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5 QUESTIONS WITH CARLOS GUTIERREZ

Commerce Secretary freely trades his views

BY GREGG FIELDS

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As commerce secretary, Carlos Gutierrez is a key ambassador in selling President Bush's economic policies abroad and domestically.

But that's not the only reason he was so wildly applauded at the Little Havana Activities and Nutritional Center on April 1.

A native of Cuba, the former CEO of Kellogg's was clearly at home in the crowd, largely senior citizens, whom he addressed in Spanish.

After fleeing Cuba in 1960, Gutierrez's family initially settled in Key Biscayne, then moved to Mexico City, New York and back to South Florida. He graduated from Fort Lauderdale's Northeast High School in 1972.

The constant moving exposed Gutierrez to a sociological smorgasbord, but in truth he showed an affinity for absorbing cultures as a child. As a 6-year-old Cuban exile in 1960, he learned English from a hotel bellhop in Miami.

His family had been affluent in Cuba -- they lived in the Havana suburb of Miramar, where his father ran a pineapple cannery. But his career at the Kellogg Co. had an inauspicious start: He drove a Frosted Flakes delivery truck in Mexico City.

His address at the center was primarily about the White House's plan to create private investment accounts from Social Security contributions. On that subject, his loudest applause came when he noted that benefit programs for people over 55 will be unaffected.

Gutierrez also talked about the importance of free-trade agreements. In a subsequent interview with The Herald, he expounded on those views.

Q: *A big issue facing the administration regards China and its textile exports, which are creating problems both domestically -- the [U.S.] textile industry feels under siege -- and in Latin America. Many people who work in textiles there are very wary of China's role. Is it a problem and how do we address it if it is?*

A: We've just started analyzing so we can determine, based on the facts, if it's a problem and there is market disruption going on that would violate our agreements.

So we're going to follow the facts and let the process be driven by the facts.

This is one more reason why the Dominican Republic-Central American Free Trade Agreement is so important. We export raw materials to Central America and they, in turn, export to us finished goods in the whole apparel industry.

If that agreement is not passed, then there is a risk that we will lose that business to China. So CAFTA is important for many reasons. Economically, strategically, it's important for those areas. These are young, still-fragile democracies and they clearly need our help.

Three countries in Central America have already authorized the agreement and they're waiting for us, and a

lot of countries are looking to us, to see how we deal with this.

(Editor's note: Several days after this interview, the Commerce Department said it will investigate whether the U.S. should re-impose limits on fast-growing clothing imports from China. Last week the U.S. textile and clothing industry asked the government to re-impose quotas on 14 categories of clothing to protect American manufacturers from Chinese imports.)

Q: *The wariness on free trade seems to be of bigger countries in Latin America, Brazil, Argentina. What do you think is going to drive reconciliation, in terms of an FTAA, [Free Trade Agreement of the Americas] with Brazil and Argentina. It seems like not much progress has been made for a while.*

A: That's why it's important that we deal with the first step, which is the Central America Free Trade Agreement. If for some reason that becomes a stumbling block, then all the other progress we want to make in Latin America will be held up.

That is why it's so symbolic that, if we do a good job and we approve CAFTA and CAFTA comes into place, then I think that will send a very powerful message to our trading partners in South America that we are serious about opening up markets, about free enterprise and the role that free enterprise has in creating broader freedom.

Q: Is there a Congressional strategy right now for CAFTA? That is obviously where much of the battle will be fought and there has been a lot of resistance there.

A: At this point we are speaking about the benefits of CAFTA. A Congressional plan and strategy has not been formalized. And I'm sure the right time for that will be chosen.

Q: Oil prices are a growing concern. Is there a government response that should be taken? What danger do higher oil prices represent to the recovery we've seen in the last couple of years?

A: Oil, as you know, is an important input for just about every business in the country. That is why it's so important to pass the president's energy plan. He has had a comprehensive energy plan in the Congress for four years, which is designed to develop new sources of energy for our country and designed to reduce our dependence on foreign oil. When the plan was introduced, the critics said that it was too long-term in nature. Well, here we are four years later, and we would have been four years into the plan had it been approved.

So that's the first step -- to get serious about a real comprehensive energy plan and get to work.

Q: Being a CEO, being in industry, being in Battle Creek: What is useful and what is not when comparing being a cabinet secretary versus a CEO?

A: What you learn being a CEO, I believe, has application to just about everything you do. The importance of people. The importance of setting out a plan and achieving results. That's very much the president's philosophy. He is very accountability driven, very focused on setting the right measures, setting the right plan, holding people accountable.

Those are things you learn in the business world and that I've found are very useful in this administration.

This is one of the reasons I've found it very motivating to serve the president. He believes in accountability. He believes in setting measures. He believes in getting results.