

**TESTIMONY OF AMBASSADOR ROBERT E. LIGHTHIZER  
BEFORE THE SENATE COMMITTEE ON FINANCE  
MARCH 22, 2018**

Mr. Chairman, Ranking Member Wyden, and members of this Committee: thank you very much for the opportunity to testify this morning. During my time at USTR, I have benefited from many helpful and productive conversations with the members of this committee. I am grateful for your counsel and look forward to our continued engagement.

My remarks will be brief – I want to cover three major points.

First, I would like to thank the members of this Committee – and the rest of the Senate – for approving three Deputies for my office and my Chief Agriculture Negotiator. This has been a long process and I am glad we are now in a position to better support your priorities and those of the President.

Second, I would draw the Committee’s attention to the fact that last year, the U.S. trade deficit in goods and services rose to \$568 billion, and that the trade deficit in goods alone rose to \$811 billion. There are, of course, many causes for the trade deficits but the President believes – and I agree – that persistent, enormous deficits to some extent reflect market distortions around the world that treat U.S. workers and businesses unfairly. We also have a massive trade deficit in goods with China – \$375.2 billion last year – and large deficits with the European Union, Japan, and others.

I know that the Members here have a variety of views on these figures. But we believe that they raise significant concerns. They indicate that the global rules of trade sometimes make it harder for U.S. companies to export. They can discourage U.S. investors and businesses from entering certain sectors of the global economy. Further, they indicate that in the United States,

the costs of globalization are falling most heavily on workers in those parts of the economy exposed to trade. And they undermine U.S. political support for the global trading system.

Third, I would like to summarize the President's Trade Agenda, which we released recently. We are focused on five major priorities.

First, we at USTR will support the President's National Security Strategy. That means that our trade policy will help to build a stronger America, will preserve our national sovereignty, will respond to hostile economic competitors, will recognize the importance of technology, and will seek opportunities to work with other countries that share our goals.

Second, for U.S. companies and workers to be competitive in overseas markets, we need a strong and robust economy at home. The Congress has passed and President Trump has signed a major tax reform bill. The Administration has also begun making regulatory changes that will strengthen the U.S. economy.

Third, we are negotiating trade deals that will work for Americans. As the members of this Committee know well, the President has directed us to seek significant changes to NAFTA. We have already held seven rounds of talks with our partners in Canada and Mexico, and I believe that we have made a great deal of progress. I have urged our trading partners to recognize that time is short if we are to complete a deal in time for consideration by this Congress. We have also reached out to South Korea to discuss potential improvements in our free trade agreement with that country.

Now that we have a full team of deputies, we intend to aggressively pursue other potential free trade agreements. We have a trade working group in place with the United Kingdom to lay the groundwork for when they are eligible to enter into a free trade agreement following their formal exit from the European Union. We have told Japan of our desire to

negotiate a free trade agreement with them. We will work closely with the Committee to decide upon opportunities for potential FTA's in Africa and Southeast Asia. Given this agenda, the President will soon ask the Congress for an extension of Trade Promotion Authority until 2021. We look forward to working with you on these new deals.

Fourth, we are enforcing and defending U.S. trade laws. During the Presidential campaign of 2016, President Trump said that he would use all available tools to defend our national interest and our national security – including Sections 201 and 301 of the Trade Act of 1974, and Section 232 of the Trade Expansion Act of 1962. Those promises are being fulfilled – and our trading partners are on notice that the President will act when necessary to defend our national security or to address unfair trading practices that threaten U.S. jobs. We are also aggressively defending the trade laws created by Congress – including our important antidumping and countervailing duty laws – in litigation at the World Trade Organization.

Finally, we seek to reform the multilateral trading system. For too long, the WTO has failed to promote trade liberalization. Too many members remain committed to an outdated Doha Round Agenda that is incapable of addressing modern issues like digital trade. Too many WTO members think that they can get their way through litigation, rather than negotiation. Perhaps most worryingly of all, the WTO has proven to be wholly inadequate to deal with China's version of a state-dominated economy that rejects market principles.

In short, USTR – under the direction of President Trump – is seeking to build a better, fairer system of global markets that will lead to higher living standards for all Americans. I am excited about our efforts, and am happy to take your questions.