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**WELCOME:  
JOHN HAMRE,  
PRESIDENT,  
CSIS**

**MODERATOR:  
STEVEN SCHRAGE,  
SCHOLL CHAIR IN INTERNATIONAL BUSINESS,  
CSIS**

**SPEAKER:  
AMBASSADOR DEMETRIOS MARANTIS,  
DEPUTY U.S. TRADE REPRESENTATIVE**

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JOHN HAMRE: Good morning. My name is John Hamre. I'm the president here at CSIS and we're delighted to welcome all of you today and I especially want to say thank you to Ambassador Marantis. This is a good opportunity. I'd like to say we were just brilliant in scheduling this event the morning after the State of the Union speech, but it was sometimes dumb luck, is probably a more correct interpretation of the facts.

But we are very glad to have this opportunity to be able to host all of you and welcome the ambassador the morning after the State of the Union speech. Let me first say, welcome, Ambassador Gaa, we're delighted to have you here. Thank you for coming. And I think that Bill Brock – I don't know if Bill is here yet, but Ambassador Brock is going to be joining us as well and – who was our U.S. trade representative for a time. And I want to say welcome to him especially because he's one of my bosses. (Laughter.) That's why I have to do that. So I want to make sure he remembers that I remember him.

You know, it was a fascinating evening last night to listen to the State of the Union speech. You know, President Obama has said rightfully, in my view, that he is the first Pacific president and of course, the whole center of gravity, you know, economic center of gravity has shifted, really, to the Pacific region and to Asia.

And so we are especially glad that Ambassador Marantis, who has this in his portfolio, is willing to share with us his thoughts. I thought the State of the Union speech opened up great new possibilities, but there's, of course, a lot of content that's yet to be filled in. And States of the Union speeches obviously are a blend of substance and politics. And you could sense the tension in every dimension last night.

That's just part of trade policy – trade politics in America and coming up in this time, it's obviously a very pivotal period. And the content is now yet to be made. And we know, I think, now, a much better sense of the direction, but the content is yet to be established. And I think we're going to get opportunities this morning to hear much more about that.

Bill Brock here, right up here in front. He's one of my bosses so I want to make sure he's welcome and just a word, we did not print out for you Ambassador Marantis' resume and so I'm not going to try to hit everything. I'll cut out the part about grade school. That seems to be less important here. He is a graduate of Princeton and a graduate of Harvard, worked for a time as a lawyer at Akin Gump before he became more involved in the policy life in Washington.

Of course, you may know him from having been chief counsel to Sen. Max Baucus until his appointment, now, as deputy USTR for Africa and Asia. And it's a – I don't know that there's a more important focal point in USTR now than the one that you have, Ambassador. And you're on the front end of a trip, I think, that's going to be going soon. It's going to start unfolding the content of this new direction that President Obama spoke of last night.

So it's an exciting time and exciting to have you. And we welcome you to the stage and why don't you get us started. Thank you so much for coming. (Applause.)

AMBASSADOR DEMETRIOS MARANTIS: Thank you, John, very much for that kind introduction and thanks to Steve and to CSIS for putting this event together. I'm really excited to be here and I thank you all for the great work you do on all areas, but including trade policy. Your contributions to sort of the thinking that we do is extremely valued. So thank you very much.

Barely nine months into my work as deputy U.S. trade representative, I'm amazed at how quickly I've forgotten the first moments of my job. But this weekend, I reunited with some old law school classmates and they reminded me what the beginning was like. We joked about the moment when my Senate Finance Committee colleagues caught me refreshing the White House Web page every 10 seconds waiting for news of my nomination.

We also joked about the moment when I was sitting in my confirmation hearing, barely able to hear the senator's questions over my mother's sobbing in the seat behind me. (Laughter.) And the question I had, though, is I wasn't sure whether they were tears of pride for me or my Republican mother's tears of sadness over her wayward son's political affiliations. (Laughter.) I'm still not certain.

I also remember the moment of terror when I first set foot into my new office, realizing the enormously huge shoes left to fill by my predecessors like Ambassadors Karan Bhatia and John Veroneau and Susan Schwab and Richard Fisher and Charlene Barshefsky and Rufus Yerxa. But the second I stepped into that office, these first moments of excitement and nervousness vanished.

