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Moderator:

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Panelists:

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HIS EXCELLENCY AMBASSADOR KIM BEAZLEY
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P R O C E E D I N G S

MR. DREIER: I suspect some of you might have been greeted by the press corps out there; I assure you that it was not for our event. I would say that it's always nice having Hilary Clinton as my warm-up act. She was right next door giving a very interesting presentation about Iran.

My name is David Dreier, and on behalf of my very distinguished Brookings' colleague, Joshua Meltzer, I'm very pleased and honored to welcome all of you here today to discuss what is a critically-important issue.

A couple of years ago, I was asked by Geoffrey Cowan, the President of Annenberg Trust at Sunnylands, represented here today by my very good friend, Adam Clayton Powell III, and the Annenberg Family, to establish a commission that would be focused on bringing together Ambassador Walter Annenberg's vision of addressing the concerns that exist in Asia, the Americas, and the rest of the Greater Pacific.

In large part, based on Sunnylands, which is the amazing home that nearly every President has visited since Dwight D. Eisenhower. And of course, President Obama had his very, very highly-publicized retreat with Xi Jinping, the Leader of China, there. And he met there also with King Abdullah of Jordan, and has been there on several occasions.

Ambassador Annenberg recognized that the Pacific was obviously the wave of the future, and he said this to me more than three decades ago, right after he returned from being Ambassador of the Court of St. James. And today, I remember Ambassador Annenberg said to me three decades ago, "Today, two-thirds of the global gross domestic product, and two-thirds of global population happens to be around the Pacific." And by virtue of that, it clearly is the wave of the future, and we know that as we look at the challenges that exist today, globally, they are very, very great.

And so we established the Annenberg-Dreier Commission to address these issues, and one of the things that we did say; what should our goal be? So we established this goal, that being to encourage the free flow of goods, services, capital, information, ideas and people. Goods, services, capital, information, ideas and people, to encourage the free flow of all of those things, and that is a challenge, and it's obviously being very heavily debated.

This week we mark the 11th Anniversary of one of the most tragic days in our nation's

history, September 11th, and when we think about the challenges that we have going beyond there, and the aftermath of that, I'm reminded of a statement that was made by my very good friend, Bill Webster, Judge Webster and his wife, Linda, are joining us today. And shortly after the September 11th attacks, Judge Webster famously said. "That it's very important for the United States to expand its values into countries that may not have always been too friendly towards us." In fact, he used the term hostility.

He said, "Some may call that propaganda," he said, "I describe it as public diplomacy," public diplomacy. And I think that, Judge Webster, you were absolutely right in pointing to that. And I happen to believe very passionately that the issue of global trade is a very important, key part of that, because one of our important Western values happens to be strengthening commercial ties, globally. And that's what today's program is all about, as I talked about encouraging that free flow of goods, services, capital, information, ideas and people.

Now, as we talk about the challenge of the challenge of what impact this issue is going to have, because we are specifically focused on the partnership that we put together over a year's period of time, we had meetings here in Washington DC in Santa Monica, California, and in Singapore. Bringing together leaders on the issue of cross-border data flow, trying to figure out exactly where it is that we would be able to go on that issue, and in the wake of all the scandals of the flow of data, and the attempt by a number of countries to establish their own specific laws that jeopardize that flow of data.

We have come together and provided a group of recommendations that Joshua Meltzer has worked passionately on. Do we have a copy -- Do you have a copy of the report? Everyone has got a copy of the report. I don't happen to have one myself, but you got a copy of the report that was put together, that stemmed from the partnership that we had.

And so, I'd like to say that we are hoping very much, that we can, in fact, put together a group of recommendations that will be recognized by other countries around the world. Now, I talked about the fact that the partnership that we have with Brookings is a very important one, with our Commission with the Annenberg Trust at Sunnylands, I also want to say that we established a roundtable at my alma mater at Claremont McKenna College, and I'm very pleased that Zachary Courser, the Associate Director of our roundtable, is here.

And we are also doing a number of other partnerships, one of which is focused on the

issue of immigration, with Brookings, and so we are very pleased to be doing that, and we are also happy that our Commission falls under the rubric of our roundtable at Claremont McKenna College, too. So, this is a coming together of a lot of very, very disparate interests, and it's all based on our very simple goal of trying to save the world, which is what I think about virtually every morning when I wake up.

And so we are pleased that we have a couple of people here, who are working to save the world. We've got Ambassador Kim Beazley from Australia, who has been, in fact, the country that was the progenitor of what will be the single-largest trading block in the history of the world, that being the Trans-Pacific Partnership.

It will be the single-largest trading block. Now, of course we all know it will be transcended once TTIP is put into place, which will be the U.S.-EU Free Trade Agreement, but we are all hoping and praying that the Trans-Pacific Partnership will be completed and brought to the table before we see the completion of TTIP, the Trans-Atlantic Trade Investment Partnership.

But Australia really was four years ahead of the United States, of the progenitor along with New Zealand and Singapore, of this 12-nation trading bloc which, again, will comprise 40 percent of the global economy, and we appreciate the leadership that he has shown. I was just discussing with him earlier, I consider him to be a piker. I served 32 years in the Congress, he only served, he only served 27 years, as a member of the Australian Parliament, so he considered himself my junior colleague, I guess.

But we were also talking about the sacrifices of public service and how important they are, and I should just share with you a quip that I had with Caroline Atkinson as well, about public service. And this is for you, too, Judge.

So, people use to always say to me, from when I was 25 and I was in the dormitory at Claremont when I first ran for the Congress. People would always, "Thank you. Thank you so much for your sacrifice." And my response was always, "Are you kidding? This is no sacrifice at all; I enjoy and thrive on every second of this." And then I left the Congress and six weeks later realize that I was wrong, and they were right. In fact, I realize what a sacrifice it does take to engage in public service.

And so, Caroline, thank you very much for being here as well. The Deputy National Security Advisor to the President, the National Economic Council, and lots of other titles. We appreciate your taking the time to join us. And now I'm happy to turn things over to my Brookings colleague, Mr.

Meltzer. So, here we go. (Applause)

MR. MELTZER: -- you of some key issues that we are going to be discussing today. It's certainly, clearly, a very important time in the United States and globally, both in terms of trade and trade policy. It's a very dynamic trade environment, and we are going hear a lot more from our panelists about that shortly.

David mentioned some of the obvious and most important of the sort of use, so called, I guess maybe regional trade agreements being negotiated, the Trans-Pacific Partnership negotiation, the U.S.-EU Trans-Atlantic Trade Investment Partnership, all just sort of complete the landscape very briefly because our panelists will go into this in a little bit more detail, but we've also got, I think importantly, another couple of important negotiations worth mentioning. The Trading Services Agreement which is involved in 25 parties including the EU representing about 70 percent of global service trade, 65 percent of global GDP.

We've got the environment of goods agreement, of plurilateral negotiations going on in Geneva, and another very large regional negotiation which the United States is not a party to, but Australia is, of course, is the Regional Comprehensive Economic Partnership Negotiations involving ASEAN, plus China, Japan, South Korea, Australia, New Zealand and India --

MR. DREIER: It's actually really led by China, isn't it?

MR. MELTZER: Well, you know, semantics maybe.

MR. DREIER: Yeah. Yeah.

MR. MELTZER: I mean some will say ASEAN-centric, I think their weight is obviously behind China, so that's a fair point. But I think also, importantly, you know, we've had a multilateral system that's centered at the WTO, the Minister, or maybe in Nairobi, where, probably a lot of the energy and momentum that came out of the last Ministerial Meeting in Bali in 2013, has been dissipated and it's very unclear what progress can be made in that forum.

