

Crapo Statement at Hearing on Strategic Trade Engagement in the Indo-Pacific Region

March 15

Washington, D.C.--U.S. Senator Mike Crapo (R-Idaho), Ranking Member of the U.S. Senate Finance Committee, delivered the following remarks at a hearing entitled, "The Promise and Challenge of Strategic Trade Engagement in the Indo-Pacific Region."

The text of Ranking Member Crapo's remarks, as prepared, is below.

"Thank you, Mr. Chairman. First of all, thank you for holding this hearing today. We are in agreement on the importance of strengthening our economic and trade ties, particularly in the Indo-Pacific area, but across the globe.

"Vibrant economic and trade links are an essential part of building confidence, trust and cooperation in different areas of the world and at different levels of geo-political engagement. Putin's invasion of Ukraine makes it abundantly clear that the United States must increase its focus on 'Strategic Trade Engagement,' and as part of that, reestablish its leadership on trade relations in the Indo-Pacific region.

"For the first time, in January of 2022, the United States exported more liquefied natural gas (LNG) to Europe than Russia. Although there is much more we can do to expedite U.S. energy exports, our increased trade strengthened our allies' ability to withstand Russian aggression.

"Critically, the Department of Energy must still sign off on any LNG export to any country with which we lack a free trade agreement, causing uncertainty for many of our partners. This is just one example of why we need more trade agreements with our partners--and the Indo-Pacific is the one region where we need them 'A-S-A-P.'

"The Indo-Pacific is a dynamic region, perhaps, *the* key to U.S. economic prosperity. Over two-thirds of all global economic growth in the last five years took place in the Indo-Pacific.

"The GDP of just the 11 countries in the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) is over \$10 trillion dollars.

"Regrettably, we are losing ground in the Indo-Pacific. Behind me are two maps comparing whether China or the United States is the more important trade partner for a particular country.

"The 2002 map shows the United States as the more significant trading partner for most Indo-Pacific countries. The 2018 map shows the relationship turned upside down, in China's favor.

“Even more regrettably, the situation with China in the Indo-Pacific region is likely to become worse--if not entrenched--unless we change course. The Biden Administration failed to initiate any new trade negotiations last year, but China helped finalize the trade agreement it backs.

“Known as the Regional Comprehensive Economic Partnership, R-CEP lacks any disciplines on state-owned enterprises, labor, or the environment, and, worse, it essentially endorses China’s limited intellectual property protections. With R-CEP having only entered into force this January, China is already better positioned than the United States in most of our Asian partners’ markets.

“On top of that, China is now pushing to join CP-TPP, which would leave the United States even further behind in the Indo-Pacific region. To reestablish U.S. economic momentum right now, the Biden Administration must reverse course and chart an ambitious trade policy.

“Although the Administration announced that it seeks to pursue an Indo-Pacific Economic Framework, or IPEF, it unfortunately indicated that this framework will not include any market access component.

“Certain aspects of what I am hearing about IPEF are troubling--including the notion that it could be used to advance the tax deal the Administration negotiated at the OECD that would make the US less competitive--even before Congress agrees to accept such an outcome for the United States.

“The Administration’s present position of leaving out a market access outcome makes no sense. Economically, our workers, businesses and farmers will lose out on important opportunities if we stay on the sidelines.

“America’s leading innovators will also be undermined if we do not lay down a foundation for strong intellectual property rights. In fact, one way to redress the economic impact of the Administration’s current misguided inflationary policies is to promote market access.

“Export-oriented jobs typically pay 16 percent more on average in the manufacturing industries and 15.5 percent on average in the services industries. We must strategically deepen our trade ties to ensure we and our allies have secure access to energy, critical minerals and sensitive technologies. We must also develop rules for digital trade that enshrine openness and freedom. If we do not write the rules, China will.

“Accordingly, this hearing is an excellent opportunity for the Finance Committee to help chart the course the United States must take to have a strategic and sensible trade policy in the Indo-Pacific.

“Mr. Chairman, thank you for organizing this hearing. I look forward to the testimony from our witnesses.”

###