They were replaced by an immediate and a clear realization that we face a watershed moment in trade policy, one unseen in decades and perhaps generations. And it is a watershed moment that we have a limited time to get right. Why is this a watershed moment? Why is this moment in trade policy so exceptional and so significant?

Because we are witnessing a unique alignment of domestic and international economic events that demand unprecedented action. The domestic economic events we all know well. The United States is recovering a historic economic recession. National unemployment remains at 10 percent and tops 12 percent in some states.

This administration is committed to reforms that will drive the U.S. economy from this recession and emerge with affordable health care, a more stable financial system and balanced and greener growth. Every reform and every policy measure is focused on retaining and creating sustainable and high-paying American jobs. As the president said last night, trade is part of this administration's jobs plan and trade must be part of America's economic recovery.

We know that Americans who work in export-sector jobs are paid up to 18 percent above average. We know that 6 million Americans owe their jobs to manufacturing exports and that agricultural and service export jobs mean paychecks for many more. And we know that as a

number of key markets around the world recover more quickly than we do, exports will create good American jobs here at home, even as our economy rebuilds and reforms.

That is why the President, last night, set the goal of doubling exports over the next 5 years. But that's only half of the domestic economic picture because know that these facts align with a public opinion that has soured on trade. We cannot deny that polls find only a quarter of Americans think a global economy benefits the United States. We cannot deny that polls show that only 13 percent of Americans think trade agreements create jobs, while over half think that these agreements lead to job losses.

We need to face the fact that over one third of Americans polled think trade agreements are bad for America and more than 40 percent think free trade agreements have hurt their personal financial situation. These domestic facts align with an international picture that also has two dimensions.

Look at the Asia-Pacific region. On the one hand, it's a picture of huge markets that are already key destination for U.S. manufactured goods, agricultural products and U.S. services. Even giving the deteriorating global economy, in 2008, U.S. goods exports to the Asia-Pacific region totaled 747 billion (dollars), up over 8 percent over the previous year.

Agricultural exports were 76 billion, a 30 percent increase over the previous year. U.S. services exports to the region grew to \$187 billion and U.S. small and medium-sized enterprises alone exported \$173 billion to the Asia-Pacific region in 2008. On the other hand, despite these export successes, America faces the daunting prospect of getting locked out of the Asia-Pacific.

Just four weeks ago, China and the 10 Southeast Asian ASEAN nations ushered in the world's third-largest free trade area. In addition to the ASEAN-China trade deal, there are now 175 preferential trade agreements in force that include Asia-Pacific countries. More are on the way with an additional 20 agreements awaiting implementation and more than 50 others under negotiation.

Already, the United States' share of trade with the Asia-Pacific region has fallen and a recent study forecasts that America could lose as much as \$25 billion in annual exports just from the discriminatory effects of an East Asian free trade area that excludes the United States. Exclusion from economic opportunities already is becoming evident and such exclusion will cost American jobs.

To me, the alignment of these domestic international and other economic developments frame our watershed moment. We must seize it and we must get it right and we must follow through in a way that benefits the U.S. economy and American farmers, ranchers, workers, manufacturers and service providers today, tomorrow and in the long term.

At the Office of the U.S. Trade Representative, we are doing exactly that. As many of you know, on December 14<sup>th</sup>, USTR formally notified Congress of the Obama administration's intent to enter into negotiations of the Trans-Pacific Partnership, or TPP. Beginning with an initial group of seven partner countries – Australia, Brunei, Chile, New Zealand, Peru, Singapore

and Vietnam – the United States hopes to shape the TPP into a high-standard, broad-based regional trade agreement.

We will consider and welcome new negotiating partners based on their readiness and their ability to bring commercial value, balance and ambition to the negotiations. It is our aim for the TPP to create a platform for economic integration across the Asia-Pacific region and it is our aim to advance U.S. economic interests with the fastest growing economies in the world, expanding U.S. exports and creating U.S. jobs.

