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PRESS BRIEFING BY
TONY FRATTO
AND
UNITED STATES TRADE REPRESENTATIVE SUSAN SCHWAB

James S. Brady Press Briefing Room

12:38 P.M. EDT

MR. FRATTO: Good afternoon, everyone. You saw the President's remarks earlier -- about an hour ago -- announcing that he was sending up a Colombia trade promotion agreement, or the pre-trade agreement to Congress, signing the transmittal documents for that today. We invited the President's Trade Representative, Sue Schwab, here with you today.



Also wanted to let you know the President had an opportunity to call Speaker Pelosi this morning, just as part of this consultative process with Congress. I think probably there hasn't been a trade agreement that has had more communication between the administration and Congress as extensive as this one has. He wanted to make sure that he had a chance to speak to the Speaker this morning to let her know that he was going to be taking this action to send it up.

So it will be going up to the House, they'll be able to receive it tomorrow. And we'll ask the Trade Representative, Sue Schwab, to give a little bit more on the transmittal, itself, and have a chance to answer a few of your questions.

Q What was the reaction? What was the --

AMBASSADOR SCHWAB: The President, as you know, signed the transmittal note. The legislation implementing the free trade agreement will go up tomorrow.

The fundamentals of the free trade agreement, I know some of you are aware, Colombia is a market of 44 million individuals. That's a great potential market for U.S. exports. U.S. exports are fundamentally important to our economy; export growth accounted for over 40

percent of U.S. GDP growth last year. If you look at the Colombia agreement itself, the Colombia agreement is a matter of leveling the playing field. Virtually everything that Colombia exports to the United States currently comes in duty-free through preference programs that have been around -- temporary preference programs, but they've been around since 1991.

And what this free trade agreement does is open the Colombian market to U.S. exports of goods and services. And on the date that this agreement would enter into force, 80 percent of what we ship to Colombia in industrial and consumer goods would become duty-free. Colombia currently has tariffs as high as 35 percent on those goods. And in the case of agriculture there are tariffs in the 80-plus percent range. Those would also -- many of them would drop to zero upon entry into force and then would phase out thereafter.

So from a trade perspective, this is a matter of leveling the playing field and, as we've seen with our other free trade agreements, U.S. exports to our FTA partner countries have grown 40 percent faster than our exports to the rest of the world. So this is a -- this is important in terms of U.S. export interests, whether you're talking about John Deere tractors or Caterpillar earthmoving equipment; whether you're talking about Sony laptops produced in San Diego or televisions produced in the Pittsburgh area; high quality beef, pork products, chicken leg quarters for those of you who have agricultural constituencies, that you -- that are reading or listening to your commentaries. This is a big play for American workers, to service providers, to entrepreneurs.

In terms of the process, this is -- under Trade Promotion Authority, the legislation is transmitted. This is authority that every President since 1974 has had available to move trade agreements. It provides for an up or down vote, no amendments, within a specified period of time. The 90 days is the period of time within which full congressional action would take place. The way it works is, there's 60 days in the House -- up to 60 days in the House -- 45 days for the House Ways and Means Committee, 15 days for the House floor. And then 30 days in the Senate -- it's 15 in Senate Finance, 15 on the Senate floor.

Those are maximums, and if you look, for example, at the Peru Free Trade Agreement that was enacted last year by a strong bipartisan majority, it was much quicker than that -- the period of time was much more condensed.

I'll stop there.

Q What are the prospects now for passage -- or a ratification or whatever?

AMBASSADOR SCHWAB: Well, we believe that the prospects are good. We know that there are Republicans and Democrats who recognize that not only is this an incredibly important agreement for U.S. commercial interests, it's also a very, very important national security matter. Colombia is in a tough neighborhood in Latin America. You're talking about a country that is pro-democracy, pro-markets and pro-U.S. And there is a recognition of that across parties.

The President has reached out, as Tony mentioned. We have, as a Cabinet, had more than 400 individual consultations with members of Congress just since September alone. We've taken -- I got back last night; we had nine members of Congress on our visit. So there is a lot of positive sentiment about this, but there's also controversy less associated with the substance of the agreement itself. But this is too important to let the agreement languish, and so we're looking forward to engaging in that dialogue further with the Congress.

Q But you're not sure?

AMBASSADOR SCHWAB: When we send up a trade agreement, we never know, quite frankly, how it's going to play. No Congress has ever defeated a trade agreement -- a free trade agreement -- in the history of writing or negotiating these free trade agreements.

