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“THE U.S. TRADE AGENDA”

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**** AS PREPARED FOR DELIVERY ****

Thank you all for coming out this afternoon. It is always good to be back among so many friends and colleagues at the Peterson Institute.

Today marks an important anniversary in U.S. trade policy. It was just about a year ago that the Administration and Congress joined together to announce a return to bipartisanship in U.S. trade policy. Sadly, since that time we have made only limited progress reaping the benefits of that historic day.

Yes, you should anticipate a bit of preaching to the choir – since as experts and scholars, you appreciate the importance of the U.S. commitment to free and fair trade for American workers, farmers and entrepreneurs.

You understand the need for a level playing field for American goods and services in the international marketplace – a marketplace where 95 percent of our potential customers lie beyond our borders, a marketplace in which we must compete to succeed.

The last time I was here, my comments focused on achieving a strong finish to the Doha Round, where we continue to press for an ambitious and balanced outcome.

The President’s commitment to the Round is unequivocal; the process in Geneva rolls on; and my schedule continues to take me wherever there are trade ministers interested in finding that elusive breakthrough.

As was the case when we met in February, the big question for the Round is whether the emerging markets like China, India and Brazil are willing to make contributions to global market opening commensurate with their growth rates and levels of development.

Doha is a Round to determine the terms of trade in the decades to come; a Round for 2015, 2020 and beyond.

So today I want to focus closer to home: On the side of our agenda devoted to countries that share our impatience with those who hold back from making the market-opening contributions needed to move the multilateral agenda – countries that have joined with us to achieve strong bilateral and regional free trade agreements.

Past: How we got here

As most of you know, early in my career I had the privilege of working for Senator John C. Danforth of Missouri when he chaired, and then served as Ranking Member, of the Senate's Subcommittee on International Trade. It was the 1980s and trade policy was truly bipartisan. "Yes" votes on trade agreements were the default and you were held to account for voting "no."

In fact, the situation then, and the pro-trade agenda being pursued by the Bush Administration today, really date back to the post-Smoot-Hawley era when Democrats like FDR and Cordell Hull led us into a new age of trade liberalization.

Truth be told, it took Republicans until the Eisenhower Administration to embrace the benefits of free trade. And for the decades that followed, free trade remained a bipartisan goal that brought with it immense domestic and global economic growth, prosperity and peace.

Our nation's commitment to free and fair trade began to unravel in the 1990s with cynical electoral demagoguery. It became most pronounced in votes on key trade pacts like the North America Free Trade Agreement and DR-CAFTA.

Like most of you here today – Democrats, Republicans and agnostics alike – the importance of maintaining bipartisan support for free trade is ingrained in our psyche.

In my case, this core commitment to bipartisanship was the main reason I returned to government in 2005. It was the focal point of my confirmation as USTR, and the foundation of my initial approaches to the leadership of both parties on the House Ways & Means and Senate Finance Committees – well before the November 2006 elections.

This was not because I am particularly political, but because I recognized that a partisan rift engulfing U.S. trade policy impairs both the Legislative and Executive branches, thereby undermining U.S. economic and strategic interests.

The bipartisan traditions that characterized our nation's trade policy served us well for over half a century and are perhaps most evident in our approach to negotiating and implementing trade agreements.

Trade Promotion Authority (TPA), or fast track, was developed as a statutory bargain between Congress and the Executive Branch in 1974. And it has benefited every U.S. President and our economy ever since.

TPA allows Congress to provide guidance in advance of a negotiation, to be engaged throughout the negotiation, and to have the final say when the agreement comes to a vote.

It was designed to guarantee to the President and our trading partners that once the trade agreement is reached, it will receive a timely vote – without amendment – on the merits. Or at least it did until a few weeks ago.

However, we know that trade policy is a process of give and take. So, when the Democrats achieved majority in 2006, a recalibration in our approach to bilateral trade agreements made

sense. We needed to do all we could to help the majority of Democrats return to the bipartisan free and fair trade center.

A Year is a Long Time

It was May 10, 2007, when the Administration reached an historic agreement with Congress on a new bipartisan way forward for America's free trade agreements.