The diversity and dynamism of our TPP partner countries, not to mention the Asia-Pacific more broadly, promised to make these negotiations among the most challenging and the most complex. But this watershed moment in trade policy demands our focus and our ambition. If we are to set an enduring anchor to the world's future drivers of economic growth, we must raise the stakes and push the envelope.

We must do this not just by facing the challenges of specific issues posed by our negotiating partners, but also by challenging ourselves to rethink the substance of our trade objectives. And we must challenge ourselves to rethink how USTR works with Congress, with stakeholders and with all of you. USTR has embraced this challenge and our work is underway.

Beginning last month, USTR began a transparent and ambitious consultation process. We've been listening to the views of congressional leadership. We've been listening to the views of Congress' Trade, Agriculture and Foreign Relations Committees. We've spent hours listening to many of USTR's 28 statutory advisory committees, including our advisors on labor, environment, agriculture and industry.

This week, we will begin reading the submissions to our Federal Register notice seeking comments on the TPP, and we are beginning an unprecedented 50-state domestic outreach strategy. We will do all of this while aiming to use new technologies and a new approach to fulfill President Obama's vision of a government that is more transparent and more accountable.

This innovative TPP domestic process has two goals. First, it acknowledges and seeks to remedy the deep skepticism on trade and to rebuild a solid, bipartisan foundation for trade policy. We may not succeed in changing all minds and in erasing all doubts, but we will listen with open minds to try to view our work and develop our goals recognizing different perspectives.

Second, our domestic consultations will drive the substance of our negotiations. Together with Congress, we intend to work hard to shape the negotiating objectives for what President Obama and Ambassador Kirk have termed the first 21<sup>st</sup>-century trade agreement. What does that mean?

For the Obama administration, a 21<sup>st</sup>-century trade agreement is one that creates and retains U.S. jobs, integrates U.S. companies into the Asia-Pacific production and supply chains, promotes new technologies and emerging economic sectors. A 21<sup>st</sup>-century trade agreement

creates more opportunities for small and medium-sized companies, prioritizes labor and environmental protection and fosters development.

These are some of our 21<sup>st</sup>-century trade priorities, but we expect that our domestic outreach process will help us shape, guide and develop these ideas and give them life. And then USTR will bring these proposals to the negotiating table. Another exciting pillar of the United States' Asia-Pacific strategy is our work in APEC, which, as you know, is the premiere forum for economic engagement in the region.

APEC already accounts for nearly half of global trade and just over 40 percent of the world's population. APEC has a diverse and important membership, including both large economies like China, Japan and Korea, as well as most of the Southeast Asian ASEAN countries. APEC is also a flexible organization that provides an environment where economies are willing to take on pressing new barriers.

In 2011, the United States will host APEC, providing us with an incredible opportunity to put forward a bolder vision for APEC and to allow us to eliminate barriers to trade and investment that has been impeding greater economic integration in the region. Last year, we worked closely with Singapore and Japan as the APEC hosts in 2009 and 2010, to set forward the outlines of an ambitious agenda that we can build on as we move to our host year in 2011.

We concluded work to facilitate services trade in the region and we hope that this services initiative can provide a model for narrowing gaps on other key trade and investment issues. We also took steps to make it cheaper, easier and faster for businesses to conduct in the region. We simplified rules of origin and documentation to make it easier to take advantage of preferential trade deals in the region.

We improved logistics and transportation networks and increased transparency and accessibility of APEC economies' customs information and regulations. And we agreed on an ambitious plan to address trade and investment in environmental goods and services as part of our work in APEC.

With 2011 approaching, discussions on our substantive priorities and deliverables for our APEC host year are already underway. But as with TPP, we will rely on your input and that of other stakeholders to help shape our views and priorities for an ambitious and a successful outcome. We will also need to rely on you to help us take advantage of another great opportunity that hosting APEC will provide in the United States. And that is, it provides a unique chance to educate stakeholders throughout the country about the benefits of exports and trade to the United States.

I have largely focused in these remarks on our key regional initiatives, but we also have other bilateral priorities in the Asia-Pacific region. For example, as we proceed with our TPP and with our APEC work, we will continue to address concerns with Korea and in consultation with Congress, work to ready the U.S.-Korea trade agreement for congressional consideration.

