



GEORGETOWN LAW

Institute of International Economic Law

ORAL HISTORY PROJECT OF THE WORLD TRADING SYSTEM

Interview of Ambassador Carla A. Hills

conducted by Rosine Plank-Brumback

On July 12, 2010

Keywords: Carla A. Hills, Rosine Plank-Brumback, U.S. Trade Representative, U.S. Secretary of Housing and Urban Development, trade negotiations, Uruguay Round, North American Free Trade Agreement [NAFTA], international trade regime, Section 301, dispute, U.S.-Mexico trade relations, Clinton Administration, Doha Round, trade policy history, trade investment agreements, trade diplomacy, trade enforcement

1 **Rosine Plank-Brumback:** This is an interview of Ambassador Carla Hills for an oral history of
2 the world trading system being compiled by the Institute of International Economic Law of
3 Georgetown University Law Center. The date is July 12, 2010. We are in her offices at Hills &
4 Company, International Consultants, in Washington, DC. I am Rosine Plank-Brumback, who has
5 the pleasure of conducting this interview. Thank you so much, Ambassador Hills, for
6 participating in this project and giving us your valuable time.

7 **Carla Hills:** It is a pleasure to be with you.

8 **Plank-Brumback:** Your insights from serving as United States Trade Representative [USTR]
9 from 1989 to 1993, where you were the nation's chief trade negotiator for the Uruguay Round,
10 for the North American Free Trade Agreement [NAFTA], and other trade and investment
11 agreements, are of enormous value to scholars and researchers tracing the evolution of the

12 international trade regime and to policymakers and government officials, diplomats formulating
13 future policy. I must note, of course, that you are a member of the Institute of International
14 Economic Law Committee of Distinguished Advisors. So let us begin the interview with some
15 information about your personal background and career history, then we'll move to your
16 recollections of the Uruguay Round, the NAFTA, and other trade issues during your tenure as
17 USTR. You were born in Los Angeles, California, studied at Oxford University, earned a
18 Bachelor of Arts from Stanford University, and an LL.B. degree from Yale University Law
19 School. What was it that made you want to study the law?

20 **Hills:** I think when I was very young, in the third grade or so, I was a great reader, and we had a
21 public library close by our home. It seemed to me that every leader I read about, and I was
22 interested in history, seemed to be a lawyer. I was quite interested in Alexander Hamilton and I
23 thought, "Well, if I'm here to be a contributor—I ought to get a law education." It really started
24 there because no one in my family had studied law. No one was urging me to do so.

25 **Plank-Brumback:** Interesting. You were an Assistant United States Attorney in Los Angeles,
26 then a partner in a law firm there from 1962 to 1974. You taught as an adjunct professor at
27 UCLA Law School and wrote on federal practice and antitrust law. In 1974, you became an
28 Assistant Attorney General heading the Civil Division of the US Department of Justice in the
29 Nixon administration. What were the main issues that you dealt with at Justice and how do you
30 think growing up in California or having a legal background, particularly in antitrust law,
31 prepared you for or influenced your approach to trade policy and trade negotiations?

32 **Hills:** Trade policy was not on my agenda in 1974 and 1975. I came out of Yale Law School and
33 became an Assistant US Attorney and I was interested in federal litigation, trying cases, both

civil and criminal. I left the US Attorney's Office to found the law firm Munger Tolles, then known as Munger, Tolles & Hills, with my husband and three or four other lawyers. Interestingly, the firm still exists,¹ and the *National Law Journal* has named it the No. 1 law firm in the country for three succeeding years. I am very proud of that relationship. I was teaching antitrust law on an adjunct basis at UCLA Law School when Elliot Richardson, who was Attorney General, contacted me and asked me if I would come back and take the position as an Assistant Attorney General in charge of the Civil Division. This was a big move for me, my husband, and our four children. We thought long and hard about it. In October of 1973, Elliot was pressing me to make a final decision, and Rod and I came to Washington to meet with Elliot, I believe, on Friday October 19. During our visit I met with Elliot's wife Anne and talked about schools for our children. That weekend happened to be the weekend of the Saturday Night Massacre.² When Elliot stepped down and his deputy Bill Ruckelshaus stepped down, I decided not to come. But the White House urged me continuously to come, as did Bob Bork, who was then the Acting Attorney General, and had been Solicitor General, and I finally did decide to come in March of 1974.

The main issues on our Civil Division's agenda were issues dealing with statutory and constitutional law on the civil side. This was a period in our history of great turmoil. We had the Watergate scandal, a very unpopular war in Vietnam, double-digit inflation from an oil shock, double-digit unemployment. It was a nasty period economically, rather reminiscent of what

¹ Munger, Tolles & Olson LLP.

² On Saturday, October 20, 1973 during the Watergate scandal, US President Richard Nixon ordered Attorney General Elliot Richardson to fire Special Prosecutor Archibald Cox. Richardson refused and resigned effective immediately. Nixon then ordered Deputy Attorney General William Ruckelshaus to fire Cox. Ruckelshaus also refused and resigned. Nixon then ordered Solicitor General Robert Bork to fire Cox and Bork carried out the dismissal.

53 we're going through now. Our agenda included the May Day riot cases.³ The bridges were
54 closed by people dissatisfied with their circumstance. Richard Nixon stepped down in August.
55 We had the Nixon tapes case that followed. Then President Ford⁴ asked me to go to HUD
56 [United States Department of Housing and Urban Development] the following year.

57 **Plank-Brumback:** Yes, the third woman to hold a Cabinet position. How did that come about?

58 **Hills:** Out of the blue, like all my appointments did. I didn't anticipate Elliot Richardson calling
59 me to come to Washington, nor did I anticipate President Ford, whom I did not know, asking me
60 if I would go and head up HUD. The call came on a Saturday. I had tried very hard to fence in
61 weekends for my children, and I said to my husband, "I'll only be a few minutes. I can't imagine
62 what the White House wants," not expecting to meet with the President or that he wanted me to
63 assume the role of Secretary of Housing and Urban Development.

64 **Plank-Brumback:** Where you stayed until January 20th, 1977. What were the principal issues in
65 which you were involved there and were there any experiences or lessons learned during your
66 tenure at HUD that would be useful for your time as USTR?

67 **Hills:** As I said, the mid-seventies were a period of extraordinary turmoil for our country. We
68 had a housing crisis with foreclosures and high interest rates. The first piece of legislation that
69 President Ford signed was the Housing and Community Development Act of 1974. He signed
70 that in August of 1974. When I got to HUD in 1975, March, I assembled my team to ask how

³ The 1971 May Day riots were a series of large-scale civil disobedience actions in Washington, DC in protest against the Vietnam War.

⁴ Gerald Rudolph Ford, Jr. Republican, served as the 38th US President from Aug. 9, 1974 to Jan. 20, 1977. He also served as US Vice President from Dec. 6, 1973, assuming the presidency upon the resignation of President Richard Milhous Nixon. Prior to this, Ford served in the US House of Representatives, representing Michigan's 5th congressional district from 1949 to 1973. He was House Minority Leader from 1965 to 1973. He died on Dec. 26, 2006.

71 many housing units under that law we would be supporting in the current fiscal year, and the
72 fiscal year then as it does now. The answer after each looked at each other was none. I said,
73 “How can that be?” Well, the regulations hadn’t been drafted and, you know, once you draft the
74 regulations, they have to be put out for comment. The comments have to be assimilated into the
75 final program. So there was no way by June 30, this being late March, that we could draft the
76 regulations, provide sixty days for comment, assimilate the comments, and publish them before
77 the end of the fiscal year. Suddenly, I remembered that Saturday, when I said to the President,
78 “You know, I’m not an urbanologist; I am a lawyer. I think you need me at the Justice
79 Department.” He said, “I beg to differ with you. I need a manager, which I understand you are, at
80 the Department of Housing.” At that moment, when I was told the regulations hadn’t even been
81 drafted, to implement legislation that had been signed in August, I thought, “I think I
82 understand.”

83 So lessons learned was certainly the imperative of dealing closely with Congress. I dealt
84 extremely closely with Congress, because we had a Democratic House and a Democratic Senate
85 and everyone had a fix for the economic circumstance in which we were in. Senator Proxmire⁵
86 was my chairman in the Senate Banking Committee, and he wanted to have a bill that would
87 enable the building of millions of new houses that would put people to work, and would fix our
88 problem. When I said to him, “Mr. Chairman, this bill will fuel inflation and we can’t afford it.”
89 It required dealing with that committee and more widely to try to get a redrafted bill fast. Indeed,
90 a redrafted housing bill was sent to President Ford in late June about a week after the original
91 had been sent to us. The original bill would have subsidized mortgages down to 6 percent for

⁵ Edward William “Bill” Proxmire, Democrat served as U.S. Senator from Wisconsin from 1957 to 1989. He died on Dec. 15, 2005.

92 everyone, rich and poor, and the cost was astronomic. The president vetoed that bill.⁶ I carried
93 the message back that he would sign a bill if it were limited to those in the lowest quintile and
94 had a sunset provision after one year. Thanks to people like Representative Lud Ashley who has
95 recently passed away, a Democrat.⁷ He was extremely helpful in the House—along with a
96 number of Democrats. With their support we were able to get that bill through Congress and
97 have the President sign it, a week after the President’s veto. I have a picture on the wall in my
98 office of that signing ceremony in the Rose Garden. The experience proves that by reaching
99 across the aisle and working hard that good things can happen. President Ford was a master at
100 that. He used to play golf every third week with Tip O’Neill.⁸ He’d say, “I don’t like his policies
101 necessarily, but he’s a good friend,” and he had a great rapport with many that was apolitical.

102 **Plank-Brumback:** That certainly is an important lesson learned. Then you returned to practicing
103 law. From 1978, you were a co-managing partner in the law firm of Weil Gotshal⁹ and chaired
104 the Urban Institute from 1983 through 1988.

105 **Hills:** Actually, when I first left government, I worked for zero pay at an organization that was
106 newly founded, called the Alliance to Save Energy that was created by Senator Chuck Percy,¹⁰
107 then soon-to-be Chairman of the Senate Foreign Relations Committee. It was to try to break the
108 belief in the necessary connection between our GDP [gross domestic product] growth and the
109 expansion of our use of energy. That organization still exists, and it did show that with

⁶ President Ford vetoed the Emergency Housing Act of 1975 on June 24, 1975.

⁷ Thomas William Ludlow “Lud” Ashley, Democrat, served in the US House of Representatives representing Ohio’s 9th congressional district from 1955 to 1980. He died on June 15, 2010.

⁸ Thomas Phillip “Tip” O’Neill, Jr., Democrat, served in the US House of Representatives representing the 11th (1953-1963) and 8th (1963-1987) congressional districts of Massachusetts. He was House Majority Whip (1971-1973), House Majority Leader (1973-1977), and Speaker of the House (1977-1987). He died on Jan. 5, 1994.

⁹ Weil, Gotshal & Manges LLP.

¹⁰ Charles Harting “Chuck” Percy, Republican, served as US Senator from Illinois from 1967 to 1985. He died on Sep. 17, 2011.

110 education, people understand that when they leave a residence, they should turn off the lights.
111 We had so many studies showing that if you go into a hotel and pay a fixed rate for your room,
112 you think you're entitled to leave the air-conditioning on, the lights on, or what have you, even
113 though that's wasteful—and even though you're not in the room. After a year—sort of cooling
114 down from being in government and reduced exposure to the revolving door allegation—I first
115 opened the Washington office for Latham & Watkins, under the name of Latham, Watkins &
116 Hills. I stayed there until 1986 when I joined as co-managing partner at Weil Gotshal. Then in
117 1989, I went back into government.

118 **Plank-Brumback:** Thank you for correcting that, and certainly that advice on energy remains
119 timely. With the election of President George H.W. Bush,¹¹ you were designated by him,
120 confirmed by the Senate, and served as USTR, succeeding Clayton Yeutter¹² in that position.
121 How did that nomination come about?

122 **Hills:** Out of the blue. I had no anticipation of going back into government. The phone rang and I
123 was asked if I would come over and see then-Vice President George H.W. Bush. He asked me if

¹¹ George Herbert Walker Bush, Republican, served as the 41st US President from Jan. 20, 1989 to Jan. 20, 1993. Prior he also served as US Vice President from Jan. 20, 1981 to Jan. 20, 1989 under President Ronald Reagan. Bush was the Director of Central Intelligence from Jan. 30, 1976 to Jan. 20, 1977 and US Ambassador to the People's Republic of China from Sep. 26, 1974 to Dec. 7, 1975 under President Gerald Ford. He chaired the Republican National Committee from Jan. 19, 1973 to Sept. 16, 1974. He served as US Ambassador to the United Nations from March 1, 1971 to Jan. 18, 1973 under President Richard M. Nixon. Bush represented Texas's 7th congressional district in the US House of Representatives from Jan. 3, 1967 to Jan. 3, 1971. He died on Nov. 30, 2018.

¹² Clayton Keith Yeutter, Republican, served as US Trade Representative from July 1, 1985 to Jan. 20, 1989 under President Ronald Reagan. He also served as US Secretary of Agriculture from Feb. 16, 1989 to March 1, 1991 and then as Counsellor to the President from Jan. 25, 1991 to Feb. 1, 1992 under President George H.W. Bush. Yeutter chaired the Republican National Committee from Jan. 25, 1991 to Feb. 1, 1992. Prior he was President and CEO of the Chicago Mercantile Exchange from July 1978 to June 1985. He served as Deputy USTR from June 1975 to Jan. 20, 1977 under President Gerald Ford. Yeutter was also Assistant Secretary of Agriculture for International Affairs and Commodity Programs from March 1974 to June 1975 and Assistant Secretary of Agriculture for Marketing and Consumer Services from Jan. 1973 to March 1974 within the US Department of Agriculture during the Ford and Nixon administrations. Yeutter worked later as a senior advisor at Hogan Lovells from 1993 to 2015. He died on March 4, 2017.

124 I would take the position. I mean, I was astounded. I walked back to my office and I thought,
125 “How did this happen?”

126 **Plank-Brumback:** How long did it take you to consider before saying yes?

127 **Hills:** Oh, I was pleased to try to do it. It didn’t take me very long. I mean, he is a very gracious
128 gentleman, to whom it would be hard to say no. He did a very good job at persuasion.

