

TESTIMONY OF AMBASSADOR KATHERINE C. TAI

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**SENATE FINANCE COMMITTEE HEARING ON THE PRESIDENT'S TRADE
AGENDA**

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Thank you Chairman Wyden, Ranking Member Crapo, and Members of the Committee for inviting me here today to testify on the President's Trade Agenda.

Our worker-centric trade policy is a key part of the Biden-Harris Administration's effort to Build Back Better.

We are making real strides towards ending the pandemic. There are pockets of progress and hope. But we still have a lot of work ahead.

I want to thank Congress for passing the American Rescue Plan, which has already helped get shots in arms and money in the pockets of millions of Americans. We're seeing the economic benefits of that quick action here in the United States. We're on track for a full economic recovery, more needs to be done.

The American Jobs Plan and the American Families Plan would combine to make the United States a healthier, safer, more prosperous, fairer, and more competitive nation. They would make bold investments that build a better foundation for decades of economic growth.

We know these extraordinary times demand extraordinary leadership and creativity to find solutions that can defeat COVID-19. The announcement last week that the United States will not let intellectual property rights get in the way of saving lives is just one part of the Administration's global effort.

We will pursue text-based negotiations at the WTO, which may take time. But I am encouraged that other countries have already announced that they will roll up their sleeves and join us.

We will also continue to ramp up our efforts – working with the private sector and all possible partners – to expand vaccine manufacturing and distribution around the world, including access to the raw materials needed to produce those vaccines. This comprehensive effort will not only save lives, but also help heal the economy.

And as we re-engage the world, our trading partners, and international institutions from a position of strength, support from Congress gives us more authority and opportunity to deliver results for the American people.

We want a fair international trading system that promotes inclusive growth and reflects America's universal values. Trade policy must respect the dignity of work and value Americans as workers and wage-earners.

For too long, we have overlooked the effect of our trade policies on individual workers, who are human beings, living in a community trying to survive and thrive. The worker-centered trade policy outlined in the President's Trade Agenda builds on progress made in the USMCA. Our

goal is to foster broad-based, equitable growth, increase innovation, and give workers a seat at the table.

The Transparency Principles I announced last week reflect the Administration's commitment to comprehensive public involvement in developing trade policy. The Principles, along with the appointment of our Chief Transparency Officer are just the starting point.

For the first time, the President's trade agenda included the goal of racial equity. Our thoughtful, sustained engagement with new – and all too frequently silenced – voices will give the Biden-Harris Administration a better understanding of how our proposed policies affect all communities. And we will consider those effects on people of color, minority owned businesses and aspirational entrepreneurs before making policy decisions.

Trade policy must also help protect the environment and fight climate change. For too long, we've seen a race to the bottom that suppressed environmental protection to attract investment.

We can use trade tools to incentivize a race to the top, and build a cleaner and brighter future, with new market opportunities and high-paying, quality jobs. And by encouraging fresh, collaborative thinking, we can forge consensus among diverse groups and find solutions that we never knew existed.

Our farmers, ranchers, fishers and food processors will benefit from our new approach and they are essential to meeting our climate and sustainability goals. We are turning the page on erratic trade policies. USTR's goal is to pursue smarter policies that expand global market opportunities while enforcing global trade standards and ensuring that trading partners live up to their commitments.

Sustained, American leadership and re-engagement with our allies, trading partners and economic competitors will be key. The Leaders' Climate Summit in April showed that we can rally the world to tackle big challenges. In the early meetings with my counterparts, I have stressed that the United States will be a constructive partner and we welcome the frank and open dialogue.

We will work with the World Trade Organization's new Director-General Dr. Ngozi Okonjo-Iweala and like-minded countries to reform the WTO's rules and procedures so it can be a relevant force for good in the 21st century global economy.

We are also working with the European Union and the United Kingdom to resolve the ongoing Boeing-Airbus dispute and are having constructive discussions to address the real problem of overcapacity in the steel and aluminum sectors coming primarily from China. These talks will take time, but I believe a resolution is possible and worth pursuing.

Those two issues underscore the importance of our ongoing comprehensive efforts to address trade frictions with our allies and strategic partners so that we can turn to focusing on the challenges facing us today and tomorrow.

We will not hesitate to call out China's coercive and unfair trade practices that harm American workers, undermine the multilateral system, or violate basic human rights. We are working towards a strong, strategic approach to our trade and economic relationship with China.

We welcome the competition. But the competition must be fair, and if China cannot or will not adapt to international rules and norms, we must be bold and creative in taking steps to level the playing field and enhance our own capabilities and partnerships. I've been encouraged that our trading partners also recognize this challenge and they are willing to find a common approach to our shared concerns. Our security will depend on diversifying and securing the supply lines for the products. Improving our trade relations with trusted Allies and partners will not only improve our prosperity but our national security.

Closer to home, we are using every tool available to make sure our existing agreements work and have a positive impact on real people. The United States-Mexico-Canada Agreement gives me confidence that this approach is worthwhile.

We must invest and commit to the agreement's full and successful implementation. USMCA is a starting point for future efforts in the region that explicitly acknowledges climate change, aggressively addresses global forced labor issues, and expands the benefits of trade to women and historically underserved communities.

I will enforce the new standards, follow through on our commitments, and use the agreement to ensure that Canada and Mexico do too.

The updated agreement now includes the most comprehensive, enforceable labor and environmental standards of any U.S. trade agreement – and, I would argue, any trade agreement. And this week, you've seen that we're committed to using the tools.

The innovative rapid response mechanism will allow us to address long-standing labor issues in Mexico. Today I am proud to announce the inaugural use of this mechanism in our request that Mexico review whether workers at a General Motors facility in Silao, located in the State of Guanajuato, are being denied the right of free association and collective bargaining.

I commend the Government of Mexico for stepping in when it became aware of voting irregularities earlier this year. I am proud to partner on this shared goal of helping both Mexican and American workers prevent a race to the bottom. This use of the rapid response mechanism demonstrates that we will act when workers in certain facilities are denied their rights under laws necessary to fulfill Mexico's labor obligations.

As you can see, we have our work cut out for us. But I'm confident that we can walk, chew gum, and play chess at the same time. The professional and dedicated public servants at USTR are working hard to implement the President's trade agenda. And I am proud to carry the strength and creativity of our small, but mighty agency into the room today.

Thank you for your time and I look forward to your questions.