And we have also; I think importantly, a change in macroeconomic context which I think is important to think about when we talk about the trade architecture here. So, for instance, we in the United States, we see an increase emphasis on exports as drivers of growth, we have the National Trade Export Initiative that the President launched in 2010.

We say that the EU in its process of trying to work through its economic challenges is also confronting the need to rebalance some of its growth internally; for instance, from Germany's heavy reliance on exports towards increased consumption. China is slowing as it seeks to rebalance its economy away from an export-led growth model to a more domestic consumption and services.

India, a large developing country, is explicitly now trying to rely on trade, and specifically more trade in manufactured products to integrate more into the global economy to drive its prosperity.

So we see a lot of different factors at play here, which means that in many respects, the trade architecture that we are talking about. The new framework agreement rules, the market access that will or won't be granted to countries that are or are not participating in these new regional agreements, is going to have a very important implications to how each country achieves its economic growth, and ultimately its jobs prospects.

With that, I'd like to turn it over to Caroline to say some remarks, and Kim Beazley, the Ambassador, will provide his remarks. I'm going to moderate the conversation after that amongst the panelists, then we'll open up to Q&A with the audience.

MS. ATKINSON: Thank you very much. And thanks also to David for your stirring introduction. And I would like echo what you said about how important the pacific region is as an economic unit, and how much opportunity there is for the United States, that's why we have talked about the rebalance towards Asia, this is a very important part of President Obama's policy, and also a very important element in that, is the Trans-Pacific Partnership, TPP, where we are in the -- this is a very complex and complicated negotiation.

It's moved from, as you were mentioning, a very -- a limited group of countries to include 40 percent of global GDP, and the negotiators have got very close to the end. We are committed to completing the negotiations, we expect that that will happen in the next several weeks, there are a just a few, always at the end of the negotiation, during negotiations, the most difficult issues come at the end, and that is what are our negotiators are working with now, bilaterally, and in some cases multilaterally.

From the United States point of view, we embrace and have embraced the notion of openness and competition in the world because we believe that that is a way that that is good for American workers, it is good for America companies, it is good for American innovators. We have shown

that our economy can thrive in the global world, and we have been -- research shows that jobs based on exports tend to pay up to 18 percent more than other jobs.

And picking up on your point about how large the Asia-Pacific region is as it grows, 95 percent of consumers, of the world's consumers, now live outside the United States. And our companies, many of which do not yet have the scope and access to reach those consumers, will thrive when they can.

Now, this doesn't mean that any old trade agreement is worth it. What we feel very strongly is that now is the time to have a high standard, an ambitious, and 21st Century Trade Agreement. This is not just about tariffs and industrial goods; it's also about rules of the road, rules of behavior.

We want to make sure that as we negotiate the TPP, and the other many agreements that Josh mentioned, which I'm sure we'll come to discussing, that we are opening up also on the services side, that we are putting in place, and have at the heart of this agreement, standards that are appropriate for us, and we believe are increasingly important as the guidelines for international trade. On labor standards, on the environment, TPP will include new disciplines around state-owned enterprises, because these can be important ways that apparent competition is not as effective as it should be, under a whole host of other elements in TPP that really make it a much bigger and broader agreement than in the past.

I have heard some while ago, and Kim has heard me say this, that when President Obama was talking 18 months, 2 years ago, with Mike Froman, and Mike was the Trade Representative. Mike was going through some of the details that he was facing in the negotiations and they discussed that. And then the President said, "Look, the bottom line is, we need to have an agreement, you need to get an agreement with other negotiators that is good for Americans, good for ordinary Americans, good for regular workers, good for our companies also, and good for the American economy. And that is the bottom line."

Now, I also believe, as an economist, that it's possible to deliver that for the United States, and also have an agreement, especially with these new disciplines and new protections that will be good for the rest of the partners. We know from experience, from history, that opening up and becoming part of the global supply chain, is a way to grow your economy. And that is an important

element in raising living standards around the world, because it's important not just to have growth, but to have inclusive growth, and that's important here domestically in the United States, but also -- and also around the world.

I just want to comment briefly on what Josh mentioned about the global economy and the world that we now face. It's true that many economies are -- or many countries are realizing the importance of shifting towards a more open and market-based economy. But we also have seen that it is the United States that has recovered most dramatically and most clearly from the recession. There are major countries that have not yet taken the steps necessary to shift towards a more domestic demand-led growth, and still are running excessive surpluses around the world.

We know of course, that China, now that it is the second-largest economy in world, it's very important that they accelerate their market transition, that they behave responsibly as they do that, and that they move effectively, to end reliance on export-led growth, and really build up dependence on their consumers and allowing their consumers to buy more from the rest of the world and help to rebalance, not just their economy, but the global economy.

We were very glad at the G20 Finance Ministers Meeting this weekend, there was a very strong affirmation against competitive devaluations, there was from the Finance Ministers of the G20 which, of course, includes China. And there was also recognition that countries need to rely on fiscal policies to support growth in some cases, and not -- as well as structural policies, and not just monetary policies. And we think that that's important going forward --

MR. MELTZER: That announcement was made today by the Chinese, too.

MS. ATKINSON: Exactly. They have moved somewhat today towards using fiscal policy, and important that they broaden that to support consumption and consumers and household demand, and not just their businesses or business investment. That is the way that they will be able to contribute responsibly to further growth in the global economy.

We also believe that, just going back to TPP for a moment, this is an important element, a very important element of United States, national security policy as well as economic policy, it is a way for us to bring along other countries, and show the openness and dynamism, and benefits from commercial ties with the United States. Thank you.

MR. MELTZER: Great. Kim, yeah?

MR. BEAZLEY: Well, look. I really honored to be here with -- firstly in the presence of Judge Webster here in the front row, but also my two colleagues here, David and Caroline. I have developed immense respect for American congressmen, American civil servants, in the five years --

MR. DREIER: You are one of the very few.

MR. BEAZLEY: Yeah. I know. I know I am.

MS. ATKINSON: That's right.

MR. BEAZLEY: In the five years I've been here, because they've had get a very rough one. I can't think of anything worse than being a member of the House of Representatives.

MR. DREIER: Me either.

MR. BEAZLEY: And the struggles that they have with elections every two years, the thumb raising obligations on them, the gutter type politics which is now universal in the United States, and pretty well globally, but with particular meaning in the U.S., because individuals are exposed in a way that they are not exposed in countries with big party systems and Westminster modes, in Britain or Australia. So I'd say to serve for that long in the U.S. Congress is to -- well it's like a sentence for a really serious crime.

MR. DREIER: Well they used to say term -- they used to say that people had two term limits for Members of Congress, two in office, two in jail, that was the common --

MR. BEAZLEY: Yeah, that would have been right. That's governance.

MR. DREIER: You know, the Governor's line was: these two guys are sitting in prison, and one leaned over to the other and said, "You know, the food was a heck of a lot better in here, when you were Governor."

MR. BEAZLEY: Good point. And then for Caroline, who is one of the public servants here, I do most admire. You know, Americans are sort of half aware of this, but they have sunny personalities. Australians don't have sunny personalities. Americans have sunny personalities, so they assume the best in people.

But you know that everybody that she deals with international, basically has a small reservation, or shoving forward at the back of their lungs, but won't necessarily com out on the table, but

certainly in dealing with Europeans and folks in the Middle East, and sometimes in Asia too, they really want the discussion to fail.