129 **Plank-Brumback:** Well, a lot has transpired in the months, if not years prior to your first day at
130 USTR Office. To give a little bit of the context, there was concern for the country’s \$130 billion
131 dollar trade deficit, particularly with the world’s second largest market at the time, Japan, and
132 increasing calls for so-called “managed trade.” The Uruguay Round had been launched at Punta
133 del Este in September 1986; negotiating plans for subjects had been agreed to and negotiating
134 groups had been established and were meeting in 1987–1988. US objectives included achieving
135 multilateral agricultural reform, expanding trade rules to cover services, intellectual property
136 rights, and trade related investment measures. The Omnibus Trade and Competitiveness Act
137 [OCTA] or Trade Act of 1988 was enacted in September of that year, authorizing US
138 participation in the Uruguay Round and fast-track authority to the President until June 1, 1991,
139 with the possibility of a two-year extension for implementing the bill. The Trade Act
140 strengthened authority for self-initiated unilateral actions under Section 301, Special Intellectual
141 Property 301, and Super 301. This expanded your future toolbox, but also the determinations that
142 you would have to make, as well as increased your reporting and consulting responsibilities to
143 Congress.

144 Then, you have a midterm review of the Uruguay Round that was held in Montreal, in December
145 1988, and frameworks on how to proceed were reached in eleven of the fifteen negotiating areas

146 of the round, except agriculture, intellectual property, textiles, and safeguards—the easy ones—
147 which were remitted to the GATT [General Agreement on Tariffs and Trade] Director-General
148 Dunkel¹³ as Chair of the Trade Negotiations Committee to get agreed text on negotiating
149 frameworks by April 1989.

150 We have steel and other sectors that were being regulated by voluntary restraint agreements
151 [VRAs], with the Steel VRA set to expire in September of 1989.

152 At the beginning of 1989 we also see a new European Commission still led by Jacques Delors¹⁴
153 as President and Frans Andriessen¹⁵ of the Netherlands as Vice President for External Relations
154 and Trade Policy heading Directorate-General I [DGI].

155 So the trade agenda that you faced at USTR was to conclude the Uruguay Round, protect US
156 interests as Europe moved to one internal market by 1992, implement the free trade agreements
157 with Canada and Israel, and increase US access to Japanese (semiconductor) and other markets.
158 “Think of me as the USTR with a crowbar, where we are prying open markets,” you said in your
159 confirmation hearing. “We must use the retaliatory tools that we have, not because we want to,

¹³ Arthur Dunkel, (Portuguese-born) Swiss, was GATT Director-General from Oct. 1, 1980 to July 1, 1993. After holding various positions in the Federal Office for Foreign Economic Affairs of the Department of Public Economy, he was appointed Permanent Representative of Switzerland to the GATT in 1973. He headed the Swiss delegation to the Tokyo Round and chaired the GATT Committee on Balance of Payments from 1972 to 1975. Dunkel was promoted in 1976 as Delegate of the Swiss Federal Council for Trade Agreements with the rank of Ambassador Plenipotentiary. He chaired the United Nations Conference on a new Wheat Agreement in 1978. Dunkel died on June 8, 2005. See https://www.wto.org/english/thewto_e/dg_e/ad_e.htm.

¹⁴ Jacques Lucien Jean Delors, French Socialist, was President of the Commission of the European Communities for two terms from Jan. 7, 1985 to Jan. 24, 1995. Prior he was Minister of Finance of France from May 22, 1981 to July 17 1984 under President François Mitterand.

¹⁵ Franciscus Henricus Johannes Joseph "Frans" Andriessen, a Dutch Christian Democrat, served in the Commission of the European Communities as Commissioner for Competition and Parliamentary Relations (from Jan. 6, 1981 to Jan. 5, 1985) in the Gaston Thorn Commission, then as Commissioner for Agriculture and Fisheries (Jan. 6, 1985 to Jan. 5, 1989) in the first Jacques Delors Commission, and Commissioner for External Relations and Trade (Jan. 6, 1989 to Jan. 6, 1993) in the second Delors Commission. He was also First Vice President of the EC Commission from Jan. 6, 1981 to Jan. 6, 1993. Prior to this he was Minister of Finance of the Netherlands from 1977 to 1980. He died on March 22, 2019.

160 but because they are the leverage that make credible a bilateral or a multilateral arrangement
161 with the United States.”

162 Given all that context, what were your first days like and impressions, when you got to the
163 USTR office, met with your staff, and went over all of the business at hand?

164 **Hills:** I was truly blessed because my predecessor, Clayton Yeutter, was a true believer in getting
165 markets open. He went on to be Secretary of Agriculture. It’s natural in our government to have
166 rather stovepipe-like organizations and it’s natural that those at Agriculture want to protect the
167 farmers. Just as it’s natural at Commerce that those who are there want to protect heavy industry.
168 Just as it’s natural that our Treasury Department wants to protect the financial industry, or be
169 lead negotiator if there is one iota of change. Clayton was extremely easy to deal with and having
170 served at USTR, I think with great ability, he was a great partner.

171 I was also blessed by choosing a deputy of great ability, Julius Katz.¹⁶ When I was asked to be
172 USTR, I met over lunch with every living prior US Trade Representative and asked them who
173 did they think were the best people in trade, who understood the issues and were balanced.
174 Jules’s name was on everybody’s shortlist. So I called him, and I didn’t know him. He had
175 retired from the State Department and I persuaded him to come back to be my deputy. He and I
176 were a great team. Indeed, when I formed this firm, Hills & Company International Consultants,
177 in 1993, Jules was my Vice Chair, so we did it together. I, to this day, miss him sorely.

¹⁶ Julius Louis Katz served as Deputy US Trade Representative from 1989 to 1993 under President George H.W. Bush. Prior he held several positions in the US State Department from 1950 to 1979, the last of which was as US Assistant Secretary of State for Economic, Energy and Business Affairs from Sept. 23, 1976 to Nov. 29, 1979 under President Gerald Ford. He died on Jan. 27, 2000.

178 I was also blessed by a great general counsel Josh Bolton¹⁷—very bright, very dedicated, very
179 hard-working—and by a Chief of Staff Gary Edson,¹⁸ where I would say the same about him. So
180 my basic team at USTR, plus the excellence that I found when I got there, really enabled this
181 very small corps of people to make what I think is a significant difference in economic-trade
182 policy for our country. At the time, USTR had less than 300 people—all senior, seasoned,
183 intelligent, able people. I had no one whom I thought, “Well, if I could just get rid of that person,
184 I would be better off.” Some were better than others, of course, by definition. But you go to a big
185 agency like HUD, and I used to say when I was at HUD, “I have people at both ends of the
186 spectrum I don’t deserve. Both the ones who are indispensable and those who just wander the
187 halls.” That was not true. There were no wanderers at USTR; they were all indispensable! It was
188 a superb, tightly-knit—the lights were always on, they were hard-working.

189 **Plank-Brumback:** Even if they were supposed to be off.

190 **Hills:** Because they stayed late and they slaved away. We not only were working on the Uruguay
191 Round, which had a number of sectors, and the North American Free Trade Agreement. We
192 negotiated the agreement with the USSR, and then when it collapsed, we had to renegotiate with
193 their fifteen republics, because the republics wouldn’t sign or touch an agreement that said

¹⁷ Joshua Bolton was General Counsel at USTR (for three years) and Deputy Assistant to the President for Legislative Affairs (for one year) in the George H.W. Bush administration. Previously he had served as International Trade Counsel to the US Senate Finance Committee from 1985 to 1989. Under President George W. Bush, Bolton was Assistant to the President and Deputy Chief of Staff for Policy (Jan. 20, 2001 to June 2003) at the White House, then Director of Management and Budget (June 30, 2003 to April 14, 2006) and White House Chief of Staff (April 14, 2006 to Jan. 20, 2009).

¹⁸ After serving as Chief of Staff and General Counsel at USTR, Gary R. Edson served as Special Assistant to the Deputy Secretary of State, Kenneth W. Dam in the Ronald Reagan administration from 1982 to 1985. He was the Deputy Policy Director of the George W. Bush-Richard B. Cheney Transition and was appointed by Bush to be Deputy Assistant to the President for International Economic Affairs and Deputy National Security Advisor, serving as the “Sherpa” or lead US coordinator for presidential summits, including the annual G-8 summits from Jan. 2001 to June 2005. He was the CEO of the Clinton Bush Haiti Fund from 2010 to 2013 and the President of Conservation International from 2014 to 2015. He has been President of Covid Collective since June 2020.

194 “Soviet Union” on it. The Japanese were in our crosshairs politically, and the Congress was very
195 exercised that Japan was going to “eat our lunch,” as they put it. I recall during a hearing one
196 Congressman said, they were going to make the computer chips and we were going to make the
197 potato chips.

198 So it was a difficult time, and I think that your question basically says, “What were your
199 immediate impressions?” It was one of great respect and delight to work with the people there. In
200 fact, I’m a great believer in working directly with the person who writes the memorandum. I
201 don’t think that had been the tradition there. So I would get a memorandum on the computer and
202 if I had a question, I would email back to the person who drafted it. Actually, I didn’t get it on
203 the computer, I would get it on paper. It would show who had signed off on it at the bottom. But
204 I didn’t want to go only to the Deputy, who then would have to turn and say to somebody below
205 him, “Why did you say that that way, or she is asking about this?” I just went directly to him or
206 her, so it was a very collegial group. I literally knew everyone in the building and enjoyed
207 working with them. Even our interns were superb.

208 **Plank-Brumback:** Any other advice given by former USTRs that you might want to share with
209 us? You consulted with Askew,¹⁹ Strauss?²⁰

¹⁹ Reubin O’Donovan Askew, Democrat, was US Trade Representative from Oct. 1, 1979 to Dec. 31, 1980 under President Jimmy Carter. Prior he served as Governor of the State of Florida from Jan. 5, 1971 to Jan. 2, 1979. He died on March 13, 2014.

²⁰ Robert Schwarz Strauss, Democrat, served as US Trade Representative from March 30, 1977 to Aug. 17, 1979, and then as US Special Envoy for the Middle East from May 4, 1979 to Nov. 25, 1979 under President Jimmy Carter. He was US Ambassador to the Soviet Union in 1991 and after the USSR’s collapse he served as US Ambassador to Russia from 1991 to Nov. 19, 1992, under President George H.W. Bush. He chaired the Democratic National Committee from 1972 to 1977. In 1945, he founded the law firm now known as Akin, Gump, Strauss, Hauer, and Feld. He died on March 19, 2014. See <https://www.strausscenter.org/robert-s-strauss/>.

210 **Hills:** Strauss, yes indeed, and Bill Brock²¹ and all those I could find. Certainly, Clayton was
211 very gracious and he met and tried to hand over with instructions as to where they were in
212 various negotiations at that moment. So we're a tightly knit group. The former USTRs still meet
213 to talk about trade issues from time to time. Charlene Barshefsky²² and Susan Schwab,²³ who
214 came after me, are still in the geographic area. I see them at programs where organizations bring
215 trade people together.

216 **Plank-Brumback:** Yes, it's quite a sorority-fraternity.

217 **Hills:** Yes, yes.

218 **Plank-Brumback:** One of your first decisions was to use Section 301²⁴ to initiate retaliation in
219 the form of increased tariffs by 100 percent against \$39 million in merchandise imports from
220 Brazil, due to its refusal to provide patent protection for pharmaceuticals and refined chemicals.
221 We were mentioning Section 301. I believe your first foreign trip as USTR was in Canada, where

²¹ William Emerson "Bill" Brock III, Republican, served as US Trade Representative from Jan. 23, 1981 to April 27, 1985 and as U.S. Secretary of Labor from April 29, 1985 to Oct. 31, 1987 under President Ronald Reagan. Previously he chaired the Republican National Committee from Jan. 14, 1977 to Jan. 20, 1981. He was the U.S. Senator from Tennessee from Jan. 13, 1971 to Jan. 3, 1977. He served in the US House of Representatives representing Tennessee's 3rd congressional district from Jan. 3, 1963 to Jan. 3, 1971. He died on March 25, 2021.

²² Charlene Barshefsky, Democrat, served as Deputy USTR from May 1993 to April 1996, as Acting USTR from April 1996 to March 1997, and as USTR from March 1997 to January 20, 2001 under President Bill Clinton. She was the lead negotiator for China's eventual entry into the World Trade Organization. Barshefsky chaired the Third WTO Ministerial Conference held in Seattle, Washington State, USA on Nov. 30–Dec. 3, 1999. She is a senior international partner in the law firm of WilmerHale.

²³ Susan Carol Schwab, Republican, served as USTR from June 8, 2006 to Jan. 20, 2009 under President George W. Bush. Prior she was Deputy USTR from 2005. She began her career at USTR as an agricultural negotiator, then was posted at the U.S. Embassy in Tokyo. She worked for US Senator John Danforth from Missouri (see n.34) for eight years. She then became Asst. Secretary of Commerce and Director General of the US & Foreign Commercial Service under President George H.W. Bush. Schwab is a professor and former dean (1995-2003) at the School of Public Policy at the University of Maryland. She is a strategic advisor to the law firm of Mayer Brown.

²⁴ Section 301 of the Trade Act of 1974 grants the United States Trade Representative the authority to impose trade sanctions on foreign countries that violate U.S. trade agreements or engage in acts that are "unjustifiable" or "unreasonable" and burden U.S. commerce. Trade Act of 1974, 19U.S.C. §§ 2411-2420.

222 you met with Minister for International Trade John Crosbie²⁵ on implementing US–Canada FTA.
223 Do you recall that trip at all?

224 **Hills:** Well, I could look back at a calendar and see when my first trip occurred. You mention
225 Canada. John Crosbie, then the trade minister of Canada, is a wonderful, wonderful individual.
226 I’ve stayed in touch with him; he’s from Newfoundland, speaks with a wonderful brogue. My
227 early connection with him that I recall so vividly was when we began to negotiate the first US–
228 Mexico Free Trade Agreement. John Crosbie did not want to be left out. I had known him
229 through a variety of meetings. In that period of time, the group called the Quad—Europe,
230 Canada, the United States, and Japan—were the principal economic forces in the global
231 market.²⁶ When we met and could agree on something, it was much easier to get it through than
232 it is today, where there are far more active participants in the market. I think there were only 124
233 who signed off on Uruguay.²⁷ So we met often with Canada’s officials, and of course it’s our
234 largest trading partner.

235 **Plank-Brumback:** Of course, I think you started out maybe with only ninety-three GATT
236 participants, but we’ll get into that as we move further into the Uruguay Round. Then you meet
237 with the EC [European Commission] delegation in mid-February 1989, which includes

²⁵ John Carnell Crosbie, Canadian politician, was Minister of International Trade in the cabinet of Prime Minister Brian Mulroney from March 31, 1988 to April 20, 1991. He held other cabinet positions, including Minister of Finance, Minister of Justice and Attorney General of Canada, Minister of Transport, Minister of Fisheries and Oceans, and Minister for the Atlantic Canada Opportunities Agency. Crosbie was elected to the Canadian House of Commons in 1976 and represented Newfoundland’s federal district of St. John’s West until his retirement from political life in 1993. He was appointed Lieutenant Governor of Newfoundland and Labrador on Feb. 4, 2008 serving until March 19, 2013. He died on Jan. 10, 2020.

