Kevin Brady: Fred, thank you so much for those kind words. We're going to get a chance today to talk about the state of the key institutions that guide global trade around the world. But when we speak of institutions, I'd be remiss if I didn't point out what an institution you are. The truth is, during the—and I think that in a good way. That came out the wrong way.

Well, during three decades that you've lead this institute as its founding director and as its leader, you have helped guide trade policy in an unprecedented way. Your leadership, your guidance, just your thoughtful approach on this has been a huge help to me and been a huge touchstone for a lot of us in congress. So, thank you for all your leadership throughout the years. And just like with the Sopranos, we're going to pull you back in on trade and on a number of issues, so I wish you well.

And congratulations, you and the Board as well, for the naming of Adam Posen as the Institute's next President. We look forward to working with Adam as well.

This is a—one, this is a great room of trade leader's ambassador and others who have made trade move forward in Congress. We are really at a promising crucial time for trade leadership. I appreciate the Peterson Institute for giving me the opportunity to discuss a topic I believe that is central to the future of the U.S. and the global economy, which is the U.S. Trade Agenda.

There are those who don't agree that trade is, or even should be, a priority right now for two reasons. First, some argue the policymakers have our hands full enough right now with the Eurozone crisis, the slowing Chinese economy, and unsustainable U.S. fiscal crisis and other serious issues. But as we survey the difficult macroeconomic environment, we shouldn't lose sight of how central microeconomic health and gains from trade are to reestablishing U.S. and global economic growth and in turn showing up global macroeconomic trends. In other words, expanding trade investment is a solution. It's not a distraction.

And second, some within Congress and some within the administration, say we've already done enough, maybe even too much, by passing the trade agreements to Colombia, Panama, and South Korea last year, and we should take a time out from further initiatives. I strongly believe that that point of view misreads the moment. We are at a very promising exciting time for trade policy provided we make it a priority. The October votes on the three trade agreements were game-changers and I've been involved one way or another. I think 12 of the 14 trade agreements we have in place last October's votes, were real game-changers.

First, they represent the highest-ever recorded level of Republican support for trade agreements which each getting well over 90% support. And the media's much discussed
question whether our freshman class would be as supportive of trade was answered with a resounding yes. And freshman Republicans support agreement by the same sky-high percentages as the rest of the conference.

The Colombia trade agreement, which was, as you know, so maligned by then Speaker of the House Pelosi and other key members on the other side they all none the less received 30 votes from House Democrats, twice as many of the Democratic votes that CAFTA recorded. In short, this Congress is strongly pro-trade and stands ready to cast the votes necessary to advance a very strong aggressive robust trade agenda.

We are back on the field. After many years off it, it is important we not go back at the sidelines, because we continue to fall behind our global competitors in open markets around the world. And having a strong trade agenda requires strong unambiguous decisive political leadership, which at times I worry that the administration hasn't provided that leadership.

Speaker Boehner, Chairman Camp, and I are strongly committed to making the case for new trade initiatives and working with this White House at every level and every point to drive a strong agenda forward. That means building on our momentum by doing, I think, three interrelated big things.

One, forging new and improve trade partnerships with rapidly emerging markets.
Secondly, deepening our trade integration with our existing trade partners in a manner that recognizes and facilitates the importance of our global supply chains. And finally, broadening the scope of trade liberalization around the globe.

This is really in many ways a new day for trade focusing only on tariffs, on import quotas, and non-tariff barriers to trade; that's no longer enough. We have to have 21st century solutions. For example, making cross border and behind the border trade flows much more efficient than they are today. Reducing the regulatory barriers by insisting on regulatory coherence, by identifying opportunities for cross-border interoperability in any other non-tariffs barriers.

What we are finding is that even in those regions where we lower those quotas and tariffs, we find a series of other barriers endorsed to stop that market access. Our 21st trade agenda focuses on those barriers as well. And if we have the confidence and the ambition to lead, and forging very high standard market base rules of trade through new agreements, we and our trading partners, will improve the lay of the land in a manner that influences even those countries that descent from that market.

