

WRITTEN TESTIMONY OF AMBASSADOR ROBERT E. LIGHTHIZER  
SENATE COMMITTEE ON FINANCE  
THE PRESIDENT'S TRADE POLICY AGENDA AND FISCAL YEAR 2018  
BUDGET  
WEDNESDAY, JUNE 21, 2017

Chairman Hatch, Ranking Member Wyden, and other Members of the Senate Committee on Finance, it is an honor to appear before you today as the United States Trade Representative. Under President Trump and his administration, I am here to tell you that trade is certainly a top priority, and it is my intent to work with this Committee to achieve true progress for all Americans. During my first few weeks on the job, the President has instructed me to negotiate trade deals that put American workers, farmers and ranchers, families, and businesses first, and to complement those negotiations with a vigorous enforcement agenda.

I am pleased to report to you today, that since January 20, USTR has been hard at work. The agency submitted a new budget request to Congress and has started implementing President Trump's agenda on trade. Thirty-five days ago, I notified Congress of the Administration's intent to renegotiate the North American Free Trade Agreement (NAFTA), a principal priority of the President.

In addition, my USTR team and I traveled to Vietnam to participate in the Asia-

Pacific Economic Cooperation (APEC) Ministers Responsible for Trade meeting, and led the U.S. delegation for the Organization for Economic Co-operation and Development (OECD) ministerial meeting in Paris. These overseas engagements allowed me to press our trading allies on a bilateral basis to open markets for American exports and to reiterate the President's message that America and our workers insist on a fair shake.

It has been a very productive first month, and all of us at USTR intend to continue working at this productive pace in order to level the playing field for American workers, ranchers, farmers, and businesses.

Before discussing our activities and agenda in detail, it is important to note that the President has requested increased funding for USTR to enhance the agency's mission. USTR's FY 2018 request calls for \$57,600,000, a roughly 6% increase over the FY 2016 level. These additional resources would be used to implement the Interagency Center on Trade Implementation, Monitoring, and Enforcement, and would allow USTR to hire eight additional staff to support the mission of that office.

As is typical for our agency, the overwhelming majority of our resources are used for personnel and travel in support of the core mission of the agency; for the FY

2018 request, payroll is expected to account for 76% of the budget and travel for 11%.

These resources are vital to fulfill USTR's mission. They will enable the agency to meet our statutory obligations, including the obligations to (1) enforce trade agreements, including detecting violations and taking swift action to enforce U.S. rights, (2) vigorously and successfully defend the ability of the United States to exercise its rights to ensure fair trade in the U.S. market, and (3) take action under U.S. law to advance U.S. economic interests. To advocate for and defend U.S. economic interests in these ways, among others, USTR is preparing to take significant action far beyond that taken by previous administrations, including, for example, self-initiated litigation in defense of U.S. workers, farmers, ranchers, and businesses. And as we speak, USTR is reviewing the effectiveness of our trade agreements, preparing to provide its assessment to the President in October of this year.

First and foremost among our activities, on May 18, in accordance with the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (TPA), I notified Congress that the President will conduct negotiations with Canada and Mexico with respect to the NAFTA. As required by TPA, the Congressional

notification is followed by a 90-day period of consultations with the public and Congress, and provides Congress the opportunity to review and comment on the negotiations. That means that the NAFTA negotiating rounds can begin as soon as August 17, and that is our intention.

In the meantime, USTR is talking to stakeholders, your staff, and the public to help us develop our policy outcomes for the negotiations. USTR is reviewing the more than 12,400 comments received from everyday Americans during the open-comment process. The public had such a strong interest in our work on NAFTA that the website crashed, so we extended the comment period to ensure that everyone had an opportunity to provide input. My staff is now busy reviewing and analyzing those comments, in order to help formulate our positions on how to improve the NAFTA. In addition, USTR will hold several days of public hearings beginning on June 27. Again, we expect great interest and look forward to hearing the testimony of a wide range of stakeholders.

Of course, during the 90-day period, we will also be working closely with the Congress to develop and refine our negotiating objectives, consistent with TPA. To that end, we have already had numerous meetings with Congressional offices, members, and aides to hear your ideas. And, in the interest of a transparent

process, and as required by TPA, we will be publishing a detailed summary of the negotiating objectives at least 30 days before the negotiations begin.

