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## Secretary's Speech

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### Secretary of Commerce Gary Locke Remarks at Washington International Trade Association (WITA) Washington, D.C.

Thank you, Jim for that generous introduction.

It's great to be here tonight among so many friends and familiar faces.

I want to congratulate Congressmen Crowley and Brady for receiving WITA's Distinguished Service Award—which at the Trade Prom is sort of like being named prom king. Unfortunately, I've been told that neither of you will be receiving a crown. You'll just have to settle for a nice plaque to hang in your office.

Your service on the House Caucus for Asia-Pacific Economic Cooperation is vital, and I look forward to working with you.

Finally, I'd like to acknowledge our U.S. trade representative Ron Kirk. He couldn't be with us tonight, though, I know members of his team are in the audience. I'm glad to have Ron as a partner, both in the effort to open up global markets and as an advocate for U.S. businesses.

In its 25 year plus history, WITA has established itself as the premier trade forum in America.

And the work WITA does has never been more important than it is right now—because the world economy is at a critical point.

During previous economic crises, many governments, including that of the United States, have succumbed to the false comfort of protectionism.

In 2009, it remains an open question whether countries around the world will go down that counterproductive path again.

I want to make clear that America's trade policy will be characterized by openness and engagement with the global marketplace.

You know the benefits of trade. More than most, both through your professional lives and your work with WITA, you have seen how trade can:

- create jobs and growth
- speed the delivery of transformative ideas and technology
- and hasten democracy and the spread of freedom

As the former governor of Washington—the most trade dependent state in the U.S.—I have been a long-time advocate for opening up markets around the world.

Trade has always been crucial to American prosperity. And it has assumed an even greater significance in the current economic climate, as other sources of growth, like consumer spending, have deteriorated.

President Obama, and we at the Commerce Department, see real opportunities to grow U.S. exports, across our entire economy—from large corporations to small and medium-sized businesses.

But as we seek to expand our trade, we do our argument a disservice if we fail to acknowledge that the benefits of trade have not always been evenly distributed throughout our society.

Just go to places with devastated auto or textile industries—places like Dayton, Ohio or Danville, Virginia, and you'll understand why.

At the turn-of-this-century, Gallup polled the American public on whether they thought foreign trade was an opportunity or a threat to our economy. Fifty-six percent said it was opportunity. By last year, that figure had dropped to 41 percent.

The truth is that as long as trade is perceived negatively by growing numbers of Americans, it's going to harm our future growth prospects.

We can't let that happen – because trade is undoubtedly good for America.

That's why I've asked the Commerce Department to work in conjunction with other federal agencies to pursue initiatives aimed at helping those affected by the changing economic landscape.

As we lend a hand to those impacted by economic turmoil, we must also turn our eye towards measures that can spur sustained growth in the years ahead.

President Obama recognizes that if we are to succeed in an increasingly competitive global economy, then America must fix our deep structural problems in areas healthcare, energy and education.

The president has proposed ambitious reforms in these areas—and tonight, he will go before the American people to explain the urgency of fixing healthcare now.

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I am convinced that these measures—even if they entail short-term adjustments—will ultimately make U.S. business more competitive abroad.

And as the Obama administration takes these critical steps to strengthen our economic fundamentals—I have identified five priorities to improve our trade fundamentals.

These include:

1. Enhancing trade promotion and the support we provide to U.S. exporters
2. Pursuing visa reform
3. Undertaking a review of export controls
4. Strengthening international intellectual property protections
5. And promoting more intergovernmental cooperation in support of U.S. exporters

The first element of my agenda is to make the Department of Commerce's services more accessible to the innovators and entrepreneurs who need our help.

Commerce has an array of tools to help businesses at every point in the cycle—from the birth of an idea, to the standing up of the company with that idea, to finding markets once that idea has been transformed into a product or service.

But too many of these tools are left on the shelf.

As a consequence, many American businesses are missing out on viable opportunities—especially when it comes to accessing foreign markets.

Ninety-seven percent of U.S. exporters are small and medium-size businesses, but they only account for 30 percent of export value. Meanwhile, of all the American businesses that export, 58 percent export to only one country.

We can do a lot better.

Commerce has a trade promotion office staffed with some 1,500 people, including commercial service officers stationed all over the world. This is a potent asset for United States businesses that has a lot of untapped potential.

Part of the problem is that many businesses aren't even aware that we offer this assistance, and even if they are, they don't have the time or the inclination to navigate a government bureaucracy.

That's why last month we launched a "one-stop" shop in Detroit that will provide a single point of contact for the full-spectrum of Commerce programs available to business owners.

If it works, and we think it will, we intend to expand the centers and roll them out in metropolitan areas across the country.