²⁶ The Quad composed at the time of trade ministers from the US, EC, Japan, and Canada met intermittently during the ‘80s and ‘90s to arrive at a common negotiating position on major issues in the trading regime.

²⁷ 124 governments and the European Communities participated in the Uruguay Round of Multilateral Trade Negotiations, on the occasion of the final session of the Trade Negotiations Committee at Ministerial level held at Marrakesh, Morocco from 12 to 15 April 1994, https://www.wto.org/english/docs_e/legal_e/marrakesh_decl_e.htm

238 Commissioners Andriessen and also MacSharry,²⁸ the former and existing Agriculture
 239 Commissioners. So it's always "*la spécificité de l'agriculture*."

240 **Hills:** Well, Europe was more restricted in agriculture than we were, which is saying a lot, and
 241 had political problems about removing its agricultural restrictions. So we did meet with
 242 Commissioner MacSharry, who was their Agricultural Commissioner, and Frans Andriessen.

243 **Plank-Brumback:** And I guess you were also discussing the EC ban on hormone-fed beef, for
 244 which the US had retaliated by raising tariffs on \$100 million worth of EC goods. So from there
 245 you went—

246 **Hills:** Well, let's talk about that. In each case, the retaliation, with respect to hormone-fed beef,
 247 was based upon sound science.

248 **Plank-Brumback:** And not the EC ban? The US retaliation?

249 **Hills:** Well, they kept out our beef and there is no doubt in my mind that it was an anti-
 250 competitive gesture. Our beef is given some hormones in the feedlot, but it's diminished and
 251 when the cattle are slaughtered, there's no trace of the hormones in their bodies and sound
 252 science says this is a good way to raise beef. There, the farmers in Europe had a scandal where
 253 their beef was injected hypodermically with hormones and that doesn't go away and hormones
 254 are not good for people to eat. We had a study that was commissioned up at Harvard that
 255 demonstrated the difference. But in order to keep our beef out, they found the protection of "we

²⁸ Ray MacSharry, Irish Fianna Fáil politician, served as Commissioner for Agriculture and Fisheries in the second Delors European Commission from Jan. 6, 1989 to Jan. 4, 1993. Prior he held ministerial positions in the two Taoiseach (Prime Minister) Charles Haughey governments, including Minister for the Public Service (1987), Minister for Finance (1987-1988 and 1982), Tánaiste (1982), Minister for Agriculture (1979-1981). He was a member of the Dáil Éireann, the lower house of the Irish Parliament, representing the Sligo-Leitrim constituency from July 1969 to Nov. 24, 1988.

256 certainly don't want to have hormone-fed beef." So it took forever to get rid of it, because it
257 wasn't just a negotiation. They had lit a fire where it was a political reaction against the product
258 and it went on way beyond my tenure.

259 **Plank-Brumback:** Including in the WTO [World Trade Organization] and it's still playing out
260 there.

261 **Hills:** Exactly. Absolutely, and it's still playing out. Whenever you have a political reaction
262 against something because people have been persuaded that it is not a good product, you've got a
263 different sort of a problem than simply dealing with a high tariff barrier. There are so many
264 different issues. For example, in Brazil, the issue was an intellectual property problem. We
265 created a special arrangement where I would regularly meet informally, no press, with a group of
266 Congressional members briefing them on a number of issues that we were working on and
267 listening to their reactions. For example, we had a strategic initiative to open Japan. You
268 remember that Congress was very antagonistic toward Japan. For reasons of diplomacy, among
269 others, we didn't want to just highlight Japan alone. We tried to put them in a group of countries
270 that presented similar challenges—Korea was one. The Korean Trade Minister was Han Seung-
271 soo, who subsequently became Ambassador, Prime Minister, Finance Minister, and so forth.²⁹
272 He was very accommodative. As a result, we were able to open up the Korean market. But with
273 Brazil we had a great difficulty, you know. Pharmaceuticals is a large segment of our trade, so
274 protection of intellectual property is critical and was a problem in Brazil. I can remember having
275 many discussions with my Brazilian counterpart saying, "You're hurting yourself." Which is

²⁹ Han Seung-Soo served as Prime Minister of the Republic of Korea under President Lee Myung-bak from Feb. 29, 2008 to Sept. 28, 2009. Prior he was Minister of Foreign Affairs (2001-2002), Deputy Prime Minister and Minister of Finance and Economy (1996-1997), Chief of Staff to President Kim Young Sam (1994-95), Korean Ambassador to the United States (1993-1994), Minister of Industry and Trade (1988-90). He has also served as the UN Secretary-General's Special Envoy on Climate Change (2007-2008) and on Disaster Risk Reduction and Water (2013-2018).

276 always the case when you take actions that restrict competition and products coming into your
277 market.

278 **Plank-Brumback:** Once again, that continues too.

279 **Hills:** Yes, it's still a problem, different but similar.

280 **Plank-Brumback:** Then your first visit, I believe, to Brussels in March 1989, accompanied by
281 Secretary of Agriculture Clayton Yeutter, to resume discussions on agriculture. I think you
282 continued with discussions with Commissioner Sir Leon Brittan,³⁰ at the time European
283 Commissioner for Competition, on Europe 1992. Anything you want to share about that, first
284 recollections of entering Berlaymont³¹ and your discussions with the Commission? How did you
285 find them as interlocutors trying to work out—I don't want to say “managed trade”—but some
286 accommodations and resolutions of outstanding disputes and move forward on the Uruguay
287 Round and disputes like you mentioned of hormone beef?

288 **Hills:** We wanted very much to get agriculture in the tent covered by the GATT rules, which
289 became the WTO, and to have a mechanism of dealing with differences. In 1989, agriculture was
290 outside; anyone could do anything they wanted and if you protested it was really the law of the
291 jungle as agriculture was not covered by trade rules. We wanted to bring agriculture in and have
292 it be covered by the trade rules. We also wanted to get greater access. We wanted to reduce

³⁰ Sir Leon Brittan, later Baron Brittan of Spennithorne, a British Conservative politician, served in various positions in the European Commission: Vice President (March 26, 1999 to Sept. 15, 1999), Commissioner for External Affairs (Jan. 23, 1995 to Sept. 15, 1999), Commissioner for Trade (Jan. 6, 1993 to Sept. 15, 1999, and Commissioner for Competition (Jan. 6, 1989 to Jan. 6, 1993). Prior he was UK Secretary of State for Trade and Industry (Sept. 2, 1985-Jan. 24, 1986), Home Secretary (June 11, 1983-Sept. 2, 1985), Chief Secretary to the Treasury (Jan. 5, 1981-June 11, 1983), and Minister of State for Home Affairs (May 4, 1979-Jan. 5, 1981) under UK Prime Minister Margaret Thatcher. He later became trade adviser to UK Prime Minister David Cameron in 2010. He died on Jan. 21, 2015.

³¹ Office building in Brussels, Belgium which houses the headquarters of the European Commission.

293 subsidies and eliminate quotas and deal with the issues that curtail trade, but if you look at what
294 we accomplished in the Uruguay Round, the market access was not hugely augmented.

295 **Plank-Brumback:** No, the issue was more, if you will, theological to convert non-tariff
296 measures, quotas into tariffs on the theory that that would be more visible and over time could be
297 reduced.

298 **Hills:** It was the latter; it was over time they could be reduced. If you could quantify a tariff, say
299 on agriculture, and you were required to give most favored nation treatment, non-discrimination,
300 you began to open the market. We also found our way around the sanitary and phytosanitary
301 measures. We accomplished a lot for agriculture. We secured agreement that you couldn't keep
302 farm products out on the grounds that it was not a good product, if there was no sound science to
303 support that. We have over the years brought down the tariffs, but we did not achieve the market
304 opening the same way that we were able to achieve on the manufactured sides.

305 **Plank-Brumback:** There were certain GATT rules, however imperfect. You had an Article
306 XI:2(c), which really wasn't much of a discipline and even then, you had the Section 22 waiver
307 by the United States.³² You had different types of barriers that had been invented like the
308 variable levy of the European Community, it being sui generis. You had the Swiss Accession. So
309 I think the very interesting thing, do you agree, about the Uruguay Round is, first to put
310 everything on the table and to see irrespective of the kind of legalities, let's form a consensus,
311 let's negotiate something that really is towards the path of multilateral agricultural reform.

³² The GATT Contracting Parties granted a waiver under GATT Art. XXV:5 to the United States in connection with import restrictions imposed under Section 22 of the US Agricultural Adjustment Act (of 1933) as amended, Decision of 5 March 1955, BISD 3S/32, 35.

312 **Hills:** It was reformed because you could go to the WTO to get a decision. Once we got the
313 WTO, and we could bring an agricultural case. You're right about the proliferation of the various
314 sections but they were mostly ineffective. Agriculture was a very big part of the problem and it
315 wasn't just Europe. Mind you at that time Japan was retarded in terms of opening up its market.
316 That was driven primarily by the rice farmers, even though at the time there was a tremendous
317 attrition of rice farmers in Japan, as the children left the farms and didn't want to be rice farmers.
318 But still, you look at the Group of Ten³³ who are restrictive in agriculture, Japan and the Nordic
319 countries are right there, front and center. They talk about food security and all the rest.

320 **Plank-Brumback:** And other non-trade concerns. Well, we have the Geneva Ministerial in April
321 1989. There was agreement on negotiating frameworks that had been pending from the Montreal
322 Ministerial on agriculture, intellectual property, textiles, safeguards, thus allowing all the fifteen
323 negotiating groups to move ahead and negotiate. There was agreement on improvements to the
324 GATT dispute settlement rules and procedures adopted then. Ministers agreed that long-term
325 reform would begin in 1991 and to hold down their 1989–1990 domestic and export support and
326 protection to at or below existing levels. You were there with a Congressional delegation. What
327 were your impressions of those talks and recollections of achieving finally these framework
328 agreements on those more difficult areas?

329 **Hills:** It was just a chapter. We had to get the framework agreements before we could get the
330 working groups moving forward. Those by no means were the end of the negotiation.

³³ Group of countries lobbying for agriculture to be treated as special due to non-trade concerns. The group now includes 9 WTO members: Iceland, Israel, Japan, Korea, the Republic of Lichtenstein, Mauritius, Norway, Switzerland, and Chinese Taipei. Bulgaria withdrew from the G10 prior to joining the European Union.

331 **Plank-Brumback:** Certainly not. You have in July then, President Bush extending the Steel
332 Voluntary Restraint Agreements that were limiting since 1984 imports from VRA countries to
333 18.4 percent of the US market. So he's extended it for an additional two and a half years until
334 March 31, 1992, increasing the overall ceiling annually by one percentage point to imports from
335 the VRA countries, after which the steel sector would depend on trade laws for remedy against
336 unfair trade practices. How difficult was it for the Bush administration to reach a decision on this
337 matter and your working together with Commerce Secretary Mosbacher?³⁴ Could you also
338 describe as part of that deal, what were your subsequent efforts at getting an international
339 consensus for getting rid of unfair trade practices on steel?

340 **Hills:** Well, it wasn't a step towards liberalization, so I think it was challenging. Keep in mind,
341 we had to deal with Congress, and I had to renew fast track authority in order to complete the
342 NAFTA agreement while we were negotiating a NAFTA agreement, which was highly
343 unpopular. So some steps are taken politically, you take two steps forward, and hope only half a
344 step back.

345 **Plank-Brumback:** We were already talking about Section 301, and you have the Super 301³⁵
346 liberalization priorities that you have to send in 1989. We've been talking for several minutes,
347 and we're still only in your first couple of months at USTR. You were very busy.

348 **Hills:** It was a very busy time.

³⁴ Robert Adam Mosbacher, Sr., Republican, was US Secretary of Commerce from Jan. 31, 1989 to Jan. 15, 1992 under President George H.W. Bush. He died on Jan. 24, 2010.

³⁵ Super 301 is a term referring to the Omnibus Trade Act of 1988's expansion of Section 301 of the 1974 Act to authorize further retaliation against foreign countries who impede market access for US firms. Omnibus Trade and Competitiveness Act of 1988, Pub. L. No. 100-418, § 2411-2447, 102 Stat. 1107, 1164 (1988).

349 **Plank-Brumback:** The priorities that you established included, as we spoke about Brazil:
350 restrictive licensing on agriculture and manufactured products. You had for Japan: exclusionary
351 government procurement on satellites and supercomputers, and standards and technical barriers
352 to trade on forest products. For India there were performance requirements on trade-related
353 investment measures and barriers to trade in insurance services. We're talking Super 301. You
354 get some flak, of course, from Senator Levin³⁶ for not including Japan auto parts on that list.

355 You were not involved in the negotiations with Congress on the 1988 Trade Act but you had to
356 implement Super 301, and you tell Senator Danforth³⁷ in April 1989, "I will use a 301 at any
357 time that I believe it is going to achieve the results that you [meaning Congress] want, that I
358 want, and that the industry wants ... because there are some circumstances and some timing
359 when the Super 301 is not the appropriate tool to get the market opening."

360 And in fact, I think the first Bush administration never rejected a single petition for Section 301
361 from industry. In May 1991 you testified before the House Ways and Means Committee actually
362 opposing the extension of Super 301 as "unwarranted and unnecessary," telling the committee:

363 Retaliation is not and cannot be the goal of our trade policy. Our goal is to open
364 markets to expand trade. Super 301 literally deprives your negotiators of
365 necessary flexibility to accomplish just that. Now I have been at USTR for thirty
366 months, and I can tell you from experience that to be successful our negotiators
367 need to have discretion regarding when 301 should be threatened or used. Talking

³⁶ Carl Milton Levin, Democrat, served as US Senator from Michigan from Jan. 3, 1979 to Jan. 3, 2015. He died on July 29, 2021.

³⁷ John Claggett Danforth, Republican, served as US Senator from Missouri from Dec. 27, 1976 to Jan. 3, 1995. He chaired the Senate Committee on Commerce, Science, and Transportation from Jan. 3, 1985 to Jan. 3, 1987. He served as US Ambassador to the United Nations from July 1, 2004 to Jan. 20, 2005.

368 softly and carrying a big stick is more effective than clubbing your competitor at
369 the first hello.

370 Moreover, you stated “the problem with the Super 301 is that it requires us to designate countries
371 on a given day in spring, and since we are negotiating every day, all 365 days of the year, that
372 mandate by Congress that we designate on a specified day, countries with trade barriers can
373 come at the most inopportune time.”

374 Are these still your views and do you consider nevertheless, that Super 301 may have been an
375 effective tool at the time and what about Section 301 more generally?

