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Remarks of Senator Chuck Grassley  
Finance Committee Hearing On Ongoing U.S. Trade Negotiations  
Wednesday, Feb. 6, 2002

Just last November, we successfully launched the ninth round of WTO trade negotiations at Doha. There we agreed on a far-reaching set of negotiations to be completed within three years. As Ambassador Zoellick said at the time, “We removed the stain of Seattle.” Now we have to make the most of this hard-won opportunity for free trade. And the opportunities abound.

Each one of the eight preceding rounds of global trade negotiations contributed significantly to the vast increase in prosperity we have seen in the last half of the 20th Century. In 1947, when the United States helped start the world trading system, the total value of global trade amounted to about \$50 billion. Today, thanks to 50 years of progress in getting rid of trade barriers, two-way trade in goods, services, and agricultural products has soared to more than \$7 trillion.

But, as they say, you ain’t seen nothing yet. Harvard University Professor Jeff Frankel estimates that this new round of WTO trade negotiations could put about \$2 trillion in new economic benefits into American pockets. That’s about \$7,000 for every person in America, or about \$28,000 for a family of four. That’s more – a lot more – than the economic benefit we’ve been talking about in the stimulus package. Trade means jobs for American workers – better-paying jobs. And it means more income for American farmers and ranchers. Mr. Chairman, some have called this new round of negotiations “the Development Round.” I think a more appropriate name might be “the Agriculture Round.”

Thanks to the extraordinary effort of Ambassador Zoellick and his team in Doha, the agriculture language in the Ministerial Declaration – the road map for the negotiations – gives us the best chance in nearly 10 years to make significant new gains for American agriculture. Our agricultural negotiating proposals are ambitious. We want to end environmentally damaging, trade-disrupting agricultural export subsidies. We want new disciplines on trade-distorting domestic support. And we want more market access for our efficient farmers, ranchers and agricultural producers. Many countries oppose what we are trying to achieve. They want to continue sheltering their markets and slowing the process of liberalization. Some even want to put up new market access barriers to our agricultural products. And that is why the Senate must pass Trade Promotion Authority now. If we don’t give the President Trade Promotion Authority soon, the countries seeking agriculture protection will dig in their heels. They will make the President’s negotiating job a lot tougher.

This isn’t a theoretical concern. It’s a very real and serious danger to our farm economy. Our delay in passing TPA could hurt virtually every family farmer in America. WTO negotiations on agriculture and market access begin this week in Geneva. Our negotiators are at the table now. But without TPA, they are negotiating with one hand tied behind their back. That’s because without TPA, they lack credibility to make binding offers and finalize commitments. Without trade promotion authority, and the credibility and clout it conveys, our competitors, not the United States, will shape the negotiating agenda and determine the pace and the scope of negotiations.

Momentum and advantage in complex trade negotiations is often gained or lost when negotiations get under way. And once momentum is lost, it is very hard to recover. That's why it is so important for the President to have Trade Promotion Authority now. So it's hard for me to understand why the one thing the President needs most to fight for American workers, farmers, and ranchers in the WTO still seems to languish in the Senate. The House did its part. And by an overwhelming 18 to 3 bipartisan vote, so did this Committee. But Senator Daschle still has not said exactly when he will bring up TPA on the floor. I am concerned that the longer we delay in the Senate, the harder it will be to do it at all. Mr. Chairman, I want to make one final point about the Ministerial Declaration we agreed to in Doha. The United States, and especially you, Ambassador Zoellick, received a tremendous amount of criticism about the fact that the Declaration calls for negotiations on trade remedy laws. In my view, that criticism is both unfair and unwarranted. In fact, Ambassador Zoellick, I commend you for the tremendous achievement in getting this language on trade remedy laws in the Declaration. This language is a very positive development for the United States.

First, it allowed us to get an agreement to launch a new round of trade negotiations. Just about every WTO member country wanted some language on trade remedy laws in the Declaration. The United States was the lone hold-out. That is not a tenable position. Our unreasonable, unwavering persistence in saying no to any sort of language on WTO rules was one of the key factors that led to the collapse of the Seattle Ministerial. More importantly, however, is what the language you succeeded in getting actually says. It allows us to begin negotiations, and I quote, "aimed at clarifying and improving disciplines under the Agreements ... while preserving the basic concepts, principles and effectiveness of these Agreements and their instruments and objectives."

This language is important for two reasons. First, the word "instruments" refers to our domestic trade remedy laws. We get to preserve all of our domestic trade remedy laws. We are required to change nothing. Second, for too long the United States has been on the defensive with respect to our trade remedy laws. Thanks to this language, we can now go on the offensive. We can, in the WTO negotiations, seek improvements in some of the abusive antidumping practices that other countries have increasingly aimed at us. For example, Mexico, without any evidence, recently imposed unwarranted punitive duties using antidumping laws on U.S. beef exports to that country, harming many beef producers in Montana and other states.

South Africa, rejecting a reasonable, commonly used accounting methodology, recently hit our poultry producers with punitive duties on our poultry exports. If not resolved, South Africa's action might ultimately affect over \$1.3 billion in worldwide U.S. poultry exports. Mr. Chairman, these are only two of many examples of abusive antidumping practices that are hurting our farmers and agricultural producers. We should have discussions about these practices in the WTO.

Ambassador Zoellick, I applaud you for your courage and common sense in fighting for and getting this language in the Declaration. You did it knowing you would face a lot of unwarranted criticism. But it was the right thing to do. Thank you again for this hearing, Mr. Chairman. I hope that our distinguished majority leader will set a date for consideration of Trade Promotion Authority soon. The stakes are simply too high to wait.