

## Ripon Educational Fund Holds 3rd Annual Fall Forum on International Trade Agreements September 13, 2006

**CAPITOL HILL, September 13, 2006** -- Intellectual property, U.S.-China relations and the outlook for trade under the backdrop of the fall Congressional elections dominated discussion at the **Third Annual Ripon Educational Fund (REF) Fall Forum**, entitled: “Are Existing International Trade Agreements Sufficient to Protect U.S. Competitiveness in the Global Marketplace?” Congressman Mark S. Kirk (*R-IL*), Congressman John B. Larson (*D-CT*), and a former Assistant USTR Catherine Novelli (Partner, Mayer, Brown, Rowe & Maw LLP) made remarks and took questions from congressional staff and corporate representatives.

Ripon Educational Fund Chairman **Ed Bethune (R-AK)** opened the session stating that REF is conducting an internal review to build on its proud 28 year history while broadening its focus for the future. He indicated that the organization will have an expanded mission, an even sharper focus on education, and new opportunities for global exchange. With this transformation, the Board has decided to rename the organization and more details would be forthcoming.

Chairman Bethune then introduced **Congressman John B. Larson (D-CT)**, who as the Vice Chairman of the Democrat Caucus is the 4<sup>th</sup> ranking Democrat in the House. Chairman Bethune announced that Congressman Larson would make some brief remarks, but would unfortunately be unable to stay for the full session since the House Democratic Caucus had called a special policy session that same evening. Despite this obligation, he stayed as long as he could to make some important comments.



*Congressman John B. Larson  
addresses attendees.*



*Congressman Mark S. Kirk  
discusses China.*

First, he underscored the need for organizations like REF because he feels it is important to hold forums where people of all views and both parties can discuss challenging issues like trade and foreign policy. He said it is critical to “break down barriers” using sessions like those sponsored by REF, and that these exchanges have helped preserve the unity of government by enabling Members to educate one another while exploring complex issues.

Second, he spoke about the international interests of his district, which is home to several global industries, including aviation, financial services, and manufacturing, to name a few. His experience with these employers have helped him understand why rules need to be fair, why public support for trade agreements is important, and why it makes sense to examine issues like the environment and labor issues as they relate to trade agreements.

Next, the group heard from **Congressman Mark S. Kirk (R-IL)**. Citing China as the number one diplomatic objective of U.S. foreign policy, Congressman Kirk summarized the work of the U.S.-China working group, a bipartisan group he co-founded with Congressman Rick Larsen (*R-WA*) last summer. The working group is now 50 members strong, and Congressman Kirk reported that they were in constant contact with both the Chinese government (“we talk almost every other day”), and the Administration.

While praising Treasury Secretary Henry Paulson’s recent comments about Chinese currency and the visit by NASA Administrator Michael Griffin to a recent Chinese space launch, Congressman Kirk said

that intellectual property issues would continue to be the top trade issue for U.S.-China relations. Congressman Kirk recalled how during a 5-week stretch last summer, the House voted against China at least once a week.



*Cathy Novelli discusses trade.*

**Cathy Novelli** began her comments by saying that some agreements have to “catch up” with modern realities. She said the whole premise of GATT and the WTO was that the U.S. was competitive, and that while many countries publicly support trade agreements, some are still seeking to protect their own interests through other means. She cited enforcement in China as a considerable problem, echoing the views of Congressman Kirk. One other way countries get around agreements is to impose strict standards that favor their own domestic industry.

The Doha Round suffered in large part because 150 countries have to approve it, she said, and that despite the overwhelming evidence that open trade is an overall benefit, some countries still do not believe it is in their best interest.

She also said that agreements covering high end services like financial services must be multilateralized so that American companies can compete more broadly, and concluded that an open and rules based trade policy was necessary as the best way to promote growth. The challenge, she said, was to hold countries to any trade agreement commitments they make, while not “bashing” those where enforcement may not be evident.

**Q&As:** Participants raised questions about IP in general and about U.S. competitiveness.

*On Intellectual Property Enforcement:*

**Congressman Kirk** reiterated his concerns about IP enforcement, which he summarized earlier with a Chinese saying, “the mountains are high and the emperor is far away.” He explained this to mean that enforcement may be improving in some areas, but in rural areas, it was still lacking. One concept he proposed as a mechanism to improve IP enforcement was to give the authority to seize property that violates IP rights and monetize it immediately, thus penalizing IP violators.

**Cathy Novelli** agreed that IP enforcement was a tough issue, and that to improve enforcement, one goal is to convince countries that IP itself is in a country’s best interest. She brought up the fact that India, for instance, which has historically been cool to IP enforcement, had recently put some new regulations on its books. One reason for this development, she noted, was the rise of engineers and medical professionals in the country: a burgeoning intellectual community. “You can’t have intellectual property without intellectuals,” she said.

*On U.S. Competitiveness:*

Both Congressman Kirk and Ms. Novelli agreed with one questioner that trade agreements, even when enforced properly, would not make or keep the U.S. competitive. Congressman Kirk said that underlying factors such as education was critical, and that he was surprised how competitive the U.S. still was given the fact that American students have 90 days off every summer. He also pointed to other global economic challenges as they related to U.S. competitiveness, specifically inflation and the value of the dollar.

Cathy Novelli agreed that while trade agreements can help set the rules, they are not and should not be viewed as a panacea for fundamental problems. She cited an effort by the Ohio State University to bring business leaders, academics, and public officials together to assess competitiveness in a holistic manner – education, job training, business practices -- and how to leverage Ohio’s leadership in areas like medicine to boost exports and growth in the state.