Let me talk a little about the transpacific partnership’s importance, because these are some of the key reasons that I strongly support the TPP. Like past successful trade agreements, TPP will open markets for you as goods, services, add products and investment by knocking down tariffs and other trade barriers. It’ll also build on pass work to eliminate differing standards, their disadvantages, as well as discriminatory government procurement rules, non-science based sanitary and phytosanitary standards, and inadequate protection of intellectual property rights. At the same time, in areas where we have already reached I think a strong bipartisan consensus such as in labor, TPP should maintain that balanced approached or else risk the consensus and broad support that exists today.
What makes TPP a 21st century agreement is that it also tackles cross-cutting and new emerging trade issues to streamline trade and will define economic competition in the future. For example, these issues include improving foreign regulatory practices, recognizing the importance of efficient supply chains, increasing the role of small and medium-sized companies in international trade, and addressing market distortions by state-owned enterprises.

The regional nature of the TPP allows negotiating countries to impress to address, as we talked about those important horizontal issues such as behind the border barriers and trade facilitation moving good products faster, cheaper, quicker around the world.

TPP will certainly deepen our economic relations in the fast growing age of Asia Pacific region. This contains so much the world’s most robust dynamic economy. This is a critical region for America to be in. Our future economic growth and our prosperity requires that we be able to trade and invest much more throughout the Asia Pacific, further solidifying our presence in that region.

As a I mentioned before, establishing marketing enhancing high standards in TPP will not only ensure good economic architecture among the TPP members. It’ll also set a benchmark for similar high ambition market base rules that the WTO and elsewhere. This is important because this gives us leverage to get other countries like China and India to adopt such high standards and rules.

I would love to see the TPP talks to finish quickly this year. The leaders and the trade ministers met at the sideline at APAC back in November in Hawaii, released a broad outlines of the agreement. I think an incredible amount of progress has been made and achieved since then and I recognize as Ambassador Hill’s knows, toughest issues always come at the end of a negotiations, and they still remain, but we can’t slow down in our efforts toward achieving a very strong robust agreement. And I think a key point here as we talk about TPP is that we also need to provide this White House and every White House with trade promotion authority to establish rules for Congressional consideration of TPP and to encourage other trade efforts.

If TPP is to complete it quickly, we have to be prepared to consider it in Congress when that time comes. TPA is never easy, so we, together with the White House, will have to work hard to demonstrate the need for TPA in highlighting how TPP will create U.S. jobs and increase opportunities for us. That will take some work and I think it’s important with TPA that we begin laying that groundwork today.

As far as new TPP members, another strength of the TPP is that it is in effect the plug and play agreement. The countries willing to meet its standards can join over time. Let’s not forget that’s the way we got into the TPP. We were not an original member. We’re welcomed in when the Bush administration announced we were ready to join. As a result, I’m very pleased that President Obama and President Calderón were able to announce yesterday that Mexico had been invited to join the TPP talks. I also welcome the interest of Canada and Japan in joining TPP. A new entrance as we’ve talked about before. However, they must not lower the ambition of the Trans-Pacific partnership or delay its conclusion. They must demonstrate a government-wide mandate to join the talks, of commitment to meet the TPP’s high standards as the trade minister for New Zealand often calls it the dress code for the Trans-Pacific partnership, and willingness to put all issues on the negotiating table.
Potential new TPP members must also be willing to resolve outstanding bilateral issues with the TPP countries to demonstrate their readiness for TPP's high level ambition. As you know in close consultations with U.S. TR’s that holds talks with Canada, Japan, and Mexico on this issues. Clearly, a lot of progress. A lot of progress is being made in these discussions. We’re all very hopeful for progress going forward.

