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**As Prepared For Delivery**

I'm honored to be here speaking from a podium that has welcomed every sitting U.S. President since Richard Nixon. Countless leaders, including presidential candidates, have also appeared before you as they seek to get elected. But consider this: for the business leaders who have also stood before you, every day is Election Day.

Every day people vote with their dollars to determine winners and losers. In today's digital world, the winning candidates are companies that understand that preserving the status quo is a losing strategy. The status quo is comfortable – but we so quickly grow out of it that it becomes as relevant as yesterday's newspaper.

Technology is driving change faster and faster. The 2,200 companies I represent, from Apple to Zenith, from Amazon to Yahoo, from Audiovox to chipmaker Zoran, succeed when they find a new way of doing something. They change the status quo.

And as much as we try to preserve the way things are in our personal and business lives, Father Time, external forces and relentless innovation force us to change. How we deal with this defines our approach to life and our fundamental happiness.

Change defines our era. It is the campaign theme of the three remaining leading presidential candidates. But while candidates can only promise to change the world, technology guarantees it.

The technological status quo is an oxymoron: it does not exist. Each year at the International CES – the tradeshow we produce – 2,700 companies introduce some 20,000 new and innovative products. Some succeed in the market, many fail, but all can change the status quo.

Indeed, economic success in the 21<sup>st</sup> century is driven by innovation. And the more shackles removed from that innovation, the more companies and consumers can benefit.

We've seen this first hand in the consumer electronics industry. Technologies like the CD were developed in Europe and Japan. But, the advanced computer chips and software content they use were mostly developed here. Had there been barriers to trade then, manufacturers would not have made the investment in technology necessary for the CD and the DVD to succeed.

Another shackle to innovation is closed manufacturing standards. If our industry had not developed open standards for products like digital television, we would not be enjoying this new revolution in home video. Because of open standards, we can connect any HDTV to virtually any DVD player or other AV equipment.

Like free trade, open standards stimulate innovation. Open environments create opportunity.

Here's an example that may be relevant for many of you. At this year's CES, in-vehicle electronics grabbed headlines and Detroit came to Vegas in a big way.

GM's Rick Wagoner introduced the exciting new Provoq with its advanced green technology. Bill Gates showcased enhanced features of Microsoft and Ford's popular SYNC technology.

Why were these auto industry initiatives unveiled at CES? Because the auto industry and the consumer electronics industry are increasingly intertwined. We saw hundreds of revolutionary CE products from in-vehicle exhibitors at the show. Even the most ubiquitous in car product – the radio – is being transformed. Through the digital capability of HD Radio technology, the in-car experience is being enhanced with additional content choices and exciting new services such as iTunes Tagging, real-time traffic and weather information, gas prices, even movie times. Consumers will be delighted to know that Internet access is also making its way to the car.

But as we celebrate advancements and innovation within this category, we also continue to hear the call – from industry and consumers alike – for open standards. And it's a call worth heeding.

Embedding entertainment and communications in closed automobile platforms is not a winning solution, as evidenced by the bad press associated with analog-only On-Star cars that are going silent this year.

To the Detroit automakers, I say this: The consumer electronics industry is your opportunity. Embrace technology and benefit from consumers' demand for the newest devices.

A survey we recently conducted tells us that Americans now spend nearly 17 hours a week in their cars. That figure rivals the 21 hours of television we watch on average each week. Drivers want to be in touch, informed, entertained and safe while on the road and consumer electronics allow them to have it all. In fact, sales in the mobile electronics category grew 22 percent last year to more than \$11 billion. We expect 13 percent growth in 2008.

Our new research also finds that consumers value flexibility. They are spending more on CE devices that can be moved in and out of the car than on devices permanently installed in the vehicle.

Some of these products aren't even specifically designed for use in the car, but are moving into vehicles as consumers seek to take communication and entertainment devices with them wherever they go. A quarter of the driving age population plans to spend money on these products this year. That's nearly \$23 billion that will be pumped into the economy.

Automakers face a challenge: how can they meet these needs and keep pace with the consumer electronics industry, whose product design cycles are relatively short? Some automakers have tried for end to end solutions, but the lengthy auto design cycle simply cannot keep up with rapid shifts in consumer electronics.

