

Press Releases: Remarks to the World Economic Forum

Remarks

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MR BRENDE: Mr. Secretary, it is with deep appreciation that I welcome you to our annual meeting here in Davos. In the 49-year history of the forum, we have only done video links less than 10 times, always under exceptional circumstances. With the current U.S. Government shutdown, we fully understand that the cabinet has to be standby in D.C. So we are really pleased that you can be with us today to share U.S. perspective on international diplomacy, and to also challenge us to think out of the box when it comes to the theme of this annual meeting: "Globalization 4.0: Shaping A New Global Architecture in the Age of the Fourth Industrial Revolution."

The U.S. perspective is critical to shaping this conversation in Davos this week, since President Trump is, after all, the person most identified in the world today who questions the status quo.

We will hear from you for brief opening remarks where we look forward to hearing your vision regarding the future global architecture, which will be followed by a discussion.

Secretary, the floor is yours, and welcome.

SECRETARY POMPEO: Good morning, and thank you, Borge, for your kind introduction. And thank you to the World Economic Forum for the invitation to speak today. It's 18 degrees Fahrenheit here in Washington, D.C. You see the Lincoln Memorial to my back. So while I'm not here in person, I at least feel like I'm in Davos with the weather.

It's interesting times that we live in. Over the past few years, all around the world, voters have tuned out politicians and political alliances that they thought weren't representing their interests. A few examples of new directions that people have taken: Brexit; the election of President Macron in France; the rise of the Five Star Movement in Italy; Mahathir's comeback in Malaysia; and of course, Borge, as you referenced, the election of President Donald Trump.

In Ohio, Rio de Janeiro, and in Rome, people are asking questions that haven't been asked, or at least haven't been taken seriously, in an awfully long time. Is economic globalization really good for me? Are our political leaders adequately protecting us from threats like terrorism? Are they working to secure our national interests abroad?

You all know this: New winds are blowing across the world. The central question is this: Do they signal fair weather or foreshadow a storm? Is this pattern of disruption a force for good or not?

I'd argue that this disruption is a positive development. We are embracing time-tested truths. Truths like this: Nations matter. No international body can stand up for a people as well as their own leaders can. Strong borders are key to strong nations. This is how we keep our people safe and protect our sovereignty. Sturdy alliances built on key principles are key to shared security. We need all nations to contribute to security imperatives. President Trump also knows that economic security is national security.

Robust defenses aren't possible without healthy economies to undergird them.

I'll talk about this for a minute. It's why pro-growth policies matter so much. I'll spend a little time on this, and I'm confident that Secretary Mnuchin will understand if I step on his turf just a little bit here this morning.

President Trump's campaign slogan, "Make America Great Again," was a call to return America to the principles that have made us the most prosperous nation in world history. It was a rejection of trade arrangements that discounted the interests of American workers. It was a rejection of red tape, which constricted entrepreneurs here in America. This is the lifeblood of our economy. It was a rejection of all high taxes that tell American families that government knows how to spend their money better than those families do.

And perhaps more than anything, President Trump's election was a rejection of low expectations. I remember that mantra – I'm sure many of you do – the idea that 2 percent was the new normal for economic growth. Well, so much for that. Today, thanks to President Trump's pro-growth policies, our real GDP growth here in America has exceeded 3 percent over each of the last four quarters.

And that's not all. Wage growth is up. This matters to hardworking Americans. Job openings outnumber the number of unemployed for the first time on record. The women's unemployment rate recently reached its lowest rate in 65 years. Manufacturing – that's what I did before I entered politics – added 284,000 jobs in 2018, the most since 1997. It was said this couldn't be done. Small business optimism is at a record high.

There's more to that story. But the important point is this: The unleashing of animal spirits has allowed our economy to grow, even as the global slowdown looms.

This economic blueprint – low taxes, streamlined regulations, and trade reform – can work for you and your countries as well. The time is now to adopt these policies. I remember President Reagan's maxim, "peace through strength." This wasn't exclusively military strength. It was the strength created by a free and robust economy that not only creates wealth, but also freedom.

As you all know, we face many new threats, some of them not so new. They range from North Korea's nuclear program, to Iran's foreign adventurism, to China's state-centered economic model, its belligerence toward its neighbors, and its embraces of a totalitarian state at home. Radical Islamic terrorism remains a persistent threat that we will continue to fight together.

In all of these areas we're making progress. But none of this progress could have happened without beautiful coalitions in which America has played a central role. Collectively, we have exerted maximum pressure on North Korea, and that pressure has gotten Kim to the negotiating table. The United Nations did amazing work, acting as the center of gravity for sanctions that built out this global coalition. We've also assembled a global coalition of nations

to confront Iran and support the aspirations of the Iranian people.