376 **Hills:** What I stated there is what I believe, that to start out a negotiation by saying, “I’m gonna
377 name you” is not the way to get the market open. I think you have to do the economic analysis as
378 well to show the host government that the impediments that they’re placing on their market is
379 actually costing them GDP, jobs, and the like. You know, once you fire a Super 301, what do
380 you do afterwards? You’ve restricted the market, there’s usually retaliation, and so what you’ve
381 done is just shoot each other and that doesn’t create any future opportunity. 301 is a little bit
382 different, you know, you are designating—it’s really political—you’re designating what your
383 agenda is. I suppose it’s useful for your trading partners to know that Congress is watching and
384 cares, but if you really are effective as a team—that is legislative and executive branch—by
385 reporting to Congress regularly and working hard to try to get the markets open seems to me
386 better than trying to name and shame, or what-have-you. I can remember going to Japan and
387 bringing a study showing that auto parts in Tokyo cost three times more than in our highest
388 priced market in New York, and that consumers in Japan are being adversely affected, and we’d
389 get editorials in the Japanese newspaper saying, “Right on, Uncle Sam! We ought to open our

390 markets and have competition.” Of course that’s true, you can see that today. We used to think of
391 Japan as the manufacturing miracle worker. Once you close your market you create a monopoly.
392 We did that here also with the auto industry. The voluntary restraint arrangements for the auto
393 industry prevented Japan from shipping in, I believe, more than 1.6 million units. What was the
394 result? Our auto industry raised their prices. They negotiated very generous labor arrangements.
395 The Japanese raised their prices. So the consumer was taxed and actually the Japanese used their
396 improved revenues to create the next generation of automobiles. Americans were lined up to buy
397 the Honda Civic because it was energy-efficient, and Detroit was not producing an equally
398 energy-efficient vehicle. They had the long fins and great gas guzzlers. So instead of saying,
399 “We should be more competitive. Let’s see how we can get our act together,” we sat back behind
400 the protected wall and look what happened to the auto industry. So I respected President Bush,
401 who had the courage to get rid of voluntary restraint arrangements. I remember when the
402 Ambassador of Japan called me and said, “We adhere to the agreement.” I said “Mr.
403 Ambassador, this administration does not believe in voluntary restraint agreements. You know,
404 you don’t have to limit your shipments.” Actually the Japanese liked voluntary restraint
405 arrangements because it provided cover. They could artificially curtail supply and raise the price.

406 **Plank-Brumback:** Get quota rents.

407 **Hills:** Yeah. It was a quota arrangement, mutually agreeable, and it served both sides poorly in
408 the long term.

409 **Plank-Brumback:** Well, this is a good segue into a different tool, different approach than Super
410 301, namely, the Structural Impediments Initiative, which President George H.W. Bush launched

411 with Prime Minister Uno,³⁸ the new and short-lived Japanese Prime Minister at the time, in June
412 1989. This initiative targeted a broad range of Japanese macroeconomic policies, practices, other
413 structural factors that underlay the persistent US–Japan trade imbalances, focusing on the
414 inability of US exporters and investors to penetrate or increase their presence in the Japanese
415 market. For example, distribution system, anti-competitive laws, price fixing, bid rigging, market
416 allocation, group boycotts, etc. Well, at one point you told Congress there is no single bilateral
417 relationship that occupied more of your time. You report in April 1990 that you have obtained
418 specific commitments from Japan “to remove an array of structural barriers, to amend laws,
419 change policies, and spend money.” These include more rigorous enforcement of its Anti-
420 Monopoly Act, increased investment of public infrastructure, liberalizing retail stores law,
421 reforming land taxation, abolishing the waiting period for direct investment, and several
422 measures to correct price imbalances between US and Japanese goods. At that time, you also
423 announced agreements with Japan on supercomputers, satellites, forest products, and in
424 telecommunications. Busy lady. How were you able to negotiate such agreements and were you
425 satisfied that they were all implemented satisfactorily?

426 **Hills:** I thought it was a step forward. The Japanese market was quite closed, not only by the
427 various barriers that you have read there, but culturally. You know, it had inward investment
428 about the level of Portugal. This was the second largest economy in the world. If an American
429 investor wanted to buy a building located in a block that was known for Japan’s financial
430 services, culturally they couldn’t. There was no willingness to sell to a foreigner. We had just

³⁸ Sōsuke Uno, Liberal Democratic politician, was Prime Minister of Japan from June 3 to Aug. 10, 1989. Prior to this he served as Minister of Foreign Affairs from Nov. 8, 1987 to June 2, 1989 under Prime Minister Noboru Takeshita and as Minister of International Trade and Industry from June 10, 1983 to Nov. 27, 1983 under Prime Minister Yasuhiro Nakasone. Uno died on May 19, 1998.

431 case after case of cultural limitations and legal limitations, and we worked very hard to remove
432 them.

433 **Plank-Brumback:** That comes up later, doesn't it, with Kodak and so on? How do you approach
434 those cultural problems?

435 **Hills:** Well, the private sector keeps working at it. Those who get into the market can make a
436 difference. It was a very tough time then. It was part of Japan's development, and its market was
437 closed. We negotiated. Japan's government was quite difficult because every person elected to
438 the legislature wanted to be a minister, and so they had a rotation. During the period I served
439 there were four MITI³⁹ ministers, and they rarely learned their portfolio. When I would say,
440 "Let's just put down our papers and talk about this," they had not a clue of what they were trying
441 to negotiate. It was the bureaucrats in the system who had been there and kept the markets closed
442 that they would have to turn to. So the Japanese market was difficult, but you weren't going to
443 club your way in. They had to be worked on. I think that multilaterally being in a group of others
444 who are trying to keep, get global markets open, was helpful. They were hearing that—Congress
445 was quite outspoken about Japan and not always in flattering terms. Remember, they took a
446 sledgehammer to some Toyota on the grounds of the Capitol. You know that is certainly not
447 some action you would applaud, but it shows the hysteria that was on our side and the difficulty
448 of getting the market open. But Japan has come a long way and I think efforts dealing with the
449 structural impediments, trying to gradually bring down the structures that kept our entrepreneurs
450 out and our exports and investment down was an effective way to go.

³⁹ Ministry of International Trade and Industry (MITI). It was merged with other agencies and reorganized as the Ministry of Economy, Trade and Industry (METI) in 2001.

451 **Plank-Brumback:** How would you characterize their participation in Quad meetings?

452 **Hills:** As I say, at each Quad meeting there seemed to be a new person, but they're all very
453 gracious and courteous and some were more effective than others, but they too had the political
454 problem of trying to keep the market as it was.

455 **Plank-Brumback:** Let's switch geographic areas. Mexico. In August 1989, you participate in
456 the binational commission meeting with the Mexican government. In October, Presidents George
457 H.W. Bush and Carlos Salinas⁴⁰ signed the Understanding Regarding Trade and Investment
458 Facilitation Talks.⁴¹ In June 1990, they met and endorsed the goal of a comprehensive, bilateral
459 free trade agreement between the US and Mexico. They directed you and your counterpart,
460 Secretary Jaime Serra,⁴² Secretary of Commerce and Industrial Development at the time, to start
461 the preliminary work and consultation necessary to begin those negotiations and report back to
462 the Presidents by their meeting in Monterrey in December 1990. This was against already a
463 backdrop of unilateral liberalization measures that the Salinas government had taken, mostly
464 regulatory: cutting tariffs to 20 percent, slashing import license requirements, reforming
465 investment rules, strengthening intellectual property rights protection, and reducing the number
466 of state enterprises. So the motivation was to reinforce and lock in these Mexican economic

⁴⁰ Carlos Salinas de Gortari, Institutional Revolutionary Party (PRI) politician, was President of the United Mexican States (Mexico) from Dec. 1, 1988 to Nov. 31, 1994. Prior he served as Secretary of Programming and Budget under President Miguel de la Madrid from Dec. 1, 1982 to Oct. 5, 1987.

⁴¹ Understanding Regarding Trade and Investment Facilitation Talks, Oct. 3, 1989, United States–Mexico, 29 I.L.M. 36 (1990). In the Understanding, the two countries committed to negotiate on issues including tariffs, non-tariff barriers, and investment, rather than use the consultation or dispute settlement functions available under the Dispute Settlement Understanding (DSU). Negotiations took place between 1989 and 1991.

⁴² Jaime Serra Puche, Mexican economist, served as Secretary of Commerce and Industrial Development (Secretario de Comercio y Fomento Industrial) from Dec. 1, 1988 to Nov. 30, 1994 under President Carlos Salinas, and as Secretary of Finance and Public Credit (Secretario de Hacienda and Crédito Público) from Dec. 1, 1994 to Dec. 29, 1994 under President Ernesto Zedillo.

467 reforms and enhance opportunities for trade expansion to attract investment. Maybe in a way, do
468 you think the Mexican motivation in this initial stage was to keep the US market open?

469 **Hills:** At Davos in 1990, Jaime Serra and I talked about a free trade agreement with Mexico, our
470 government having completed the Canadian free trade agreement. President Salinas was quite
471 anxious to move forward to negotiate trade rules with its large Northern neighbor as an umbrella
472 that would allow him to adopt economic reforms in his own country.

473 **Plank-Brumback:** Mexico had just entered the GATT.

474 **Hills:** Yes. And so I wrote a memorandum in May to the President. I was just looking for it. You
475 can thumb through these if you like, saying, "Let's move on this."

476 **Plank-Brumback:** This is May '90?

477 **Hills:** Just before they agreed in June, which I think it was June 11th.

478 **Plank-Brumback:** Right.

479 **Hills:** The reason I remember the date is because a book came out saying that USTR was not
480 enthusiastic about the negotiations with Mexico. So I Xeroxed this memorandum I sent to the
481 President and sent it to the author and said, "Your facts are wrong." I have a copy of my May
482 24th memorandum that I sent to the President supporting a negotiation with Mexico, and he
483 always wrote back a little note on the corner of every memo that I sent saying, "I agree" or "I
484 heard from President X" and so forth, signing "George Bush," along with the date he wrote on it,
485 so I had these memoranda.

486 **Plank-Brumback:** So he was certainly on board in the beginning.

487 **Hills:** Oh yeah, and on June 11th the two Presidents agreed to it and then we moved forward in
488 accordance with giving Congress notice, having them abide by it. The President's view, when I
489 talked to him about this particular agreement, was that this would be a first step in free trade
490 from the tip of Alaska down to the tip of Argentina, and it would really enhance the
491 competitiveness of the Western Hemisphere, and that Mexico was just one step along the way.
492 Now President Salinas's notion was much more dedicated to Mexico. He wanted to make
493 reforms in his own market, and it would help him do so because he was getting something back,
494 namely access to the large market of the northern neighbor. He was getting equality. But it was
495 really remarkable with fast timing. You know, we started negotiating in June of '91, we finished
496 in August of '92, and that was fourteen months of negotiation. President Bush signed it in
497 December of '92. I believe then and I believe now that had he been re-elected, there would have
498 been no controversy about the agreement.

499 We renewed fast track before we began negotiating the NAFTA. The problem that we faced was
500 that the core of the opposition party, the Democrats, were of the view that the "NAFTA is not a
501 good agreement." President Clinton won the election in 1992 and instead of saying, "No
502 NAFTA," or "I won't do a deal with the NAFTA," he said, "I can fix it. It's not a good
503 agreement but I'll fix it."⁴³ But the delay between his inauguration in January 1993 to the time he
504 took the vote in the following fall permitted the opposition to really galvanize. Ross Perot,⁴⁴ who
505 had run for president, focused his campaign fighting the NAFTA saying that it created a "giant
506 sucking sound of jobs going south to Mexico." He used television time over Memorial Day in

⁴³ William "Bill" Jefferson Clinton, Democrat, served as the 42nd US President from Jan. 20, 1993 to Jan. 20, 2001. Prior to this, he was governor of the State of Arkansas from Jan. 9, 1979 to Jan. 19, 1981 and again from Jan. 11, 1983 to Dec. 12, 1992.

⁴⁴ Henry Ross Perot, American businessman, ran as an independent presidential candidate in 1992 against then incumbent President George H.W. Bush and then Arkansas Governor Bill Clinton, the Democratic nominee.

507 1992 to criticize the agreement and it really did galvanize a lot of opposition that President
508 Clinton had to overcome.

509 **Plank-Brumback:** The so-called “giant sucking sound.”⁴⁵

510 **Hills:** Exactly, exactly, but had we been able to move forward fast perhaps we could have
511 opened markets in Latin America. There was considerable excitement about liberalizing trade in
512 the Western Hemisphere.

513 **Plank-Brumback:** So you saw NAFTA as very much fitting into the calculus for the Enterprise
514 for the Americas Initiative already; that would be part of it.

515 **Hills:** Yes, and also the Uruguay Round was. You know, the NAFTA was a remarkable
516 agreement. It was an agreement between two industrialized countries and a poor developing
517 country. It was the most comprehensive agreement we had yet negotiated. We had a trade
518 agreement with Canada. But focusing on Mexico, we opened up the agricultural markets that had
519 not been done ever anyplace, has not yet been done. We opened up the services market, the
520 investment market, the intellectual property was protected. So it was the most comprehensive
521 agreement the United States had ever entered into. It was a jolt to the Uruguay Round because
522 North America in 1993 was a huge market of roughly 400 million people—100 million in
523 Mexico, 270 million here, 30 million in Canada. Removing trade barriers in key areas and
524 opening their markets was a big step forward for trade. So if a German wanted to come in and
525 invest in Mexico and export to the United States, with respect to most goods there would be no
526 tariffs. International investment in all three countries went up. The efficiencies amongst the three

⁴⁵ During a presidential debate on Oct. 5, 1992, Perot stated that there was a “giant sucking sound” caused by the rush of US manufacturing jobs to Mexico.

527 countries went up as we began to manufacture things together. It was the heyday for the auto
528 industry. They would get their windshield wiper in Mexico and their fender in Canada, and it
529 made them more efficient. It didn't make up for the past sins, but it certainly made them more
530 efficient.

531 So when Clinton went to the 1994 Miami Summit of the Americas, it was the Latinos who wanted
532 to bring trade in. They wanted to move ahead and several of them called me and said, "All your
533 government has on the calendar is drugs, crime, immigration." You know, this sort of thing. "We
534 want to talk about trade," and it was because they insisted, that trade was put on the agenda and
535 at that summit, the Miami summit, they agreed to the Free Trade Agreement of the Americas,
536 which of course has not come to pass. But it was an external pressure based upon the observation
537 of, "My goodness, look at what the North American Free Trade Agreement has done for the
538 North American segment. We in the South American segment and the Caribbean want to be part
539 of it."

540 **Plank-Brumback:** At what point—you're consulting with your Canadian and Mexican
541 counterparts—at what point do you three decide it would be in each of your national interest to
542 make an effort to proceed trilaterally?

543 **Hills:** John Crosbie called me and said, "I want to join." I said, "John, your government was
544 almost brought down over the US-Canada Free Trade Agreement. We don't want to go through
545 that again." He said "Well, I don't want to be left out." So the three of us had dinner in New
546 York: Jaime Serra, me, and John Crosbie. We agreed on the way we would proceed. The
547 Mexicans really looked at the opportunity to create a bilateral agreement, not a trilateral
548 agreement, and worried that because Canada had faced such strong political opposition to the

549 US–Canada agreement, it could prevent its agreement with us from moving forward. Hence, the
550 way we agreed to proceed was we would each sign an agreement that if any one of us pulled out,
551 the other two would proceed, and so that assured the Mexicans that if the Canadians ran into
552 political obstacles, our two governments could still move ahead.

