

**Testimony of Ambassador Ron Kirk
United States Trade Representative**

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House Ways and Means Committee Hearing
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Chairman Camp, Ranking Member Levin, members of the Committee, thank you for the opportunity to testify before you today.

In his State of the Union address, President Obama told Americans that the future is ours to win –if we rise to the challenge. If Americans are to compete for and win the jobs and industries of the future, we need to out innovate, out educate and out build the rest of the world. At the direction of President Obama, USTR is helping to ensure that America excels in the global economy. An aggressive trade agenda is strengthening our economic recovery. It is increasing U.S. exports and leveling the playing field for U.S. manufacturers. And that is supporting better jobs for American workers, firms, farmers, ranchers and service providers.

The President has said it, but it bears repeating: 95 percent of the world’s consumers live beyond America’s borders. This is why opening global trade markets and enforcing America’s trade rights are key components of our economic recovery effort. If we ensure that American firms can sell their goods and services to more of those global consumers, they will realize their full potential to generate economic growth and jobs here at home. If we insist that our trading partners live up to their obligations, the market access we have won in those agreements will support American exports and American jobs as it should. And if we keep working on a trade policy that is more responsible and responsive to Americans’ concerns, we will keep faith with America’s workers even as we expand our reach around the world.

Over the last two years, I’ve worked to listen carefully and then to act with deliberation. I have heard from the California exporter who wants more access to the Asia-Pacific. I’ve heard from companies in Colorado creating new and innovative products with global appeal. I’ve heard from business owners in Florida who can grow with greater access to Latin America. No matter the good, service, or agricultural product, this is the common theme: American firms want to grow their business and hire more people with better access to foreign markets.

I’ve also heard from those who are skeptical about the benefits of trade – from workers concerned about past failures to enforce our current agreements, about imbalances with the world’s emerging economic powers, about competition from abroad and what that means for our communities.

We have listened – and we have done something about it. This Administration’s trade policy has been carefully crafted to benefit the factory worker and the farmer, the businessperson and

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American families. We have moved ahead with an agenda designed to restore Americans' confidence that trade can be forward-looking, fair and beneficial to American families and American firms.

We have a lot to show for the past year. And this coming year also promises to be a productive year for our trade agenda. Let me begin with some of our recent accomplishments.

After extensive work with you Chairman Camp, Ranking Member Levin, and many of you on this Committee, in December, USTR concluded a U.S.-Korea agreement that is better for America's auto industry and workers. Thanks to your leadership and cooperation, KORUS is winning widespread support with business, labor, agriculture, and services groups across the country. The promise of this agreement – more than \$10 billion in increased exports of goods alone, and more than 70,000 American jobs – is closer than ever and is coming at a time we need it most. The rest of the world is not standing on the sidelines. As they negotiate and implement FTAs of their own with Korea, we stand to lose market share, which is why this agreement should be approved without delay.

We will not stop there. I know that many of you are eager to consider pending trade agreements with Colombia and Panama. With the same engagement and cooperation, we will work to address outstanding concerns relating to the Panama and Colombia trade agreements. If we are successful, we will move those forward as well.

We will not be left behind as others open markets and take our market share. To compete, we must access the world's fastest growing markets on a level playing field.

But the President has made one thing abundantly clear: we will not sign agreements for agreements' sake. They must be enforceable and of the highest standard, in the interests of our workers, farmers, and businesses. They must not simply replicate the templates of the past, but build frameworks for the future.

This is our guiding philosophy for another critical objective: the successful conclusion of the Trans-Pacific Partnership trade agreement, or TPP. With your help and support, in just over a year the United States has joined the TPP, welcomed Malaysia and Vietnam as new TPP members, and put this nine-country trade agreement on an ambitious negotiating schedule. We are proposing new and challenging 21st century issues to our negotiating partners even as other Asia-Pacific countries are clamoring to join TPP talks. In just over a year, TPP has become the single most important regional trade negotiation and the platform for economic integration in the world's most dynamic region.

In addition to TPP, we want to do even more in the Asia Pacific as we seize the once in nearly two-decade opportunity to host the Asia-Pacific Economic Cooperation (APEC) Forum this year. Part of our focus in our APEC host year will be practical and concrete steps to make it cheaper, faster, and easier for U.S. small businesses to sell American goods and services throughout a region comprising more than half of global GDP and over 40 percent of the world's trade.