And we're rebalancing the relationship with China, alongside partner nations in Asia and all around the world. It should not go unnoticed that we've also defeated the ISIS caliphate in Syria and Iraq, alongside more than six dozen nations in the Global Coalition to Defeat ISIS.

There's a lot more work to do, and with your help, I know we'll achieve it. The United States looks forward to partnering with you to take on the challenges of our time.

And Borge, I'm now looking forward to our conversation today. Thank you all very much for the opportunity to make these remarks.

MR BRENDE: Thank you, Secretary. We're very pleased that you have joined us, and it does look brisk there. And you also mentioned China in your short intervention, and I know from all participants here in Davos there is huge interest in the Sino-U.S. relationship. We see that growth is slowing in China. We also know that there will be a trade delegation visiting DC later this year. So from your perspective as Secretary of State, how do you see the role of China in the world today as an emerging regional and global power, and also in relationship to the U.S.-Sino relationship?

SECRETARY POMPEO: Borge, there are those who say that conflict, superpower conflict between our two countries, is inevitable. We don't see it that way. We want to find places where we can work together. You talked about the trade delegation coming. I am optimistic that we'll receive them well and that we'll have a good outcome from those conversations. But remember, the course of the relationship will be determined by the principles that America stands by – stands by: free and open seas, the capacity for nations to take their goods around the world, fair and reciprocal trade arrangements where every country has the opportunity to compete on a fair, transparent, and open basis. These principles of democracy, these things that have created so much wealth for the whole globe, will drive the relationship between the United States and China in the years ahead, and we hope that China will adopt policies that are consistent with that. If they do, I am very confident that our two nations can thrive and prosper together.

MR BRENDE: Thank you, Secretary. It's interesting to hear that you are optimistic. I know that you are an optimistic person. Last year in Davos, the big discussion was the future of NAFTA. There you found a solution. So when you're saying "optimistic," you think we will see another breakthrough this year on the trade side between the U.S. and China? I think a lot of our business CEOs are very curious about that here.

SECRETARY POMPEO: I don't want to get ahead of the conversations, the negotiations that are taking place. There's lots of hard work to do. There are certainly issues around trade balances; those certainly matter. But the central premises of the trade arrangements, the structures at the WTO, the tariff levels that will be set, the capacity for American businesses to operate in China without risk that their trade secrets and their intellectual property will be stolen, the understandings that investments in our two

countries will be reciprocal. A country – a Chinese company that want to – wants to invest here in the United States should have every opportunity to do so, so long as they're coming here to compete fairly. In the same sense, American companies should be permitted to do that as well without having to have a mechanism by which the technology that they're providing will be forced to be transferred.

Those aren't fair arrangements, they're not reciprocal agreements, they're not the way free and fair trade ought to be conducted, and so I am hopeful that each of those issues can be dealt with constructively and that China is prepared to compete on those terms. And if they are, I am very confident that there will be a bright future not only for the United States and its people but for the Chinese people as well.

MR BRENDE: Thank you. You just came back from a very comprehensive visit to the Middle East. I think you visited most of the countries, and you also made a very impactful speech in Cairo. But looking now at all the challenges unfolding in the Middle East, being ISIS but also being the situation between Israel-Palestine, between the GCC countries – we also have Yemen and we have the situation with Iran – where do you see the Middle East moving and what is really the U.S. policy moving forward? How will the U.S. be a partner securing a more peaceful Middle East moving forward?

SECRETARY POMPEO: Yeah, Borge, that's a great question. I just did get back from a trip. What I communicated every place I stopped and with each leader that I met with was that America is committed to helping the Middle East be secure and stable, that in fact we'll be there and that we are a force for good in the region and we have been for an awfully long time.

You just kind of canvassed the set of threats. In every one of those cases that you mentioned, there are two common themes. One is there are lots of countries that have a stake in those interests or in those challenges. We won't do this alone. We will need coalitions built out to ensure that there's Middle East stability. Our effort to develop our MESA program, where we have countries in the region determined to protect themselves together with America as their partner in that fight, is an important component of how America will approach this set of problems.

But also with respect to many of the problems that you identified there, Borge, the threat from the Islamic Republic of Iran is very real. You mentioned Yemen. You mentioned Syria. I think you talked about the challenges of Lebanese Hizballah in Lebanon. It's still the case that Iran is striving to reduce Iraqi freedom, sovereignty, and independence. Those are places where Iran is truly the malign actor, and it's why we're so happy that the coalition that we've built out – and we'll have a ministerial in Warsaw in the middle of next month to talk about this and other issues in the Middle East – is so central to creating the stability that the people of the Middle East so richly deserve. There are diplomatic and political solutions to most of these problems, and we need all of our diplomats from all across the region working to solve them.