553 **Plank-Brumback:** They would still have the US market.

554 **Hills:** They would still have the negotiation with the United States. Then John Crosbie stepped
555 down and Michael Wilson⁴⁶ stepped in. Canada never joined the agricultural portion of the
556 agreement. The United States with the Mexicans opened up the agricultural market.

557 **Plank-Brumback:** But they thought they had given at the office already.

558 **Hills:** Well, they had their wheat board.

559 **Plank-Brumback:** Poultry, dairy.

560 **Hills:** They had a lot of issues and still they have restrictions. It’s interesting—timing is
561 everything. Canada has moved to move forward on opening markets, but the United States
562 during the ’90s, created at least in the Bush administration, what people call the platinum or
563 “gold standard trade agreement”: no exemptions, and broad, comprehensive coverage. The
564 NAFTA was really a free trade agreement. Yes, it has a few exemptions. But when Europe has
565 trade agreements, they often exempt a number of areas and always exempt agriculture.

⁴⁶ Michael Holcombe Wilson, Canadian Conservative politician, served as Minister of International Trade from April 21, 1991 to June 24, 1993 and as Minister of Finance from to Sept. 17, 1984 to April 20, 1991 under Prime Minister Brian Mulroney. He was a member of the Canadian House of Commons representing Etobicoke Centre, Ontario from May 22, 1979 to Oct. 24, 1993. He later became Canadian Ambassador to the United States from March 13, 2006 to Oct. 19, 2009 under Prime Minister Stephen Harper. Wilson was Chancellor of the University of Toronto from July 1, 2012 to June 30, 2018. He died on Feb. 10, 2019.

566 **Plank-Brumback:** Even in the association agreements.

567 **Hills:** And various others, and if you look at the trade agreements of other nations, they exempt
568 products.

569 **Plank-Brumback:** And sectors. Also speaking of that, at what point was it agreed that the free
570 trade agreement would encompass areas in addition to goods? It would cover services, it would
571 cover intellectual property, it would cover investment.

572 **Hills:** At the beginning, we sat down with Mexico and said, “Look, if we’re going to have a free
573 trade agreement, we’re going to have a free trade agreement and there will be no exemptions
574 save for energy, which is governed by the Mexican Constitution, but basically, we will have
575 labor, services, agriculture, goods.”

576 **Plank-Brumback:** The same things you were trying to achieve in the Uruguay Round.

577 **Hills:** But much more. Never in our wildest dreams did we think we could eliminate barriers in
578 agriculture in the Uruguay Round. That wasn’t even being proposed by the most liberal—that
579 was something that wouldn’t fly.

580 **Plank-Brumback:** You were trying to limit subsidies in the Uruguay Round which was not in
581 the NAFTA or any of your free trade agreements.

582 **Hills:** That was in the NAFTA.

583 **Plank-Brumback:** To reduce producers’ production subsidies?

584 **Hills:** No, no, that was bilateral, but what we did was open up the market for Mexican products
585 to come in. I mean, we took a long time on some, fifteen years on corn and, but you could see—

586 **Plank-Brumback:** Not to mention sugar.

587 **Hills:** Sugar has always been a problem for us, and not that our market is perfect today. I mean,
588 we have many impediments in our market and they're actually growing. In the recent world trade
589 study of impediments, we come in 44th—not really an admirable performance.

590 **Plank-Brumback:** Let me fast forward. You present in August 1992 the results of the NAFTA
591 negotiations at that time, which are concluded, though you still have a few subjects to review
592 brackets on—

593 **Hills:** No, in August of 1992, we shook hands, and we had a deal. We had to submit it to
594 Congress, and we had to get it to the President. He signed it in December.

595 **Plank-Brumback:** What were the most difficult bilateral or trilateral issues that you had to
596 grapple with in order to seal the deal in August 1992?

597 **Hills:** Well, the difficulty wasn't in August. It was throughout the negotiation. We started in June
598 of '91. We started with the understanding that we were going to eliminate trade barriers. Jaime
599 Serra is an economist—he understands the benefit of opening markets, and so we started saying
600 it wasn't whether, but when.

601 **Plank-Brumback:** And how?

602 **Hills:** Well, when. It may take us ten years for some sectors and may take us immediate. We
603 were immediate on a lot of things, but then five years, ten years, and fifteen years was the
604 longest period of transition, but that transition was to enable the sector to adjust to what it could
605 see coming. So the deal was done in August.

606 **Plank-Brumback:** And then in December the three Presidents sign the NAFTA, but it's not sent
607 to Congress pending additional legislation.⁴⁷

608 **Hills:** It was not sent to Congress because it was after the election that President Bush lost to
609 President Clinton. But the three leaders including President Bush signed it in December.
610 Congress was out and President Clinton, the new President had not been sworn in.

611 **Plank-Brumback:** So what did you think of the Clinton administration's rethinking of the
612 NAFTA outcome? As you said, he announced that he could fix it and certain areas were
613 reopened: sugar, labor, the environment. Then he does sign the side agreements in September
614 1993 and that package later goes to Congress for approval. Any comments on that rethinking of
615 NAFTA and the subsequent agreements that the Clinton administration negotiated?

616 **Hills:** I think that he felt that it was politically required, that his core constituency, the unions
617 and others, were against the agreement; there was hostility toward the agreement. Yet he knew it
618 was good for the country, and so I give him great credit for moving ahead in the way he did. I
619 don't think that the side agreements are significant, but they were necessary to enable him to sell
620 politically the agreement. I worked to help to get that agreement, to generate support for the
621 agreement. President Clinton had meetings in the East Room and brought in Congresspeople and
622 had various ones. He invited me and Representative Bill Frenzel,⁴⁸ a highly respected

⁴⁷ The NAFTA text was initialed by US President George H.W. Bush, Canadian Prime Minister Brian Mulroney, and Mexican President Carlos Salinas at a ceremonial event in San Antonio on October 7, 1992; however, in accordance with the rules of "fast-track" negotiating authority, the President was not permitted to sign the agreement until 90 days after his formal notification to Congress of his intention to enter into the agreement. Thus, each of the three leaders formally signed the accord on December 17, 1992.

⁴⁸ William Eldridge Frenzel, Republican, served in the US House of Representatives representing the 3rd congressional district of Minnesota from Jan. 3, 1971 to Jan. 3, 1991. He was the ranking Republican on the US House Budget Committee and a member of the US House Ways and Means Committee. Frenzel was a congressional representative to the GATT for 15 years. Prior to serving in the US Congress, he was a member of the Minnesota House of Representatives from Jan. 1963 to Jan. 1971. After retiring from the US House, he was a guest lecturer at

623 Republican and a key voice on economic issues in our Congress, to come to the White House
624 and to speak to a large group he had assembled. We both accepted President Clinton's invitation.
625 I said—and industry groups were in the audience—“If each of you go out and get a couple of
626 votes, this agreement will go through and it's in our national interest.”

627 Think of what happened after that agreement was ratified by Congress. The Asia Pacific
628 Economic Forum, APEC, reached their Bogor Goals to open up the Asia-Pacific region,⁴⁹ and
629 the Uruguay Round got over the hump. There were only a few things left in that negotiation that
630 were holding up the deal—all of them protectionist. One of them was textiles, which I remember
631 very clearly. We had in the Uruguay Round an agreement that we would eliminate the quotas on
632 textiles over a decade and it would be stair-stepped, so much the first year, more for the second,
633 and so forth.

634 **Plank-Brumback:** It would be backloaded though, most of it.

635 **Hills:** And the new administration came in and because of their core constituency, made it what I
636 call “cliff vesting.” Nothing, and then bang! Very, very bad for both the industry and for those to
637 have this delayed liberalization because there's no adjustment period. It generates a lot of
638 political antagonism when the ax falls, but I can understand why he did it. Just as I can
639 understand the current circumstance of not embracing trade in the current [Obama]

the Brookings Institution. President Clinton tapped him as his special adviser to help pass the NAFTA. President George W. Bush appointed him to the Social Security Commission in 2001 and in 2002 to the Advisory Committee on Trade Policy and Negotiations, which he chaired from 2002 to 2011. President Obama reappointed him to the committee in 2014. In 2000, Frenzel was awarded the order of the Rising Sun, Gold and Silver State by the Emperor of Japan for advancing US-Japanese relations. In September 2014, he was awarded the Order of the Aztec Eagle by Mexico for his work on NAFTA. Frenzel died on Nov. 17, 2014. See the transcript of the interview of Frenzel of Aug. 25, 2003 for the oral history project of the Institute of International Economic Law of Georgetown Law.

⁴⁹ Meeting in Bogor, Indonesia, on Nov. 15, 1994, the economic leaders of APEC committed to the long-term goal of free and open trade and investment in the Asia-Pacific by 2010 for industrialized economies and 2020 for developing economies. https://www.apec.org/Meeting-Papers/Leaders-Declarations/1994/1994_aelm. This aspiration has been called the “Bogor Goals.”

640 administration. I mean, it's too bad that survival in Congress is more important than doing the
641 right thing for the country. If we ever needed exports and opportunities to export, it is now.

642 You know, I have to laugh when the current administration President says we need to double
643 exports in five years. That's rarely been done, only in inflationary times where you're measuring
644 against a GDP. Yet we still do not have a deal with our seventh largest trading partner, Korea,
645 South Korea's—that agreement is just languishing.⁵⁰

646 **Plank-Brumback:** And Colombia⁵¹ and Panama.⁵²

647 **Hills:** Which would create tremendous opportunity in aggregate for our entrepreneurs, and there
648 it sits. I mean, they say, "Well, Colombia or Panama is so small." You know Caterpillar, which
649 is located in Illinois, as I recollect, laid off some 26,000 workers. I've talked to people there who
650 say that if they could sell their equipment to Panama as they redo the canals and repair the
651 canals, they would rehire six thousand workers tomorrow morning. So trade makes a difference;
652 new opportunities make a difference.

653 **Plank-Brumback:** Before we proceed with the Uruguay Round, maybe we should close out
654 with a little bit about your reflections on the impact and consequences of the NAFTA.

655 **Hills:** I think it was a spur to liberalization globally. I think it led to the APEC liberalization and
656 the adoption of the Bogor Goals. I think it stimulated our South American friends to push hard at
657 the Miami Summit for the Free Trade Area of the Americas. I think it pushed the Uruguay
658 Round to completion because there was a concern that they would be left out and suffer trade

⁵⁰ The Free Trade Agreement Between the United States of America and the Republic of Korea eventually entered into force on March 15, 2012.

⁵¹ The United States–Colombia Trade Promotion Agreement entered into force on May 15, 2012.

⁵² The United States–Panama Trade Promotion Agreement entered into force on Oct. 31, 2012.

659 diversion unless they agreed to some liberalization. It also created a far more competitive North
660 American region.

661 **Plank-Brumback:** So you do think that NAFTA helped enhance the world competitiveness of
662 the US?

663 **Hills:** Absolutely, absolutely.

664 **Plank-Brumback:** Just one, one thought. You stated in June 1990 that you could think of two
665 areas where we will benefit from a free trade agreement, in the drugs area.

666 **Hills:** In what area?

667 **Plank-Brumback:** Drugs.

668 **Hills:** Pharmaceuticals?

669 **Plank-Brumback:** No, drugs. Illegal drugs.

670 **Hills:** Oh!

671 **Plank-Brumback:** From the creation of jobs and economic opportunity. You said, “There will
672 be less reason for an individual to turn to drugs as a means of economic survival” in relation to
673 Mexico. And sadly, that has not quite turned out to be completely valid, has it?

674 **Hills:** No, I think that Mexico has done better in the North than in the South. It has not used the
675 benefits in the way to advance its goals. I would have liked to have seen it liberalize PEMEX⁵³

⁵³Petróleos Mexicanos or Mexican Petroleum is the Mexican state-owned petroleum company created in 1938.

676 so that it had more revenues. It only collects about 11 percent in taxes. Its education is not
677 adequate for poor families.

678 **Plank-Brumback:** You think it should have done more to invest in its own human capital to
679 take advantage of the opportunities offered by NAFTA?

680 **Hills:** Absolutely, and also in its infrastructure. You can't be competitive as a nation if your ports
681 are poor, or your roadways are poor. Yet if you don't collect taxes, how are you going to build
682 them? I also think that their political system of no reelections is dysfunctional. If I am a mayor,
683 I'm not going to push for municipal bonds to build roadways if I'm not going to be reelected to
684 get the applause. I have to persuade you to support something. If I am president, and I say,
685 "Follow me, I'm going to do the following things," but I can't be reelected, I am less likely to
686 take on the difficult tasks, and that is particularly so for the governors, who want to run on their
687 record. Well, they can't run on their record. They can just hope that their legacy and
688 reputation are, as they're all looking for the next job.

689 **Plank-Brumback:** Rather than the job on hand.

690 **Hills:** Rather than continuing and being assured of being the best governor for at least two terms
691 so I think it's a big mistake.

692 **Plank-Brumback:** Any comments on the trucking issue?

693 **Hills:** It's a national shame that we do not abide by our agreement, that we send trucks down to
694 the border, deadheading, wasting energy, and polluting the atmosphere. We talk about rule of
695 law, protecting the environment, and saving energy. It's a national disgrace.

696 **Plank-Brumback:** Well, let's move to something easy—the Uruguay Round. Your friend
697 Minister Serra chairs an informal ministerial in April 1990 of thirty trade ministers in Mexico,
698 trying to move the Uruguay Round negotiations forward. Do you recall the kind of dialogue that
699 was taking place at that point?

700 **Hills:** Yes.

701 **Plank-Brumback:** Any reflections?

702 **Hills:** Well, I think that these various meetings that we had were to try to move it around. Jaime
703 Serra was anxious to get the Uruguay Round completed successfully. Interestingly, the Latin
704 Americans, Domingo Cavallo⁵⁴ in Argentina, was superb in trying to open up the agricultural
705 market. Argentina and Brazil were part of the Cairns Group.⁵⁵ It's interesting today when you
706 look at the G20 developing countries, they have such disparate interests, but it almost seems at
707 times that those who are leading that group are more interested in having a place on the
708 international stage than in accomplishing their national interests, but they have to decide that.

