



The Institute for Policy Innovation

Growing Trade, Growing Jobs *Event Recap*

On May 16, IPI celebrated World Trade Week with a special briefing examining global trade issues, including multilateral trade partnerships such as the Trans-Pacific Partnership (TPP), pending free trade agreements (FTAs), the impact of trade on U.S. job creation, and trade negotiation challenges regarding intellectual property, data flows, and IT services.

To watch the video of each panel or keynote click on the hot spot.

▼ The event kicked off with a keynote address delivered by Assistant U.S. Trade Representative for Intellectual Property and Innovation Stan McCoy, who said, “American IP is an American export...our goods are heavily in demand and heavily under threat.”

McCoy emphasized that U.S. innovators need new legitimate markets to grow, and as the number of trading partners with which the U.S. can share its innovation grows, a cycle is produced which benefits not just American but global innovators.



McCoy was followed by two leading trade-advocate ambassadors to the U.S., the Rt. Hon. Mike Moore of New Zealand and Ambassador Luis Valdivieso of Peru.

In his keynote remarks, ▼ Ambassador Moore emphasized that effective and non-preferential free trade agreements are “essential,” and called for a “shake-up” at the World Trade Organization (WTO) to keep the Doha Round alive. Moore also said a TPP agreement should include the elimination of tariffs on goods and globalization of trade and services, and that for New Zealand, TPPs inclusion in the Doha Round is “our number one trade policy priority.”



► Ambassador Valdivieso emphasized both the importance of the Peru-U.S. FTA as well as the TPP for the U.S. economy. Valdivieso said each year, U.S. exports to TPP countries total about \$83 billion. “TPP participants are not just believers of free trade, but also practitioners of free trade,” said Valdivieso.

In a panel moderated by IPI resident scholar Dr. Merrill Matthews, several trade experts delivered thoughts on the impact of trade on job creation, specifically in the U.S. ▶ Dr. Donald Boudreaux of George Mason University began by debunking the myth that a trade deficit is bad for the U.S. economy, and clarified that a trade deficit is simply when foreign investment enters the U.S. “I applaud it when foreigners want to invest in the U.S.,” he said. “Governments treat trade as the equivalent of the earth being flat—they just don’t get it,” he added

▶ Dan Griswold, director of the Center for Trade Policy Studies at the Cato Institute, dovetailed Boudreaux’s comments, adding, “Trade is not about more or fewer jobs, but better jobs... Trade means the U.S. can trade up to

produce what we are best at—our comparative advantage.” Griswold also added that in times when the trade deficit rose, economic growth was three times greater than periods in which foreign imports were in decline.

◀ Caterpillar, Inc.’s, William Lane said it’s far better to embrace the world’s economy than to reject it, and cautioned the U.S. from losing sight of the Colombia and Panama FTAs. With an elimination of tariffs from trade partnerships, Lane said Caterpillar’s products would be essentially duty-free, which benefits consumers.



A second panel, moderated by IPI president Tom Giovannetti, took a careful look at implications for IP and other technologies from current trade negotiations. ▶ Robert Hoffman of Cognizant Technology Solutions referred to trade challenges in the IT services industry, saying that certain strategic challenges arise as knowledge becomes global, and negotiators can’t have a serious discussion about trade without a discussion about integration. “We innovate locally but deliver globally for our customers... What is physical versus what is virtual is more of a strategic decision for companies,” said Hoffman.

▶ Laura Lane of Citigroup, Inc., discussed trade challenges facing the financial services industry as new barriers are erected as a result of the financial crisis. Lane said new localization requirements made by regulators go in the “wrong direction” by locking out data, which prevents financial services groups from being able to offer a wide range of products to

their consumers. “Financial services—and most services—depend on cross border data flow,” said Lane. “Cross border data flow is paramount and our No.1 priority in negotiating trade partnerships,” she said.



◀ Stevan Mitchell of the Entertainment Software Association added that rights holders seek to enhance IP protections through FTAs. Mitchell held up piracy-facilitating hardware used to enable the play of illegitimate copies of entertainment software on game consoles and other devices, and said it was only after the hardware was banned from FTAs that the entertainment software industry grew in markets in which they were once prevalent.