

**Statement of Ambassador Michael Punke
Before the Senate Finance Committee
September 12, 2011**

Thank you, Chairman Baucus, Senator Hatch, and distinguished Members of the Finance Committee.

I want to start today by expressing my gratitude to President Obama for his confidence in nominating me to serve as Deputy U.S. Trade Representative and U.S. Ambassador to the World Trade Organization. I am also grateful for the bipartisan support expressed for my nomination by this Committee after my last hearing, in 2009, and for the ongoing support of U.S. Trade Representative Ron Kirk. Mr. Chairman, I will always be appreciative for my first opportunity in public service – a job on your staff which you gave me in 1991.

Finally, I wish to express my extreme gratitude to my wife, Traci, and to our two children, Sophie and Bo. They have been supportive and patient travelers throughout this entire process.

Mr. Chairman, it has been the greatest honor and privilege of my career to serve, since March 2010, as an appointee to the position for which I am nominated. It is

my great hope that I will be able to continue to serve in this position with the advice and consent of the Senate.

There is much work to do. The World Trade Organization (WTO) stands today as the embodiment of the work of generations of Americans in bipartisan support of a rules-based system of international trade. Not just any rules, but rules that reflect the American view of the importance of fair rules-based competition.

And WTO rules have teeth. The WTO is unique among multilateral institutions, because there are consequences for failure to comply with the rules. The WTO provides a process for binding dispute resolution and the possibility for WTO members to apply sanctions where necessary to secure compliance with rulings that result from that process. Guaranteed access to procedures for enforcing trade rules corrects one of the great shortcomings of the old GATT system. The WTO dispute resolution process is not perfect, but it is very good, and we have used it aggressively to promote and to defend American interests.

So as a repository of rules and a forum for resolving disputes over their implementation, the WTO provides one of the bulwarks of our global economy.

The value of this system has been proved up during the financial crisis, when, with

few exceptions, countries declined to resort to the sort of protectionist measures that would have deepened the crisis and made recovery much harder.

Despite these positive aspects, there is one area in which the WTO is underachieving. To meet its potential, to meet American expectations, the WTO must also be effective in its historical role as a forum for negotiations to open markets. Opening new markets supports new trade opportunities, which is another way of saying jobs. Jobs for our farmer and ranchers, jobs for our workers and entrepreneurs.

Certainly it is no secret that the Doha Round of WTO negotiations are floundering. As of next month, WTO Members will have been engaged in Doha negotiations for a decade, with no end in sight.

At one level, the diagnosis for what ails the Doha Round is quite simple: Since negotiations began in 2001, the world has changed dramatically. Above all, we've watched the dramatic rise of emerging economies such as China, Brazil and India. The Obama Administration, with the strong support of Congress, believes that China and other emerging economies must shoulder new responsibilities to reflect this change. So far, they have been unwilling to do so.

Since the 2008 breakdown in Doha negotiations, the United States has put forward a number of procedural and substantive ideas in an effort to achieve a breakthrough in the negotiations. Speaking bluntly, the reticence of a number of our negotiating partners has left us with very little to show for those efforts.

As we approach a biennial WTO Ministerial meeting this December, the time has come for both an honest assessment of where we stand, and realistic guidance about where we should go. The WTO operates by consensus, so it will be vital for all WTO Members to participate in this effort.

One thing is clear: What we are doing today in the Doha negotiations is not working. That is not a value statement, but a simple assessment of the facts. After ten years, we're deadlocked. The ability of the WTO's collective membership to acknowledge the reality of our situation will be the first test of whether we can devise a credible path forward that will expand market access and strengthen the institution. This is important for the Doha negotiations, but also for the broader credibility of the WTO as a forum for trade negotiations.

Mr. Chairman, one of the aspects of my job for which I am most grateful is the relationship I have enjoyed with Members of this Committee and their staffs. As the Administration has negotiated in Geneva, we have maintained an ongoing and constructive dialogue with Congress. This dialogue has allowed us to project a unified and strong position. Certainly this is a well to which I'll hope to return often in the weeks and months ahead.

Thank you for considering my nomination.