

1 OPEN EXECUTIVE SESSION TO CONSIDER AN ORIGINAL BILL  
2 RELATING TO EXTENSION OF THE TRADE ADJUSTMENT ASSISTANCE  
3 PROGRAM, AND AMENDING THE INTERNAL REVENUE CODE OF 1986  
4 TO EXTEND AND MODIFY THE CREDIT FOR HEALTH INSURANCE  
5 COSTS OF CERTAIN ELIGIBLE INDIVIDUALS, AND FOR OTHER  
6 PURPOSES; AN ORIGINAL BILL TO EXTEND THE AFRICAN GROWTH  
7 AND OPPORTUNITY ACT, THE GENERALIZED SYSTEM OF  
8 PREFERENCES, THE PREFERENTIAL DUTY TREATMENT PROGRAM FOR  
9 HAITI, AND FOR OTHER PURPOSES; AN ORIGINAL BILL TO  
10 REAUTHORIZE TRADE FACILITATION AND TRADE ENFORCEMENT  
11 FUNCTIONS AND ACTIVITIES, AND FOR OTHER PURPOSES; AND S.  
12 995, A BILL TO ESTABLISH CONGRESSIONAL TRADE NEGOTIATING  
13 OBJECTIVES AND ENHANCED CONSULTATION REQUIREMENTS FOR  
14 TRADE NEGOTIATIONS, TO PROVIDE FOR CONSIDERATION OF TRADE  
15 AGREEMENTS, AND FOR OTHER PURPOSES

16 WEDNESDAY, APRIL 22, 2015

17 U.S. Senate,  
18 Committee on Finance,  
19 Washington, DC.

20 The hearing was convened, pursuant to notice, at  
21 10:50 a.m., in Room 215, Dirksen Senate Office Building,  
22 Hon. Orrin G. Hatch (chairman of the committee)  
23 presiding.

24 Present: Senators Grassley, Crapo, Roberts, Enzi,  
25 Cornyn, Thune, Burr, Isakson, Portman, Toomey, Coats,

1 Heller, Scott, Wyden, Schumer, Stabenow, Cantwell,  
2 Nelson, Menendez, Carper, Cardin, Brown, Bennet, Casey,  
3 and Warner.

4 Also present: Republican Staff: Chris Campbell,  
5 Staff Director; Everett Eissenstat, Chief International  
6 Trade Counsel; Rebecca Eubank, International Trade  
7 Analyst; Jay Khosla, Chief Health Counsel and Policy  
8 Director; Mark Prater, Deputy Staff Director and Chief  
9 Tax Counsel; Kevin Rosenbaum, Detailee; and Shane Warren,  
10 International Trade Counsel. Democratic Staff: Elissa  
11 Alben, International Trade Counsel; Michael Evans,  
12 General Counsel; Anderson Heiman, International  
13 Competitiveness and Innovation Advisor; Jocelyn Moore,  
14 Deputy Staff Director; Greta Peish, International Trade  
15 Counsel; Joshua Sheinkman, Staff Director; and Jayme  
16 White, Chief Advisor for International Competitiveness  
17 and Innovation. Non-Designated Staff: Joshua LeVasseur,  
18 Chief Clerk and Historian; and Bryan Palmer, Deputy  
19 Clerk.

20 Also Present: Tom Barthold, Chief of Staff, Joint  
21 Committee on Taxation; Sandra Bell, Deputy Assistant  
22 Commissioner, Office of International Trade, Customs, and  
23 Border Patrol; Himamauli Das, Assistant General Counsel  
24 for International Affairs, U.S. Department of the  
25 Treasury; Terri Gullo, Congressional Budget Office; Paul

1 Piquado, Assistant Secretary for Enforcement and  
2 Compliance, International Trade Administration, U.S.  
3 Department of Commerce; Tim Reif, General Counsel, U.S.  
4 Trade Representative; and Norris Tyler, Administrator,  
5 Office of Trade Adjustment Assistance, U.S. Department of  
6 Labor.  
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1 OPENING STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR  
2 FROM UTAH, CHAIRMAN, COMMITTEE ON FINANCE

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4 The Chairman. The Committee will come to order.

5 The Committee is meeting today to consider four  
6 trade bills. First is an original bill relating to the  
7 Trade Adjustment Assistance Program and the health care  
8 tax credit; the second is the original bill relating to  
9 the African Growth Opportunity Act and other trade  
10 preference programs; the third is an original bill  
11 relating to customs and enforcement; and, the fourth is  
12 S.995, the bipartisan Congressional Trade Priorities and  
13 Accountability Act.

14 All of these bills have been agreed to after long  
15 and difficult negotiations between myself, our Ranking  
16 Member, Senator Wyden, and, also been agreed to by the  
17 Ways and Means Committee chairman, Chairman Ryan. And  
18 they all are supported by the Administration, which is  
19 kind of amazing when you stop and think about it.

20 The goal is to report these four measures as  
21 separate bills. Once we do that -- that is our plan.  
22 Once we do that, I plan to work to ensure that all four  
23 are eventually enacted into law.

24 As we discussed previously, I will particularly work  
25 with our Ranking Member and the Senate leadership to see

1       that TPA and TAA move on parallel tracks.

2               I will now recognize the Ranking Member, Senator  
3       Wyden, for any points he would care to make at this  
4       point.

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1 OPENING STATEMENT OF HON. RON WYDEN, A U.S. SENATOR FROM  
2 OREGON

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4 Senator Wyden. Mr. Chairman, thank you. I do have  
5 a brief opening statement, but I thought it might be  
6 helpful for you and I have to a brief colloquy with  
7 respect to the process moving forward.

8 I would like to emphasize that you have the  
9 importance of moving all of these bills and enacting all  
10 of them into law. Each one of them is important.  
11 Although I have deferred to the Chairman's judgment about  
12 the best procedural approach, it is important that all  
13 four of these bills be enacted into law.

14 In particular, TPA and TAA originated back in the  
15 1960s. It is, in effect, a compact whereby each  
16 reinforces the other, and that remains the case, in my  
17 view, today. So it is critically important that they  
18 travel on parallel tracks so that both will be enacted  
19 simultaneously.

20 I will work with the Chair and the leaders, along  
21 with House colleagues, to make sure that happens.

22 Let me give you the opportunity to respond to the  
23 colloquy, Mr. Chairman, and then I will have a brief  
24 opening statement.

25 The Chairman. Thank you. I think I will make an

1 opening statement at this time myself.

2 Today's markup is an important step in a multiyear-  
3 long effort to enhance American trade. Each of the bills  
4 before us today have been in the works for some time and  
5 each of them are the product of bipartisan compromise and  
6 cooperation.

7 I want to start by restating what I said in our  
8 hearing last week. U.S. trade with foreign countries is  
9 a good thing. That is a pretty simple statement, one  
10 that is hard to disagree with. Yet, while I do not think  
11 that many would quibble with that premise, there is a  
12 wide range of views as to how we should go about  
13 facilitating trade.

14 I expect many of those views will be expressed  
15 today. Indeed, I think we will have a spirited debate on  
16 these issues and I am personally looking forward to it.

17 My personal view is that we need to be doing all we  
18 can to tear down barriers to American exports while, at  
19 the same time, creating enforceable rules for our trading  
20 partners so we can assure that American workers and job  
21 creators are competing on a fair and level playing field.

22 That is the goal of all of the bills on today's  
23 agenda and I would like to take just a few minutes to  
24 talk about each of them.

25 The first bill we will consider today is a bill to

1 renew trade adjustment assistance, or TAA. This  
2 legislation represents a compromise between Senator Wyden  
3 and House Ways and Means Committee Chairman Paul Ryan.

4 Now, I am not a fan of TAA, but I recognize its  
5 importance to members of this Committee on both sides of  
6 the aisle and while I plan to vote against this  
7 legislation, I am glad we have the opportunity to debate  
8 the program on its merits, and I suspect that it will go  
9 through.

10 Next, we will consider a bill that will reauthorize  
11 and improve three of our trade preference programs -- the  
12 generalized system of preferences, or GSP; the African  
13 Growth and Opportunity Act, or AGOA; and, tariff  
14 preferences for Haiti.

15 These preference programs are very important tools  
16 to build our trading relationship with the beneficiary  
17 countries by encouraging development, diversifying their  
18 economies, and creating jobs. At the same time, U.S.  
19 manufacturers benefit and rely on the tariff reductions  
20 provided under the programs.

21 I would like to thank Senator Isakson, who has been  
22 a leader for years on the African Growth and Opportunity  
23 Act. We are very grateful to his work on this and we are  
24 going to report legislation to renew AGOA today, thanks,  
25 in large, to Senator Isakson's input and assistance.

1           The preference bill represents an agreement reached  
2 by Senator Wyden, Chairman Ryan, Representative Sander  
3 Levin, and myself. After considering both TAA and the  
4 preference bill, we will move to legislation designed to  
5 strengthen enforcement and improve the trade facilitation  
6 work of the Customs and Border Protection Agency.

7           The Trade Facilitation and Trade Enforcement Act of  
8 2015 puts in place the right tools to keep out pirated  
9 and counterfeit products that threaten American  
10 innovation and the health and safety of the American  
11 people.

12           The bill also helps bolster American exports by  
13 ensuring other countries comply with U.S. trade laws and  
14 protect intellectual property rights.

15           This is another bipartisan bill that will help  
16 advance America's trade agenda and create better jobs and  
17 a stronger economy at home.

18           Finally, after we have debated and voted these three  
19 bills, we will move to the consideration of the  
20 bipartisan Congressional Trade Priorities and  
21 Accountability Act, a bill to renew trade promotion  
22 authority.

23           Now, this legislation represents a bipartisan,  
24 bicameral effort to empower our trade negotiators and  
25 assert Congress' role in crafting U.S. trade policy. It

1 was introduced by Senator Wyden and myself here in the  
2 Senate and by Chairman Ryan in the House. This is truly  
3 a historic bill containing clearest articulation of trade  
4 priorities in our Nation's history. It includes almost  
5 150 ambitious, high standard negotiating objectives that  
6 will direct our trade negotiators to break down barriers  
7 that American exporters face in the 21st century economy.

8 The bill also contains unprecedented consultation  
9 requirements that will enhance Congress' role throughout  
10 the trade negotiating process.

11 I would like to commend Senator Crapo for his  
12 leadership, bringing greater attention to the problem of  
13 insufficient public and congressional access to trade  
14 negotiations.

15 One of the important changes to the new bill will  
16 ensure the public greater access to agreements well  
17 before they are signed. This provision should help us  
18 restore public confidence in the process and Senator  
19 Crapo has been influential in helping us get there.

20 Like prior TPA bills, the procedures in our bill  
21 guarantee that all trade agreements will get an up or  
22 down vote in Congress. At the same time, we have  
23 included new tools to hold the Administration  
24 accountable, whatever administration it may be, including  
25 a procedure that Congress can employ if our trade

1 negotiators fail to consult or make progress toward  
2 meeting the negotiating objectives.

3 This is a good bill, one that I think members of  
4 both parties can support. At the end of the day, I think  
5 we will see a strong bipartisan vote in favor of our TPA  
6 legislation.

7 I will have more to say on TPA and on all the bills  
8 today's agenda as the meeting wears on. For now, I just  
9 want to once again thank my colleagues for their help on  
10 these issues, in particular, Senator Wyden. I would like  
11 to thank Senator Wyden for working with me on all of  
12 these bills. It has taken us a while to get here, but I  
13 think it has been worth all the time and effort.

14 I would also like to thank Senator Portman for all  
15 of his assistance on all of these trade issues. He is an  
16 expert on trade and his advice and counsel have been  
17 vital to our efforts. He has been a trade ambassador in  
18 the past and we have relied rather heavily on him. I  
19 specifically note that his leadership on TAA and HCTC has  
20 been extremely helpful.

21 In addition, Senator Toomey has been most helpful  
22 when it comes to enforcement issues. The bills before us  
23 today include the strongest language yet on enforcement  
24 and much of that has been due to Senator Toomey's work.

25 Senator Thune has been a leader on issues related to

1 digital trade. We have been able to incorporate a lot of  
2 his ideas. I would like to thank him for his help in  
3 this and other areas.

4 And, of course, my old buddy, Senator Grassley, has  
5 provided invaluable advice on agricultural issues. So  
6 thanks, Chuck, for your help.

7 With that, I just want to say that this is a good  
8 day for the Senate Finance Committee, but it is not time  
9 to celebrate yet. We have still got a lot of work to do  
10 and I am eager to get started.

11 I know recognize Senator Wyden for any opening  
12 remarks that he would care to make and then we will go  
13 from there.

14 Senator Wyden. Mr. Chairman, thank you. I very  
15 much appreciate the fact that you and I have been working  
16 at this for now over 6 months.

17 I want to say to my Democratic colleagues that I  
18 could go right down the row and single out each one of  
19 them and we would be here until breakfast time. So I am  
20 going to be doing that a little bit later and I am just  
21 going to make a few points as we get off to this  
22 discussion.

23 Over the next decade and a half, the global middle  
24 class is going to balloon by more than 2 billion people  
25 and they are going to be spending an awful lot of money.

1 They are going to buy computers, they are going to buy  
2 cars, they are going to buy medical products,  
3 agricultural goods, engineering services, and more.

4 The reason I think this is such a crucial topic is I  
5 want those billions of people to buy those products that  
6 are designed and built by Oregonian and American workers  
7 and get those workers high skill, high wage jobs in a  
8 tough global economy.

9 If we are going to do that, it is going to take a  
10 fresh trade policy. The President put it very well at  
11 the State of the Union when he said, and I quote here,  
12 "Past trade deals have not always lived up to the hype."

13 In my view, the 1990s playbook on trade has to go.  
14 Our trade policies in 2015 have got to work better for  
15 America's middle class, and that is what I have been  
16 working with so many of you on with respect to the bills  
17 that we are going to deal with today.

18 So here is what is going to change with this  
19 package. Our country is going to aim higher in trade  
20 agreements. Our trade enforcement will be much tougher  
21 and the process of negotiating and voting on agreements  
22 will be more transparent, it will be more open, it will  
23 be more democratic.

24 The legislation is designed to safeguard American  
25 sovereignty and promote American values. Congress will

1 be sending U.S. trade policy in a more progressive  
2 direction than it has ever been before.

3 The Committee spent a lot of time over the last  
4 several days discussing these proposals and the piece of  
5 the package that focuses on trade promotion is certainly  
6 going to get much of the attention today. But I want to  
7 make sure the other parts get the attention they warrant,  
8 as well.

9 This package is going back to American workers with  
10 job training, financial support, and access to health  
11 care when they are knocked off stride by the global  
12 economy. It is a tough challenge competing in global  
13 markets and there is fierce competition everywhere.

14 That is why the package extends the health coverage  
15 tax credit and expands trade adjustment assistance to  
16 include, for the first time, service workers in addition  
17 to workers in manufacturing.

18 The trade adjustment assistance benefits will be  
19 enhanced above current levels and they will last through  
20 2021.

21 Finally, the legislation is going to extend the  
22 generalized system of preferences through 2017 and both  
23 the Haiti HOPE Act and the African Growth and Opportunity  
24 Act will be extended for a decade. These are important  
25 programs, important programs that are going to do a lot

1 of good for developing nations around the world.

2 [Outburst from the audience.]

3 Senator Wyden. I am looking forward to a spirited  
4 debate on all of these proposals and I know there are  
5 going to be many amendments and certainly a lot of  
6 energetic discussion.

7 I also believe there is a lot of common ground,  
8 particularly on guaranteeing that there are modern trade  
9 policies that work for America's middle class.

10 Thank you, Mr. Chairman.

11 The Chairman. Thank you, Senator Wyden.

12 Now, let us have an understanding. We are not going  
13 to have any displays or outbursts here in this room or we  
14 will not only escort you out of the room, we are going to  
15 do more than that, as far as I am concerned. So let us  
16 treat everybody with respect on both sides of these  
17 issues.

18 We are going to have to vote and we will all go over  
19 there. We will let Senator Grassley get his opening  
20 remarks in. He said they will be about 3 minutes. And  
21 then we will run over and vote.

22 Senator Grassley. Well, I am not sure I thought we  
23 would get to this point maybe a month or 2 ago, but it  
24 sure has worked out well that Senator Hatch and Senator  
25 Wyden can work together and get us to this point.

1           Trade is very important to our country and to our  
2 economic future. Trade promotion authority, we are  
3 marking it up today, is an important tool in the  
4 advancement of the U.S. trade agenda.

5           This legislation has proved Congress and the  
6 Administration can work together to increase economic  
7 opportunity for Americans all across our 50 States.

8           We already know and common sense dictates that 80  
9 percent of the purchasing power in the world is located  
10 outside the United States, along with 95 percent of the  
11 world's consumers. As the middle class expands in  
12 regions such as Asia, we have to make sure our businesses  
13 and workers have the ability to take advantage of the  
14 economic opportunity that growth represents.

15           In Iowa alone, 448,000 jobs are dependent upon  
16 trade, according to the U.S. Chamber of Commerce figures,  
17 and those jobs pay 18 percent higher wages, on average,  
18 because they are tied to trade.

19           We know that American businesses' workers are the  
20 most efficient and productive in the world. We just need  
21 to make sure that they have the opportunity to succeed.  
22 And while I support and believe in the immense benefits  
23 of free trade, I also oppose countries tilting the field  
24 in their favor through actions like undervaluing their  
25 currency to make their exported goods cheaper in the

1 world market.

2 No business can compete with cheap currencies that  
3 are artificially low and have a pegged exchange rate that  
4 prevents trade to flow freely.

5 This TPA bill represents the modern realities that  
6 we face from the global economy that need to be addressed  
7 by our trade negotiators. The bill includes clear  
8 negotiating objectives for the standards on sanitary and  
9 phyto-sanitary regulations that must be science-based,  
10 which will help limit disruptions to U.S. agricultural  
11 exports.

12 Negotiating objectives are offered related to  
13 digital trade in goods and cross-border data flows that  
14 are new and unique issues for the time we now live in.  
15 Clear guidance from Congress is also given for  
16 localization barriers and intellectual property rights.  
17 More transparency and consultations are also required of  
18 the Administration.

19 This is a good TPA bill that Congress needs to pass  
20 so that we can finish our trade agreements that we have  
21 been working on for years.

22 The TPP and other trade agreements that we might  
23 take up in the future under this legislation offer  
24 tremendous opportunity for our country and my home State  
25 of Iowa. We must take this necessary first step. That

1 is why we are here today. So I am glad that we are  
2 proceeding accordingly.

3 The Chairman. Thank you, Senator Grassley.

4 There has been objection to us meeting. So we will  
5 come back from these two votes and meet until 11:30.  
6 Unless we can remove that objection, we will then recess  
7 until 4:00 and then we will be back here for as long as  
8 it takes. I will recognize other Senators for their  
9 statements when we return.

10 Have you voted, Senator Brown?

11 Senator Brown. I have not, but my opening  
12 statement is really short.

13 The Chairman. Go ahead. I will wait with you.

14 Senator Brown. Thank you for allowing this. I  
15 will be brief.

16 I have filed many amendments, 88 initially, to the  
17 four bills we are considering today. My amendments will  
18 improve the negotiating objectives in key areas and  
19 expand Congress' role, which is what this should all be  
20 about, in evaluating and assessing trade negotiations and  
21 trade agreements.

22 I appreciate Chairman Hatch and Ranking Member Wyden  
23 working with me and my staff to get some of them  
24 considered. I look forward to debating them through the  
25 course of the day, into the evening.

1           I want to thank Chairman Hatch and Ranking Member  
2 Wyden for including the Chairman's mark, the Level the  
3 Playing Field Act, in the Customs reauthorization  
4 modified mark. This legislation will make a real  
5 difference for companies across Ohio and the workers at  
6 those companies, places like Nucor and ArcelorMittal and  
7 U.S. Steel and many others who face an onslaught of  
8 unfairly traded imports and need strong trade remedy laws  
9 to fight back.

10           I know you and your staff spent many weeks working  
11 to get this bill included. I am truly grateful. Thanks  
12 to my colleagues, Senators Portman and Casey and Burr and  
13 Coats for their advocacy on this issue, as well. I look  
14 forward to a productive and constructive markup.

15           The Chairman. Thank you, Senator. Let us go vote  
16 and we will be back and soon as we can.

17           [Recess.]

18           The Chairman. If I can have order. There has been  
19 objection raised on the 2-hour rule, which allows us to  
20 meet for 2 hours, and that expired at 11:30.

21           So all I can do is announce that we are going to be  
22 back here at 4:00, unless we can somehow or other get  
23 into recess where we can start earlier. But the latest  
24 we are going to start is 4:00 and we are going to finish  
25 this bill today. I do not care how much time it takes or

1       how much hassle we get into. It is that important.

2               So I just want everybody know that we will see you,  
3       at the latest, at 4:00, hopefully before then. I chatted  
4       with the Leader. He may very well give us some time here  
5       to be able to do this. But that is all I can say about  
6       it.

7               Sorry we have had the inconvenience, but Senators  
8       have a right to these rules and I would be the first to  
9       uphold them. I do not think I have ever used the 2-hour  
10      rule, but if I have, it had to be certainly justified.

11              [Laughter.]

12              The Chairman. So in the eyes of the Senator who  
13      has done this, it is certainly justified and that is good  
14      enough for me. So we will see you as soon as we can  
15      reconvene.

16              [Whereupon, at 11:10 a.m., the Committee was  
17      recessed, reconvening 4:35 p.m.]

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**AFTER RECESS**

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The Chairman. The Committee is called to order.

I will now recognize any Senators who want to give opening statements. I would urge you not to give them.

[Laughter.]

The Chairman. But if you feel like it, I would urge you to give it. That would be fine with me. But I just hope that most Senators will choose not to give statements at this time, which would allow us to move more quickly to the business at hand.

That said, for any Senator who does want to give an opening statement, I would ask that they limit their comments to no more than 3 minutes.

Is there any desire to give any opening statements?

You are recognized, Senator Portman.

Senator Portman. Thank you, Mr. Chairman.

I know others gave opening statements earlier. And first I want to say I am pleased we are moving ahead with this debate today because as you know, exports are incredibly important to our economy in Ohio. About 25 percent of factory workers depend on exports and we want more markets for those exports.

I want to congratulate you and Senator Wyden for getting us to this point.

At the same time, though, as you and I know, because

1 we have talked about this a lot, Ohioans are really  
2 concerned that we level the playing field; in other  
3 words, that American manufacturers, workers, farmers,  
4 service providers who are facing illegally subsidized and  
5 undersold imports have a chance to compete and compete  
6 fairly.

7 I have got a number of priorities I hope will be  
8 considered that focus on supporting good-paying jobs in  
9 Ohio by growing exports, while also holding our  
10 competitors' feet to the fire so that they do play by the  
11 rules.

12 I want to quickly mention three priorities I  
13 understand have already been adopted into the package.  
14 First, I am pleased to learn that an amendment crucial  
15 for the American steel manufacturers and steel workers  
16 has been adopted and is in the Customs bill. This  
17 amendment will help ensure that American steel workers  
18 can remain globally competitive.

19 It is a tough time for the steel industry right now  
20 and the last thing they need is additional unfair  
21 competition, and this helps with regard to the material  
22 injury standard to make it easier to use for our steel  
23 companies.

24 When competitors cheat, they need to be held  
25 accountable and this bipartisan measure will do just

1 that. It is backed by the United Steelworkers, but also  
2 major steel companies like U.S. Steel and Nucor, AK  
3 Steel, ArcelorMittal, and others, all of whom have strong  
4 presence in my home State of Ohio.

5 Unfortunately, some of our competitors do not play  
6 by the rules sometimes and that is why I have also worked  
7 with Senator Wyden to crack down on these countries that  
8 evade duties through evasion schemes that can be  
9 addressed through what is called the ENFORCE Act, which I  
10 strongly support and I am very pleased to see it is in  
11 the Customs bill. Again, I congratulate Senator Wyden  
12 for getting that done.