I can’t yet predict when these countries will be ready to join TPP, Canada, and Japan remaining, but again, I’m very optimistic and I support the White Houses’ effort to lay as it been to lay out an honorarium that enables all three countries to join without slowing the pace of negotiations.

When we’re talking about TPP in the Asia-Pacific region, I want to stress its relationship to our backyard, to the Americas. As promising as it is, TPP is a true trans-Pacific partnership. At its current size, it would integrate three countries in this hemisphere with six in Asia. With the recently-invited Mexico and we hope soon Canada and at some point Japan, would integrate five Western hemisphere countries with seven in Asia, forging a single transpacific trade zone out of what’s currently dozens of bilateral trade agreements among these 12 countries.

But for a minute, let’s look ahead to whatever point in time TPP is ready for yet more countries to join. At that point, I believe the TPP should also be used to further integrate our other Latin America FDA partners. Even now without TPP concluded, our regional supply chain is revolutionizing traditional conceptions of trade. For example, over one-third of the value of Mexico’s worldwide exports are U.S. content where the fresh and exciting illustration of how all our trade flows are mutually beneficial. In short, passing the Colombian-Panama agreements doesn’t mean we’ve checked the Latin America box and can now turn to other priorities.

Any successful pivot to Asia will bring along our friends in the America, a region that is home to our first, second, and eight largest exports markets and the majority of our trade agreement partners.

Let’s look in at the WTO and its initiatives. Our bilateral and regional agendas should motivate, I think ultimately strengthen, the multilateral system. Now, that it’s clear that the current impasse in the DOHA negotiating round won’t be resolved anytime soon, we need to reinvigorate discussions in Geneva and pursue an ambitious trade liberalizing agenda.

I’m very encouraged by recent activities and I think we should pursue as an ambitious an agenda as possible. We’re in regular consultations with Ambassador Punke and strongly support his efforts. And as we move forward, however, we can’t reward the obstructionism of China, India, and Brazil that has derailed DOHA so far.

As Co-Chair of the Congressional Services Caucus, I’m very excited about the negotiation of an international services agreement in Geneva and see it as one of the most promising paths forward. I believe the benefits and the agreements that should be available to all WTO members that commit to the agreement’s high standards. At the Peterson Institute, Fred has done a great paper identifying numerous reasons these negotiations hold such great promise, and let me emphasize just two.
First, services facilitate all other sectors too including our manufacturing and our Ag sectors. We focus on services not instead of manufacturing and Ag, but rather to benefit and grow this sector, allow them to compete more efficiently around the world as well. Secondly, there are vast U.S. gains from trade when to be unlocked in the services sector, such as financial services, logistics, information technology, just to name a few. The non-tariff barriers that I emphasized in the transpacific partnership context are particularly prevalent in the services sectors, so our work in TPP is complementary to an international services agreement.

I also strongly support concluding a robust and ambitious WTO trade facilitation agreement in expanding the list of products covered by the information technology agreements. I'm encouraged by the developments in both fronts in recent weeks and I commend the Peterson Institute for its excellent work on potential benefits of this two agreements.

A comprehensive bilateral agreement with the European Union could also resolve many longstanding issues between us, making those issues less controversial in multilateral context, and its own right, deepening and broadening the already robust U.S.-EU trade and investment relationship and generate significant benefits.

Again, let me stress the WTO as an institution still holds tremendous value, even though the DOHA Round has not been a success. We have to continue to enhance its institutional role both in WTO negotiations and through these related initiatives. And I'd be remiss if I didn't note again here as well the importance of passing trade promotion authority. We can obtain the very best agreements for our exporters and job traders in America, but it won't a single new job if we can't implement them, so we must give this president and every president trade promotion authority.

Let's talk about Russia a moment. The value that the WTO will also grow is more countries become members, that's why I support Russia's accession to the WTO and granting Russia permanent normal trade relations which will benefit both of our countries. I understand my friend, Greg Meeks, will speak on Russia PNTR after lunch friends, my understanding. So let me only very briefly note that the benefits as Russia opens its markets and becomes subject to enforceable WTO rules will not be available to us, to America, unless Congress passes PNTR.