⁵⁴ Domingo Felipe Cavallo, Argentine economist and politician, was Minister of the Economy from Feb. 1, 1991 to Aug. 6, 1996 under President Carlos Menem and again from March 20, 2001 to Dec. 20, 2001 under President Fernando de la Rúa. Prior he served as Minister of Foreign Affairs from July 8, 1989 to Jan. 31, 1991 under President Menem and as President of the Central Bank of Argentina from July 2, 1982 to Aug. 26, 1982 under President Reynaldo Bignone. He was a national deputy in the Argentine Chamber of Deputies from Dec. 10, 1997 to March 20, 2001 representing the city of Buenos Aires, and from Dec. 10, 1987 to Dec. 10, 1989 representing Córdoba province.

⁵⁵ The Cairns Group was established in Aug. 25-27, 1986 in Cairns Australia as a coalition of agricultural exporting countries committed to achieving free and fair trade in agriculture in the GATT/WTO. As of Dec. 2013, the members of the Group are: Argentina, Australia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, the Philippines, South Africa, Thailand, Uruguay, and Viet Nam.

709 **Plank-Brumback:** Well, speaking of the Cairns Group and so on, you have in December 1990
710 the Brussels so-called final ministerial,⁵⁶ as we know led to the—

711 **Hills:** Sort of like the Hong Kong final ministerial.

712 **Plank-Brumback:** And the Cairns Group ends up walking out of the conference because of
713 agriculture. Do you think it was a good thing to actually go through with that meeting, which
714 seemed to be such a visible catastrophe on so many fronts? Do you think at some point it served
715 as a catharsis to a: “We need to be serious”?

716 **Hills:** Well, I don’t think that any nation wants to stand up and say, “I think a future meeting is
717 going to be a failure, therefore, I won’t come,” because then you’re blamed and you’re the cause
718 of not moving forward. I mean, you have to put your shoulder to the wheel and hope you can get
719 this car out of the ditch.

720 **Plank-Brumback:** It was evident to you before arriving and certainly—

721 **Hills:** No, I was never thinking that—I didn’t think that it was impossible.

722 **Plank-Brumback:** What point did you realize it was?

723 **Hills:** When they weren’t going to move at all, not at all, not one quarter of an inch.

724 **Plank-Brumback:** Was it services, agriculture?

⁵⁶ The Brussels Meeting of the Trade Negotiations Committee at Ministerial Level, chaired by Uruguayan Foreign Minister Héctor Gros Espiell, was held in Brussels, Belgium starting on Dec. 3, 1990 with the aim of concluding the Uruguay Round. The meeting adjourned in impasse on Dec. 7, 1990 over the failure to reach agreement on reductions on farm subsidies.

725 **Hills:** Oh, agriculture. It's always been agriculture. It continues to be agriculture.

726 **Plank-Brumback:** Yes, and then well to illustrate, if you need any other illustration of how
727 difficult agriculture was even, you have in May a couple months later in 1991, MacSharry
728 proposes reform of the Common Agricultural Policy [CAP] to the EC Council, which rejects the
729 proposal. Then you have GATT Director-General Arthur Dunkel issuing the so-called Dunkel
730 Text or a draft final act of the multilateral trade negotiations, a year after Brussels, in December
731 1991. Did you consider that helpful at the time for him to issue a text and were there any major
732 areas you recall where you thought it really needed more work, and had US negotiators change
733 it, really fundamental things there?

734 **Hills:** I think all the negotiators felt that the text was inadequate, but he did the right thing as he
735 tried to bring the parties together, understanding that with the great dissension that existed, that
736 no one would like it, because he couldn't give it all to the United States, he couldn't give it all to
737 Europe, he couldn't give it all to Latin America, but what he tried to do was to go through the
738 various working groups and figure out what seemed to be a reasonable compromise. Was it
739 helpful? Today, we have a Chairman that tried to come up with a text and it's a little bit like
740 what Arthur Dunkel did.

741 **Plank-Brumback:** Well, Lamy⁵⁷ has yet to—

⁵⁷ Pascal Lucien Fernand Lamy, French Socialist, was WTO Director-General from Sept. 1, 2005 to Sept. 1, 2013 https://www.wto.org/english/thewto_e/dg_e/pl_e.htm. Prior to this, he served as Commissioner for Trade in the Romano Prodi European Commission from Sept. 13, 1999 to Nov. 22, 2004. He helped restructure Crédit Lyonnais and became its Director-General in 1994. Lamy was Chief of Staff to EC Commissioner President Jacques Delors from 1985 to 1994 and Deputy Chief of Staff to French Prime Minister Pierre Mauroy from 1983 to 1984. He was adviser to then French Economics and Finance Minister Jacques Delors in 1981-1983. He worked at the Treasury Department from 1979 to 1981 and the Finance Ministry's auditing agency from 1975 to 1981. Lamy is President Emeritus of the Jacques Delors Institute, President of the Paris Peace Forum, and is affiliated with several non-profit organizations.

742 **Hills:** Not Lamy, but his chairmen have tried to work out—

743 **Plank-Brumback:** Well, the Dunkel Text was based on—

744 **Hills:** It was based on everything and he went to capitals trying to sell it and, of course —

745 **Plank-Brumback:** Now how would you characterize the role that Dunkel played, and the GATT

746 Secretariat in the Uruguay Round?

747 **Hills:** Oh, he was a great leader and I think he worked very, very hard and tried so hard to bring

748 the parties together.

749 **Plank-Brumback:** Even though it wasn't concluded on his watch.

750 **Hills:** Yeah, too bad in a way because he did contribute a lot.

751 **Plank-Brumback:** Do you remember any particular instances?

752 **Hills:** I remember him coming into the Winder Building⁵⁸ many, many times and talking about

753 where he thought the negotiations would go. Mind you, we were more in the forefront of trying

754 to move toward free trade than many of the others. We had a Congress with a chorus of

755 naysayers, but I don't think as loud as we have today.

756 **Plank-Brumback:** Really?

757 **Hills:** Mm-hmm.

⁵⁸ The Winder Building is an office building located at 600 17th St NW, Washington, DC. It was built in 1848 and has housed the office of the USTR since 1981.

758 **Plank-Brumback:** And how did you coordinate with your team in Geneva?

759 **Hills:** I had a very good deputy in Geneva, Rufus Yerxa,⁵⁹ who had been Danny
760 Rostenkowski's⁶⁰ Chief of Staff. I had a hard time bringing him into the US Trade Office
761 because he was a Democrat. White House personnel like to place people connected to their
762 party—I was lucky; I got my first choice for my deputy, Jules Katz.

763 **Plank-Brumback:** And I think Rufus always says he's Republican on trade.

764 **Hills:** He always said to me, "I'm unaffiliated, unaffiliated." So here I was with my second
765 deputy—in those days you only had two—trying to get a Democrat. It's interesting how I
766 succeeded. Initially, the White House personnel turned me down with respect to appointing
767 Rufus. I thought about it, and I knew that President Bush was having lunch with Danny
768 Rostenkowski. So I suggested to Rufus that Chairman Rostenkowski take his resume down to
769 show it to the President. Of course, Rostenkowski was a great salesman and said a lot of nice
770 things about Rufus, and then the President, as was his wont, wrote a note on it that said, "Send it
771 to Carla. Looks like a very good man." So I took the resume with the note to the personnel
772 office.

⁵⁹ Rufus Hawkins Yerxa. American lawyer, was at the time US Ambassador to the GATT and Deputy USTR from May 1989 to Feb. 1995 in the President George H.W. Bush administration under USTR Carla Hills, Yerxa would go on to be resident partner in the Brussels office of Akin Gump Strauss Hauer & Feld LLP from Feb 1995 to Feb. 1998 and then European General Counsel for Monsanto. He then served as WTO Deputy Director-General from Oct. 2002 to Oct. 2013 under WTO Directors General Supachai Panitchpakdi and Pascal Lamy. Prior Yerxa was Staff Director to the Subcommittee on Trade of the Committee on Ways and Means of the US House of Representatives from Nov. 1981 to May 1989, and Legal Advisor to the chairman of the U.S. International Trade Commission from Nov. 1977 to Nov. 1981. He was President of the National Foreign Trade Council from May 2016 until Sept 2021. On Jan. 31, 2022, Yerxa joined the trade and inbound practices of McLarty Associates.

⁶⁰ Daniel David Rostenkowski served in the US House of Representatives representing Chicago, Illinois's 8th and then 5th congressional districts from January 3, 1959 to January 3, 1995. He chaired the House Committee on Ways and Means from January 3, 1981 to May 31, 1994, when he was indicted on corruption charges. He pled guilty on April 10, 1996 to reduced charges of mail fraud, and was sentenced to 17 months in prison. He was pardoned in December 22, 2000 by US President Bill Clinton. He died on August 11, 2010.

773 **Plank-Brumback:** Well, that's the boss.

774 **Hills:** Exactly.

775 **Plank-Brumback:** Pretty good negotiation.

776 **Hills:** So that's how we got Rufus through and subsequently we had Linn Williams,⁶¹ who came
777 in after Rufus went to Geneva. After Rufus went to Geneva, we had two deputies in Washington
778 DC, Jules Katz and Linn Williams, who spoke Japanese, which was very helpful. So we had a
779 wonderful team.

780 **Plank-Brumback:** Well, finally, given the weight of growing agricultural surpluses and rising
781 support expenditures, the EC Council of Ministers does accept CAP reform in May 1992. Of
782 course, what better way to spread the pain than always to try to get credit for your reform and
783 make sure that your competitors are also reducing their protection. You have the meeting in
784 Chicago, but you failed to reach agreement between the US and EC. There's a little contretemps
785 there between Delors and MacSharry.⁶²

786 **Hills:** Yes.

787 **Plank-Brumback:** What are your recollections of the Chicago talks and the subsequent Blair
788 House Accord of November 20, 1992 between the EC and US,⁶³ which dealt mainly with limits

⁶¹ S. Linn Williams, American lawyer, was Deputy USTR from 1989 to 1992 under President George H.W. Bush. Prior he served as Vice President and General Counsel of the Overseas Private Investment Corporation (OPIC) from 1981 to 1984 under President Ronald Reagan. From 1984–85, Williams was the first Vice President and General Counsel of Sears World Trade. From 1985–89 and again from 1992–94 Williams practiced corporate law as a partner with the law firms of Gibson Dunn & Crutcher and Jones Day . From 1994 to 2001 he held various positions with Edison Mission Energy.

⁶² European Commission President Delors dismissed Commissioner MacSharry and later reinstated him.

⁶³ The 1992 Blair House Memorandum of Understanding on Oilseeds Between the United States and the European Communities resolved a GATT dispute over EC domestic support programs that impaired US access to the EC

789 on oilseed subsidies in the EC and things left over from the Spanish enlargement and the soybean
790 panel,⁶⁴ which eventually paved the way for the Uruguay Round agreement? The agreement took
791 place after the election of Bill Clinton.

792 **Hills:** I do remember that we had Frans Andriessen and Ray MacSharry, and not Clayton. He
793 had stepped down. His successor was Ed Madigan⁶⁵ from Chicago. As I was walking out the
794 door, we had a deal, and he said to me, “I don’t think I can sell it.” This is the US Secretary of
795 Agriculture. He’s a very nice guy. I said, “Wait a minute, we just agreed to a deal.” He said, “I
796 don’t think I can sell it.” The press is waiting outside the Blair House.

797 **Plank-Brumback:** Sell it to whom?

798 **Hills:** The Congress. And I said, “Well, I think it’s a decision the White House is going to have
799 to make, the President’s going have to make.” So I said, “You guys stay here.” We walked over
800 to the White House and got Brent Scowcroft⁶⁶ and a couple of others together, and they sided
801 with me. So that’s how the deal was sold. We had a fracture on our side.

802 **Plank-Brumback:** Was there a particular point he thought Congress wouldn’t buy?

oilseeds market. The resolution was included in the EU schedule of Uruguay Round commitments. In addition to settling the oilseeds dispute, the Blair House accord also included a US–EC compromise on internal supports and export subsidies for farm products that was meant to serve as the basis for an eventual Uruguay Round agreement on agriculture. It called for countries to cut their funding for export subsidies by 36 percent over six years, to cut the volume of their subsidized exports by 21 percent, and to cut their domestic support by 20 percent from the 1986–90 average. The agreement left unresolved the issue of market access commitments.

⁶⁴ “EEC – Oilseeds (I)” GATT Panel Report, European Economic Community – Payments and Subsidies Paid to Processors and Producers of Oilseeds and Related Animal-Feed Proteins, L/6627, adopted January 25, 1990, BISD 37S/86.

⁶⁵ Edward Rell Madigan, Republican, was U.S. Secretary of Agriculture from March 8, 1991 to Jan. 20, 1993. He served in the US House of Representatives representing Illinois’s 21st and then 15th congressional districts from 1973 to 1991. He was on the House Agriculture Committee for 18 years. He died on Dec. 7, 1994.

⁶⁶ Brent Scowcroft, Republican, served twice as US National Security Advisor, first under US President Gerald Ford from Nov. 3, 1975 to Jan. 20, 1977, and again under US President George H.W. Bush from Jan. 20, 1989 to Jan. 20, 1993.

803 **Hills:** The reduction in the level of our agricultural subsidies. We brought down the bound level
804 of subsidies and it determines what can be paid. Like today, our agreed list of subsidies was
805 below the bound level, and he was unhappy with bringing down the ceiling. It was a three-
806 pronged agreement where we brought down the applied tariffs, cut subsidies, and opened up the
807 quotas. And he was unhappy, thinking we had gone a mile too far.

808 **Plank-Brumback:** In terms of what the US had to do?

809 **Hills:** In terms of the US, yes. And here I was having been beating on Europe to open up their
810 markets and my colleague Ed was very reluctant. Frans Andriessen was also very timorous. I
811 mean, actually, it was a deal that was struck with Ray MacSharry and myself. Ray was willing to
812 push it and then my Agricultural Minister begins to get weak knees. God, I just couldn't believe
813 it, but the President came to the fore once again and so we got that through, at least we had the
814 Blair House agreement.

815 **Plank-Brumback:** How often did he intervene in the Uruguay Round or that you took that he
816 was the one really making the decisions on things?

817 **Hills:** Well, he didn't come to the meeting, but the people over at the White House authorized
818 me to push it through. You have a Cabinet officer versus a Cabinet officer disagreeing—
819 somebody has to make a decision. So I was encouraged to go do my thing and I did. Now that
820 Blair House agreement was very instrumental.

821 **Plank-Brumback:** Came at the right time.

822 **Hills:** Yeah, we could have closed down the Uruguay Round. In fact, Jules and I flew to London
823 on New Year's Eve, and met with Leon Brittan, whom we knew. He said, "Look, I just don't

824 know my portfolio. I've just come in. I'm not in a position to persuade everyone and I just can't
825 get it done." But he listened attentively. Whenever there is a new administration, they tend to
826 take some time to get acquainted with the issues. With the Clinton administration, interestingly,
827 Mickey Kantor⁶⁷ who was my successor, was less inclined than I or his successor Charlene
828 Barshefsky to be for open markets. He was very politically attuned and he was very attuned to
829 his party's political base.

