

Crapo Statement at Hearing on U.S. Trade Agenda
March 31

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 President's 2022 Trade Policy Agenda."

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

"Thank you, Mr. Chairman. Welcome Ambassador Tai.

"On your drive here, Ambassador Tai, you passed an inscription engraved on the National Archives: 'past is prologue.' An enduring piece of past wisdom is President Reagan's 1982 address to the nation on international free trade, which was founded on his personal commitment to free market principles, both at home and abroad.

"He explained that as Americans, we must, '[I]nsist on sound domestic policies at home that bring down inflation...' Provide opportunity for 'free world countries [to] go forward and sustain the drive toward more open markets,' such as the meeting he organized in Geneva that eventually led to the creation of the World Trade Organization (WTO). And—most importantly—negotiate. Particularly for free trade agreements, like the United States' first two free trade agreements, with Israel and Canada, that were led by Reagan's administration.

"President Reagan's policies helped to break inflation and to restore American leadership on trade. But, it seems President Biden's trade policy takes the opposite stance. At a time when inflation has soared to 7.9 percent, President Biden says he will not pursue trade agreements until his domestic agenda is complete.

"If ever enacted, this reckless spending agenda would not only make inflation worse, it would undercut U.S. leadership on trade by promoting a China-styled industrial policy.

"Proposed electric vehicle provisions, for example, will discriminate against 48 of the 50 models available for sale in the United States. It is no wonder why 25 foreign ambassadors told Congress these provisions breached our international trade obligations.

"I am disappointed that the Administration continues to pursue this agenda, instead of focusing efforts on negotiations for new trade agreements. This is a shame because the Biden Administration knows better. Its 2022 Trade Agenda opens on the very point—and, I quote—the 'Biden Administration recognizes that trade can—and should—be a force for good.'

"Absolutely. My home state of Idaho is proof positive of that proposition. In 2019, international trade supported over 200,000 Idaho jobs—or almost 20 percent of the

state's employment. Trade liberalization also saves the average Idaho family of four more than \$10,000 per year.

"The problem here is that President Biden's recognition of trade's overall importance is not matched with an agenda that contains the requisite ambition to succeed. There is not a single free trade agreement (FTA) under consideration in this agenda. Free trade agreements open opportunities. We have seen it over and over. The past really is prologue.

"Idaho's dairy exports to Korea increased by more than 250 percent since our free trade agreement entered into force in 2012. But, in lieu of trade agreements, this Administration is proposing dialogues and frameworks, including the new Indo-Pacific Economic Framework, or IPEF. IPEF may be a positive first step to engagement in Asia. But, it is no substitute for a comprehensive trade agreement.

"The Center for Strategic and International Studies will soon release its upcoming analysis on IPEF, based on conversations with over a dozen governments in the Indo-Pacific.

"Two points from its analysis are instructive:

"First, U.S. engagement is welcome in the Indo-Pacific. One diplomat stressed, in particular, that his country wants the United States to 'lay out an affirmative economic strategy that complements its security presence in the region.'

"Second, our partners 'see the IPEF as a proposal with many U.S. asks, few U.S. offers, and a variety of credible regional alternatives to the framework that could provide more tangible benefits.'

"If the U.S. is to meet and exceed China's challenge, then the U.S. must make stronger commitments than China. Regrettably, if the Administration's negotiating ambitions are low, its consultations with Congress on the few negotiations actually taking place is even lower.

"At last year's trade agenda hearing, Ambassador Tai stated that she would brief this Committee before and after each negotiating session with respect to a waiver of the WTO TRIPS Agreement. That hasn't happened.

"USTR recently issued a press release confirming that it had reached a 'compromise outcome' on the TRIPS waiver in discussions with South Africa, India, and the European Union. USTR refuses to share the text of that 'outcome' with this Committee. While members may have different views on the merits of this waiver, every Member here should agree with me that the Administration cannot withhold documents concerning U.S. rights under a congressionally-approved trade agreement. We need to see the document, and we need to ask questions, because that is what respect for the Constitution requires.

“There are serious questions to be asked. For example, last week, South Africa and India joined with Russia and China to establish the ‘BRICS Vaccine R&D Center’ on vaccine cooperation. Congress should know whether the text permits South Africa and India to share insights on U.S. intellectual property with Russia and China.

“USTR’s transparency with the public is also poor. The American innovators who developed the vaccines provided plenty of evidence on why a waiver is unnecessary, including that 20 billion doses will be produced this year—more than enough to achieve the World Health Organization’s vaccination target.

“The Administration, however, has not shared with the public any evidence as to why a waiver will get shots into arms any faster. As disappointed as I am about negotiations and congressional consultation, I also have concerns about enforcement.

“Americans need to compete on a level playing field, and I appreciate the Administration’s prosecution of two USMCA labor disputes under the Brown-Wyden mechanism. Yet, much more can be done. With respect to USMCA, agricultural market challenges remain. Mexico continues to restrict potatoes and delay approval of biotech crops. Discriminatory practices targeting our technology companies are also increasing. Rather than launch cases, the Administration appears to be in retreat.

“For example, the trade agenda highlights that USTR reached agreements to terminate our Section 301 investigations against various countries over discriminatory digital services taxes.

“Let us be very clear about what this means—those countries are going to continue imposing discriminatory taxes on U.S. firms. They may give a credit one day, but only if Congress approves the Biden Administration’s international tax deal. The Biden Administration is blessing foreign governments which discriminate against Americans as long as Congress refuses to go along with its plan to cede taxing rights and revenue to foreign competitors.

“Let me close with where I started—past being prologue. History proves that Americans do not fear competition, but rise to it. Now is the time to seize on that history and to go further on trade, not shrink from it.

“Thank you, Mr. Chairman.”