

UNITED STATES SENATOR • IOWA
CHUCK GRASSLEY

<http://grassley.senate.gov>
press@grassley.senate.gov

Contact: Jill Kozeny, 202/224-1308
Jill Gerber, 202/224-6522

Remarks of Sen. Chuck Grassley
Senate Committee On Finance
Hearing On Trade Adjustment Assistance
Thursday, July 19, 2001

I welcome this hearing on trade adjustment assistance. Last September, I announced that a top-to-bottom review of our trade adjustment assistance program was one of my top trade priorities for 2001, so I am happy to see that the Committee is following through with this initiative under your leadership.

The fundamental starting point for any discussion about trade adjustment assistance is, of course, trade. Trade is the reason the trade adjustment assistance program exists in the first place. So first, I want to say a word about the “trade” part of trade adjustment assistance, and reiterate what I said in this Committee earlier this week. Renewing the President’s trade promotion authority is the single most important action this Committee can take on the trade front this year. 27 percent of our gross domestic product is trade-related. Almost \$3 trillion of economic activity in our \$10 trillion economy is derived from trade. This is higher than Japan at 19 percent, and it is more than the external trade of the European Union’s collective gross domestic product. In fact, just to put into perspective how trade-dependent we are, the United States sells almost as much to Canada and Mexico alone – about \$300 billion a year – as Japan sells to the entire world.

We are at the leading edge of two critical trade initiatives. One is that the United States is preparing to attempt to launch a new round of WTO trade negotiations this fall in Qatar. The other is that the United States is entering the most important phase of the Free Trade Area of the Americas negotiations. The success of both initiatives is essential to maintaining America’s prosperity. Launching a new round of global trade negotiations is important because we have to continue the progress we made in the Uruguay Round in reducing agricultural tariffs, and eliminating the non-tariff trade barriers that distort world agricultural markets.

Getting traction in the FTAA talks is important because we are missing tremendous trade opportunities right in our own backyard. Let me briefly explain why. Almost 50 percent of everything we export to the world is sold in our own hemisphere. We sell a lot to Canada. We sell a lot to Mexico. That’s the good news. The bad news is, apart from Canada and Mexico, we are under-performing in our own hemisphere. Today, we sell less than 8 percent of our exports south of Mexico’s southern border, the Yucatan. We are just not very competitive in a huge Latin American market of 403 million people. You can bet that our competitors, like the European Union, and even China, are figuring out how they can take advantage of our weak trade performance with our neighbors. This is why we need trade promotion authority, this year. So we can get back into the game. So our trade negotiators don’t go into these FTAA and WTO negotiations with one hand

tied behind their back. I can't imagine why anyone would not want our negotiators to have the maximum amount of credibility right at the start of trade negotiations.

Trade negotiations have become more and more complex during the last 15 years. As a result, good trade deals are getting harder and harder to reach. If we wait one or two years to renew trade promotion authority, our negotiators could come back to this Committee three or four years from now, with a second- or third-rate trade deal, and tell us, we're sorry, this is the best we could do. I don't want to see that happen. We're not going to have a second- or third-rate trade policy in this country if I have anything to say about it. The American people expect and deserve a first-rate effort every time the President sits down to talk turkey with other countries. And I don't care if the President is Republican or Democrat. This particular president happens to be a Republican. He asked for my word that we would try to get this done this year. And I gave him my word. I still hope that Senator Baucus and I can work out a bipartisan TPA compromise soon. But if it becomes clear very shortly that we can't agree on a moderate, bipartisan compromise, I will support the Graham-Murkowski legislation. And I will work as hard as I can to get it through the Committee this year.

Finally, let me say a word about the "adjustment assistance" part of this hearing. The first trade adjustment assistance program was established almost 40 years ago. During that entire time, as far as I know, we have not had a thorough review of the TAA program. This is an important part of the Finance Committee's oversight responsibilities. It is long overdue. In addition, I thank Chairman Baucus for endorsing the effort that Senator Conrad and I launched over a year ago to extend trade adjustment assistance to America's family farmers, and fishermen.

When President John F. Kennedy designed the TAA program as part of the Trade Expansion Act of 1962, he said: "I am recommending as an essential part of the new trade program that companies, farmers, and workers who suffer damage from increased foreign import competition be assisted in their efforts to adjust to that competition."

But in spite of President Kennedy's belief that farmers should be able to get relief from trade adjustment assistance, just like other workers who suffer from trade-related job losses, the reality is that few, if any, individual family farmers are ever able to qualify for the program. Yet farmers have always been among the strongest supporters of free trade, because so much of what they produce is sold in overseas markets. I am very concerned that if we lose farm support for free trade, it will be very hard for us to win congressional support for new trade deals when they are concluded. Fairness, equity, and common sense, and the original intent of President Kennedy's program all tell us that family farmers, and fishermen, should, and must, be a part of the TAA program. That is exactly what the legislation that Senator Conrad and I sponsored will do.