MR BRENDE: Do you think we will see an end of the Yemen conflict this year?

SECRETARY POMPEO: I'll speak with Martin Griffiths later today. I am very hopeful that we can make progress there. We made a big step forward with the agreement surrounding the port in Hodeidah. We got real commitments from all of the parties. It was most unfortunate that the Houthis made a major break on January 10th to that ceasefire by using an Iranian-designed instrument of war to kill people after these agreements were reached back in December in Europe. I hope that we can find that path forward. I know that the Gulf states that are involved there are committed to achieving that outcome. I am hopeful that we can find a path forward there. We are committed in the United States to working with UN Envoy Griffiths to achieving that end.

MR BRENDE: We also know that you, Secretary, work very closely with special advisor of the President Jared Kushner on the peace plan for Israel and Palestine. Do you see any progress there, and you are hopeful to get some momentum post the Israeli elections?

SECRETARY POMPEO: Borge, I am. We've been working on this for a long time. Mr. Kushner has been in the lead along with Jason Greenblatt in developing our program. We've begun to share elements of this across the region. It won't be a U.S.-driven process. Ultimately, the Israelis and the Palestinians will have to come to an agreement. But we think that the foundations that we have laid and the work that we'll do immediately following the Israeli elections will set conditions where we can have a constructive conversation.

Borge, you know this problem has troubled the region for decades and decades now. It seems to me that we're at a point in time where there are ways that we can resolve the primary differences and encourage those two places, the Israelis and the Palestinians, to come together to resolve their differences and get a solution there that has bedeviled the world for an awfully long time.

MR BRENDE: Secretary, know that you personally have shown a lot of leadership when it comes to North Korea and the DPRK. History was made last June when President Trump met with Chairman Kim Jong-un, which a lot of hope for improvements of the security situation in the Korean Peninsula was established. Expectations, as I said, were high. We know that the President will meet with Chairman Kim Jong-un late in February. I think there is a lot of curiosity. Maybe you can shed some light on the next steps you envisage when President Trump meets again with the chairman, and maybe you can also let us know where it's going to happen.

SECRETARY POMPEO: Borge, I don't have any news to break today on that front, but I can say this: The negotiations have been underway for some time now. There's lots of discussions that have taken place. When Kim Yong-chol visited Washington last week, we made further progress not only in the discussions that he had with the President, but Special Representative Biegun had the opportunity to meet with his newly designated counterpart as well, where they were able to discuss some of the complicated issues towards achieving what the two leaders laid out back last June in Singapore.

And so we have a handful of weeks before the two leaders will meet together again. A set of discussions that took place in Sweden over the weekend have

now wrapped up. Again, a little bit more progress. There remains an awful lot of work to do, but good things have happened already. The North Koreans aren't conducting missile tests. The North Koreans aren't conducting nuclear tests. There are many steps yet along the way towards achieving the denuclearization that was laid out in Singapore and in achieving the security and stability and peace on the peninsula that the two leaders agreed to as well. We're determined to work towards achieving that. I believe at the end of February we'll have another good marker along the way.

MR BRENDE: Thank you. When Professor Schwab and I met with you in your office in December, planning for your visit here in Davos, we also touched on a possibility for private sector to contribute, if there was a breakthrough. Any further reflections on that?

SECRETARY POMPEO: We did have a good conversation about that, Borge. There's not much role for the private sector today, but if we're successful, if we can make a substantial step towards achieving the denuclearization and create the right conditions, it'll be the private sector that sits there, looming in the background, that I know the North Koreans understand they need, whether that's power for the people of the country, whether it's to install the infrastructure that is so desperately needed in North Korea. Those things will certainly have a government component to them, but there'll be an enormous private sector push that will be required to achieve the economic growth in North Korea that will ultimately lead to the stability that we're all looking for.

And so the specter, the specter of private sector companies who are prepared to invest in North Korea and to assist North Korea if we're able to achieve that full denuclearization that I know the entire world wants, the private sector will be an important player in achieving the final elements of the agreement as well.

MR BRENDE: So now I want to turn over to another easy topic, U.S.-Russia relationship. At several junctures in the previous three decades, we sensed opportunities for collaboration between Russia and the U.S., but it seems like that optimism be losing ground to geopolitical realities present at each of those junctures. Do you, Secretary, feel that the U.S. and Russia are doomed to Cold War rivalry?

