

Secretary of Commerce Carlos M. Gutierrez
Remarks at the Small Business Administration
International Trade Symposium
Washington, D.C.

([Video](#))

I would like to thank Sandy Baruah and the Small Business Administration for having me here today and for giving me the opportunity to talk to you this morning. SBA helps fuel our nation's economy, importantly by giving entrepreneurs like you the tools you need to succeed, and I think there is no greater cause in driving prosperity in our economy.

The President has a deeply held belief that American workers and businesses are the best in the world and can compete and win in global markets.

Just last week President Bush spoke of his belief that free markets are the key to growing our economy. He said: "Free market capitalism is far more than [an] economic theory. It is the engine of social mobility...If you seek economic growth, if you seek opportunity, if you seek social justice and human dignity, the free market system is the way to go."

As you know, President Bush and Congress have already taken a number of bold steps to get our economy growing. And we know this is a difficult time for small business. The key problem of course is unlocking credit-enabling credit to flow, getting credit back to consumers, back into small business, back into the private sector.

The \$700 billion that the Treasury Department is working with is already beginning to take hold in the banking system. It's still early. There's still work to do, but as you well know we're already seeing pretty consistent declines in bank-to-bank interest rates and we're seeing a very significant increase in the issuance of commercial paper.

There's still a way to go. We're going through several difficult months. But we are well on our way there. This plan is going to work, and it will work. And we are going to get through this. And by the time a new administration takes over, this plan will clearly have taken hold.

It's now more important than ever we remain committed to free markets, free enterprise and free trade.

Keeping our nation prosperous, growing and the most competitive in the world requires world-class products and policies. While it will be up to you to create those products, we've done our best to develop policies that enhance our countries' access to billions of customers around the world.

Here's how the global market has contributed to our economy:

- Exports make up 13.7 percent of GDP, that's a larger portion than ever;
- Exports were \$1 trillion in 2001. At present rates America's exports will be approaching \$2 trillion this year;
- Nearly one-third of the crops grown in our country are exported;
- In the manufacturing sector, one out of five jobs is linked to exports;
- Twenty percent of what we manufacture is exported; and
- Exports account for essentially all the growth in our economy so far this year.

As a result it's more likely than ever that your next new customer will be outside of the United States.

In addition, the U.S. is the world's leading recipient of foreign direct investment. Between 2001, and last year we've increased long-term foreign investment in the United States by \$750 billion. Foreign companies employ 5.3 million Americans, and represent another important driver of innovation and growth.

It's especially important that our entrepreneurs and small business owners have the tools they need to take advantage of expanding international market opportunities.

Today, I'm pleased to release two important tools we've developed to help Americans get involved in world trade and exporting.

The first is the annual *National Export Strategy*. This guide provides a yearly update to Congress and the American people about international trade trends and policies that will help our exporters succeed.

The second is an important tool for small business, the *Basic Guide to Exporting*. It's widely acclaimed for its ability to provide needed information to those just getting in exporting.

While nearly a quarter-million small and medium size American companies are exporting today, we hope these tools and resources of the Commercial Service will turn even more of our companies into internationally savvy businesses.

One activity that opens doors for exporters are Commerce Department trade missions. More than 4,000 companies of all sizes have gone on Department of Commerce-led or certified trade missions since 2001.

Some of these missions were led by my predecessor Don Evans or me. One of the highlights of my time as Secretary has been helping American companies take advantage of new openings in international markets. These missions resulted in billions of dollars in additional exports that support high-paying jobs throughout our country.

In addition, we took dozens of legislators on Congressional Delegations. Each trip and every mission enabled companies and members of Congress to become more knowledgeable and informed about the critical role of international trade in our economy.

Many of our Congressional delegations went to countries where we were trying to pass free trade agreements.

The fact is free trade agreements work. They're among the best tools we have to support exports, to build prosperity and to contribute to democracy around the world.

At the beginning of this Administration, we had free trade agreements with three countries only. Under President Bush's leadership, now we have agreements in force with 14 countries.

These agreements create a virtuous cycle that benefits our workers, our farmers and our businesses. Consider these facts:

Our trade surplus in goods with the countries with which the Administration has implemented agreements was \$21 billion last year.

Just think about that. We talk a lot about the trade deficit, and the fact that it is a key challenge for us. Countries with which we have signed and implemented free trade agreements during this Administration are yielding a \$21 billion surplus. So the idea that somehow free trade agreements are bad, or that we don't need free trade agreements, I would say these numbers suggest we need more free trade agreements than what we have today.

