

**Remarks Prepared for Under Secretary Francisco Sánchez
Pacific Economic Corporation Council
20th General Meeting and Standing Committee
Thursday, September 29, 2011**

Good afternoon and thank you for this opportunity to be with you today.

Before I begin, let me thank Dr. Wilhelmy for that kind introduction.

Allow me to also recognize the other dignitaries in the audience — Ambassador Moore from New Zealand ... and Ambassador Thompson from Fiji.

And, let me express my appreciation to all of you — the members and supporters of the Pacific Economic Corporation Council.

It's always great to see leaders from business ... academia ... and government come together — in the spirit of community and cooperation — to advance shared interests.

I know that this is only the third time you've held a general meeting in America.

And, it's great to welcome you to Washington for this important discussion.

Last year, PECC celebrated a milestone — Its 30th anniversary.

You have a lot to be proud of.

As President Obama said last year:

“The story of Asia over the last few decades is the story of change that is so rapid — and transformative — that it may be without precedent in human history. Countries where people once lived on a few dollars a day are now some of the fastest-growing economies in the world.”

The numbers reflect this growth ... the Asia-Pacific region now represents more than 55% of global GDP ... and nearly 45% of world trade.

There has been tremendous progress.

And — through trade and investment — the United States has been proud to be a part of this economic development.

We have benefitted greatly from our trade and investment relationship with the region.

But, now is not the time to rest.

Now is not the time to be satisfied with the progress of the last 30 years.

That's because the next 30 years promise to be even more exciting than the last.

And, in the short term — as all of our countries continue to deal with the impact of the global financial crisis — we have an obligation to continue to resist protectionism ... and move forward toward even greater economic integration.

This effort is essential if we are to meet the expectations of President Obama's National Export Initiative — which he announced nearly two years ago during his State of the Union address.

The goal is to double U.S. exports by the end of 2014.

In terms of jobs ... exports contributed greatly to growing our economy in 2010 — supporting over 9 million jobs.

Last year, U.S. exports of goods and services increased nearly 17% over 2009 — the largest year-to-year percentage change in over 20 years.

This puts us on pace to achieve President Obama's NEI goals, which will spur growth in communities and support jobs for people.

Even more recent data confirms that the NEI remains on course.

Overall, exports in the first seven months of 2011 have increased 16 percent over the same period in 2010 — a pace that continues to exceed NEI goals.

That's due in large part to our trade relations with the APEC region.

I would like to focus on these relations today ... first covering multilateral arrangements.

Then, I'll say a few words about key bilateral relationships.

As most of you know, the United States is hosting APEC in 2011.

Throughout the year, we've been guided by three major themes:

- One, to strengthen regional economic integration and expand trade ... supporting jobs and growth for all parties.
- Two, to promote green growth.

Clean technology has the potential to pave the way for extraordinary growth ... and increased trade and investment in this sector is sure to benefit economies and the environment.

- And three, expanding regulatory cooperation and advancing regulatory convergence.

In the regional context, we want to strengthen the industries of the future.

We want to harmonize regulation at the minimum necessary level.

And, we want to empower entrepreneurs —especially small and medium-sized business owners — with the tools and support to succeed throughout the APEC region.

In May in Big Sky, Montana, I chaired the APEC SME Ministerial Meeting.

In this meeting, we endorsed further APEC actions to address the top nine trade barriers — including corruption ... lack of financing ... and complex customs procedures around the Asia-Pacific region.

I am happy to report that we will be ready to announce concrete progress on these barriers by the end of our APEC host year.

This includes the conclusion of agreed APEC-wide business ethics principles for various industry sectors ... and better avenues for SMEs around the region to take advantage of international business opportunities.

These efforts will pay significant dividends in the long-run.

We plan to conclude the year on a high-note.

In Honolulu, the APEC 2011 USA Host Committee will hold a CEO summit that will assemble roughly 1500 senior executives — from the Asia-Pacific region — to address the obstacles and opportunities presented by the global economy.

And, President Obama will host an APEC Economic Leaders Meeting that will provide our leaders with an opportunity to thoroughly discuss expanding free trade on a regional basis.

So, we're committed to making our APEC host year a productive period for all parties.

But, please know that we are not focused exclusively on APEC. Days after Honolulu, we are also very excited to participate in the East Asia Summit ... and the U.S.-ASEAN Summit in Bali, Indonesia.

For the past three decades, the United States and ASEAN member countries have strived to develop sustainable ... bilateral ... and multilateral relationships.

If ASEAN were a single country, it would be one of our largest trading partners.

It holds over \$120 billion in U.S. Foreign Direct Investment.

We are deeply impressed by how well the region has weathered the financial crisis ... and has recorded many consecutive quarters of strong growth.

As part of this Administration's commitment to further engage in South East Asia — and consistent with our goals for APEC 2011 — we have been working closely with ASEAN on many projects to help meet their economic goals by 2015.

This includes the convergence of industrial standards ... and conformity assessment procedures.

And, we look forward to deepening our engagement with the region ... especially under the leadership of recently appointed U.S. Ambassador to ASEAN — David Carden.

We also look forward to deepening our engagement in other parts of the world.

That brings me to another top priority issue —the U.S. Korea Trade Agreement, otherwise known as KORUS.

As we speak, the White House is working to obtain congressional approval of the U.S.-Korea trade agreement.

This is the most significant trade agreement for the United States in more than 16 years.

Korea is our 7th largest trading partner.