SECRETARY POMPEO: Borge, you haven't given any easy ones today. But it's not the case that we are doomed to a Cold War rivalry. These two nations are the two largest possessors of nuclear capability in the world. Russia is a formidable power in that respect and we understand that, and so we need to ensure that there are conversations taking place so that we can prevent both proliferation and the risk that comes with the possession of those nuclear weapons.

But it has – I must say, it's been a struggle. We're looking for Russia to begin to change its behavior, whether that's its behavior in Ukraine or the work that it did to influence elections here in the United States and that it's done to influence elections all across the world. These aren't the behaviors of nations that want to be part of the international community. And

we hope that they'll return to the right course of actions, set a course of actions that lead them down the path of the rule of law and order and liberty. If they do those things, I'm confident that our two nations can prosper and grow alongside of each other. We are not destined to be antagonists. We can do better than that, but it will take a Russian change in their outlook and behavior in the world in order to achieve that.

MR BRENDE: Secretary, you were recently also in Brussels and made a speech there about multilateralism and the necessity to reform international organizations. To be more concrete, what will it take from the UN and international organizations? What kind of reforms do they have to undertake to have the full support of the administration?

SECRETARY POMPEO: Borge, I don't have the time today to sort of go into each of them one by one, but I can certainly tell you about the central principles that underlaid the remarks that I made in Brussels that are part of President Trump's policies. What we're looking for in these institutions is to make sure that they are fit for purpose, that they are achieving ends that are good for the peoples of the countries that are part of these coalitions.

And that requires them going back, I think, to first principles. It's not a matter of taking these institutions down, indeed, quite the contrary. The way to preserve these institutions is to make sure that they're performing in a way that reflects well on the goals that the people of those nations want them to achieve. And if you go back to the place that these institutions were when they were originally created, and then revisit them and say: Does that make sense, whether that's 70 years on or 25 years on, depending on the institution? Does it work? Is it achieving its ends? So what the United States is simply looking for is we're going back to ask those hard questions that, frankly, just haven't been asked for too long. Do these institutions deliver and are they delivering in a way that is reflective of the world order as it sits today? If they're not, we need to change them, we need to update them. We need to bring them into his century.

And then a second piece. In each of these, it can be the case that from time to time, roles get out of balance in these institutions. Countries grow; countries move on. They change their views. We need to make sure these institutions have burdens shared correctly amongst them. If you don't, it's not just bad for the country that is sharing or carrying too much of the burden, it's also not good for those who are freeriding, who aren't participating in a way that's consistent with their needs from that institution. We need every bit of every one of those institutions to look at itself and say: Do we have our costs allocated directly? Are we sharing burdens appropriately? Are we all benefitting from this in a way that makes sense? And when we do that – when every country does this, not just the United States of America – these institutions will be updated and reformed in a way that is reflective of today, and it'll be a good thing to make sure that these institutions continue to live on in the decades which follow.

MR BRENDE: Thank you. Second-last question. Last year, when President Trump was on this stage, I would boil down his message to: America First does not mean America alone. Do you feel, Secretary, that your message this year,

which encourage such fundamental changes to the international system, is being well received within the Concert of Nations? Or put differently, is America somewhat isolated on the global stage today?

SECRETARY POMPEO: Borge, I don't think we're remotely isolated. I, in my remarks, went through the various coalitions that we've been part of building out. There are lots of folks who continue to see America as the beacon that we hope it is. When you say isolated, I think that has negative connotations. It is the case that sometimes leadership and asking hard questions drives others to be a little concerned. Perhaps they're not quite ready to stare these problems in the face, but we are, President Trump is. We know that these challenges must be confronted. You can't continue to let these institutions not perform at a level of excellence that the people around the world demand of those institutions.

And so every place I've gone, everywhere I've carried this message, the private responses have been to me: We appreciate America taking on these challenges. We're glad that you're confronting these, and we want to be with you in achieving the ends that you're trying to achieve.

MR BRENDE: Thank you. One last easy one. When is the shutdown over?

SECRETARY POMPEO: (Laughter.) We all hope that it'll end fairly quickly. Political fights in the United States are a time-honored tradition, as those of you who've studied our history know. I hope that we get this one resolved in relatively short order. I'm always optimistic. I'm counting on the fact that we'll get it resolved pretty quickly.

MR BRENDE: Secretary, again, we really appreciate it, you joining us here today. It was well received among the participants. Of course, we're looking forward to welcome you in the real Davos next year. We know that you had a huge agenda today. Really pleased to also listening to all your candid and insightful answers. So Mike, thank you for your friendship, and welcome back to Davos next year, Secretary. (Applause.)

SECRETARY POMPEO: Thank you, all. And thank you, Borge.

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