

**Remarks By
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Introduction

Thanks for that kind introduction and thank you all. I look at this audience and I'm frankly a little overwhelmed. Prime minister Kantathi , Senator Bond, Governor Huntsman and the many ambassadors and other dignitaries here. I'm afraid I have to let you know that it was the other deputy that was made U.S. Trade Representative. [Laughter] In all honesty I convey ambassador Schwab's deep regrets for not being able to join us all here tonight. She very much hoped to. She was called out [Inaudible] to travel, promoting free trade. So I think that its probably to all of our benefits that she's not here tonight.

In all seriousness, I know that she has a great deal of interest in Southeast Asia, in Asia, general Asia. For those of you who don't know this, Ambassador Schwab graduated from high school in Thailand and has a great deal of interest in seeing what we can do to continue to promote U.S.-Southeast Asia trade and is looking forward to her visit to [Inaudible] later this year to visit with the ASEAN trade ministers.

I must confess that I personally enjoy when we speak about our economic relationships in Asia- whether in Shanghai or Delhi ... Kuala Lumpur or Ho Chi Minh City ... I think those of you who have been there know when I talk about the tremendous vitality that exists, its almost a palpable excitement about economic opportunity in the region and about growing partnerships across the Pacific. And so as I scan the room tonight and see a lot of familiar faces ... representing companies, associations and other interest groups that have been at the forefront of building those partnerships, I want to say thank you. Thank you for what you have been doing in the business realm and thank you also for the countless hours that I know many of you spent informing, advancing, and advocating and supporting our trade agenda in Southeast Asia and around the world. Your work makes a great deal of difference in this regard.

I just want to say that it is a challenging time to be an advocate of free trade. Whether the subject is foreign investment ... or free trade agreements ... or the fast-growing economies of Asia, support in Washington for trade seems to be more fragile than it has been for many years. Maybe it's just a fear of the unknown in a fast-changing, integrated global economy. Or maybe it's that, we're in an election year, and that more politicians are ready to exploit those fears for political gain.

But whatever the reason, it is clear that all of us who believe in the vital, political and economic importance of an active U.S. trade agenda need to recommit ourselves to reestablishing the bipartisan political consensus that has underlain U.S. trade policy, frankly, since World War II. And I think we can take our cue here from our President who has shown tremendous leadership on the issue of trade throughout this year, and I start with his State of the Union speech where he said:

“In a complex and challenging time, the road of isolationism and protectionism may seem broad and inviting – yet it ends in danger and decline. The only way to protect our people, the only way to secure the peace, the only way to control our destiny is by our leadership – and so the United States of America will continue to lead.”

Well tonight, I'd like to talk to you a little bit about how we're working to lead in our economic relationships with Asia and with Southeast Asia in particular.

Before I do, though, permit me if you would to spend just a moment on another subject that will affect our trade relationships with Asia and, frankly, with the rest of the world for years to come: and that's the Doha Round of trade negotiations. Now after recent Doha meetings in Geneva, a number of you may be wondering about whether we in the administration are reevaluating our position on Doha. And I want to tell you tonight unequivocally that we remain fully committed to achieving an ambitious outcome to these negotiations. We will continue to provide the leadership that we have offered throughout the process to keep the momentum going, but we cannot do it alone. We need others to contribute ... and to contribute meaningfully.

The European Union needs to do more than offer small agricultural tariff cuts with huge loopholes and deliver more to globally harmonize trade distorting agricultural support levels. Real market access gains for manufactured goods also are essential. While we are not pushing the world's poorest countries, the advanced developing countries cannot have a pass. Real market opening, including from these countries, will be essential to complete a successful Doha outcome and, indeed, will do the most to contribute to development coming out of the Doha Round. By contrast, scaling back to a minimalist outcome will not lead us to the result we are all are seeking and will not be particularly powerful. So, this Administration will continue to commit to work vigorously to achieve the promise of the Doha Round.