Q One other question. How about Pelosi? How did she react?

AMBASSADOR SCHWAB: I was not on the phone, but we've had a lot of -- I've had a chance to meet with her on the free trade agreement, as has Secretary Paulson, Secretary Rice. There have been a lot of meetings with her, and others in the Democratic leadership, over the last year and a half. This is an agreement that was closed over two years ago; signed 16 months ago.

And she obviously has differences of opinion within her caucus, but we're looking forward to working with her on this legislation, and as the President mentioned this morning, on Trade Adjustment Assistance, for those U.S. workers who have been negatively impacted by trade.

Q But Senate Majority Leader Harry Reid has put out a statement saying it's probably going to fail. I mean, why send it up until, you know, you sort of had them onboard, the ones who are going to be the ones shepherding it through their chambers?

AMBASSADOR SCHWAB: Well, if you -- the way Trade Promotion Authority works, as I said, you've got this 90-day maximum. And it was very clear that unless the legislation started moving, it would never have been acted on. And for those of you who follow Colombia, you are aware that this is a very important agreement for Colombia in terms of the stability, and Colombia's efforts and great successes in moving beyond a history of violence and narco-trafficking.

President Uribe has brought stability to that country, a 6 percent average economic growth, and migrating demobilized paramilitaries into the legitimate economy. This agreement is a critical part of that, and Colombia deserves a vote. And so we looked at the calendar and looked at the estimated date of adjournment for the Congress. And if you work backwards 90 days, you get to tomorrow.

Q But how are you going to change something like Senator Reid's mind about it within 90 days? I mean, he has put out a statement saying it is probably going to fail.

AMBASSADOR SCHWAB: That will up to members of Congress, and this will be a reflection of not just U.S. trade policy and leadership in trade, but also U.S. foreign policy.

Q Is it 90 days or 90 days while Congress is --

AMBASSADOR SCHWAB: Ninety legislative days.

Q Ninety legislative days.

AMBASSADOR SCHWAB: Sorry.

Q Okay, so that's how you did the math and that's why it had to go now.

AMBASSADOR SCHWAB: Yes. Ninety legislative days -- September 26th, I think.

Q From what day did you calculate it?

AMBASSADOR SCHWAB: Twenty-sixth.

Q September 26?

AMBASSADOR SCHWAB: Yes.

Q Okay.

Q Madam, may I have a different type question, please? Last time we met at the (inaudible) diplomacy. As far as the U.S.-India trade, have you solved their trade problems with India? And also, there are thousands of U.S.-made cars there on the Indian streets. Will you ever see the cheapest car India is making on the U.S. streets?

AMBASSADOR SCHWAB: I think in terms of U.S.- India trade, we believe there's tremendous potential to grow U.S.-India trade. That bilateral trade policy forum that just recently met in Chicago when President [sic] Kamal Nath was here, I think was a good -- it was a good meeting, and we look forward to continuing to expand trade between the two countries. And we hope to continue working together to achieve a strong Doha Round agreement in Geneva at the WTO.

Q Do you think that Mark Penn's departure from the Clinton campaign is going to color the debate over this in any way? Obviously he was associated with the Colombian free trade --

AMBASSADOR SCHWAB: I think that if you look at the debate over the Colombia free trade agreement it really has been, in the words of Chairman Rangel, it's not facts on the grounds, it's the politics in the air. And whoever is involved, we've had no interaction with him. I don't think it makes a difference. The key is whether members of Congress are going to vote their consciences and vote on the merits of this free trade agreement. And that really is the key.

Q Can you just tell us what is the outlook for the career of Panama deals? Is that -- have you ruled out getting those passed this year, and are the fate of those deals, in effect, tied up with passage of the Colombia agreement?

AMBASSADOR SCHWAB: We certainly haven't ruled it out. The Panama free trade agreement -- well, going back to the -- last year, as you know, we reached a historic bipartisan agreement with the Democratic leadership in the Congress on labor and environmental protections in these free trade agreements. That created a path -- that was to create a path for all of these free trade agreements, with each one on a separate path.

Peru, we had an overwhelming bipartisan vote last year. Panama I would hope would come up later on this year. And the Korea FTA -- the Korea FTA is obviously the biggest one of all, with our seventh largest trading partner. And the International Trade Commission, independent International Trade Commission estimates that that one could generate U.S. exports of \$10 billion to \$12 billion, and that's a static as opposed to dynamic analysis.