The U.S.-Korea agreement, or KORUS, is a high-quality agreement in many respects, with groundbreaking provisions on intellectual property rights, transparency and non-tariff measures. That said, as you all know, there are still outstanding issues, especially related to autos and beef that we need to work through in close consultation with Congress and in close consultation with stakeholders.

Once we address these concerns, we can realize KORUS' significant and strategic benefits and send a strong signal of America's commitment to the Asia-Pacific region. We are also seeking to deepen and broaden our already extensive economic engagement with Japan, which is still our fourth largest bilateral trading partner and a key market for so many U.S. exporters.

I will travel to Tokyo next week to accelerate this engagement and to raise some longstanding bilateral irritants related to insurance, autos and beef. And after Japan, I will stop in Malaysia and Indonesia to discuss regional developments and bilateral issues. And we will also continue to build our economic relationship with ASEAN countries and to support ASEAN integration.

You may have heard that President Obama will visit Indonesia later this year and trade will feature prominently on his agenda, so we will have our work with the region cut out for us. Finally, our significant and difficult work with China and our existing bilateral dialogues and enforcement actions merit their own speech and will be the focus of much of our work this year.

This is how I believe we must seize this watershed moment in trade policy through the Trans-Pacific Partnership, through APEC and beyond. But while I began with the amusing first moments of my job, this watershed in trade policy is neither mine to remember nor mine to pursue. It is our moment, our obligation and our common challenge. I ask that none of us forget that and I look forward to working with all of you. Thanks. (Applause.)

STEVEN SCHRAGE: Ambassador Marantis, thank you very much. I'm Steven Schrage, the Scholl Chair in International Business and you mentioned some of the moments from when you were named as ambassador and I can say after working with you at USTR and in the Congress – I can't say I was driven to tears like your mother, but I know many of us in the trade community were very excited about you being this role.

AMB. MARANTIS: Thank you.

MR. SCHRAGE: And after a tough year for trade over the last year with the contraction of the global economic crisis, I think many of us were very encouraged by the amount of time the president devoted to trade in the State of the Union speech. I think it's hard to remember a time that, that much has been devoted to this issue.

And he mentioned not being on the sidelines in Asia. He talked about improving our trade relationships with Korea, Panama, Columbia – obviously, we have outstanding free trade agreements. And I do agree, as you mentioned, it's a watershed moment for moving forward. And he mentioned Doha and many of these other issues. How do you see your strategy being

different, in addition to outreach, than the Bush administration, which hit some roadblocks on these, even during a Republican Congress and during the last couple of years?

And in particular, in terms of looking at a multilateral approaches, which I think the TPP is kind of groundbreaking on, is it time to look, you know, kind of beyond regions to look to any countries that could come together on things like services, currency, IPR, other issues that have really kind of bedeviled the trading system and seem to cause some of the tensions we have right now, going forward? But I'm really interested in kind of how you see all those fitting together because it's such an important time, as you mentioned.

AMB. MARANTIS: No, I appreciate that. And we've spent a lot of time at USTR over the past years looking at what we've been doing and engaging in pretty wide-ranging consultation with members of Congress, with stakeholders throughout the country to think about how we can best use trade policy to be a job-creating mechanism in the United States.

And I think, you know, for example, the Trans-Pacific Partnership is a signature initiative in that respect. The Asia-Pacific region, as all of us know, is the most competitive region in the world and we need to use trade policy to help figure out how to create the competitive opportunities in that region in a way that can help create jobs, create and support jobs here in the United States.

So I'm very, personally, extraordinarily excited, having spent a lot of my time thinking about Asia-Pacific issues and living in the region, that we are really embarked on what plans to be and what will be one of the most exciting and signature trade initiatives of this administration.

MR. SCHRAGE: All right, thank you. With that, I'd like to open it up to questions from our distinguished audience. Reggie, right there.

Q: Hello, I'm Reggie Dale of the CSIS. Isn't one of the biggest problems in this whole picture the artificially low Chinese exchange rate?

AMB. MARANTIS: Let's take – go right – going for it. (Laughter.) I mean, that's obviously a very important issue that we're working on. The Treasury Department in the administration has the lead on this issue, but obviously, the currency issue plays a role in our overall trade and economic relationship with China and is very much on the agenda.