And that is to say -- that's a very hard thing both to live and to cope with. And one can see it from outside, but the people who are the victims of it in the main, are not the prisons of the United States. Everybody wants to please them as they go around, but when they get a Deputy NSA, they "Give her a workout, and let's see." And that's here life, that's what she puts up with.

I came here as an Ambassador, some period of time separate from when I was actively engaged in trade debates. So I would not describe myself as a trade monk, but I do remember being in government in 1980s when Australia decided to unilaterally disarm. And we decided then, after our experience with the '82, '84 session, when Australian in manufacturing industries, despite massive protections.

You know, acquired this 85 percent tariff levels, you name it, they are there protecting Australian manufacturing, and it still went to the wall. Unions and the government sat down and then ultimately with the employees, and said, we've got to disarm, we've got to globalize. We cannot survive and prosper without a healthy global market, and that's being effective participants within it.

We did have central control of wage fixing then, which made it much easier, because what we did was freeze wages for three years, so we could deliberately lift business' profit share, so that business could, when it confronted the blast of competition, because the quotas went straight away, like straight away, overnight, the quotas went. And the tariffs went over five years, but they are coming down from very high levels.

So you had to do something that gave business a sense of confidence, while it tackled it. So we got rid of -- we froze wages for three years while we did that. And we introduced the concept of the social wage, so it massively taxes of the middle class, so they got their wage rises, if you will, in tax cuts. We introduced Universal Health Care, like real Universal Health Care, not what applies here. And we introduced that, and we --

MR. DREIER: The elimination of those -- excuse me -- but elimination of those quotas was also a tax cut for middleclass workers too, because of access to more products, so you gave them two tax cuts really.

MR. BEAZLEY: Yeah. They didn't see it that way, they (crosstalk) --

MR. DREIER: I know they didn't see it that way, but it was. But it was.

MR. BEAZLEY: Yeah. You are quite right, but that's not what they saw.

MR. DREIER: Right, right.

MR. BEAZLEY: And then we also had a whole range of training programs and that sort of thing that we put in place to shift people's skills into the areas that would prosper. That was it. There was a big debate at the time, it was extraordinary. I had forgotten that debate. It was very much manifested in the '70s, when the people were arguing that sort of thing, when I was just coming into politics, and then of course, big time in the mid-'80s when we were actually doing these things.

Since I've been here, it's been like the *déjà vu* on speed, and it's been 20 years I've forgotten about it, and I find that the arguments that are taking place in this country and others, in negotiating with TPP, arguments that would go on 20 years ago from Australia. The thing that worries me most about hearing them now, again, is that because of the way in which social media now operates, there are a bunch of folk back in Australia who weren't participants then, in those debates, who are not picking it up, and applying it here.

I remember debating but that's something that we just have to handle but you can see it in the current discussions around various free trade agreements that Australia has signed up recently. I found it interesting debating with a trade union representative in Colorado recently, about the TPP, that there's a sort of whole waiting on the pro-trade argument of a real, genuine American middleclass grievance, and coming out at the end of that, it's ruined American manufacturing industry, et cetera, et cetera.

And you sit with them and point it out that, Mate, you know, at this moment, the real right of protection for American manufactured goods is about 1.5 percent. When the TPP is put in place it will be about 1.5 percent. The truth is, America has already given at the office. And that's one of the problems in negotiating the TPP, is the Americans, like us, they don't actually have that much to give when it comes to the manufactured area. If you like, the old trade agenda, they've got a bit to give on agriculture, I've got to say, but --

MR. MELTZER: Yeah. Absolutely!

MR. BEAZLEY: -- which we don't have either because we don't have any tariff protections of agricultural quotas, or whatever at all. But it is not easy for the Americans to give, because people have to realize in dealing with the Americans you actually have -- when it come to the trade of goods area, and to some extent, too, in the services area, you've got to actually take in to account, the fact that you have been at an enormous -- an American liberality and openness.

And the time has come for you to start to look at a few rules, to start to look at a few behaviors that actually reciprocate. The United States has been the importer of last resort for the Asian region, basically, for the last 30 years. Asian prosperity has been driven by access to the American market, and that still use very much the case, and so can Asia, do actually need to recognize that.

It's been driven by that again, and it's interesting as it is, because the United States is very much a domestic economy, and all that we are talking about, about how good it is that, you know, their export jobs adding greater yield, better pay, and all of that, it's still only about 10 percent of the GDP. You know, in Australia it's close to 30 now, and that is more -- and more than that when you come to the Asian countries, that you are talking about the Chinese big time. The Chinese has got a long, long way to go before the growth is driven by domestic consumption; a massive attitudinal change that will need to take place for that.

I don't want to speak too long, so I'll just finish off. Personally, I am here, and I scramble to try and stay here because I think if the U.S. doesn't do the TPP it will be a total disaster for the United States, and we need to be -- I don't want to mix words about that, that is I think the case. It's taken quite a mental adjustment for Australians to handle the contemporary environment, because when we chose to go down the road we did in the '80s, it was a road that we took against bilateral and multilateral agreements in favor of global agreements.

Now the big thing that we did in the WTO back in the '80s was to set up a Cannes Group, which was a group of agricultural countries that were trying to knock down barriers, to trade in agricultural goods, and we thought of these things on a global basis. We tended to regard bilateral agreements and sub-global regional agreements as trade diversion, not trade liberalization.

So we had an enormous mental adjustment to make in the '90s to start to pick up the popular free trade agenda, because basically WTO fell -- fallen in a heap, as an entity capable of

delivering a global outcome. I think from the regional trade agreements in the bilaterals, you are actually going to get some stuff that you can harvest to kick off WTO again, and in a way that is happening with services at the moment, a very important way it is.

But I think you can have something from the TPP, for example, in e-commerce, data flows, and that sort of thing, is another thing that you could transit to the WTO discussions, if it seems to be working really well in a TPP context. The Australia Government has done extremely well with trade agreements over the last couple of years, in the Asian region, with the Japanese, with the Koreans, with the Chinese, and they are negotiating one with the Indians to come to some sort of fruition in the course of the next 12 months.

They've put a lot of effort into that, but they are also big on the TPP, because they see this is critical on a multiplicity of fronts. In many ways, in terms of rules it's the best that's going at the moment. It is the most coherent that's going at the moment. It addresses the issues which, in countries of first world character anyway, and the things that most worry them about dealing with third world states on trades, that's got stuff on the environment, it's got stuff on labor.

If this gets put in place, elements of it, like the labor element of it, it will be transformative in countries like Vietnam. I mean, really transformative. It will change the character of those societies. You have this -- a lot of subsets of issues riding on the TPP, as well as the general position. We are sort of on the verge of a global market being dominated by Asia.

When I hear people talking about Africa coming up, and all the rest of it, the truth is this, that you've got -- now they have 600 million members of the global middleclass living in Asia, that's about to go to, over the next 20 years, that's about to go to over 3 billion, 20 percent -- about 60 percent of the global middleclass. That's the consumers, but what are the rules?

And if you get the TPP up -- Actually the 12 countries in the TPP don't matter all much. Well, the U.S. and Japan does, but the rest of it doesn't matter all that much. What matters is who joins. That's what matters. I mean keeping it limited to 12 in negotiating the rules, relating to things like SOEs, relating to thing like labor, relating to thins data flows, relating like e-commerce, you know, modern features of the agenda; you actually are setting the rules that others will aspire.

We are also engaged in another exercise. TPP has not been negotiating in a vacuum.

