



EXPANDING THROUGH EXPORTS

U.S. Trade Representative Ron Kirk talks about the importance of the multilateral Trans-Pacific Partnership, explains how global trade can help Main Street prosper and gives a progress report on the five-year plan to double U.S. exports.

PHOTOGRAPHS BY
STEPHEN VOSS



Many U.S. citizens and politicians have made free trade the scapegoat for the country's economic ills, from unemployment to the struggles of small business. Free trade has been seen as synonymous with "shipping American jobs overseas."

But U.S. Trade Representative and Ambassador Ron Kirk, the country's top trade official, has a broader and longer view of free trade's many benefits. In a discussion with Edward Reilly, Global CEO of the Strategic Communications Practice of FTI Consulting, Ambassador Kirk — who has held his post since March 2009 — explained how free trade will be the engine for future growth and prosperity in the United States and elsewhere.

Here he discusses how free trade can benefit large and small businesses when the rules are fair and properly enforced.

FREE TRADE'S PR PROBLEM

EDWARD REILLY, GLOBAL CEO, STRATEGIC COMMUNICATIONS PRACTICE OF FTI CONSULTING: Is U.S. business leadership doing enough to support the trade agenda?

AMBASSADOR RON KIRK, U.S. TRADE REPRESENTATIVE: Over the past few years, businesses have been preoccupied with just surviving, like everybody else. But many are recognizing that our economy can expand and create jobs only if we can reach out to new consumers in emerging markets.

That's counterintuitive to many Americans who say, "Isn't trade responsible for our factories closing and jobs going elsewhere?" But free trade can operate very much to the benefit of American

businesses and workers and deliver more jobs as well as more options for consumers.

I think businesses get that. But they still need to acknowledge that many Americans don't believe trade has been as good for them as it's been for business.

REILLY: Are American businesses taking proper advantage of both the environment that you're trying to create and the opportunities that are available to them in markets around the world?

AMBASSADOR KIRK: You could easily conclude that the Fortune 500 companies are heavily vested in global commerce because an increasing share of their income is coming from global sales in new markets. Historically the Chamber of Commerce, the Manufacturers Association and the Business Roundtable have been the most consistent, positive voices for a proactive U.S. trade agenda.

But average Americans just are not buying the argument that free trade is good. Whether it's true or not, they have come to associate trade with manufacturing jobs being moved offshore and are increasingly fearful that more service and white-collar jobs will go there as well. We've strived for a balanced approach that addresses those concerns honestly. That means being attentive about enforcing our trade agreements to make sure that we realize the benefits.

We must prove that the one way to help sustain and create jobs — whether in Texas, Florida, New York, Detroit or Maine — is having a thoughtful policy that gives us access to new markets. We need to be able to draw a much more direct connection between our trade agenda and the #1 issue on the hearts and minds of most Americans: where the next wave of jobs is going to come from.



THE WTO'S WORK

REILLY: How important will the World Trade Organization be as we move forward to liberalize trade rules and actually attempt to enforce agreed trade protocols?

AMBASSADOR KIRK: The World Trade Organization has the primary responsibility to make sure members abide by the pledges they make when they join this global trade network — because

REILLY: Most U.S. trade agreements are bilateral, involving just one other trading partner. Can the United States make more progress with multilateral agreements involving several countries?

AMBASSADOR KIRK: Most of our agreements are bilateral, but as you begin to look for scale, you need to focus on where the customers are and be flexible. Some of these dominant emerging markets are in India, Brazil and Africa. We have thoughtfully

THE ECONOMIC STAGNATION IN EUROPE SHOWS THAT GOVERNMENT'S ABILITY TO "PRIME THE PUMP" IS LIMITED.

free trade works only when everybody plays by the rules. That's going to be critical in a world where trade is going to drive economic growth as much as any other factor.

The economic stagnation in Europe, and even in some of the dynamic emerging economies, shows that government's ability to "prime the pump" is limited. Countries are increasingly looking to generate economic vitality by selling more to new markets around the world.

The WTO must also guard against protectionism, which is a challenge when regions such as the United States and Europe are going through such economic difficulty. History has proved that protectionism actually operates against economic recovery. When the Smoot-Hawley Tariff Act was put in place during the Great Depression, the act helped prolong it.

looked at where economic activity is going to be more robust, where we have natural partnerships and where we can get a foothold.

