



U.S. SENATE COMMITTEE ON

Finance

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Statement for the Record of Sen. Chuck Grassley
U.S. Senate Finance Committee Subcommittee on International Trade Hearing on
the Status of the Free Trade Area of the Americas:
Negotiations and Preparations for the Miami Ministerial
Tuesday, May 13, 2003

I would like to welcome our witnesses to today's subcommittee hearing on the status of negotiations for the Free Trade Area of the Americas and preparations for the Miami ministerial. I would especially like to welcome Craig Hill, vice president of the Iowa Farm Bureau. Craig traveled from Iowa to be with us. We appreciate his dedication and willingness to be here today. I also want to thank subcommittee Chairman Thomas for agreeing to hold this hearing. It requires a significant amount of time for him to be here, and I greatly appreciate his strong support of the Finance Committee's agenda. I think today's hearing is particularly timely. In just six months the United States will host the next FTAA ministerial in Miami. A lot of time and preparation is required to make sure it is done right. Many people attribute the failure of the WTO ministerial in Seattle to lack of adequate preparation by the U.S. government. We cannot repeat the mistakes of the past. The Congress and the Administration need to focus early on potential problems, and work in tandem to resolve them, so that this FTAA ministerial is a success.

We are also just a year and a half away from January 1, 2005, when the FTAA negotiations are supposed to conclude. Although progress has been made, negotiations are at a critical juncture. Brazil and the United States now co-chair the negotiations, a novel and untested arrangement. We shouldn't underestimate the challenges inherent in forging a free trade agreement that includes 34 nations and covers nearly 800 million people producing more than \$11 trillion in goods and services. How well we succeed could have a big impact on the U.S. economy. Nearly 36 percent of all U.S. exports in goods and services are purchased by countries in our hemisphere. In my state of Iowa, about one-third of all the goods sold in international commerce are shipped to the FTAA region. If we want to succeed in our push for the elimination of tariffs and for the opening of markets, we need to do all we can to be prepared for the tough task ahead.

Unfortunately, a recent GAO report exposed some serious shortcomings in both our preparations for the Miami ministerial and the current state of FTAA negotiations. The GAO noted that negotiations within the FTAA could be hampered by failure to reach consensus on agricultural liberalization within the WTO. On this point I am extremely disappointed. The intransigence of the European Union and Japan on agricultural liberalization in the WTO is becoming a drag on the prospects for future worldwide economic growth. From the poorest African nations to the pampas of Argentina, the European Union's misguided agricultural policies are infecting the prospects for advancing international trade, thereby thwarting the ambition and livelihood of millions of farmers around the world. I sincerely hope the EU appreciates how harmful its lack of worldwide leadership is, and makes real efforts at agricultural reform this summer.

The GAO report also showed that FTAA participants need to seek a high level of ambition in their market access offers to give FTAA negotiations a boost. Finally, some concerns are raised about the ability of the United States and Brazil to successfully co-chair the negotiations and guide them to a successful conclusion. On preparations for the Miami ministerial, a number of concerns are raised by the GAO report. First, there is some question about the ability of the USTR to both chair and host the negotiations without additional staff. There is also concern that adequate resources and expertise in hosting a ministerial may be lacking. If so, we must intensify our efforts and provide the resources necessary to make the upcoming Miami ministerial, and the FTAA negotiations themselves, a resounding success. Again, I thank our witnesses and look forward to today's testimony.