After many months of negotiations with the Ways and Means Committee and the Congressional leadership, the Administration agreed to include enforceable labor and environmental standards in our pending FTAs with Peru, Colombia, Panama and South Korea.

Then, with the understanding and forbearance of our four trading partners, we were able to include these new provisions within the four corners of each pending FTA. So we delivered on our commitments in good faith – fully anticipating, as did our trading partners – that the Congress would do the same.

The new bipartisan trade deal was intended to break a decade-long stalemate on labor and environment, with the expectation that these new provisions would garner strong bipartisan support.

We had hoped to move swiftly, but it took the Congressional Democrats 8 more months to approve the Peru FTA. Finally, though, when the Peru FTA came up for a vote, it was overwhelmingly bipartisan.

And the sky did not fall, and the earth did not shake and to my knowledge, no locusts appeared. Yet, Peru is the only one of the four FTAs that has even received a hearing, let alone the vote Congress promised to deliver under TPA.

And now a year has passed since the May 10 agreement, and Congress has found excuse after excuse for delay.

When the day of reckoning for the next agreement – the Colombia FTA – arrived more than 16 months after it was signed, and close to 11 months after the bipartisan agreement, the Democratic leadership of the House changed the rules of the game.

They changed the rules not only for themselves but also for the Senate, for the Administration, for the United States, and for our Colombian allies, unilaterally upending 34 years of U.S. trade law, policy and practice.

Over and over again during the past year, we have demonstrated our willingness to be flexible; to be patient; but we need a Congressional partner who is willing to be reasonable in return.

Yet, in spite of more than 400 meetings and conversations with members of Congress since September, including dozens with Congressional leadership; and in spite of the nearly 160 consultations in connection with the two year negotiation of the agreement itself, we seem no further along on a path forward than we were a year ago.

The promise of May 10th remains unfulfilled.

With respect to the Colombia FTA, House Democratic leaders declared on June 29, 2007, that before a vote, they wanted to see “concrete evidence of sustained results” of reduced violence and impunity in Colombia.

This is a goal that Colombia’s leadership has more than met – for the benefit of its own people. In fact, President Uribe’s accomplishments in this arena and Colombia’s 6 percent GDP growth rate no doubt help account for his 80-plus percent approval rating.

All recent studies show that levels of violence have been reduced dramatically, while prosecutions and convictions are up.

Evidence of these initiatives and successes were shared with the Congressional leadership by the Government of Colombia; in a report by the Clinton Administration’s drug czar, General Barry McCaffrey; and in a study by CSIS, among others.

But that wasn’t enough.

Because then, we were told that Congressional leadership wanted us to help deliver a strong bipartisan vote on Peru. Done.

Then, we were encouraged to take members of Congress to Colombia to see the progress for themselves. To date, Cabinet officers have escorted 55 Members of Congress to Colombia.

To recap: Clear progress on violence and impunity, a strong vote on Peru, congressional delegations to Colombia; we have met every benchmark. But still no mock-mark, and not even a hearing – at the other end of Pennsylvania Avenue.

In fact, at the leadership’s request, the President repeatedly held off submission of all three remaining FTAs in order to reach agreement on timing. We called for hearings and mock-marks on the FTA, but in an unprecedented move, the Congress did nothing.

And most recently, we were told that Congress wanted action on Trade Adjustment Assistance, before they would move forward.

To be clear, the President has called repeatedly for reauthorizing and improving TAA. Yet, the House has yet to seriously engage with us despite our repeated requests.

So, again, we wait.

Keep in mind that every day that a vote on the Colombia FTA is delayed means our other pending agreements with Panama and Korea are also delayed.

Between the three, we are losing out on the much-needed, near-term opportunity to generate exports and export-related growth to almost 100 million potential customers. We are effectively imposing an unnecessary tax burden on existing U.S. exports.

These FTAs involve countries that have agreed to open their markets to U.S. exports when, in the case of Colombia and Panama, they already benefit from almost unlimited duty-free access to the U.S. market.

