

Center for Strategic and International Studies (CSIS)

Trans-Pacific Partnership: Recovery through Growth in Asia and the Next Generation of Regional Trade Agreements

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JOHN HAMRE: I look around this room, and I can tell you I can't afford the billing hours unless we get started. (Laughter.) So we're going to – we've got to get going here. This is fabulous.

Thank you, everybody. Welcome. Delighted to have you here. This is kind of the kickoff of the think tank season for 2012. We're delighted you're here. And there's probably no more important question on the table than the one we're going to launch today.

I would – I'd like to say welcome to all of you. Special thanks to Mike Froman. I'll say just a word a little bit later about him. We're so very pleased he's willing to give us the time to come. I'm a little embarrassed how often we ask Mike Froman to do things for us here, but that's because he's doing everything that matters right now. (Laughter.) And so it's really terrific that he's here.

We're – this is the launch of a series that we intend to have this year concerning the Trans-Pacific Partnership, TPP. And I will tell you when I – I travel a lot through Asia, and every meeting I'm in, I'm asked about TPP. And I would be embarrassed to say how few times I'm in meetings in Washington and I'm asked about TPP. There isn't anything like the scope of consciousness of its importance and its meaning here in Washington that you find in Asia routinely when you travel. And it's – I think it's emblematic of several things. One is how important the trade agenda is in Asia, and then how, frankly, insular we have become in thinking through these things ourselves.

So this is an important effort we're trying to help, and I want to say very special thanks to friends in industry that have been willing to help us do this: Google, Hewlett-Packard, IBM, Pfizer and Procter & Gamble have decided to make it possible for us to hold this series. And we will be holding a series of events – (inaudible) – some public, some private, in trying to explore all of the dimensions of TPP and what its significance is.

Now, I don't know how many – there's a(n) interesting piece by Walter Russell Mead that was in *The Wall Street Journal* over the weekend about TPP, I think a little overstated, you know, but nonetheless, it reflects the scale of significance of this, because we're talking about probably the three great things that are the big driving forces in the world today.

The center of economic gravity and geopolitical gravity is shifting to Asia. We all know that. We've been watching that. We're also seeing this very difficult process every country is wrestling with in how to reconcile the demands of international commerce with national sovereignty. Now, this is – every country is struggling with this and how do you make this work, and with such disparate and uneven histories.

You know, so we've got countries that have a very different view, very different economic development. And we're looking at the trade agenda in quite a different way from them, and obviously, we've got to reconcile this. This has to be brought together in a coherence.

And then finally, I think we're looking at – you know, in this world, where the international order lacks really durable structure, we're looking for rules of legitimacy and transparency, you know, that everybody can understand. And so these are very, very large-scale issues that are – that are on the table that we need to explore, and I think it's all present inside this question of where are we going as a country on TPP.

So I don't think there's a larger issue on the table than that, and I'm really delighted that Mike is going to be launching this series with us. I want to say a special thanks to Ernie Bower and Meredith Broadbent, who are organizing this on our side. I would also – I saw Heng Chee Chan. Where is Heng Chee? She was – there she is, right here. So Heng Chee's here. Thank you so much for coming.

And I'm told that Winston Thompson from Fiji is here, and I'm glad to have him. I see Clayton Yeutter and Susan Schwab, both in the trenches for so many years on trade policy. They look pretty good for all the battles they've survived. (Laughter.) I mean, it's pretty remarkable that they can do this, (as soon as I asked ?).

So it's – but this is truly important stuff, really important stuff, and it really is of significance that we're going to do this in the hardest of all times, in an election year, when all of a sudden you're putting – when we become so intensely focused on our domestic agenda. But that's actually what trade policy is about. It really is finding a way to make those reconciliations work.

