



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

Remarks of Sen. Chuck Grassley to Consumers for World Trade
"Freedom and the Golden Rule"
Monday, Jan. 27, 2003

Thank you. It's always an honor to address such a prestigious group. The philosophy behind Consumers for World Trade is a philosophy I try to embrace as I deal with trade in the Senate. I think the philosophy is best embodied in one word – freedom. Like Consumers for World Trade, I strongly believe the role of government in economic life should be directed toward one goal, and that goal is freedom.

_____ Freedom to compete: Tearing down international barriers to competition so individuals and business can seek opportunities where they choose and not be limited by the happenstance of geography. Freedom to choose: Providing consumers with the freedom to choose more products at better prices. Freedom of ideas: Allowing individuals, regardless of where they live, access to new ideas and new principles that are so often spread through trade. It's really that simple. Too often we in Washington get trapped in the nuances of trade policy and miss the big picture. We get tangled in a web of acronyms and lost in an abyss of bilateral disputes.

Stop and think about it for a minute. WTO. FTAA. APEC. TAA. TAA for farmers. TAA for fisherman. FSC. Softwood lumber. High fructose corn syrup, Irish music and wool suits. Sounds more like a barn dance than a trade policy. It's no wonder that a lot of Americans are suspicious about Washington and our trade policy. Without decades of training, who can understand all of these issues? Most senators don't. Most congressmen don't. I'll bet a lot of you lobbyists do. And I'll bet most of you make a fair living telling us how to resolve all of those trade disputes and what all those acronyms mean.

But most people don't understand them. That's why what Consumers for World Trade does is so important. CWT cuts through this abyss by focusing on educating Americans about the true meaning of our trade policy – freedom of choice for business and consumers. It's an important message that needs to be talked about more often. So, I want to take a moment and thank you for the work that you do.

Today I want to take a look back and a look forward. A look back to 1994, the year we passed NAFTA and all that we have achieved through that historic agreement. Next, a look forward at this year's trade agenda. First, NAFTA. We're rapidly approaching NAFTA's 10th anniversary. What was once a bold new initiative to create the world's largest free trade area is now a reality. On Jan. 1, 2003, just 25 days ago, nearly all tariffs and tariff-rate quotas between the NAFTA partners were eliminated. What little tariffs remain are to be eliminated by 2008. At its most basic core, elimination of these tariffs translates into freedom. Freedom to compete -- tearing down barriers so individuals and businesses can seek opportunities where they choose. The result has been phenomenal growth for all the NAFTA partners. Since 1993, trade among NAFTA nations climbed 109 percent. And U.S. merchandise exports have nearly doubled. Between 1994 and 2000, inflows

of foreign direct investment reached \$1.3 trillion. That's the type of growth and opportunity that the freedom to compete in the international market brings. Freedom to choose: Providing consumers with freedom in the marketplace through more choices at better prices. Tariff cuts under NAFTA and the Uruguay Round have raised incomes and lowered prices in Canada, Mexico, and here at home. The USTR estimates that these agreements have benefitted an average family of four by \$1,300 to \$2,000 per year. Freedom of ideas: Allowing individuals, regardless of where they live, access to the marketplace of new ideas. The evidence that trade contributes to greater freedom is no more evident than in Mexico. Since the days of the Mexican revolution, Mexico has been dominated by one-party rule. NAFTA helped change that by bringing greater stability and transparency into the marketplace. Just as it did in other countries, the freedom to trade contributed to the freedom of ideas. With the passage of NAFTA, one-party rule began to slip. Finally, in 2000, Mexico ushered in a new political era with the election of PAN candidate Vicente Fox as President of Mexico. After 70 years, one-party rule in Mexico had ended. So in my mind there is no doubt that NAFTA has been a success.

Unfortunately, as we enter the final stages of implementation there's resistance among some politicians in Mexico to fully implement NAFTA, particularly in the agriculture sector. In fact, some officials in the Mexican government have openly talked about "renegotiating" some of Mexico's agriculture commitments in NAFTA. Other methods of protectionism are rearing their ugly heads, including the filing of an unwarranted antidumping case against U.S. pork exports. This is truly tragic. Where I come from, a man's word is his bond and a deal is a deal. Just as we must abide by our international commitments so must the government of Mexico, even if doing so is politically difficult. To do otherwise simply violates the golden rule – do unto others as you would have them do unto you. I would urge both the U.S. and Mexican governments to continue their dialogue to ensure full implementation of the NAFTA, especially in the agriculture sector. If needed, these discussions should take place on the highest level. Too many people have struggled for too long to make the North American Free Trade Agreement a reality. A retreat to politically expedient protectionism dishonors those who have labored so hard, and would be a sad legacy for both the Fox and Bush administrations.

Looking ahead, we will continue our efforts to encourage freedom through trade. This year, the Finance Committee is likely to take up legislation to implement free trade agreements with Chile and Singapore. We will continue our strong oversight over trade negotiations to make sure that new negotiations are conducted in the way Congress intended when we passed Trade Promotion Authority last year. And we will work to make sure that we practice what we preach – that we too follow the golden rule – that we do unto other nations as we would have them do unto us.

This may be politically difficult at times. But it's the right thing to do. That means we may have to make changes to our laws when trade decisions go against us, including bringing our tax system and other laws into compliance with WTO rules. We also hope to take care of some unfinished business from the last Congress, such as the miscellaneous trade bill and confirmation of some International Trade Commission nominees.

Finally, I hope to pass legislation to implement the Kimberly process, a multilateral agreement designed to curb trade in conflict diamonds.

In carrying out this year's agenda, I'll look forward to working with you and Consumers for World Trade to educate members of Congress and the people back home about the importance and meaning of international trade. And remember, it really does not have to be that complicated – just keep in mind two core ideas -- freedom and the golden rule.

