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Hatch Statement at Finance Committee Hearing on Trade Agreement Implementation

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing examining implementation of existing free trade agreements with the United States' trade partners:

I would like to welcome everyone to this morning's hearing.

Last year, with the passage of our bipartisan legislation to renew Trade Promotion Authority, or TPA, Congress provided the administration with the necessary tools to negotiate and conclude trade agreements to further open foreign markets to American goods and services. In doing so, Congress included high-standard negotiating objectives that must be achieved for any agreement to be eligible for expedited TPA procedures in Congress.

But setting the appropriate negotiating objectives is only the first step in the process for concluding and implementing trade agreements. Once those high standards are set, the administration must consult closely with Congress and stakeholders throughout the negotiations. And, once an agreement is concluded, Congress must closely scrutinize the agreement to determine whether it meets the high standards of the TPA statute and whether it is eligible for expedited TPA procedures in the House and Senate.

That stage – the stage where Congress closely scrutinizes and evaluates a trade agreement – is where we are with regard the Trans-Pacific Partnership, or TPP, the trade agreement most recently signed by the Obama Administration.

Ultimately, a high-standard, free trade agreement only takes effect once Congress passes implementing legislation pursuant to the narrow legislative scope of TPA. But, even when that process is complete, our work will not be finished. In many ways, the hardest work will just be beginning.

After a trade agreement is approved by Congress, the administration must make sure that our trading partners fully and faithfully implement their obligations under that agreement before allowing the agreement to enter into force. After all, a strong trade agreement that is not fully and faithfully implemented and enforced isn't worth much more than the paper it is written on.

It is that part of the puzzle – full and faithful implementation – that we will examine today. As a guidepost for this examination, we will look at some of the lessons we've learned under our existing trade agreements to see what has worked and where we can do better in the future.

Over the past three decades, the United States has entered into 14 free trade agreements with 20 countries. Each of these agreements has provided significant economic benefits to the United States. In fact, although these 20 countries represent less than 10 percent of the global economy outside the U.S., they purchase almost half of all our nation's exports.

Further, on average, in the first five years after a free trade agreement enters into force, U.S. exports to these partners have grown roughly three times more rapidly than the global rate of growth for U.S. exports generally. Just as important, free trade agreements have provided significant cost savings and expanded choices for U.S. consumers.

However, despite these significant gains, there is widespread agreement that many of our partners in existing free trade agreements have not fully and faithfully complied with all of their obligations under our agreements. Just yesterday, I sent letters to the Korean and Colombian Ambassadors to the United States outlining my concerns with their countries' implementation of and compliance with the U.S.-Korea and the U.S.-Colombia free trade agreements.

In addition, a review of stakeholder submissions to the administration, in connection with mandated reports to Congress, including the Special 301 Report, suggests that many of our trading partners have not implemented, or are out of compliance with, their international trade obligations.

While there are many examples across the board, this problem seems to be most pronounced when it comes to implementation of intellectual property rights protections. This is true with regard to trading partners across the globe, including many TPP countries. And, all too often, those countries are never held accountable for their non-compliance. Thus, they get the benefits of a negotiated trade agreement with the United States without fulfilling all of their obligations.

This is, to put it bluntly, unfair, and it must stop.

Last year, with a number of different pieces of legislation, Congress developed new tools to address these concerns. For example, we included language in the TPA statute requiring *enhanced consultations before the administration may allow any trade agreement to enter into force.*

We also established the Interagency Center on Trade Implementation, Monitoring, and Enforcement within the Office of the United States Trade Representative, or USTR, to monitor our trading partners' implementation of trade agreements and to assist in investigating violations of trade agreement obligations.

We also established a Chief Innovation and Intellectual Property Negotiator at USTR, with the rank of Ambassador and required Senate confirmation, whose responsibilities include enforcing the intellectual property rights obligations of our trade agreements. Furthermore, we established a trade enforcement trust fund of up to 15 million dollars a year for use in improving the ability of USTR to monitor and enforce existing trade agreements.

Despite these new tools, I know that there is much more that can be done. So today we are going to examine the implementation of our existing free trade agreements and see what lessons can be drawn.

We have some very accomplished witnesses here with us from a variety of sectors, including agriculture, high-tech, the environment, and intellectual property. I am very much looking forward to their testimonies and to what I hope will be a robust discussion of how the U.S. government can more effectively ensure that our workers, consumers, and job creators receive the full benefits of our international trade agreements going forward.

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