The Importance of Asia

With that said, let me turn to the subject of Asia. It's been said that the economic history of the past twenty-five years represents the convergence of two great economic forces: the United States, on the one hand the world's largest economy, and the countries of East Asia on the other hand, including many of those that make up the ASEAN group, which are the focal points for one of the great economic transformations in modern history.

It has certainly been Asia, together with the United States, that has largely supported global economic growth over the past few years. Asia's growth in turn has been driven in large part by the adoption of market-oriented policies and political reform.

What's delightful about this for those of us in the trade realm is that trade really is at the heart of a lot of these changes, as country after country has sought to harness the power of trade by lowering tariffs and non-tariff barriers... by encouraging foreign investment ... by building the infrastructure needed for trade ... by adopting the political, legal and regulatory institutions that are necessary for trade to flourish ... and becoming participants in the world's trading institutions. Much has been accomplished. Much more needs to be accomplished.

But the United States has been a close partner in ... and beneficiary of ... these developments and we intend to continue to be. Today, the United States and the economies of Asia have strong and growing trade relationships. U.S. goods trade with South East Asia today

account for one-third of total U.S. trade – which is up about 70 percent over the past decade. Our investment in the region has more than tripled in that time frame. Few major American companies—simply look at the number of sponsors we have here today—few American companies that don't have an Asia strategy. Many have offices, or operations, or substantial sales in the region, and business plans that call for even more engagement. American manufacturers, farmers, service providers export increasing amounts to Asia's fast-growing markets. And American consumers clearly enjoy the fruits of Asia's trade-oriented policies, with access to more goods at lower prices.

Now the ASEAN economies have been right at the heart of these developments. Trade between the United States and ASEAN has nearly doubled since the end of the Uruguay Round in 1994, with U.S. exports to those countries totaling about \$50 billion last year, and imports approaching \$100 billion. If you add services in the equation, you throw in another \$20 billion. With almost 600 million people and a combined GDP of \$2.7 trillion, the ASEAN economies constitute the sixth largest economic group in the world (and they continue to grow at a healthy clip, I might add) and they're our fourth largest trading partner.

Simply said, the combined group of ASEAN economies is a vitally important economic entity that we ignore at our peril.

Current Initiatives

Which is why the Administration has not been ignoring them. Today, throughout Southeast Asia and in almost every phase of economic activity, the U.S. Government is actively engaging with our trading partners in the region. And if you would permit me to do a quick *tour d'horizon*. That's French. [Laughter]

After securing Trade Promotion Authority in 2002, one of the first free trade agreements President Bush signed was an accord with Singapore. [Inaudible]. We are already seeing that agreement pay off both for Singapore and for U.S. businesses, with U.S. exports up by 12 percent since 2004 when the agreement went into force. And, more broadly, the agreement has reinforced the close relationship that we enjoy with Singapore in bilateral, regional and multilateral fora.

Now shortly after concluding the Singapore FTA, the President announced the Enterprise for ASEAN Initiative—of course, which aims to deepen our trade relationships with the countries of Southeast Asia by offering the possibility of FTAs with all the ASEAN countries that are WTO members.

Under the Enterprise for ASEAN Initiative, we launched FTA negotiations with Thailand in 2004. And while we still have work to do to conclude these negotiations, we did make progress in those negotiations. And just yesterday, we met with Deputy Prime Minister Somkid and coming out of that we agreed to hold informal consultations on outstanding issues to try to build a platform that would allow for a productive reengagement if and when the new Thai government is formed, hopefully later this year.

Last March, as many of you know, we launched FTA negotiations with Malaysia; the second round of those negotiations are going to be held next week here in Washington. Malaysia, as you may know, is a really attractive FTA partner – it's a strong, developing economy of more than 27 million people – it's an important voice of moderation in the Muslim

and developing worlds, and it's supported by stable democratic institutions. And we are very hopeful [Inaudible].

