

# United States Senate

WASHINGTON, DC 20510-5003

**Senator Craig Thomas, Chairman  
Subcommittee on International Trade  
Finance Committee  
“NAFTA at Year Twelve”**

**Monday, September 11, 2006**

Throughout history, trade has played an important role in the growth of society. From the opening of the Silk Road in 1000BC, to the completion of the Panama Canal in 1914, nations are continually looking for more efficient ways to move products around the globe. As transportation systems become more advanced, people and goods are able to move more rapidly. Distances, as measured in time, have become significantly shorter.

Additionally, the ability of humans to communicate was forever changed with the invention of the telephone. Today, satellite technology and the internet provide a level of communication most people only dreamed about 20 years ago. While not all flaws have been addressed, as the people in Wyoming can attest to, the system in place today is quite remarkable.

As technology has advanced and global infrastructure improved, the opportunity to engage in trade has changed dramatically. Businesses and entrepreneurs have access to nearly every corner of the world. Opportunities that didn't exist just a decade ago are suddenly a possibility.

Though the United States is the largest trading nation in the world, our potential has yet to be achieved. Industries and businesses in the U.S. continue to face trade barriers that unnecessarily restrict the flow of U.S. goods and services, and give an unfair advantage to competitors.

The U.S. soda ash industry is a perfect example of how trade barriers hurt U.S. industry. Until recently, the United States was the world's largest exporter of soda ash. Despite producing the highest quality soda ash in the world, primarily from deep underground mines located in Wyoming, trade barriers have limited the ability of the industry to compete in global markets. The United States now trails China in global exports of soda ash, which in turn has resulted in a significant loss of high paying, quality jobs in the U.S. industry. Negotiating with other countries is crucial if the U.S. is to be successful in obtaining market access and ensuring that the "playing field" is level for all participants.

While trade plays a key role in the U.S. economy, not all sectors benefit from trade. It is important that our negotiators not lose sight of the fact that some industries are more sensitive to trade than others. Special attention must be made to ensure that we are not taking one step forward and two steps back.

In 1993, President Clinton submitted to Congress the North American Free Trade Agreement (NAFTA). The legislation represented the most comprehensive trade agreement ever negotiated by the United States. While previous trade agreements focused primarily on reducing tariffs and improving market access, NAFTA created a framework to address a broad range of trade related issues. When the agreement was implemented on January 1, 1994, the world's largest trading block was established.

Much has changed in the world during the twelve years since NAFTA took effect. The European Union has expanded and rivals the NAFTA countries in both population and gross domestic product. Bilateral trade agreements have grown exponentially, and the economic awakening of China and India have forever changed the global trade landscape. Political changes around the world, while too numerous to list, have also impacted the dynamics of international trade and will continue to do so well into the future.

We are here today to receive testimony on NAFTA's impact in the intervening twelve years, and to share ideas on how to build on the agreement's strengths and avoid its weaknesses in the future. It is important to examine and learn from our experiences, and to use that knowledge to make better decisions.

We will also hear from the U.S. Customs and Border Protection regarding the agreement's affect on border services between the NAFTA countries. With a more than 150 percent increase in the trade of goods between the United States and Mexico and Canada since 1994, there is no question that the impact NAFTA has had on Customs operations over the years is significant. Finding ways to improve the current system of clearing goods entering our country is a goal we can all agree is worthwhile.

I'm pleased to welcome our outstanding witnesses to today's hearing. This is a difficult day for many people across our great country and I'm glad that you are able to join us. There is no event in recent years that has had a more profound impact on America than the September 11, 2001 attack on our nation. Today marks the 5<sup>th</sup> anniversary of that senseless attack which took the lives of nearly 3,000 innocent people, injured scores of others, and changed our nation forever. And as we go about our business today, it is important to remember those who were killed and those who continue to carry the scars of that day. Keep them in your thoughts.