13 I am pleased to see that trade adjustment assistance  
14 apparently is going to extend the health care issue that  
15 we have talked about a lot in this Committee, the HCTC,  
16 health coverage tax credit. This is really important to  
17 workers and families in Youngstown, Ohio, Dayton, Ohio,  
18 Sandusky, including 5,000 Delphi retirees in Ohio, along  
19 with hundreds of United Steelworker retirees.

20 I authored the bill on this and it is a key priority  
21 and I appreciate it being in the TAA legislation.

22 With regard to trade promotion authority, our goal,  
23 of course, should be to ensure that our trade negotiators  
24 can get the best possible deal at the negotiating table  
25 for American workers. And I want to be clear, as I have

1       been in the past, that TPA needs to address issues that  
2       tilt the playing field away from workers in Ohio and  
3       other States, such as currency manipulation.

4               We all seem to agree that currency manipulation is a  
5       bad idea. We all want to prohibit it and stop it and all  
6       we are trying to do with regard to the amendment I plan  
7       to offer later is to ensure that foreign governments are  
8       put on notice, that they enable our workers to have a  
9       fair shot, that they do not get an unfair advantage over  
10      our workers and manufacturers by manipulating their  
11      currency, by devaluing or manipulating currency so that  
12      they are weaker against the American dollar.

13             Some of our competitors, China would be an example,  
14      Japan in the past, have made it a lot cheaper to export  
15      their goods into the United States and third country  
16      markets at the expense of our workers.

17             If that is not bad enough for our workers, this  
18      scheme also, of course, makes it more expensive for  
19      countries to import American goods that directly support  
20      good-paying jobs here at home.

21             Here is a letter signed by thousands of Ohio  
22      autoworkers who call currency manipulation the most  
23      critical trade barrier in the 21st century. These are  
24      the views not just of autoworkers in Ohio, but around the  
25      country who are very concerned about this issue.

1           I have had the chance to visit with them back home,  
2           as many of you have, and this is why this amendment is so  
3           important.

4           With so much to gain from growing U.S. exports, we  
5           cannot let countries take away that by gaming the system  
6           at the expense of American manufacturing. That is why I  
7           have stood side-by-side with Ohio workers in dozens of  
8           trade enforcement cases to ensure they are protected from  
9           illegal practices, including targeting U.S. jobs, ranging  
10          from working with the United Steelworkers on cases  
11          impacting tire workers, uncoated paper products, and, of  
12          course, pipe and tube, where I work closely with my  
13          colleague from Ohio, Sherrod Brown.

14          To further grow exports, I am pleased to be joined  
15          by Senators Toomey, Burr, Casey and Carper introducing an  
16          amendment to jumpstart the so-called miscellaneous tariff  
17          bills. Our bipartisan amendment will ensure that an MTB  
18          can pass soon and restart this process next year.

19          This is really important, again, to a lot of our  
20          manufacturers and other companies we all represent. This  
21          bill helps American manufacturers remain globally  
22          competitive by having access to needed manufacturing  
23          inputs that are not available here at home, but only  
24          overseas. And since its expiration, manufacturers have  
25          had to cut jobs to deal with these rising production

1 costs.

2 I look forward to working together to pass that MTB  
3 amendment and help American manufacturers.

4 Senator Cardin and I are also introducing an  
5 amendment to ensure that our negotiations protect our  
6 ally, Israel, who has been the target, unfortunately, of  
7 economic warfare really in an effort to weaken and  
8 isolate it from the international community and  
9 international investment and trade, and it is the so-  
10 called BDS amendment, boycott, divestment and sanctions.

11 The issue is particularly important as we consider  
12 negotiations with the European Union under the TTIP. And  
13 I should also mention today is the 30th anniversary of  
14 our historic trade agreement with Israel, which was  
15 signed by USTR Brock and Minister of Commerce Ariel  
16 Sharon 30 years ago.

17 Again, Mr. Chairman, I congratulate you and Senator  
18 Wyden for getting us to this point. I think all of us  
19 can agree that we need to expand exports. That is good  
20 for our economy. It not only creates more jobs, but  
21 good-paying jobs. They pay, on average, 18 percent more,  
22 good benefits.

23 This is what we ought to all be doing, but we also  
24 have to ensure that this playing field is made more level  
25 for our workers in Ohio and around the country.

1           The Chairman.    Thank you, Senator.

2           If you would like to make an opening statement, go  
3 ahead.

4           Senator Stabenow.   Thank you very much, Mr.  
5 Chairman.   I will be brief.

6           I wanted to thank both, Mr. Chairman, yourself and  
7 Ranking Member Wyden for including two of my amendments  
8 in the modified Chairman's mark, one that creates a chief  
9 manufacturing negotiator for USTR.

10          We have a chief agriculture negotiator, but not  
11 manufacturing negotiator.   We do not have an economy or a  
12 middle class unless we make things, as well as grow  
13 things, and so that is important.   And the other would  
14 expand existing agricultural trade technical assistance  
15 programs at USDA and USAID, and I thank Senator Roberts  
16 for working with me.

17          I also, Senator Wyden, want to thank.   Even though  
18 we come down in different places on this and I will not  
19 be supporting TPA, I do appreciate the work that you have  
20 done on transparency and enforcement.

21          For me, the bottom line is we want to export our  
22 products, not our jobs.   And when we look at a global  
23 economy, we have a choice of creating a system where  
24 there is a race to the top, with opportunities to  
25 strengthen not only our middle class, but the middle

1 class of those around the world, or a race to the bottom  
2 in terms of lower wages and benefits, environmental  
3 standards and shipping jobs overseas.

4 I do not see the toughness that I need for a yes  
5 vote and certainly we will talk more about currency  
6 later. I appreciate there is some currency language  
7 here, but it is not strong enough to be enforceable and I  
8 think it is incredibly important that whatever we do has  
9 tough, enforceable standards in it going forward.

10 So I appreciate the opportunity to say a few words  
11 and we will certainly have more discussion during  
12 amendments.

13 Thank you.

14 The Chairman. Thank you, Senator Stabenow.

15 Does anybody else want to make an opening statement?  
16 Senator Thune?

17 Senator Thune. Mr. Chairman, I want to thank you  
18 and the Ranking Member for getting us where we are. This  
19 is both necessary and long overdue. TPA expired in 2007  
20 without this authority, which nearly every President  
21 since Franklin Roosevelt has had in some form.

22 We simply will not be able to conclude trade  
23 negotiations, the promise to open new markets to American  
24 exports, whether they are agricultural products,  
25 manufactured goods or services.

1           This TPA bill we will consider today is updated and  
2 modernized for the 21st century global economy. And I  
3 just want to mention a couple of things and I appreciate  
4 your help in getting those included.

5           The legislation includes a number of important  
6 provisions. I want to highlight, as I said, two in  
7 particular. One has to do with helping us to eliminate  
8 non-tariff barriers abroad that increasingly impact our  
9 agricultural exports, especially crops, that use  
10 biotechnology.

11           Unjustified non-science-based regulations by some of  
12 our trading partners have become a major impediment to  
13 trade and something we need to aggressively combat.

14           Secondly, the bill includes digital trade provisions  
15 that will help America to maintain its competitive edge  
16 when it comes to the Internet economy. These provisions,  
17 such as making sure that cross-border data flows are not  
18 restricted and that nations do not attempt to dictate  
19 where technology infrastructure is based are pulled from  
20 the Digital Trade Act that Senator Wyden and I introduced  
21 in December of 2013. These provisions are critical if we  
22 want a trade policy updated for the digital age.

23           Additionally, I want to thank the Chairman and  
24 Ranking Member for inclusion of a number of important  
25 provisions in the Customs reauthorization legislation

1 that we will also consider today.

2 The Customs bill includes a provision from the  
3 legislation I introduced with Senator Wyden to update  
4 what is known as the de minimis level for imports, making  
5 it easier and less burdensome for both importers and  
6 America's express delivery companies.

7 This is the first time we are updating the de  
8 minimis value in over 20 years. The Chairman's modified  
9 mark also adopts my amendment with Senator Bennet to send  
10 a signal to our trading partners that they need to follow  
11 suit in updating their de minimis levels, as well.

12 The Customs bill also includes a provision designed  
13 to fight the transshipment of Chinese honey through third  
14 countries or what some have called honey laundering, an  
15 important issue in my home State of South Dakota, which  
16 is a major producer of honey.

17 Additionally, the Chairman's modified mark adopts an  
18 amendment I offer with Senator Grassley to ensure that  
19 Customs and Border Protection treats our honey producers  
20 and other producers fairly as they collect duties related  
21 to certain Chinese imports.

22 I look forward to Committee action and passage of  
23 these bills and consideration I hope very soon on the  
24 Senate floor.

25 Thank you, Mr. Chairman.

1           The Chairman.    Thank you.  Does anyone else care to  
2   make an opening statement?

3           Senator Roberts.   Mr. Chairman?

4           The Chairman.    Senator Roberts?

5           Senator Roberts.   Mr. Chairman, I understand we are  
6   on Sanders eastern time and also understand that, like  
7   King Tut, we are pressed for time.  So I have a wonderful  
8   opening statement, absolutely wonderful.  But I am going  
9   to submit it for the record at this point and just let it  
10  go.

11          [Laughter.]

12          Senator Enzi.    Mr. Chairman?

13          The Chairman.    Senator Enzi?

14          Senator Enzi.    I will follow suit.

15          The Chairman.    That is good.  That is really good.

16          The Chairman.    Does anybody else care to make an  
17  opening statement?

18          Senator Heller.   Mr. Chairman?

19          The Chairman.    Yes, Senator Heller?

20          Senator Heller.   If I could submit an opening  
21  statement for the record also.

22          The Chairman.    That would be fine.

23          Senator Heller.    Thank you.

24          The Chairman.    Without objection.

25          The Chairman.    Anybody else?

1           Senator Bennet.    Could I move that we all have the  
2 opportunity to submit our opening statements for the  
3 record?

4           The Chairman.    I have got to say that would be a  
5 wonderful thing.  You have such a wonderful way of doing  
6 things.

7           Senator Bennet.    Thank you, Mr. Chairman.

8           The Chairman.    Without objection, we will certainly  
9 do that.

10          The Chairman.    Today's first order of business is a  
11 technical document on the Trade Adjustment Assistance and  
12 Enhancement Act of 2015.

13          Now, before we begin, I would like to put this trade  
14 adjustment assistance mark in context.  What is before  
15 the Committee today is a carefully negotiated compromise  
16 between Ranking Member Wyden and House Ways and Means  
17 Committee Chairman Ryan, the Chairman of the House Ways  
18 and Means Committee.

19          I do not support trade adjustment assistance, but I  
20 did agree that I would help ensure that TAA and trade  
21 promotion authority move in parallel forms and to allow  
22 TAA to come before the Committee for a fair vote.

23          I have always been willing to debate and consider  
24 TAA reauthorization on its own merits and today provides  
25 us with that opportunity, if anybody wants to debate the

1 issue.

2 Does anybody care to bring up anything on TAA?

3 Senator Wyden?

4 Senator Wyden. Mr. Chairman, I will be very brief,  
5 as well.

6 This is a critically important piece of legislation  
7 because this ensures that as the economy changes, those  
8 changes do not knock our workers off stride. This is  
9 what, in effect, gives them a springboard to new  
10 opportunities in the tough global economy, new  
11 opportunities for high skill, high wage jobs.

12 I hope my colleagues will support it.

13 The Chairman. Does anybody else care to make a  
14 statement on this?

15 Senator Cardin?

16 Senator Cardin. I am sorry, Mr. Chairman. I was  
17 on the floor concerning another bill.

18 Are we not making opening statements?

19 The Chairman. Some have. If you desire to, you  
20 certainly have a right to do so.

21 Senator Cardin. I would like to make an opening  
22 statement.

23 The Chairman. That would be great. Go ahead. The  
24 Senator from Maryland?

25 Senator Cardin. Thank you, Mr. Chairman. I

1 appreciate that very much.

2 First, I want to thank Senator Hatch and Senator  
3 Wyden for their efforts. I think they have done a really  
4 fine job.

5 I do believe this trade promotion authority bill is  
6 a major improvement over the last TPA bill. I think the  
7 way that you have handled transparency, congressional  
8 involvement, negotiating objectives, including labor,  
9 environment, good governance and human rights, and how  
10 you have dealt with enforcement, is a major improvement.

11 So I want to compliment you.

12 I also am one who believes that we need TPA  
13 authority to complete the TPP agreement and I hope we  
14 have a successful TPP agreement.

15 Let me say, though, that I hope that we will have a  
16 chance to improve the TPA bill as we move forward through  
17 the process, and let me tell you my concerns.

18 Trade presents an opportunity for us to advance U.S.  
19 values; yes, economic values, but also the type of people  
20 that we are and the principles that we advance.

21 I am proud of our predecessors, Jackson and Vanik,  
22 who, against all odds, were able to get a major provision  
23 included in trade that many at the time said, "Why are  
24 you putting this human rights amendment in a trade bill?"

25 The United States provided the leadership that

1 brought down the apartheid government of South Africa by  
2 using trade rather than using bullets. Trade is a very  
3 strong tool that we have in this country.

4 So, I am concerned about having adequate provisions  
5 in trade agreements, and that is why I have been very  
6 focused during this process on good governance and human  
7 rights and capacity-building.

8 The legislation before us has shortcomings in that  
9 regard. I have said from the very beginning that it is  
10 my top priority to have enforceable negotiating  
11 objectives to promote good governance and human rights  
12 and capacity-building.

13 When we saw the bill for the first time, I pointed  
14 out on page 32, as I was reading through it, that the  
15 enforcement provisions that are in the bill apply only to  
16 principal negotiating objectives. Now, principal  
17 negotiating objectives include goods and services,  
18 investments, intellectual property, regulations, state-  
19 owned enterprises, labor, environment, transparency, et  
20 cetera, et cetera, but not good governance. And that is  
21 why I think it is critically important that the  
22 provisions that are included in this bill that deal with  
23 good governance and respect for international human  
24 rights need to be a principal trade objective.

25 I would hope as we go through this process we will

1 have an opportunity. I have several amendments that will  
2 point out why that is so important, and I would be glad  
3 to call my colleagues' attention to the language that is  
4 included in the TPA bill that points out very  
5 specifically that, without making a negotiating objective  
6 a principal objective, the trade enforcement provisions  
7 are not applicable to the human rights, and I think we  
8 need to correct that.

9 The Chairman. Thank you, Senator.

10 We do have nine Senators in attendance. I hope we  
11 can keep our Senators here so that we do not waste time,  
12 that nobody will be inconvenienced, because it is going  
13 to be a fairly long evening anyway, it seems to me,  
14 although I think we are getting to where it could be much  
15 shorter if we will just all work together.

16 Now, the Committee will now walk through the mark  
17 and the modification. I recognize Shane Warren of our  
18 staff to do so. We also have Anderson Heiman of our  
19 Committee staff and Norris Tyler from the Office of Trade  
20 Adjustment Assistance, as well as Terri Gullo from CBO.

21 Am I pronouncing that right, Terri?

22 Ms. Gullo. It is Gullo. You are close.

23 The Chairman. I am close enough, I think. I am  
24 going to call you Terri Gullo from here on in. And, of  
25 course, we have Tom Barthold, who is of immense value to

1 this Committee, the Chief of Staff from the JCT, for the  
2 members' benefit, to ask any questions that they care to  
3 ask, any of you care to ask.

4 So, Mr. Warren, would you briefly describe the main  
5 features of this proposal?

6 Mr. Warren. Thank you, Mr. Chairman.

7 At this markup, the Committee is considering a  
8 proposal to extend the Trade Adjustment Assistance  
9 Program and the health care coverage tax credit. The  
10 proposal extends the Trade Adjustment Assistance Program  
11 through June 30, 2021 and reestablishes the programs in  
12 effect as of December 31, 2013.

13 The proposal authorizes the statutory cap of \$450  
14 million annually for fiscal years 2015 through 2021 for  
15 training and related expenses. The proposal includes a  
16 continuation of the Reemployment Trade Adjustment  
17 Assistance Program. The proposal also makes changes to  
18 data collection and reporting requirements.

19 With respect to the health care coverage tax credit,  
20 or HCTC, the proposal amends the definition of eligible  
21 coverage month for HCTC purposes to include months  
22 beginning before January 1, 2020. The proposal also  
23 contains provisions related to election allowance of HCTC  
24 by individuals and with respect to advance payments of  
25 HCTC.

1 Thank you, Mr. Chairman.

2 The Chairman. Do Senators have any questions  
3 regarding this mark?

4 [No Response.]

5 The Chairman. Let me recognize Senator Wyden for  
6 any comments that he has on the mark.

7 Senator Wyden. Just very quickly, Mr. Chairman.

8 This doubles job training. This expands TAA to  
9 service workers, which is extraordinarily important given  
10 shifts in the global economy.

11 Most importantly, this is a 6-year extension of a  
12 program that otherwise expires later this year. This is  
13 something that has always been done as part of trade  
14 legislation to stand up for the workers. That is why I  
15 hope all colleagues will support it.

16 The Chairman. I will be happy to recognize any  
17 other Senators that have any questions about the mark.

18 Senator Menendez. Mr. Chairman?

19 The Chairman. Yes, Senator Menendez?

20 Senator Menendez. I do not have a question, but I  
21 did want to have a brief opening statement. So if it is  
22 appropriate now, I would be happy to do that. If not, I  
23 will forebear the request.

24 The Chairman. That would be fine. Go right ahead.

25 Senator Menendez. Thank you, Mr. Chairman.

1           The Chairman.   Well, before you do, does anybody  
2 have any other statement about the mark itself?

3           Senator Enzi.   Mr. Chairman, I had a question on  
4 this bill.

5           The Chairman.   You do?

6           Senator Enzi.   Yes.  What has been the interaction  
7 with the Health, Education, Labor and Pensions Committee  
8 on this one, because they do the job training information  
9 and have covered quite a few of these areas?

10          The Chairman.   Well, there are performance  
11 measurements in this bill that we believe Senator Ryan  
12 has put into the bill.  So it was an agreement between  
13 our distinguished Ranking Member here and Chairman Ryan  
14 over in the House.

15          Senator Enzi.   I was referring to Chairman  
16 Alexander, though.

17          The Chairman.   Sure.  I know you were.

18          Senator Enzi.   Thank you.

19          The Chairman.   Let us go to Senator Menendez.  You  
20 give your statement and then we will turn to --

21          Senator Menendez.  Thank you, Mr. Chairman.

22          Mr. Chairman, this is not my first trade debate and  
23 I have not found many trade bills that I could vote for  
24 in my years in Congress, but there have been a few.

25          But right now, in its current form, I cannot support

1 the trade promotion authority we have before us. As I  
2 said yesterday, all of us here in the Committee have the  
3 same goal in mind and that is jobs for our workers and  
4 markets for our businesses that together build a stronger  
5 American economy.

6 Trade may offer a path to that stronger economy, but  
7 that is not something that is automatically guaranteed.  
8 It takes tough negotiations, with high standards, with  
9 the right countries, informed by a long history of trade  
10 deals that have not always contributed to rising living  
11 standards for the American middle class.

12 So the trade promotion authority proposal before us  
13 today does not give me the confidence that any trade deal  
14 that comes back here to the Senate will meet those  
15 standards, especially when one of the major trade  
16 agreements, TPP, is already pretty much negotiated.

17 I do not see the strong protection for workers or  
18 the environment or for the intellectual property of some  
19 of our key industries.

20 We are making a decision that goes right to the  
21 heart of our responsibility as members of Congress, to  
22 protect the interests of our constituents. If we are  
23 going to vote to give the President additional executive  
24 authority over trade, we better make sure we empower and  
25 direct the Executive Branch to bring back deals that

1 benefit all of our constituents.

2 Now, I have some amendments today to improve the  
3 underlying bill. I will support some amendments by my  
4 colleagues and we will see how it ultimately ends up in  
5 form. But right now I believe there is a long way to go  
6 before we get to a product I can support.

7 I do want to say I appreciate the hard work that you  
8 and Senator Wyden have put into this important  
9 legislation and I hope we are going to have a  
10 constructive, open amendment process for the fair airing  
11 of all the many complicated issues that are before us.

12 Thank you, Mr. Chairman.

13 The Chairman. Thank you, Senator Menendez.

14 We will go to Senator Nelson.

15 Senator Nelson. Mr. Chairman, as you know, I  
16 intend to support this TPA bill, but I was just surprised  
17 to find out that your staff last night rejected trying to  
18 keep an industry in my State alive on the extension of  
19 the Bahrain trade preference, which has been in effect  
20 since 2005, where they bring in yarn and make it into  
21 garments going into the U.S.

22 Now, this is going to shut down, in a little rural  
23 town of 1,500 people, it is going to shut down 300  
24 employees.

25 And my question to you, since I will offer it and

1 then everybody can decide, I though tit was going to be  
2 accepted, would you prefer me to offer it on one of the  
3 other three bills than the TPA? I do not care what bill  
4 it is put on.

5 The Chairman. I would prefer that you do it on one  
6 of the other bills. We would like to keep this bill  
7 clean because we have got to get it through the House and  
8 they have told us that, both sides over there, that if we  
9 can do that, it should go through the House, and this is  
10 a very, very important thing. The President wants this  
11 done.

12 I have done everything I can and I am actually  
13 getting kind of an exhilaration in supporting our  
14 President on this.

15 [Laughter.]

16 The Chairman. I think it is really nice to support  
17 him, that is all I can say, and he certainly is right on  
18 this and he has been working it and I appreciate what he  
19 has done, and we will move on that basis, if we can.

20 I appreciate your accommodation, because if we can  
21 keep this bill clean, it is really going to make a  
22 difference.

23 Senator Nelson. I wish you would have a prayer  
24 session with your staff before we get to the Customs bill  
25 about this amendment.

1           The Chairman.    We have a prayer session every day.

2           Senator Wyden.    If I could just tell the Senator  
3           from Florida -- I know that this is an extremely  
4           important concern to him -- I am going to visit with the  
5           Chairman.    Perhaps the preferences bill is a better  
6           vehicle, but we will work very closely with the Senator  
7           from Florida.

8           The Chairman.    We will see what we can do.

9           All right.    If there are no further questions to our  
10          leaders at the table, the proposal is open to amendment.

11          Are there any amendments to the TAA bill?    Does  
12          anybody have any amendments?    I do not see any hands.

13          Senator Brown.    Senator Cantwell was going first,  
14          but I am ready.

15          The Chairman.    She is not here.    But if you have an  
16          amendment, now is the time to bring it up.    Otherwise, I  
17          am going to move the bill.

18          Senator Brown.    Mr. Chairman?

19          The Chairman.    Senator Brown?

20          Senator Brown.    Thank you, Mr. Chairman.

21          It is Amendments 1, 2 and 3.    I ask unanimous  
22          consent to roll the -- I am sorry.    It is Amendments 12,  
23          13 and 14.    I ask unanimous consent to roll the three  
24          into one.

25          The Chairman.    Without objection.

1           Senator Brown.    I am sorry.  Excuse me.  It is  
2    Amendments 1, 2 and 3.  It says Brown-1, Brown-2 and  
3    Brown-3.

4           The Chairman.   Without objection.

5           Senator Brown.   Thank you, Mr. Chairman.

6           I call up these amendments to the TAA bill and, as I  
7    said, I ask unanimous consent to be considered en bloc.

8           I ask unanimous consent that Senators Bennet,  
9    Stabenow, Casey, Cantwell and Menendez be added as  
10   cosponsors.

11          The Chairman.   Without objection.

12          Senator Brown.   Thank you.  This package of  
13   amendments would restore the funding levels of TAA for  
14   workers to \$575 million a year.  It is the same level  
15   that was included in the bipartisan TAA bill in 2011.