I submit there is another way to combine our strengths and maximize sales: the automobile and consumer electronics industries can both benefit from a uniform, open standard for electronics connectivity within the car. This is an opportune time as broadband and the Internet are moving into the car and a whole new set of linking services will be introduced.

Consumers will feel more comfortable buying upgradeable cars. We can't predict the next iPod, but I guarantee it'll come.

Consumers will continue to carry electronics into their cars and they need to be able to do it easily and safely.

The Consumer Electronics Association has created and published more than 100 technical interface standards that create new markets and allow the transition to new technologies, including in-vehicle technologies.

We have had great success in getting manufacturers to use these standards, because the industry knows that standards help prevent product obsolescence. They avoid the need for an expensive customized interface for each car model or brand.

We invite automakers to sit down with us and define the interface that links their integrated entertainment system with our ever-changing consumer electronics world. This is so important as we are just beginning to shift to a new world of digital technology. It is not only about great sound, cool navigation and video for the kids. We can see that the mobile consumer will benefit from broadband to the car, biometrics, sensing technology, vehicle positioning and communications and a range of real time location based services.

Imagine a near term future where new services are created which capitalize on attracting, entertaining, and serving drivers as their needs change based on where they are, who is in the car, what time of day and what they want.

But pity the company that tries to do it all with a closed system. They will antique their cars before delivery and miss out on the almost daily introduction of new services and products.

The fact is that open environments create opportunities for everyone. The Internet is an open system and just as Google, eBay, and Amazon created new jobs and new businesses, the next mobile wave will unleash new services, new jobs and tremendous economic growth. The auto industry is squarely positioned to take advantage of this wave. And I hope it is the Detroit auto industry which leads the way.

Of course, it doesn't seem very cheery in the short term, especially in this great city. Detroit has had a few tough years of declining market share, lower margins and pricing pressure. And now, we face a slowing national economy.

I live in the Detroit area and in Washington and commute between the two. Every week, I see the economic challenges Detroit faces. The recession in Detroit pains me. I see a different Detroit: I see a highly skilled and willing work force, a proud tradition and a potentially great future.

For example, my wife and I ran similar advertisements seeking help in Washington DC and in Detroit. In Washington, we had just one response – and that from an unqualified candidate. Our Detroit ad drew scores of responses from highly skilled and over-qualified people. Some had taken early retirement and wanted to stay busy, others were laid off and needed a new job. The sheer volume of interest in the position spoke volumes to me that Detroit has an opportunity. Its highly skilled underemployed workforce, availability of reasonably priced housing and commercial and industrial space, its phenomenal airport and beautiful area – this region has the ingredients for a turnaround.

The rest of America hears the wrong message. Michigan politicians and unions fight loudly and strongly to protect Detroit from overseas competition.

What America hears is that Detroit needs special help and can't compete in the free market. I suggest a 180 degree switch in approach. Instead of fighting the Korean Free Trade Agreement, welcome it.

Imagine if Detroit was to come out in favor of free trade. Say "hit me with your best shot." The world's perception of Detroit would change.

Let me be clear about the real terms of the debate. Consider, the Korea Free Trade Agreement. Say, for example, your company sells stereo receivers. You want to sell more of them to Korea – but unlike here in the United States where we apply no tariffs on the imports of stereo receivers, if you export them to Korea today you face an 8% tariff. That's essentially an 8% mark-up on your products making them less competitive in the Korean market place. The situation is similar if your company's business is cars, not stereos. Having a free trade agreement with Korea, or Colombia, or Panama or others is about opening their markets to American products, American ingenuity and to the skills and genius of Americans.

Yet, Michigan legislators and unions are leading the way in opposing the Korean agreement in Congress. It's understandable that in the face of hard

economic times they are looking for any way possible to find an economic leg up for the people of Detroit and Michigan. But these well-intentioned efforts work contrary to the best course of action for America's economy and our future.