In addition to our FTA negotiations, of course, the United States also is working to build and strengthen our economic relationships across Southeast Asia, under our bilateral Trade and Investment Framework Agreements, which are called TIFAs. We have robust TIFA dialogues with Indonesia, with the Philippines and with Brunei. And with each of these countries, we are pursuing the building blocks that, frankly, will hopefully lay the groundwork someday for the negotiation of FTAs ... addressing issues ranging from intellectual property rights ... to regulations impeding agricultural trade ... to customs agreements to combat shipments of illegal goods.

I am pleased to announce that, on Friday, Cambodia will join our list of ASEAN TIFA partners [applause], when the Cambodian Commerce Minister will be visiting us. As a recent WTO member with a promising record of reform and strong economic growth, we hope to use that dialogue, our TIFA dialogue, to strengthen our engagement in Cambodia and create new opportunities for businesses in both countries.

In November of 2004 the U.S. Congress of course approved legislation to extend Normal Trade Relations treatment to Laos. And since then, the U.S. Government has been working to help Laos implement the commitments that it made as part of our bilateral trade agreement and to support Laos' WTO accession.

Finally, let me say a word if I may about Vietnam. I am delighted that we concluded our bilateral WTO market access agreement with Vietnam and signed it just last month. This is a significant agreement that will strengthen our economic relationship with Vietnam – it will open the fast-growing Vietnamese market to U.S. manufactured goods, agricultural exports, and service providers – and will help pave the way for Vietnam to join the WTO. It comes at a time when Vietnam is well along on a program of liberalization that has yielded impressive economic gains and five years of course after our BTA-Bilateral Trade Agreement, which has resulted in a 400 percent increase in trade between our two countries.

Tomorrow morning, I'm going to have the honor of testifying before the Senate Finance Committee, which, as you all know, is considering Permanent Normal Trade Relations status for Vietnam – which is a necessary step for us to gain the benefit of Vietnam's accession and of course the strong commitments that were recently negotiated. I don't think I'm going to be surprising any of you in telling you that I am going to ask for the Committee's strong support as we seek to take another step forward in this important bilateral relationship. And, I would also like to ask tonight for all of your support in this regard. This is a truly important vote – and is one that is being watched throughout the region, I believe, as a measure of U.S. commitment to Southeast Asia. We need to get this agreement passed. We need to get PNTR enacted and we need to do so quickly. [Applause]

Now, while working on these bilateral initiatives, we believe -- and I believe many of you in this room also do -- that stepping up our work in regional fora is also critical. We are looking to support ASEAN integration and to institutionalize our relationship with ASEAN through a trade and investment agreement, with ASEAN as an institution and I believe we are very close to concluding that. Tied to this agreement will be a work plan with concrete initiatives aimed at promoting trade and investment in specific sectors.

And just to put all this in context the USG's active engagement on the economic front is, I believe, an integral part of a broader U.S. Government effort to build a new type of relationship with ASEAN. Last November, the President and his ASEAN counterparts issued a Joint Vision Statement for an Enhanced ASEAN – U.S. Partnership, which set out a comprehensive plan for bringing the United States and the countries of ASEAN closer together. This month at the ASEAN Regional Forum in Kuala Lumpur, Secretary Rice will continue discussions with her ASEAN counterparts on a work plan under the Joint Vision Statement. Sufficed to say that all of this, I believe, is further evidence of our deep and continuing commitment to strengthen our relationship with the countries of ASEAN.

Looking Ahead

Now, looking ahead, and reviewing the work we are doing, we believe that we are making good headway in strengthening and deepening our relationships with this important region. But we clearly have more work to do. And as we look ahead I think the challenge is going to be to build on our current efforts and to establish a clear vision of where we want to take our trade relationship in the long term.