And in the case of the KORUS FTA, we have an opportunity to level the playing field with a nation with traditionally high barriers. The Korea agreement looks to boost annual U.S. exports and GDP by more than \$10 billion in tariff cuts alone.

These agreements have important potential to help the thousands of small and mid-sized U.S. firms that already export to Colombia, Panama and Korea and that compete with China and others in these markets.

Our workers, farmers and entrepreneurs stand to gain from better access as well as better protection of intellectual property rights. And of course, we now have in place special labor and environmental protections.

Present: Where we are today

The fact of the matter is, delaying the vote on the Colombia FTA does not create one American job, it does not put one more dollar in anyone's pocket, does not save one life, nor does it help one union organize or protect one endangered species.

I talk to dozens of our other trading partners around the world, and they cannot fathom why Congress appears to be abandoning key allies.

We know that globalization is not going away. It is a fact on the ground. Our real challenge is to ensure that American workers and enterprise are positioned to compete in the international marketplace.

And we are not alone in our belief in the caliber of these deals.

How often do you see editorial writers at the San Francisco Chronicle agree with those at the Wall Street Journal, or The Daily Oklahoman or Ohio's Columbus Dispatch? Well, they all agree on the Colombia FTA.

U.S. trade policy should not, and does not, have to be a partisan battleground. Plenty of leaders with track records and strong Democratic credentials have spoken out forcefully in support of the Colombia FTA:

Mayors such as Chicago's Mayor Daley, New Orleans' Ray Nagin and Harrisburg PA's Stephen Reed.

Governors, such as New Mexico's Bill Richardson and Virginia's Timothy Kaine.

Former Cabinet and White House officials like Mack McLarty, Bill Daley and Lee Hamilton. And the list goes on.

The bottom line is that through the bipartisan agreement on May 10 of last year, the clear winner was the American people.

The Republican Administration and the Democratic-led Congress ultimately share the credit for four terrific free trade agreements. Now, we share in the responsibility to see them enacted into law. Today, more than ever, we need the Congressional leadership to do the right thing and bring the next three to a vote this year.

Where do we go from here?

So today – one year after what was supposed to be a new era in trade policy began – we find the trade agenda, a critical component of our national economic and foreign policy, at another stalemate.

We look to the Speaker to move us forward, because she is the only who can.

We find the Colombia agreement held up – not on the merits of the agreement – but by partisan politics. As Chairman Rangel has said with respect to the Colombia agreement, “It isn’t the facts on the ground, it’s the politics in the air.”

Yet we know that many House Democrats support the Colombia FTA. And we believe if Members of the House were allowed to vote their consciences, a majority would vote to approve the agreement.

The Administration remains committed to getting the Colombia FTA – as well as agreements with Panama and South Korea – approved this year with bipartisan support. We believe that American workers, farmers and entrepreneurs deserve the benefits that these agreements will bring.

We also believe that the people of Colombia deserve to know that they can count on the United States, one of its closest allies in the Western Hemisphere. They have come so far in bringing peace and hope to their country. This agreement will assist them in their efforts by creating economic opportunity.

Conclusion

That is why I am here today. Saturday will be the first anniversary of our bipartisan trade agreement with Congress, yet America’s workers, farmers and entrepreneurs remain at a disadvantage.

If we don’t stand up for good trade deals, we will isolate ourselves from the international marketplace.

The hard decisions are the ones needed to ensure U.S. competitiveness into the future. Votes to make one-way trade arrangements into two-ways streets should both be easy AND worth the time and energy to explain to constituents.

We do a disservice to the American people by pretending that somehow trade is the culprit of our economic ills and anxieties because that implies that the solutions are simple and that they rest in the trade arena when they do not.

However, with leadership comes responsibility and accountability. And our leaders should be held accountable if they squander one of the most effective tools of so-called “soft power” available in the world today. In this case, soft power that can benefit all concerned – and possible dimensions of peace and security in all.

So once again, I call on the Congressional leadership to bring the Colombia FTA to a vote. Let’s move forward with our agenda.

A year is far too long to wait. Thank you.

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