And U.S. exports to Korea are growing this year.

Through the first five months of 2011, U.S. goods exports jumped nearly 14% compared to the same period in 2010.

By expanding access to Korea — the 12th largest economy in the world — the agreement will:

- support tens of thousands of American jobs.
- open Korea's \$560 billion services market to American companies.
- eliminate Korean tariffs on 95% of U.S. exports of industrial and consumer goods within five years.

- And immediately eliminate Korean tariffs on over two-thirds of U.S. agricultural exports.

This represents an unprecedented opportunity to increase exports ... support job creation ... bolster the American economy ... and strengthen a vital strategic alliance in the Asia-Pacific region.

Another top-line item on the trade policy agenda is the Trans-Pacific Partnership.

TPP negotiators are seeking to conclude an ambitious, 21st century Asia-Pacific trade agreement that reflects U.S. priorities and values.

Working with our partners, we intend to craft a high-standard agreement that addresses new and emerging trade issues and challenges.

We see the TPP as the most credible pathway to Asia-Pacific regional economic integration.

We are pleased with the progress in the TPP negotiations to date.

We have already completed six rounds of negotiations this year.

With all the TPP partners committed to concluding the negotiations as expeditiously as possible ... we are optimistic we will be able to make some announcements in Honolulu when the APEC leaders meet in November.

However, right now, I do want to quickly give you brief updates on some of the other priority issues on the trade agenda.

Given Dr. Wilhelmy's generous introduction, I'll start with his home country of Chile.

The U.S.-Chile Free Trade Agreement continues to be a resounding success.

Since 2004, duties have been reduced to zero on 90% of U.S. exports ... with all remaining tariffs to be phased out by 2015.

We are so pleased with the ever growing regional integration among the North American ... Central American ... and South American countries.

Peru is a great trading nation that is seeking to conclude trade agreements with all of its major trading partners.

Colombia is the 3rd largest economy in Central and South America ... and we are anxious to ratify the free trade agreement with Colombia as soon as possible.

With regard to our northern friends, The United States and Canada share one of the longest land borders in the world.

And our countries' new partnership — the Beyond the Border initiative — will facilitate trade for businesses across our two nations with Asia.

Down south, the United States is, by far, Mexico's most significant trading partner.

Over 80% of Mexico's exports are destined for the United States.

The North American Free Trade Agreement — combined with its proximity to the U.S. — has made Mexico an attractive destination for investment from Asian producers and suppliers.

So, good things are happening across our borders ... and we are also seeing progress overseas.

I would like to make some brief comments about our other trading partners ... starting with one of the fastest growing and most exciting markets in the world — China

The United States welcomes a strong, prosperous and successful China that plays a greater role in world affairs.

Beginning with economic reforms under Deng Xiaoping in 1979 — and continuing through China joining the World Trade Organization in 2001 — China has made its economy fairer ... freer ... and more open to international competition than it had been before.

The more China has opened ... the more it has benefitted from the rules-based, international trading system.

We hope that this process of reform continues – both for the benefit of China's trading partners and the mutual benefit of Chinese companies ... workers ... and consumers.

Ensuring that U.S. companies operate on a level playing field in China is a top priority of our trade relationship.

Through dialogues such as the Joint Commission on Commerce and Trade — and the Strategic & Economic Dialogue — we continue to raise concerns in areas such as IPR enforcement ... innovation policies ... standards ... investment ... and government procurement.

We look forward to this year's JCCT in China to discuss these important issues.

We are also very excited about our relationships with Australia ... New Zealand ... and the Pacific Islands.

U.S. companies have already had success in Australia with the signing of an FTA in January 2005.

Since that time, U.S. exports have gone up more than 30%.

The FTA has encouraged U.S. companies to see that Australia is a stable and transparent economy in which to do business.

U.S. goods exports to New Zealand continue to rise yearly, with an increase of 30% last year.

Although we currently don't have an FTA with New Zealand ... we are pleased to be negotiating with New Zealand ... along with seven other countries in the TPP.

We expect to see our already robust trade relationship with New Zealand grow even stronger after the TPP is signed.

We also look forward to expanding our trading relationships with the members of the Pacific Island Forum in the years ahead.

Japan is a critical pillar economy of the Asia Pacific – and always will be.

As our fourth largest trading partner — and the third largest economy in the world — Japan remains one of our most important markets.

We are so impressed by the resilience of the Japanese people ... and we look forward to ever closer economic integration with this important ally.

Hong Kong and Chinese Taipei also play critical roles in the regional market and the global supply chain — both are highly valued trading partners.

And, one other trading partner that has emerged is Mongolia.

Our trade relationship with Mongolia has developing steadily during the past several years.

In 2010, U.S. exports to Mongolia increased by 184 percent from the previous year.

And, we hope to do more — both with Mongolia — and the entire Asia Pacific region.

This trade and investment relationship is extremely important to the U.S. – and becoming more so with every passing year.

That's why I'm so pleased to be here today.

Progress often starts with conversations like this ... where we can exchange ideas and experiences.

Please know that I — and the U.S. Department of Commerce — are firmly committed to addressing the range of commercial concerns and challenges we all face.

And, I look forward to working with you to ensure that our shared destiny is guided by the values of community ... fairness ... and opportunity for all.

Once again, thank you to the Pacific Economic Corporation Council for inviting me today ... and for all your contributions to global economic development.

Enjoy the rest of your general meeting.

Thank you.