TPP falls out but there are other things that will take its place, RCEP is one. Now RCEP is learning from the TPP. In the negotiations you can see people scrambling at bits and pieces of they are aware of the TPP negotiators reaching outcomes. So they will not reach any sort of --

MR. DREIER: So, RCEP is the Regional Comprehensive Economic Partnership, and I was just saying earlier --

MR. BEAZLEY: Yeah, that's right. I'm glad you know, I've forgotten about saying that --

MR. DREIER: -- Yeah, I was just mentioning that actually that China was leading its ASEAN base.

MR. BEAZLEY: Yeah, ASEAN leads, but China kind of lean to it --

MR. DREIER: China is -- Yeah. That's what I was saying.

MR. BEAZLEY: And they are picking up bits and pieces with TPP agenda, but is a sort of swirling process, they throw out icons they don't like, and whereas if -- it will be a model for the rules. There will be rules but the rules will be haphazard. The U.S. has a massive interest in this, and I'll finish with it.

You know, whenever you see the Chinese operating in a bilateral sort of way, there's a discussion about massive investment. You know, we bring 40 billion for infrastructure here and there. It's a conversation that's routine, it's a conversation which governments in the region can easily relate to, that sort of Borghese type promise, which can actually be followed up, because you've got a Borghese authoritative government, capable of delivering on it.

The U.S. never has a conversation like that, it just simply happens. So you've got all that Borghese from the Chinese, and to a degree Japanese and Koreans about that way, but the fact of the matter, in ASEAN, American investment alone, that's not a major area of American investment globally. An American investment alone exceeds that of the Chinese, Japanese, and Koreans.

You come to Australia, the American investment in Australia is about closer to 700 billion here, and that would about twice what you got invested in China, and probably about 10 times what China has got invested in Australia. To say, you are the global investor but you are a global investor without government engagement, and at least in a systematic way, the government may engage from time to time when American investors get their backsides kicked illegitimately in some country or other, but

otherwise, no.

It's no American government push out there, for American investment. Now it's a very close-run thing, American and globalism, a very close-run thing. The truth is your domestic economy is so strong, if at the end of the day the America -- the rest of the world just started to boycott you, you'll do just fine. You are about the only country of whom that could be said.

So, it's not easy to drag Americans into supporting things that are in their interest on trade, because you can make a counter argument here, but in the long term you are not going to be able to do that. That's now. It's not 30 years from now. Your markets will be in Asia, and you either have the rules that help you or you don't.

MR. MELTZER: Thanks. That was fantastic.

MR. DREIER: Now you've heard from those two, I have given the opening speech, could I respond to a little bit of this, Josh? I know you are in charge --

MR. MELTZER: Actually (crosstalk). No. No. No. Absolutely!

MR. DREIER: I'm just along for the ride here.

MR. MELTZER: Respond away.

MR. DREIER: Let me just first say, one of the interesting points that you make, Kim, is about the level of investment. You know, the Chinese invest, and you've juxtaposed the Australian economy with the U.S. economy, the Chinese invests much more in Australia than they do in the United States.

MR. BEAZLEY: Yeah.

MS. ATKINSON: And they also (crosstalk).

MR. DREIER: I know that, it's actually the case, and that's a very, very important number to look at. One thing, I'd just like to, listening to both of these remarks, sort of take a moment to look at a bigger issue that really falls within Caroline's purview, and she mentioned that at the outset. And again, having Judge Webster here makes me think about this, and that is the issue, the national security ramifications of the global trade issue.

I think that they are so important and are very often ignored, and the name Alan Curley is the one that has come to our minds and brought all of us to tears as we saw this 3-year-old boy lying on

the beach in Turkey last week. And I was thinking about a conversation that I had shortly after September 11, 2001. It was on one of the television programs, it actually wasn't on air, just before I went, and I was a very high -- with a very high-ranking Defense Department Official at that time, and I know that many can say this is a gross exaggeration, it's a stretch, and a pipe dream and all.

But the statement that was made to me was; that if we had had 1 or 2 percent more gross domestic product growth, in Afghanistan and Pakistan, we just might, no one will ever know, we just might have been able to avoid September 11, and I know that could be seen as a gross exaggeration, but it's said to underscore the imperative national security wide to the issue of global gross domestic product growth.

And it is true, Kim, that the United States of America could in fact survive without all of these other economies in the world, but there is no way that we could as we are doing. In fact, Alan Greenspan one time said to me, he said, "Imports are actually a more important part of the trade equation than exports." They are more than 50 percent, because the standard of living -- that's why I quipped that when you talked about giving that middleclass tax cut, you gave an even greater tax cut, to those middleclass workers by providing them with access to the best possible product, at the lowest possible price.

And so while the issue of cross-border data flow can make eyes glaze over, talking about TPP, RCEP, TTIP, all these things, but it comes to the national security question, as far as I'm concerned, at the end of the day. I mean, do you concur with that, Caroline?

MS. ATKINSON: I think that the fundamental reason for America to support TPP and trade engagement is to raise living standards in America, and to support jobs and growth here. But there is also a very important national security argument, especially about TPP, because this is, as Kim was saying, we have enormous commercial importance, and commercial attractiveness for those countries.

Defense Secretary, Ash Carter noted that if he had to choose between TPP and another aircraft carrier, he would choose TPP, because those ties, those commercial ties, are extremely important, and with TPP, I think Kim said it, absolutely, that this is our opportunity to set the rules, the rules of the road for 21st Century trade, in a way that reflects our values, and not --

MR. DREIER: It goes back to Judge Webster's public diplomacy argument that the

made.

MS. ATKINSON: Yeah. And it's a way -- it's a way for us to insist on labor standards, high labor standards, insist on high environment standards. Insist on the kind of fair and open and transparent rules that we know we believe in. That we believe are good for everybody else, but that some other important players in the region are not necessarily -- will follow us if that's the standard that we establish, but that will not be -- what did you say, it will be haphazard rules if those are not the ones that we are ready to establish.

MR. DREIER: That's why I like to use the line that trade promotes private enterprise, which creates wealth, which improves living standards, which undermines political repression. When someone has been able to put a roof over their family's head and food on the table, they begin thinking about their political leadership, and if political repression exists in that country, I believe that that economic -- the interdependence of economic and political liberalization follow.

MR. BEAZLEY: Yeah. That's the point of that data flows in e-commerce.

MR. DREIER: Yeah. Right.

MR. BEAZLEY: That's a feature of the TPP negotiations for this, were not terribly controversial, but with potentially substantial impact. It's a bit controversial with Australia, because we come up on what will be regarded by the Americans as the wrong side of the argument on medical records, with our law's requirements, and a lot of records being stored for privacy reasons in Australia, but not on the other stuff that are associated with it, but you get that in the rules in Asia, it will be something of a counter to what is becoming a highly protective attitudes now, in other countries in the region.

MS. ATKINSON: And the role of China, obviously that China has grown through an export model, it means to shift that export model. It also needs to recognize its own consumers and follow the rules of the road, that others, and the United States, as you've said, it doesn't -- we don't go and say, hey, we'll invest all this amount in your economy, but our businesses follow when there are good opportunities, and we want to make sure that there are opportunities for our exporters and our work is here to make the goods that can get out to those markets in a fair way.

MR. DREIER: So, just before the Xi Jinping, President Obama Summit at Sunnylands, I wrote a piece in the Wall Street Journal in which I actually advocated China's entry into the Trans-Pacific

Partnership, and I know it was seen as heresy and the time, but Kim mentions RCEP, the notion of -- I mean, what I would personally like to see is a merger of that. Now I recognize the SOE question which Kim raised, the state-owned enterprises, obviously that needs to be resolved. The G20 this weekend talked about this question of currency manipulation, there are lots of issues that need to be part of it, but I know that, and you know this very well, Caroline that the whole issue of focusing the RCEP, of focusing on Asia was, in fact, seen as a snub at China, and I did not believe it to be that at all.