And so we're starting here. We're starting at the top, and I'm delighted that Mike Froman is with us here. He – of course he is the deputy national security adviser for international economic affairs. He touches virtually everything in these days, and we're so glad that he's here. He was chief of staff in a department of – Treasury Department in an earlier life form, and even then in an earlier life form was a managing director at Citigroup. So he's got lots of experience in business and in public sectors. No one is better positioned to help launch this. So Mike, let's turn to you and let's get this started for real.

Thanks for coming. Please welcome Mike Froman. (Applause.)

MICHAEL FROMAN: Thank you very much, John. And it's good to see so many – so many old friends here. I think if you had had a TPP session like this about two years ago, you might have been able to fit it in a closet. The fact that there are so many people here, I think, is indicative of exactly what John said.

And I can – think I can say without too much hyperbole that the TPP may be among the most important and historic developments in international trade in recent years. But as John suggested, I want to discuss TPP not just for its trade importance, but for what it means more generally for the upgrading of the international trading system, for the U.S. engagement, re-engagement in Asia, and also around the need to integrate major emerging economies into the global economic system.

Just to put this in context, when the Obama administration began, the U.S. economy was contracting at about 6 percent, rate of about 6 percent a year. And we were losing 700,000 jobs a month. And that's why the president and the administration took a number of unprecedented steps at home and abroad to try and – and successfully prevent what was then a recession from turning into a depression.

At the same time, large emerging markets all over the world had transformed themselves and their role in the international system. And in Asia in particular, the countries emerged as the most dynamic region in the world at a time when the attention of U.S. policymakers, frankly, was devoted largely elsewhere.

We inherited a number of unratified trade agreements with mixed support in Congress, and an American public that was deeply skeptical of trade agreements.

Taken together, we faced a real prospect that we could be left on the sidelines at a time when our economy desperately needed jobs, exports and balanced growth. And we determined that we needed a new, 21st century approach to trade that would include not just the traditional measures of tariffs and nontariff barrier reduction, but one which recognized the changing patterns of production, new issues in the trading system and facing investment, and one that could earn broad bipartisan support.

We needed a new economic platform to complement what we do in APEC, what we do with ASEAN, and the president's decision to participate in the East Asian summit, to reaffirm our commitment to and our leadership in Asia. And most importantly, we needed a strategy whose ambition was commensurate with the challenges we faced, because the economic stakes, the stakes for jobs, exports and growth, were so enormous. And that's where TPP came in.

I don't think I have to tell this audience how important the Asia-Pacific market is to the United States with its manufactured goods, agricultural products or services. It represents 40 percent of global trade. In 2010, U.S. goods exports totaled \$775 billion, comprising almost 60 percent of all of our goods exports and goods exports to the region are up 25 percent over the last two years. For our farmers and ranchers, nearly three-quarters of our total exports go to Asia-Pacific customers and, for our service providers, nearly 40 percent of their total services exports go to the region. And these benefits are not just for the big multinational companies, but for Americans – America's small- and medium-sized enterprises too, who export over \$170 billion to the Asia-Pacific region.

Now, the dynamism of this region has not been lost on others. In fact, the U.S. faced the rather daunting prospect of getting locked out of Asia because of all the preferential trade agreements that were being negotiated and signed across the region. There are now more than 175 preferential trade agreements that involve Asia-Pacific countries with more on the way: Twenty new agreements awaiting implementation, 50 others under negotiation. And while U.S. exports to the region continue to grow, our share – our market share of exports to the region has declined by over 10 percentage points over the last decade. So the TPP was a – was needed in a critical way to try and rebalance our position in the Asia-Pacific economy, to preserve if not enhance our ability to export to the region.

When we launched TPP, we started by reviewing our approach here at home, literally for each chapter of the proposed agreement: analyzing previous models and upgrading what we saw as the need to deal with new issues. We developed entirely new texts that reflect U.S. interests and the competitive realities of the region. And we pushed our limits and forced ourselves to try to think a bit outside the box about traditional issues.

