



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

<http://finance.senate.gov>

For Immediate Release
Wednesday, March 5, 2003

Contacts: Laura Hayes, Lara Birkes
202-224-4515

Senate Finance Committee Hearing on the Administrations Trade Agenda

Thank you, Ambassador Zoellick, for appearing before the Committee. I want to start out today by reflecting on where we've been – it's an important starting point for where we should go. In the last Congress, we passed the most comprehensive trade package in fourteen years. The legislation included trade promotion authority and an expansion and improvement of the trade adjustment assistance program.

We were successful because we all worked together – Democrats and Republicans; Congress and the Administration. We worked to develop legislation that passed overwhelmingly out of this Committee and with tremendous bipartisan support on the Senate floor.

Today I want to look ahead at three areas where I think all of us – this Committee, this Congress, and this Administration – can move forward in a bipartisan way.

Setting Priorities for Trade Negotiations

Let me begin with trade promotion authority. As we begin to put TPA to use, we must do so with two important constraints in mind – One: time and Two: resources. Time is a constraint because Congress granted TPA for only three years – with a possible two-year extension.

Our other constraint is resources. We have a limited number of trade negotiators. They can only be in one place at one time. If we are negotiating with one country, we are doing it at the expense of another. So we must choose agreements carefully. With the Administration now engaged in WTO and FTAA negotiations, as well as in negotiations involving four regional and bilateral free trade agreements – now is the time to review our priorities. Now is also the time to begin the selection process for the next wave of countries.

That is why, Mr. Chairman, I would like to work with you to get a process started that will map out our goals in order to make the best use of our negotiating resources in the future.

I have heard complaints – particularly from some in the business community – that the U.S. approach to new free trade agreements lacks clear direction. Let's get these folks involved and get everyone talking constructively.

When thinking about future trade agreements, our first consideration should always be the potential economic benefits. How much do American companies, workers, and farmers stand to gain from the agreement, and how does that compare with other possibilities? Of course, it's always tough to balance foreign policy considerations – and certainly foreign policy has a role to play in trade policy. But there are other ways – outside of *free trade agreements* – where we can use trade to achieve foreign policy objectives.

As we move forward, we must always keep in mind that there are plenty of countries that will go to great lengths to have a free trade agreement with the United States. Access to our market is a prize for which many will make significant concessions. I would like to see us make the best use of the opportunity in front of us – and get the best deal we can for our workers, farmers, and businesses.

Cuba

Now – as we talk about the strained resources at USTR, and how we are all struggling to create opportunities for Americans, let me address one opportunity that requires no negotiations at all – that is, trade with Cuba.

Here is a nation of people just 90 miles off our southern shore, possessing a market that is admittedly small – but that teems with potential, and that is ready to do business.

Here is a market offering investment and development opportunities that could be explored, not through years of tense negotiations, but with the mere stroke of a pen. With the mere stroke of a pen, the futile, failed policy of the embargo could be ended and a new era of engagement could begin.

I have heard the counter-arguments on this issue. Opponents contend that increased trade would do little to help the Cuban people but would only, instead, help to prop up the Castro regime. They argue that it would be immoral to engage in trade with a regime that denies its people even the most basic of human and democratic freedoms. But this argument calls into question the fundamental role of American engagement.

For the past two years, Ambassador Zoellick, you and President Bush have preached about the important role that open trade plays in encouraging democratic reform. Rightly, I might add.

For example, you and others have noted that NAFTA was a fundamental component to the political transformation of Mexico. During the debate to increase trade with China, proponents repeatedly pointed out that the best way to encourage democratic and human rights reform in China was through engagement and open trade.

Since September 11, the Administration has emphasized time and again that our nation's foreign policy must address one of the root causes of political instability in the least developed countries – poverty and the hopelessness that comes from isolation.

In fact, in his speech at the signing of last year's Trade Act, the president said simply, "Trade is an enemy of poverty, and a friend of liberty." I agree. And if it's true for Mexico, if it's true for China, and if it's true for developing countries all around the world, why isn't it also true for Cuba?

Mr. Ambassador, you speak constantly and persuasively about the importance of openness. Another word for openness is engagement. I believe it is time to engage Cuba.

Last month, I introduced legislation to end the embargo and to allow Americans to travel to Cuba. I hope this Committee will hold a hearing to examine our policy on Cuba – and I hope that we can all take a serious look at ending forty years of failed policy.

Trade and the Middle East

Our policy of engagement and increased opportunity should also be expanded to a region largely neglected by the global trading system, the Middle East.

Last week, the President talked about his vision for political and economic freedom in a post-war Iraq. This speech was important, but it seems to me that it had one obvious flaw: the President did not address the importance of securing economic freedom in the surrounding region.

I believe our goals must be comprehensive - we must help encourage economic stability throughout the entire Middle East and the Muslim world. Trade is an important part of the solution.

Now – do I think we should be negotiating free trade agreements with every country in the Middle East? No, of course not. Many countries are not ready. USTR doesn't have the resources. And as I said before, we can't reduce trade policy to simply one more tool that we use to effect foreign policy. We did that during the Cold War – and we saw U.S. competitiveness pay the price.

So what can we do? First, I think we should look at a preference program – much like the ones we have passed for the Caribbean, African, and Andean nations. We will of course want to carefully evaluate which countries and products are covered. And like

other preference programs, there should be conditions. Clearly, countries must be cooperating with us on the war against terrorism. And countries should also be moving toward economic reform – for example, progress toward WTO membership, appropriate anti-corruption measures, and adequate transparency. At the same time, the United States should be working with the international community and with the region to *encourage* membership in the WTO.

Of course, this will require some hard work on the part of those countries that want to join. But the United States should do everything we can to help those countries that want more economic stability – it is in our interest, just as much as it is in theirs.

Conclusion

Mr. Chairman, Ambassador Zoellick – working together we accomplished a lot last year, and I thank you both for all your hard work. But there is more to be done. I look forward to working with both of you, and this Committee, as we keep moving forward on an aggressive trade agenda.