I actually, that's one of the reasons that I believe that with all of the problems we have, and there are very serious issues that need to be addressed, there's no doubt about it, I mean, and obviously the flow information is important one with China, with the hacking and all of that, but the fact is, I think that figuring out a way in which we could leave the Trans-Pacific Partnership open so that we could conceivably see China become part of it is something that I wouldn't like us to aspire to.

MS. ATKINSON: I think what's critical is that China needs to change the way that it does many things. TPP -- and so I wouldn't want to talk about a merger. I think TPP needs to --

MR. DREIER: You can't, but I can.

MS. ATKINSON: What I think we need to hold to, is that TPP is setting high standards, others can aspire to those high standards. I would -- I don't think that the United States would consider weakening those standards or anything or anything, and there are many changes --

SPEAKER: Right. Why not?

MS. ATKINSON: China is at a point of point of transition, they need to accelerate their transition, they need to manage their economy responsibly, and they need to avoid competitive devaluation, and they need to make many changes that will -- I mean, it will be a way of for --

MR. BEAZLEY: As far as the renminbi, they'll probably have a very dramatic devaluation. But anyway we looking to ones (crosstalk) --

MS. ATKINSON: They have a sharp current -- they have a big current account surplus right now, which suggests that they -- which suggests that they are still growing on other countries.

MR. BEAZLEY: I think with China, the best thing is that this is negotiated with a long-term objective of getting China in but not now.

MR. DREIER: Of course not.

MR. BEAZLEY: The Chinese could not negotiate these (crosstalk) --

MR. DREIER: My goal is aspirational, that's what I'm saying, it's aspirational.

MR. BEAZLEY: Yeah, that's desperately what you want. I mean, it's been hard enough to herd the cats with 12 people, and the previous Australian Government had a question mark over the number who were added.

MR. DREIER: Mm-hmm.

MR. BEAZLEY: When were very worried that this would turn out to be an effective renegotiation --

MR. DREIER: Right.

MR. BEAZLEY: -- of the North American Free Trade Agreement when the Canadians and Mexicans came in.

MR. DREIER: Clearly the large you get, the more countries you bring in the tougher it is to close the deal.

MR. BEAZLEY: The thing is -- if I was an American with a critical cast of mind about all of this, in other words, wrong-headed, and was looking at it, I would nevertheless take a look at what the Americans are achieving with the Japanese. Whatever else happens in this, you have got a totally fabulous Free Trade Agreement, bilateral, with the Japanese in the making out of this.

A stunning Free Trade Agreement, which, given the grievances the Americans have had in terms of the trade and relationship with Japan, actually answers all of them, and it's a subset of the bigger picture. You've also got, coming up with Vietnam; I'm amazed at what the Vietnamese are signing on to.

MR. DREIER: Mm-hmm. Yes.

MR. BEAZLEY: In terms of their relationship. You've got a transformative Free Trade Agreement between United States and Vietnam in the wings here that is -- Vietnam is bigger than any European country, in population.

MR. MELTZER: For 100 million people?

MR. BEAZLEY: Yet in their --

MS. ATKINSON: Not there but GDP.

MR. BEAZLEY: GDP, but probably -- given the way the Asian middleclass is going, that particular little problem, GDP would disappear quite quickly.

MR. DREIER: That's one of the arguments that I make about a -- This is one of the arguments that I make about political change of why people follow. The further they go down that road, the more likely we are going to see changes.

MR. BEAZLEY: Yes.

MR. MELTZER: So let me pick up on the China bit, and extrapolate out a little bit more to some of the other countries in the region are not going to be part of the TPP in particular. You know, you've got India, Prime Minister Modi, there's a growing strategic relationship between the United States and India. But you know, India needs to grow probably above Chinese GDP growth rate continues to be the kind of -- a democratic kind of weight in the region that we all hope it can be.

But increasingly facing a sort of trade environment, you know, driven and traded largely by the TPP, which is a good thing which, you know, it probably has no realistic pathway of joining. What does the United States do? What do other TPP countries to bring in these other countries into these new sets of rules if you (inaudible) trading regimes?

MS. ATKINSON: I mean, if we take India where, as you know we've got renewed, and they'll be having a strategic and commercial later this month. I would turn the question on its head. I think India has choices to make about the path that it follows.

MR. DREIER: Yeah. Absolutely!

MS. ATKINSON: India has choices to make about moving to embracing the 21st Century rules of trade and investment, and so one.

MR. DREIER: Basically they are a closed economy, that's what I think.

MS. ATKINSON: And we probably can't reach those -- the growth rates to which they aspire without making those changes. Now, Prime Minister Modi has many -- you know, he's taking on many difficult issues, and they are certainly are very important partner, but I think what TPP can do is show that -- is really lay out the kinds of rules and standards that countries could aspire to. It may take many countries a long time to go there. I see no chance of a compromise from those standards. That is not something that we would think was in the United States' interest, nor in the interest of the others in

TPP.

MR. BEAZLEY: There's a real problem with Indian in that regard, and in many ways, China is a more open trading nation than the Indians are. I think -- The problem in India, is there's two sets of economic policies. One is the high-tech end which produces the globe's software, computer software engineers; not only in India, but everywhere else. Extraordinary brilliance and innovate thinking, and manifest in the parts of the Indian economy, in Bangalore, and elsewhere, that effectively operate outside the normal Indian frame.

And then you've got the rest of the Indian economy but that's in the government end, and old manufacturing, and it exists in a framework of British thinking, circa 1930, and it's an enormously difficult type of environment to make the effective decisions that the transit -- you out of that, because India is in many ways the purest democracy on earth. I know. Americans, they challenge that. The greatest thing about India is that it's --

MR. DREIER: Not really because we don't -- we never wanted -- aspired to be purest among you see, we didn't want to be the purest amongst.

MR. BEAZLEY: The bright thing about India is that it is exactly the reverse in voting, of every other democratic nation. I haven't looked at the figures in Indonesia. The poorer you are the more likely you are to vote. In Australia and in the United States and in Britain, the better off you are, the more likely you are to vote. But the poor in India intensely value democracy. This is all they've got.

So your reference point, if you happen to be an Indian politician, it's not the demands of the business titans and community around you, they actually count for very little politically. It's what's happening in the organized caste groups and a lot in the different regional areas. As they sit down to bargain these out with the people who are in politics.

And quite frankly, then free trade argument doest work with them; that's the real difficulty with -- for Indian politicians, just like in (inaudible), it's a real -- Indian politicians are brilliant. You keep asking yourself the question, why can't these brilliant men and women, from this brilliant country, actually arrive at conclusions here that are brilliantly in their interest?

Well, look at the internals of Indian democracy, and you can start to see some of the answers and contemplate whether this is manifest in China.

MR. DREIER: You know, Kim, you make a really important point about people -- the free trade argument doesn't sell, and guess what, the problem that exists among the Indian people, exists right here in the United States of America as well, and we've seen this really reflected in the Presidential Campaign. And it's been a high level of frustration for me, and what it does is, is it underscores two very important imperatives I believe. First and foremost, it is absolutely essential, Caroline, that we get the trade agreement right.

MS. ATKINSON: Mm-hmm.

MR. DREIER: And that's what the President said, very correctly to you about how he wants it to benefit all the way across the board. So, number one we have to get it right. Number two, it is absolutely essential that we sell it to the American people, so that there is an understanding. I was really privileged to work more than two decades ago, after President George H.W. Bush had successfully negotiated the North American Free Trade Agreement.