MR. SCHRAGE: Right in the back there, in the red.

Q: Thank you, Ambassador. Nadia Chow (ph) with the Liberty Times from Taiwan. I wonder that – can you give it a roadmap for country in Asia-Pacific who's interested in becoming a member of TPP? I know you just start with a few countries, but if Taiwan and other countries are interested, you know, what would you suggest? And second question is about beef. I guess you already know that and I wonder is there for a chance for the U.S. and Taiwan to reopen a negotiation? If not, will this issue appear to the WTO? Thanks.

AMB. MARANTIS: I'll start with your second question and then move to your first. On the Taiwan beef issue, we were extremely disappointed at the actions that Taiwan's legislature took in the face of sound science and in the face of the protocol that the United States and Taiwan negotiated.

The protocol that we negotiated is OIE consistent, is based on sound science. And that is what should have been implemented in Taiwan. And you know, I, personally, was very disappointed in that result and we'll have to see where we go from here in our trade and economic relationship with Taiwan.

On the Trans-Pacific Partnership, with respect to new members, after the announcement, after President Obama's announcement, there has been interest on the part of other countries in exploring the possibility of you know, possibly joining the TPP. We are working with our TPP partners on a process to encourage other countries to join and we will be, you know, looking at – to ensure that any country that would like to join the TPP is able to meet the high standards that, that agreement will contain. And we also need to look at timing, as to when would be the most appropriate timing for other countries to join.

MR. SCHRAGE: Demetrios, on that question, would it be open to countries outside of Asia-Pacific? Do you envision, like, other FTA partners or others might eventually be able to join the TPP or link up with it?

AMB. MARANTIS: I mean, right now, I think we're viewing this as a platform for deepening economic integration in the Asia-Pacific region. So I think our focus, initially, is on the Asia-Pacific.

MR. SCHRAGE: The gentleman right there, two in, fourth row.

Q: Okay, thank you. Jim Berger from Washington Trade Daily. Despite your excellent words and the president's remarks last night on trade, the TPP – the Trans-Pacific Partnership – (chuckles) – negotiations remain a trade negotiation. How do you, as the chief negotiator, intend to get over this initial credibility gap where the United States wants to negotiate a major new agreement and still have three languishing on that? How are you going to deal with that?

AMB. MARANTIS: I don't think it's a credibility gap. I think we can, you know, walk and chew gum at the same time while we move to negotiate a new, you know, new regional trade agreement in the Asia-Pacific at the same time that we work to address the outstanding concerns that attach to each of the three pending FTAs. And you know, as the president said last night, we moving forward on a variety of fronts to ensure that our trade policy is best able to support the administration's jobs agenda.

MR. SCHRAGE: Right there in the center, the young man with the glasses.

Q: Hi, Jamie Strawbridge from Inside U.S. Trade. Ambassador Marantis, can you just elaborate a little bit on some things you said in your remarks? You said you were going to

Tokyo to deal with autos, insurance and beef. Can you give us a little more of an idea of what specific issues you're going to raise and what your message will be, especially on autos?

Because I thought the Cash-for-Clunkers seemed to be moving in the right direction, now, with Japan. And similarly, with President Obama's trip to Indonesia, you said you thought trade would play a significant role in that trip. In what respect do you think trade would come up? Thank you.

AMB. MARANTIS: Sure, thanks for those questions, Jamie. On Japan, we have a number – there are a number of issues that I plan to talk to the Japanese government about. We have a tremendously good cooperation and partnership with Japan in so many different areas, especially now, as Japan works on its 2010 APEC host year and we are working towards our 2011 APEC – our own host year in 2011.

So there's a lot of collaboration and coordination that we're doing with the Japanese government on APEC issues. But there are irritants and I mentioned a few in my remarks. On autos, we're very – saw the news of Japan allowing for U.S. companies to participate in the Cash-for-Clunkers program as a very positive development. We want to work, though, with the Japanese to make sure that as they implement this program, they do it in a smooth and inclusive way that is able to include as many U.S. cars as possible. So that's one issue I'll be raising in Japan.