I share the concerns of many members of Congress about Russia’s compliance with its WTO obligations, whether it will adequately address IPR, SPS, and other concerns. I expect USTR to closely monitor Russia’s compliance with its WTO obligations. And I continue to have concerns about the SPS standards for pork exports and I believe that the Russia’s standards are discriminatory, non-science based and will continue to work with USTR in highlighting those concerns.

I also share the views of many member of Congress about the significant problems Russia poses on foreign policy and human rights issues, but I want to make this point. Withholding PNTR will not give us more leverage to address those concerns. We would only be hurting ourselves.

Looking at passage within Congress, granting PNTR no doubt will be a hard lift. The White House needs to ramp out its engagement with members of Congress, which I'm
beginning to see some of that to help us make the case for why Congress should act this year on PNTR, but we need to see a plan. Ways and Means is holding a hearing tomorrow on Russia, which will give the White House another chance to convince those within Congress who are skeptical. I also look forward to hearing our private sector witnesses describe firsthand why granting PNTR is important, and about their challenges and successes in the Russian market.

There’s no question passing PNTR for Russia is definitely doable and it is doable this summer, but there needs to be a meeting of the minds on a strategy for just as you do on every important trade agreement, and I’m hopeful that that will occur soon.

Let’s turn to China for a moment. We have to clearly, as Peterson Institute has pointed out, we have to find ways to improve our trade relations with China and address longstanding barriers. And while we have many frustrations, it remains among the most important and fastest growing U.S. exports markets. Addressing problems in our U.S./China relationship is going to take a lot of work. At the core of the problem, as you know, is that China has to shift away from its growth model, away from export dependency, and toward domestic growth.

Now, China has to also address longstanding market access barriers including by coming into compliance with its existing obligations. Way and Means has had an active agenda on China this Congress. Earlier this year I co-sponsored legislation with Chairman Camp and ranked them number 11 and ensure that America’s job traders have the tools they need to fight unfair subsidies from non-market economies like China, and ensure the U.S. Trade Remedy Law is fully compliant with WTO rules. That legislation passed with overwhelming bipartisan support.

Late last year, Ways and Means held a hearing on China trade issues. And in March, we held a closed door executive session with Treasury Secretary Geithner, Commerce Secretary Bryson, and Ambassador Kirk. During both of these events, my colleagues and I from both parties focused on the full range of issues with China including indigenous innovation requirements subsidizing of state-owned enterprises, directed lending, intellectual property theft, restrictions on exports of key raw materials, currency, misalignment in China’s close capital account.

Also, every member of the committee, Ways and Means Committee, also joined in sending a letter to the administration ahead of the JCCT meetings and Republican committee members sent a strong letter ahead of this year’s SMED. Together, these letters highlighted the need to address longstanding specific concerns to improve U.S. market access to China, to use commercially meaningful metrics to measure the effectiveness of commitments that we are getting from China, and advance China’s rebalancing of its economy.

In the end, at this point while progress is being made, in my view a talk is never enough. The administration needs to ensure concrete improvements where negotiations are unable to fully address our concerns, we shouldn’t hesitate to pursue our rights to the WTO. And I think we will be most effective in dealing with China when we seek to multilateralize our efforts, whether that be through negotiations or cases at the WTO. As one example. I strongly support the White House’s effort to discuss currency issues at the WTO.

Let me turn for a moment to bilateral investment treaties. I think it’s past time that the White House get back to the table to negotiate a bilateral investment treaty with China,
not to mention moving forward with India with negotiations, and pursuing another very robust set of other potential bits. Our bilateral investment treaty negotiation with China, India, Mauritius and Pakistan were frozen in place for far too long. While the White House conducted a three-year review of the model that we used to negotiate this bits, and while the new model bit was finally released this spring, I registered my concerns which continue today about its expanded labor the environment obligations, which I believe ultimately undermine our efforts.

