



<http://finance.senate.gov>
Press_Office@finance-rep.senate.gov

Statement of Senator Chuck Grassley
The Congressional Trade Agenda
September 10, 2007

Thank you all for being here today. During the August recess, I spent some time thinking about how to jumpstart congressional movement on one of my legislative priorities, which is the trade agenda. As you know, this year began with the Democrats demanding additional provisions in our trade agreements before they would agree to implement them. After lengthy negotiations, the Administration agreed to a compromise that the House Democratic leadership announced with much fanfare on May 10th. Since then, our trade agreements with Peru, Colombia, Panama, and South Korea have been renegotiated to reflect this compromise. Yet, here we are, four months to the day, and the 110th Congress still hasn't implemented a single trade agreement.

I decided to invite representatives from the business and agricultural communities, as well as the Administration, to gather here today for three reasons. First, I want to make clear that implementation of our trade agreements with Peru, Colombia, and Panama, remains a top priority for me. Our agreement with South Korea is important, too, but implementation is on hold until the Korean government fully conforms its regulation of trade in beef products to internationally-recognized standards. The focus for the foreseeable future is on our trade agreements with Latin America. Second, I want to walk through the many reasons why we should implement each of these trade agreements. And third, I want to invite the Administration representatives to express the extent to which implementation of these trade agreements is a priority for the President. I'll also take this opportunity to comment briefly on the renewal of trade promotion authority and our trade adjustment assistance programs.

Whether you focus on the benefits of these agreements for our trading partners, or the benefits for the United States, the fact is, implementation will advance our mutual interests. The story is pretty much the same each time the International Trade Commission studies the effects of implementing one of our trade agreements. Our exports increase, the exports of our trading partner increase, and overall there is a net reduction in the U.S. trade deficit. For those critics in Congress of our mounting trade deficits, here's one way to make a difference — vote for implementation of these trade agreements. We have an open economy and often provide duty-free access to imports under our unilateral trade preference programs. Our trade agreements turn that one-way access into a two-way street, so our exporters have equal opportunities.

And our trading partners benefit in significant ways as well. Countries with export-led economic growth grow faster than economies with more stagnant exports. Increased access to imports often lowers prices and increases choices for consumers. A trade agreement with the United States is also an important signal that increases the confidence of foreign investors. It fosters enhanced respect for the rule of law. And it strengthens our relationship with an important ally. This is particularly important when it comes to Latin America, which is now at a crossroads.

Some governments in the region, such as in Venezuela, Bolivia, and Ecuador, are consolidating political power, expropriating industries or otherwise disregarding investor rights, and distancing themselves from the United States. In the case of Peru, Colombia, and Panama, it is quite the

opposite. These governments are demonstrating a commitment to market liberalization and to strengthening their economic and political relations with the United States.

Now it's up to Congress, and we cannot fail to act. We need to demonstrate that the United States stands by its friends. To signal otherwise by not implementing our Latin American trade agreements would be extremely detrimental to our national interests in the region. It would empower leaders like Hugo Chavez who are antagonistic to the United States. And it would disillusion the people of Peru, Colombia, and Panama, who view the United States with friendship. Instead, we must act to strengthen our friendships and support our allies. We must act to expand economic opportunities and increase prosperity. And we must act to foster increased political as well as economic stability in Latin America. The most immediate way to accomplish these objectives is to implement our pending trade agreements.

I accepted the May 10th compromise because, even with those changes, I believe it remains in our national interest to implement these trade agreements. I appreciate the fact that Chairman Baucus scheduled a committee hearing on the Peru trade agreement for tomorrow morning. I hope we can quickly follow that up with informal committee consideration of draft implementing legislation. I want to complete the implementation process during this work period so that we can turn to our agreements with Colombia and Panama before the end of the year.

Unfortunately, I suspect that there are some who are not yet persuaded of the need to conclude the implementation process this year. I will do my best to make that case. And I hope that the Administration will lend its voice in this effort as well. I'm grateful that Ambassador Schwab, Secretary Gutierrez, and Secretary Johanns have agreed to join us today, and I'll turn to them in a moment.

Let me briefly touch on the expiration of trade promotion authority and the need to renew our trade adjustment assistance programs. During the coming weeks, our trade negotiators are going to work hard to salvage the Doha Round negotiations in the World Trade Organization. I hope that they succeed in bringing back an ambitious agreement that will provide meaningful market access opportunities for our farmers, manufacturers, and service providers. But I remain skeptical that we can get a final deal without ensuring that it will be put to an up-or-down vote in the United States Congress. To do that, we need to extend trade promotion authority. Otherwise, we'll cede our international leadership on trade.

We also need to reauthorize our trade adjustment assistance programs. I'm working on legislation to do that, and I know other members are as well. We'll probably need to extend the current programs for a few months in order to give Congress a more realistic timeframe for moving new authorizing legislation. I'm committed to this effort to ensure that these programs operate properly to meet the needs of trade-impacted workers.

I'll turn now to Ambassador Schwab, who will be followed by Secretary Gutierrez and Secretary Johanns. If there is time remaining at the end, we can take some questions from the business representatives.