16          I earlier had thanked Senator Portman for his  
17   interest in TAA.  In his opening statement, he talked  
18   about the importance of a vigorous trade adjustment  
19   assistance, what it means to workers in our State, and I  
20   look around this room and pretty much of all of us have  
21   had layoffs ascribed to trade or sometimes not ascribed  
22   to trade with countries with whom we have FTAs.

23          This amendment is fully offset with the application  
24   of 6-year statute of limitations in case of overstatement  
25   basis, which raises \$1.3 billion over 10 years.

1           Some will say that \$450 million, the amount included  
2           in the underlying bill, is enough to operate the program,  
3           there is no reason to increase the funding. The truth is  
4           we do not know that \$450 million will be enough.

5           In 2009 and 2010, TAA workers, cost for works cost  
6           \$685 million each year. Those were years, of course,  
7           during the Great Recession, but if you take the average  
8           of funding levels for the 3 years, when the eligibility  
9           was nearly the same as we are considering today, TAA  
10          expenditures averaged \$571 million a year.

11          This \$125 million a year reduction is cuts for the  
12          sake of cuts. The truth is TAA works. Seventy-six  
13          percent of TAA participants who completed training in  
14          fiscal year 2013 received a degree or industry-recognized  
15          credential. That means it does work.

16          During that same year, three-fourths of workers who  
17          exited the program found unemployment (sic) within 6  
18          months. Of those workers who became employed, over 90  
19          percent were still employed at the end of the year,  
20          again, indications that it worked.

21          The package of amendments ensures that all workers,  
22          including public sector workers, are eligible for TAA.  
23          Congress should not pick winners and losers. All workers  
24          who are impacted by trade should be able to apply.

25          It increases funding for TAA for firms from \$16

1 million to \$50 million. TAA for firms provides financial  
2 assistance and expertise to import-impacted manufacturers  
3 to help them become more globally competitive.

4 TAA helps workers retrain for new jobs so they can  
5 compete in the global economy. Underfunding these  
6 programs, either of them, when we are trying to expedite  
7 a trade agreement representing 40 percent -- 40 percent  
8 on this trade agreement coming up, TPP, another 20  
9 percent for TTIP -- underfunding them when we are having  
10 this kind of impact on the world's economy would be a big  
11 mistake.

12 Again, \$575 million is the same level that President  
13 Obama included in his budget. It is the same level that  
14 70 Senators, 307 members of the House of Representatives  
15 supported in 2011, and it is a level that cosponsors of  
16 this amendment -- some of them are voting for TPA final  
17 passage, some are voting against it.

18 It should be bipartisan, it should be across-the-  
19 board. This number is defensible and important for  
20 workers and I ask my colleagues for support.

21 The Chairman. Well, Senator, let me just say this.

22 I strongly oppose the en bloc that is being offered, and  
23 let me give the following reasons why I oppose it.

24 To take the Committee Amendment No. 12, that would  
25 increase TAA for workers and/or the authorizing level to

1       \$575 million.

2             Senator Brown.     Correct.

3             The Chairman.     I do not personally believe the  
4       training funding level for workers should be increased  
5       from the proposed \$450 million to \$575 million.  And as  
6       you well know, I have always had reservations with regard  
7       to this program.  And the extent to which the workers'  
8       program has expanded over the years is unfortunate, in my  
9       opinion, given the lack of measurable benefits the  
10      program has to offer and the lack of accountability in  
11      administrating the program.

12            Because I am not convinced that this program works,  
13      I certainly will not support increasing funding for it  
14      and I would ask our colleagues to agree with that.

15            I might add that I also oppose expanding coverage  
16      top public sector workers who staff such non-tradable  
17      services such as transportation, hospital care, and state  
18      and local benefit offices.  TAA was never intended to  
19      cover public sector workers whose job loss shared little  
20      to no nexus to trade.

21            So I am going to have to oppose the amendment.  I  
22      appreciate the energy behind it and your kindness in  
23      trying to put it forward.

24            Senator Wyden.     Mr. Chairman?

25            The Chairman.     The Ranking Member?

1           Senator Wyden.     Just very briefly.   The Obama  
2     Administration is urging the support of the proposal  
3     before us in its current form and the Senator from Ohio  
4     -- nobody has put kind of sweat equity into standing up  
5     for workers that the Senator from Ohio has.

6           Frankly, I would love to have more money, but the  
7     bottom line here is it is a 6-year extension.   It doubles  
8     the funding.   It expands the program to include service  
9     workers, and the Department of Labor -- and I think this  
10    reflects why the Administration is support of it is the  
11    amount here has been deemed by the Department of Labor to  
12    be enough to cover all workers.

13          I would like to do more.   I am going to be working  
14    with my colleagues in the years ahead.   There are a whole  
15    host of questions that remain about the TAA program,  
16    particularly what is going to happen to public sector  
17    workers, and Senator Brown has done work in this area.

18          I would just urge my colleagues to support the  
19    measure in its present form.

20          I yield back.

21          The Chairman.     Senator Stabenow?

22          Senator Stabenow.   Thank you, Mr. Chairman.

23          Just briefly, I want to strongly support the  
24    amendment.   I do appreciate the additions and the  
25    positive pieces of this particular bill, but I do believe

1 that putting in the level which was in the President's  
2 budget is significant.

3 We are in a global economy. If people are losing  
4 their jobs, we all have a stake in their having the  
5 ability to be retrained. People want to work. We have a  
6 need for folks to be independent and working and  
7 contributing and taking care of their families and, from  
8 my perspective, making sure that there is adequate  
9 funding for people to be able to have a fair shot to do  
10 that is very, very important.

11 So I support the amendment.

12 Mr. Chairman, I do have one question, though and  
13 that is I have also assumed -- we are assuming that this  
14 bill moves with TPA and the other bills. Is that the  
15 correct assumption? Because it would be very, very  
16 unfortunate, when we have always moved them together,  
17 even though there are differences in terms of support and  
18 so on, I am assuming they move together.

19 I wonder if that is a correct assumption.

20 The Chairman. I said in my opening remarks that we  
21 will move them in tandem, together, but not as one bill.

22 Senator Stabenow. But they will move during the  
23 same -- thank you.

24 The Chairman. I am going to vote against the bill,  
25 but I think you have got enough votes to move it.

1 Senator Stabenow. Thank you.

2 Senator Brown. Mr. Chairman, briefly?

3 The Chairman. Yes, Senator Brown?

4 Senator Brown. I have just a couple of brief  
5 comments. I am concerned, as Senator Stabenow is,  
6 knowing the opposition to TAA generally that a number of  
7 Senators have and especially a number of House members  
8 have that as this works its way through, moving them  
9 together could result at some point in TAA being  
10 jettisoned as TPA goes to the President's desk, and I  
11 think that would be a tragedy for workers.

12 But a couple of responses to your comments. I  
13 understand TAA's dollars have gone up, but look at what  
14 has happened with trade deficits. President Bush, the  
15 first, said a \$1 billion trade deficit translates into  
16 13,000 lost jobs. The trade deficit with China when this  
17 body passed TNTR was \$15 billion or so. Today is \$25  
18 billion a month. It means there is going to be more need  
19 for TAA especially now that we have included non-FTA  
20 countries.

21 And second, as Senator Portman and I know, when a  
22 plant is closed in Sandusky or Toledo, Ohio, public  
23 sector workers are directly impacted by trade because  
24 property tax revenues are down, police and fire and  
25 teachers get laid off, and those layoffs are due directly

1 to trade issues.

2 That is why public sector workers should be  
3 included. I ask for support for the amendment.

4 The Chairman. Let me just say that the agreed to  
5 TAA bill already offers a generous extension for TAA  
6 firms, authorizing appropriations of \$16 million for each  
7 year from 2015 through 2021. But I really cannot support  
8 expanding this program at this time and one reason is we  
9 have got to get this through the House, as well.

10 Keep in mind I understand what the distinguished  
11 Senator is saying.

12 Does the Senator want a vote on this?

13 Senator Brown. I do. I would ask for a roll call.

14 The Chairman. You want a roll call vote.

15 Senator Brown. Please, Mr. Chairman.

16 The Chairman. Any other comments on this  
17 amendment?

18 [No Response.]

19 The Chairman. The Clerk will call the roll.

20 The Clerk. Mr. Grassley?

21 Senator Grassley. No.

22 The Clerk. Mr. Crapo?

23 Senator Crapo. No.

24 The Clerk. Mr. Roberts?

25 Senator Roberts. No.

1           The Clerk.    Mr. Enzi?  
2           Senator Enzi.    No.  
3           The Clerk.    Mr. Cornyn?  
4           The Chairman.  No by proxy.  
5           The Clerk.    Mr. Thune?  
6           Senator Thune.    No.  
7           The Clerk.    Mr. Burr?  
8           The Chairman.  No by proxy.  
9           The Clerk.    Mr. Isakson?  
10          Senator Isakson.  No.  
11          The Clerk.    Mr. Portman?  
12          Senator Portman.  Aye.  
13          The Clerk.    Mr. Toomey?  
14          Senator Toomey.  No.  
15          The Clerk.    Mr. Coats?  
16          Senator Coats.   No.  
17          The Clerk.    Mr. Heller?  
18          Senator Heller.  No.  
19          The Clerk.    Mr. Scott?  
20          The Chairman.  No by proxy.  
21          The Clerk.    Mr. Wyden?  
22          Senator Wyden.   No.  
23          The Clerk.    Mr. Schumer?  
24          Senator Wyden.  Aye by proxy.  
25          The Clerk.    Ms. Stabenow?

1           Senator Stabenow.    Aye.  
2           The Clerk.    Ms. Cantwell?  
3           Senator Cantwell.    Aye.  
4           The Clerk.    Mr. Nelson?  
5           Senator Nelson.    Aye.  
6           The Clerk.    Mr. Menendez?  
7           Senator Menendez.    Aye.  
8           The Clerk.    Mr. Carper?  
9           Senator Carper.    Aye.  
10          The Clerk.    Mr. Cardin?  
11          Senator Cardin.    Aye.  
12          The Clerk.    Mr. Brown?  
13          Senator Brown.    Aye.  
14          The Clerk.    Mr. Bennet?  
15          Senator Bennet.    Aye.  
16          The Clerk.    Mr. Casey?  
17          Senator Wyden.    Aye by proxy.  
18          The Clerk.    Mr. Warner?  
19          Senator Warner.    Aye.  
20          The Clerk.    Mr. Chairman?  
21          The Chairman.    No.  
22          The Clerk.    Mr. Chairman, the final tally is 12  
23          ayes, 14 nays.  
24          The Chairman.    The amendment is not agreed to.  
25          Any other amendments to the TAA bill?

1           Senator Cantwell?

2           Senator Cantwell.    Mr. Chairman, yes.  I wanted to  
3 thank you and Ranking Member Wyden for including my  
4 amendment to approve collection of labor statistics in  
5 the Chairman's modified mark on the Customs and  
6 Enforcement bill.

7           I have filed two amendments that I believe are  
8 critical to our competitiveness.  One amendment is the  
9 expansion of the apprentice program and workforce  
10 development, which I think is very important.

11          As we talk about how we are going to open up  
12 economic opportunities in other countries, we also have  
13 to talk about how we train and skill a workforce.

14          We had two witnesses yesterday at the hearing.  Both  
15 labor and business supported the apprentice program.  So  
16 I would hope that we could look at this moving forward.  
17 So I appreciate looking at that.

18          The other one is obviously the clean energy tax  
19 credits, which we have many jobs here that the U.S. can  
20 continue to be competitive in if we get this done.  So I  
21 look forward to working with you and Senator Wyden on  
22 both of those amendments in the future.

23          The Chairman.  I thank you very much.  As you know,  
24 you filed three amendments to the TAA bill and I included  
25 your first amendment in the modification to the

1 Chairman's mark of the Customs bill.

2 I think the other two amendments would be more  
3 appropriate to look at in the tax extenders context,  
4 which requires timely attention, by the way, and I look  
5 forward to working with you on these two issues.

6 I appreciate your willingness to facilitate this TAA  
7 markup by not seeking a vote today on your amendments, if  
8 I am correct in that.

9 Senator Cantwell. And if you mean timely attention  
10 to extenders, you mean before December, I would agree.

11 The Chairman. That is what I hope it will be.

12 Senator Cantwell. Thank you.

13 The Chairman. I cannot guarantee it.

14 Senator Cantwell. Thank you.

15 The Chairman. I am not just one poor, humble  
16 Senator.

17 Senator Wyden. Mr. Chairman, if I could just  
18 respond to Senator Cantwell.

19 I think this is an exceptionally important area.  
20 Nobody has done more to drive innovation in the United  
21 States Senate, particularly in renewable energy, than  
22 Senator Cantwell. Senator Cantwell understands that the  
23 policies that have been successful make for improvements,  
24 costs come down, and our manufacturers can build out  
25 their supply chains to support these vital renewable

1 energy industries.

2 I want to her to understand I consider this priority  
3 business. I am going to work very closely with her both  
4 on the Energy Committee and on this Committee.

5 I appreciate my colleague's handling of this today  
6 and we will be working closely together.

7 The Chairman. Thank you.

8 Senator Cantwell. Thank you, Mr. Chairman.

9 The Chairman. Am I understanding correctly that  
10 you are withdrawing?

11 Senator Cantwell. Yes, Mr. Chairman.

12 The Chairman. Thank you. Any other amendments?

13 The Senator from Virginia?

14 Senator Warner. Mr. Chairman, I want to again echo  
15 what my colleagues have said. Thank you and the Ranking  
16 Member for all your work you have done.

17 I think the TAA bill that is before us terribly  
18 important. I am proud to support Senator Brown's  
19 amendment, although it was unsuccessful.

20 One thing I think that most of us agree on both  
21 sides of the aisle, that sequestration is stupidity on  
22 steroids and I was a little disappointed that we included  
23 an extension of sequestration as part of the pay-for for  
24 TAA. I think that Medicare sequestration, which  
25 disproportionately hurts our rural hospitals and health

1 centers, is unfortunate.

2 I proposed to replace the Medicare sequestration  
3 with a bipartisan pay-for that was previously voted out  
4 by this Committee. The specific pay-for would alter  
5 mortgage reporting requirements so that the IRS would  
6 have additional information to evaluate mortgage interest  
7 deductions, including whether refinancing occurred in  
8 that calendar year on the unpaid balance of the mortgage.

9 It would not increase any reporting requirements for  
10 the taxpayer.

11 It is my understanding, under some strange sense of  
12 logic, our friends in the House would view this as  
13 revenue and consequently would then be unwilling to  
14 support the TAA amendment.

15 In the sense of trying to work with you and the  
16 Ranking Member as we go to the floor, I hope we can  
17 revisit this issue, but I think it is critically  
18 important that we pass TAA.

19 So I appreciate the number of bipartisan members who  
20 would support this amendment, but I will withdraw it at  
21 this point and look forward to working with you and the  
22 Ranking Member.

23 The Chairman. I thank the distinguished Senator  
24 from Virginia.

25 Senator Wyden. I will be very brief. I just want

1 to thank the Senator from Virginia for handling this in  
2 this manner. He has got great expertise in health care.

3 I think we all understand that we are going to have  
4 to move aggressively toward health care reform.  
5 Particularly chronic disease, which is dominating the  
6 Medicare landscape, means that we are not going to have a  
7 lot of time to get started.

8 The fact that the Senator from Virginia has  
9 withdrawn today I think just gives us new impetus to get  
10 serious about these kinds of health reforms as soon as we  
11 get this bill done with and I want to thank him  
12 personally for what he is doing.

13 The Chairman. Likewise.

14 Any further amendments on either side?

15 [No Response.]

16 The Chairman. If there is no further debate, I  
17 would entertain a motion that the Committee order the  
18 bill reported, as modified, an amendment as an original  
19 bill.

20 Senator Wyden. I so move, Mr. Chairman.

21 The Chairman. Do we require a recorded vote?

22 Senator Wyden. I believe we can do it on a voice  
23 vote. Is that acceptable to colleagues? A voice vote,  
24 TAA.

25 Let us do a roll call vote.

1           The Chairman.    A recorded vote has been requested.  
2       The Clerk will call the roll.  
3           The Clerk.    Mr. Grassley?  
4           Senator Grassley.    No.  
5           The Clerk.    Mr. Crapo?  
6           Senator Crapo.    No.  
7           The Clerk.    Mr. Roberts?  
8           Senator Roberts.    Pass.  
9           The Clerk.    Mr. Enzi?  
10          Senator Enzi.    No.  
11          The Clerk.    Mr. Cornyn?  
12          The Chairman.    No by proxy.  
13          The Clerk.    Mr. Thune?  
14          Senator Thune.    No.  
15          The Clerk.    Mr. Burr?  
16          The Chairman.    No by proxy.  
17          The Clerk.    Mr. Isakson?  
18          Senator Isakson.    No.  
19          The Clerk.    Mr. Portman?  
20          Senator Portman.    Aye.  
21          The Clerk.    Mr. Toomey?  
22          Senator Toomey.    Aye.  
23          The Clerk.    Mr. Coats?  
24          Senator Coats.    Aye.  
25          The Clerk.    Mr. Heller?

1           Senator Heller.    Aye.  
2           The Clerk.    Mr. Scott?  
3           The Chairman.    No by proxy.  
4           By the way, Senator Burr is aye by proxy.  I  
5 apologize.  
6           The Clerk.    Mr. Wyden?  
7           Senator Wyden.    Aye.  
8           The Clerk.    Mr. Schumer?  
9           Senator Schumer.    Aye.  
10          The Clerk.    Ms. Stabenow?  
11          Senator Stabenow.    Aye.  
12          The Clerk.    Ms. Cantwell?  
13          Senator Cantwell.    Aye.  
14          The Clerk.    Mr. Nelson?  
15          Senator Nelson.    Aye.  
16          The Clerk.    Mr. Menendez?  
17          Senator Menendez.    Aye.  
18          The Clerk.    Mr. Carper?  
19          Senator Carper.    Aye.  
20          The Clerk.    Mr. Cardin?  
21          Senator Cardin.    Aye.  
22          The Clerk.    Mr. Brown?  
23          Senator Wyden.    Aye by proxy.  
24          The Clerk.    Mr. Bennet?  
25          Senator Bennet.    Aye.

1           The Clerk.    Mr. Casey?

2           Senator Wyden.   Aye by proxy.

3           The Clerk.    Mr. Warner?

4           Senator Warner.   Aye.

5           The Clerk.    Mr. Chairman?

6           The Chairman.   No.

7           The Clerk.    Mr. Roberts?

8           Senator Roberts.   I would like to be recorded as  
9    aye.

10          The Chairman.   The Clerk will announce the vote.

11          The Clerk.    Mr. Chairman, the final tally is 18  
12    ayes and 8 nays.

13          The Chairman.   The ayes have it and the amendment  
14    is adopted.

15          Are there any other amendments?

16          Senator Roberts.   Mr. Chairman, I would like to  
17    change my vote to no.

18          The Chairman.   Would it change the outcome?

19          The Clerk.    It will not.

20          Senator Roberts.   No.

21          The Chairman.   Without objection, your vote will be  
22    changed to no.

23          Is there any further debate on this bill?

24          Senator Menendez.   Mr. Chairman, my understanding  
25    is I thought that was on final passage of TAA.

1           The Chairman.    It was.

2           Senator Menendez.   It is.   So when you asked are  
3 there any further amendments, are you talking about the  
4 next --

5           The Chairman.    No.   We are enjoying this so much, I  
6 just wanted to know.

7           [Laughter.]

8           Senator Menendez.   I just did not want to forego my  
9 possibility if you were on to the next one.

10          The Chairman.    Let us move along then.

11          Now, the Committee will consider the Chairman's mark  
12 and modification of S.1009, a bill to extend the African  
13 Growth and Opportunity Act, the generalized system of  
14 preferences, the preferential duty treatment program for  
15 Haiti, and for other purposes.

16          I am very pleased that the Committee is considering  
17 legislation extending and renewing several of our trade  
18 preference programs today.   First, let me say that  
19 through months of hard work and tough negotiations,  
20 Ranking Member Wyden and I were able to reach agreement  
21 on the bill with the Ways and Means Committee Chairman  
22 Ryan and Ranking Member Levin.

23          As a result, the identical legislation is being  
24 considered in the House.   I hope we can pass it into law  
25 in short order.   It is a good strong package and I hope

1 members will support it.

2 So we call up that particular bill.

3 Senator Wyden, do you have any comments on that  
4 bill?

5 Senator Wyden. No, Mr. Chairman.

6 The Chairman. The Committee will now walk through  
7 the mark and the modification. I recognize Shane Warren  
8 of our staff to do so. We also have Anderson Heiman of  
9 our staff, Tim Reif from the U.S. Trade Representative's  
10 Office, as well as Terri Gulla from CBO and Tom Barthold,  
11 of course, our Chief of Staff of the Joint Committee on  
12 Taxation, for the members' benefit to answer any  
13 questions that may arise.

14 Mr. Warren, could you briefly describe the main  
15 features of the proposal?

16 Mr. Warren. Thank you, Mr. Chairman. At this  
17 markup, the Committee is considering a proposal to extend  
18 the African Growth and Opportunity Act, the generalized  
19 system of preferences, and the preferential duty  
20 treatment programs for Haiti.

21 The proposal is divided into three titles. Title 1  
22 is an extension of the African Growth and Opportunity  
23 Act, or AGOA. The proposal would extend AGOA and the  
24 special rule of origin on third country fabric from its  
25 scheduled expiration from September 30, 2015 to September

1 30, 2025.

2 The proposal also authorizes the President to  
3 conduct out-of-cycle reviews of any beneficiary country  
4 to determine whether it is making progress and meeting  
5 the AGOA eligibility criteria; and, if not, to terminate  
6 the country from AGOA or withdraw duty-free treatment for  
7 articles from that country.

8 The proposal also adds notice and consultation  
9 requirements for the President and makes certain  
10 technical changes to Section 506(a) of the Trade Act of  
11 1974.

12 Title 2 is an extension of the generalized system of  
13 preferences, or GSP, to December 31, 2017. The proposal  
14 would retroactively apply benefits to articles imported  
15 on or after July 31, 2013 that would have been eligible  
16 for duty-free treatment under GSP program as of the date  
17 of enactment of the proposal.

18 Title 3 is an extension of preferential duty  
19 treatment programs for Haiti through September 30, 2025.

20 Thank you, Mr. Chairman.

21 The Chairman. Do Senators have any questions  
22 regarding the mark that they would like to refer to Mr.  
23 Warren or anybody else on the panel?

24 [No Response.]

25 The Chairman. Then I recognize Senator Wyden for

1 his comments on this mark.

2 Senator Wyden. Mr. Chairman, I will be very brief.  
3 I think the African legislation is extraordinarily  
4 important. I want to particularly commend Senator  
5 Isakson.

6 I also want to note Senator Coons and a number of  
7 our colleagues have been involved in this and also the  
8 GSP legislation is hugely important for economic growth  
9 and opportunity in our country and I appreciate the  
10 bipartisanship that went into this particular section.

11 It was a tough subject to find common ground on and  
12 we were able to do it.

13 The Chairman. Thank you. Are there any other  
14 comments?

15 [No Response.]

16 The Chairman. Then I call up the mark. Do we have  
17 to have a voice vote?

18 Are there any amendments?

19 Senator Isakson. Mr. Chairman?

20 The Chairman. Mr. Isakson has done a lot of work  
21 on this.

22 Senator Isakson. Mr. Chairman, I would like to  
23 call up Isakson Amendment No. 2.

24 The Chairman. Without objection.

25 Senator Isakson. I would like to ask unanimous

1 consent that Senator Warner and Senator Carper be added  
2 as original cosponsors.

3 The Chairman. Without objection.

4 Senator Isakson. I would like to thank the many  
5 members of the Committee that have worked with me on the  
6 African Growth and Opportunity Act over the past 4 years

7 I have worked with Senator Menendez in the Foreign  
8 Relations Committee on work with Africa. I have traveled  
9 to Africa and negotiated with the African Union.

