

Opening Statement of Grant D. Aldonas
Committee on Finance
United States Senate

Hearing on Nomination to be
Under Secretary of Commerce for International Trade

Washington, D.C.
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Mr. Chairman, Senator Baucus, and Members of the Committee, I am honored to appear before you today as President Bush's nominee to be Under Secretary of Commerce for International Trade. I am humbled by the confidence the President and Secretary Evans have placed in me. I look forward to representing our nation's interests in the international trade arena and am eager to tackle that challenge.

America's ability to lead on trade ultimately depends on a partnership between Congress and the President. The essence of that partnership is trust – trust between Members of Congress and the President and his team. And, in practice, much of that boils down to the strength of the working relationship between those on the President's team responsible for trade and the members of the Senate Finance Committee.

If I am fortunate enough to be confirmed by the Senate, my primary objective will be to establish a strong working relationship with the members of the Committee and your staff to ensure that ours is a partnership that works. Based on my own experience here as former Chairman Roth's Chief International Trade Counsel, I am fully aware of the need for continuing consultations. I am committed to establishing a regular schedule of meetings with your staff to ensure that you are fully informed of our progress on the trade front. I look forward to your counsel concerning our priorities on trade and your advice on how to improve our performance at the Commerce Department.

I would like to turn, if I might, to the trade priorities that President Bush has established for his Administration. The President has made clear that he will pursue an aggressive agenda to opening markets and ensuring free and open competition. In Quebec this past weekend, the President stated that "we will work for open trade at every opportunity." We will pursue "bilateral free trade agreements with friends and partners," as well as working for "open trade globally through negotiations in the World Trade Organization."

The President's stance is rooted in the clear economic benefits that trade brings both at home and abroad. It is no coincidence that two decades of strong American economic growth have mirrored an opening of the American economy and the opening of markets around the world to American goods and services through the negotiation of trade agreements with Canada, Mexico, Israel, and with our WTO trading partners.

The numbers tell the story. Over the last decade, the U.S. Gross Domestic Product (“GDP”) grew by 72 percent, while world GDP has grown by 63 percent. American exports grew by 97 percent, while exports around the world grew by 76 percent. During the past decade, exports contributed 21 percent of all economic growth in the U.S. economy and 30 percent of economic growth worldwide. In other words, our economic output nearly doubled at a time when both we and our trading partners undertook significant efforts to open markets around the world.

Frankly, none of that should be unexpected. When we open our markets and our trading partners open theirs, it removes the barriers that otherwise prevent our economy from pursuing its comparative advantage. Trade barriers, whether at home or abroad distort the signals that markets should send to farmers, businessmen and women, investors, and, most importantly, to American workers about where future economic opportunity lies. By opening markets and ensuring that markets are sending the right signals, governments let participants in the market make an honest assessment of where their own best interests lie.

At its most basic and human level, opening markets is about giving Americans the freedom to choose their own economic destiny. Trade barriers, on the other hand, limit that freedom. That is the philosophical root of the President’s stance on trade.

The branches of the President’s philosophical stance, however, extend further. President Bush frequently quotes Ronald Reagan for the proposition that trade represents a “forward strategy for freedom.” In Quebec this past weekend, the President reiterated that point, underscoring that trade not only yields “new jobs and new income,” trade also “lifts the lives of people.” Trade applies “the power of markets to the needs of the poor” and “spurs the process of economic and legal reform.” Most importantly, “open trade reinforces the habit of liberty that sustains democracy over the long haul.”

One of the reasons I am looking forward to assuming the responsibilities of the Under Secretary for International Trade at the Commerce Department, is that the International Trade Administration (“ITA”) is on the front lines in that effort. That is true of the industry experts in Trade Development who provide technical support to our trade negotiators and advice to American exporters. It is true as well of the staff in Market Access and Compliance who ensure that American firms get the benefit of the bargain they have a right to expect under our trade agreements. It is also true of Import Administration, which ensures that our firms compete internationally on a level playing field, and of the officers of the U.S. and Foreign Commercial Service who link American firms – particularly small- and medium-sized businesses – with trade and business development opportunities abroad.

I have had the good fortune to work with many of the professionals in International Trade Administration throughout my career, both in my prior public service with the State Department, the Office of the United States Trade Representative, and on the staff of the Senate Finance Committee, as well as during the many years I spent in the private sector. I want to underscore for the Committee, and for my friends in the Department, that I consider it an honor to have the opportunity to work side-by-side with them in advancing America’s trade agenda.

I would like to outline three priorities I intend to focus on if confirmed as Under Secretary for International Trade. First and foremost is expanding export opportunities for American business. At a practical level, that effort involves concentrating the Department's resources in ways that are likely to provide the greatest pay-off for American businesses trying to gain access to world markets. Whether it is on behalf of manufacturing, agribusiness, or service industries like insurance, the management challenge within ITA is to ensure that the component parts stay fixed on a single goal – identifying promising targets for our exporters and providing the support they need to reach those markets.

