all been waiting for, I'd like to present our guest with the traditional, obligatory and coveted, National Press Club mug. (Applause)

AMBASSADOR KIRK: I don't have one of these.

MR. BJERGA: And so now for our final question, which was actually mentioned in your introductory remarks, Ambassador Kirk. How are you going to make it up to your wife, given that her birthday wasn't the dominant thing on your mind earlier today? Will you need to work some of that Ron Kirk magic? (Laughter)

AMBASSADOR KIRK: Well, my wife is blessed to know that she's the first thing on my mind every day, so no. Actually, we had a great weekend together in New York, and hopefully she'll be back up this weekend. And then I know all of you that know Matrice will call and help share the love with me and rescue me from this faux pas. So thank you.

MR. BJERGA: Thank you for coming today, Ambassador Kirk. (Applause)

AMBASSADOR KIRK: Thank you.

MR. BJERGA: I'd also like to thank the National Press Club staff including its broadcast and library for organizing today's event. For more information about joining the National Press Club and on how to acquire a copy of today's program, please visit our website at [www.press.org](http://www.press.org). This meeting is adjourned.

END