10 Africa is the continent of the 21st century for  
11 America and it is a great opportunity for our country for  
12 trade and opportunity, but it is also a maturing  
13 marketplace.

14 I am really glad that this reauthorization is, first  
15 of all, for 10 years, because I think that sends an  
16 important message to Africa that we want partnership and  
17 trade for a decade. But I am also glad that it contains  
18 provisions that would allow USTR to be responsive and  
19 flexible in its approach to reviews and suspending or  
20 limiting or withdrawing benefits any beneficiary country.

21 As many of you know in here, Senator Coons and I  
22 have traveled extensively particularly to South Africa  
23 and dealt with a number of trade issues with that  
24 country. I originally offered an amendment that would  
25 limit South Africa's participation in AGOA not to 10

1 years, but to 3 years, but I am not going to offer that  
2 amendment.

3 Instead, I want to offer Isakson Amendment No. 2,  
4 which basically says the Isakson-Carper amendment would  
5 change the sense of Congress in the bill to provide a  
6 binding provision that would require the President of the  
7 United States to conduct an out-of-cycle review of South  
8 Africa within 30 days of the enactment of AGOA.

9 It is important we send the signal to those who have  
10 not been in the spirit that we believe important in this  
11 agreement to have that review take place and to have  
12 people held accountable for their trade policies and  
13 their trade rights with the United States.

14 This has been cleared with Mr. Froman. It has been  
15 cleared with the Administration. It is a good amendment  
16 and it makes a lot of sense and I appreciate Mr. Carper  
17 and Mr. Warner and their cosponsorship.

18 I particularly want to acknowledge Senator Coons  
19 from Delaware who has been an ardent worker and supporter  
20 on the amendment, and I would ask for its adoption.

21 Senator Carper. Mr. Chairman?

22 The Chairman. Senator Carper?

23 Senator Carper. I am pleased to join Senator  
24 Isakson and Senator Warner in supporting this amendment.

25 I do not know if anybody thinks about how much the

1 value of the poultry we export, the poultry we sell in  
2 this country per year, but it is about \$5 billion. It is  
3 a lot of money. We sell almost no chickens to South  
4 Africa, almost nothing.

5 The value of the legislation that we are working on  
6 today is not so much to open up our own markets to other  
7 countries, but to make darn sure that those that are  
8 trying to keep our products out are not successful.

9 I think Senator Isakson, with a lot of input from my  
10 colleague, Senator Coons, has come up with a real good  
11 proposal here and I am delighted that you are doing it  
12 and I hope we get a big vote on this amendment. It is  
13 real important.

14 Senator Isakson. Let me thank the Senator from  
15 Delaware for his comments and echo what he said about  
16 Senator Coons and also talk about what we are standing up  
17 is for America and for open markets for American trade  
18 and prosperity.

19 This is a good way to approach it. South Africa is  
20 the largest beneficiary of AGOA. They should be the most  
21 cooperative player with AGOA.

22 Senator Warner. Mr. Chairman?

23 The Chairman. The Senator from Virginia?

24 Senator Warner. I simply want to thank the Senator  
25 from Georgia not only for taking the lead on this

1 amendment, but like Delaware and Maryland, poultry is  
2 very important in Virginia, as well. And I particularly  
3 appreciate the way that I think he has navigated this to  
4 make sure that the Office of the President uses that  
5 authority to hold South Africa's feet to the fire.

6 The Chairman. Senator Cardin?

7 Senator Cardin. Thank you, Mr. Chairman.

8 I also strongly support the AGOA legislation and  
9 support Senator Isakson's amendment which strengthens the  
10 bill.

11 I had filed 10 amendments that deal basically with  
12 capacity-building in AGOA, which is critically important.  
13 This is an issue that we are working on the Senate  
14 Foreign Relations Committee, in addition to the Senate  
15 Finance Committee.

16 I know both Committees are interested in  
17 strengthening the next round of AGOA to make sure that  
18 the countries do build adequate capacity to really take  
19 advantage long-term of the economic growth afforded by  
20 the AGOA preferences.

21 So I mention that because I am not going to offer  
22 those amendments because it has not yet been cleared  
23 through the Senate Foreign Relations Committee. I know  
24 Senator Corker is working on this. But I do want to  
25 compliment the Chairman on the bill that he has brought

1 forward and urge us to adopt the Isakson amendment.

2 The Chairman. Thank you so much, Senator.

3 Are there any other comments or any other  
4 amendments?

5 Senator Stabenow?

6 Senator Stabenow. Thank you very much, Mr.  
7 Chairman. I, too, strongly support the AGOA legislation  
8 in front of us and would offer an amendment that is  
9 joint, and I am pleased to have Senator Isakson joining  
10 me on and Senator Cantwell, as well, and also Senator  
11 Cardin.

12 Last August I had the privilege of leading --

13 The Chairman. If I could interrupt.

14 Senator Stabenow. Yes.

15 The Chairman. We need to dispose of the Isakson  
16 amendment first.

17 Senator Stabenow. I would be happy to do that and  
18 I am strongly in support of Senator Isakson's amendment,  
19 as well.

20 Senator Isakson. I will be happy with a voice  
21 vote, Mr. Chairman. A voice vote is fine.

22 The Chairman. All those in favor of the Isakson  
23 amendment, signify by saying aye.

24 [A Chorus of Ayes.]

25 The Chairman. Any opposed?

1 [No Response.]

2 The Chairman. The ayes have it. The amendment is  
3 adopted.

4 Now, Senator Stabenow? I am sorry I had to  
5 interrupt you.

6 Senator Stabenow. Not a problem. Thank you, Mr.  
7 Chairman.

8 I just wanted to say that last August I was pleased,  
9 as Chair of the Agriculture Committee, to lead a  
10 delegation of women Senators to Africa and one of the  
11 things that we were all struck by is the significant  
12 role, in fact, the majority of those in agriculture are  
13 women.

14 They work very, very hard all day, all night. They  
15 are not able to own the property that they farm. They  
16 are not allowed to get loans. They are not allowed to  
17 have an inheritance, laws that allow them to pass their  
18 work on and their land to their children.

19 We found that women, in fact, were not afforded the  
20 same equal opportunities to be able to develop their  
21 businesses and their farms. And after meeting with women  
22 from at least 15 different countries and the leaders of  
23 different countries, it became very clear to us that we  
24 should make sure that AGOA is very clear about the  
25 importance of moving forward and sending a strong message

1 to our African trading partners that we expected them to  
2 recognize the critical women play in the development of  
3 their economies.

4 The leaders we met with did indicate to us that they  
5 were aware and moving in that direction, but I think  
6 having in AGOA some specific language that simply makes  
7 it clear we expect our African trading partners to make  
8 sure that they are making progress toward establishing  
9 policies that support both women and men in their  
10 economies is an important part of this legislation.

11 So, Mr. Chairman, I would ask support from our  
12 colleagues and this is an important part of growing the  
13 economies in Africa.

14 Senator Wyden. Mr. Chairman?

15 The Chairman. Yes?

16 Senator Wyden. It seems to me that promoting the  
17 role of women in social, political and economic  
18 development in sub-Saharan Africa is something that we  
19 can all get behind.

20 So I very much appreciate Senator Stabenow offering  
21 this important amendment. It highlights how critical the  
22 role of women is going to be with respect to AGOA.

23 Chairman Hatch and I have talked about. I think we  
24 can do this by voice. And I want my colleagues to know I  
25 am very supportive of this and that will continue

1 throughout the process.

2 Senator Cantwell. Mr. Chairman, if I could just  
3 thank Senator Stabenow for her leadership on this. I  
4 think the point of this is that we see economic  
5 development through the empowerment of women because they  
6 make the investments in the family and in the family's  
7 education.

8 So we saw great strides being made. We just want to  
9 make sure that they get fair access to the resource that  
10 is being spent on economic activity. So thank you for  
11 having this vote.

12 The Chairman. Any further comment?

13 [No Response.]

14 The Chairman. Then we will do this by voice. All  
15 those in favor will say aye.

16 [A Chorus of Ayes.]

17 The Chairman. All those who oppose will say no.

18 [No Response.]

19 The Chairman. The ayes have it and the amendment  
20 is adopted.

21 Senator Toomey, we are turning to you.

22 Senator Toomey. Thank you, Mr. Chairman. I would  
23 like to bring up Toomey Amendment No. 1.

24 The Chairman. Without objection.

25 Senator Toomey. Thank you, Mr. Chairman.

1           So we often pride ourselves in having among the  
2 freest, fairest, most open market in the world, but there  
3 are some unfortunate exceptions. In my view, we have  
4 misguided laws limiting Americans' access to the  
5 international sugar market.

6           The worst limitation among these is the tariff rate  
7 quota that severely limits sugar imports from foreign  
8 countries. Because of these quotas, U.S. sugar prices  
9 are consistently higher, often much higher than the world  
10 average.

11           Just yesterday, Mr. Chairman, as it happens, sugar  
12 trading in the world market was trading at about \$0.13  
13 per pound. Sugar trading domestically in the U.S. market  
14 traded at \$0.25 per pound, almost 2 times the world's  
15 price.

16           These higher sugar prices, they are hurting our  
17 country. The American Enterprise Institute found that  
18 artificially higher sugar prices are equivalent to a \$3  
19 billion annual tax on American families who have to pay  
20 higher prices for the food they consume, and the U.S.  
21 Department of Commerce -- this is amazing -- the U.S.  
22 Department of Commerce found that U.S. sugar policy  
23 destroys three American food manufacturing jobs for every  
24 sugar-growing job that it saves.

25           So my amendment would simply alter the GSP

1       legislation to allow sugar from America's least developed  
2       trading partners to enter the U.S. duty-free and exempt  
3       from the tariff rate quota. This will help American  
4       families, American manufacturers, and help bolster the  
5       economies of the world's most economically vulnerable  
6       nations.

7             The Chairman. I thank my friend, Senator Toomey,  
8       and I appreciate his work on this issue, but I am going  
9       to have to oppose this amendment.

10            The generalized system of preferences is critical  
11       for some of the least developed countries benefitting  
12       under the program as they grow and as they develop their  
13       economies and the program equates to a tax break on U.S.  
14       manufacturers and producers.

15            That is why I have been pushing for a quick  
16       reauthorization of the program. I am interested in  
17       hearing any ideas about making the program more effective  
18       for both beneficiaries and American producers.

19            However, the sugar industry represents a very  
20       sensitive market for the United States with balanced  
21       success. I understand a proposal like this one could  
22       have a lot of economic value for some of the countries  
23       benefitting under the GSP program.

24            I am really happy to work with Senator Toomey and  
25       any other Senator on the Committee to study this issue

1 more closely and to try and resolve it.

2 At this time, without fully understanding the  
3 economic results for the U.S. economy, I am in a position  
4 where I have to oppose.

5 Does anybody else have any comments?

6 Senator Roberts. Mr. Chairman?

7 The Chairman. Senator Roberts?

8 Senator Roberts. I do appreciate the concerns of  
9 my colleague. I know that he has been interested in this  
10 issue for a number of years.

11 The point I would like to make is very similar to  
12 that of the Chairman. The amendment would significantly  
13 impact our Nation's sugar policy. Now is not the time to  
14 do it, this is not the place.

15 This is an issue that is within the jurisdiction of  
16 the Senate Agriculture Committee, of which I am  
17 privileged to be the Chairman, and I am going to make the  
18 same request for any amendment today that falls within  
19 the responsibility of the Ag Committee.

20 I would tell the gentleman from Pennsylvania, who  
21 has my eminent respect, I think he will find all members  
22 on the Ag Committee are friendly, we are open, open-  
23 minded, welcoming of your involvement, but the Finance  
24 Committee is not the proper venue to write agriculture  
25 policy, more especially the farm bill or the farm

1 program.

2 I would hope my colleague could withdraw the  
3 amendment. I would be more than happy to continue to  
4 work with you on how your concerns would be addressed.

5 The Chairman. Anybody else? Senator Stabenow?

6 Senator Stabenow. Mr. Chairman, just briefly. I  
7 support my Chairman and partner on the Agriculture  
8 Committee. This is the jurisdiction of the Committee and  
9 we would ask members to allow us to deal with that in the  
10 Agriculture Committee.

11 Thank you.

12 The Chairman. Does anybody else care to remark?

13 Senator Coats. Mr. Chairman?

14 The Chairman. Senator Coats first.

15 Senator Coats. Mr. Chairman, I also respect my  
16 colleague's argument here over jurisdiction, but I would  
17 like to send the Chairman of the Agriculture Committee a  
18 strong message that Senator Coats strongly supports what  
19 this amendment is trying to do and I hope the Chairman  
20 will take that into consideration as just one member  
21 saying I think we have gone too long allowing this  
22 somewhat egregious subsidy to continue.

23 Senator Roberts. I welcome the distinguished  
24 Senator from Indiana's comments. Thank you so much, sir.

25 The Chairman. Thank you. Senator Toomey, did you

1 have any opposing remarks?

2 Senator Toomey. Yes. Let me just say that I  
3 certainly acknowledge this has an obvious relation to  
4 agricultural policies, but it is directly and completely  
5 germane to this legislation because it deals directly  
6 with the generalized system of preferences, which is what  
7 we are taking up today.

8 So I am going to ask for the yeas and nays.

9 The Chairman. Anybody else?

10 Senator Enzi. Mr. Chairman, I had asked for  
11 recognition.

12 The Chairman. Senator Enzi?

13 Senator Enzi. There are a lot more complications  
14 than just the AGOA bill that are involved in this because  
15 actually the AGOA countries already produce 7 million  
16 metric tons and they get to bring 100,000 tons of that in  
17 duty-free.

18 This will ruin the market for U.S. producers. It  
19 will ruin the market for Mexican producers. It will ruin  
20 the market for 38 developing countries that have long  
21 enjoyed duty-free access to the U.S. market at the U.S.  
22 prices.

23 So I would hope it would be in something more  
24 comprehensive through the proper committee than to try  
25 and change policy in one small part at this time.

1 Thank you.

2 The Chairman. Any other comments by anybody?

3 [No Response.]

4 The Chairman. Then the Clerk will call the roll.

5 The Clerk. Mr. Grassley?

6 Senator Grassley. No.

7 The Clerk. Mr. Crapo?

8 Senator Crapo. No.

9 The Clerk. Mr. Roberts?

10 Senator Roberts. No.

11 The Clerk. Mr. Enzi?

12 Senator Enzi. No.

13 The Clerk. Mr. Cornyn?

14 The Chairman. No by proxy.

15 The Clerk. Mr. Thune?

16 Senator Thune. No.

17 The Clerk. Mr. Burr?

18 Senator Burr. No.

19 The Clerk. Mr. Isakson?

20 Senator Isakson. Aye.

21 The Clerk. Mr. Portman?

22 Senator Portman. Aye.

23 The Clerk. Mr. Toomey?

24 Senator Toomey. Aye.

25 The Clerk. Mr. Coats?

1 Senator Coats. Aye.  
2 The Clerk. Mr. Heller?  
3 Senator Heller. Aye.  
4 The Clerk. Mr. Scott?  
5 The Chairman. Aye by proxy.  
6 The Clerk. Mr. Wyden?  
7 Senator Wyden. No.  
8 The Clerk. Mr. Schumer?  
9 Senator Schumer. No.  
10 The Clerk. Ms. Stabenow?  
11 Senator Stabenow. No.  
12 The Clerk. Ms. Cantwell?  
13 Senator Cantwell. No.  
14 The Clerk. Mr. Nelson?  
15 Senator Nelson. No.  
16 The Clerk. Mr. Menendez?  
17 Senator Menendez. Aye.  
18 The Clerk. Mr. Carper?  
19 Senator Carper?  
20 Senator Wyden. No instruction, Mr. Chairman.  
21 The Clerk. Mr. Cardin?  
22 Senator Cardin. No.  
23 The Clerk. Mr. Brown?  
24 Senator Wyden. No by proxy.  
25 The Clerk. Mr. Bennet?

1 Senator Bennet. No.

2 The Clerk. Mr. Casey?

3 Senator Casey. Aye.

4 The Clerk. Mr. Warner?

5 The Chairman. Aye by proxy.

6 Senator Wyden. Mr. Chairman, Senator Carper is aye  
7 by proxy.

8 The Clerk. Mr. Warner?

9 Senator Wyden. Mr. Warner is aye by proxy.

10 The Clerk. Mr. Chairman?

11 The Chairman. No. The Clerk will announce the  
12 vote.

13 The Clerk. Mr. Chairman, the final tally is 10  
14 ayes, 16 nays.

15 The Chairman. The amendment is not agreed to.

16 Senator Nelson, I think you are up next.

17 Senator Nelson. Mr. Chairman, you said that you  
18 would prefer me to offer my amendment to the Customs  
19 bill; is that correct? I have filed it to both AGOA and  
20 the Customs bill.

21 The Chairman. I think this is the preferable bill.

22 Senator Nelson. Your choice.

23 The Chairman. It is up to you.

24 Senator Nelson. Mr. Chairman, this is a preference  
25 for Bahrain. That is the location of the United States

1 Navy 5th Fleet in the Persian Gulf. It has been in  
2 effect since 2005 and they bring in yarn and fabric from  
3 outside of Bahrain and they make it into garments and  
4 textiles.

5 You all asked me to modify it, and this is the  
6 modified amendment, so that the preference is conditioned  
7 on the Labor Department certifying that Bahrain is living  
8 up to its labor commitments. I think that is a  
9 reasonable compromise.

10 Now, the reason this is super important to me, there  
11 is a town in Florida's panhandle halfway between  
12 Tallahassee and Pensacola named Chipley. Florida. It is  
13 a town of some 1,500 people. It has one industry in the  
14 town and it employs 300 people in that little town.

15 That industry takes this stuffing of comforters that  
16 has been produced in Bahrain and brings it and they make  
17 it into comforters.

18 If we do not continue this trade preference that has  
19 been there, that business is going to fold in that little  
20 town and lose 300 jobs.

21 That is my plea, Mr. Chairman.

22 Senator Wyden. Mr. Chairman?

23 The Chairman. Yes, Senator?

24 Senator Wyden. Thank you, Mr. Chairman. I urge  
25 colleagues to support the Nelson amendment.

1           Tariff preference levels are very important not just  
2 to Senator Nelson's State, but they are important to  
3 Bahrain. They reflect policies that were put in place as  
4 part of our free trade agreement with Bahrain.

5           The principal purpose of these tariff preference  
6 levels is to allow a trading partner preferential  
7 treatment on a certain set of goods in order to help them  
8 set up a fully integrated supply chain.

9           I think we ought to support the Nelson amendment. I  
10 appreciate my colleague's interest and it ought to be  
11 included in this package. And I yield back.

12           Senator Burr.    Mr. Chairman?

13           The Chairman.   Senator Burr?

14           Senator Burr.    Mr. Chairman, I will be very brief.  
15 I want to talk about another place that has textiles. It  
16 is the State of North Carolina.

17           The nature of Congress for the past 30 years has  
18 been allow people to get in the textile business because  
19 it is easy and it is cheap. And just like Senator Nelson  
20 lobbies for the jobs that it creates, 300 jobs in  
21 Florida, it probably used to be 3 million in North  
22 Carolina.

23           We have got a textile industry that hangs on the  
24 ledge. They are abused every time we take up trade  
25 legislation because we extend this, we extend that.

1           We allow Bahrain to compete, but not North Carolina,  
2 not South Carolina, not places that have a history of  
3 textiles.

4           I would encourage my colleagues -- trade is about  
5 making it fair, if we do it right. And what this does  
6 is it -- I am not even sure, Bill, that we are in  
7 competition with what comes out of Bahrain, but I can  
8 tell you the precedent you set and what you say to the  
9 textile industry that is struggling in this country is do  
10 not make an investment. Just move overseas. Go  
11 somewhere where it is cheaper, go somewhere where labor  
12 is cheaper, go somewhere where you can buy cotton  
13 cheaper. That affects the ag business in the United  
14 States. It affects the unskilled workers that have a  
15 lifetime in these mills, and, gosh knows, we have gotten  
16 to be experts and transforming a 1930 mill into something  
17 different than a manufacturing facility because we have  
18 lost so many textile companies in our State.

19           I would just as soon fight for the ones that are  
20 left and fight for the opportunity for the United States'  
21 textile industry to be as lucrative and forceful as  
22 anybody else in the rest of the world and you do not do  
23 that by extending trade preference levels.

24           I would encourage a no vote. Thank you, Mr.  
25 Chairman.

1           The Chairman.    The Senator from North Carolina  
2           expresses my view pretty well.  I cannot support this  
3           amendment because these TPLs, or tariff preference  
4           levels, were negotiated as part of free trade agreement,  
5           a delicately balanced package of concessions to open  
6           markets, and concessions were made on both sides, as is  
7           the nature of a negotiation and it is important that the  
8           United States and our trading partners honor their  
9           commitments and that includes abiding by the agreed upon  
10          phase-out for these TPLs.

11          I understand there are concerns surrounding  
12          Bahrain's compliance with other provisions under the FTA.  
13          As Senator Nelson raised, one of those concerns is with  
14          labor compliance.

15          We should not reward countries that do not take  
16          these commitment seriously by extended additional  
17          preferential access, and I think many of my colleagues  
18          might agree with that.

19          Finally, these TPLs will require a significant  
20          amount of revenue to offset.  I am concerned about that.  
21          Budgets are tight.  We need to reserve the offsets that  
22          are traditionally used for trade functions with some of  
23          the other measures before the Committee.

24          So I would urge my colleagues to vote no on the  
25          amendment, as much as I understand the good feelings and

1 good thinking of my friend from Florida.

2 Are there any other comments? The Senator from  
3 Maryland.

4 Senator Cardin. I understand the Chairman's  
5 concern. I have an amendment that will deal with  
6 Nicaragua. But it seems to me that in dealing with these  
7 trade preference levels, that there was, we thought, a  
8 process that would be used to consider whether we should  
9 extend them or not, and it does not seem like we are  
10 following an orderly process.

11 I am very sympathetic to Senator Nelson's concerns.

12 I do not know whether we intentionally wanted to end the  
13 TPL program when we did.

14 In regard to Nicaragua, I can tell you there are  
15 jobs in Maryland that are directly dependent upon the  
16 extension of that law.

17 I would hope that we would have a regular process  
18 working with the USTR as to what are the policies on  
19 extension of these programs.

20 So I have an amendment to deal with Nicaragua. I  
21 would like to see that considered. I think there are  
22 unintended consequences for our failure to pay attention  
23 to the deadline and recognize it not only has an impact  
24 on the countries involved and our trade policies with  
25 those countries, but it does have an impact on our

1 domestic industries.

2 The Chairman. I understand. Any further comments?

3 Senator Nelson. May I close? At the appropriate  
4 time, I would like to close on the amendment.

5 The Chairman. Of course you can.

6 Senator Nelson. Certainly I would second the  
7 comments made by Senator Cardin. There are going to be  
8 consequences if we do not do it, as Ben has suggested, or  
9 do it on one of these bills. The Navy's 5th Fleet is  
10 there. You know the local trouble that they have had in  
11 Bahrain. You know all of our activities and how much  
12 Bahrain has been an ally of ours in that war that we are  
13 pursuing over there against the terrorists.

14 I am afraid this is going to be big news in Bahrain  
15 that the United States has turned on its heel with our  
16 5th Fleet headquartered right there.

17 Now, I would just say that this is stuffing that is  
18 made in Bahrain. It is not made anyplace else, Senator  
19 Burr, as you suggested in your comments, anyplace else in  
20 America. So we are not in competition.

21 I agonize for you and what has happened in the  
22 textile industry and as I have had occasion for voting in  
23 the past, I have tried to support North Carolina not only  
24 in textiles, but in other things that you have lost.

25 Look at what has happened in your furniture

1 industry. This is one part of Florida that is going to  
2 be dramatically affected and it is possible that the  
3 United States' foreign policy is going to be affected  
4 because of the news that would be received.