In addition to moving forward expeditiously to conclude negotiations with China, India, Pakistan, and Mauritius, I'd like to see a further expanded bit agenda. I was glad for the announcement during last week's [inaudible 00:24:58] about exploring a regional bit and I urge the administration to take more definitive action, both on that initiative and other potential bits.

On India, I also look forward to progress in our negotiations toward a high standard built with India. U.S.-India have a strong ongoing relationship and a strategic partnership. Our challenge is to make sure we're able to fully realize the benefits of this partnership, better understand how our interests align in a variety of areas and constructively work through areas where we don't see eye to eye.

I have to admit, I am troubled at the trend of trade investment policies coming out of India. Most recently, India enacted several provisions that could have a significant negative impact on foreign direct investment into India. Among my serious concerns are India's U-turn on multi-brand retail reform and cotton export policy. A slew of local requirements imposed to IT telecom and other solar products. Uncertainty for how India will implement the national manufacturing policy. Insufficient IPR rights and enforcement and restricted access to India's dairy and poultry markets. With a market of over 1.2 billion people in our shared democratic values, I believe we can have constructive discussions on these and other areas to allow us to realize the promise of this bilateral relationship.

We talked for a moment about our third goal of the Republican Trade Agenda and I think overall trade agenda, which is moving goods and products faster, cheaper, quicker around the world. Just as we insist on high standards for our trading partners, we ought to set a high bar for ourselves in finding ways here at home to ease the flow of legitimate trade across our borders. By one measure, United States ranks only ninth worldwide in logistics, and ninth is simply not good enough.

As I mentioned at our recent customs hearing, I intend to move forward on a bipartisan basis to pass customs reauthorization legislation this year. The bill will better improve CBP's ability to modernize its process to facilitate trade and enforce our trade laws. As one of our colleagues, Grant Aldonas, has made the point, time is a trade barrier. My goal is to reduce that trade barrier and to measure our progress in reducing this barrier that we imposed on ourselves in America.

Let me turn for a moment to the miscellaneous tariff bills. Another step we can take in lowering our own barriers to trade is by completing the MTB this year to reduce or suspend duties temporarily on many manufacturing inputs in some of our finished products. Lowering these tariffs helps to make American manufacturing competitive. This is an urgent matter. There's about 600 existing MTBs expire in December and U.S.
manufacturers will be subject to a tax increase. This traditionally bipartisan bicameral bill is really an important opportunity for American manufacturers to obtain inputs that aren't made here in the U.S., so they can compete and expand and trade jobs.

Now, some argue that these provisions are earmarks, but as a strong supporter of the earmark ban and as a former member of Speaker Boehner's task force on earmark reform, that’s simply not the case. These benefits are broadly available to anyone who imports this products. They aren't limited to the importers we can simply identify today. In short, anyone in America's $15 trillion dollar dynamic economy can import these products and benefit. The benefits are also available to downstream manufacturers, distributors, and customers, and unlike an earmark, which increases spending for targeted goals, the MTB reduces tariff. It is a tax cut.

We also use very transparent procedures for this bill. It ought to be the model for legislation moving forward. Members who introduce bills must submit statements noting no financial interests, provisions are then fully vetted through public notice and comment by the independent international trade commission and other federal agencies with all information posted on our website and we drop all provisions that are controversial. And I am hopeful that we conclude this year before our manufacturers hit another tax cliff become at the end of this year.

Our goal at CAFTA, another piece of legislation Chairman Camp—by the way, I cannot speak strong enough about the leadership of Dave Camp on trade. I’ve been remarkable in every aspect of it. On moving in three trade agreements, on working through trade adjustment assistance in every key issue, he has been remarkably strong and insightful and key. Another piece of legislation, again, that he continues to work with and I with him as well, the extension of the third country fabric allowance currently available under [inaudible 00:30:45]. These provision expires later this year apparently as everything in America expires then this year; hopefully none of us in this room. So we hope to move this bill as soon as the Senate is able to clear it by unanimous consent without amendment.