USTR also is working to advance each point of President Trump's trade policy agenda, which includes promoting U.S. sovereignty, enforcing U.S. trade laws, leveraging American economic strength, protecting U.S. intellectual property rights, and reducing America's persistent trade deficit. We are doing this on a number of fronts.

For example, we are fully engaged in working with our trading partners in Asia to increase market access and dismantle trade barriers. My staff and I have had productive visits with officials from Vietnam, Indonesia, India, and other countries and have been successful in resolving some outstanding trade issues to improve market access for both goods and services in these countries.

Specifically, during my bilateral meetings so far, I have raised several issues about which members on this Committee are concerned, including Internet advertising, e-payment services, the export of agricultural goods, and others. My team and I have made progress with respect to many of these issues, but I intend to continue pressing them to ensure that markets remain open.

The economic dialogues with China and Japan are also proceeding, and USTR staff has contributed to those market-opening efforts as well. Through the pursuit of these reforms, and securing more access for American exporters, I hope to see Asian markets provide strong demand for our exporters.

We are also involved in other areas of the world. I was in Paris last week at OECD meetings where I had the opportunity to meet with European Commissioner for Trade, Commissioner Malmstrom. We discussed areas of common concern and a way forward on a U.S.-EU economic dialogue. We are currently in the process, with our EU counterparts, of establishing the scope of that engagement, which includes both bilateral and global issues. We know that there are areas where we can ally ourselves with our European trading partners to address issues such as non-economic capacity and non-market economy status for certain countries.

However, the President's agenda is not limited to new negotiations, as the President takes seriously the need for the United States to enforce laws already on the books. The Office of General Counsel, in accordance with the President's recent directives in Executive Order 13796, is in the process of examining our trade relationships and identifying issues that can be addressed through

enforcement of U.S. trade laws. We believe that too little has been done in this area in recent years, and we are actively assessing ways to get tough on countries who do not respect our economic system. We have also been active in identifying countries that have serious problems with protection of intellectual property, and we are reviewing and amending our action plans to ensure that we can identify violations and take appropriate enforcement actions. We have also initiated out-of-cycle reviews or investigations of countries that receive trade preferences under programs such as the Generalized System of Preferences and the African Growth and Opportunity Act.

USTR is also working hard, defending the interests of the United States through multilateral engagement at the World Trade Organization (WTO). For many years, the team at USTR has been engaged in the WTO dispute process regarding European Union subsidies for Airbus and EU claims of American subsidies for Boeing. On June 9, a WTO Compliance Panel rejected 28 of 29 claims made by the European Union. Make no mistake; this was a big victory for the United States. I look forward to continuing the trend of defending American businesses against unfair claims from foreign nations. Further, we will not hesitate to file claims against nations that do not follow the rules.

During my first month in office, I have had several promising discussions with the Director General of the WTO, Roberto Azevedo, in order to express our priority to improve the functioning of the WTO. In Paris, I had the opportunity to participate in candid discussions among parties many of which showed the significant differences among members. I have begun to articulate my desires to seek reforms to the WTO dispute settlement system, and have made that clear to our partners. This is now a topic of serious discussion at the WTO. We expect to see meaningful changes in order to maintain the relevance of the system. Looking ahead to December, we are pursuing successful ministerial in Buenos Aires this December that reinvigorates the WTO. We do not advocate a meeting that seeks major deliverables or significant negotiated outcomes.

Finally, we at USTR are committed to enhancing U.S. food and agricultural exports globally. Secretary Perdue and I will be working closely together to ensure that we are effective in achieving this goal. Thus far, USTR has made progress with respect to China, Argentina, and Vietnam, in addition to the ongoing work that USDA and USTR staff undertake every day to promote U.S. agriculture. We raised our concerns with Canadian officials and at the WTO on Canada's dairy pricing policy, and I engaged Vietnam to address concerns affecting U.S. exports of offal and use of certain veterinary drugs in beef and



pork. I am moving forward with dispute resolution on China's trade-distorting farm support for corn, wheat and rice with a panel formed and dispute proceedings ongoing.

Again, it has been a very productive first month, and we hope to keep the momentum in realizing the President's trade agenda as we move further into the year. I look forward to working closely with Congress and in particular the Senate Committee on Finance to work on the President's Trade Agenda to Make America Great Again.