830 **Plank-Brumback:** Which was that wing of the Democratic Party.

831 **Hills:** Yeah, and so he, was more protectionist, I think, than his predecessors or his successors.

832 **Plank-Brumback:** How do you think then the Uruguay Round package would have differed,
833 certainly already in the NAFTA side agreements, had George H.W. Bush been reelected?

834 **Hills:** I don't think you would have got the stair-step opening in textiles that we got in the
835 Uruguay Round. There were a few little differences, but I don't think it would have been
836 structurally very different. In the NAFTA, the side agreements didn't make any difference. You
837 know we had talked about the environment. I had a very good environmental colleague, Bill
838 Reilly,⁶⁸ who met with his counterpart, Colosio,⁶⁹ who ran for president in Mexico and was
839 assassinated. We regularly met at ministerial meetings, not with hundreds of people in the
840 conference room but small meetings, where one of the trade ministers would say, "Look, I've got
841 a problem with Canada on the following three issues. Can you solve them?" and you try to work

⁶⁷ Michael "Mickey" Kantor served as US Trade Representative from January 21, 1993 to April 12, 1996 and as US Secretary of Commerce from April 12, 1996 to Jan. 21, 1997 under President Bill Clinton. He was the Chairman of the Clinton-Gore Campaign in 1992. Kantor is Counsel at the law firm of Mayer Brown.

⁶⁸ William K. Reilly was the Administrator of the US Environmental Protection Agency from Feb. 8, 1989 to December 31, 1992.

⁶⁹ Luis Donaldo Colosio, PRI presidential candidate, was assassinated in Tijuana, Mexico on March 23, 1994. He served as Mexico's Secretary of Social Development from April 8, 1992 to Nov. 28, 1993.

842 it out. Canada would say, “I’ve got a problem on the following couple of issues.” It was a very
843 good mechanism for working through our disputes. Similarly so with Mexico. If we followed
844 that procedure with respect to environmental issues, there may have been less structure, but I
845 wonder if it wouldn’t have been less litigious and more effective. I think Bill Reilly was terrific
846 and Colosio was a very good guy.

847 **Plank-Brumback:** Anything else that came out of that airport hotel meeting in London?

848 **Hills:** No, I think that it had the effect of giving Leon Brittan a good briefing on the issues,
849 because we walked him through the agreement, but he hadn’t even taken over the office yet in
850 effect. He had been appointed in November.

851 **Plank-Brumback:** And you were certainly on top of your brief. What were you trying—what
852 was the balance that you were trying to achieve in the package for the United States across the
853 sectors and even internally within the sectors? For example, it seems that in agriculture there was
854 a tit-for-tat of the Due Restraint or Peace Clause for making sure that this was just the one step
855 out of a continuing multilateral agricultural reform. I mean were there balances from intellectual
856 property versus textile or were you constantly thinking of how you were going to present this to
857 Congress?

858 **Hills:** Right, right. We wanted to get as much as we could in each of the areas. We wanted to
859 have protection of intellectual property because innovation and technological advancement was
860 certainly a US priority. If you think of the nineties, we were very keen about that. On agriculture,
861 we felt that we were the most productive agricultural producer and we wanted open markets. We
862 certainly wanted rules that did not discriminate against our producers, so it wasn’t either/or. It
863 was how much, how tight can you pull a string without breaking it, and with agriculture we

864 wanted to get it inside the tent of rules. We wanted the WTO. The GATT dispute settlement
865 mechanism wasn't effective because the party that was allegedly offending the rules could block
866 the formation of a panel and under the new WTO rules, you couldn't. We also had in this
867 agreement an all-or-nothing approach; in other words, if you signed on board you couldn't say,
868 "I'm not going to take the services part or I'm not going to take the intellectual property." If you
869 signed, you were bound by the whole agreement. That was a major accomplishment with a lot of
870 the developing countries. I think in hindsight, they felt that their two areas of greatest interest
871 were agriculture and textiles. When we lengthened the period of time that they would get benefit
872 from textiles, they turned sour. When agriculture really didn't open up as much as they hoped
873 and there were continued subsidies with respect to sugar and rice and products that they
874 produced, they felt that they didn't get so much, which accounted for the great hostility that the
875 next administration ran into up in Seattle.⁷⁰

876 **Plank-Brumback:** Compounded by certain obligations that they had to subscribe to as part of a
877 single undertaking that they, perhaps, might not have felt that they had not participated
878 effectively in the negotiation. It was difficult to implement.

879 **Hills:** No—it was costly. You know, they could legitimately say, "Look, I paid 60 million
880 dollars to create a mechanism to enforce intellectual property and what have I gotten in textiles?
881 What have I gotten in agriculture? What have I gotten in simple manufactureds?" You know,
882 Western tariffs on simple manufactureds are very high. Bangladesh to this very day pays us ten
883 times more in tariffs than France pays us in tariffs, on a fraction of exports.

⁷⁰ The Third WTO Ministerial Conference was held in Seattle, Washington State, USA on Nov. 30–Dec. 3, 1999.

884 Tariff peaks are what I'm talking about. We have a 49 percent duty on cheap sneakers. We don't
885 make cheap sneakers. We don't protect any jobs therefore, and Bangladesh produces cheap
886 sneakers and we just tax them and our consumers. So there's an inequity that needs to be worked
887 out and we try to deal with it with the Generalized System of Preferences,⁷¹ but it's inadequate
888 because it's spotty.

889 **Plank-Brumback:** There were a number of GATT panel rulings, speaking of dispute settlement,
890 and reports issued during your tenure. By my rough account, we had six wins, zero losses for the
891 US as complainant. The wins included Korean beef,⁷² Canada ice cream,⁷³ EC oilseeds twice,⁷⁴
892 Thai cigarettes,⁷⁵ and Canada grain corn.⁷⁶ You had a mutually agreed resolution with the EC on
893 export restraints on copper scrap.⁷⁷ Then on the other column with the US as respondent, you've
894 had three wins with Brazil footwear,⁷⁸ Section 22 waiver on sugar,⁷⁹ countervailing duties on

⁷¹ The Generalized System of Preferences is "a mutually acceptable system of generalized, non-reciprocal and non-discriminatory preferences beneficial to the developing countries" established pursuant to the Second United Nations Conference on Trade and Development (UNCTAD). See "Differential and More Favourable Treatment Reciprocity and Fuller Participation of Developing Countries: Decision of Nov. 28, 1979," GATT doc. L/4903, BISD 26S/203. The US Generalized System of Preferences was established in the Trade Act of 1974 and eliminates duties on certain product categories imported into the United States from selected beneficiary countries meeting certain eligibility criteria. Trade Act of 1974, 19 U.S.C. §§ 2461-2467. The US GSP program was last approved by Congress in 2018 and expired on Dec. 31, 2020.

⁷² GATT Panel Report, Republic of Korea – Restrictions on Imports of Beef – Complaint by the United States, L/6503 adopted on Nov. 7, 1989, BISD 36S/268.

⁷³ GATT Panel Report, Canada – Import Restrictions on Ice Cream and Yoghurt, L/6568 adopted on Dec. 5, 1989, BISD 36S/68.

⁷⁴ "EEC – Oilseeds (I)" n53; "EEC – Oilseeds (II)" GATT Panel Report, Follow-Up on the Panel Report "European Economic Community – Payments and Subsidies Paid to Processors and Producers of Oilseeds and Related Animal-Feed Proteins," DS28/R adopted on March 31, 1992, BISD 39S/9.

⁷⁵ GATT Panel Report, Thailand – Restrictions on Importation of and Internal Taxes on Cigarettes, DS10R adopted on Nov. 7, 1990, BISD 37S/200.

⁷⁶ GATT Panel Report, Canada – Countervailing Duties on Grain Corn from the United States, SCM/140 and Corr. 1, adopted by the Committee on Subsidies and Countervailing Measures on March 26, 1992, BISD 39S/411.

⁷⁷ GATT Panel Report, EEC – Restrictions on Exports of Copper Scrap, DS5/R adopted on Feb. 20, 1990, BISD 37S/200.

⁷⁸ GATT Panel Report, United States – Denial of Most-Favoured-Nation Treatment as to Non-Rubber Footwear from Brazil, DS 18/R adopted on June 19, 1992, BISD 39S/128.

⁷⁹ GATT Panel Report, United States – Restrictions on the Importation of Sugar and Sugar-Containing Products Applied Under the 1955 Waiver and Under the Headnote to the Schedule of Tariffs Concessions, L/6631 adopted on Nov. 7, 1990, BISD 37S/228.

895 Norwegian salmon,⁸⁰ but around five losses with Section 337,⁸¹ the sugar headnote authority,⁸²
896 countervailing duty on Canadian pork,⁸³ beer and wine taxes,⁸⁴ and also anti-dumping duties on
897 Norwegian salmon.⁸⁵ Would you like to comment on any of these cases or how they played
898 themselves out in terms of what you were trying to accomplish in the larger picture of the
899 Uruguay Round negotiations? Certainly, the EC oilseeds cases loomed large in trying to come up
900 with an agriculture package.

901 **Hills:** I think that to have rules governing trade is highly beneficial. We had losses, as you
902 mention. The United States in those days, even the congressman who was the least enthusiastic
903 about open markets, believed that we should abide by the rules and without that we'd be out in
904 the law of the jungle. So when we'd lose a case against a smaller country as for example, when
905 we lost a case to Costa Rica on cotton socks, we didn't abide by the agreement because we were
906 terrified of retaliation by Costa Rica.⁸⁶ We abided by the agreement because we respected the
907 system of law that we had helped to build. I think that's extremely important. On oilseeds, after
908 we won the case twice, and Europe was refusing to implement it—and remember, this was under
909 the old rules where they could block—I announced that we would retaliate. We were clear that
910 we would retaliate hugely against the countries that were creating the block: France on cheese,

⁸⁰ GATT Panel Report, United States – Imposition of Countervailing Duties on Imports of Fresh and Chilled Atlantic Salmon from Norway, SCM/153 adopted by the Committee on Subsidies and Countervailing Measures on April 28, 1994.

⁸¹ GATT Panel Report, United States – Section 337 of the Tariff Act of 1930, L/6439 adopted on Nov. 7, 1989, BISD 36S/345.

⁸² GATT Panel Report, United States – Restrictions on Imports of Sugar, L6514 adopted on June 22, 1989, BISD 36S/331.

⁸³ GATT Panel Report, United States – Countervailing Duties on Fresh, Chilled and Frozen Pork from Canada, DS7/R adopted on July 11, 1991, BISD 38S/30.

⁸⁴ GATT Panel Report, United States – Measures Affecting Alcoholic and Malt Beverages, DS23/R adopted on June 19, 1992, BISD 39S/208.

⁸⁵ GATT Panel Report, United States – Imposition of Anti-Dumping Duties on Imports of Fresh and Chilled Atlantic Salmon from Norway, ADP/87, adopted by the Committee on Anti-Dumping Practices on April 27, 1995.

⁸⁶ United States – Restrictions on Imports of Cotton and Man-Made Fibre Underwear, WT/DS24/R and WT/DS24/AB/R, adopted by the Dispute Settlement Body on Feb. 25, 1997.

911 wine, and the like. We finally got a resolution, but it was a hard slog to get that case that should
912 have been an easy one. I mean, it was apparent on its face that there was a violation of the rules.

913 **Plank-Brumback:** Of course, there is a certain irony isn't it, speaking of oilseeds and blocking,
914 that it was the United States that blocked the first report of the GATT on oil with Spain,⁸⁷
915 knowing that it was a hard—it was a terrible ruling, but at that point there was no other
916 mechanism for correcting legally a panel ruling. All this had to be done politically.

917 **Hills:** Right, and we're doing some things now that are—I mean you asked me about how I feel
918 about trucking, just ask me how I feel about the deal with Brazilian cotton. I think that that is a
919 national disgrace. Here we are, we lost the case instead of saying, "Okay, we're going to abide
920 by the ruling," we negotiate with Brazil to really bribe it, not to retaliate in the full measure,⁸⁸
921 and we leave out therefore the four poorest Western African countries.⁸⁹

922 **Plank-Brumback:** And we give subsidies to a foreign industry.

923 **Hills:** I mean, this is just asinine. I cannot believe—it shames me, and we crow about the rule of
924 law, respect for precedent, caring for the poor, and we don't believe in bribing.

925 **Plank-Brumback:** And we teach other governments that they shouldn't be corrupt and bribe.

⁸⁷ GATT Panel Report, Spain – Measures Concerning Domestic Sale of Soyabean Oil, L/5142, June 17, 1981, unadopted.

⁸⁸ In exchange for relinquishing Brazil's right to retaliate against the United States for subsidies it provided to its domestic producers, users, and/or exporters of upland cotton found to be incompatible with US obligations under the WTO (United States – Subsidies on Upland Cotton, WT/DS267/R, inc. /Addenda 1-3, and /Corr.1, and WT/DS274/AB/R, adopted by the Dispute Settlement Body on March 21, 2005, https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds267_e.htm), the US agreed to pay \$300 million to the Brazil Cotton Institute for technical assistance under a Memorandum of Understanding executed on October 1, 2014 <https://ustr.gov/sites/default/files/20141001201606893.pdf>.

⁸⁹ The four African cotton-producing countries, known as the "Cotton Four," are Benin, Burkina Faso, Chad, and Mali.

926 **Hills:** I mean, I regard this as a national disgrace.

927 **Plank-Brumback:** Did you participate in any of the G7?

928 **Hills:** I did, the one in Houston.

929 **Plank-Brumback:** Houston, July 1990.

930 **Hills:** Right.

931 **Plank-Brumback:** Were there any important decisions on trade taking at that?

932 **Hills:** I do recall that the leaders were not as well-informed of what were the impediments and
933 the President asked us, Clayton and me, to meet with him to talk a little bit about it.

934 **Plank-Brumback:** Did that surprise you that they weren't that informed?

935 **Hills:** Yes, it did, because there's been so much in the press. The [Berlin] Wall had come down.
936 There was a belief in the market and what at that time, you would have thought that we could
937 have done more together.

938 **Plank-Brumback:** Did you find that once you explained things, there were some informed
939 questions?

940 **Hills:** Well, we were briefing. I wasn't Lady Tutor.

941 **Plank-Brumback:** Did anything come out of that, other than perhaps a better understanding of
942 what was at play?

943 **Hills:** We hope. We could only look back and say that the Uruguay Round was finally
944 completed, although it was much later.

945 **Plank-Brumback:** Yes, because a couple months later there is Brussels.

946 **Hills:** This was 1990.

947 **Plank-Brumback:** Right. So not in London, July 1991, or Munich, July 1992? Were you at any
948 of those summits?

949 **Hills:** I did go to one other meeting, but I don't recall. I know that I flew with the President. We
950 didn't have flyover rights and I had difficulty getting to a meeting over there, but I can't recall
951 exactly which one it was now.

