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■ **AQ FEATURE**

Ask the Experts: Market Access and Free Trade

by

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How can we move forward with trade liberalization?

Ron Kirk Answers:

Trade liberalization has moved hundreds of millions of people out of poverty and into the global middle class. If countries make serious commitments to open up their markets and play by the rules, trade will continue to support more jobs for working families in the United States and around the world.

Even as we continue to play a leading role in global trade, the U.S. welcomes the emergence of large developing economies in Latin America and Asia. That is why the U.S. is leading the way on multilateral trade liberalization with creative approaches in the Doha Development Round and, along with regional partners Chile and Peru, innovative models like the Trans-Pacific Partnership. We are also working hard to ensure a level playing field for our farmers, workers and firms, both small and large.

In U.S. trade agreements, we seek to reflect our values and to create more job opportunities here and with our partners. For example, the Office of the United States Trade Representative (USTR) is addressing outstanding issues related to agreements with Colombia and Panama, all of which President Obama would like to advance for congressional consideration quickly.

The U.S.-Korea trade agreement is an historic opportunity to increase exports and support job creation in America and to enhance U.S. economic leadership in the Asia-Pacific region.

Colombia is both an important market and a key partner in the Americas. The Obama administration supports President Santos' advances with respect to human rights and is committed to working with him on concerns related to trade unionists.

We are making excellent progress to address concerns with Panama's labor regime and tax transparency rules.

These are just a few areas where USTR is working every day to increase exports, create well-paying jobs, and expand prosperity in the United States and around the world.

Samuel Dyer Answers:

After the failure of multilateral agreements such as the Free Trade Area of the Americas (FTAA), several countries have opted for bilateral accords. Without a doubt, the most assertive countries have been Peru and Chile. This model has been successful and will likely be followed by other countries in the region that are gradually preparing to open their borders to the international market and hemisphere-wide competition.

Today, in contrast to the 1990s, the process of opening doors to outside trade has crossed over continental boundaries. The need for free-trade agreements has overtaken solutions limited to the hemisphere. It will not be uncommon for other Latin American countries to follow the path paved by Chile and Peru and sign agreements with China, South Korea, Japan, the European Union, or Russia.

Along these lines, Latin American giants such as Mexico and Brazil will be obliged to take this same route if they wish to sustain their growth and prosperity. To the degree that this trend continues, countries in the region will have already streamlined their economies and broadened markets through the bilateral accords, and a multilateral agreement at the hemispheric level will no longer be necessary.

Peter Van Loan Answers:

Canada remains committed to an ambitious outcome to the Doha Round at the World Trade Organization. But we recognize the need to open new markets for Canadian businesses and new opportunities for Canadian workers, right now.

That is why, in just four years, our government has signed bilateral free-trade agreements with eight countries, and we are continuing free-trade talks with close to 50 others. We are also in exploratory talks to assess the merits of expanding existing first-generation trade agreements we have with Chile, Israel and Costa Rica.

Our free trade agenda includes three main initiatives: 1) conclusion of a broad and ambitious trade agreement with the European Union; 2) negotiating a free-trade agreement with India; and 3) an ambitious free-trade strategy for the Americas.

Our government has already concluded free-trade agreements with Colombia, Panama and Peru. We are also engaged in negotiations with the Caribbean Community, the Dominican Republic, and the Central American countries of El Salvador, Guatemala, Honduras, and Nicaragua.

The benefits of free trade are undeniable. As a result of the North American Free Trade Agreement, Canada's trade with the United States has nearly doubled, and trade with Mexico increased fivefold.

At this time of fragile economic recovery, Canada is a leader in promoting free trade and fighting protectionism. As a trading nation, our prosperity depends on selling our goods to other countries. Our government knows that by diversifying our trade relationships through an ambitious agenda of bilateral negotiations, we are opening new markets for Canadian businesses and creating jobs for Canadian workers.

Robert Lawrence Answers:

Americans need to realize that faster growth in emerging markets such as China and India is part of the solution to our problems rather than their source. There are widespread and inaccurate perceptions that the off-shoring of jobs has been a major contributor to our current malaise and that we are being challenged in high technology competition and sophisticated services by China and India. These perceptions are wrong.

To be sure, some Americans have been displaced by import competition, but on balance, foreigners have actually been supporting employment in the U.S. since the recession started. Between the first quarter of 2007 and the third quarter of 2010, for example, foreigners increased their purchases of goods and services exported by Americans by \$272 billion, while Americans imported only \$99 billion more.

The challenge in high-tech has also been exaggerated. The U.S. and the developing countries have become specialized in very different products and processes, which makes their growth complementary rather than competitive. The growth of developing countries provides U.S. exporters with larger markets and U.S. producers with cheaper inputs. Albeit with some exceptions, most developing countries are not major competitors for U.S. exporters. Even when China exports products classified as high-tech, they are very different in price and much lower in quality than those exported by the United States. Substitutes for many of the finished and intermediate products the U.S. imports are no longer produced at home. American producers are thus not adversely affected by these imports, but U.S. buyers enjoy lower prices and more choice.

This does not mean there is no role for improved U.S. policies in reducing foreign barriers to U.S. exports, in revitalizing the U.S. industrial base and in providing U.S. firms and workers with the tools they need to compete and adjust. But it certainly refutes the view that the U.S. would be better served by erecting new barriers at home, or that it should view foreign growth as damaging to its economic interests.

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