On the second issue, on Japan Post, we want to make sure that whatever Japan does with respect to the privatization of Japan Post – and that's a decision for the Japanese government to make, and we will respect that decision – but whatever it does, we want to make sure that it ensures a level playing field for our providers of express delivery services, for our providers of banking services and from our providers of insurance services. And we are concerned – have deep concerns if the Japanese government decides to go in a different way on that.

With respect to beef, the issue, you know, remains the same. Japan does not abide by sound science in its – in maintaining a ban on U.S. beef from cattle aged 20 months or younger. The OIE has been very clear that boneless/bone-in beef from cattle 30 months and older, 30 months and younger is safe. And we will be working with Japan to encourage it to abide by its OIE commitments and to implement its beef policy in a way that's consistent with sound science.

MR. SCHRAGE: The gentleman right there, fourth row back.

Q: Good morning, Ambassador Marantis. My name is Doug Hartick (ph). I'm a private consultant, USTR alum. I'm just wondering how does – and you didn't mention it and I realize Asia-Pacific is a little bit – slightly off-center from my question, but how does India fit into the mix? I know you've been there. It proved very difficult for a lot of us for the past four, 5 years and deserves, I think, a lot of attention as we look over the next decade.

AMB. MARANTIS: Yeah, India is an integral part of my portfolio and I hope that by not mentioning India, it doesn't suggest that we don't place an enormous priority on our relationship, our trade and economic relationship with India. What's interesting about India is

our trade with India doubled in the past 5 years. And you know, sometimes, I like to say it's sort of in spite of what the governments – the two governments have done rather than because of what the two governments have done.

We need to do a better job with our Indian partners in helping to create an enabling environment so that we can see our trade double again in the next 5 years. We have worked very closely – Ambassador Kirk and Minister Sharma – in breathing new life into the trade policy forum and trying to make it – turn it into a vehicle that both addresses the various bilateral irritants that we have with India – and there are a number – but also to focus on things that we can do together to cooperate and create a better enabling environment for trade.

And one area that we're working very closely on with our Indian counterparts is, how do we better integrate small and medium-sized enterprises, both in the United States and India into the booming trade flows. They're both under – very underrepresented in our trade and that's one area that if we can do a better job there, we can really help to hopefully exponentially increase our trade flows with the United States and India.

MR. SCHRAGE: Let's see, why don't we go further – all the way in the back in the left-hand side.

Q: Hi, Demetrios, Doug Palmer with Reuters. I just wondered if you could elaborate a little bit more on the negotiations with Korea. I mean, where are you in your consultations with Congress and how soon does the U.S. plan to present a proposal to Korea for resolving these concerns?

AMB. MARANTIS: Thanks, Doug. On all of these issues, I want to stress that the substance of our work will drive the timing. And on the Korea Free Trade Agreement, you know, everybody in this room knows what the concerns are, with respect to autos and with respect to beef and non-tariff measures. And they're very difficult.

And we're working with our partners in Congress as well as with our counterparts in Korea to figure out how do we address these outstanding concerns in a way that builds as much support for this agreement in Congress as possible. At the end of the day, it's Congress that's going to have to pass these. And it's our job in the administration to make sure that we make their job of passing this agreement as easy as possible. So we're working assiduously, internally with Congress and with our Korean partners to try to do that.

MR. SCHRAGE: How about Troy, right there in the –

Q: Ambassador Marantis, just to follow up on that question, if those issues can be resolved this year, could you see the FTA being sent to Capitol Hill? Or would, because it's an election year and the political climate, require it to wait until 2011? Thank you.

AMB. MARANTIS: I think when President Obama was in Korea in last November, you know, he and President Lee talked about the agreement and the president, you know, reaffirmed his commitment to do what we can to address the concern so that the administration is able to

present this to Congress. Again, Troy, as I said to Doug, you know, it's a substance issue and the substance will drive the timing. And once we're able to address the substance, you know, we'll be in a better place to know sort of what the timing window will be.

MR. SCHRAGE: Let's see, the woman right here in the second row.