By the time of the APEC meeting in November 2010, Malaysia and Vietnam had agreed and we welcomed them into the TPP, which was an important indication that emerging Asian economies also began to see the benefits of pursuing a trade agreement of the sort. Ambassador Kirk and his team at USTR have now led 10 rounds of negotiations and, through these negotiations, every position we've taken has reflected our economic priorities and our focus on – as John said, on jobs here at home.

We tried very hard, through this process, to begin the process of rebuilding a bipartisan consensus on trade, and frankly there's been unprecedented collaboration, consultation with Congress and stakeholders throughout. At one of the rounds of negotiations, 150 stakeholders had the opportunity to present their views to the nine negotiating partners, and I'm convinced that this enhanced collaboration and cooperation with Congress and stakeholders not only has improved the quality of the agreement that we're trying to negotiate, but will yield better outcomes down the road.

Now, we've already seen some results. In – at APEC in Honolulu, President Obama and the Asia-Pacific leaders announced the broad outlines of a TPP agreement, and it's really defined by five key elements.

First, comprehensiveness: TPP will be comprehensive and a comprehensive agreement that eliminates both tariffs and nontariff barriers, promotes trade and investments, creates new opportunities for American workers and businesses, and provides immediate benefits for consumers.

Second, TPP will be a regional agreement. What does that mean? It means, in part, that we recognize that the global economy and the global system of production is no longer about exporting a good from point A to point B. Supply chains are multinational, integrated and complex, and TPP will reflect this reality to include rules and approaches to facilitate trade and development of production and supply chains across the Asia-Pacific.

Third, the TPP will, for the first time in a trade agreement, address key crosscutting trade issues, working on – drawing on work that's been done in APEC and elsewhere. For example, it will promote regulatory coherence and help make trade between TPP countries more seamless and efficient. This means improving regulatory practices, reducing regional divergence in terms of standards, promoting transparency, and eliminating redundancies in testing and certification.

Second, it will encourage competitiveness and business facilitation. We have, really for the first time, a mechanism for government and stakeholders to focus on competitiveness and

the competitiveness challenges even after the agreement has finished, so they can address the evolving needs of businesses and workers.

Third, it will address issues that particularly have faced small- and medium-sized enterprises and get them the help that they need to take advantage of trade agreements.

And fourth, it will support development. The level of development of some of the TPP countries is quite different, and we want to make sure that TPP is addressing the development challenge as part of its overall objective.

TPP will also address a series of new issues and complex challenges that our companies and workers face: for examples, developments in the digital economy such as cloud computing, Internet privacy, the free flow of information; issues like green growth and conservation; and issues like the trade-distorting effect of state-owned enterprises and of corruption. So these are all issues that have not been dealt for – dealt with before in trade agreements that TPP will take on for the first time.

And finally, the TPP will be a living agreement. It will have mechanisms both for taking on new members but also for addressing new sets of issues. And we're designing an architecture that can evolve with the evolution of the international trading system itself.

The excitement generated by TPP's progress led, as you all know, to Japan, Canada and Mexico formally expressing their interest in joining the TPP negotiations. And frankly, there are several other countries that have indicated that they want to learn more about this as well.

We've started the process of consultations. We have a Federal Register notice out right now to get public comment. We'll be consulting with Congress, with our stakeholders, with our other TPP partners, you know, and of course with these countries to determine whether they can meet the high level of ambition necessary to make TPP a success.

But this interest from these other countries, as well as the original nine, validate the notion that TPP can become the premier platform for economic integration in the region and a promising pathway for a free trade area for the Asia-Pacific.

Over the course of 2012, our objective is to try and complete the text of an agreement, but ultimately, substance will dictate the timing. We're not going to slow down the negotiations for the accession process. We're not going to rush the negotiations to meet an artificial deadline. And as the president demonstrated in Seoul about 14 months ago, we're not going to accept agreement just to meet a deadline if it doesn't meet our overall standards. But our objective is to try and make as much progress towards completing an agreement over the course of 2012.

