



Committee On Finance

Max Baucus, Ranking Member

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Statement of U.S. Senator Max Baucus (D-Mont.) Finance Committee Hearing on the Administration's Trade Agenda for 2006

Ambassador Portman, welcome back to the Finance Committee. You have been the U.S. Trade Representative for almost one year. After CAFTA and Hong Kong, I would guess that the phrase 'baptism by fire' probably has new meaning for you.

I very much appreciate your efforts to reach out to this Committee and to work with Members of both parties in both the House and Senate. I think you are on the right track.

But there is still much more to do in restoring trust on trade and making certain that trade works for all Americans. The year 2006 will provide many opportunities for us to work together to do so.

As you know, I just returned from China and India – a trip that underscored our need to rise to the challenge and take advantage of the opportunities that these and other countries present. To do so, I will focus this year on working to enhance the competitiveness of the U.S. economy.

Trade is an integral part of competitiveness. I will look at the items on your trade agenda through the prism of whether they enhance U.S. competitiveness.

For starters, a more competitive America requires us to focus more resources on trade enforcement. I recognize the hard work that you and your staff do to enforce U.S. rights under our trade agreements. I congratulate you on the successes that you have had recently — with the EU in the WTO biotech case, with China on kraft linerboard, and with Ukraine cracking down on illegal optical media disc manufacturers.

But there is a very real sense in the Congress that our trading partners do not always play by the rules. And there is a sense that we do not do enough to make sure that they do. We cannot encourage our ranchers, farmers, and businesses to embrace international trade unless they have confidence that the U.S. government will back them.

That's why, this afternoon, Senator Hatch, Senator Stabenow, and I will introduce the Trade Competitiveness Act of 2006. Our bill includes a new Senate-confirmed Chief Trade Enforcement Officer, new reporting requirements, and additional funds. Together, these tools will help make the USTR more responsive to congressional concerns on enforcement. I look forward to working with you on advancing this bill.

But there are many other initiatives we can take together to promote U.S. competitiveness.

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The Doha Round offers a real opportunity for America's farmers, ranchers, manufacturers, and innovators. But our trading partners must realize they must give in order to get. We have already offered our trading partners quite a lot, especially on agriculture. It is high time they follow suit.

From the standpoint of U.S. competitiveness, a deal which does not include substantial reductions in the agricultural tariffs of the EU, India, and others is a bad deal. A deal that does not include meaningful reductions in industrial tariffs in Brazil, India, and other developing-world countries is a bad deal. A deal that does not offer U.S. service providers enhanced market access around the world is a bad deal. And at the end of the day, no deal is better than a bad deal.

On our free trade agreements, I congratulate you for beginning negotiations with Korea. As you know, I have long urged the administration to focus on Korea and other commercially significant partners in Asia. And if you have lingering questions about whether to begin similar negotiations with Malaysia — our tenth largest trading partner — I say to you: Go for it.

But to truly enhance the competitiveness of the U.S. economy, these negotiations must address the real barriers facing U.S. exporters, like Korea's continued ban on imports of bone-in beef, its non-tariff barriers that limit foreign penetration in its auto market to just two percent, and its selective harassment of U.S. investors.

Our trade relationship with China is obviously key to our competitiveness. I appreciate the release of your top-to-bottom review on Tuesday and your commitment to put money and personnel behind this initiative. I will monitor implementation of your China strategy closely. And in the run up to the upcoming visit of President Hu, I hope that it can resolve some major bilateral irritants. First among them from my perspective is China's continued ban on U.S. beef. I also urge you to redouble your efforts with Japan to overcome the recent technical setback and resume imports of safe, high-quality U.S. beef.

This year also offers us the chance to integrate more countries into the world trading system. I am pleased to hear that WTO accession talks with Vietnam and Ukraine are near completion. The Senate has already granted Ukraine Permanent Normal Trade Relations, or PNTR. And I hope that we can do so for Vietnam by the August recess.

Perhaps Russia too will soon be ready to join the WTO and benefit from PNTR. But we are not there yet. Until Russia addresses its abysmal record of protecting and enforcing intellectual property rights and deals with other concerns of U.S. exporters, there will be little enthusiasm in Congress to grant Russia PNTR.

Finally, I hope that 2006 is the year that we at long last realize a durable resolution to the dispute involving subsidized Canadian lumber — a problem that continues to undermine the competitiveness of an important Montana industry. The recent change in government in Canada may provide a unique opportunity to achieve that goal.

You have a lot on your plate. But you have built a great team — with Ambassadors Bhatia, Schwab, Allgeier, among others. And you have already proven yourself more than worthy to handle the challenges you face.

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