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Sen. Chuck Grassley, ranking member of the Committee on Finance, submitted the following statement into the Senate record today.

Mr. President, This year marks an historic turning point for U.S. international trade policy. For the first time in over eight years the Congress renewed the President's authority to negotiate new trade agreements. This authority, called Trade Promotion Authority, re-establishes the traditional partnership on trade between the Congress and the Executive branch. It allows us to work together to open new markets for American exports, set fair rules of conduct for U.S. investors overseas, and help raise the standard of living for millions of people around the world.

The negotiating objectives and procedures laid out in the Bipartisan Trade Promotion Authority Act represent a very careful substantive and political balance on some very complex and difficult issues such as investment, labor and the environment, and the relationship between Congress and the Executive branch during international trade negotiations.

Because this balance is so delicate, I was somewhat dismayed to learn recently that some groups and Members of Congress are trying to push for interpretations of certain provisions of the TPA bill that do not comport with the negotiating objectives laid out in the Bipartisan Trade Promotion Authority Act. For example, an article in the September 18, 2002, edition of National Journal's CongressDaily noted that "a group of labor officials who were active in the fight against [TPA] are meeting in the offices of the AFL-CIO. At the top of their agenda: mapping a plan to ensure future trade agreements include strong provisions on labor rights and the environment. Labor officials plan to hold future agreements to standards set in an earlier free-trade agreement reached with Jordan, which they consider a model of backing up labor and environmental provisions with enforceable sanctions." Some Members of Congress are even arguing that future agreements must follow the "Jordan Standard" on labor and environment in order to meet the objectives laid out in the TPA bill. Perhaps even more ominous were the public remarks of the Chairman of the Senate Finance Committee who urged the administration to follow the model of the Jordan Free Trade Agreement "exactly" in implementing the labor and environment provisions of the Bipartisan Trade Promotion Authority Act.

On this issue, I respectfully disagree with my colleague from Montana. In fact, I think this would be a serious mistake. The negotiating objectives in the TPA bill set the parameters for future trade negotiations, not some past agreement like the Jordan FTA that was negotiated during the Clinton Administration. To follow the provisions of this past agreement "exactly" would ignore the clear will of Congress as set forth in the TPA bill. Even more disconcerting is that such a stark litmus test ignores that basic premise that the most appropriate mechanisms to improve labor and

environment standards abroad differ from country to country and agreement to agreement. In short, one size does not fit all.

Trying to solve complex environmental and labor issues with rigid constructs will do nothing to actually improve environmental or labor standards abroad. At the same time, demanding that our trading partners accept specific language laid out in past agreements during trade negotiations will come at a heavy price for our farmers and workers, as our trading partners can demand significant concessions on other issues, such as agriculture, in exchange for our rigid insistence that they accept specific language from our trade negotiators. The Administration and Members of Congress need to remember that the underlying premise of the TPA Act is to provide the President and our trade negotiators with flexibility so they can negotiate the best trade agreements for the American people. It is not intended, nor should it be used, to try to tie the President's hands on any particular issue.

It is also troubling that some advocacy groups are pushing to ensure that future free trade agreements adhere to their version of a so-called "Jordan Standard." I think it bears repeating that it is the negotiating objectives laid out in the Trade Promotion Authority bill that should guide the Administration in future trade negotiations, not a single free trade agreement that was concluded long before TPA became law.

I also believe it would be a political miscalculation to insist that new trade agreements must follow the "Jordan Standard" to gain support in Congress. First, no one really knows what the "Jordan Standard" is. In fact, when we held a hearing on the Jordan Free Trade Agreement on March 20, 2001, in the Senate Finance Committee, one of the most controversial issues raised was what the labor and environmental provisions of the Jordan Free Trade Agreement actually mean. For example, former United States Trade Representative Charlene Barshefsky testified that the labor and environment provisions in the Jordan FTA "while restating the existing commitment of both countries to environmental protection and the ILO's core labor standards, neither imposes new standards nor bars change or reform of national laws as each country sees fit."

Ambassador Michael Smith, former Deputy United States Trade Representative and the first American Ambassador to the General Agreement on Tariffs and Trade, testified that "Articles 5 and 6 [of the Jordan FTA] as written are largely fluff, open to widely differing (even if plausible) interpretations and, as such, causes for possible unfortunate differences between Jordan and the United States in the years ahead as the agreement is implemented. Articles 5 and 6 do not advance the "cause" of either international environmental or labor affairs and add only confusion to what should be a straightforward free trade agreement. Indeed, the only result I can foresee is countries adopting lower environmental and labor standards for fear of themselves being unable to effectively enforce higher standards – hardly a desired result."