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In the World Trade Organization, we are working toward ambitious and balanced outcomes in the Doha Development Round of trade negotiations. To move an agreement forward, we need market access commitments from all countries – including the advanced emerging nations – commensurate with their role in the global economy. We will continue our efforts to bring Russia into the WTO – including work with Congress this year to grant Russia Permanent Normal Trade Relations, so that American firms can fully benefit when Russia has the responsibilities as well as the rights of a true trade partner.

We are also continuing to deepen our trade relationships with our North American and European partners, including enhanced regulatory cooperation through the NAFTA and forums such as the Transatlantic Economic Council. These efforts will better protect and inform our citizens while enhancing the competitiveness of our economies.

We also play a critical role in the Administration’s effort to strengthen intellectual property protection and enforcement of intellectual property rights both here and overseas, through our coordination of IP trade policy and our active participation in the Administration’s broader Intellectual Property Enforcement Advisory Committee. We finalized the text of the Anti-Counterfeiting Trade Agreement—a landmark new tool that strengthens international cooperation and enforcement practices to fight counterfeiting and piracy.

Engagement with China—including through the Joint Commission on Commerce and Trade—has been very productive, showing real results in addressing “indigenous innovation” policies, improving intellectual property right protections -- including securing greater use of legal software-- securing technology neutrality in the telecommunication and smart grid sectors, and providing new opportunities for U.S. firms in the wind power market. Importantly, China agreed to delink its innovation policy from the provision of government procurement preferences and to cover sub-central entities in its next offer to join the Government Procurement Agreement.

It is important to note that we have much to show for our trade enforcement agenda, and every intention to expand this important facet of a comprehensive trade policy. This Administration promised to enforce our trading rights and hold our trade partners accountable. That is a promise kept. Enforcing our agriculture rights has meant American ranchers are selling more beef to Europe than they have in decades. We have successfully reopened Russia, Indonesia and China markets to U.S. pork following the outbreak of H1N1. And we initiated the first ever labor enforcement consultation under a U.S. trade agreement.

At the same time, we’ve continued to defend our rights in the World Trade Organization (WTO). In December, the WTO upheld our right to take action to stop a harmful surge of Chinese tire imports into the United States – a decision made by President Obama in September 2009 that has helped to restore U.S. tire industry jobs. That decision came just two months after we won another decision in the WTO, affirming our right to apply anti-dumping and anti-subsidy remedies to China and other nonmarket economy countries.

We also won a WTO case against EU Subsidies to Airbus. In the largest case ever heard by a WTO panel, the United States proved that more than \$18 billion in subsidies conferred on Airbus

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by the EU and member countries were illegal. And we are pursuing cases against discriminatory barriers in China's electronic payments market to ensure our financial services companies can compete fully in this important sector, China's misuse of trade remedies in the steel sector and China's use of illegal subsidies to promote green technologies. This Administration's commitment to ensuring – through dialogue whenever possible and litigation when necessary --- that our trading partners adhere to WTO rules is unwavering

These USTR accomplishments are all contributions to the Administration's government-wide National Export Initiative. Based on the most recent trade data, we are on pace to reach our goal of doubling exports by the end 2014 – U.S. exports of goods and services through the first 11 months of 2010 were up 17 percent compared to the same period in 2009.

But we cannot rest. We must use the momentum from these many accomplishments to tackle the work before us. That includes ongoing work to ensure that Korea fully opens its market to U.S. beef and beef products and that more generally our trading partners adhere to international scientific standards in agricultural trade.

That includes work to renew our trade preference programs – the Generalized System of Preferences and the Andean Trade Preferences Act. These programs help foster economic growth for the world's poor and create well-paying American jobs here at home—they should be renewed.

Finally, we must work together to support a comprehensive trade agenda that keeps the faith with America's workers and provides a long-term extension of Trade Adjustment Assistance programs, which have helped so many Americans get back on their feet. These extensions should be paid for in a way that maintains investments critical for our nation's competitiveness.

I look forward to our dialogue today and to future discussions. By working together, we can use common sense and find common ground on trade in order to create jobs and new opportunities for American workers, businesses, farmers, and ranchers. Thank you.