I was pleased to work in a bipartisan way with President Clinton on that. I traveled the country, and I was in Mexico with him, and in Canada, and here, as we work together in a bipartisan way to sell it, I regularly would have constituents of mine, and this is, again, a bit of an exaggerating, you know, Kim, you and I can engage in hyperbole a bit.

MR. BEAZLEY: In conversation (crosstalk) --

MR. DREIER: Like we are politicians, so we can do that. But I would -- I exaggerate a little bit, but I would have people say, well, I have a hangnail here, and I know that your North American Free Trade Agreement created that hangnail that I've got here. The thing is, trade creates a very high level of frustration. And again, we are seeing this reflected in the Presidential Campaign, and there is an inclination whenever there's frustration to pull up the drawbridge. And that's something -- that's why I believe it's important that we need to do those two things.

To Josh's question about India and other countries you said, in the region, one of the other things I think is very important for TPP and the other agreements, since as Kim correctly pointed to the failure of the World Trade Organization, what I believe needs to be done, is that TPP needs to be open, so that not only, potentially India, but one of the last things, and one of the reasons I stayed a term longer than I had planned in the Congress, was to get the Panama, Columbia and South Korea free trade

agreements completed.

And I'm happy that we were able to do that, working with President Obama on it, but one of the things that I think is important is to make sure the TPP remains open, so that as countries are able to meet these standards, which you correctly point to, and we are not about to lower those standards, we want to bring other countries to those standards for every reason that we all know.

But countries like South Korea, as well as, potentially, India, and I mentioned China, and others, in Thailand where we have very serious challenges today, as we well know. Other countries in the region, we would like to see them become part of TPP, I think, ultimately.

MS. ATKINSON: I would just say that let's get TPP done.

MR. DREIER: Right. Right.

MS. ATKINSON: It's a very important covering --

MR. DREIER: Well, at Brookings we can think about big ideas, and be aspirational here, Caroline.

MS. ATKINSON: And long-term. You are imagining a lot of changes in those countries, which of course it would be wonderful to see down the road. I think there are some changes in the near term that will certainly, in the case of China, for example, make commitments to support -- to move towards market-based reform, and I'm going to hold them to that, but it's a long, long way that they say that they --

MR. DREIER: Yes. The rule of law --

MS. ATKINSON: Yes. Rule of law, the whole lot of issues that are very important there, and I think that having a United States deeply, more deeply engrained in the Asia region, as a showing those -- the way that we do business, will be very important. And accessing those consumers, and you referred to, will be very important for -- and that is obviously part of the selling job, as you've said.

MR. DREIER: Right. Right.

MS. ATKINSON: We need to have a deal that is the best deal possible. We need the substance to drive the timing. A lot of people thought that might Mike Froman would be able to close it out in Hawaii earlier this summer.

MR. DREIER: Yeah. Unfortunately --

MS. ATKINSON: Well, I think he was very determined, and the President was very determined that we should get the best deal possible. Congress has given lot of instructions, and TPA, which we are very keen to follow through on, and having a bipartisan support for trade is obviously, extremely important.

MR. MELTZER: Let me pick up this quickly on getting the TPP done, the issue, Caroline, because it's very, very important. I want to just talk briefly and give you an opportunity, and everyone here to talk a bit about services, and how do we talk about the importance of services for not only the U.S. economy, 80 percent of GDP in the United States, and it's around that for most developed economies, but increasingly services and trade, right.

The United States had a \$200 billion surplus in services, if you actually at the value, if you look at gross trade figures, that's about a third of exports, but if you actually start taking and count the value-added of service and goods exports is well over 50 percent in the United States, so even higher than in the EU and other countries.

And the work that David and I have been doing on the Internet and cross-border data flows, I think, and depends, the enormous opportunities in the United States for growing out that part of the economy. Yet, in the debate, there doesn't seem to be a lot of traction. There's a lot of focus, and I think you've been picking up on these old debate about the manufacturing sector, 10 percent, 11 percent of GDP in the United States.

What can be done to be able to talk about the opportunities of the TPP and trade more broadly in the United States? Kim, what's your experience been with this maybe?

MR. BEAZLEY: Well, look, I think the problem is that the old areas of the trade agenda, it has organized structured groups around them, the manufacturing side, you've got the Trade Union Movement, you've got a multiplicity of business organizations associated with it. On the agricultural side, you've got the farming organizations, and the different lobbies that are associated with it.

Services are amorphous, they nearly employ most Americans, and so they'll just do it, and it's not unusual, it's the same in Australia. And one of the problems about the structure of the areas which now constitute about 20, 25 percent of the U.S. economy, is that they are the ones who've actually had to make the most massive adjustments to change in previous trade agreements they then put in

place.

The rhetoric of the farmers and agricultural producers, the rhetoric of the unions, and, in particular, all of that; is debating a 30-year-old position that has no meaning in contemporary terms. I mean, I take on the agricultural side, and you see the arguments of the American dairy manufacturers, sugar producers, you want to sort of get them and shake them and say, don't you understand, you've got the best operation in the globe? Don't you understand that this is right -- that your product is of essentially a middleclass taste? Don't you comprehend that this is where the middle class is? Don't you morons understand that you are going to make copious sums --?

You know, the old idea in Asia that cheese represented rotten milk is -- it changes the moment you middleclass them, and so they are starting to like cheese. You know, you want to say, dairy Industry, get off your asses, take a look at what the opportunities are now emerging for you in this area, and drop the stain, just get out of it, because you cannot -- You know, the biggest challenge for Canada, Australia and the United States, we are among the world's biggest food producers, but guess what, in 30 years' time, we can't meet the demand.

We don't have the productive capacity, and we are going to be blamed for starving the world, because we'll be seen as not living up to our reputations. So that's on that end of it, and then on the other side, you feel genuinely sympathetic, because the American middle class has copped it in the neck.

The Australia middleclass income is doubled over the course of the last 20 or 30 years, the American middleclass has paid the same, and there are multiplicity of reasons for that, but trade is not absent from it, the problem is, insofar as trade has impacted on that for the bad, it did it 15 to 20 years ago. Trade can only now impact for the good, its ability to impact for the bad has ended, and it ended a long time ago. The industries have gone, and now there's the opportunity to come back with the new industries and new services, the services associated with them.

So this started off as a question about services, and the problem is that services by nature disappointed, but they are real in terms of employing people, and they can employ beyond boundaries. It's not just a question of folks sitting around in shops selling things, as sort of service workers, it's the people who run the law firms, it's the people who run the architectural firms; the people

who run the engineering firms, people who have got massive skill sets, and the skill sets are applicable elsewhere. And the health industries; and the U.S. health industries in the Asian-Pacific region, my God, what an opportunity; and it can be people from the U.S. doing it.

MS. ATKINSON: What I would just say, pick up on what Kim said, that I think we need to recognize that there has been -- you know, there is a lot of concern about what's happened to middleclass incomes, and there is a lot of concern about whether the rules are fair, whether we are able to enforce the rules that exist, all of these concerns are easy -- ones that we need to take in to account, and that it's fair to take into account.

I think that on the -- when we look forward, we know that export -- jobs from exports can pay more. We know that there are new elements of the economy that can be captured in -- and that are captured in TPP, which will help to open up markets in previously closed areas; will also help to open up markets in previously-closed traditional areas, as you mentioned with Japan, that's very important, with some of the other countries.