Let me say a word not just about TPP as a trade agreement but how it fits into our broader national security strategy and particularly our re-engagement with Asia.

As President Obama has made clear, as we draw down and end the wars in Iraq and Afghanistan, one of the key elements of rebalancing our foreign policy is intensified engagement in the Asia-Pacific. The seriousness of this commitment was made clear during the president's recent visit throughout the region. He hosted the APEC leaders' meeting, capping quite a productive year of APEC activity. And thanks to Singapore and several other partners, we made good progress on issues like environmental goods and services, innovation and regulatory coherence.

The president participated for the first time of any U.S. president in the East Asian Summit in Bali and had a productive discussion with EAS partners about guiding principles and international norms dealing with regional challenges like maritime security. He met for the third time with ASEAN leaders. And he laid out America's future defense posture in the region, a military presence that is more broadly distributed, more flexible and more sustainable.

He announced Secretary Clinton's visit to Burma to engage in a frank dialogue with the Burmese government and demonstrated our commitment to supporting measures that advance democratic transition and the rights of the Burmese people. And in his repeated engagement with China's leadership, including at APEC and at the EAS, the president signaled again the priority he puts on having a constructive and balanced relationship with China. What that means is that we seek to build a relationship with China that expands our areas of cooperation on both economic and security issues while addressing our long-standing and emerging frictions. This is when we're – we will make clear and defend our national economic and security priorities.

Now, contrary to some of the commentary, America – the administration's renewed engagement in the region is not aimed at containing China. This is neither feasible nor desirable. We have a stake in China's continued prosperity and stability. It's good for the United States, and it's good for the rest of the world. Rather, our strategy is a reflection of the fact that the U.S. has been and always will be a Pacific nation with a natural role and interest in the region, an interest, among other things, in an integrated regional economy that is based on international rules and norms.

But neither TPP nor a strategy towards Asia exists in a vacuum. One of the core elements of the Obama administration's national security strategy is the recognition of the emergence of China, India, Brazil and other major emerging economies and that they create a new dynamic on a range of issues. That's why, at the Pittsburgh summit, President Obama secured agreement that the G-20 would be the premier forum for international economic cooperation. Gone are the days when just a handful of countries alone can manage the challenges of the global economy. The major emerging economies have a voice at the table, but with that voice also come certain responsibilities.

That's why at Copenhagen, President Obama negotiated an agreement under which all major emitters of carbon dioxide, developed and emerging economies, are to make commitments to reduce their greenhouse gas emissions, an agreement that was later endorsed by the UNFCCC at Cancun and at Durban. With China now the number one emitter of

greenhouse gases and likely to be twice the emitter that the U.S. is by 2020, gone are the days when only developed countries should take on responsibilities.

And that's why, after 10 years of the Doha Development Agenda negotiations, President Obama insisted and the WTO last month determined that it was time to open the door to new, fresh and innovative approaches to liberalizing trade and strengthening the global trading system. Again, gone are the days when a formidable competitor such as China can claim to be a developing country for the purpose of protecting its market while insisting that developed countries open their already open markets even further.

Now, the TPP is one of those new, fresh and innovative ways to liberalize trade among some of the fastest-growing markets in the world. And by introducing high-standard, rules-based disciplines across a range of new issues into the bloodstream of the international trading system, it's our expectation that it will ultimately help strengthen the multilateral trading system as well. We've got a lot of work to do to allow TPP to achieve its potential, but I'm confident that when analysts look back on this period, they'll see the TPP as one of the most important strategic initiatives of the Obama administration and in the global trading system.

I very much appreciate all of your interest in the TPP. I look forward to working with many of you to see it come to a successful conclusion.

Thank you. (Applause.)

MR. HAMRE: Colleagues, I've talked to Mike. He's going to – he's going to recognize you, take your own questions. I'm here to cut off anybody that decides to give a little sermonette. We don't need any sermonettes. This is for everybody's benefit here.