Recently, Ron Gettelfinger, president of the UAW railed against the Korea free trade agreement, saying South Korea is one of the most closed markets and a free trade agreement with that country would be the "theft of American jobs." Well, the agreement corrects this by opening up Korea. It resolves the tariff differential where tariffs for American goods going to Korea can be four times as high as for the same Korean goods coming here. Detroit leading the opposition to this agreement only reinforces the perception that Detroit automakers cannot compete.

It is true that free trade hurts some people in the short term – but we must look at the big picture and what's best for our nation. An American worker who lost her manufacturing job may assume it was lost to someone overseas. Indeed, protectionists repeatedly talk about the three million manufacturing jobs our nation has lost in the last decade. But what about all the jobs open markets and free trade have created?

The high-tech boom over the last 15 years has helped add 25 million new American jobs above and beyond the three million that have been lost. Think of the new businesses created by the new products and services from internet companies. Free trade allowed American innovators and entrepreneurs access to the best and cheapest technology and allowed new forms of business from on-line auctions to on-line ticket purchasing.

Indeed, thanks to innovation and free trade, these past 15 years our nation has enjoyed historically low unemployment – the lowest of any industrialized country.

PricewaterhouseCoopers recently conducted a study for CEA and found that in 2007 the consumer electronics sector directly and indirectly generated 15 million jobs. Free trade agreements ensure our access to technologies and the creation of new economy jobs. Where would Amazon, Apple, eBay, Google, HP, Dell, Intel, and Microsoft be if we restricted imports of technology that competed with the old Digital Equipment and IBM computers?

Free trade has been the cornerstone of our economic growth. Our national growth strategy for decades has been based on free trade and attracting the best and brightest from around the world. Many of our best companies like Intel and Qualcomm were created by immigrants.

We are a nation founded by immigrants who simply wanted to work hard for a better life for their children. My wife was born in Communist Poland. Her parents were doctors. They escaped Poland and moved to Detroit to give her a better life – even though it meant they had to learn English to practice medicine here. Because of their sacrifice, my wife is now a retina surgeon in Southfield saving Americans from blindness.

We are also able to share American values and ideals through free trade. Think of how our movies and music have defined the American lifestyle, culture and language as the standard the world wants to emulate.

Free trade helps lift the human spirit through the export of democracy and freedom. Take the recent Peru free trade agreements. Congress and the President added environmental and worker standards.

American standards of basic human and worker rights can be exported as part of our free trade agreements. By requiring protection of the environment, children and workers, we are opening our borders, increasing our exports at no cost to our economy or influence.

Certainly, free trade and new technologies are disruptive to the status quo. They cause competition and they challenge existing industries and businesses. They involve real and difficult dislocations.

But just think about one area of free trade in technology and how it has made a difference: low-cost consumer electronics have improved the lives of global citizens. Devices that access the Internet. Devices that allow people to communicate. Products which bring the joy of music, movies and television. Technology that allows anyone to be an artist, producer and director, to have a voice. These devices improve the human condition. They give access to medical information and best practices in agriculture. They warn about incoming weather. They improve health, increase safety and allow easy access to culture and education.

More, our technologies along with free trade share something else in this increasingly divided world. They are blind to religion, blind to sexual orientation, blind to race, national origin and ethnicity and they allow the disabled to succeed alongside those who are not disabled.

Trade and technology transcend the differences that divide us. They unite us. They offer a shared experience. For those that are less fortunate, free trade and its twin, competition, bring lower prices and increase access to the world of entertainment, education and information.

Recently, I was in Cambodia and Vietnam and I saw many homes using car batteries to power cell phones and televisions. Why? The desire to have access to information, stay connected and to be a part of the international community is a powerful motivating force around the globe.

That is why I am passionate about free trade and technology--because with so many things pushing us apart we must fight for the big things that keep us together.

Whenever fear begins to cast a shadow of doubt across the face of American optimism, America needs to respond by doing what we do best: innovate, compete and embrace change. This goes for the country, as well as the great city of Detroit.

Open standards. Free trade. Technology. Competition. These are the cornerstones of innovation, the key to our bright future. I thank you for listening and hope you consider that our future depends on our ability to innovate, to dream and to adapt.