And we know that -- And one of the bills that is now sitting actually, that was not passed, there were four trade bills moving together before the Summit, three of them were passed out, but one of them was not, and that's the Customs Trade And Enforcement which has very important elements in there to build up our enforcement to put more money into it, and make it possible, that where there are rules, and where there is evidence that countries are not playing in accordance with the rules, and I think that makes people feel very upset and angry when they can see dumping and so on, that that will be built up.

There are also important disciplines in there about -- there are important elements in there about a strengthening policy provision, so that is just sitting there, we hope that Congress will move it forward very soon, and it has a lot of the protection which people likely want to have. Then I think the other part of making the broader case is about making sure that there are opportunities for skills upgrading, and training, and so on. And this is all that needs to be seen as part of a package, because some of the winners from greater trade can be spread out across the economy.

And the losers we need to make sure to -- You've said they all could, but when there are industries that are vulnerable, it's very important that we protect them -- that we protect the workers and

their living standards as much as possible including -- and this is my last point -- about having an economy that is strong and growing. And on that, you know, we have unemployment that's 5.1 percent now.

MR. DREIER: Right.

MS. ATKINSON: It was at 10 percent and it's really an economic performance that is unmatched around the world since the recession, and that's the key to getting support as well, I think.

MR. MELTZER: Thanks. I think we will open it up to Q&A from the audience. Can you please -- The micro phone is coming around -- can you please, can you stand up and introduce yourself to make sure that any comment is finalized with a question mark on the start at the front here?

MR. SHAW: Hi. Thank you. My name is Matt Shaw. I'm a Reporter from Inside U.S. Trade, and I wanted to follow up on TPP, specifically on Ms. Atkinson's comments about, that she hopes it can be concluded in the coming weeks. So to both Ms. Atkinson, and Ambassador Beazley, you know, on those most difficult issues they were leftover from the July Ministerial, which, Ms. Atkinson has said, they've been meeting in bilateral and maybe small groups. Have you seen, you know, progress on those issues in the past month of so, that gives you hope that you could conclude the agreement soon?

And secondly, in terms of the timing, do you think that it's possible to have the next ministerial to try to conclude the negotiations prior to the elections in Canada on October 19th, obviously dairy is one of the biggest outstanding issues, and it's sensitive for Canada? Do you think it's possible to do that before the election? Or more likely that the final ministerial would be in conjunction with the APAC Leaders' Meeting in November? Thank you.

MS. ATKINSON: So, I'm not going to say more about the timing than the two points that I made. One is the substance is going to drive the timing. That has been a very a clear message from Ambassador Froman all along, and it's actually one that I've grown to understand more and more. And that that is an extremely important part of his success in getting the best deal possible for America.

The other thing is on -- You know, as I mentioned we hope that in the next several weeks there can be a ministerial -- There has been a lot of work going on between trade negotiators. You know how these things go. As I mentioned the most difficult agreements come at the end --

SPEAKER: At the end, yeah.

MS. ATKINSON: -- and you don't know whether you've got them until you've got them, so I'm not going to anticipate that myself.

MR. MELTZER: Good move.

MR. BEAZLEY: I think, being realistic, if we signed this thing up tomorrow, you wouldn't get it into Congress before Christmas. The agenda that you've got in Congress now is so intense between now and when they rise for the Christmas break. But to try and put up a trade arrangement in that period of time, would probably be somewhat flawed -- well, not flawed, will be terribly hard.

Therefore we've got time. We've got time to arrive at a reasonable conclusion on this. I mean, watching the USTR fight from outside the circle as they go through this they sort of -- they remind me of a one-arm paper hanger, or more recently --

MR. DREIER: With an edge?

MR. BEAZLEY: -- it was put to me by a friend of mine, and so one like a backside kicker. You know, they are really working like that because they are out there with a multiplicity agendas, and a multiplicity of structures, because going on inside the TPP is not the overall thing, but as I said before, multiplicity of bilaterals, and some revising of a former multilateral, but nevertheless might want to pick up things from and move forward.

So they say the U.S. is the center, and I guess it's not how this thing was conceived in the first instance, but it is now effectively how it operates. So, it's the U.S. as the hub, and it's everybody else as the spokes, and somebody then puts a rim around the spokes at the conclusion of the process. So we are very conscious that the burdens are heavy on the American negotiators. Now, the Minister would say that we were very close, and he knows more than I do, and he, listens, he's not given to hyperbole, unlike myself.

And he says that we are very close, and we are pretty happy with the timetable on which we are functioning. So, in a sense I think in terms of getting it into Congress for discussion, it doesn't really matter whether we decide it tomorrow, we decide at the APAC Ministers, or we decide it at some other ministerial meeting, we probably want the next conversation to be the last. So it would be a good thing to make sure it's done right.

MR. DREIER: I'd build on that --

MS. ATKINSON: I certainly agree with that, but the next conversation of ministers, ideally, would be the last. I think, you know, the TPA lays out various schedules and we would be committed, and we are committed to transparency once agreement is reached, to be telling people, and most importantly, telling Congress.

MR. DREIER: To build on that question, I would offer some unsolicited advice, which I'm going to --

MS. ATKINSON: That will be with time.

MR. DREIER: -- (crosstalk), yeah I'll go first review. Although I think that you will be receptive to this, and that is, Kim talked about the challenge of educating consumers in Australia, and he talked people in India as well, who obviously don't understand the benefits of this. One of the important things that President Bill Clinton did was, he, when this issue came to the fore, he engaged in almost a month in month out, week in week out, day in day out, opportunity to focus on this question as it related to other issues that he had as President.

And so if we are going to, with this timeframe that Kim has talked about, and that you've talked as well, Caroline, it seems to me that it would be very important for the President, to, whenever he possibly can, refer to this, because the Trade Promotion Authority Debate was humongous in the news. And, obviously, once Trade Promotion Authority was put into place it fell to the way side.

We know that Trade Promotion Authority was simply one step in our quest to get TPP, to get the Transatlantic Trade Investment Partnership done, and so, you know, my advice and recommendation, as an American, and I always I'm a proud Republican, but I'm an American first, in this quest of making sure that we address all of the multifarious issues that we've raised here. If the President could regularly talk about this issue in any fora he possibly can find, I think it would be very, very beneficial.

MS. ATKINSON: Yeah. No, well you saw in the TPA debate and we should -- you know, we should not forget that very important victory, and that very important passage --

MR. DREIER: Absolutely!

MS. ATKINSON: -- which two other Bills, and we are hopeful about the next one on the enforcement side, that the President was, as you mentioned, very engaged in that, this is very important

to the President because he believes it's very important to America.

MR. MELTZER: Yeah. Great. This lady in the front here, we'll click two, and this gentleman in the back.

MS. LEE: Thank you. I'm Jennifer Lee with Hong Kong Phoenix TV. I have a question, a follow-up question regarding President Obama and Chinese President Xi's meeting later this month, for Caroline is: what's the parity of the President Obama on the economic issues? So, you've mentioned the economic transformation, devaluation and all the TPP, RCEP, and also the two sides are negotiating the BIT, the Bilateral Investment Treaty. So, I wonder, what's the parity of President Obama regarding this meeting?

And also I just want to clarify, in terms of China's joining TPP, you said, still a long, long way to go, and they still have a lot of things to do. Does that mean they are not qualified to join the TPP at the moment?

MR. DREIER: If I propose -- Let me just say, that I don't believe that China is in anyway qualified to be part of the Trans-Pacific Partnership today. There is so much that needs to be done, there are so many contentious issues, all I've done, and if you want to see the piece in the journal that I wrote two years ago, as I said to Kim and Caroline earlier, it is aspirational. I would like some day to see China meet the requirements, and I don't to -- state-owned enterprises, all of the other issues that we've raised here, I'd like to see them do that. So, it's just aspirational.