During the hearing it became clear that labor and environment provisions, and their relationship to the dispute settlement procedures established in the Jordan FTA, are highly controversial. A number of groups, including the American Farm Bureau Federation and the U.S. Chamber of Commerce, strongly opposed including the labor and environment provisions in the Jordan FTA without some clarification from the Administration that these provisions would not be implemented in a trade restrictive manner. Many members of the Republican party, including myself, shared these concerns. Had the U.S. Government not agreed to side letters with the Hashemite Kingdom of Jordan, clarifying that these and other provisions would not be implemented in a manner that results in blocking trade, it is highly likely that the agreement would not have gained the support of the Republican caucus in the Senate, and may not have passed the Senate at all. And, if the proposed agreement had not been with our good friend and ally Jordan, side letters may not

have been enough.

I think this represents an important political reality which the Administration must gauge in entering into new free trade agreements. Almost 90% of the Republican Caucus in the House and Senate supported passage of Trade Promotion Authority. In contrast, only 12% of the House Democratic Caucus and 40% of the Senate Democratic Caucus supported the bill. And the price for that support was high. Clearly, if future free trade agreements are going to pass Congress, the strong support of the Republican caucus will be key.

In short, I am deeply concerned that some advocacy groups and Members of Congress are pushing the Administration to adhere to a highly controversial and vague “Jordan Standard” which does not have the strong support of the Congress and that is not clearly reflected in the Trade Promotion Authority negotiating objectives. While the labor, environment, and dispute settlement negotiating objectives in the Bipartisan Trade Promotion Authority Act are loosely based on provisions found in the Jordan Free Trade Agreement, there is clearly a distinction between the two. In implementing the will of Congress as embodied in the Trade Promotion Authority Act, it is critically important for the administration to keep this distinction in mind if future agreements are to gain the support of myself and other strong supporters of free trade in the Congress.

Mr. President, before I conclude I would like to talk about another important development in U.S. trade policy. Last week, for the very first time, the bipartisan, bicameral Congressional Oversight Group (COG) met with Ambassador Zoellick to discuss pending and future trade agreements. The COG was created by the Trade Promotion Authority Act to provide an additional consultative mechanism for Members of Congress and to provide advice to the U.S. Trade Representative on trade negotiations.

The COG is comprised of: the Chairmen and Ranking Members of the Finance and Ways and Means Committees; three additional members from the Senate Finance Committee, no more than two of whom may be of the same political party; three additional Members of the House Ways and Means Committee, no more than two of whom may be of the same political party; and the Chairman and Ranking Member or their designees of the committees of the House or Senate which would have, under the Rules of the House or Senate, “jurisdiction over provisions of law affected by a trade agreement negotiations for which are conducted at any time during that Congress.”

The purpose of the COG is to “consult and provide advice to the Trade Representative regarding the formulation of specific objectives, negotiating strategies and positions, the development of the applicable trade agreement, and compliance and enforcement of the negotiated commitments under the trade agreement.” In addition, each member of the COG is to be accredited as an official adviser to the United States delegation in the negotiations. However, those Senators or Members who are Members of the COG because they are the Chairman or Ranking Member of a Committee which has “jurisdiction over provisions of law affected by trade negotiations” are to be accredited as advisors only on those provisions which would fall under their Committee’s jurisdiction.

The TPA bill makes it clear that the COG is a mechanism for enhanced consultations and that it is not designed to serve as a referendum on new agreements or on particular negotiating positions.

I am pleased to report that our first meeting was a great success. A number of Senators and Members of the House from both political parties attended the meeting, including the Chairmen and Ranking Members of both the Senate Finance and House Ways and Means Committees. During the

meeting Ambassador Zoellick expressed his strong support for enhanced consultations and his keen interest in meeting with the COG on a regular basis. I certainly would support his enthusiastic efforts.

The TPA bill also requires the Chairmen and Ranking Members of both the Finance and Ways and Means Committees to establish guidelines for the exchange of information between the Congress and the Executive branch. I plan to work diligently to ensure that these guidelines are feasible and that the resulting exchange of information is meaningful.

Mr. President, with the passage of the Bipartisan Trade Promotion Authority Act of 2002, we begin a new phase in the history of U.S. trade policy. Although the bill contains some new buttons and bows, the underlying premise of the bill remains the same as it was decades ago – to give the administration the tools it needs to liberalize trade and create new opportunities for America’s farmers, ranchers and workers. As the Ranking Member of the Senate Finance Committee, I intend to ensure that the Trade Promotion Authority Act is implemented in a manner that does just that.