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Prepared Remarks of Senator Chuck Grassley, of Iowa
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Thank you for inviting me to the Global Business Dialogue Conference on the World Trade Organization. It is a real pleasure to be here this morning. In just over four months we hope to kick-off the 4th WTO Ministerial Meeting in Qatar. If all goes well, we will be able to launch a new round of trade negotiations.

But, as I stare into my crystal ball, the picture is murky. This morning, I would like try and clear up the picture in Congress for you, especially the picture on passing Trade Promotion Authority this year. I think we are on the right track.

The President is strongly committed to launching a new round. And, I think the President understands the importance of U.S. Trade Promotion Authority to this effort. This is clear from the President's international trade agenda which was presented to Congress on May 10th. At the top of this agenda was U.S. Trade Promotion Authority. And at the top of the President's list of priorities is to pursue a new round of World Trade Organization negotiations.

This is one part of a trade agenda that seeks trade liberalization on three fronts -- bilaterally, regionally, and multilaterally. The President does not view these efforts in isolation. Rather, they each are part of a comprehensive negotiation strategy. As Ambassador Zoellick has explained: "These issues are complementary. By moving on multiple fronts, we can create a competition in liberalization that will promote open markets around the world."

Unfortunately, some policy makers argue that we can do one without the other. They say we can negotiate bilateral agreements now and wait for progress in the World Trade Organization or the Free Trade Area of the Americas until later. They also say that we can do these FTAs without Trade Promotion Authority. This conclusion is based on the belief that the political consensus for TPA simply does not exist in the U.S. Congress. The argument goes that, because it is difficult to build political consensus, it is better to move forward bilaterally rather than try to pass Trade Promotion Authority this year.

I strongly disagree with this argument for two reasons. First, it is simply not good trade policy. The economic impact of bilateral FTAs is limited. Second, a bilateral FTA strategy can hurt the very foundations of the multilateral trading system. The same product gets different treatment depending upon where it is made and where it is sold. This can undermine the global trading system.

We need to make sure that the multilateral system stays strong. A successful WTO round will lower trade barriers in over 140 countries. These countries represent over 95 percent of world trade. A successful round will spur global economic growth. It can help lay the basis for a new era of prosperity.

A new round will also allow the world to deal with many new issues which have emerged over the last decade on a global scale. Many of my colleagues say that we need to “shape” global trade. Well, in my mind we cannot shape global trade unless we are empowered to sit at the global trade table.

A trade policy that relies on bilateral trade agreements is ad hoc. It is settling for second best. It is shirking from the international trade challenges of the 21st century. We can do better.

Another argument often heard against TPA renewal is that TPA cannot be sold to Congress because it is too abstract, too theoretical. The point is made that Congress must have concrete benefits to understand the importance of international trade. Without concrete benefits, Congress will not pass trade legislation.

But there is a danger in this strategy. A good example of what can happen without TPA is the Jordan FTA. There you had an agreement that the Clinton administration negotiated without explicit authority from Congress.

True, it does have concrete benefits which may help passage in Congress. Jordan also is a very important friend and ally of the United States. For these reasons the Jordan FTA is likely to pass Congress. But even for a country as important as Jordan this is not certain. The agreement contains controversial labor and environment provisions which Congress never authorized. There’s the rub.

Because of these provisions, the Jordan FTA is stalled in Congress. And, when it does come to the floor, there is no guarantee that it will not be amended. This means there is no assurance that the House and Senate will not pass different versions of the bill, requiring a long and difficult conference to iron out differences over controversial issues. It did not have to be this way.

The U.S. Constitution gives authority over international trade to the U.S. Congress. Trade Promotion Authority is a way for Congress to assert constitutional authority over the trade agenda. It lays out specific negotiating objectives that the executive branch must meet in order to bring the agreement back under expedited procedures.

Trade Promotion Authority requires intense consultation and notification procedures. It provides a legislative check on the President’s ability to negotiate. It provides greater certainty to our executive branch negotiators. It provides greater certainty to Congress that its intent is being followed. And, it provides greater certainty to our trading partners that any agreement reached will get timely consideration and will not be ripped apart by the U.S. Congress.

Trade Promotion Authority represents a partnership between the executive and legislative branches of government. It is a partnership which has been moribund for too long. It is time to renew the partnership. Here I think we are making some progress.

The Administration gave Congress specific guidelines for it would like to see in a TPA bill.

Many Democrats were disappointed. They did not think the President paid enough attention to labor and the environment issues. Many Republicans were disappointed. They think that the President paid too much attention to labor and environment issues! So, maybe the Administration is on the right track.

Shortly after the President sent Congress his trade principles, some new Democrats proposed a reasonable set of principles to help guide the legislative process. And just last week Chairman Crane introduced a bill in the House. I understand this bill will be used to determine how much core support there is for Trade Promotion Authority in the House.

In the Senate Finance Committee, we are working to craft a bipartisan bill which can gain the majority of Committee's support. Senators Murkowski and Bob Graham are key to this effort. We are also having a series of hearings this week which will help focus Members' attention on the importance of TPA. Trade Promotion Authority remains a top priority for me.

Every week, it seems that the picture gets a little clearer. And, every week I get just a little more optimistic. If we can continue to build a political consensus in favor of TPA before the fall, we will have added a crucial element to help launch a new round in Qatar. I will not try to fool you. It's going to be hard. And we need your help.

The business community must help make the case to Members of Congress about why the WTO round is important to you. You can also explain why passing Trade Promotion Authority increases the chances that we will have a successful launch. Most important, you can talk to your workers about what trade means for them and their jobs. Members of Congress must hear from you and your workers. I hope you will accept that challenge. So, with that, I welcome you to today's conference and wish you every success. I look forward to working with you over the next few months. Working together I know we can succeed.