5 The Chairman. Does the Senator desire a recorded  
6 vote?

7 Senator Nelson. Please.

8 The Chairman. The Clerk will call the roll.

9 The Clerk. Mr. Grassley?

10 Senator Grassley. No.

11 The Clerk. Mr. Crapo?

12 The Chairman. No by proxy.

13 The Clerk. Mr. Roberts?

14 Senator Roberts. No.

15 The Clerk. Mr. Enzi?

16 Senator Enzi. No.

17 The Clerk. Mr. Cornyn?

18 The Chairman. No by proxy.

19 The Clerk. Mr. Thune?

20 Senator Thune. No.

21 The Clerk. Mr. Burr?

22 Senator Burr. No.

23 The Clerk. Mr. Isakson?

24 Senator Isakson. No.

25 The Clerk. Mr. Portman?

1           Senator Portman.    No.  
2           The Clerk.    Mr. Toomey?  
3           Senator Toomey.    Aye.  
4           The Clerk.    Mr. Coats?  
5           Senator Coats.    No.  
6           The Clerk.    Mr. Heller?  
7           Senator Heller.    No.  
8           The Clerk.    Mr. Scott?  
9           Senator Scott.    No.  
10          The Clerk.    Mr. Wyden?  
11          Senator Wyden.    Aye.  
12          The Clerk.    Mr. Schumer?  
13          Senator Schumer.    Aye.  
14          The Clerk.    Ms. Stabenow?  
15          Senator Stabenow.    Aye.  
16          The Clerk.    Ms. Cantwell?  
17          Senator Cantwell.    Aye.  
18          The Clerk.    Mr. Nelson?  
19          Senator Nelson.    Aye.  
20          The Clerk.    Mr. Menendez?  
21          Senator Menendez.    Aye.  
22          The Clerk.    Mr. Carper?  
23          Senator Wyden.    No by proxy.  
24          The Clerk.    Mr. Cardin?  
25          Senator Cardin.    Aye.

1           The Clerk.    Mr. Brown?

2           Senator Brown.   No.

3           The Clerk.    Mr. Bennet?

4           Senator Bennet.   Aye.

5           The Clerk.    Mr. Casey?

6           Senator Casey.   No.

7           The clerk.   Mr. Warner?

8           Senator Wyden.   Aye by proxy.

9           The Clerk.    Mr. Chairman?

10          The Chairman.   No.   The Clerk will report the vote.

11          The Clerk.    Mr. Chairman, the final tally is 10  
12          ayes, 16 nays.

13          The Chairman.   The amendment is defeated.

14          Are there any other amendments?

15          Senator Cardin.   I had noted an amendment in regard  
16          to Nicaragua.   I will vote on this bill and the Customs  
17          bill.   Do you think I will have better success offering  
18          it on the Customs bill?

19                 I am not going to offer the amendment, but I just  
20          would hope that what Senator Nelson said, that we would  
21          have a process to consider TPLs, because I do think if we  
22          do not take these issues up, we are making a policy by  
23          neglect and I think this is an issue that is important  
24          for our Committee to exercise our policy jurisdiction and  
25          I would hope that we would have an opportunity at another

1 point to consider these issues.

2 Senator Wyden. Mr. Chairman?

3 The Chairman. Senator Wyden?

4 Senator Wyden. Senator Cardin is making a good  
5 point and I want to tell the Senator this is an  
6 additional area I am going to follow up with the Chairman  
7 on.

8 It is clear to me there ought to be a process rather  
9 than this kind of one-off situation. I voted for the  
10 Nelson amendment. I thought it was important. But your  
11 suggestion for the future is a good one and I will follow  
12 it up.

13 The Chairman. We appreciate the comments of  
14 everybody. If there is no further debate --

15 Senator Cantwell. Mr. Chairman, could I just say I  
16 appreciate the acceptance of my amendment on the outdoor  
17 performance where this industry is very important to the  
18 economy with millions of jobs and these tariffs were  
19 outdated.

20 The change in tariffs will help consumers, and so I  
21 am pleased that it has been included in this legislation.

22 The Chairman. It will be included.

23 Senator Bennet. Mr. Chairman?

24 The Chairman. Senator Bennet?

25 Senator Bennet. I would just like to add my thanks

1 to Senator Cantwell for her leadership and to you for  
2 including this in the bill.

3 The Chairman. Thank you so much. If there is no  
4 further debate, I would entertain a motion that the  
5 Committee order the bill reported, as modified and as  
6 amended and as an original bill.

7 Do I have anybody moving that?

8 Senator Grassley. I will move.

9 The Chairman. My goodness, that is enough right  
10 there.

11 Does any Senator require a recorded vote?

12 [No Response.]

13 The Chairman. If not, then all those in favor will  
14 say aye.

15 [A Chorus of Ayes.]

16 The Chairman. All those opposed will say no.

17 [No Response.]

18 The Chairman. The ayes have it and the resolution  
19 is ordered reported.

20 Now, we are going to move to the Customs bill. Let  
21 me just say a word or two.

22 The Committee will move to the Chairman's mark and  
23 modification of the Trade Facilitation and Trade  
24 Enforcement Act of 2015. These are priorities of mine,  
25 of Senator Wyden's, and of many of the other members on

1 the Committee.

2 Ensuring that our importers can efficiently and  
3 reliably move goods across the U.S. border is extremely  
4 important, but it is equally important that the goods  
5 coming into the country comply with our laws and  
6 regulations.

7 Customs and Border Protection is on the frontlines  
8 ensuring that American innovation is protected at the  
9 border.

10 The Chairman's mark contains new provisions which  
11 express America's continued support for the nation of  
12 Israel. As many of you know, I am a strong supporter of  
13 Israel and, I might add, moderate Arabs, as well. Israel  
14 was our first bilateral free trade partner and one of our  
15 strongest allies in the Middle East.

16 Yet, they continue to face discriminatory economic  
17 and political pressure. I believe the United States  
18 should stand beside Israel as they fight against these  
19 unfair acts. We need to demonstrate our steadfast  
20 commitment so that Israel can continue to thrive through  
21 international trade.

22 Senator Wyden, I believe, agrees with me and that is  
23 why we are able to include a number of important  
24 provisions to help fight efforts that do discriminate  
25 against Israel.

1 I am glad we were able to include this provision,  
2 along with some very important trade enforcement measures  
3 in the Chairman's mark. This is a good package and I  
4 hope it earns all of your support.

5 Senator Wyden. Mr. Chairman?

6 The Chairman. Go ahead, my friend.

7 Senator Wyden. I want colleagues to know that in my  
8 view, this section, particularly trade enforcement, this  
9 is the most robust set of trade enforcement provisions in  
10 decades and I want to thank colleagues for their efforts  
11 in this.

12 This includes, for example, the ENFORCE Act, which  
13 is critically important to go after tax cheats. It  
14 allows us to have an early warning system to go after  
15 import surges. This has been so important to business  
16 and labor, because often they do not really hear about  
17 things until it is too late.

18 I particularly want to commend Senator Brown because  
19 this includes his efforts for what is called a level  
20 playing field and I think that is particularly important  
21 to the steel industry and others.

22 So I hope colleagues will support this. This goes  
23 right to the heart of whether there is going to be a new  
24 playbook for trade policy. When people talk about how  
25 trade in 2015 is different than trade back in the 1990s,

1 this section reflects it.

2 So I hope my colleagues will support it.

3 The Chairman. Thank you, Senator.

4 The Committee will now walk through the mark and the  
5 modification. I recognize Shane Warren of our staff to  
6 do so. We also have Greta Peish. Am I pronouncing that  
7 right, Greta?

8 Ms. Peish. Correct.

9 The Chairman. S I did not blow that one. That is  
10 good.

11 Ms. Peish. That is correct. Thank you.

12 The Chairman. Of the Committee staff. Assistant  
13 General Counsel Das from the Department of Treasury, and  
14 Deputy Assistant Commissioner Bell from CPB's Office of  
15 International Trade, as well as Terri Gullo from CBO and  
16 Tom Barthold, the Chief of Staff from JCT, for the  
17 members' benefit to answer any questions that anybody  
18 here has.

19 Mr. Warren, could you briefly describe the main  
20 features of the proposal?

21 Mr. Warren. Thank you, Mr. Chairman. At this  
22 markup, the Committee is considering a proposal to  
23 reauthorize the trade facilitation and trade enforcement  
24 functions of United States Customs and Border Protection  
25 and other agencies.

1           The proposal consists of seven titles. Title 1  
2 concerns the trade facilitation and trade enforcement  
3 mission of CPB.

4           Title 2 concerns the import health and safety  
5 mission of CPB.

6           Title 3 concerns the import-related protection of  
7 the intellectual property rights mission of CPB.

8           Title 5 establishes new requirements for CPB to  
9 combat the evasion of anti-dumping and countervailing  
10 duty orders.

11          Title 6 establishes additional trade enforcement,  
12 intellectual property rights protection requirements  
13 primarily for agencies other than CPB.

14          Title 4 and Title 7 of the proposal concern  
15 miscellaneous provisions pertaining to trade facilitation  
16 and trade enforcement.

17          Thank you, Mr. Chairman.

18          The Chairman. I thank you. Do Senators have any  
19 questions regarding this mark?

20          Senator Brown. Mr. Chairman?

21          The Chairman. Senator Brown?

22          Senator Brown. I do not have a question. I  
23 apologize for that, except I want to say thank you to the  
24 Chairman and the Ranking Member for the Level the Playing  
25 Field Act, including all the language of that and your

1 willingness to work together to keep this in through the  
2 process.

3 And I thank Senators Burr and Portman and Casey for  
4 their leadership in this. Senator Coats also was very  
5 involved in this, too.

6 We know what has happened in trade enforcement. As  
7 Senator Wyden just said, so often the injury to the  
8 industry is such because of the length of time it takes,  
9 in part, and the court decisions over the years have  
10 eroded our ability to fight back and workers lose jobs,  
11 companies lose business. Sometimes companies shut down  
12 before they can fight back.

13 This will give us the tools to protect our jobs and  
14 our companies and our communities. So I thank everybody  
15 involved in that.

16 Senator Casey. Mr. Chairman?

17 The Chairman. The Senator from Pennsylvania?

18 Senator Casey. I just very briefly want to  
19 reiterate what Senator Brown just said. I want to thank  
20 him for his work.

21 I want to thank the Chairman and the Ranking Member  
22 for working with us on this. It is very important to the  
23 steel industry, where they suffer and have suffered  
24 tremendous economic injury and then do not have the kind  
25 of resource that we would all hope they would to be able

1 to fashion a remedy and to get some economic justice.

2 This comes after a generation of steel jobs having  
3 been lost. So at a minimum, we should take the step that  
4 the bill does and we are grateful for that support for  
5 steel and for other industries, as well.

6 The Chairman. Thank you, Senator.

7 Senator Wyden has agreed to withhold his remarks so  
8 that Senator Schumer can make his remarks at this time.

9 Senator Wyden. To offer his amendment.

10 The Chairman. He is going to offer an amendment.  
11 He is willing to defer to you and so am I.

12 Senator Schumer. Thank you, Mr. Chairman. I would  
13 like to call up Amendment Schumer-Burr-Brown-Portman No.  
14 1.

15 The Chairman. Without objection.

16 Senator Schumer. Thank you, Mr. Chairman. I would  
17 also ask that Senators Stabenow, Casey and Cardin be  
18 added as cosponsors.

19 The Chairman. Without objection.

20 Senator Schumer. Now, we filed this amendment on  
21 both the Customs enforcement package, as well as the TPA  
22 package itself. But after much discussion with some of  
23 my colleagues who indicated concerns about germaneness to  
24 TPA, and I have said all along that I think that this  
25 amendment is important on its own, I have worked out an

1 agreement with Chairman Hatch, for which I thank him, to  
2 offer this amendment only here on Customs. We will not  
3 be asking for a vote on TPA.

4 Now, as I have discussed with many of you in recent  
5 weeks and really for years now, I believe currency  
6 manipulation is the most significant emerging trade  
7 challenge this country faces.

8 According to the Peterson Institute for  
9 International Economics, more than 20 countries have  
10 increased their foreign exchange reserves by an annual  
11 average of \$1 trillion in recent years. The buildup  
12 keeps the currency of the interveners significantly  
13 undervalued, in turn, increasing their trade surpluses.

14 That, of course, has resulted in U.S. trade deficits  
15 going up from about \$200 billion to \$500 billion a year  
16 and corresponding U.S. job losses in the millions.

17 When currency is manipulated, it hurts both our  
18 exports, they are more expensive overseas, and our  
19 products at home because imports are unduly lower priced  
20 here.

21 Now, China is the most rapacious of our trading  
22 partners. They have perfected currency manipulation to a  
23 fine art and they are at the front of the line when it  
24 comes to this activity. And so while this Administration  
25 has sold the TPP as a geopolitical necessity to ensure

1 that the United States does not see ground to China in  
2 that region of the world, if the stated goal of TPP is to  
3 lure countries away from China's orb of influence,  
4 something I am sympathetic with, then it makes perfect  
5 sense that as part of the overall effort, we also should  
6 deal with China head-on to show them we will not continue  
7 business as usual in our direct trade relations with  
8 them, as well.

9 So while I am skeptical of TPA and TPP as a whole, I  
10 do not necessarily dispute that TPP will grow the GDP or  
11 corporate profits for many U.S. multinationals. But the  
12 trade agreement alone will not provide the tools we need  
13 to combat the specific challenge of currency  
14 manipulation, which has such a tangible and detrimental  
15 impact on middle class jobs here at home.

16 So if we do not do it now, when? We have waited a  
17 long time. We have broad bipartisan support, and this  
18 bill will ride alongside TPA, not in it.

19 As many of you know, because you have worked  
20 alongside me on these issues over the years, I have been  
21 long an advocate on this issue and have worked to find  
22 solutions from many different angles over the past  
23 decade.

24 I have begged and pleaded with Administration after  
25 Administration. I have negotiated with five different

1 Treasury Secretaries, beginning with Secretary Snow, to  
2 get the Administration, whether it is Republican or  
3 Democrat, it is not different, to actually do something  
4 on currency, but they have all taken the position that  
5 country-to-country negotiation is the appropriate tool  
6 and then nothing gets done because the other country just  
7 resists, China in particular.

8 They prefer to use currency manipulation  
9 negotiations as a diplomatic tool to get something else  
10 rather than enforce existing law to protect American  
11 workers, which to me is paramount.

12 So I have come to the conclusion that if we want to  
13 protect American workers from the rapaciousness of China,  
14 different than these countries, we need to pass this  
15 amendment. We have to strengthen the mechanism for the  
16 tools that are in place, but not currently being used.

17 So let me just explain what the amendment does,  
18 briefly. Many of you have supported it in the past and  
19 are familiar with it. It got, I think, over 60 votes on  
20 the floor of the Senate several years ago, bipartisan.  
21 Always it has been bipartisan.

22 Under existing law, if the Commerce Department finds  
23 that subsidized imports are causing economic harm to  
24 American manufacturers and workers, the Administration  
25 must impose duties on the imports to countervail the

1 benefit conferred on foreign producers and exporters by  
2 the subsidies.

3 However, as I said, rather than enforce this  
4 existing law, the Administration and the previous one  
5 prefer to use the threat of currency manipulation  
6 measures as a diplomatic tool to achieve other non-  
7 economic geopolitical goals.

8 As a result, they have narrowly defined what  
9 qualifies as a countervailing export subsidy and they  
10 have excluded currency manipulation, even though it is  
11 plain as the nose on your face that it is a  
12 countervailing export subsidy and that is why it is done.

13 Our amendment would require the Commerce Department  
14 to investigate whether currency undervaluation by a  
15 government provides a counter-available subsidy if the  
16 U.S. industry requests such an investigation. It does  
17 this by putting in place a new rule that simply says an  
18 export subsidy may exist through currency manipulation  
19 and should be investigated, period. They cannot avoid  
20 the investigation.

21 We have worked laboriously to make this WTO  
22 compliant. No one denies that it is not. It is WTO  
23 compliant. And we are using existing mechanisms in the  
24 law, but making sure they apply to currency. It is the  
25 same mechanisms people have used on other issues, but we

1 are making sure that that happens with currency.

2 So this is the enforceable mechanism we must employ  
3 to show China we are not messing around and get something  
4 done finally.

5 The members of this Committee I hope feel an  
6 obligation, as I do, particularly as we are likely to  
7 abdicate a lot of our oversight role when you fast-track  
8 any trade agreement.

9 So we have an obligation to ensure tools are in  
10 place to protect American workers and that they are being  
11 used appropriately.

12 So to my colleagues who have a history of work on  
13 this issue and support for this proposal, this is our  
14 best opportunity, the most appropriate opportunity to  
15 show that we are serious about combating the trade  
16 tactic.

17 As I mentioned, we have kept this bipartisan. The  
18 original bill with Senators Graham and Collins and  
19 Sessions and myself and Brown and Stabenow, this  
20 amendment, as I mentioned, is Burr and Portman, as well  
21 as Schumer and Brown. Senator Grassley has been a vocal  
22 proponent of this issue in the past, coming to a press  
23 conference on this particular proposal a while ago.

24 Senators Isakson, Crapo, Bennet and Carper have  
25 voted and are supportive of improvements in this space,

1 and I know I am forgetting some others, so forgive me.

2 So China's trade economic policy of undermining the  
3 global marketplace, which major CEOs in America quietly  
4 admit to every one of us, they cannot say it publicly  
5 because they retaliate, but they know what is going on,  
6 something should be done about it. The appropriate time  
7 is now.

8 I urge my colleagues to support this important  
9 amendment.

10 The Chairman. I thank the Senator from New York.  
11 I understand his zeal here. The amendment seeks to amend  
12 the Tariff Act of 1930 to require a countervailing duty  
13 investigation or review to determine whether some  
14 measures of a currency misalignment is effectively a  
15 subsidy either, quote, "directly or indirectly to a  
16 country's exports." If so, then the sanctions can  
17 follow.

18 I actually ask my colleagues to vote against this  
19 amendment. The amendment is likely not compliant with  
20 our existing international trade commitments. It  
21 effectively attempts to provide for trade sanctions which  
22 could be based on presumptions without support and it  
23 would invite retaliatory trade sanctions from other  
24 countries on the basis of some sorts of presumptions  
25 about currency fundamentals.

1           Unfortunately, the amendment would allow so many  
2 degrees of freedom in arriving at a subsidy  
3 determination, including, quote, "indirect," unquote,  
4 subsidies, based on some measure of undervaluation that  
5 it would prove entirely ineffective, at least that is my  
6 view.

7           Now, either subsidy determinations could or would  
8 not be made or the subsidy determinations would be  
9 flexibly used and lead to trade disputes and possibly  
10 retaliations from trading partners.

11           So I am concerned about it and this amendment runs  
12 the risk of raising the likelihood of trade disputes and  
13 trade wars. But I also understand my colleague's  
14 sincerity on this and I intend to hold hearings on this  
15 issue and do more in the future.

16           With that, does anybody else care to comment?

17           Senator Wyden, do you care to comment?

18           Senator Wyden. Mr. Chairman, I want to commend  
19 Senator Schumer for advancing this solution to the issue  
20 of currency manipulation.

21           Colleagues, I think it is pretty clear. There is no  
22 issue that has consumed more time in these debates than  
23 currency manipulation and it is a sensitive issue because  
24 it goes right to the heart of how we protect and grow  
25 American jobs in a tough global economy, and, also, it

1 reflects discussion with respect to how this is going to  
2 affect Federal Reserve practices and the like.

3 I think Senator Schumer has figured out how to  
4 address the key question, which is to deal with China,  
5 which clearly has manipulated their currency in the past  
6 to get an unfair advantage.

7 This also levels the playing field for American  
8 industry by, in effect, in a practical fashion, expanding  
9 trade remedies.

10 I hope my colleagues will support the Schumer  
11 amendment and I appreciate my colleague, my seatmate all  
12 these years, working with so many of you on both sides of  
13 the aisle to come up with a practical approach at this  
14 point, and I urge its adoption.

15 The Chairman. Any further comment? Senator  
16 Portman?

17 Senator Portman. Mr. Chairman, as I said earlier,  
18 I intend to offer an amendment in the trade promotion  
19 authority debate and this will be narrowly targeted  
20 toward a negotiating objective within TPA.

21 But I wanted to comment briefly, if I could, on this  
22 legislation. I am a cosponsor. I voted for it in 2011.

23 I remember in 2005 when I was U.S. Trade Representative,  
24 I happened to be at the other side of the table at one of  
25 these committee meetings and I was asked by Senator

1       Schumer -- he had more hair then -- how I felt about  
2       currency manipulation. I said I think it affects trade  
3       in a negative way for American workers, and, frankly, I  
4       have believed that all along.

5               It is not something that the U.S. Trade  
6       Representative's office typically handles. It is  
7       something done by Treasury because it is in the area of  
8       currency. But I think we have gotten to the point now  
9       where it is widely acknowledged that this is a problem  
10      that should and can be addressed, particularly if it is,  
11      again, a focus and a narrowed objective to ensure that we  
12      are not talking about macroeconomic policy that various  
13      countries use with their monetary policy, as we do, but  
14      we are talking about intervention.

15             The Peterson Institute for International Economics,  
16      some of you follow their work, has said that unfair  
17      currency manipulation has resulted in the loss of 1 to 5  
18      million American jobs and increased the U.S. trade  
19      deficit by \$200 billion to \$500 each year.

20             The idea of trade, just to be philosophical for a  
21      second, is we sell products to other countries. The hope  
22      is that then we use that money to buy their products and  
23      vice versa. That is balanced trade. And when a country,  
24      and China is the example, uses this as a way to distort  
25      trade and encourages the depreciation of their currency

1 so their exports are less expensive over here and our  
2 imports are more expensive over there, you have this  
3 imbalance and we see this in terms of the trade deficit.

4 If you look at the trade deficit over the last  
5 decade, it is primarily driven by two things; one is  
6 energy and the other is China, and a lot of this goes to  
7 the currency manipulation that we have seen.

8 So this is an important issue. I do think we ought  
9 to address it and do it in a thoughtful way that is WTO  
10 consistent to avoid the kind of disputes that the  
11 Chairman talked about, and I intend to support the  
12 amendment on that basis today.

13 The Chairman. I understand the Senator's position  
14 and others, as well.

15 Senator Brown. Mr. Chairman?

16 The Chairman. Senator Brown?

17 Senator Brown. I will be very brief. I support  
18 the Schumer amendment and thank him for offering it.

19 As Senator Schumer and others have said, we have  
20 applied diplomatic pressure. We have held dialogue after  
21 dialogue. There have been incremental improvements, but  
22 it is often China does one step forward and two backward.

23 This bill simply requires Commerce to investigate  
24 currency manipulations and illegal subsidies, something  
25 they should be doing if a petitioner requests an

1 investigation and provides the documentation to support  
2 it.

3 It does not presuppose an outcome. It is WTO  
4 compliant. And I think, Mr. Chairman, currency has  
5 contributed to something almost unknown a generation ago,  
6 and that is contribute to the increasing numbers of  
7 businesses putting together their business plan as  
8 shutting down production in Dayton, Ohio or Asheville,  
9 North Carolina, moving it overseas and then selling back  
10 into the United States.

11 Currency contributes to that whole structure and  
12 that whole business plan that has become all too common.

13 It is tax law, it is trade law, it is currency, and this  
14 is a chance to take away one of those incentives, if you  
15 will, for companies to follow that route, which they are  
16 in some ways forced to do because of our economic system  
17 and because of the way we have interacted with China.

18 So I ask for support for the amendment.

19 The Chairman. Senator Burr?

20 Senator Burr. Mr. Chairman, I want to just speak  
21 in favor very briefly.

22 The Chairman. Sure.

23 Senator Burr. As Senator Portman knows, because  
24 hew as Trade Representative, I have had in my desk drawer  
25 for 15 years a bill to eliminate the U.S. Trade

1 Representative.

2 [Laughter.]