I will be rude. Please turn off your phones. We don't need to have you finding out where you're supposed to meet your friend for lunch.

So let's open it up. Questions? Now, Mike, you go.

MR. FROMAN: Go ahead.

Q: Thanks. Mr. Froman, Chris Nelson with The Nelson Report. Thanks so much for the – for the talk. (Chuckling.) All us Democratic trade types welcome any mention of trade.

I did have a – sorry, Chris Nelson, Nelson Report – a two-part question. The House Democrats have already gone very firmly on record as saying they intend to push for very strong Colombia-style labor standards in any TPP agreement that can be negotiated. That leads a lot of us to worry that having a big trade debate within the party and in Congress this year on trade might not be the best way to really push TPP. So we find ourselves wondering if the administration really wants to push a – some completion on TPP before the election.

And on the China element, which you mentioned so strongly, we've all been reading in The Atlantic that apparently you guys are going to – are you going to give the China desk to

Vice President Biden, and we thought if you have any printable comments on that, we'd enjoy hearing that too. (Laughter.) So two parts. Thanks very much.

MR. FROMAN: (Chuckles.) I'll let you ask the second question of the vice president yourself, I think. (Laughter.)

On the first question, part of having a high-standard agreement is having a high-standard labor agreement as well. And we've had very good consultations with our colleagues in the labor community – labor unions and elsewhere – about TPP and how to ensure that TPP is good for American workers, good for manufacturing in the United States, and what steps we can take.

I will tell you, we're trying to take a broad-based approach to this, which is there's a lot more to supporting workers in the United States than simply what's in the labor chapter. How one deals with state-owned enterprises around the world, how one deals with other practices that threaten manufacturing in the United States and elsewhere, is also part of enhancing the protection of workers in the United States. So we expect, and this administration would not bring forward an agreement that did not have strong labor provisions. And we're trying to take a holistic and broad-based approach to that to really focus on how TPP can enhance the U.S. economy, including workers in the United States, as part of our overall strategy.

MR. HAMRE: We have two mics.

Q: Thank you. Jim Berger from Washington Trade Daily. Just a question on crosscutting issues and the TPP. Can you tell us how the final agreement will advance over the work that's already been done in APEC and ASEAN and some – on things that result in papers, principles, guidelines and even model legislative proposals on things like regulation? How far will it go beyond that?

MR. FROMAN: Well, I think I'll tell you what the final agreement has when we have a final agreement. I think all I can say is in each of these areas we're going to try and advance on the work that has been done in other forums and to make them part of and build on them as part of this agreement. But you've cited many ways in which this could be replicated in the – in the TPP.

Yeah, gentleman next to him. Sorry.

Q: Hi. Thanks. Jamie Strawbridge from Inside U.S. Trade. Just two quick questions. First having to do with the interests of Mexico and Canada, obviously our two NAFTA partners: Is it really feasible that one could come into the TPP and the other not, or is it kind of you have to bring them both in as a package because of NAFTA, and it would be too, I guess, tricky to have one in TPP and one not? That's the first question.

And secondly, having to do with Japan autos, probably the stiffest opposition among U.S. domestic stakeholders so far to Japan coming in has been from the auto industry. They're basically saying: Look, in TPP you can't address our issues because they're too entrenched, and

we need to keep Japan out for the time being. Do you think that's taking too pessimistic a view? I mean, since TPP is about new issues, can we address autos in TPP if Japan were to come in? Thanks.

MR. FROMAN: Well, I think on your – on your first question, you know, my expectation is we'll take each country on its – on its own and on its own merits. And hopefully, both countries will feel they can take the actions necessary to meet the high standards of the agreement, that we can get Congress and stakeholders and our fellow TPP partners comfortable with that.

On the issue of Japan autos, I think all I would say is there are going to be a range of stakeholder views and concerns about any – about the existing nine countries and about any new aspirants to TPP. We're going to have to work our way through those. I do think TPP has a – as it strives to go beyond previous free trade agreements, has the potential to address new issues in innovative ways. And we'll try and take that spirit forward, whether it's in manufacturing or agriculture or services, including in Japan.

