

TESTIMONY:

Megan Aslaksen

Global Trade Specialist

Hewlett-Packard Global Trade - Trade Facilitation

U.S. Senate Finance Committee, Subcommittee on International Trade

October 6, 2005

Chairman Thomas, Ranking Member Bingaman, and members of the Subcommittee, my name is Megan Aslaksen. I work for Hewlett-Packard Company and am based at our headquarters in Palo Alto, California, in the Global Trade – Trade Facilitation Department. Thank you for providing me the opportunity to speak before you today in support of the U.S. – Bahrain Free Trade Agreement (FTA).

Hewlett-Packard Company is a Fortune 11 company with revenues of nearly \$80 billion. HP is the largest consumer IT company in the world and the largest IT provider in the Middle East. HP technology ranges from consumer handheld devices to some of the world's largest and most powerful supercomputer installations. HP has an estimated 150,000 employees and conducts business in more than 170 countries. As a result, HP is dedicated to free trade and the reduction of barriers across borders.

Bahrain, as part of the 18 countries composing the Middle East/North Africa region, represents an area of great potential both in terms of consumer demand and human capital. For HP and other American companies, this is a great

opportunity for us to share our innovative, life-enhancing products and services with people yearning for cutting-edge technologies on the other side of the globe.

The Bahrain FTA forms part of a larger U.S. objective to improve ties with and promote stability in the Middle East region through the establishment of a Middle East Free Trade Area by 2013. Other milestones in this effort include promotion of World Trade Organization (WTO) accession, establishment of Bilateral Trade and Investment Treaties and the creation of Trade and Investment Framework Agreements. The U.S. has already achieved bilateral agreements with Jordan, Israel, and Morocco and now stands ready to implement its third FTA in the region, the U.S. - Bahrain FTA. We support U.S. efforts to expand trading opportunities in the region. The U.S. – Bahrain FTA is a landmark step in this process, as it is the United States' first FTA with a Gulf state. We also applaud USTR and Ambassador Portman for the recent conclusion of the U.S. – Oman Agreement.

As we know, the Kingdom of Bahrain is a prosperous country with an economy that is primarily based on petroleum production and refining. However, it is facing the same problems plaguing other Middle East countries, with high unemployment and declining oil reserves amounting to major long-term problems. In an attempt to diversify its economy, Bahrain has established itself as a center for banking, information technology, telecommunications and health care. HP looks forward to winning support for this FTA in Congress so we can

then be able to expand our market access to this region with such a need for our innovative solutions. Building upon the U.S. – Bahrain Bilateral Trade and Investment Treaty and Trade Investment Framework Agreement, this FTA will enable Bahrain to have greater access to the U.S. market, which in turn will generate direct investment into the Kingdom. The Agreement will benefit both countries by helping to spur economic growth and improve employment opportunities for the people of the United States and Bahrain.

Comprehensive free trade agreements provide a wide array of benefits and help open doors for HP and other U.S. companies around the globe. The Bahrain FTA secures binding commitments in a number of areas important to the high-tech sector: elimination of duties, greater transparency in Customs procedures and government procurement, as well as increased intellectual property rights (IPR). For example, under the Agreement Bahrain will immediately eliminate import taxes on most technology products, which will increase U.S.

competitiveness in the region. For example, qualifying goods like PCs, printers, digital cameras and handheld devices will enter the Kingdom at zero duty. U.S. exporters, like HP, will also benefit from commitments by Bahrain to modernize Customs procedures. Benefits include the availability of advance rulings, publication of laws and regulations on the Internet, quick release for express shipments, promotion of the use of automated system and use of risk assessment management systems.

As an industry leader and the top provider in the Middle East/North Africa region of innovative technological solutions, this Agreement represents an important business opportunity for HP abroad and at home. With Bahrain diversifying its economy by creating a high-tech infrastructure and serving as a high-tech center, HP looks forward to being part of the Kingdom's growth. And as the number one IT provider in the region, HP and our customers stand to benefit from the Agreement, in the areas of market access, IPR, and transparency in Customs procedures and government procurement.

The Agreement also provides U.S. exporters with the broadest services access of any Agreement established to date. Commitments in the areas of telecommunications, and computer and related services will enable greater market access for high-tech companies. Intellectual property rights, e-commerce and government procurement provisions are equally important to U.S. companies. The Agreement provides for improved commitments which include governmental use of legitimate software, and requires parties to ratify a number of IPR agreements, including the World Intellectual Property Organization (WIPO) Copyright Treaty.

HP strongly supports the establishment of free trade. Working in partnership with our colleagues in the high-tech industry, trade coalitions and associations (e.g. Information Technology Industry Council and AeA) we advocate the negotiation and implementation of bilateral and regional agreements. We hope that the

recent success of the U.S. to conclude comprehensive FTAs with various trading partners will foster efforts to further reduce tariff and non-tariff barriers to trade at the regional and multilateral levels.

On behalf of Hewlett-Packard Company, I would like to express our company's support of the U.S.-Bahrain Free Trade Agreement and urge prompt Congressional action and approval to strengthen the economies of the United States and Bahrain. In closing, we believe that this Agreement will serve as a model for other Agreements in the region, facilitate two-way trade and promote regional stability and economic development. Free trade – along with other market-based economic incentives – is fundamental to achieving stability and prosperity in the Middle East and economic growth here at home.

Again, I appreciate the opportunity to put forth HP support for the U.S. – Bahrain FTA and encourage timely Congressional action and would welcome any questions or comments at this time.