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## **Name the Trade Rep, Mr. President**

By: Ben W. Heineman, Jr.  
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In President Obama's second term, the United States has an ambitious and challenging Atlantic and Pacific trade agenda which could significantly alter the architecture of the global economy.

But the President has yet to designate someone to fill the crucial Cabinet level position of [U.S. Trade Representative](#) (USTR). The stakes, both internationally and domestically, are extremely high and Mr. Obama should immediately send to the Senate for confirmation a nominee of prominence and stature.

Doing so would show that he places the highest priority on both the [Trans-Pacific Partnership](#) (TPP) negotiations — started in 2011 and slated to end this year — and the newly launched free trade [negotiations](#) between the US and EU which are scheduled (optimistically) to be completed before the 2016 election. He should simultaneously push hard for Congressional renewal of [Trade Promotion Authority](#) (TPA) which gives the Executive the power to negotiate trade agreements subject only to a prompt up or down vote in the House and Senate with no amendments. This authority expired in 2007.

The Trans-Pacific talks have involved 11 developed and developing [Pacific Rim nations](#) with a combined GDP of \$40 trillion, and which recently got a jolt of energy and complexity when Japan (GDP=\$6 trillion) [joined](#) the negotiations. The US-EU talks involve the two largest economies in the world (EU \$17 trillion, US \$15 trillion, China \$12 trillion) which account for about one-third of world trade annually (\$2 billion per day).

Both negotiations aim to reduce tariff and non-tariff barriers in goods, services, investment and procurement. Importantly, this means harmonization or mutual recognition of national regulatory regimes, which can lead to global standards and greater ease and efficiency in cross border economic activity. The US-EU talks, for example, can not only have economic [benefits](#) (reduced costs/higher GDP in both regions without stimulus spending) but also geopolitical ones (refreshing the

transatlantic alliance and rule of law market economies). The TPP hopes for similar effects.

Both negotiations are driven by a desire to spark a sluggish world economy and by an unstated but clear desire to provide powerful counterweights to China. This China strategy can occur through greater growth in developed and developing democracies; through regulatory and product standards which become world norms and to which China may have to conform; and through new rules, as yet undefined, to address the trade distortions of [Chinese "state capitalism."](#) This last point, explicitly mentioned in the terms of reference of both negotiations, is aimed at the licit and illicit subsidies, preferences and advantages which China's government provides to its national "corporate" champions, especially those owned by the state.

But, while the broad goals and general impact of both the Atlantic and Pacific trade talks are thematically compelling, the actual negotiations are exceedingly [detailed and difficult](#). In each nation or region, special interests have to give up sacred cows, regulatory agencies have to modify their behavior and certain segments of the economy will suffer from increased competition while others will prosper. A Trade Representative of real stature and skill is needed to bring a broad national and global (not parochial) perspective to the talks, and to negotiate, compromise and close the deal with international counterparties on a package of contentious issues. Such a trade leader must simultaneously keep a fractured Congress informed and supportive while getting Trade Promotion Authority enacted and also carrying out the negotiating goals which Congress writes into the legislation.

Surviving, even thriving, in the domestic and international crossfire on such fractious issues as autos, drugs, aviation, financial services or agriculture requires that the President make these trade negotiations a top priority. This means he needs a strong leader who can remain not only above specialized interest group, regulatory and Congressional interests, but who is also outside the West Wing and can effectively direct the effort and package the issues in internal processes, until the President's direct public involvement is needed.

Past USTRs were people of remarkable ability who came to the job with strong track records, or who developed a reputation for leadership once appointed, such as: [Bob Strauss](#) (Carter), [Bill Brock](#) (Reagan), Carla Hills (Bush 41), [Mickey Kantor](#) (Clinton), [Charlene Barshefsky](#) (Clinton), Bob Zoellick (Bush 43), [Rob Portman](#) (Bush 43).

Although top Administration officials, like National Security Advisor [Tom Donilon](#), talk about the strategic importance of the Atlantic and Pacific trade negotiations, unfortunately the President himself has never shown much public interest in trade. Obama announced the US-EU trade negotiations in a single sentence buried deep in the State of the Union address. And he is the only recent president not to immediately propose renewal of Trade Promotion Authority upon assuming office. Instead, we have seen only an administration [announcement](#), in an anodyne and faceless trade agenda paper, that it planned to work with the Congress on new TPA legislation. And thus far,

leadership on the US-EU talks has come from the White House staff (per [Michael Froman](#) on the National Security and National Economic staffs), and TPP negotiations have been led by an assistant USTR, with neither the talks nor the point person receiving much national attention.

There is, in short, genuine doubt about whether President Obama really cares about these critical global initiatives, given all the other priorities with which he must deal. The obvious symbol of Presidential commitment is the United States Trade Representative. That is why it is so odd that no nomination has been announced, with TPA facing a tough fight in Congress; with the Pacific talks made infinitely more complicated by Japan's entrance; and with the US-EU talks requiring firmer, clearer negotiating plans and some quick victories to develop momentum. Although strong support is needed from the President himself, Mr. Obama needs a potent national figure outside the West Wing who can take fire prior to his personal involvement in negotiations.

Reaching meaningful agreements with real impact in the Atlantic and Pacific trade talks would be a long-shot under the best of circumstances. If the President does not make this a key priority which commands his attention, and on which he will spend leadership capital, these talks will not succeed, and may not even happen given the degree of political difficulty here and abroad. The economic costs would be very high for the US and the world.

Obama's task is clear. Appoint the USTR now, Mr. President.

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[http://blogs.hbr.org/cs/2013/04/name\\_the\\_trade\\_rep\\_mr\\_presiden.html](http://blogs.hbr.org/cs/2013/04/name_the_trade_rep_mr_presiden.html)