The Trans-Pacific Partnership is a great example of an opportunity involving several partner countries. We are now negotiating with eight other countries that border Asia or the Pacific: Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore and Vietnam. Our goal is to anchor the United States in this region, which

IN DETAIL U.S. Trade Representative **RON KIRK**, the country's top trade official, has held his post since March 2009. A member of President Obama's Cabinet, Kirk helped broker free trade agreements with Korea, Colombia and Panama, and advanced the ambitious regional Trans-Pacific Partnership talks. He also represented the United States in the World Trade Organization's Doha Round of negotiations. Previously Kirk served two terms as mayor of Dallas — the first African American to hold that office — and was named one of the 50 Most Influential Minority Lawyers in America in 2008.

economists say will continue to grow, and draft a trade agreement that meets the needs of our economy today.

REILLY: Which countries or blocs are the highest priority for moving trade agreements forward?

AMBASSADOR KIRK: The President has challenged us to double exports within five years. We're about halfway through that time period and we're well on

that the path that we had taken with the Doha negotiations was not leading us to the result that all of us wanted.

Doha has shown us the difficulty of getting 150 countries with the most diverse economies in the world to come to an agreement on anything. We still believe it's worth going back to the table and taking a fresh look at trade liberalization within the context of the Doha Round and what efforts we might take alongside that. It can lift millions of

ONE OF THE BEST-KEPT SECRETS OF OUR TRADE WORLD IS THAT MORE THAN 95% OF U.S. EXPORTERS ARE SMALL BUSINESSES.

track to achieve our goal. Our strategy must be to give American farmers, ranchers and entrepreneurs access to the most dynamic markets.

The countries in the Trans-Pacific Partnership are among those markets. We are also deepening our ties with Latin America. President Obama and European Union President Herman Van Rompuy have directed us to create a working group to begin deepening our economic integration with the European Union as well.

THE CHALLENGE OF EMERGING COUNTRIES

REILLY: Some people would say that the Doha [round of trade] negotiations, in the end, did not accomplish anything. Does this mean an end to seeking universal solutions for liberalizing international trade, or is there any hope for that?

AMBASSADOR KIRK: Our efforts to bring about trade liberalization in the broadest form possible are far from over. But the WTO had to recognize

people out of poverty, particularly in some of the least developed economies in the world.

Free trade helps consumers worldwide by giving them access to more goods and getting government out of the way of those transactions. Many of the emerging economies in the WTO — India, China, and soon Russia and Brazil — are being transformed because they can now sell to markets in Europe, the United States and other developed countries. That's a good thing, but these emerging countries now have a concurrent responsibility to help preserve that system by opening up their markets to our products.

REILLY: How can business leadership improve the environment for public dialogue around trade issues?

AMBASSADOR KIRK: American business has a unique opportunity to recalibrate the message about the value of trade to America's growth, and the need for America to continue to lead in global trade as we have done the last half-century.



The views expressed in this article are those of the author and not necessarily those of FTI Consulting, Inc., or its other professionals.

It's critically important that large businesses help their employees understand that their economic vitality and their jobs — even those based in Detroit, Chicago, Dallas or Des Moines — will be more secure if they can sell products in China, India and Brazil. That holds true even for products that are developed here but manufactured overseas.

Second, one of the best-kept secrets of our trade world is that more than 95% of U.S. exporters are what we define as small businesses. Yet most of our small businesses still see themselves as merely suppliers to larger companies, rather than to international markets. Larger businesses, which have the tools and resources and connections, should be educating smaller businesses about these opportunities and opening doors for them.

NEW MARKETS, FAIR PLAY

REILLY: Moving forward, what are your top three priorities?

AMBASSADOR KIRK: First, like every other Cabinet member who works for President Obama, our top directive is doing a better job of stimulating our economy and putting Americans back to work. That means using our trade policy to help American businesses sell more of what they make, grow and create to markets here and around the world.

Second, we must balance our energies between creating new market access and enforcing the rules of the game. One of the biggest complaints I've heard from frustrated Americans is that the U.S. markets are open to products from around the world, yet China, Europe, India and Brazil are still closing their doors to U.S.-made products. So opening up these markets can be just as important to our ability to sell as negotiating new agreements.

Third, the President has asked us to do everything we can to help businesses that are not yet involved in global trade to understand its power in helping them grow their business and finding new customers.

So the three things we think about are market access, enforcement and working with others to educate American businesses about the power of trade to grow our economy.

REILLY: Thank you for your time and perspectives. ■



RON KIRK AND ED REILLY discuss the challenges of promoting free trade and fighting protectionism at home and abroad.