3 Senator Burr. He learned that one day when he was  
4 in my office as the Trade Representative. And it is  
5 because of this. If you are the U.S. Trade  
6 Representative and you do not get a trade deal, you just  
7 failed. You failed.

8 So the incentive for a trade representative is get a  
9 deal at any cost, and we have been willing to accept that  
10 as Congress and as the American people. And no deal is  
11 perfect and it requires Congress to go back and take what  
12 we have learned and to occasionally modify what the  
13 agreement was if the objective is to have a level playing  
14 field.

15 Now, there is one thing that I think we all know  
16 here -- the Chinese manipulate currency. The question is  
17 are we going to do something about it, are we going to  
18 change it.

19 And I would only ask you this. If you think that  
20 this approach is fair, then support it. And this is not  
21 the only thing. Probably we could look at any trade  
22 agreement and say, gees, this is what we negotiated, but  
23 now we know this, therefore we should change that.

24 This is one of those. Now we know this, so let us  
25 change that. I encourage members to support it.

1 Senator Cardin. Mr. Chairman?

2 The Chairman. Senator Cardin?

3 Senator Cardin. Thank you, Mr. Chairman. I  
4 strongly support this amendment. I thank Senator Schumer  
5 and the others that have designed it.

6 I think it is very clear when you have designed to  
7 manipulate currency, you are doing it for an advantage.  
8 We talk about a level playing field, so let us talk about  
9 the practical effects.

10 It is one thing to have monetary policy, we  
11 understand that. It is another thing to have  
12 governmental policy to make your currency lower so that  
13 you get a competitive advantage in the international  
14 marketplace. That gives you a 10 percent, 15 percent, 20  
15 percent advantage over U.S. manufacturers, producers or  
16 farmers. That is not a level playing field.

17 What the Schumer amendment does is allow us to be  
18 able to determine if that is what the currency policy is  
19 doing in order to get that 10 percent or 15 percent or 20  
20 percent advantage, that that is actionable, as it should  
21 be actionable, because as Senator Portman said, we are  
22 for a level playing field because that is how you will  
23 get the maximum economic advantage of trade.

24 When you arbitrarily fix your currency value so that  
25 your manufacturers, producers and farmers have an

1 advantage, that is wrong. And the Schumer amendment  
2 takes action at that and I thank him for bringing it  
3 forward.

4 The Chairman. Thank you. The Senator from  
5 Pennsylvania?

6 Senator Casey. I will be brief. I know we have a  
7 lot to do. But I want to join in support of the  
8 amendment and I do not want to just simply express  
9 frustration, but I think it is plainly evident what has  
10 happened over a long period of time not only on currency  
11 manipulation, but on a whole range of other practices  
12 that China, for example, is engaged in.

13 I know in my home State of Pennsylvania, when China  
14 cheats, we lose jobs. It is very simple. Nothing is  
15 complicated about that. When they cheat on currency,  
16 when they purposely undervalue it, it has a particularly  
17 pernicious and destructive impact.

18 I remember sitting with Secretary Geithner in my  
19 office raising this issue, Secretary Lew, and it seems  
20 that over and over again the Administration has said they  
21 understand the problem, they want to do something about  
22 the problem. They raise it at every meeting, every  
23 bilateral discussion, and I appreciate that.

24 I think the time for raising it and pushing it and  
25 taking smaller steps is over. I think we have to take a

1 more decisive and more determined action to get the  
2 result which Americans expect us to.

3 They do not expect us to create some magic wand, but  
4 they do expect us to take effective steps to remove a  
5 problem. I think this is a major problem that is hurting  
6 our workers and literally costing us jobs.

7 The Chairman. Well, I do not disagree that this is  
8 a problem. I just do not think this is the right  
9 solution. We have Mr. Das here from the Treasury  
10 Department. Could we have your viewpoint on this?

11 Mr. Das. Thank you, Chairman Hatch, and thank you  
12 for the question, as well.

13 Again, we share the concerns of many in Congress  
14 regarding currency practices. We hear your concerns  
15 about those currency practices, as well. Unfair currency  
16 practices hurt our workers and they hurt our firms.

17 That is why this Administration and particularly  
18 Secretary Lew have taken great lengths and great measures  
19 in terms of engaging with our partners, our trading  
20 partners in a number of different fora; for example, the  
21 G-20, the G-7, the IMF, as well as bilaterally through  
22 the S&ED to press this issue.

23 We have secured significant commitments in working  
24 with our partners particularly in the G-20 and through  
25 the S&ED with China and there has been real progress with

1 respect to currency.

2 China's currency has appreciated by over 30 percent  
3 -- by nearly 30 percent on a real effective basis since  
4 2010, and Japan has not intervened since 2011, and there  
5 has been measurable progress in terms of the types of  
6 commitments that we have gotten and in terms of  
7 appreciation, as well.

8 With respect to the proposed amendment, I think from  
9 our perspective, we are opposed to the legislation that  
10 would impose a CVD process with respect to currency  
11 undervaluation for several reasons, including some of the  
12 ones that you mentioned, Chairman Hatch.

13 First of all, it raises questions about consistency  
14 with our international obligations. Second, I think our  
15 other countries would pursue retaliatory measures that  
16 could mimic our provisions, but at the same time, target  
17 our companies and our workers and that would present a  
18 real concern. They could design CVD provisions that used  
19 a different standard given that there is no single  
20 universal standard that applies to currency  
21 undervaluation.

22 I think, also, unilateral measures will be perceived  
23 as being counterproductive in terms of the G-20 and the  
24 G-7 and all the progress that we have made in the  
25 international fora, as well, and it will impede and

1       impair our multilateral and bilateral efforts.

2               Finally, we are also concerned that unilateral  
3 measures will impair our ability to make progress in the  
4 context of TPP, assuming TPA is passed, with a currency  
5 objective, as well.

6               I think our partners will be concerned about  
7 negotiating some sort of currency provisions given that  
8 they may also face unilateral measures, as well.

9               The Chairman.    Thank you so much for your opinion.

10              I understand Senator Stabenow would like to speak and  
11 then we will finish up with Senator Schumer.

12              Senator Stabenow.    Mr. Chairman, first of all, I  
13 want to thank Senator Schumer for his leadership and it  
14 has been a pleasure to work with him and other members of  
15 this Committee and others on the Committee for a number  
16 of years.

17              We have heard over and over again about China taking  
18 baby steps and we are at a point now where, when we are  
19 fully engaged in the global economy, where that is just  
20 not enough and, frankly, when we get to TPA -- and, Mr.  
21 Das, with all due respect -- on what is coming on TPP, we  
22 want our trading partners, we want Japan to know that it  
23 is not okay to manipulate your currency.

24              It costs us millions of jobs.    People look at  
25 Chinese products and see a lower price and do not

1 understand that a good chunk of that is because they  
2 cheat, and this is another tool to create a way to do  
3 something about it and I think it is long overdue.

4 So I would urge a strong bipartisan vote.

5 The Chairman. Thank you. Senator Schumer, you  
6 will wind it up.

7 Senator Schumer. One quick conclusion. I  
8 appreciate our Administration making the presentation,  
9 but in all due respect, we have tried this diplomatic  
10 route over and over again for 10 years, as Senator  
11 Portman noted.

12 Senator Graham and I took a trip to China about --  
13 along with Senator Coburn -- 10 years ago in an effort to  
14 try and get something done. It is time to do something  
15 that might actually solve this problem and help America.

16 I just have lost faith in the diplomatic back-and-  
17 forth. So I ask for a vote, I ask for the yeas and nays.

18 The Chairman. There is a request for a recorded  
19 vote.

20 Senator Schumer. Yes.

21 The Chairman. The Clerk will call the roll.

22 The Clerk. Mr. Grassley?

23 Senator Grassley. Aye.

24 The Clerk. Mr. Crapo?

25 Senator Crapo. Aye.

1           The Clerk.    Mr. Roberts?  
2           Senator Roberts.   Aye.  
3           The Clerk.    Mr. Enzi?  
4           Senator Enzi.    Aye.  
5           The Clerk.    Mr. Cornyn?  
6           Senator Cornyn.   No.  
7           The Clerk.    Mr. Thune?  
8           The Chairman.   No by proxy.  
9           The Clerk.    Mr. Burr?  
10          Senator Burr.    Aye.  
11          The Clerk.    Mr. Isakson?  
12          Senator Isakson.   Aye.  
13          The Clerk.    Mr. Portman?  
14          Senator Portman.   Aye.  
15          The Clerk.    Mr. Toomey?  
16          Senator Toomey.   No.  
17          The Clerk.    Mr. Coats?  
18          Senator Coats.    No.  
19          The Clerk.    Mr. Heller?  
20          Senator Heller.   No.  
21          The Clerk.    Mr. Scott?  
22          Senator Scott.    Aye.  
23          The Clerk.    Mr. Wyden?  
24          Senator Wyden.    Aye.  
25          The Clerk.    Mr. Schumer?

1 Senator Schumer. Aye.  
2 The Clerk. Ms. Stabenow?  
3 Senator Stabenow. Aye.  
4 The Clerk. Ms. Cantwell?  
5 Senator Cantwell. No.  
6 The Clerk. Mr. Nelson?  
7 Senator Nelson. Aye.  
8 The Clerk. Mr. Menendez?  
9 Senator Menendez. Aye.  
10 The Clerk. Mr. Carper?  
11 Senator Wyden. Aye by proxy.  
12 The Clerk. Mr. Cardin?  
13 Senator Cardin. Aye.  
14 The Clerk. Mr. Brown?  
15 Senator Brown. Aye.  
16 The Clerk. Mr. Bennet?  
17 Senator Bennet. Aye.  
18 The Clerk. Mr. Casey?  
19 Senator Casey. Aye.  
20 The Clerk. Mr. Warner?  
21 Senator Wyden. Aye by proxy.  
22 The Clerk. Mr. Chairman?  
23 The Chairman. No.  
24 Senator Enzi. Mr. Chairman?  
25 The Chairman. Senator Enzi?

1 Senator Enzi. I meant to vote no.

2 The Chairman. Change that vote to no. The Clerk  
3 will tally up the vote.

4 The Clerk. Mr. Chairman, the final tally is 18  
5 ayes, 8 nays.

6 The Chairman. Mr. Schumer, you know how to smother  
7 me.

8 [Laughter.]

9 Senator Schumer. With love, Mr. Chairman, with  
10 love.

11 The Chairman. Is that the New York type of love?  
12 That is what I would like to know.

13 [Laughter.]

14 The Chairman. All right. Senator Bennet, I think  
15 you are next.

16 Senator Bennet. Thank you, Mr. Chairman. I would  
17 like to call up Bennet Amendment No. 1, as modified, and  
18 I would like to ask unanimous consent to add Chairman  
19 Hatch and Senator Carper as cosponsors of the amendment.

20 The Chairman. Without objection.

21 Senator Bennet. Thank you, Mr. Chairman. For all  
22 the reasons that have been said, we are all concerned  
23 about China's repeated efforts to adopt economic policies  
24 that unfairly weaken their currency and cost us jobs.

25 By some estimates, it cost 100,000 jobs in Colorado,

1 as many as 5 million across the country. We are deeply  
2 concerned because kinds of efforts, like the ones China  
3 is making, make overseas goods cheaper and exports from  
4 Colorado and our other States less competitive on the  
5 global markets.

6 That is why Senators Carper and Hatch and I are  
7 offering this amendment to make sure that our businesses  
8 and our workers have a level playing field.

9 I want to be very clear about this amendment. It is  
10 meant to complement, not substitute for my colleagues'  
11 work on currency manipulation, particularly the work of  
12 Senator Schumer. This is consistent with his bill.

13 It requires the Treasury Secretary to regularly  
14 conduct a detailed analysis of all trading partners'  
15 macroeconomic and monetary policies using rigorous and  
16 transparent metrics. It also requires extensive  
17 bilateral engagement with a country found to be  
18 improperly interfering with its currency markets as a  
19 first step.

20 If that country fails to adopt appropriate policies  
21 within a year, our amendment lays out specific remedial  
22 actions to address the problem. Significantly, this  
23 includes the ability to block a particular country,  
24 including China, from the benefit of free trade  
25 agreements, including TPP, restricting its access to U.S.

1 financing opportunities, and prohibiting the Federal  
2 Government from procuring goods and services from that  
3 country.

4 Our amendment offers some real solutions to directly  
5 confront unfair trade practices and gives trade  
6 enforcement authorities a new set of tools.

7 I encourage all of my colleagues to support the  
8 amendment. I thank the Chairman for his cosponsorship  
9 and I would ask for a roll call vote.

10 I would ask unanimous consent that Senator Nelson be  
11 added as a cosponsor.

12 The Chairman. That would be fine. I want to thank  
13 Senator Bennet for his work on this amendment. The  
14 amendment provides effective tools and procedures for  
15 enhanced oversight both within the Federal Government and  
16 among multinational financial institutions, like the IMF,  
17 for enhanced oversight and analysis of international  
18 exchange rate policies.

19 The amendment also provides tools for strengthening  
20 trade enforcement, provides for remedial actions and by  
21 establishing an advisory committee on exchange rate  
22 policy provides new evidence for Congress and the  
23 American people to weigh in and voice their interest.

24 This is a strong amendment and it is one that will  
25 give a greater voice to everyone here on the

1 international exchange rate developments, an amendment  
2 that provides significant evidence for heightened  
3 surveillance and actions.

4 So I would strongly urge my colleagues to join  
5 Senator Bennet and I in support of this amendment.

6 Are there any further comments about this amendment?

7 Senator Wyden. Mr. Chairman, I urge colleagues to  
8 support Senator Bennet's amendment. Critical to solving  
9 this currency issue is to go beyond unilateral  
10 involvement and I think what Senator Bennet is doing is  
11 finally getting us multilateral engagement, bilateral  
12 engagement.

13 I urge my colleagues to support the Bennet  
14 amendment.

15 The Chairman. Are there any other comments?

16 Senator Cantwell. Mr. Chairman, I, too, want to  
17 support the Bennet amendment. I think it gives a  
18 framework that we need to deal with. I did not support  
19 the last amendment because the process by which we put  
20 into law strict regulations -- and we have had a case in  
21 the Pacific Northwest on solar where a company brought a  
22 case to the Federal Government. The Federal Government  
23 felt obligated to act and then China retaliated against  
24 companies.

25 So the key framework here is to resolve these issues

1 without getting into a trade war and I appreciate Senator  
2 Bennet's fine crafting on this legislation.

3 The Chairman. I thank the Senator.

4 Senator Portman?

5 Senator Portman. Mr. Chairman, I intend to support  
6 this amendment. I know some are suggesting that those of  
7 us who want to see enforceability in currency  
8 manipulation should oppose it, but I think this is fine.  
9 It is more reports. It is more bilateral engagement. It  
10 encourages Treasury to set up an advisory committee to  
11 advise the Secretary. But it does not have, obviously,  
12 the teeth that the Schumer bill has or the amendment that  
13 I am going to be offering on trade promotion authority.

14 So I do not think this is something that we should  
15 be opposing. I think we should support it. I know some  
16 of my colleagues might oppose it because it does not go  
17 far enough, but I think it is fine and I intend to  
18 support it.

19 The Chairman. I thank the Senator from Ohio.

20 Senator Carper?

21 Senator Carper. I think Senator Bennet has come up  
22 with an elegant compromise and threaded the needle very  
23 nicely on a very difficult issue and I commend him for  
24 it. I hope we will all vote for it. Thank you.

25 The Chairman. I likewise commend you. Any other

1       comments?

2           [No Response.]

3       The Chairman.    The Clerk will call the roll.

4       The Clerk.    Mr. Grassley?

5       Senator Grassley.    Aye.

6       The Clerk.    Mr. Crapo?

7       Senator Crapo.    Aye.

8       The Clerk.    Mr. Roberts?

9       Senator Roberts.    Aye.

10      The Clerk.    Mr. Enzi?

11      Senator Enzi.    Aye.

12      The Clerk.    Mr. Cornyn?

13      Senator Cornyn.    Aye.

14      The Clerk.    Mr. Thune?

15      The Chairman.    Aye by proxy.

16      The Clerk.    Mr. Burr?

17      Senator Burr.    Aye.

18      The Clerk.    Mr. Isakson?

19      Senator Isakson.    Aye.

20      The Clerk.    Mr. Portman?

21      Senator Portman.    Aye.

22      The Clerk.    Mr. Toomey?

23      Senator Toomey.    Aye.

24      The Clerk.    Mr. Coats?

25      Senator Coats.    Aye.

1           The Clerk.    Mr. Heller?  
2           Senator Heller.   Aye.  
3           The Clerk.    Mr. Scott?  
4           Senator Scott.   Aye.  
5           The Clerk.    Mr. Wyden?  
6           Senator Wyden.   Aye.  
7           The Clerk.    Mr. Schumer?  
8           Senator Schumer.   Aye.  
9           The Clerk.    Ms. Stabenow?  
10          Senator Stabenow.   Aye.  
11          The Clerk.    Ms. Cantwell?  
12          Senator Cantwell.   Aye.  
13          The Clerk.    Mr. Nelson?  
14          Senator Nelson.   Aye.  
15          The Clerk.    Mr. Menendez?  
16          Senator Menendez.   Aye.  
17          The Clerk.    Mr. Carper?  
18          Senator Carper.   Aye.  
19          The Clerk.    Mr. Cardin?  
20          Senator Cardin.   Aye.  
21          The Clerk.    Mr. Brown?  
22          Senator Brown.   Aye.  
23          The Clerk.    Mr. Bennet?  
24          Senator Bennet.   Aye.  
25          The Clerk.    Mr. Casey?

1 Senator Casey. Aye.

2 The Clerk. Mr. Warner?

3 Senator Warner. Aye.

4 The Clerk. Mr. Chairman?

5 The Chairman. Aye. Will the Clerk announce the  
6 vote?

7 The Clerk. Mr. Chairman, the final tally is 26  
8 ayes, 0 nays.

9 The Chairman. The amendment is agreed to.

10 Senator Wyden?

11 The Chairman. The distinguished Senator from  
12 Oregon?

13 Senator Wyden. Mr. Chairman, this is Amendment 70  
14 and I am sponsoring this amendment with my colleague,  
15 Senator Brown, because it reflects a critically important  
16 value, and that is the elimination once and for all of  
17 forced and indentured labor, including child labor.

18 I want to thank Senator Brown for his years of  
19 extraordinary leadership on this issue and his staffer,  
20 Nora Todd, for the hard work that she has put it. I  
21 think it also worth noting that our former colleague,  
22 Senator Harkin, has previously championed this issue for  
23 years.

24 Currently U.S. law permits the importation of goods  
25 made with indentured or forced labor if the goods are not

1 made in the United States in sufficient quantities to  
2 meet demand.

3 This amendment is very direct. It simply says there  
4 is never, never a time when forced labor is acceptable.  
5 This is 2015. There is absolutely no room in our trade  
6 policies for any exceptions to that principle.

7 We ought to be supporting reform in countries where  
8 children are exploited, not perpetuating the practices  
9 that promote that exploitation.

10 It is time to remove this outdated exception to  
11 ensure that the products of forced and indentured labor  
12 do not enter the commerce of the United States.

13 I hope all of my colleagues will support this  
14 amendment.

15 The Chairman. Any other comments?

16 Senator Brown. Mr. Chairman?

17 The Chairman. Senator Brown?

18 Senator Brown. Thank you, Mr. Chairman. I  
19 appreciate the work of Ranking Member Wyden on this.

20 I would close an outdated loophole that allows some  
21 goods made with forced or child labor to be imported into  
22 the U.S. I think it is important to look briefly at a  
23 little history.

24 It would strike language in Section 307 of Smoot-  
25 Hawley. We know when that came about and what history

1 thinks of Smoot-Hawley. The exception was included in  
2 Smoot-Hawley in 1930, before the U.S. passed the law  
3 banning child labor. That is how outdated the provision  
4 is.

5 The Fair Labor Standards Act which outlawed child  
6 labor was signed into law in 1938. Since then the U.S.  
7 has ratified the International Labor Organization  
8 Convention against the worst forms of child labor. We  
9 have ratified the ILO convention on the minimum of age of  
10 work. We have passed laws against child labor in  
11 Congress. We are a strong partner in international  
12 efforts to eradicate child labor.

13 Chairman Ryan's Customs bill, which was introduced  
14 in the House yesterday, includes the exact language of  
15 Senator Wyden's and my amendment. It is imperative the  
16 Senate not be silent on this issue and just let it play  
17 out without our involvement.

18 Child labor, obviously, is never okay. I urge my  
19 colleagues to support Wyden-Brown.

20 The Chairman. I thank the distinguished Senator.  
21 I support language that would prohibit the importation of  
22 goods that CPB investigates and finds with direct and  
23 specific evidence was produced by forced labor, including  
24 child labor.

25 I have been working with Senator Wyden and others to

1 find compromise language on this topic. Unfortunately,  
2 we were not able to get to an agreement in time for this  
3 markup.

4 Nevertheless, I will continue to work on this issue  
5 with my colleagues and I am hopeful we can bring  
6 resolution to this issue soon.

7 But I am going to vote no for now and hopefully  
8 resolve this problem as we go along.

9 Does anybody else have any comments?

10 [No Response.]

11 The Chairman. Can we do this by voice vote?

12 Senator Wyden. That is acceptable to me, Mr.  
13 Chairman.

14 The Chairman. Then all those in favor of the  
15 distinguished Senator --

16 Senator Brown. Mr. Chairman, I ask for a roll  
17 call.

18 The Chairman. The Clerk will call the roll.

19 The Clerk. Mr. Grassley?

20 Senator Grassley. Aye.

21 The Clerk. Mr. Crapo?

22 Senator Crapo. Pass.

23 The Clerk. Mr. Roberts?

24 Senator Roberts. Aye.

25 The Clerk. Mr. Enzi?

1 Senator Enzi. No.  
2 The Clerk. Mr. Cornyn?  
3 Senator Cornyn. Pass.  
4 The Clerk. Mr. Thune?  
5 The Chairman. No by proxy.  
6 The Clerk. Mr. Burr?  
7 The Chairman. Aye by proxy.  
8 The Clerk. Mr. Isakson?  
9 Senator Isakson. No.  
10 The Clerk. Mr. Portman?  
11 Senator Portman. Aye.  
12 The Clerk. Mr. Toomey?  
13 Senator Toomey. Aye.  
14 The Clerk. Mr. Coats?  
15 Senator Coats. Aye.  
16 The Clerk. Mr. Heller?  
17 Senator Heller. Aye.  
18 The Clerk. Mr. Scott?  
19 Senator Scott. No.  
20 The Clerk. Mr. Wyden?  
21 Senator Wyden. Aye.  
22 The Clerk. Mr. Schumer?  
23 Senator Wyden. Aye by proxy.  
24 The Clerk. Ms. Stabenow?  
25 Senator Stabenow. Aye.

1           The Clerk.    Ms. Cantwell?  
2           Senator Cantwell.    Aye.  
3           Mr. Nelson.    Aye.  
4           The Clerk.    Mr. Menendez?  
5           Senator Menendez.    Aye.  
6           The Clerk.    Mr. Carper?  
7           Senator Carper.    Aye.  
8           The Clerk.    Mr. Cardin?  
9           Senator Cardin.    Aye.  
10          The Clerk.    Mr. Brown?  
11          Senator Brown.    Aye.  
12          The Clerk.    Mr. Bennet?  
13          Senator Bennet.    Aye.  
14          The Clerk.    Mr. Casey?  
15          Senator Casey.    Aye.  
16          The Clerk.    Mr. Warner?  
17          Senator Warner.    Aye.  
18          The Clerk.    Mr. Chairman?  
19          The Chairman.    No.  
20          The Clerk.    Mr. Cornyn?  
21          Senator Cornyn.    Aye.  
22          The Chairman.    Senator Crapo?  
23          Senator Wyden.    Aye by proxy.  
24          The Chairman.    Does any other Senator care to  
25          change his vote or her vote?