The Commerce Department can also contribute significantly to the effort to expand the benefits of trade to all Americans. I intend, for example, to work closely with other parts of the Department, other U.S. agencies, and with trade promotion offices at the state-level to reach out to minority-owned businesses interested in international markets. I am committed as well to working closely with the Small Business Administration to ensure that those small- and medium-sized businesses that provide the overwhelming source of new employment in our economy have the opportunity to “go global” from the outset of their existence.

Second, I want the Bush Administration's tenure to reflect the strongest possible commitment to the enforcement of our trade agreements. Both the President and Secretary Evans fully support that effort. They understand, as the members of this Committee do so well, that we cannot expect the American public's support for an active trade agenda if our exporters do not get the benefit of the bargain they have a right to expect from our trade agreements.

What that means in practical terms is ensuring that each and every employee in the Commerce Department is focused on serving our exporters on the ground. If the problem lies with an errant interpretation of the World Trade Organization Customs Valuation Agreement by a customs official in Marseille, I want our Foreign Commercial Service officers to solve that problem at a working level in Marseille so that the goods can reach their markets without further delay. If the problem is a systemic one – a pattern of behavior that violates our rights under trade agreements, I want to hear about it immediately so that the staff in Trade Development can bring the weight of the U.S. government to bear on the problem at a political level as early as possible in pursuit of a practical solution to our exporters' problems. If the problem is one that requires us to go to dispute settlement under our various trade agreements, I want our Market Access and Compliance officers to understand the importance of building the factual record for our claim and working closely with our counterparts in the Office of the United States Trade Representative to ensure that the dispute settlement process vindicates our rights.

Third, I would like to adopt the same results-oriented approach to the administration of our unfair trade laws by the Import Administration. Congress never intended antidumping and countervailing duty actions to be an end in themselves. Rather, the unfair trade laws represent tools that should be used in an effort to eliminate the underlying unfair trade practices that distort markets and deny American firms – and firms worldwide – to compete on an equal basis.

The debate over the earliest versions of the U.S countervailing duty law in the 1890s reflected Congress' intent to offset the market distortions introduced into the sugar trade by

Russian subsidies to sugar production. Congress' action, however, also reflected an intent to provide leverage to pursue the elimination of such practices and their harmful effects on U.S. markets.

It is time to restore that focus to our efforts. Whether the issue is steel, lumber, semiconductors, or supercomputers, our goal should be the elimination of unfair practices that interfere with the market's ability to guide investment to its most productive use in our own economy and in markets for goods and services worldwide. Functioning capital markets impose a strict discipline that steers capital to those activities that generate the highest possible rate of return. Trade distorting subsidies and other unfair practices that interfere with the ability of the capital markets to impose that discipline impose a high cost on our exporters and on our economy as a whole.

In his conversations with me, Secretary Evans has put that in more human and tangible terms. He has often said to me that there is nothing more dispiriting to American workers and American entrepreneurs who put capital at risk than to see that they are not competing on a level-playing field. If confirmed by the Senate, I pledge to work within the Department, with other agencies, and, most importantly, with American industry to ensure that our policies and our actions target the elimination of trade-distorting practices and the costs they impose.

Let me close by once again thanking the President and Secretary Evans for nominating me to serve the American public as Under Secretary of Commerce for International Trade. I would also like to reiterate my appreciation to you, Mr. Chairman, to Senator Baucus, and to the other members of the Committee for allowing me to appear before you today. I want to thank both Chairman Grassley and Senator Baucus for their kind words on the floor of the Senate at the time I left the Committee. The Finance Committee is a very special place for me and I feel extremely fortunate to have had the opportunity play a small part in its important work.

I would also like to express my deepest appreciation to Senator Bill Roth for having given me that opportunity. For me, Chairman Roth and his esteemed friend and colleague, Senator Pat Moynihan, the Ranking Member on the Finance Committee, exemplified the spirit that has marked the long history of the Finance Committee -- a spirit of vigorous debate, yet constructive cooperation that should always inform the democratic process. I will be forever in their debt for the education and inspiration their leadership provided. It is a debt that I hope my continued public service can, in part, repay.

Lastly, and most importantly, I would like to thank my wife, Pam, and my children, Nicole, Kirsten, and Noah, for their support for me while I have been in public service. Pam recently left her law partnership and her role as the first woman ever to chair the American Bar Association's Section of Taxation to serve President Bush and Treasury Secretary O'Neill as the Deputy Assistant Secretary of Treasury for Tax Policy. I can say, objectively, based on 21 years of evidence, that Pam is the best partner anyone could ask for -- the President and Secretary O'Neill could not have found a better choice.

I would be pleased to answer any questions you may have.