A non-reporter.

MR. HAMRE: Microphone.

Q: Thanks very much. I'm Steven Cantor, with the U.S. Council for International Business, and we're an organization of the global companies. I think what you're doing in breaking the ice in SOEs is really terrific because our member companies face a lot of competitive challenges, not only in the TPP markets but in other markets as well, from the SOEs. There was a piece in the Journal last week about a – an Indian company losing out to a Chinese company in the Indian market, and the Chinese company was an SOE.

So my question to you is: While we're working forward in TPP on SOEs and other new issues, what can we do to advance disciplines on SOEs outside of the TPP area; for example, in the OECD and elsewhere? The European business community seems to be asleep at the switch on this one. So we got to light a fire under them. And any thoughts you might have – and the European governments – you might have on how we can move this issue along in other forum as well would be very much appreciated.

Thank you.

MR. FROMAN: Sure. It's a very good question, and I guess I would answer it in the following couple of ways. First of all, with Europe specifically, through something called the Trans-Atlantic Economic Council, we have an ongoing dialogue with them not only about things between us, but about third parties and third countries, and trying to take, wherever possible, common approaches to third-country issues, and SOEs in those countries are one of those issues that is very much on the agenda.

I'd say with regard to China specifically, we have a variety of ways that we're trying to engage China on this issue, including through the Strategic and Economic Dialogue, through

our leadership discussions, through the JCCT, and it's very much again on the radar screen. It's an issue we raise. We try and introduce disciplines or ways in which China can address our concerns, consistent with their approach.

But it is an ongoing issue, and I think if we can make progress in TPP, as I said, it's helpful in terms of introducing disciplines into the international trade system.

Ken.

Q: Ken Lieberthal, the Brookings Institution. Thank you for just a really terrific presentation.

This plays right off of the question before. On trade issues in Asia, clearly the elephant in the room is China. Every Asian country, as you well know, does most of its trade with China, and China is not one of the participants in the discussion of TPP. I'd just ask that you look forward a little bit and give us your sense of how the TPP as it develops will relate to China's role in Asia in the future, and how you see that kind of working itself out.

Many in China, as you know, see this as a U.S. effort to try to reduce China's economic role in Asia and enhance the U.S. role at China's expense by applying rules and standards that clearly are not ones that China embraces. Almost every Asian country – and I'll stop here, because I don't want to violate John's admonition against speeches – but almost every Asian country certainly welcomes the U.S. in Asia but also sees their economic growth as very much tied to China in Asia.

So how do you see wrestling with that kind of central issue?

MR. FROMAN: Well, I think the countries in Asia welcome the U.S. role in Asia, welcome the U.S. engagement, and I think they welcome the efforts to develop a trading regime that's based on international rules and norms. And they, I think, see that as a good opportunity for Asia as a whole. And the more countries that can live up to that standard, I think the better for everybody.

So this – again, this is not directed against China, it's directed at establishing international rules and norms among as many like-minded countries as possible. And, you know, the more countries that want to sign on to that ultimately, the better. The better. I was amused in Honolulu that some of our Chinese colleagues were concerned that they hadn't been invited to join TPP, and our response was, TPP's not something you're invited to, it's something you aspire to. And if countries aspire to achieve these standards, they're welcome into TPP as well.

Q: (Off mic.)

Q: Bernard Gordon, University of New Hampshire. I want to raise an issue with regard to the other elephant in the room, Japan. As you know, there's much discussion in the Japanese press and in Japanese political circles about the pace of Japan's possible involvement, and yet

last week there was a report that some U.S. officials are allegedly signaling to their Japanese interlocutors that we would rather complete the negotiations during 2012 and not slow up to have a Japan accession.

Is there anything to that? Please help me.

