

Crapo Statement at USCMA Hearing
July 27, 2021

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, “Implementation and Enforcement of the United States – Mexico – Canada Agreement: One Year After Entry into Force.”

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

“Thank you Mr. Chairman. Returning to our work as Mike would have wanted, I appreciate our witnesses taking the time to discuss issues critically important to the work of our Committee.

“Welcome to Allan Huttema, Chairman of the Northwest Dairy Association and Darigold Board of Directors, who is joining us from Parma, Idaho. Thank you for taking the time to discuss how these issues are important to our state.

“Today’s hearing marks the one year anniversary of the United States-Mexico-Canada Agreement, or USMCA, coming into force.

“Mexico and Canada are two of our most important trading partners. We cannot take these relationships for granted.

“To take one example, the United States exported \$1.4 billion and \$731 million worth of dairy products to Mexico and Canada, respectively, in 2018.

“But just a generation ago, nearly all of the dairy products produced in the United States stayed in the United States.

“Today, the Idaho dairy industry—which represents 6 percent of the state’s GDP—produces more than 15 times the production necessary for the state’s needs. Opening markets has fed our neighbors and created jobs at home.

“However, our dairy industry faces a number of new barriers, including attempts by trading partners to prevent our farmers from using common cheese names by claiming they are geographic indications.

“The potato industry has also faced its share of challenges, with the Mexican Supreme Court only recently ruling that potato growers can sell fresh potatoes into all of Mexico, consistent with its obligations under the USMCA.

“However, I will not consider the matter finished until Idaho’s farmers are able to sell high-quality potatoes to every family in Mexico.

“Likewise, when the North American Free Trade Agreement, or NAFTA, was negotiated, we did not fully appreciate the potential of digital trade, which now contributes over \$2 trillion to annual GDP.

“That is why I support a number of USMCA innovations to help us meet the challenges of the 21st century economy and drive economic prosperity in North America.

“These include Canada allocating new tariff rate quotas for dairy products; Mexico agreeing to protect 33 common cheese names; a cutting edge digital trade chapter; and better protection for copyright.

“This Committee had a role in developing them, and it is appropriate to examine whether these innovations are delivering.

“That cannot be said for last-minute changes added through a USMCA Protocol of Amendment at the behest of the House Democrat Working Group.

“This Committee had no opportunity to vet those changes, or even see the text of those changes before they were finalized.

“I am concerned that some of our Democrat House colleagues now want to push their changes—that allegedly strengthen labor and environment standards, but most certainly weaken our intellectual property rights—into new agreements before we even have a complete understanding of their full implications. I will not accept that.

“That is why this hearing is so important. If we are going to unlock the promise of USMCA, and also understand its shortcomings, we need to press for effective implementation and enforcement.

“To date, the Administration’s efforts on that front are fairly disappointing. I will highlight three examples.

“First, USMCA contains commitments that should facilitate cooperation on agricultural biotechnology, including decisions regarding the approval of such technology be based on science.

“This technology not only increases farmers’ yields, but allows them to grow crops more sustainably, including by using less pesticide and reduced tillage.

“Unfortunately, Mexico has refused to approve any biotechnology food or feed products since May 2018.

“Despite the clear economic and environmental benefits, the Administration has yet to take any enforcement action on this important issue.

“Second, Mexico is proceeding with new discriminatory actions, such as measures favoring its state-owned electricity and petroleum companies.

“Mexico previously prioritized dispatch on its electrical grid on the basis of cost, which allowed private producers, including wind and solar energy providers, to compete. Instead, Mexico intends to give preference to its state-owned electricity company.

“The Administration needs to be engaged now before barriers like this are fully in place.

“Finally, where the Administration is taking enforcement actions, it fails to do so transparently, or in appropriate consultation with Congress.

“I am referring to the use of the USMCA Rapid Response Labor Mechanism. As I noted at our hearing on the President’s Trade Agenda, I am committed to ensuring our workers can compete on a level playing field.

“That effort requires transparency. Otherwise, how would Congress, the affected parties, and civil society know if the mechanism is being used appropriately and effectively?

“Accordingly, USTR must explain what potential actions in its view may or may not constitute a denial of rights. USTR has failed to do so with respect to its recent use of the mechanism with respect to Tridonex’s facility in Mexico.

“This hearing is a good opportunity for the Committee to examine whether USMCA’s commitments are delivering on their promise.

“This discussion will also help in developing a future trade agenda. I look forward to hearing what our knowledgeable witnesses have to say to help us in this effort.

“Mr. Chairman, thank you again for organizing this hearing, and thank you again to our witnesses for appearing today.”

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