

# Conference to Focus on Trade Protection

By Martin Crutsinger  
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WASHINGTON — The Bush administration is hoping that a renewed focus on making America more competitive will help get its stalled trade agenda moving forward in Congress.

The administration was holding a daylong conference on Tuesday featuring some of the country's top business executives including executives from Wal-Mart, FedEx and General Motors, and leading academic experts to examine such issues as regulation, education and ways to bolster innovation.

Commerce Secretary Carlos Guterrez, one of three Bush Cabinet members participating in the conference, said Monday that he hoped the event would help spotlight the need to keep pushing for lower trade barriers to ensure America thrives in a global economy.

"We have always been a country that looks out to the rest of the world and has a leadership role to play," he said in an interview with The Associated Press. "That means being open to trade and understanding that protectionism is a flawed concept."

President Bush, who has emphasized striking free trade agreements around the world to boost U.S. export markets, has faced hurdles since Democrats won control of both the House and Senate in last fall's elections.

The administration currently has free trade deals pending with Colombia, Panama, Peru and South Korea. While the agreements with Peru and Panama are given a good chance for passing Congress, there is considerable opposition to the deals with Colombia and South Korea.

Gutierrez said it would send the wrong message if Congress only passed one or two of the pending free trade deals this year.

"That is not a commitment to free trade," he said. "That is a very tentative, weak position from a leader in trade in the world."

Opponents of Bush's trade policies point to five consecutive years in which America's trade deficit has set records and blame the administration for failing to protect American workers from unfair competition in low-wage countries such as China. They contend the trade deficits have contributed to the loss of 3 million manufacturing jobs since Bush took office.

There are a number of bills pending in Congress that would force the administration to take a tougher approach with China including pursuing economic sanctions if China does not move more quickly to allow its currency, the yuan, to rise in value against the dollar.

American manufacturers contend the yuan is undervalued by as much as 40 percent, making U.S. goods more expensive in China and Chinese products cheaper in the United States.

Gutierrez said Monday the administration continues to oppose these measures because they would limit the flexibility Treasury Secretary Henry Paulson and other administration officials believe they need to use high-level talks to get China to make the changes needed in its economy.

On Friday, China announced it was bringing a World Trade Organization case against the United States for penalty tariffs the administration imposed last May in a dispute involving Chinese-made glossy paper, which the administration ruled was receiving unfair government subsidies.

The case reversed 23 years of U.S. trade policy by treating China — which is classified as a nonmarket economy — the same as other U.S. trading partners that are classified as market economies. China is concerned that the action could open up its companies in a wide range of areas from steel to furniture to similar penalty tariffs.

Gutierrez said the administration is confident it made the right decision in the paper case, but he said China was taking the right approach in bringing a case before the WTO to resolve the dispute. He contrasted that approach to moves in Congress to impose unilateral penalties on China.

"What we have to be careful about is not creating legislation that ultimately is protectionist in nature and will have the effect of encouraging other countries to also pass protectionist legislation," Gutierrez said.