MS. LEE: So I think China has definitely shown their interest in joining, then what's the U.S. response going to be? And for the Ambassador, one more question. For Ambassador, what consensus or position you would like to see from the two Presidents, because Australia is a member of the TPP, and also the founding member of the AIIB. So, from the international economic architecture's perspective, what kind of position or consensus you would like to see that you think can benefit the region or the trade as a whole. Thank you.

MS. ATKINSON: So, just to comment on the objectives for the visit. There are not -- We have an important bilateral economic relationship, but it's also really I'm that it be -- that we are open and candid about where we need to see China move to manage its transition to the market economy responsibly, to show renewed commitment. At this time there's been a certain amount of uncertainty to

making that transition, to shifting towards a consumption-based, demand-based, household-based economy which we believe can include fiscal measures to support incomes of households to promote reform, accelerate reform as state-owned enterprises.

Those are details, but I think for the leaders the understanding that it's important to avoid competitive devaluation, that China needs to understand that as the second-largest economy in the world, a stable and prosperous China is in the U.S. interests. It's also in China's interest to promote a stable and balanced and prosperous global economy. And I expect that we will also -- the leaders will also speak about how to promote global economic growth, and how to strengthen the global financial system.

You mentioned the BIT; we are interested to see if there will be steps by China towards an ambitious and high standard BIT, I say this --

MR. DREIER: Bilateral Investment Treaty.

MS. ATKINSON: Bilateral Investment Treaty, and there are other areas where we are working. We want to make sure that on technology policy, China is moving in an appropriate direction, that it's treating American businesses fairly. So, these are the sorts of issues on the economic side.

I think the most important one for the leaders is really about the role of the United States and China in promoting a balanced and strong global growth, and we certainly feel we are doing our part for that, and we'll be wanting to see the other side of that.

I should just say that, this is not exactly about economics, but obviously -- but it's very important to the global economy and to the every other consideration of investment, and so on, that I expect that the Presidents will continue. I'm not going to talk about any of the security and foreign policy issues, but on the climate, I expect that it will be important to see that there's progress on what historic agreement last year.

MR. BEAZLEY: I would say that of all countries on earth, Australia is the most committed to a close bilateral relationship between Australia and China. And this is not a matter of theory, it's a matter of detailed understanding of the interlocking character of China-American relations, and a long-term historical appreciation of the fact that the United States struggle in the globe for the bulk of the last century and into this, is to encourage the peaceful rise of China to a prosperous, united China.

America went to war in World War II for that reason. They did not go to war to fight

Nazism, they did not go to war -- they went to war because as a consequence of the American defense, of China's unity and its survival, the Japanese attacked the United States, and then the United States went to war, and then Germany declared war on the United States, and the United States went to war with Germany.

You need to go back into your histories and understand absolutely what it was that put the U.S. there, which is why the U.S. fought so hard in what every other country on earth thought was completely irrational, as they set up the United Nations to give China a veto position in the United Nations. Everybody else is saying: What! You are giving China a vetoed position, they haven't done anything.

The United States knew exactly what China has done, and they knew exactly what China's potential was, and the United States has fought for that, with a 20-year hiatus after the Korean War, basically for the entirety of the last 130 years. So, that needs to be understood as the background of the discussions between President Obama and President Xi.

We are also barracking for the United States, in what the United States wants in the discussion. We have no chance of convincing the Chinese that they are going down the wrong road on CIDA. The United States has some chance. We have no chance of convincing the Chinese of what a really good investment regime would be internally for China, in which we could all participate. And the Chinese, you know, are very big on investment elsewhere, not so keen on investment inside China.

We have no influence on that though we've made some progress in our bilateral agreement with them. We know the United States can open up those sorts of things. Outside the economic agenda, we are not a frontline state in Southeast Asia, but we are a military ally to them, and we are responsible for their defense. And we have a substantial interest in a sensible outcome in the South China Sea.

We can have no influence on that, whatever it is that we try, but we know the U.S. can. And we know the U.S. motivation, and I don't know if the Chinese really fully absorb that, that the U.S. really wants an effective, prosperous, united China playing a role in global development. But the rules that have been created are dispassionate rules. They are not rules to uphold a certain set of interests, and China has prospered enormously at this point by the application of those rules, and they are not to be

sneered at.

And we also know that China is not a monolith. China might still be authoritarian, but it's not totalitarian. There is a debate inside China, there are pluralities emerging at all sorts of levels, and one element of those pluralities is supportive of the sorts of positions that they negotiated in the TPP. And if the TPP is successfully concluded in internal Chinese debate, they've got a chance.

MR. MELTZER: Great. One final question from this gentleman here.

MR. MAULDIN: Thank you so much. Will Mauldin with The Wall Street Journal. I just had a brief follow up on the last question; interested in another set of economic, if not trade negotiations, the climate negotiations that are so big this fall as well. You were mentioning the meeting of Xi Jinping and President Obama, and I'm just wondering, you mentioned that it's important to -- Ms. Atkinson -- to get some progress on the historic agreement, for the U.S. cut emissions and for China to peak its emissions in 2030, that they achieved last year.

I'm just wondering what sort of progress we might be able to look for beyond that, both countries are the big emitters, they've already sort of put their goals out there, and now we see possibly a slow-down or a rebalancing in China's economy, they are already taking less coal from Australia. It may be quite easy for them to meet that target. Are they going to be working to bring others along with them, or what progress can we see in the area of climate talks? Thank you.

MS. ATKINSON: I do know a number of areas where, obviously the Paris discussions, climate discussions, are now getting quite close, beginning on November the 30th, and we want to be able to work with China, as well as with other countries to have a successful outcome in Paris, an outcome that covers -- that is ambitious, that is durable, and that looks forward to -- you know, to progress all the time, as well as just one-off agreement there.

And that is universal, and that was the important element of the bilateral agreement last November between the two Presidents, the joint announcement that took place in Beijing. So, what we are looking for is further discussions along those lines to preview for Paris, and also to discuss where we are in our domestic.

You know, we've had an important, the Clean Power Plan has been announced and put into place since those meetings, there are also measures going on in China. We are working together on

clean energy; so all of these elements are ones that I expect the Presidents to discuss.

MR. MELTZER: Great. Thanks. I just want to say, I think we've had a very deep and interesting conversation. It's clearly a very important time in terms of setting new rules for trade and investment globally. The United States is leading in so many important ways. And as Kim says, its allies and everyone supports that effort, even if it comes with a hidden dose of Schadenfreude. But, you know, let's keep an eye on this space. We look forward to the TPP being concluded and passed through Congress.

David, do you want to say some final words?

MR. DREIER: Thank you. Thank you very much, Josh. Let me just first apologize to my fellow panelists for my weird accent through this entire program. They seem to -- the three of them seem to have survived it adequately. And I want to say that I very much appreciate the partnership that we've had with both Sunnylands, my colleagues at Sunnylands and Claremont McKenna College and with Brookings as well.

We have worked on this report that we have, as I said, with Josh, it's been a couple of years now since we launched this program, and I looking forward to many more partnerships on this, and a wide range of other issues that may not include you, Josh, maybe other fields in which we are heavily involved.

And I also want to express my appreciation to all of you for being here. Again, to Linda and Bill Webster, especially, for taking the effort to be here with all of us; and we look forward to a successful completion of all these things. So, thanks to you, Caroline. Thanks to Kim as well.

MR. BEAZLEY: Thanks very much.

MS. ATKINSON: Thank you very much. (Applause)

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