

Remarks by U.S. Trade Representative Susan C. Schwab

Consumer Electronics Association

Las Vegas, NV

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Acknowledgements and Introduction

- Thank you Sage [Chandler, Consumer Electronics Association]
- What a pleasure to be here in Las Vegas for what has got to be one of the most exciting trade shows in the world.
- And I know that what happens in Vegas is supposed to stay in Vegas – but I hope not this time.
- Because when it comes to U.S. innovation in the consumer electronics sector, ninety five percent of the world's consumers live outside the United States. We need to pry open growing markets so U.S. consumer electronic products and services are available to these billions of consumers. We need to promote free trade, not cower from it.

- Thanks for helping to get that message out. The CEA's public support for trade is appreciated and needed more than ever. The short promos I hear on NPR and the ads I have seen in newspapers – particularly those that are aimed at Congress – make my day.
- And congratulations on Gary Shapiro's strong opening. These proactive statements of support for trade from an industry as important as yours are essential if we are going to triumph over the skeptics of trade and the advocates of economic retrenchment.
- Let's face it. Your companies' health depends on reaching new consumers. So does the overall strength of the U.S. economy. Right now exports are the leading contributor to our economic growth - even amid the turbulence in the housing market.
- Your state-of-the-art products and innovations represent not only the cutting edge in the industry but the competitive edge of the United States. The creativity and skill of our society – and a host of economic opportunities – are being showcased this week here in Vegas.
- And so, I would also argue that CEA companies have a huge stake in the Administration's success in our trade agenda for 2008.

Highlights of Trade Agenda

- Topping our priority list is to secure Congressional approval of the pending Free Trade Agreements with Colombia, Panama, and Korea, and keeping our multilateral efforts in the Doha Development Round and the Information Technology Agreement on track.
- The FTAs are big opportunities for your sector. Two-way trade in high tech goods, including consumer electronics, with Korea, Colombia, and Panama amounted to some \$30 billion in 2006.
- In addition to eliminating tariffs and non-tariff barriers, the FTAs we negotiate include provisions preventing discriminatory treatment of digital products delivered over the internet such as software, games, videos, music. We have this for physical products in the WTO, but not for products delivered electronically.
- Embedded in our FTAs as well is our commitment to not only open foreign markets for telecommunication services, but also to ensure that access to networks is reasonable and non-

discriminatory and governed by transparent rules and rule-making procedures.

- In short, the pending FTAs are good for the U.S. as a whole and good for your industry in particular.
- Briefly, let's look at these agreements one by one. First, the Colombia Trade Promotion Agreement – next up in Congress.
- U.S. high-tech exports to Colombia totaled almost \$1.2 billion in 2006, up 14 percent from 2005.
- As a part of this agreement, Colombia will join the ITA, just as Peru has in connection with the Peru Trade Promotion Agreement.
- But more than tangible measurements of dollars and cents, the agreement will help create long-term growth and stability in Colombia and the region.
- What is evident to anyone visiting Colombia these days is the transformation that has taken place.

- The violence, criminal activity associated with drugs, and political violence are receding into history. Families can now flourish in Medellin, a city ravaged by atmospheric murder rates a little more than a decade ago.
- Colombia's democratically-elected president recognizes that the FTA will help reinforce the economic and political reforms he and his brave people have embarked up in the last 10 years.
- To let this agreement languish as a hostage to domestic political battles is unthinkable.
- The other pending FTA in our region is with Panama. The FTA would also bring Panama into the ITA and offers important prospects for business associated with the expansion of the Panama Canal.
- Finally, let me turn to the U.S-Korea Free Trade Agreement – or KORUS FTA. This is our most commercially significant agreement in at least 15 years.

- South Korea is one of the world's largest markets for high-tech goods from the United States. Only five countries are larger export destinations for American tech products than South Korea.
- In fact, the United States exports more to South Korea than to the United Kingdom or France. The FTA promises new opportunities for access to this country where per capita income is approaching \$20,000.

The United States exported \$10.6 billion in high-tech goods to South Korea in 2006, up \$700 million, or 7 percent from the previous year.

- Technology imports from South Korea to the United States totaled \$14.9 billion in 2006.
- Countries in Asia are growing and transforming at a tremendous pace and with this growth, dynamic changes in regional economic architecture and integration. The KORUS FTA is a unique opportunity to establish a bigger footprint in this important part of the world.

- The potential gains to both countries for KORUS FTA are huge over \$10 billion a year to our economy and GDP. It would be unconscionable for Congress to let this languish.
- Passage of KORUS would add to recent successes on the trade front that include China's agreement to end the use of subsidies we challenged in the WTO, and Congressional passage of the Peru Trade Promotion Agreement, which was approved by an overwhelming bipartisan vote.

Doha and other Multilateral Issues

NAMA Sectoral Initiative

- As for the World Trade Organization Doha Round, we continue to keep our trading partners engaged, energized and aiming high.
- There are few sectors that illustrate more than consumer electronics how globalization is shaping and improving our lives. I read with interest a fact CEA came up with that there are now 25 consumer electronic devices in an American household – whereas there was just one such device just 30 years ago. Think about applying this velocity of change to the rapidly emerging economies of India, Brazil, and

China. U.S. exports already account for \$328 billion of this \$3.2 trillion market and some 300,000 domestic jobs were created in this sector between 1990 and 2005.

- Many of these are high-skill jobs that pay well whether in design, engineering, even retail. Again, CEA's own data - that consumer electronics retail jobs pay 18 percent higher than other retail jobs and consumer electronic manufacturing jobs pay 15 percent more than other manufacturing jobs – also illustrate how your industry is good for the country.
- As technology links our manufacturing, services, engineering, retail, and so many other sectors, we must pursue global trade policies.
- As bilateral and regional deals proliferate, I am sure you welcome a multilateral framework that includes not only your potential markets but also your sources of inputs and production.
- In this regard, we are working with U.S. industry and several WTO Members to promote a sectoral initiative in the Doha negotiations to eliminate tariffs on electronics and electrical products. For those of you from Europe and other sources and markets, for your products, we would like to see governments step to promote the sectoral

initiative. We are also developing an initiative to address non-tariff barriers – such as regulatory and standards policies in many countries.

ITA

- Another area of interest to you on the multilateral front is probably the Information Technology Agreement. This has been an unqualified success in promoting trade, jobs, and investment in the information technology sector. 97% of trade, 70 countries.
- Here, the United States and other ITA participants continue to have serious concerns about recent actions by Europe that would no longer guarantee duty-free treatment on key ITA covered products, many of which are presented here at the CES. Technology convergence should not be an excuse to raise tariffs. In fact, as noted, we want to expand and build on the ITA through a sectoral agreement in the Doha round.

Conclusion

- In many ways, CEA companies are defining this time in history. How we talk to each other, how we entertain ourselves, solve

problems, spur political activity, conduct business, and even promote freedom, are evolving every day, thanks to your innovations.

- Thanks again for your efforts to educate your employees and the public on the importance of trade. It could not come at a more important time.
- I know we are all committed to answering the skeptics of trade with optimism and passion about the benefits of trade.
- And we are striving to complete an exciting agenda that will open the world's growing markets to your products and services.
- We hear a lot about “convergence” at CES. Your industry exemplifies a different kind of convergence – convergence of smart public policies: free markets, free trade and IP protections.
- CE sector is evidence of win-win potential for trade and investment. You are in the best position to tell the story to your employees, journalists, community leaders and elected representatives.
- I hope you will do so. Thank you