

UNITED STATES SENATOR • IOWA

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Opening Statement of Sen. Chuck Grassley  
at the Hearing of the Committee on Finance  
on Trade Promotion Authority  
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I am very pleased that the Finance Committee is holding hearings today and tomorrow on trade promotion authority. This is an important and timely topic. I commend Chairman Baucus for holding these hearings now.

I see these hearings as part of the hard, bipartisan effort that is required for the Finance Committee to approve legislation renewing the President's trade promotion authority this year. These hearings on trade promotion authority are especially important because it's time for straight talk about trade.

Unfortunately, whenever we have attempted to talk about the benefits of international trade during the last six months, the discussion has soon been diverted into a discussion on labor and the environment. These are important issues. We have to address them in some fashion. I hope to do that in a constructive, bipartisan way this year. But they are not, and should not be, the central focus of the trade debate. So this morning, I would briefly like to make two points.

The first deals with the benefits of 50 years of continuous United States leadership of the world trading system. And why trade promotion authority is vital to maintaining this leadership. The second point is to briefly explain why, if we are serious about maintaining American leadership in global trade policy, there is no good alternative to renewing the President's trade promotion authority this year.

With regard to American leadership of world trade, the facts speak for themselves. In 1947, when we helped start the global trading system, the total value of world trade was around \$50 billion. Today, the total value of world trade is around \$ 7 trillion. This huge jump in the total value of world trade is largely due to the scrapping or reduction of tens of thousands of tariffs, quotas, and other non-tariff trade barriers in the eight series, or rounds, of global trade negotiations America has led since 1947.

Here is another way of expressing this achievement: Trade rules that we helped put in place today permit world trade in goods and services to be successfully conducted at the rate of close to \$1 billion per hour, every hour of the day. This is not just a WTO success story. This is an American success story.

As a result of this American-led effort to open world markets, hard-working American consumers make their paychecks stretch farther, because they have access to more and better competitively priced goods. And American businesses and farmers have prospered. In my state of Iowa, our farmers sold \$3.2 billion in agricultural products in international markets in 1999, more

than at any time in our history.

Why have we been so successful in international trade? Part of the answer is because we are so efficient and productive. But a major reason is that for the last 50 years, America has been a leader in breaking down trade barriers. Trade barriers are a lot like the barnacles that get encrusted on the hull of a ship. They build up over time. They slow the ship down. They are hard to scrape off. And that is exactly what we did, over eight rounds of global trade negotiations. Scrape away a lot of the trade barriers that slowed the world economy. That hurt our competitive, export-oriented businesses and farmers.

America was able to lead this effort because we had credibility. Our trading partners believed us when America made commitments. Without this credibility – the conviction that we mean what we say – our trading partners have no assurance that our trade negotiators can ever close a deal. Think about the last time you bought a car. A lot of us have had this experience. You go to the dealer. You tell the sales person what you want to pay. The sales person goes back to talk to the sales manager. The sales manager writes down a different number – usually higher. The sales person gives you the new number. Maybe you agree. If you don't, you're back to square one. Sometimes, you get so frustrated that you can't close the deal, you walk out. That's what negotiating without trade promotion authority is like.

Our trade negotiators aren't able to put their best deal on the table, because they know Congress will change it. Perhaps dozens of times. Or more. So without trade promotion authority, negotiations just drag on and on. Negotiators on all sides put off making the crucial offers and compromises that can close the deal. We should never put our trade negotiators in this difficult position. This leads me to my last point. If we believe that American leadership in trade is really important, there is no good alternative to renewing the President's trade promotion authority this year. Some opponents of trade promotion authority say you can open just as many markets by negotiating individual free trade agreements, one country, or one region, at a time. But just look at this chart.

Of the estimated 130 free trade agreements in force around the world today, only two include the United States. Clearly, the one-free-trade-agreement-at-a-time strategy doesn't work. Critics of trade promotion authority also claim that its special fast-track procedures limit Congress's ability to monitor and oversee trade negotiations. In fact, the opposite is true. Without trade promotion authority, Congress loses its most effective instrument for managing and overseeing trade negotiations.

That's because one of the essential features of any fast-track authority is that there must be extensive consultation and coordination with Congress throughout the process. In contrast, there is no such requirement for most bilateral free trade negotiations. Without trade promotion authority, the President, if he wants, can negotiate one bilateral free trade agreement after another, without the prior consent of Congress. The bottom line is, if you want maximum credibility for our trade negotiators, and maximum accountability to Congress for the negotiations, there is no substitute for trade promotion authority.

So I welcome these hearings. I commend Chairman Baucus for his leadership on this issue. And I look forward to working with him to get a trade promotion authority bill out of Committee and to the floor this year.