No, we would certainly want to push ahead with that. As you know, one of the issues that's been holding that up is Korea bringing its regime into compliance with international import standards for high quality beef. And hopefully that will be resolved. There's a lot of interest in the United States and a lot at stake in that Korea FTA, as well.

Q How close are you to a deal on Trade Adjustment Assistance with Democrats, since they've said that that's very important for them to possibly be able to support this Colombia deal?

AMBASSADOR SCHWAB: There's an active engagement with the Congress, various groups, on Trade Adjustment Assistance. The President in his State of the Union address this year specifically talked about Trade Adjustment Assistance as part of our trade agenda. And those conversations are going on both in the Senate and in the House on a variety of topics. But as the President said this morning, we want to see -- he would like to sign a Trade Adjustment Assistance bill that is an extension of TAA, an improvement in TAA, and noted that we will be talking about legislative options, including drawing on some of the good ideas in legislation introduced on the Hill by various Democrats and Republicans.

Q So you're not close to a deal now, though?

AMBASSADOR SCHWAB: I won't comment -- don't comment on international negotiations, don't comment on the pace of negotiations on the Hill.

MR. FRATTO: Okay.

AMBASSADOR SCHAWB: Thank you.

Q Thank you.

MR. FRATTO: And also, if you have more questions after that, I can take any more questions on this. And also Sean Spicer from USTR is always available to answer your technical questions on this also.

Yes, Les.

Q Tony, after Petraeus and Crocker do their testimony the next couple of days, what action is the President likely to do, and how will he do it?

MR. FRATTO: Well, I think you'll have a chance to hear from the President later this week. As I said earlier today, General Petraeus and Ambassador Crocker will have a opportunity to testify over the next two days. We want to hear their testimony and how the dialogue goes with members of Congress in those hearings. And then I think on Thursday you'll have a chance to hear some remarks from the President on how he thought the testimony goes and how -- how it went and how he sees things in Iraq right now, and his views on going forward from there.

Yes, Deb.

Q Two on Iraq. One, the U.S. requested another round with -- to talk with Iran about Iraq. Why was that request made now? What's the timing? I mean, this has been talked about for a while. What is the reason for it right now? And then I have another one, too.

MR. FRATTO: Yes, I mean, we -- I think Ambassador Crocker has said numerous times that he is open to have these discussions and was looking for an opportunity.

Q Yes, but we made the request.

MR. FRATTO: I don't know why this particular timing on these, but we've indicated our readiness to participate in another round, if the Iraqi government believes that it would be helpful. And they said on April 6th that the foreign ministry is making efforts to hold another round of trilateral talks. We'll have to refer you to the Iraqi government on what the status of that request is and what the schedule of it is. But I think the news on that would come out of Baghdad.

Q Also, how does this latest violence in Iraq and the latest uncertainty about what's going on color the Petraeus-Crocker testimony this time around? It obviously has changed the equation. I mean, weeks ago it looked like the surge was -- you know, had this pretty rosy cast, and now with all this renewed violence, I think it has changed the dynamics. So how has this changed the equation?

MR. FRATTO: Well, I think we've thrown out all of the rose-colored glasses in how we look at Iraq, and try to look at it through clear lenses as to what is actually going on in the country. And what is happening there, I think what we are all seeing is that the Iraqi political leadership is trying to take hold of the security for their country. They took a very bold, aggressive action in Basra. It wasn't a overall success, but it -- but we learned a lot about what the capabilities of the Iraqi army are, and we learned a lot -- and maybe this is even the most

important thing -- of what the capabilities and intentions of the Iraqi leadership are to go after criminal elements and illegal militias in their country, and to evenly enforce the rule of law across the country.

And that is critically important, and it's something that other political leaders in Iraq have rallied around. Remember what was -- something that was overlooked in here -- I saw a lot of coverage last week about a number of Iraqi soldiers who refused to take part in the Basra action. What didn't get a lot of coverage, but was really significant, was that these were integrated Shia and Sunni Iraqi army units, fighting mainly Shia criminal elements and Shia militia in the Basra region. We also see these same integrated Shia and Sunni units fighting Sunni elements in the north, in Mosul, and in northern Iraq.

And that's important. This is what the -- what the critics have said that the Iraqi leadership didn't have the capability of doing, which was to fight Shia; that they were sectarian -- and I think we're seeing evidence to the contrary of that; that they are willing to fight illegal militia and criminal elements wherever they find them; that if you are carrying a gun in opposition to the government, they were going to oppose you. And that is -- that's very important.