952 **Plank-Brumback:** Okay, Eastern Europe and the Soviet Union. Let's open up that chapter.
953 What happened? The Berlin Wall falls down.

954 **Hills:** We had negotiated before the Wall came down with the Soviet Union and then we had to
955 go back and do the work all over again with the individual republics that had separated. They
956 were prepared to accept the agreement, but they did not want to accept an agreement the Soviet
957 government had negotiated. So it just took a lot more time.

958 **Plank-Brumback:** Did anything really change?

959 **Hills:** Not major.

960 **Plank-Brumback:** Were you pleased with those results?

961 **Hills:** Well, I thought that it would help move those economies forward. They desperately
962 needed market access. You know, when you think of how closed the East was, that they needed
963 to stimulate their entrepreneurs and have not to face impediments in terms of tariffs and quotas.

964 **Plank-Brumback:** Of course, many of them then joined the EC. And Russia is still outside the
965 WTO.⁹⁰ Who knows for how much longer. Did we discuss any major things that the Clinton
966 administration changed in your package on the Uruguay Round?

967 **Hills:** We did discuss the textiles and there were some timing issues, but I compliment them, I
968 really do compliment President Clinton for his willingness to move out against the pressures in
969 his own party.

970 **Plank-Brumback:** Of course, as I understand, the US was sort of the very last country that
971 agreed to having a new World Trade Organization.

972 **Hills:** Right. We had lots of problems in selling that to the Congress, but keep in mind, look at
973 today. Trade comes after the economy, health care, climate change. We have three pending trade
974 agreements that would benefit our entrepreneurs and we're a year and a half into a new [Obama]
975 administration. By comparison, President Clinton was able in a year and a half into his new
976 administration to sell the NAFTA and complete the Uruguay Round. So he knew what was right
977 for his country and he was adroit at dealing with his core constituency. Both parties have anchors
978 that are dreadful. I mean the Republicans have their Tea Party and their social conservatives,
979 who only want to see how everybody's living inside their own house, and the Democrats have

⁹⁰ The Russian Federation did become the 156th WTO member on Aug. 22, 2012.

980 the labor unions who will have our trucks run around empty and spewing out environmental
981 exhaust and wasting energy because they don't want those Mexican trucks on our roads.

982 **Plank-Brumback:** That are unsafe.

983 **Hills:** When studies show that actually the Mexican trucks are equal to or better than the trucks
984 we have down inside in the Southwest.

985 **Plank-Brumback:** Of all of the agreements that you negotiated, were there any that you wish
986 you could go back and amend with the benefit of hindsight or you would have done differently?

987 **Hills:** No. What I would say with the benefit of hindsight would be, we could do more. So I
988 would not be for renegotiating the NAFTA; I would be for building on the platform of the
989 NAFTA. I mean we didn't have high technology in '91. Most Americans were computer
990 illiterate and so that was not a big issue for us. New issues have come on the horizon and why
991 not build on it? With PEMEX energy competency really declining very dreadfully in the last
992 fifteen years, it would behoove Mexico to permit contractors to come in and provide a shared
993 bonus on successful managing of energy. Every other country does that, communist countries
994 included. So there are a lot of things that could be done that were not done and I'd like to see
995 those things done.

996 **Plank-Brumback:** As speaks the recipient of the Aztec Eagle. Well, we know how much you, I
997 certainly know how much you briefed Congress.

998 **Hills:** You read all that dreadful testimony?

999 **Plank-Brumback:** Any comments on the utility of the private sector advisory committees?⁹¹

1000 **Hills:** Oh, I think they are hugely important. Congress responds to its constituents. It's very
1001 important that these various trade groups, whether it be agriculture, technology or what-have-
1002 you, be apprised. I'm a big believer in talking, even to the opposition. I addressed the Textile
1003 Manufacturers Association and told them what I intended to do. I think I was the only USTR that
1004 ever accepted their invitation. Well, they didn't applaud, but I thought that the fact that I had a
1005 transition, they should know that. And similarly, when I would go around and meet with
1006 Congress people, I mean, not every idea that was proposed to me was brilliant. I would take
1007 some of the less brilliant ones and say, "Interesting. I have to tell you it's an idea I hadn't
1008 thought of but I certainly will take it under submission."

1009 **Plank-Brumback:** Who were the most difficult to deal with?

1010 **Hills:** You know they all had their ups and downs, but what I remember most were those that
1011 were really constructive, and it's hard to think of anybody being a better chair than Lloyd
1012 Bentsen⁹² or Danny Rostenkowski, and it's something that we miss. I have to say that if you had
1013 asked me when I served to give off the record a list of the twenty best people in the House and
1014 the Senate I would say, "Rosine, gosh, that's tough, because there's so many." You'd say that to
1015 me today, and I'm sad to say I'd say. "Rosine, it's awfully tough. I can't fill my list." When
1016 you're talking about the real greats, they're fewer—the ones that are, care more about their

⁹¹ The advisory committee system was established by Congress under The Trade Act of 1974. See <https://ustr.gov/about-us/advisory-committees>.

⁹² Lloyd Millard Bentsen, Jr., Democrat, was US Senator from Texas from Jan. 3, 1971 to Jan. 20, 1993. He chaired the Senate Finance Committee from Jan. 6, 1987 to Jan. 20, 1993. He was the Democratic nominee for vice president in 1988 on a Michael Dukakis ticket. He served as US Secretary of Treasury under President Bill Clinton from Jan. 22, 1993 to Dec. 22, 1994. He died on May 23, 2006.

1017 country and reaching across the aisle, coming to a right decision, than playing for the next
1018 primary.

1019 **Plank-Brumback:** How about foreign negotiators?

1020 **Hills:** Foreign negotiators are very uneven, you know.

1021 **Plank-Brumback:** Who were the best that you dealt with, in terms of whom you could work
1022 with, that understood the briefs, understood your political constraints, but wanted to move
1023 forward constructively?

1024 **Hills:** Well, I think that Mike Wilson was one, certainly Jaime Serra. Domingo Cavallo cared a
1025 lot about opening agriculture down in Argentina. Cairns Group was a wonderful group,
1026 constructive.

1027 **Plank-Brumback:** The United States wasn't a member of that.

1028 **Hills:** No, no, but I would see them at the wonderful meetings like Brussels and we were in
1029 communication. I mean, I certainly knew what they were saying.

1030 **Plank-Brumback:** What do you consider your proudest achievement as USTR?

1031 **Hills:** Just having the privilege of working at USTR with the wonderful people I worked with.
1032 The agreements that we achieved together—you know we're all talking about this in a
1033 perpendicular pronoun, but there were a lot of people that made the advancement on all of these
1034 agreements possible. Just the achievements that we accomplished together is a very nice memory
1035 for me, and I still have a great fondness for the people over there. Even though there's a different

1036 party there, I talk not infrequently to Ron Kirk⁹³ and I say to him, and mean quite sincerely, “If
1037 there’s anything I could do to help, don’t hesitate to call.”

1038 **Plank-Brumback:** Any predictions on Doha?

1039 **Hills:** I hope that they realize that if you’re going to double exports and create jobs connected to
1040 trade, you’re going to have to open up markets and negotiate good trade agreements and
1041 particularly so where others are moving so rapidly.

1042 **Plank-Brumback:** Canada, Colombia.

1043 **Hills:** You look at, Canada has recently signed both a trade and a labor agreement with
1044 Colombia. Korea has a dozen agreements, it’s gotten one with the EU and it’s got about a dozen
1045 that are in negotiation, even one with China, and talking on a one-on-one with India. If we sit on
1046 the sidelines, our entrepreneurs will be and are currently being hugely disadvantaged. It’s just an
1047 added burden for them if there’s a 35 percent tax on products they sell, whether it be
1048 manufactured goods or agriculture. Colombia is a very substantial purchaser of our agricultural
1049 products, but if they can get them cheaper from others, they’re not going to pay the premium.

1050 **Plank-Brumback:** You sit on several boards and advise private companies. What are you
1051 hearing about the need to finish Doha?

1052 **Hills:** Well, I think that there’s not a lot of understanding about Doha. If you look at it, just in
1053 terms of the commercial benefit to the United States tomorrow, that if we sign the agreement, it’s
1054 not enormous but it is something. I don’t look at it just in terms of the immediate commercial

⁹³ Ronald Kirk served as US Trade Representative under President Barack Obama from March 18, 2009 to March 15, 2013. Prior he was mayor of Dallas from June 5, 1995 to Feb. 20, 2002 and Secretary of State of Texas from April 4, 1994 to Jan. 17, 1995. He is senior of counsel at the law firm of Gibson, Dunn & Crutcher.

1055 benefit; I look at it in terms of expanding our global trade market. I do not want to see us suffer
1056 from trade diversion because we are sitting on the sidelines. You know, after World War II, we
1057 spent a lot of money with the Marshall Plan⁹⁴ to rejuvenate the devastated markets in Europe
1058 and, to some extent in Asia, and we opened our markets, relatively speaking, to their products.
1059 You could say that was an act of generosity, but it was also an act of enlightened self-interest.
1060 And we benefited from that market opening and bringing them into the trade regime. Now just
1061 imagine if we were to do that for Pakistan, Bangladesh, some of the Arab countries, and brought
1062 them, who are at the fringe of the trading system, who face high tariffs on the products that they
1063 produce and double-digit unemployment, some of them 50 percent unemployment. If we brought
1064 them into the trading regime, how many more consumers? It would advance both our economic
1065 interests and our security interests.

1066 When President Musharraf⁹⁵ came and visited George W. Bush,⁹⁶ George W. Bush said to him,
1067 “Well, President Musharraf, I’m going to release the F-16s to you that we had blocked going to
1068 Pakistan.” Musharraf’s response, I’m reliably told, was, “Mr. President, I don’t need the F-16s
1069 nearly as much as I need the elimination of textile tariffs and quotas. The elimination, the
1070 opening of your markets.” And you look at Pakistan today and we’re trying to have them become
1071 a strong ally. Yet with respect to the products they produce we say, “You got to pay to get in.”
1072 They’ve got 50 percent unemployment, lots of instability. Why wouldn’t somebody go to
1073 Taliban, that promises stability and food, when your micro industries can’t get started, because if

⁹⁴ European Recovery Program, April 1948–December 1951, named after US Secretary of State George C. Marshall.

⁹⁵ Pervez Musharraf, Pakistani politician and military general, was President of Pakistan from June 20, 2001 to Aug. 18, 2008 and Chief Executive from Oct. 12, 1999 to Nov. 21, 2002, following a military coup in 1999,

⁹⁶ George Walker Bush, Republican, was US President from Jan. 20, 2001 to Jan. 20, 2009. Prior to this, he served as Governor of Texas from Jan. 17, 1995 to Dec. 21, 2000.

1074 they make a beautiful lace tablecloth, where are they going to sell it in the Western world? Our
1075 tariffs on textiles are huge.

1076 So to me, I think that completing the Doha Round and maintaining and strengthening the global
1077 trade system is enormously important for the benefit of our entrepreneurs. It supports the security
1078 and economic benefits that we disperse as acts of enlightened self-interest, and equally
1079 importantly in maintaining the rule of law. If Doha fails because there is a lack of political will,
1080 then the likely next step is a greater proliferation of regional and bilateral trade agreements that
1081 will tend to diminish the stature of the dispute settlement mechanism that the WTO has. It's truly
1082 unique. There's no international organization, not the UN [United Nations], not the World
1083 Health, not the International Labor Organization, that has any kind of a dispute settlement
1084 mechanism that people abide by. This is the one and only. It's been refined since over the years,
1085 so that it works pretty darn well. So rather than having a fisticuff over your trade disputes, we're
1086 able to go and get them resolved. At times we may not like the outcome, but in general, we win
1087 most of our cases and over 90 percent of the time we abide by the rules. It offends me when my
1088 nation fails to do so in a few highlight cases.

1089 **Plank-Brumback:** Of course, the tragedy of the Doha Round, apart from its not being
1090 concluded, is that we're still operating in a very old template, aren't we? There are so many new
1091 emerging issues, in terms of the environment, financial protectionism, "buy national" programs.
1092 So what would you think would be a scenario that would be likely a conclusion, maybe next year
1093 and then moving on to a—

1094 **Hills:** Well, I hope and pray that after the elections are done, that we could move forward and
1095 finish the Doha Round. It wouldn't take very much to top it off and make it worthy, but you're

1096 not going to get marching in support by business entities, unless they're persuaded for the
1097 reasons that I give.

1098 **Plank-Brumback:** Of course, we don't know what's going to be on the table on services; if
1099 anything, that might change a bit of the equation.

1100 **Hills:** And there's not much there right now.

1101 **Plank-Brumback:** Right, right. Any comments on the Trans-Pacific Partnership negotiations
1102 and whether you think these have traction?

1103 **Hills:** Well, they've started. Apparently, they've had a couple of good negotiating rounds. I'm in
1104 favor of it. I think it's a first step, perhaps, to having an Asia-Pacific agreement. It would be
1105 really wonderful if Japan would join the group and gradually you'd get the APEC [Asia-Pacific
1106 Economic Cooperation] nations, the twenty-one economies in. That's kind of what Bogor Goals
1107 had in mind: that the Asia-Pacific agreement would be an open trade agreement and the
1108 industrialized countries would open their markets by 2010, which is a hope rapidly coming to a
1109 close.

1110 **Plank-Brumback:** But that sounds like the 2005 deadline for the FTAA.⁹⁷

1111 **Hills:** Yeah exactly, and the developing countries by 2020, but even though the Trans-Pacific is
1112 relatively small, it does throw a rope across the Pacific. I think it would be a mistake if there are
1113 many regional interlinks just in Asia, many regional interlinks in Europe and then the Western

⁹⁷ "We, therefore, resolve to begin immediately to construct the 'Free Trade Area of the Americas' (FTAA), in which barriers to trade and investment will be progressively eliminated. We further resolve to conclude the negotiation of the 'Free Trade Area of the Americas' no later than 2005, and agree that concrete progress toward the attainment of this objective will be made by the end of this century." First Summit of the Americas, "Declaration of Principles" (Miami, December 1994).

1114 Hemisphere. I think three blocks are unstable. I would like to see us move globally. I think the
1115 NAFTA was the jolt that got the Uruguay Round completed. It may be that the Trans-Pacific
1116 Partnership will be a jolt. It's a little bit small; it just doesn't have as much voltage. You keep
1117 working where you can.

1118 **Plank-Brumback:** Well, we've covered an awful lot of material, but I was wondering whether
1119 there was anything else that you might want to comment on, that being an imperfect interviewer,
1120 I may have not formulated the right questions.

1121 **Hills:** I think you did a brilliant job and it was a pleasure to get to know you and I have no
1122 further questions.

1123 **Plank-Brumback:** Thank you very much. Bye.

1124

1125 [END OF INTERVIEW]