Q: Hi there, Amy Chui (sp) with BNA. I wanted to ask – I understand that USTR met with Ford executive Mullaly in the past couple of days. I wondered if you might describe what was talked about – the meeting related to the KORUS FTA – not timing, this question. (Chuckles.)

AMB. MARANTIS: I don't like to disclose, you know, sort of private conversations in a meeting, but you know, we met – as all of us do at USTR, we try to meet with as many people as possible to determine what's our best way forward on a variety of issues. And Ambassador Kirk meets with – Ambassador Kirk and I and all of our colleagues at USTR, you know, work very carefully with our stakeholders and with members of Congress to see how we can address concerns that they may have on particular issues.

MR. SCHRAGE: Question, let's see, all the way in the back.

Q: Thanks. Pete Kasperowicz from Sidley Austin. What indications are you getting from some of the TPP countries that they'd be willing to do more on environment and labor?

AMB. MARANTIS: I think our TPP partners are well aware of the priorities that we will attach in these negotiations, you know. Prior to the formal launch of negotiations, we have been meeting informally with our TPP partners to make sure that when we start these negotiations, we're all on the same page as to what we mutually will expect as part of a 21<sup>st</sup>-century trade agreement.

MR. SCHRAGE: Here in the second row. We've got a microphone coming, sir, should be one second. There we go.

Q: My name is Gon Nguyen (sp). I am with the International Committee for Freedom. Regarding trade with Vietnam, I would like to ask you a question. At present, the Vietnamese government, through various channels, private and public, sends to the United States the books, tape, video and all other materials, but the Vietnamese government does not allow the Americans the same freedom. We could not send anything back home. Do you think that is unfair trade? And if it is, do you think you can help us to fix it? Thank you.

AMB. MARANTIS: We work very closely with our Vietnamese counterparts on the whole range of trade issues, you know, with them. And Vietnam, as one of our TPP partners, provides us an opportunity to – an additional opportunity to discuss the wide range of problems and complaints that our business sector may face in its efforts in Vietnam.

MR. SCHRAGE: Let's see, all the way in the back.

Q: Charles Chung (sp) from Korea International Trade Association. It seems like your attention is more towards the small and medium businesses and their exports to the other world. And do you have any plans for the promotion of the exports by those small and medium businesses, especially with respect to the trade financing?

AMB. MARANTIS: Can you repeat the question? I didn't necessarily –

Q: Do you have any plans – I mean, the projects – for the promoting the exports by those small and medium companies, especially with respect to the trade financing?

AMB. MARANTIS: So last week, USTR had a big SME forum where Ambassador Kirk and SBA Administrator Karen Mills and others talked a lot about the different types of initiatives we intend to pursue for small and medium-sized businesses. Each office at USTR is working on specific SME projects with a goal of trying to better incorporate small and medium-sized enterprises into global trade flows. We have recently, last week, charged one of USTR's AUSTERS – our assistant USTRs – specifically with this small business portfolio. And there will be a lot more as we roll this initiative out over the next year.

MR. SCHRAGE: Let's see, the woman in the back row? Right there.

Q: Iris Ho (ph) with Formosan Association. I think one of the main obstacles to advance any trade agenda right now is really – lies in Congress. And you know, as a former staffer to Sen. Baucus, you know very well that the congressional opposition comes from Democratic Party and a lot of – and also, we saw last night in the State of Union address, a lot of Democratic members of Congress, they didn't stand applaud when president mentioned the trade agenda.

So I'm wondering, since you've been on the job for the past nine months, whether you see any change of attitude and position of these members of Congress toward trade agenda, especially Democratic congressperson or senators?

AMB. MARANTIS: That's a great question. I mean there's – it's no secret to anybody that there is a lot of skepticism about international trade. I cited some polling statistics in my speech. But what's incumbent upon us as the administration is to work very hard to address concerns that have been raised by members of Congress, by stakeholders as a way of building support for trade.

It's also no secret that trade plays a fundamental role in creating jobs and in sustaining jobs in the United States. And the more we can use our trade policy in smart ways that help create and sustain jobs here in the United States, the more support we will build for trade.

