



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Senator Chuck Grassley
U.S. Senate Finance Committee Hearing on
the Administration's Trade Agenda
Thursday, February 16, 2006

Welcome, Ambassador Portman, to today's hearing on the Administration's trade agenda for the coming year. Traditionally, the committee's first trade hearing of the year is reserved for the United States Trade Representative to come up and brief the committee on the Administration's trade priorities. This is also an opportunity for the Trade Representative to hear from committee Members regarding the priorities that we would like to see advanced by the Administration. I think it's important that we start the year this way, and I want to thank Ambassador Portman and his staff for their efforts to rearrange his busy schedule to permit his appearance before the committee this morning – I'm personally grateful.

The timing of this year's hearing could not be better. Last June, the Finance Committee held a hearing on U.S.-China economic relations. At that hearing, I announced that I would refrain from endorsing any new legislation with respect to China pending the outcome of Ambassador Portman's top-to-bottom review of the Administration's trade policy toward China. The results of that review were released on Tuesday, and I look forward to reviewing those results with Ambassador Portman during today's hearing.

More and more, bills are being introduced that address our trade relations with China. The top-to-bottom review will be an important resource for me as I intensify my own efforts to develop legislation over the next few weeks. I've grown increasingly frustrated with the lack of progress on China's currency, so that's one area I'm looking into. Other areas that need attention include compliance efforts, trade enforcement, and trade enhancement so that more Americans benefit from our trading relationship. The key point is that China must live up to its commitments and to its responsibilities as a major beneficiary of the global trading system. I look forward to working with the Ranking Member, Senator Baucus, in this effort. We may sometimes take different approaches to similar issues, but in the end I believe we can develop a bill that will enjoy broad bipartisan support to advance these important goals.

Separately, we have reached a critical juncture in the Doha Round trade negotiations in the World Trade Organization. Realistically, the negotiations must be completed by the end of this year if Congress is going to implement a Doha trade agreement prior to the termination of Trade Promotion Authority in July 2007. Ambassador Portman took a bold step to reinvigorate the negotiations last October by tabling an ambitious offer on agriculture. Unfortunately, that offer has not been matched in ambition by our negotiating partners. Let me be clear. Congress will not accept any agreement that fails to provide meaningful market access for U.S. agricultural exports, in developed and developing countries alike. In addition, we expect significant progress in

harmonizing domestic supports for agriculture. Separately, our manufacturers and service providers must also see substantial market access liberalization. The shared benefits of trade come from open markets, not protected ones.

I also want to commend Ambassador Portman on the strong stance he's taken with respect to implementing the Dominican Republic-Central America Free Trade Agreement, particularly with respect to meat and poultry inspection equivalency. This issue is very important to farmers in Iowa and across the United States. The fact is, recognition of the equivalency of our inspection system for meat and poultry was discussed in parallel with the CAFTA negotiations, and Congress anticipated that such equivalency would be recognized as part of the CAFTA implementation process. I was glad to see El Salvador follow through on that recently, and I hope the other CAFTA countries do so without delay. Only then will we be able to share fully in the benefits of free and open trade between our nations.

The Administration continues to make good use of Trade Promotion Authority. The committee will soon turn to implementation of the U.S.-Oman Free Trade Agreement, part of an ongoing effort by the Administration to establish a Middle East Free Trade Area. The trade agreement with Oman is a significant building block toward achieving that important goal. In addition, the President notified Congress of his intention to enter into a free trade agreement with the Republic of Peru. I have already expressed to Ambassador Portman my view that our trade agreement with Peru should not be held up waiting for the other Andean countries. With respect to Colombia, I want to underscore that an agreement won't pass the Senate unless the final package is at least as good for U.S. agricultural producers as the CAFTA agreement.

In sum, Mr. Ambassador, this will be an important year for advancing both trade liberalization and trade compliance. We have many important issues to discuss today. Again, I thank you for being here, and I look forward to your testimony.