And this is an important issue that needs to be considered carefully and the various questions that it raises. Among them are: what is our vision for free trade in the region? Secondly, we have clearly established some high-quality with FTAs with some countries in the region and are making progress with others, but how will all of these fit together? And third, how does our trade engagement with ASEAN fit into our engagement with Asia more broadly?

This is the point where someone smart sits down and says thank you very much, I put those questions out there, good luck. But I'm going to actually endeavor to try and offer some answers to some of them.

First, I think we would hope in the future, clearly, to continue the expansion of FTAs throughout Southeast Asia. As we have stated since President Bush's initiation of the Enterprise for ASEAN Initiative, we see our bilateral FTAs eventually being woven into a network of FTAs. And clearly, we want to explore ways to do this so that they reinforce ASEAN integration and our mutual economic interests. We believe that there are a lot of ways to do this and that we are going to need to clearly consult closely with our ASEAN counterparts when the time is right. But I do believe that our ASEAN TIFA is a very important first step, and it will help us lay the groundwork, and build the capacity, and intensify cooperation and address specific trade issues that are going to be necessary to facilitate those consultations and ultimately achieve that vision.

Secondly, in respect to the nature of the FTAs themselves, I see no sign that the United States is going to back away from the high-quality standard of our FTAs. As many of you may know, the U.S. FTA, I believe, remains the "gold standard" among FTAs, it addresses not just the elimination of tariffs, but also issues such as investment, intellectual property rights, government procurement and an array of subjects that we believe are critical to creating the conditions not just for greater trade, but for true economic partnership. And by reaching common understandings in these areas, we create, I believe, the conditions that are necessary for business relationships to flourish in today's complex business environment.

Now other countries – including some in Asia – have clearly shied away from these kind of comprehensive agreements, we have not and I don't think we're likely to in the future. Partly,

I believe that is because as the number of comprehensive FTAs multiplies, I believe they will become accepted as a standard in the region and hopefully will be easier to accomplish. But I also believe that there's also an increasingly compelling economic rationale for retaining a uniform, high quality standard FTA – and that this holds particularly true with respect to Southeast Asia, where economic interactions have increasingly become regionally focused. Multinational corporations, which had earlier helped spur trade with their home regions, are increasingly promoting trade within the Asia-Pacific region through their development of shared regional production networks. In that kind of integrated environment, having a set of uniform, comprehensive, high quality trading rules in place becomes, I believe, critically important. In fact, I believe, that the country that does not subscribe to such rules runs the risk of being overlooked in that environment.

Third, I think that we need to think about what broader regional architecture best advances both our and the region's interests. In this regard, I think that, among other things, we need to look closely at APEC. As President Bush has made clear, APEC remains the “premier forum in the Asia Pacific region for addressing economic growth, cooperation, trade and investment.” We are committed to APEC – a forum that has united countries from around the Pacific Rim in support of trade liberalization and economic reform. But, as it nears its 20th anniversary, I think its important we think about how APEC can be strengthened. Progress in achieving trade liberalization through APEC has frankly been slower and more painstaking than most would like. Many APEC members acknowledge this and, working with them, we have begun to think about the process of streamlining and reform. We now need to ensure that processes successful conclusion. And we look forward to working with you all in that process.

Conclusion

In conclusion, let me just say we look forward to continuing to pursue this bold free trade agenda with our partners in ASEAN and throughout Asia. We know we have committed and willing partners, as the dramatic changes that that region's leaders have embraced make clear.

For 60 years, the United States has championed, market-based economic reforms, open trade and global economic integration. Our many Asian partners that have embraced these concepts in recent decades have prospered and they have created more opportunities – and yes – frankly, more competition for the United States as well.

We have welcomed these developments and we must continue to do so ... to ensure our economic growth here at home ... to ensure the continued competitiveness of our economy globally, ... and to ensure our continued engagement in this politically and strategically vital area of the world.

With that, I want to again express my deep thanks to all of you here tonight. It's a great pleasure to be able to address you and I look forward to working with you in the months to come. Thank you.