And that's what we're working on, step by step, whether it's working through our small and medium-sized business initiative, whether it's trying to better position our exporters through the TPP to advantage themselves in the Asia-Pacific region. That's what we're trying to do as USTR and the administration is to create jobs through trade policy. And by doing so, I think we will be able to increase the support for trade, both in the Congress as well as across the country.

MR. SCHRAGE: Let's do the gentleman in the far back right there.

Q: Thank you. Houan Lee (ph). I'm working for South Korean newspaper Chosun Ibo. When you talk about the Korea-U.S. FTA, you haven't mentioned your concern exactly. Could you elaborate your exact concern regarding KORUS FTA? You mentioned the beef and auto issue, and I wonder, do you believe that South Korean government have very special trade barrier, which it discriminate the U.S. auto and beef?

AMB. MARANTIS: There is a bad history of – in the auto market in Korea – of practices that have excluded foreign automobiles for many years. We negotiated a number of memoranda of understanding with the Korean government in the 1990s that didn't really go very far into opening Korea's auto market. And so the concerns that we face today are largely based on that legacy.

And the question is, is whether the provisions that we negotiated in the KORUS FTA on autos are sufficient to overcome that long history of tariff and non-tariff barriers in Korea's auto market. I am confident that we will be able, you know, as we work in close consultation with Congress and with the Korean government, to be able to come up with a solution that will work. It's going to be very hard, particularly given the history, but that's what we're tasked to do and that's what we hope to achieve.

Q: But do you think that the South Korea will allow – (inaudible) – U.S. cars and beef – (inaudible)?

AMB. MARANTIS: As I mentioned, there is an unfortunately legacy of tariff and non-tariff barriers that we need to determine the best way to overcome and to ensure that the provisions that we have are able to overcome that history.

MR. SCHRAGE: And I know Ambassador Marantis has many meetings to go to and I want to thank you for taking all this time for so many questions. I think we have time for two more. And I'd like to take those both at the same time. Maybe this gentleman right here in the third row and Sean Donnelly right there in the fourth row.

Q: Thanks, Demetrios. Sean Donnelly from the National Association of Manufacturers. Could you say a word about where you see bilateral investment treaties going? There's at least – I mean in China, Vietnam, India are important negotiations that have really been on hold for almost a year. And what do you see the prospects are for getting some of the bilateral investment treaty negotiations going so we can start to close this gap where many of our competing countries have investment agreements and we don't and especially in those markets? Thanks.

MR. SCHRAGE: And then if we could also take this question here at the same time.

Q: Thank you. Brett Smith with the American Council of Life Insurers. If I could just ask quickly, you mentioned in Japan – is the scope of your dialogue going to include a

reinvigoration or repackaging of the regulatory reform dialogue? And also will you discuss WTO issues including the Doha round and possible disputes on a variety of issues? Thank you.

AMB. MARANTIS: On Japan, I mean I expect my conversations with my counterparts over there to be very wide-ranging. You know, I have – there are obviously things that I mentioned earlier that you know, I'm going to want to talk to them about our cooperation on APEC, trying to sort of figure out a way forward on the different irritants but you know, we have – there are so many issues that the U.S. and Japan focus on and cooperate on in trade. You know, Doha is one of them and so I imagine that my meetings will be chockfull of lots of different substantive issues.

On the BIT, we are, you know, as Sean points it out, we have a number of ongoing BIT negotiations with China, with India, with Vietnam. We also have launched BIT negotiations with Mauritius in Africa. These are obviously very important to ensure that we are able to position our investors in these economies in a way to let them do their jobs.

There have been, of course, concerns with our BITs and we have launched, this year, an incredibly thorough view of our bilateral investment treaties that has included, again, unprecedented stakeholder outreach. There has been – we've held hearings, et cetera. We are in the – moving toward the final stages of our BIT review and I'm hopeful that we will be able to conclude it sometime soon and then we'll be able to proceed with our ongoing negotiations with the countries that you mentioned.

MR. SCHRAGE: With that, I just want to thank Ambassador Marantis for his very helpful remarks today. And I know many of us are very proud to have someone of your capability and background tackling these issues at what we all agree with you, I think, is a watershed moment for charting a new course on trade policy. So we wish you all the best on your trip and look forward to your efforts there. Thank you very much. (Applause.)

(END)