MR. FROMAN: Well, as I said in my remarks, we're not going to slow down our negotiations for the process that we need to go through on consultations with regard to additional countries that might want to join. But these are moving in parallel.

So we have ongoing negotiating rounds. We are beginning the process of consultations with the public, stakeholders, congress, other TPP partners at the same time. And we'll just have to see how those two tracks evolve, and at some point we'll see where the – where the timing comes out. Right now we have a lot of work to do on Japan, Canada and Mexico in terms of consulting. We have a lot of work to do on negotiations. And so we're going to be doing both simultaneously, and we'll see where they emerge at the end.

MR. HAMRE (?): Question – (off mic) –

MR. FROMAN: Yeah, you and then you.

Q: Hi, Phil Levy with Columbia University. Could you say a word about when the administration might seek trade promotion authority, traditionally a way of making sure that Congress actually backs whatever stances you're taking in negotiations?

MR. FROMAN: That's a good question. I think we'll be consulting with Congress on a whole range of trade issues that we have on our agenda. There's Jackson-Vanik and PNTR for Russia. There's obviously TPP. There are other issues that are on the agenda as well that we'll want to deal with them, and I imagine that'll be part of the discussion. But we've not made any decision at this point as to when we'll seek it.

Yes, gentleman over there.

Q: Hi, David Boling with the Mansfield Foundation. You mentioned nontariff trade barriers in your discussion and that TPP offers a fresh new approach. What will specifically be fresh and new about the TPP approach to dealing with nontariff trade barriers, because that's been such a difficult issue, and so many other trade agreements have failed to be able to deal with that?

MR. FROMAN: Well, I'll just give you one example, which is in the whole area of regulatory coherence and convergence, where a lot of good work has been done in APEC. It's been done, by the way, in other foras (sic) with the Mexicans, with the Canadians, with the Europeans, about adopting common approaches to regulation. That doesn't mean everybody adopts the same regulation, but transparency, process, opportunity for public comment and hopefully over time more and more convergence of regulation, which, as you know, has been one of the main complaints around nontariff barriers has been the lack of transparency and the

lack of consistency in how regulations have been adopted and applied. So I think that's an area where there's great potential for TPP to step up what's been done before.

Yes.

Q: Nadia Tsao with the Liberty Times. For other Asian country, does the bilateral FTA still, you know, on U.S. agenda while you are promoting, you know, TPP? And can we say that after the TPP initiative, the Doha Round is basically dead? Thank you.

MR. FROMAN: I think the Doha Round – let me start there – I think there is a – there has been an emerging realization – and I think that was expressed at the ministerial conference that Ambassador Kirk represented the U.S. at in December – that we needed new approaches to trying to achieve the objectives of Doha and to strengthen the multilateral trading system. And there is now a process under way in Geneva and elsewhere to explore what some of those new approaches might be. So we very much stand by the objectives of the Doha Development Round. We'd like to achieve as many of them as possible. But the last 10 years' experience, I think, has demonstrated that we weren't going to achieve that objective on the path we were on. So it's a time to look at new ways of trying to do that.

In terms of additional FTAs, we have no other bilateral FTAs in Asia currently on our agenda. I'm not sure we've thought through it thoroughly, but I think we see TPP as being the primary vehicle through which we would engage in further trade liberalization in the region.

MR. HAMRE: (Off mic) – right behind you – (off mic) –

Q: Thanks. Meredith Broadbent, CSIS. Great for explaining your policy on Asia, but do you need a strategy to get into the growth markets like Brazil and India? How can TPP help us – for example, investment and making progress on investment that might be transferable to some of the interests, the Indians?

MR. FROMAN: That's a very good question. We're in dialogue, again, with Brazil, India, any number of other important potential markets for the U.S. And we're using a variety of mechanisms to do that. We have trade policy dialogues; we have commercial dialogues; we have CEO forums with private sector input; any number of ways to try and make progress with those. And you know, these other countries are also watching with interest what happens in TPP as well.