And obviously that's going to be accompanied with violence and conflict if you have to go after those elements by the use of violence. President -- Prime Minister Maliki requested that arms be laid down, and if they're not laid down, he has the intention of going after these militias. And I think that's what the critics want to see in Iraq, is to see that kind of action from the political leadership.

Yes, Helen.

Q You acted like the President wouldn't know what Petraeus and Crocker are going to testify. Do you mean he's going to be surprised tomorrow --

MR. FRATTO: No, I hope I didn't leave --

Q -- when they say the surge is working and all?

MR. FRATTO: No, I hope I didn't leave that impression. I think he has a good sense of what the thinking of General Petraeus and Ambassador Crocker is. Obviously they speak on a fairly regular basis and the President is briefed by General Petraeus. And he's also briefed by lots of --

Q But he's the President, isn't he calling the policy? I mean, we don't have President Petraeus, do we? We have President --

MR. FRATTO: No, we don't. We have commander Petraeus, who is running the operations on the ground in Iraq and he's closest to the military operations. He knows the capabilities of his forces, the coalition forces, and what the Iraqi security forces can do, and has a good sense of what's needed to complete his mission. And it's a mission that he designed. So we

want to look forward to his testimony and hear how he thinks it's going and what the requirements are to complete that mission for the remainder of the year.

Q What is the mission?

MR. FRATTO: Well, it's pretty clear, says to bring -- is to bring --

Q Are you asking -- to continue the occupation of Iraq?

MR. FRATTO: -- security in Iraq, sufficient security, so that the political leadership can continue to make gains. And they've made some very impressive gains, whether it's with the budget and reconstruction funding and the Baathist legislation and provincial elections. These are all very, very important elements of political reconciliation in Iraq. We'd like to see more. We want to see more action on oil revenue law. And so there's more to be done.

We're going to keep a very close eye on implementation of the laws that have been passed. But I think it's clear General Petraeus's mission was to reduce violence in Baghdad and in Iraq, more broadly, and I think it's hard to deny -- it would be hard for anybody to deny that he hasn't been successful in that mission.

Now, we know that it's a -- the reduction of violence is fragile and it's reversible, but we like the trend and we like what the Iraqi political leadership has shown about their ability to take action.

Q And paying off 90,000 Iraqis not to fight?

MR. FRATTO: Kathleen.

Q Tony, we asked earlier, and I wonder if you had any clarification on this, if the President would be meeting directly with Petraeus and Crocker when they're here. Will he be watching their testimony? And is the administration also at all concerned about this massive protest that Muqtada al-Sadr has called for Wednesday in Baghdad, and the juxtaposition of those images with what Petraeus and Crocker will be saying?

MR. FRATTO: It's interesting timing. I don't have anything for you about whether General Petraeus and -- or Ambassador Crocker and the President will have a chance to speak before testimony. I don't know anything about that right now. But obviously, they have spoken a lot in recent weeks.

The gathering in Baghdad, I think it's -- I mean, it is an interesting coincidence at the same time that the two officials are testifying in Congress. But I think it's a reminder of what that day actually is, which is the fifth-year anniversary of the fall of Baghdad and the defeat of the Saddamist Iraqi army and the Iraqi Revolutionary Guard in that country. So it is an important date for the residents of Baghdad to recognize that that was a day --

Q Protesting against the American presence is what he's calling for the protestors --

MR. FRATTO: Well, I know that the Sadrists are doing that, and the reason they picked that date was the day that the tyrannical regime of Saddam Hussein was defeated in Baghdad. And that's important to keep in mind.

Q Do you think it takes any of the steam, though, out of what Petraeus and Crocker will be saying when you see those images juxtaposed?

MR. FRATTO: No, I don't think so. I mean, it's -- look, every -- like I said, we threw out the rose-colored glasses. I think we have a very clear-eyed view of what's happening in Baghdad. We understand that there are a lot of people in Baghdad who would like to see foreign forces of all kinds leave the country, and that includes ours. We would like to see that also. We would just like to see that at the end of a mission that will set Iraq off on a positive path for the future. And I think most people in Iraq and in Baghdad feel the same way about that.

Sheryl, and then I'll get to you, Toby -- I'm sorry.