1 [No Response.]

2 The Chairman. Announce the vote.

3 The Clerk. Mr. Chairman, the final tally is 21  
4 ayes, 5 nays.

5 The Chairman. The amendment is agreed to.

6 Are there any further amendments to the mark?

7 Senator Stabenow?

8 Senator Stabenow. Thank you, Mr. Chairman. I have  
9 an amendment that is very straightforward. It is based  
10 on a bill that Senator Lindsey Graham and I have had for  
11 a number of years now to make permanent the interagency  
12 Trade Enforcement Center that is in USTR.

13 This was done by executive order and has  
14 demonstrated that, in fact, they have been very good at  
15 bringing major trade enforcement cases.

16 But prior to having a separate center, the same  
17 people negotiating agreements would then turn around and  
18 put on a different hat and actually enforce agreements.

19 So this setup, a separate center, we have now heard  
20 from USTR that just last month that they have a report  
21 that has 444 pages detailing the trade barriers our  
22 businesses and workers and farmers around the globe.

23 So this particular agency is laser-focused on  
24 addressing that and I would ask colleagues to support  
25 this. Senator Brown is joining me.

1           Again, this is very straightforward. We have this  
2 agency, but it has not been set up permanently by law and  
3 I think now is the time to do that, and I would ask  
4 colleagues for support.

5           The Chairman. Let me say this. The amendment  
6 establishes an interagency Trade Enforcement Center in  
7 the office of USTR. I recommend we oppose this. I have  
8 concerns about the effectiveness of the interagency Trade  
9 Enforcement Center, referred to as ITEC.

10           There is a lack of transparency regarding how ITEC  
11 uses its funding and I am not convinced that ITEC has  
12 shown any real results.

13           If we authorizes ITEC, we must ensure that it is  
14 actually helping American workers through effective  
15 enforcement rather than serving as something that is  
16 merely symbolic.

17           So I would recommend a no vote on this.

18           Senator Stabenow. Mr. Chairman, if I might just  
19 take 1 more minute. We have seen some very effective  
20 cases brought that our country has now won, auto  
21 suppliers, auto parts cases, some agricultural cases,  
22 including poultry that has been brought by this agency.

23           I am hopeful that colleagues will vote yes. I have  
24 asked for a record roll call.

25           Just to indicate again, this is something that

1 Senator Graham and I have been trying to do for a number  
2 of years just to make permanent, this agency, so that it  
3 is very clear we have got folks that are looking at this  
4 every day on behalf of agriculture and manufacturers and  
5 so on and bringing cases where appropriate.

6 Thank you.

7 The Chairman. Would the Senator take a voice vote  
8 on this?

9 Senator Stabenow. Yes.

10 The Chairman. All those who are in favor, say aye.

11 [A Chorus of Ayes.]

12 The Chairman. All those who are opposed, say no.

13 [A Chorus of Nays.]

14 The Chairman. I do not think there were many  
15 opposed. So the amendment is adopted.

16 Senator Stabenow. Thank you, Mr. Chairman.

17 The Chairman. Senator Isakson?

18 Senator Isakson. Thank you, Mr. Chairman. I call  
19 up Isakson Amendment No. 56 and ask that Senators Warner,  
20 Crapo and Senator Casey be listed as cosponsors.

21 Out of an abundance of caution and respect for the  
22 Chairman of the Agriculture Committee, I realize there is  
23 a jurisdictional issue with this point, but this is what  
24 is known lovingly as the Catfish Amendment.

25 After the passage of the farm bill, USDA has

1 attempted to take over the regulation of the inspection  
2 of the processing of seafood and, in many cases, that  
3 means there will be duplicative inspections of seafood.  
4 And seafood processing states, like Georgia, Virginia and  
5 other states around the country would have dual  
6 inspectors which would make it difficult for those  
7 businesses to stay in business and they would probably  
8 move offshore.

9 I will withdraw the amendment out of respect for the  
10 Chairman of the Agriculture Committee, but I would  
11 appreciate the Chair of the Finance Committee giving me  
12 the assurance that at the appropriate time on the floor,  
13 when this bill is brought to the floor, that we could  
14 have an amendment and a debate on the floor.

15 The Chairman. Thank you, Senator Isakson. I  
16 understand your concerns and as you know better than  
17 anyone, this has been a longstanding topic of debate in  
18 the Senate. I am confident that this will be addressed  
19 on the Senate floor.

20 Senator Isakson. Thank you, Mr. Chairman. I  
21 withdraw the amendment.

22 The Chairman. I thank the Senator.

23 Senator Menendez?

24 Senator Menendez. Thank you, Mr. Chairman.

25 Mr. Chairman, I would like to call up my Amendment

1 No. 1 and I understand -- I hope my understanding is  
2 correct about the Chair's support for some language in  
3 the report to try to accomplish what I want to do here.

4 The Chairman. The Senator is correct.

5 Senator Menendez. I appreciate that, Mr. Chairman.

6 I am a strong supporter of protecting intellectual  
7 property of U.S. companies and individuals. I have heard  
8 from many disappointed families and businesses in my  
9 State that foreign companies are selling counterfeit  
10 goods and particularly prom and wedding dresses that are  
11 manufactured here in the United States to unwitting  
12 American consumers who believe they are getting a high  
13 quality dress, like a Vera Wang dress, and then they end  
14 up with a third rate dress at an important moment in  
15 their life and they spend a fortune trying to fix it or  
16 change it or going to buy a new dress when the one that  
17 they got imported from abroad as, quote-unquote,  
18 "packaged as a gift" and thereby skirting U.S. trade law.

19 So the consumer is getting duped at a critical,  
20 important moment in their life. We are not getting the  
21 resources as gifts. We are not collecting the requisite  
22 import duties. And when this happens, we are deprived of  
23 the revenue and our businesses that are creating these  
24 wedding gowns and prom gowns are ultimately suffering  
25 dramatically.

1           I have visited several of these. They are all over  
2 my State. They are in other parts of the country, as  
3 well. And so I appreciate the Chairman helping us with  
4 language that can seek to accomplish this goal of greater  
5 inspections from Customs.

6           And with that understanding, I withdraw my  
7 amendment.

8           The Chairman. I thank the distinguished Senator.  
9 Appreciate you being here.

10          Senator Portman is next.

11          Senator Portman. Thank you, Mr. Chairman. This  
12 amendment is to resolve a longstanding issue that has  
13 really been here in this body and in the House ever since  
14 we put the earmark moratorium in place. It is an  
15 amendment that is consistent with legislation that was  
16 introduced back in 2012 by Senator McCaskill and myself  
17 and it has to do with MTBs, miscellaneous tariff bills.

18          This is something that I hope the Committee will be  
19 able to support in a strong bipartisan basis because it  
20 just makes so much sense for our workers to be able to  
21 have access to products that are not made here in America  
22 in order to lower their costs and be more competitive.

23          I want to thank the cosponsors, Senator Toomey,  
24 Senator Casey, Senator Burr, Senator Carper, and I know  
25 there are others who have been involved with this and

1 interested in this topic.

2 It is basically, again, saying that these critical  
3 inputs that are not available in the United States need  
4 to have a predictable pathway to be dealt with here in  
5 the United States Congress through this miscellaneous  
6 tariff bill.

7 If we pass this, we would actually begin to deal  
8 with the backlog and beginning later this year, we would  
9 be able to have a predictable pathway for extension of  
10 MTBs.

11 Since the MTBs expired in January of 2013, American  
12 manufacturers have been spending a lot more on import  
13 duties, essentially higher taxes which cannot then be  
14 used to raise wages and benefits for American workers and  
15 to maintain our competitiveness in our manufacturing  
16 sector.

17 There is a recent study out that shows failure to  
18 pass the MTB has resulted in a tax hike on manufacturers  
19 of \$748 million, economic losses of \$1.8 billion over the  
20 past 3 years.

21 This amendment is backed by a lot of groups. I have  
22 got a letter here from the National Association of  
23 Manufacturers, along with 185 companies and associations  
24 who are urging us to take quick action on this issue,  
25 including a bunch of companies in my home State of Ohio.

1           This reform bill, which reflects input and support  
2           from a lot of different stakeholders, including the  
3           manufacturers, resolves the earmark concerns that many of  
4           us have had, while preserving Congress' constitutional  
5           role in trade policy.

6           The bill would simplify the MTB process by allowing  
7           companies to apply for this tariff relief directly  
8           through the ITC while preserving total transparency and  
9           increasing access to tariff relief from American  
10          companies and breaking the logjam on the MTB created by  
11          the earmark moratorium.

12          So I strongly hope, Mr. Chairman, that we can  
13          resolve this issue today. I really appreciate your work  
14          on this and also Congressman Ryan's work on it and  
15          Congressman Camp before him.

16          I would hope that with a strong bipartisan push we  
17          can get this done.

18          The Chairman.    Senator Toomey?

19          Senator Toomey.   Mr. Chairman, thank you very much.

20          I want to commend Senator Portman. He put in a great  
21          deal of very hard work over a long period of time to  
22          reach a very, very sensible conclusion here.

23          What this does, it seems to me, is it creates a far  
24          better mechanism for companies to be able to get the  
25          exemption from tariffs that they are due. They do not

1 have to come to an individual member of Congress on  
2 bended knee if they qualify for this because the  
3 commodity or the product that they need as an input for  
4 their processes is simply not made in the United States  
5 and it, therefore, should be exempt from these tariffs.

6 This is a better way to do it. The congressional  
7 prerogative to have final stay is still there, but we get  
8 away from the idea that we are going to bestow certain  
9 favors on favored companies or withhold it on others,  
10 which should never be in the process.

11 So I just want to commend Senator Portman and  
12 everybody who worked on this. I think it is a very  
13 sensible outcome and it has been a long time in coming.

14 The Chairman. I want to commend both of you and  
15 other who have worked on this, because it is a very  
16 important amendment.

17 The amendment seeks to provide unilateral tariff  
18 relief to U.S. manufacturers. It will enhance  
19 transparency and it will address earmark concerns by  
20 establishing a process for the miscellaneous tariff bill,  
21 or MTB.

22 So I do ask the Committee for support in passing  
23 this amendment.

24 Does anybody else want to talk to this?

25 Senator Casey. Mr. Chairman?

1           The Chairman.    The Senator from Pennsylvania?

2           Senator Casey.    Thank you, Mr. Chairman.  I want to  
3   add my voice.  I want to thank Senator Portman for his  
4   work on this.

5           This is really simple, in one sense.  It is really  
6   providing a measure of relief to manufacturers so they  
7   can compete in the global marketplace and to remain  
8   competitive.

9           This amendment itself reduced the cost of  
10   manufacturing in our State and I know a lot of other  
11   States.  These companies assert that this relief is  
12   critical to their ability to maintain jobs in the United  
13   States.

14          It is regrettable that the process has been stalled  
15   in recent years.  I have been working on it for years,  
16   and this would be a positive step in the right direction.  
17   We are grateful that we have colleagues on both sides of  
18   the aisle working on this and we need to make sure that  
19   we can do everything we can on this and so many other  
20   ways to level the playing field for our firms and, in  
21   particular, our manufacturing firms.

22          So I would support a yes vote.  Thank you, Mr.  
23   Chairman.

24          The Chairman.    Thank you.

25          Senator Burr.    Mr. Chairman?

1           The Chairman.    Senator Burr?

2           Senator Burr.    Mr. Chairman, if I could, I will be  
3 brief. I want to thank Senator Portman and I want to  
4 encourage all of my colleagues to support this  
5 legislation.

6           This is about U.S. competitiveness. That is what is  
7 at the heart of it. Why should U.S. manufacturers pay a  
8 duty on something that they bring in that no U.S.  
9 manufacturer makes for them to incorporate in their  
10 product that they sell around the world? That is to make  
11 them uncompetitive in a global marketplace. It is to  
12 saddle them with an undue cost in their chain of  
13 manufacture.

14          So like Senator Casey, I do not why it has taken us  
15 so blasted long to deal with this, but let us stick a  
16 fork in this once and for all and do away with it.

17          The Chairman.    I thank the Senator. Any other  
18 comments?

19          Senator Portman.   Mr. Chairman?

20          The Chairman.    Senator Portman?

21          Senator Portman.   I just want to say two things  
22 quickly. One, I appreciate Senator bringing this to our  
23 attention in the context of the textile industry, because  
24 that is not something that we had focused on until he  
25 brought this to our attention. It has helped us to both

1 gain support and understanding of how this can be more  
2 effective.

3 Second, I forgot to thank Senator Wyden earlier and,  
4 also, Senator Baucus who worked with you on this in the  
5 last Congress.

6 Thank you.

7 The Chairman. Thank you. Any further debate?

8 [No Response.]

9 The Chairman. Is the Senator willing to take a  
10 voice vote? You are.

11 All those in favor, say aye.

12 [A Chorus of Ayes.]

13 The Chairman. Any opposed?

14 [No Response.]

15 The Chairman. The ayes have it. The amendment is  
16 adopted.

17 Are there any further amendments to this bill?

18 Senator Nelson first and then we have got to go to  
19 Senator Bennet. Senator Nelson?

20 Senator Cantwell, we will turn to you. I am sorry.

21 Senator Cantwell. Thank you, Mr. Chairman. I have  
22 an Amendment No. 65. And my amendment would create a  
23 fund jointly managed by USTR and the Department of State  
24 and available to agencies for the enforcement and  
25 implementation of free trade agreements and capacity-

1 building so that we can make sure that we are enforcing  
2 these agreements.

3 The enforcement fund would be capitalized through  
4 existing anti-dumping countervailing duties which are  
5 collected and this amendment would require the U.S.  
6 Government Accountability Office to study our current  
7 efforts in making sure that enforcement happened.

8 This legislation makes a lot of long needed  
9 improvements to the trade enforcement regime,  
10 particularly as it relates to our enforcement of our  
11 anti-dumping and countervailing duties.

12 One of the critical questions we need to ask  
13 ourselves is do agencies have the ability to enforce our  
14 trade deals and the resources they need to do their job.

15 Last year, the Government Accountability Office  
16 issued a damning report about the ability of USTR and the  
17 Department of Labor and their ability to enforce labor  
18 provisions of our free trade agreements. The GAO found  
19 that USTR just had four people, four people in its Office  
20 of Labor Affairs, who, in addition to enforcing labor  
21 provisions of our FTAs, were also responsible for  
22 negotiating them.

23 They relied on the Departments of Labor and State  
24 for day-to-day monitoring and DOL has five to eight full-  
25 time staff people monitoring and enforcing trade

1 agreements.

2 Mr. Chairman, essentially, between DOL and USTR, we  
3 have fewer staff enforcing these provisions than we have  
4 the number of countries we have free trade agreements  
5 with. Agency staff told GAO that the limited staffing  
6 and resources were placing severe constraints on the  
7 ability to monitor and enforce our free trade agreements.

8 And now, in addition, they all have what they are  
9 doing on enforcement of our current agreements. We are  
10 negotiating the Transpacific Partnership with countries  
11 like Vietnam and Malaysia, which have serious challenging  
12 labor issues, which also need to be closely monitored and  
13 enforced.

14 So if we cannot enforce our trade agreements because  
15 we do not have enough staff, we need to make sure that we  
16 are funding with our countervailing duties collection,  
17 the focus of making sure that we are enforcing these  
18 agreements.

19 My amendment, as I said, would create a dedicated  
20 trust fund using the existing funds and using them for  
21 enforcing of this.

22 I know the President wants us to have a TPA that is  
23 for the 21st century and I think there is great economic  
24 opportunity outside the United States. I support doing  
25 TPA, but we have to have the staff, we have to have the

1 team of people, we have to have the money going to  
2 actually doing the enforcement.

3 So I thank the Chair and I would urge my colleagues  
4 to support this amendment.

5 The Chairman. I thank the Senator.

6 Senator Wyden. Mr. Chairman?

7 The Chairman. Senator Wyden?

8 Senator Wyden. Thank you, Mr. Chairman. I urge  
9 colleagues to support the Cantwell amendment. This goes  
10 right to the heart of what citizens say. They say you  
11 all are passing all these agreements and why do you not  
12 spend a little bit more time on trying to make sure that  
13 the implementation and the enforcement works.

14 What Senator Cantwell is doing is laying out a  
15 strategy to ensure that implementation and enforcement go  
16 hand-in-hand and the fact is failure to implement, as  
17 sure as the night follows the day, is going to cause  
18 people to be interested in enforcement.

19 I hope colleagues support the Cantwell amendment. I  
20 urge an aye.

21 The Chairman. Is there any further comment?

22 [No Response.]

23 The Chairman. Otherwise, I recommend that we adopt  
24 the amendment. Is there any objection to adopting the  
25 amendment?

1 [No Response.]

2 The Chairman. Without objection, it is so adopted.

3 Senator Cantwell. Thank you, Mr. Chairman.

4 The Chairman. Anybody else? Senator Bennet, I  
5 agreed to go to you.

6 Senator Bennet. Thank you, Mr. Chairman. I would  
7 call up my Amendment Bennet No. 2.

8 The Chairman. Without objection.

9 Senator Bennet. Thank you, Mr. Chairman.

10 Section 301 of the Trade Act of 1974 provides the  
11 U.S. Government with real enforcement powers. Right now  
12 the President can take all appropriate actions if one of  
13 our trading partner's laws or policies violate an  
14 international trade agreement.

15 The President can also take action if a trading  
16 partner burdens or restricts U.S. commerce. This has  
17 allowed the Administration to take action after  
18 violations of economic, labor and intellectual property  
19 rights.

20 My amendment would add the environment to that list.

21 This is a commonsense approach that reflects the reality  
22 and challenges of international trade. This amendment  
23 would allow the United States Government to impose  
24 penalties on countries that fail to effectively enforce  
25 their environmental laws or fail to live up to the

1 environmental commitments of our trade agreements.

2 The U.S. leads the way in conservation and  
3 environmental protection. We need a way to encourage our  
4 trading partners to do the same.

5 I urge my colleagues to support the amendment. I  
6 would ask the Chair whether he has a preference for a  
7 voice vote or a roll call vote.

8 The Chairman. I think a voice vote will be fine.  
9 Any objection?

10 [No Response.]

11 The Chairman. All those who support the Senator's  
12 amendment, please say aye.

13 [A Chorus of Ayes.]

14 The Chairman. Any opposed?

15 [No Response.]

16 The Chairman. The ayes have it. The amendment is  
17 adopted.

18 Senator Nelson is next, I believe.

19 Senator Nelson. Mr. Chairman, you asked me to  
20 offer my amendment on Bahrain to the earlier bill, the  
21 AGOA bill, which I did.

22 The Chairman. Then we are done.

23 Senator Nelson. Yes.

24 The Chairman. That is good. Who is next? Anybody  
25 else? Mr. Casey, I think your amendment is next.

1           Senator Casey.   Mr. Chairman, just to talk about  
2 Amendment No. 77, and this is Casey Amendment No. 1.

3           We know that a number of us, virtually everybody  
4 here is trying to move in the direction of leveling the  
5 playing field.   There are lots of ways to get there, a  
6 lot of debate about how to get there, but I think that is  
7 important that we focus on some of the basic challenges  
8 or impediments that a lot of our firms have.

9           It is troubling to so many of us in both parties  
10 that many of our trading partners operate what are  
11 sometimes known as state-owned enterprises and we should  
12 take action to confront that challenge.

13           It is made worse by the fact that we do not seem to  
14 have tools in place to combat that or to fight against  
15 it.   One of the tools to fight against that would be what  
16 is contained in my amendment.   I will not offer it today,  
17 just to talk about it.

18           I have an amendment that instructs the Department of  
19 Commerce to exclude state-owned enterprises from  
20 calculations in anti-dumping and countervailing duty  
21 petitions.   So I think it is one way to go at this  
22 problem.   I realize there are going to be other  
23 approaches, as well, but I think it is a clear and  
24 present danger, if I can use a legal term, to a lot of  
25 our firms when they have to try to compete and they have

1 other impediments in their way. This is one of the most  
2 substantial.

3 The Chairman. The Senator has expressed an  
4 interesting issue. As I understand it, the Senator is  
5 willing to withdraw that amendment.

6 Senator Casey. That is correct.

7 The Chairman. Then the amendment is withdrawn.

8 Who is next? We have a few more minutes to go. I  
9 believe Senator Bennet is not going to offer. I believe  
10 that was all of the amendments.

11 Well, I think that was all the amendments on this  
12 bill. So we can move to final passage.

13 Any objection to that?

14 [No Response.]

15 The Chairman. Does anybody want a recorded vote?

16 Senator Grassley. I move we move it.

17 The Chairman. We need one more member here so we  
18 can vote. Just 30 seconds until we have a quorum of 14.

19 So as soon as we do that, we are going to pass this  
20 bill.

21 Does anybody want a roll call vote on this?

22 [No Response.]

23 The Chairman. Any objection to this bill?

24 [No Response.]

25 The Chairman. Without objection, this bill is

1 passed and will be treated as such.

2 It is going to be reported, as modified and amended,  
3 as an original bill.

4 So without objection, it is passed by voice vote.

5 I think we have gone through this pretty well. It  
6 has only been almost 3 hours, not quite.

7 Finally, the Committee will move to a Chairman's  
8 mark of S.995. That is the bipartisan Congressional  
9 Trade Priorities and Accountability Act of 2015.

10 Now, I know it has been a long day, but we have  
11 saved the best for last, of course, in my opinion anyway.

12 The bipartisan Congressional Trade Priorities and  
13 Accountability Act is just what the title says. This is  
14 a bipartisan agreement that will ensure Congress' role in  
15 the negotiation of trade agreements by making our  
16 priorities and expectations clear.

17 The package we have put before the Committee today  
18 will keep the Administration accountable, whatever  
19 administration.

20 It includes unprecedented transparency provisions  
21 and new procedures to make sure our trade agreements meet  
22 the standards expected by the American people.

23 In short, this bill will open the next chapter for  
24 U.S. trade policy and I think it is a very, very  
25 important bill that I hope we can pass, and I hope we can

1 pass without amendment. The fact of the matter is that  
2 it is a sensitive bill. We are working very closely with  
3 the House and with both the Democrats and Republicans in  
4 the House and it is going to be very tight to go through  
5 both bodies and I would prefer we do not amend it.

6 To make a long story short, you have the right to  
7 bring up amendments if you would like to.

8 I will have the Committee now walk through the mark.

9 I recognize Shane Warren of our staff to do so. We also  
10 have Elissa Alben of the Committee staff, Tim Reif from  
11 the U.S. Trade Representative's office, Assistant  
12 Secretary Piquado from the Department of Commerce,  
13 Assistant General Counsel Das from Department of  
14 Treasury, as well as Terri Gullo from CBO, and Tom  
15 Barthold, the Chief of Staff from the Joint Committee on  
16 Taxation, for the members' benefit to answer any  
17 questions you may have.

18 Mr. Warren, would you briefly describe the main  
19 features of this proposal? And then we will go from  
20 there.

21 Mr. Warren. Thank you, Mr. Chairman. At this  
22 markup, the Committee is considering a proposal to  
23 establish congressional trade negotiating objectives and  
24 enhanced consultation requirements for trade  
25 negotiations.

1           The proposal is divided into five sections. Section  
2 1 establishes the trade negotiating objectives of the  
3 United States.

4           Section 2 provides authority for the President to  
5 enter into certain trade agreements if those agreements  
6 make progress toward the congressional negotiating  
7 objectives and subject to congressional notification and  
8 consultation requirements before July 1, 2018 or if  
9 extended by Congress, before July 1, 2021.

10           Section 3 provides requirements for the President's  
11 consultations with Congress and the public. Among other  
12 requirements, the proposal states that the United States  
13 Trade Representative must meet upon request with any  
14 member of Congress, provide access to pertinent  
15 documents, including classified materials, engage in  
16 close and timely consultation with the Senate Finance  
17 Committee and with all committees of the Senate with  
18 jurisdiction over laws that could be affected by a trade  
19 agreement.