So it's hard to prejudge at this point how TPP might have positive spillover benefits in markets outside the Asia-Pacific, but it's certainly, as I said, something where if we can introduce disciplines that more and more countries are comfortable with in new issues into the – into the – into the bloodstream of the international trading system, that that might have a positive effect as well.

MR. HAMRE: We can do – way back here in the corner, (we can go ?) – about two more minutes, and then we're going to have to let Mike leave.

Q: I'm John Sifton at Human Rights Watch, the Asia advocacy director.

MR. HAMRE: (Inaudible) – (louder ?), please.

Q: You don't need Human Rights Watch to tell you there are some concerns with a few countries in Asia too that are undemocratic, Brunei and Vietnam.

MR. HAMRE: (Let's ?) speak up a little bit.

Q: And two other countries, Malaysia and – anyway, you don't need to hear from Human Rights Watch that there are some concerns with human rights issues with a few of the potential partners here. So rather than go into details, I just had a question about one in particular: Vietnam. If this negotiation moves forward and Vietnam, for instance, does not make changes that I've already heard the State Department and the U.S. Trade Representative aspire to having them make in order to join this agreement, is it going to be presented to Congress with an unchanged Vietnam as a potential trading partner?

MR. FORMER: Well, I'd say with regard to all of the TPP countries, there are things that we all need to do, and Vietnam obviously has a long list of issues that they are going to have to address as part of the TPP negotiations. I guess all I'll say is we're not going to present to Congress a TPP agreement that we're not comfortable with. And that's why I mentioned, while we're trying to work to complete the text this year, we're not going to live by a false deadline either. So we are going to make sure this is a high-standard agreement across all of our objectives, and that includes labor rights and other issues as well.

MR. HAMRE: One last question. Right down here, please.

Q: Thanks. Jennifer Mulvaney with Hewlett-Packard. Michael, if you – if you step back and kind of look at the global economy right now, we are not exactly a beacon of trade liberalization. In fact, I think if some people look ahead to 2012, the concern is that countries are going to continue to look inward. Companies are experiencing more and more protectionism. Doha aside, it's gotten very frightening. How do you kind of reconcile keeping up the drumbeat with respect to talking to some of these smaller economies about the importance of trade liberalization amidst a world where countries really think it's in their best interests to turn inward, as opposed to really looking at opening their markets for goods and services?

MR. FROMAN: Yeah, I think that's a real – I think that's a real issue, and it's a real threat, and we need to I think use every opportunity we have, including, wherever we can, using our own best practice as an example to try and keep markets open around the world.

You know, like, the G-20 took on a commitment three years ago, starting with the Washington summit – and it was repeated in London, in Pittsburgh, Seoul, Toronto and in – and in Cannes – to refrain from protectionist measures and to rectify them when they occur. And there was a recognition that sometimes they're going to occur, and we should need to rectify them.

And I have to say, given the depth of the economic crisis, the fact that there has been as little protectionism or the protectionism has had as little impact as it has, I think, is – well, one, I think it's a tribute to how the G-20 governance system works, but I think it's also an emerging consensus among the leadership of a lot of countries that protectionism is a very shortsighted approach. And here in the United States, we've taken a number of steps, including where we had measures that either violated one trade agreement or another, to bring our practice into compliance with them. So we have tried also to lead by example there wherever we can.

MR. HAMRE: Colleagues, I promised Mike that we would get him out of here by 10 to. It's going to take him at least five minutes just to get to the back door because there's so many people who want to greet him. So would please thank him for his presentation today? It was very exceptional. (Applause.)

OK, we're going to take about a five-minute break. We're going to have a panel. Susan Schwab and Matt Goodman are going to lead a – what I expect to be a spirited, interactive discussion. And we look forward to amplifying on everything WE heard today. This has been a wonderful start for our series. We look forward to having you back with us. So take about a five-minute break.

(END)