On Burma, 2003 as you know Congress passed the Burmese Freedom and Democracy Act, which among other things, imposed an import ban on products in Burma renewable once a year by privilege resolution for a total of three years. The 2003 framework ensures that sanctions are targeted, reexamined yearly, continually analyzed to make sure they aren’t causing more harm than good, and can be waived by the President if it’s in our national interest. This year, congressional action will be required by July 26 and we intend to reauthorize the sanctions. Having said that, I want to acknowledge the considerable positive developments in Burma over the last year. Much work does remain ahead and I encourage the Burmese government to continue the political and economic reforms to address the concerns that lead Congress to pass sanctions in 2003.

In closing, there is strong support and leadership in Congress for a strong aggressive trade agenda. We have to build upon our existing trade successes and boldly pursue new initiative that expand the width and breath of our trade engagement. And I continue to invite and work with the White House to accept our partnership in this critical agenda at this crucial time.

Doctor Bergsten and I understand you and your guest may have some easy questions for me, which I’d be glad to answer. Thank you.
C. Fred Bergsten: Kevin, thank you very much. You’ve reminded us why we all look to you for such crucial leadership in the trade policy area. We thank you for your very comprehensive presentation. Let me start off with one or two questions then we’ll open it up.

You have made a very comprehensive statement, but let me ask you to go even a little further. As you reminded us, we all knew that you had been the leader in achieving and implementing the most all of the free trade agreements the United States now has, and particularly the three that were voted last year. Are there other countries out there that you think might be desirable partners for new FTAs? You kind of hinted maybe Europe. You talked about bits with some countries including India. Do any of those suggest that maybe in a new administration and a new Congress starting next year, we ought to be thinking about renewing the effort to negotiate FTAs with individual countries, individual regions? Do you have an agenda in that regard?

Kevin Brady: Fred, let me duck that question. I’m teasing, I’m teasing.

Truth of the matter is those are exactly the questions I’m asking from a lot of the stakeholders here in this room. What should be our next trade agenda? It seems to me though you made this point. We have an opportunity in 2012 to lay the table for dramatically aggressive trade agenda going forward, because we have the momentum, there is a lot of excitement, we’ve got the votes. We ought to be laying groundwork right now.

So I’d like to reserve the specific answer maybe till the end of this year as we continue to gather, but it seems to me we have a couple of paths. There’s a belief by some that we ought to go big, a bilateral with Europe, with China, going directly or some other major competitors so that we resolve some of the bilateral issues that turn in to proxy fights at the WTO around the world. There’s another sort of a path of thinking that we lay out a series of very aggressive regional and bilateral agreements to build on in the regions that we see the greatest future going forward or that we’ve already created synergy or we can plug and play for example even in greater areas.

One the bigger questions, and Fred will frankly rely on your insight on this issue as well, is how do we both create the strongest economic benefits from those specific agreements, but how we also use those to set the model for tearing down barriers at the global standard? We can do bilateral after bilateral after bilateral, but in truth the greatest progress is going to be made when we lay those standards out and open those markets globally; and that’s nothing new; Ambassador Hill understands that exact approach. So, my point is I’m in the gathering information about what ought to be the almost fair trade agenda.

C. Fred Bergsten: The only other question I wanted to ask you, and you mentioned it briefly at the end of your remarks; is the domestic adjustment side of the trade agenda. Trade adjustment assistance was a contentious issue in the last go around. In the Congress, you mentioned Chairman Camp’s key role in resolving that. What’s your thought on that going forward? The continued criticism of globalization more broadly, trade liberalization in particular, we all know is a huge benefit to the country on the whole. We also know it does have some adverse effects. What’s your strategy, what’s your agenda for dealing with that piece of it politically as well as in economic and human terms?