Q Tony, a couple weeks ago, Senator McCain gave a foreign policy speech in which he was widely viewed as sort of a partial critique of President Bush's foreign policy. And today the Senator gave a speech on Iraq, and he says in part, "At the beginning of last year we were engaged in a great debate about what to do in Iraq. Four years of a badly conceived military strategy had brought us almost to the point of no return." Now, the President endorsed Senator McCain. How does he feel about this kind of commentary coming from the Republican nominee about his policies?

MR. FRATTO: I think Senator McCain's views on the operations in Iraq have been known for a very long time. He hasn't been shy about it. And the President, when he looks at Senator McCain and his view of who would be the best person to sit in Oval Office next year, it's on the totality of his views.

But I remind you that the President, himself, was not very happy with the progress of the war a year, year-and-a-half ago, and made some changes himself that we have since seen have had a positive impact in Iraq.

Q So is the President willing to sort of sit silent in the face of these critiques and the --

MR. FRATTO: There will be lots of things said in the campaign, and we're not going to react to every one of them. I just -- it's safe to say that we're very -- we understand Senator McCain and his views. He hasn't been shy about sharing them publicly or privately. And the President was fully aware of them.

Toby.

Q Since President Bush often says that his Iraq policy is going to be determined by the commanders on the ground, does that mean that whatever General Petraeus says this week before Congress is basically what President Bush is going to rubber-stamp on Thursday?

MR. FRATTO: I think the President listens to General Petraeus and Ambassador Crocker; he listens, as you know, to Secretary Gates and the military leaders at the Pentagon, the Joint Chiefs; he listens to Secretary Rice and Steve Hadley, and that's how he makes his determination. And we'll let the President let you know what he's thinking about the future of Iraq when you have a chance to hear from him.

Q What is the likelihood that there is going to be a new shift?

MR. FRATTO: We'll just have to watch and see.

Q What's the forum for his remarks on Thursday?

MR. FRATTO: We'll let you know. I don't have details on that yet.

Q Is it local or --

MR. FRATTO: We won't be traveling anywhere. It will be here.

Mike.

Q Tony, an aide to Muqtada al-Sadr says that he will disband his militia if top Shiite clerics ask him to do so. Maliki has basically threatened Sadr's followers by saying that they'll be frozen out of the political process and upcoming elections unless they disband the militia. I'm wondering, does the White House feel like this may lead to meaningful action, or do you think this is more Iraqi hot air?

MR. FRATTO: You know, I think the person who is closest to that and can give a good sense of it is Ambassador Crocker, and I think he'll have a chance to answer those questions tomorrow. But just to be clear on what the -- what the government said was not directed to any one particular political party. It was directed against any political party that backs a militia. And so that -- that includes all parties that back militias, in terms of their ability to participate in elections.

Les.

Q Thank you, Tony. Two questions. First, what is the President's reaction to reports from Zimbabwe of Robert Mugabe's growing armed resistance to his election loss to Morgan Tsvangirai?

MR. FRATTO: The President believes that the Zimbabwe election officials should release publicly the election results so that the people of Zimbabwe can see those election results and the numbers, and make a decision on how to go forward. As you know, and most people who follow the President's interests in this and the government's interest in it, we have a very great deal of concern about this election and how it was carried out. We believe that the

Zimbabwe people deserve the opportunity to have a free and fair election, and it certainly raises concerns when a week after polls close, elections results still have not been produced publicly.

Q And secondly, while the President was overseas, The Washington Post published an editorial headlined "Olympic Games Over Truth," as well as devoting most of its op-ed page to a plea from now-imprisoned Hu Jia, who detailed Olympic host China's massive violations of human rights. And my question: Would the President support having our Olympic teams compete in the United States, at the same time of their Olympic events in China with joint-timing, as far better than our teams and our President going to and dignifying this brutal dictatorship?

MR. FRATTO: I think our views on this have been very clear, and the President's views on this have been very clear, that we have a great deal of concern about human rights in China, and the tools that are available to people in free democracies, free speech, and freedom of assembly. And we have never been afraid to express those views either directly by the President, or the President's senior advisors when they travel to China, and publicly. The Olympics will take place, and we expect the Olympic -- American qualifying Olympic athletes to participate in those games.

Q But the President is going to go there and support this brutal dictatorship instead of pulling out, as so many people have pleaded with him to pull out.

MR. FRATTO: Yes, I think we've answered this question many times, Les. And I don't think I have anything new to add to it.

Q Thank you, Tony.

MR. FRATTO: Thank you.

END 1:07 P.M. EDT