As we seek to open up markets for American companies abroad, the United States must also acknowledge that she has room to improve when it comes to increasing the secure flow of goods, services and people across our own borders.

In particular, the United States often makes it too difficult for foreign company executives to enter here to do business—a shortcoming that has had a tangible cost for American businesses by shutting out some of their best customers.

For example, the Association of Equipment Manufacturer Executives has reported that its members lose one in three Chinese buyers invited to attend major U.S. trade shows because their visas are denied—even though many of them have previously visited the United States on buying missions without incident.

Meanwhile, Boeing recently had to delay the delivery of a \$250 million freighter because an inspector from the Chinese aviation authority didn't receive his visa on time.

Historically, processing for these types of visas could be done in a matter of weeks but recently the time has stretched to as much as four months.

The U.S. government has already made some tentative progress on improving the situation, but I have also created an interagency task force with the State Department and others to further improve the process.

Yet another area where red tape is challenging American businesses, and American security, is our export control regime.

Earlier this year, former National Security Adviser Brent Scowcroft, chaired a distinguish panel to look into this issue, and he flatly declared:

"The national security controls on science and technology are broken."

The panel concluded that our Cold War era export control system has constrained both U.S. commercial and military capabilities from expanding into new fields and from applying new scientific developments.

Our export control system must adapt to America's changing security needs without inhibiting the competitiveness of U.S. companies and institutions. That competitiveness is critical to our economic and national security.

Commerce has already begun to implement programs that will reduce the export licensing burden on U.S. companies. For example, earlier this year, I announced the first Validated End User in India. The VEU program was designed to facilitate high technology trade in India and China by enabling certain items to be transferred without an individual export licenses. But much more needs to be done.

I have instructed Commerce's Bureau of Industry and Security to initiate a review of the entire export control system. The review will focus on improving the system by targeting our controls at those state and non-state actors who would seek to do us harm, while ensuring that the traditional control lists keep pace with technological developments.

Of course, Commerce is not just concerned with helping American companies get their products into foreign markets. Once they get there, we want to ensure they receive the same rigorous intellectual property protections that they would at home.

Despite America's remarkable dependence on innovation for future growth, the current system for protecting U.S. intellectual property—both domestically and internationally—is fraying at the seams.

Every year, American companies in fields as diverse as energy, technology, entertainment and pharmaceuticals lose between \$200-\$250 billion to counterfeiting and piracy.

That is simply unacceptable.

And this troubling trend is not just a problem for U.S. companies. As companies in developing countries increasingly move up the economic value chain, they too will count on the protection of their ideas.

There are a series of steps the Commerce Department can and will take to improve America's IP regime, from reforming the U.S. patent office to helping shape upcoming congressional intellectual property legislation.

But fundamentally, our efforts need to begin with better enforcement. And that is why the United States is fortunate to have such a talented and tough negotiator in our U.S. trade representative, Ron Kirk. Ron and I will be working closely together on this issue for a long time to come.

Enforcement of trade agreements is a key element in the plan to rebuild support for trade. We must ensure that U.S. stakeholders reap the full benefits of these agreements, and that our exporters know that we will "have their backs". Commerce's Trade Agreements Compliance Program will play an important role in this monitoring and enforcement work.

There is one final step that must be taken in order to increase the amount of goods and services that America sends to foreign markets:

We need to use every lever of the U.S. government to promote our exports.

Whether that involves our Secretary of State writing a letter on behalf of an American company that wants to do business in Russia, or our Department of Energy helping to facilitate renewable energy partnerships between US companies and the Chinese government, every federal department has a role to play in promoting American business.

As the Secretary of Commerce, I am the chairman of the Trade Promotion Coordinating Committee, which has worked for over 15 years to unify the export promotion and export financing activities of the US government.

Over 20 different federal agencies have representatives on this committee, and I am planning to bring their full resources to bear for the promotion of U.S. trade.

The trade priorities I've discussed tonight—visa reform, export controls review, intellectual property protection, intergovernmental cooperation and trade promotion—will help U.S. companies increase exports, while setting the country on a path to long-term, sustainable growth that creates jobs here at home.

And with the federal government fully engaged in promoting American exports and trade, I am confident that our businesses will be able to capitalize on emerging opportunities across the globe.

Looming problems from climate change to aging populations demand all the ingenuity that we can muster.

No one country has a monopoly on the knowledge we need, so we must make it easier for our entrepreneurs and innovators to cooperate and collaborate with one another no matter where they live.

That task is a little easier thanks to WITA and its members. Thank you for having me, thank you for the great work you do, and again congratulations to Congressmen Crowley and Brady for their much deserved award.

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