Kevin Brady: In some ways, I think trade gets a disproportionate share of blame for job dislocations in America. The truth is the skills that are needed for export, the skills that are needed in a
world is becoming increasingly more technological. That skills gap in America between the jobs that are available and the skills of the workers that are available is the same throughout the economy in my view.

My frustration, I think part of the challenge on trade adjustment assistance, was not only a belief the trade and TA are no longer linked, but a frustration that we do a poor job of job training. That those 47 different programs we have, frankly aren't very effective in getting workers of any age the skills they need to be able to continue those lifelong jobs, to be able to be in that marketplace. And so I think I'm actually encouraged by some efforts I've seen in the last months of taking a hard look at all those programs, laying them out on the table, to make the case; which ones of these are working? Which ones we should be doing? Is there a better way to get people this job skills? And I actually think that will be helpful overall on the job side of it.

But the other thing, as you know, we need to continue to push for a much stronger education system that gives people the ability to adjust, to have the skills of today, and not yesterday, and that's going to be part of it as well.

C. Fred Bergsten: Okay. Floor is open. We got several questions. Frank Vargo who's going to be leaving the NAM soon after a distinguished career of his own in this area. Frank, you get the pride of place today.

Frank Vargo: Thank you very much, Fred. And Fred, thank you for all your leadership. It's been fantastic. And Mr. Chairman, we're just so lucky to have you in your position and pushing so hard for free trade, and including the miscellaneous tariff bill, which as you notes is so important to us, and I hope as the year passes, your colleagues in the Senate can come around more to that point of view.

But you said you're in a mode of collecting information, so I would just like to put on the table for the future that when NAM's trade committee got together and said, “Where do we want to go in the future, what's the important?” Number one by far was a free trade agreement with Europe, a transatlantic partnership that would not just get at tariffs, but at the non-tariff areas, the standards differences, conformity assessment, because if we could link up together, two of the world's largest economies and have a single market for half the world's GEP, that would really be something and I think it would make China, Brazil, and India rethink their obstinance in the WTO.

Kevin Brady: Great. Thank you, Frank. And thanks, Fred, thank you so much for your leadership. I'm not going anywhere either. We've got the net cast around you as well.

C. Fred Bergsten: If I might just add one comment to Mr. Chairman to Frank's point about U.S.-Europe. We've come up with an idea here that I'll commend to you. The U.S. and Europe have both signed free trade agreements with Korea as you know. Why don't we mesh them and give each other what we've given with Korea? We have virtually identical FTAs and it would be fairly easy, I think, to link them together and try to leap over all the debates on very specific technical standards, regulatory barriers, et cetera, which it seems continues to be the core of the U.S.-EU discussion. We need to kind of parachute in above that, as Frank was saying, try to go to a comprehensive agreement if we and the Europeans can't do it, who else can, but we've never been able to find the mechanism. Now we both got these agreements. Korea is the pivot, why don't we just mesh the two agreements?
Kevin Brady: So you're saying the architecture is in place and either side the question is breaching them, that's a great idea. This is why you're so good at what you do. I'm serious, it is.

C. Fred Bergsten: We'll commend that to you and look to pursue that one. Yes, sir. Please identify. We've got a traveling mic; we've got a standing mic in the back. The chairman's got limited time. We've only got maybe 10, 15 minutes, you'll let me know, so be succinct.

Sam Gilston: Sam Gilston with *Washington Tariff & Trade Letter*. Senator Baucus has indicated that he wants to tie the Magnitsky Bill to the PNTR. It's been reported out by foreign relations and foreign affairs, and the House already. What is your position on linking Magnitsky and PNTR and what is the support in Ways and Means and how is it going to work? Is it something that has to come through rules, or can you do it in Ways and Means?

