



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Senator Chuck Grassley  
U.S. Senate Finance Committee Hearing on  
the Administration's Trade Agenda  
Wednesday, March 5, 2003

I'd like to welcome everyone to this morning's hearing on the Bush Administration's trade agenda. I also hope, subject to a quorum, that we'll be able to report favorably the Administration's nominees to the International Trade Commission. This year marks a new era in U.S. trade policy. It wasn't that long ago that our trade agenda was stalled, bogged down by our inability to pass trade promotion authority. While we sat on the sidelines, other nations moved ahead, leaving U.S. farmers and workers at a disadvantage in the international marketplace. Passage of the Trade Act of 2002 changed all that. Now we're back in the game.

It's clear that the Bush Administration is using trade promotion authority aggressively. Since it was signed into law last August, Administration officials completed two long-standing trade negotiations with Chile and Singapore. They have also initiated negotiations with Morocco, Australia, the South African Customs Union, and five nations of Central America. This is in addition to ongoing negotiations to complete a Free Trade Area of the Americas and negotiations under the auspices of the World Trade Organization. In short, this Administration is now engaged in more international trade talks than any other in the entire history of our nation. I applaud these efforts.

There's one area, however, where the Administration has not been very aggressive. And that's using WTO dispute settlement on behalf of American agriculture. Here, I'm profoundly disappointed. I simply can't understand the Administration's decision to delay bringing a WTO case against the European Union's biotech policies. This decision directly impacts American agriculture. It's estimated we lose \$300 million in agricultural sales each year because of EU policies. Every day that we delay, the market value of our biotech products diminishes, as new products enter the marketplace to compete with existing biotech products. Let me be clear – once a biotech product's economic growth cycle is gone, it's gone for good.

EU policies also create a chilling effect on the approval and sale of biotech products around the world, especially in developing countries that fear that if they start using biotech crops, they'll lose the ability to sell in the European market. The status quo is totally unacceptable. This Administration must do something, and do it soon. I hope the Administration will do the right thing and bring a case in the WTO to stop the EU's unjustified policies.

I'd also like to see the Administration take a more aggressive stance toward China's

implementation of its WTO commitments. Here, China's commitment to the WTO rules has, in many ways, been woefully inadequate, especially the way it allocates its agricultural tariff-rate quotas. I'm also concerned about China's biotechnology regulations and its potential impact on U.S. soybean exports, as well as a host of other problems. Ambassador Zoellick, I appreciate your raising these issues during your recent visit to China. But I hope you'll do more to ensure that China lives by its commitments, including bringing a WTO case if necessary.

I also understand from your written testimony that the Bush Administration is very interested in graduating Russia from Jackson-Vanik under the Trade Act of 1974. I support the Administration in this goal. However, there are a number of concerns I have with Russia that go beyond this issue. These concerns aren't so much directed at you as they are at the Russian government. Recently, Russia placed a safeguard action on poultry products, along with tariff rate quotas on beef and pork imports. Russia's actions send the wrong signal. These measures dent my confidence in Russia's enthusiasm for fully embracing the changes necessary for WTO accession. Further, energy pricing issues, non-tariff barriers and administrative roadblocks continue to hamper our ability to put full trust in Russia's accession. While not linked to legislation graduating Russia from Jackson-Vanik, Russia's stance on these issues creates an unfavorable political dynamic in the Congress for moving legislation forward this year.

Finally, I want to make it clear that while I support the Administration's efforts to negotiate new bilateral and multilateral free trade agreements, we can't let these agreements supplant our efforts in the WTO. To me, successful completion of the Doha round is critical, not only to the growth of the American economy, but also to the world economy. At the heart of these negotiations is agriculture. Without significant movement on agriculture liberalization, I fear that global trade talks are doomed. We can't allow that to happen. Let's be clear – Europe's resistance to true agriculture liberalization threatens global trade talks. We need to see greater flexibility from the European Union on these issues, and we need to see it now.

Ambassador Zoellick, passage of trade promotion authority brings us opportunities and new challenges. I look forward to working with you to resolve these bilateral trade disputes and to make sure that U.S. international trade policy works on behalf of America's workers, farmers, and consumers.