Countries with which we have free trade agreements make up nine percent of the world's gross domestic product, however they account for 40 percent of American merchandise exports. Goods exports to our free trade agreement partners have grown 40 percent faster than exports to the rest of the world.

Three more important agreements now await a vote by Congress: Colombia, Panama and South Korea. These agreements are the kind of stimulus our economy urgently needs. We should be passing these agreements with the same sense of urgency that we passed a stimulus package several months ago. It's absolutely critical for Congress act on them, especially the agreement with Colombia, which, by the way, will lose Trade Promotion Authority in January.

To enhance security and opportunity in Colombia and across the hemisphere, and ensure an open market for American exports, Congressional leaders should let members vote on Colombia now. We're not asking for a guaranteed approval. We just want Congress to have the opportunity to vote on an agreement that's good for our country, good for Colombia and good for our hemisphere.

In Colombia and in more than 80 countries around the world our Foreign Commercial Service works with thousands of American companies each year. During the Bush Administration these resources have been realigned to where the demand for American products is growing fastest.

Our commercial service professionals encourage our trading partners to participate in “rules-based systems.” These systems clarify trade and investment regulations; they encourage transparency and economic reforms, and they increase reciprocity.

Together, export promotion and trade agreements open up markets for American products and services across the world. This is particularly true in large, fast growing economies such as Brazil, India and China.

For example with China this Administration has:

- Expanded discussions through an enlarged Joint Commission on Commerce and Trade;
- We’ve begun a Strategic Economic Dialogue, which is meeting again next month;
- We’ve established high technology dialogues with China and India to strengthen civilian high technology cooperation;
- China is the most likely destination for American products outside of North America today.
- Since 2004 exports to China have grown at an average annual rate of 23 percent. This year, there up 17 percent.

Across the advanced developing world, we’ve negotiated major agreements on issues as varied as Russian uranium and most recently the civilian nuclear agreement with India.

We’ve also undertaken economic dialogues with Brazil and India where we’ve:

- Increased cooperation in areas including infrastructure, aviation and intellectual property;
- We’re negotiating critical issues such as bilateral investment treaty and a bilateral tax treaty with Brazil;
- Developed frameworks through which our relationships can continue to grow.

Tremendous inroads have been made in many of these markets. Consider India. In 2001 bilateral trade with India was \$13 billion. Last year it had grown to \$42 billion, with exports growing 75 percent last year alone.

Here in North America NAFTA has matured into a nearly \$1 trillion relationship that's benefited all three countries, contributing to employment, productivity and competitiveness. And through expanded negotiations, long-standing contentious issues such as Canadian softwood lumber and Mexican cement have been resolved.

All of the negotiations, dialogues and agreements we've undertaken during these last eight years have transformed the international business landscape—for the better. These achievements add up to a critical mass that makes a real difference to our economy.

And when dialogue hasn't resolved disputes, this Administration has demonstrated a willingness to act swiftly to enforce trade laws and safeguard the rights of America's companies.

For example, Commerce has in force more than 250 anti-dumping or countervailing duty orders, with 76 of these put in place against China since 2001.

Among the most important of these orders was the first anti-dumping and countervailing duty order against China in more than 20 years. This opened the door to an important trade enforcement tool that's already resulted in 15 orders against unfair trade practices by China.

We've also defended our rights through rules-based organizations, such as the World Trade Organization. We prefer dialogue, but will use all available tools to ensure that our companies have a playing field that is even, and that the rules are fair.

Advancing the Administration's trade agenda and serving this great country has been the most gratifying professional experience of my life. It has been a special privilege to work for a President who has a passionate commitment to our nation's leadership role in the world, a strong faith in our ability to compete, and the courage to confront problems head-on.

As a result, we're now better positioned to grow our economy, encourage social justice, and enhance economic partnerships around the world.

Global economic engagement is critical to our prosperity. We simply cannot afford to be stagnant: standing still in the global economy is essentially walking backwards.

President Bush said, "Protectionists want to escape competition, pretending that we can keep our high standard of living while walling off our economy... Americans should not fear our economic future, because we intend to shape it."

Last week the President brought together leaders of the 20 largest economies in the world, countries that represent 90 percent of the world's GDP. They agreed with the President to demonstrate a united commitment to free market principles and to reject protectionism.

Now more than ever it is absolutely critical that we stay open, that we lead and that we stay engaged in the world economy. It is not a time for policy makers to be confused. We need to strengthen our free market capital system, not to change it.

It is my hope that we will continue to build on a legacy of American leadership, one that believes entrepreneurs like you and farmers and workers across the country can win in world markets if given the chance to compete.

I thank you for your leadership, and I thank you for everything you're doing for our great country.