



Committee On Finance

Max Baucus, Ranking Member

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Opening Statement of U.S. Senator Max Baucus United States Senate Finance Committee Hearing on the Nomination of Robert Portman To Be United States Trade Representative

“It’s a pleasure to welcome Congressman Portman. I trust that this will be his first of many appearances before us. Rob, congratulations on your nomination. In your years in Congress, you have developed a solid reputation as someone who works across the aisle to get things done. We need more people like you here in Washington.

I welcome the opportunity to work with you over the next few years on the many difficult trade issues that face us. Ambassador Zoellick and I had a terrific working relationship. And I know that ours will be just as productive. I also want to congratulate your wife, Jane, and your three children, Jed, Will, and Sally. They must be very proud of you. I hope they don’t blame me if your workload at USTR is worse than it was in the House.

Your nomination comes at a critical point in U.S. trade policy. As you know, last week this committee held a hearing on CAFTA. Many of us expressed serious concerns about that agreement, indicating to me that CAFTA still has a long way to go. But more broadly, the CAFTA hearing made me think long and hard about how we got to where we are. The current environment on trade seems more difficult than just a few years ago.

In 2002, when we renewed the President’s trade promotion authority after a break of eight years, I thought we were on our way to rebuilding the bipartisan and public consensus on trade – but since then we seem to have lost our way. There are probably many reasons for that, but three stand out in my mind.

First, we have to do a better job enforcing the trade agreements we already have. I believe Congress is losing its appetite for further trade deals because it is not confident the administration is holding our trading partners to their obligations.

There are reports almost daily about China’s failure to comply with the WTO’s provisions on intellectual property rights. China also maintains burdensome restrictions in the agriculture and services sectors. Key markets in Asia continue to shut out U.S. beef without good reason. And trade barriers continue to distort U.S. trade in Brazil, Japan, Russia, and the European Union.

The United States brought four times as many WTO dispute cases in the 90s than we have since 2001 – 67 versus only 12. I think that’s a reflection of a shift in priorities to negotiating rather than enforcing agreements. If the administration wants Congress to continue

passing new trade agreements, it must do a better job convincing Congress it's doing all it can to enforce the agreements we already have.

One way to do that is to create a new senior-level position at USTR responsible for enforcing trade agreements. A Chief Enforcement Officer could be confirmed by the Senate, and therefore held accountable directly to the Congress. I hope that we can work together on this important issue.

Second, we cannot expect to rebuild a trade consensus until we do more for those workers and industries whom trade leaves behind. I believe that trade is an overall positive for the United States. But we must never forget that trade causes severe dislocations. Our failure to address these dislocations is eroding support for a robust trade agenda.

In my judgment, this administration has not placed a sufficient priority on trade adjustment assistance programs. For instance, the President's budget zeroes out funding for the TAA for Firms Program, a program virtually everyone agrees has been useful and cost effective.

And our Trade Adjustment program continues to exclude service workers, even though they increasingly face the same risks of trade displacement as manufacturing workers. If we want to build political support for further trade agreements, we have to do more to ease the transition of trade-displaced workers and industries.

Finally, trade agreements are becoming less relevant to U.S. commercial interests. We have been choosing free trade agreement partners based on foreign policy and using the scarce resources at USTR to negotiate agreements without much commercial relevance to our economy.

Congress created USTR's predecessor – the Special Trade Representative – to better account for U.S. commercial interests in our trade negotiations. It's hard to muster the enthusiasm necessary to get a trade agreement through Congress when that agreement offers negligible benefits to the U.S. economy.

We need to start targeting our resources toward economies – like Korea and Taiwan – that will yield more benefits to our farmers, ranchers, and workers. That will make it much easier to appreciate the positives associated with any particular trade agreement.

Let me end my statement on a positive note. There are challenges, to be sure, but I know you're up to the task. USTR is a fantastic organization, and I have the greatest respect for your soon-to-be colleagues there. The dedication and professionalism of the staff at USTR is inspiring. You are lucky to have them. And they are lucky to have you. I look forward to working with you.”

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