Kevin Brady: Yes, Sam. I believe the Russian PNTR can stand on its own and it is critically important that we move soon to make sure our manufacturers and service companies, technology, energy companies, agriculture aren't put at a competitive disadvantage. Having said that, clearly a number of members have concerns about Russia's human rights agenda and behavior and I wouldn't be surprised if those bills aren't discussed in some way together. I would prefer them not to be linked myself. But clearly at the end of the day if the rule of the House and the Senate is to pass the Magnitsky Bill, then there it is. It may well be necessary.

C. Fred Bergsten: Question over here.

Matt Shoal: Thanks. Matt Shoal from *Inside U.S. Trade*.

Kevin Brady: Hi, Matt.

Matt Shoal: Thank you for the opportunity. And just to follow up on my colleague's question, so on the Magnitsky legislation, you think that you just said they could be together although you don't prefer that. What about in the committee sense though? Do you think that when the committee is doing it to markup, that the Magnitsky Bill should be folded in to the Russia MFN, because that seems to be what Senator Baucus is going to do in the Senate and if they're going to do that then when I take that approach in the House, just wondering your thoughts and whether you were aware of Chairman Camp's thoughts on that? And then secondly, you did also mentioned that you're concerned about the enforcement of Russia's WTO commitments in areas like IPR and SPS. And as you know the Democrats on the Ways and Means Committee have expressed interest in including something on enforcement in the legislation in the committee markup process. And I was wondering if you've talked to Mr. Levin on that, whether you have come to an agreement on that, or whether you would support having those type of provisions?

Kevin Brady: The two answers would be out. Let's let the Senate work its will on the measure and I think any reasonable effort that also moves Russia PNTR forward is helpful. Secondly, one of the reasons we're all on a hearing all day tomorrow on Russia is to be able to outline and identify some of those concerns. Both our discussions with USTR also in visiting with all private sector members as well, so that may be raised tomorrow.

C. Fred Bergsten: Mr. Chairman, I know you have to go so let me ask just one final question. You stressed in your remarks on two occasions the need to get promotion authority and I couldn't agree more. It should be permanent.
Kevin Brady:  It really should.

C. Fred Bergsten: All presidents should have it without any interruption, but as you also said it’s a battle. I wanted to clarify what you had in mind. Were you suggesting that the legislation for TPP should itself include Trade Promotion Authority for the future or were you calling for separate passage of Trade Promotion Authority as a backdrop for the moving TPP more easily when it is ready for congressional action?

Kevin Brady: Fred, I would love to see it move on its own, but oftentimes in trade, you have to lay out an urgent jobs issue that pulls that along. So I wouldn’t be surprised if it becomes ripe as TPP becomes ripe. I would love to see it move forward like you. Every president of both parties ought to have that permanently in place to do that negotiation with a certainty for our trading partners, there’s an up or down vote in a timely manner. So I think it’s critical. It also, because it has—TPA has not only the timetable, but are negotiating objectives, Congress’ objectives to negotiators on what to move forward to, the goals that we set for you, and I think that’s an opportunity. While we’ve disagreed in the past may well again the bipartisan agreement of May 10, there are elements that many still support, others would like to see some changes. I have created some, I think bipartisan groundwork going forward, on TPA. And truth of the matter, straight is change. Everyone in this room knows this.

The last negotiating objectives in 2002, lots changed in a decade. A lot not just in trade facilitation, but the type of trade we’re doing around the world, the barriers we’re seeing, the standards that are set that missed each other, that to prevent more market access around the world, all that has changed. And so it is time for modern TPA with modern negotiating objectives and then I think on a permanent basis.

C. Fred Bergsten: Mr. Chairman, once again, let me thank you enormously. You have informed us; you have inspired us. We’ll be spending some time now and the rest of the day trying to answer some of the questions you raised, hopefully come up with some useful further inputs for you. But we cannot thank you enough for leading us off and for your continued leadership. We look forward to continue to work closely and thank you for all the kind comments about me and the institute in particular. Thank you very, very much.