20           The proposal also establishes procedures for  
21 consultations with the public, including the  
22 establishment of a chief transparency officer at USTR.

23           Section 3 also specifies the notice, consultation  
24 and reports the President must provide Congress before  
25 initiating trade negotiations, entering into trade

1 agreements, and submitting trade agreements to Congress.

2 Section 4 establishes the requirements the President  
3 must meet when submitting a trade agreement to Congress  
4 and for the consideration of implementing legislation  
5 subject to trade authorities procedures.

6 The section also establishes the processes and  
7 procedures for disapproval of the use of trade  
8 authorities procedures if the President has failed or  
9 refused to notify or consult in accordance with  
10 requirements of the proposal.

11 Section 5 addresses the applicability of trade  
12 authorities procedures to trade negotiations already  
13 commenced and stipulates that the application of any  
14 provision of the trade agreement that is inconsistent  
15 with U.S. law will have no effect.

16 Thank you, Mr. Chairman.

17 The Chairman. Thank you, Mr. Warren.

18 I might point out that the President supports this  
19 bill as it is written. It is a very sensitive bill. It  
20 is very difficult and I hope that we do not change it.  
21 And it is equally important that we do not change it so  
22 that it will pass in the House.

23 So I want to bring that to everybody's attention  
24 because it is a very sensitive situation that we have and  
25 this is one of the most important bills in this whole

1 Congress.

2 So I hope we can have some cooperation on this,  
3 although a full-fledged debate is just fine with me.

4 Senator Wyden, do you have any comments?

5 Senator Wyden. Thank you very much, Mr. Chairman.

6 And I will be brief.

7 This legislation provides a major upgrade to  
8 American trade policy and in a nutshell, it brings our  
9 trade policy into the 21st century. The fact of the  
10 matter is much of trade law was written back in the 1990s  
11 when nobody had a cell phone, nobody had iPhones, and a  
12 big part of what we sought to do in this legislation is  
13 provide an opportunity to set aside the old trade  
14 playbook and come up with a very different one.

15 For example, the American people will never again be  
16 in the dark about major trade policy. This legislation  
17 requires by law that before the President of the United  
18 States signs TPP or any other trade agreement, that that  
19 trade agreement be published for 60 days.

20 So, colleagues, what this means is your constituents  
21 will be sitting in a town hall meeting and, in effect,  
22 will be able to bring a copy of that trade agreement,  
23 starting with TPP, and ask questions about it.

24 There has never been anything like that and,  
25 frankly, it is long overdue. If you believe strongly in

1 trade, as I do, why in the world would you want to have  
2 all of this excessive secrecy that just makes the  
3 American people cynical about trade?

4 So that is representative of the kind of changes  
5 that are in this. It strengthens and makes fully  
6 enforceable negotiating objectives on labor and the  
7 environment, something we just strengthened with the  
8 Bennet amendment on Super-301 as it relates to the  
9 environment, and it includes, largely because of the  
10 incredible effort and persistence of Senator Cardin, it  
11 includes a first ever directive on human rights and good  
12 governance.

13 It provides the tools for American manufacturers and  
14 farmers to help them knock down the barriers, the tariffs  
15 and other barriers so that we can find new markets for  
16 those products that are made in the United States -- that  
17 are made in the United States, grown in the United  
18 States, and we ought to be in a position to sell them to  
19 the growing middle class in the developing world.

20 That growing middle class is going to double between  
21 now and 2025. It is going to be over 1 billion people.

22 Let us pass this legislation to create the  
23 opportunity for more of our goods and services and our  
24 products to be purchased in that region.

25 I urge my colleagues to support the legislation. I

1 thank you, Chairman Hatch. We have moved expeditiously  
2 and I hope we can get through this last part of tonight's  
3 work expeditiously, as well.

4 The Chairman. We are going to get through it one  
5 way or the other.

6 Let me just say this. I want to recognize any  
7 Senators who want to raise questions to the panel on the  
8 mark. Are there any questions?

9 Senator Grassley. No.

10 The Chairman. If not, if there are no further  
11 questions, the Chairman's mark is now open for amendment.

12 Let us go to amendments and I will recognize Senators to  
13 offer amendments.

14 Senator Grassley. I filed this amendment and I am  
15 not going to offer it because I think there has been some  
16 accommodation that takes care of questions I asked  
17 Ambassador Froman. So be with me just a minute while I  
18 explain what I am up to and what I intend to do in the  
19 future if things do not work out this way.

20 I want to mention the amendment I filed to the TPA  
21 bill. While I do not intend to ask for a vote on this  
22 today, I do want to reiterate my concerns about trade  
23 agreements containing immigration provisions.

24 Even before I became Chairman of the Judiciary  
25 Committee, in fact, when I was Chairman and Ranking

1 Member of this Committee, I opposed previous  
2 Administration's attempts to include immigration  
3 provisions and I demanded that the Judiciary Committee be  
4 consulted on anything related to immigration.

5 Despite opposition from Congress, USTR included  
6 immigration provisions in trade agreements with China and  
7 Singapore in 2003. Since then, consultations with  
8 Judiciary and Finance Committees have taken place, but  
9 these consultations are merely consultations and they do  
10 not provide a mechanism for ensuring that changes to our  
11 immigration system are not included.

12 When Ambassador Froman was before this Committee  
13 last week, I specifically asked him about the immigration  
14 provisions in TPP. He told us that they are not  
15 negotiating anything in TPP that would require any  
16 modifications of U.S. immigration laws or systems.

17 He told us that the 11 other countries are making  
18 offers to each other in the area of temporary entry, but  
19 that the U.S. has decided not to do so.

20 While this is reassuring, it does not stop this  
21 Administration or future Administrations from negotiating  
22 immigration or visa changes without Congress.

23 This is why I filed my amendment today. I want  
24 there to be no doubt that Congress does not condone any  
25 negotiations of immigration laws or changes in our visa

1 system. That is Congress' responsibility.

2 I do not intend to require a vote on this today  
3 because Chairman Hatch and I sent a letter to USTR  
4 Ambassador Froman. We stated that Article 1, Section 8,  
5 Clause 4 of the Constitution gives Congress the power to,  
6 quote, "establish a uniform rule of naturalization," end  
7 of quote, and the Supreme Court has long found that this  
8 provision of the Constitution grants Congress plenary  
9 power over immigration policy.

10 We said that for many years Congress has made it  
11 abundantly clear that international trade agreements  
12 should not change nor require any change to U.S.  
13 immigration law and practice.

14 We asked Ambassador Froman for assurances that TPP  
15 will not include provisions that require changes to U.S.  
16 immigration law, regulations, policy or practice.

17 Ambassador Froman responded and gave us his  
18 assurances. He acknowledged that there is a chapter on  
19 the temporary entry of persons, but that this chapter  
20 only includes, quote, "good governance provisions on  
21 transparency with respect to visa processing and  
22 cooperation on border security," end of quote.

23 He also said that this chapter includes commitments  
24 of other TPP parties to make information on requirements  
25 for temporary entry publicly available.

1           The U.S. already is very transparent about our  
2 processes and visa requirements and also already  
3 processes visas as expeditiously as possible.

4           In addition to the letter from Ambassador Froman,  
5 Chairman Hatch has agreed to work with me on language  
6 that will be included in the accompanying report to make  
7 it clear that Congress does not condone USTR negotiating  
8 immigration or visa provisions.

9           While I will not offer my amendment today, I will  
10 keep the option open to offer this amendment on the  
11 floor, but only if necessary.

12           Thank you, members of this Committee.

13           The Chairman. Thank you, Senator Grassley.

14           Senator Cardin?

15           Senator Cardin. Mr. Chairman, I would like to call  
16 up Cardin-Portman Amendment No. 113.

17           The Chairman. Without objection.

18           Senator Cardin. And I would ask consent that in  
19 addition to Senators Cardin, Portman, Cantwell, Schumer,  
20 Menendez, Warner, that Senators Casey and Heller be added  
21 as cosponsors of the amendment.

22           The Chairman. Without objection.

23           Senator Cardin. Mr. Chairman, I think you are very  
24 familiar with this amendment. It deals with one of our  
25 principal trading partners, Israel. This amendment only

1 applies to the TTIP negotiations, so that it would not  
2 affect the TPP negotiations.

3 It is interesting that as we are meeting on April  
4 22, it was exactly 30 years ago this date that the United  
5 States and Israel signed the US-Israel free trade  
6 agreement. At that time, it was considered an  
7 unprecedented trade agreement in the history of the  
8 United States. It was the first FTA entered into.

9 In the signing ceremony at the House Ways and Means  
10 Committee, Israeli's Minister of Commerce and Industry,  
11 Ariel Sharon, and Special U.S. Trade Representative  
12 William Brock stressed that the agreement would benefit  
13 the economies of both the United States and Israel and  
14 serve as a precedent for future similar agreements of  
15 other countries.

16 So it is very clear that our trading partner is  
17 being challenged today by new barriers and these new  
18 barriers are governmental boycotts, divestment and  
19 sanctions that are targeted against Israel.

20 This amendment represents a new effort to try to  
21 deal with it by dealing with our trading partners. It  
22 represents an area to make sure that our international  
23 partners do not try to de-legitimate and isolate Israel.

24 I might want to point out that we have made  
25 progress. When Senator Portman was USTR Portman, he was

1 able to accomplish a great deal through his negotiations  
2 to prevent these types of governmental activities against  
3 Israel in his trade negotiations with our trading  
4 partners.

5 When we are dealing with Europe, this is an  
6 important goal. It adds this as a principal negotiating  
7 objective. I know that the House has taken some action  
8 on this issue. So it is not inconsistent with the House  
9 action.

10 I would urge my colleagues to support this  
11 amendment.

12 The Chairman. Is there any further comment?  
13 Senator Portman?

14 Senator Portman. Mr. Chairman, I am proud to be  
15 leading this amendment with Senator Cardin. I think it  
16 is crucial to Israel and it is consistent with what we  
17 have over 30 years been engaged with with Israel, which  
18 is expanding the trade relationship. On the 30th  
19 anniversary, it is a good time for us to do this.

20 From the time it was founded, Israel has been the  
21 target of a lot of attacks. Many have been from  
22 militaries or terrorist groups, but now there is also  
23 this other attack and, in a way, it is more pernicious  
24 because it is kind of economic warfare.

25 This is its current campaign. It is called the

1 Boycott, Divest and Sanction campaign, BDS. Other  
2 countries have attempted to weaken one of our strongest  
3 allies and emboldened Israel's enemies and done so by  
4 this campaign that says somehow we should isolate Israel.

5 So it is not centrally organized maybe, but part of  
6 it calls for academic boycotts to Israel educators,  
7 international institutions, special investigations and  
8 arrest warrants for Israeli officials, criminal charges  
9 even for private businesses that operate inside Israel.

10 Fortunately, these kinds of campaigns and boycotts  
11 have been beaten back before. We have been successful in  
12 doing that.

13 Senator Cardin just mentioned that when I was U.S.  
14 Trade Representative in 2005, we did work with Bahrain  
15 and Oman on free trade agreements. In fact, I was able  
16 to sign the Bahrain agreement and negotiate the Oman  
17 agreement, and we got them to end their boycotts with  
18 Israel. And so we know that TPA is an appropriate place  
19 for this because we have seen it happen before.

20 I was also involved in applying pressure to Saudi  
21 Arabia when they entered the World Trade Organization.  
22 Subsequently, as you probably know, Saudi Arabia actually  
23 granted most favored nation status to all member states,  
24 as they were required to under the WTO, including Israel,  
25 which is something that was difficult for them at the

1 time, but the right thing to do.

2 So, look, today there are new challenges posed.  
3 Senator Cardin has mentioned that the EU is one of our  
4 concerns, unfortunately. Some of our European allies are  
5 engaged in this. Banks from Sweden, Denmark, and the  
6 largest pension fund in the Netherlands have all divested  
7 from Israel's financial institutions.

8 Denmark has also officially threatened sanctions  
9 against Israel unless the Israeli government takes  
10 certain actions with regard to Gaza.

11 There is a threat by some in the EU to boycott some  
12 meat and dairy and poultry products from certain areas of  
13 Israel depending on how those products are labeled.

14 So I am pleased that some provisions requiring  
15 reports and other studies on this issue were included in  
16 the Customs bill.

17 I know that you, Mr. Chairman, have a strong  
18 interest in this issue and I think that is good.  
19 However, this amendment is necessary because we believe  
20 combating these anti-Israeli efforts should be a  
21 principal negotiating objective. That would really  
22 demonstrate the importance of the issue.

23 It ensures that our skilled trade negotiators will  
24 continue to confront this issue, just like they did with  
25 Bahrain and Oman.

1           A watered-down version of the amendment I think does  
2 not make this a principal negotiating objective and,  
3 therefore, it would not be enough.

4           APAC has written in a letter just today, quote, "We  
5 hope the Committee will support the amendment and not  
6 dilute its language." Further, APAC has said it is  
7 essential that this bill include principal negotiating  
8 objectives for our trade negotiators, which, of course,  
9 is the point of this amendment.

10           So, again, on the 30th anniversary of our first free  
11 trade agreement, it as with Israel, I would hope that we  
12 would come together and stand with Israel again in the  
13 face of threats, whether they are on the battlefield or  
14 at the economic negotiating table, and I would urge my  
15 colleagues to support this amendment.

16           The Chairman. Thank you, Senator.

17           I support this amendment and I hope that we can pass  
18 it. I understand there will be a recorded vote, but we  
19 will turn to the Ranking Member first.

20           Senator Wyden. Thank you very much, Mr. Chairman.  
21 Colleagues, I will be brief. I want to commend Senator  
22 Cardin and Senator Portman for this effort.

23           As the son of parents who fled Nazi Germany in the  
24 1930s, not all family got out. We lost family at  
25 Kristallnacht, we lost family at Theresienstadt. I have

1       been especially troubled about the rise of anti-Semitism  
2       in Europe and around the world.

3               And what Senator Cardin and Senator Portman are  
4       saying is that we should not let American trade policy be  
5       used in any kind of fashion that would in some way show a  
6       tolerance for that kind of anti-Semitism.

7               So I think this is a very constructive amendment.  
8       It is bipartisan. I strongly support it and my sense is  
9       that we should pass this quickly and try to move it as  
10      far as we possibly can as quickly as we can.

11              The Chairman. The Senator from New York?

12              Senator Schumer. Mr. Chairman, thank you. And I  
13      thank Senator Cardin for pushing this amendment and I am  
14      grateful to you, Mr. Chairman, for supporting it and  
15      putting it in the bill.

16              I just want to say this. I find those who are part  
17      of this BDS movement to have a double standard, one that  
18      Jewish people have faced throughout the centuries,  
19      because they choose to boycott Israel and then the  
20      surrounding countries who have far less human rights, far  
21      less rights for women, far fewer rights for LGBT people,  
22      for almost anybody else, they do not boycott at all. If  
23      they boycotted all the countries of the region, then  
24      maybe you would say, okay, they are trying to do some  
25      good here.

1           But they just pick out Israel even though Israel is  
2 a democracy and has far greater provisions for human  
3 rights and protections of all people than any of the  
4 surrounding countries do.

5           I find it appalling and I am just glad that Senator  
6 Cardin has worked so hard on this amendment so that BDS  
7 will not rear its ugly head into trade negotiations,  
8 trade agreements.

9           The Chairman.   Anybody else?

10          [No Response.]

11          The Chairman.   I want to commend both Senator  
12 Cardin and Senator Portman for their leadership here.  
13 This is an important amendment.

14          As I understand it, a roll call vote has been  
15 requested. I think we have enough here. The Clerk will  
16 call the roll.

17          The Clerk.   Mr. Grassley?

18          Senator Grassley.   Aye.

19          The Clerk.   Mr. Crapo?

20          The Chairman.   Aye by proxy.

21          The Clerk.   Mr. Roberts?

22          The Chairman.   Aye by proxy.

23          The Clerk.   Mr. Enzi?

24          The Chairman.   Aye by proxy.

25          The Clerk.   Mr. Cornyn?

1 Senator Cornyn. Aye.  
2 The Clerk. Mr. Thune?  
3 The Chairman. Aye by proxy.  
4 The Clerk. Mr. Burr?  
5 Senator Burr. Aye.  
6 The Clerk. Mr. Isakson?  
7 Senator Isakson. Aye.  
8 The Clerk. Mr. Portman?  
9 Senator Portman. Aye.  
10 The Clerk. Mr. Toomey?  
11 Senator Toomey. Aye.  
12 The Clerk. Mr. Coats?  
13 The Chairman. Aye by proxy.  
14 The Clerk. Mr. Heller?  
15 The Chairman. Aye by proxy.  
16 The Clerk. Mr. Scott?  
17 Senator Scott. Aye.  
18 The Clerk. Mr. Wyden?  
19 Senator Wyden. Aye.  
20 The Clerk. Mr. Schumer?  
21 Senator Schumer. Aye.  
22 The Clerk. Ms. Stabenow?  
23 Senator Stabenow. Aye.  
24 The Clerk. Ms. Cantwell?  
25 Senator Cantwell. Aye.

1           The Clerk.    Mr. Nelson?  
2           Senator Nelson.   Aye.  
3           The Clerk.    Mr. Menendez?  
4           Senator Wyden.    Aye by proxy.  
5           The Clerk.    Mr. Carper?  
6           Senator Carper.    Aye.  
7           The Clerk.    Mr. Cardin?  
8           Senator Cardin.   Aye.  
9           The Clerk.    Mr. Brown?  
10          Senator Brown.   Aye.  
11          The Clerk.    Mr. Bennet?  
12          Senator Bennet.   Aye.  
13          The Clerk.    Mr. Casey?  
14          Senator Casey.   Aye.  
15          The Clerk.    Mr. Warner?  
16          Senator Warner.   Aye.  
17          The Clerk.    Mr. Chairman?  
18          The Chairman.   Aye.   The Clerk will report.  
19          The Clerk.    Mr. Crapo?  
20          Senator Crapo.   Mr. Chairman, I vote aye in person.  
21          The Clerk.    Mr. Coats?  
22          Senator Coats.   Aye in person.  
23          Senator Roberts.   Aye.  
24          The Clerk.    Mr. Thune?  
25          Senator Thune.   Aye.

1           The Chairman.    The Clerk will report.

2           The Clerk.    Mr. Chairman, the final tally is 26  
3 ayes, 0 nays.

4           The Clerk.    I am very pleased that that amendment  
5 is accepted by the Committee.

6           Senator Grassley.   Mr. Chairman, on the amendment  
7 that I previously talked about, I would like to ask  
8 unanimous consent that Senator Crapo be added as a  
9 cosponsor.

10          The Chairman.   Without objection.

11          As I understand it, Senator Portman is next with his  
12 next amendment.

13          Senator Portman.   Thank you, Mr. Chairman. This is  
14 the amendment we have been talking about already tonight,  
15 which is simply to add currency manipulation within trade  
16 promotion authority.

17          It is very targeted. It is an amendment that is  
18 supported on a bipartisan basis. Senator Stabenow is  
19 going to speak on it in just a second, but also Senator  
20 Burr, Senator Brown, Senator Casey.

21          Before we start, I would ask unanimous consent that  
22 Senator Schumer also be added as a cosponsor to this  
23 amendment.

24          We have talked about the importance of TPA and I  
25 agree with what Senator Wyden said. This underlying bill

1 is extremely important for us to pass because it will  
2 expand opportunities for workers in my State and around  
3 the country.

4 It has been 7 years since we have had a trade  
5 promotion authority. In the meantime, there have been  
6 hundreds of trade agreements negotiated by other  
7 countries. We have been left out. This means we have  
8 lost market share.

9 But as we do this, let us be sure that it is fair to  
10 American workers, and right now the playing field is  
11 tilted against us. We just had a discussion about this  
12 in the context of Senator Schumer's legislation that he  
13 offered as an amendment and everybody around the room I  
14 think agrees that currency manipulation is something that  
15 we ought to be prohibiting.

16 Senator Schumer talked about doing it through a  
17 specific mechanism of countervailing duties. I support  
18 that and I am a cosponsor of that legislation. But this  
19 is about within trade promotion authority, simply  
20 including as one of the negotiating objectives that we  
21 look at currency.

22 I would find it very hard to believe that someone  
23 could have voted for the specific measure that Senator  
24 Schumer talked about and vote against this amendment  
25 because it is targeted, it has to do just with those

1 partners who we negotiate a free trade agreement with,  
2 and we are very careful in terms of how we do it.

3 I heard earlier from the Treasury Department that  
4 there is no universal standard on what constitutes  
5 currency manipulation. With all due respect, I would  
6 disagree. The IMF has standards. All of these countries  
7 we are talking about, including all of the countries in  
8 TPP, are members of the IMF. They have already  
9 undertaken not to manipulate their currency, to live by  
10 these principles.

11 The WTO has even established that this is a practice  
12 that is prohibited. They have deferred, it is true, to  
13 the IMF, but they have said currency manipulation should  
14 be prohibited.

15 So there are standards here and our legislation  
16 follows those standards. Specifically, it says with  
17 regard to unfair exchange practices, the one we want to  
18 target here are protracted, large-scale interventions in  
19 one direction in the exchange markets to gain an unfair  
20 competitive advantage in trade over other parties to a  
21 trade agreement.

22 So this is not monetary policy. This is not  
23 macroeconomic policy that countries engage in, including  
24 the United States with QE-1, 2, 3. This is intervening  
25 deliberately because you want to expand your exports and

1 it has to be, again, I repeat, protracted, large-scale  
2 intervention in one direction, clearly consistent with  
3 the IMF standards, clearly consistent with the WTO.

4 In fact, our amendment says that it has to be  
5 consistent, whatever the trade negotiators decide on,  
6 consistent with existing IMF and WTO principles and  
7 agreements.

8 So do we leave some discretion to the negotiators?  
9 Yes, we do. We think that is appropriate. I know on  
10 some things we should go further than this and maybe  
11 Senator Stabenow will talk about that.

12 But what we say is the best way to do this is to  
13 have an enforceable currency outcome based on IMF  
14 principles, but give the negotiators flexibility,  
15 flexibility as to what the remedy is, as to how you go  
16 about it.

17 It does not lock the Administration into a specific  
18 remedy. It is not intended to derail TPP or any future  
19 trade agreements. It is meant to improve those trade  
20 agreements. It is meant to improve, most importantly,  
21 the competitive position of American workers.

22 I first got involved in this issue, as noted, when I  
23 was U.S. Trade Rep, but I have become more and more  
24 convinced over time, including talking to Ohio workers in  
25 the steel business -- and the steel industry, by the way,

1 is strongly behind this and the auto business, they are  
2 strongly behind this -- that they are not getting a fair  
3 shake unless we can deal with this issue.

4 Former Secretary of Treasury Volcker has said it  
5 very well, which is that in 1 week -- in 1 week through  
6 currency exchanges, you can undo years of benefits in  
7 terms of reducing tariffs and non-tariff barriers in a  
8 trade agreement. That is just a reality.

9 So I would urge my colleagues to support it today.  
10 Certainly, if you supported the amendment that Senator  
11 Schumer offered, you should support this. This is very  
12 targeted, it is focused, it is consistent with WTO. In  
13 fact, it says it has to be consistent with the IMF and  
14 WTO principles and agreements.

15 I would urge my colleagues to support TPA, yes,  
16 because it is the right thing to do to open up these  
17 markets, but to do it in a way that enables our works to  
18 compete. If they are given this level playing field,  
19 they can compete and they can win in the global trade  
20 war, but we have to be sure we give them the tools to be  
21 able to succeed.

22 Thank you, Mr. Chairman.

23 The Chairman. I would love to have the  
24 Administration's viewpoint on this. Do we have somebody  
25 from the Administration here? Is Mr. Das here? Did he

1 just step out for a few minutes?

2 Mr. Das, you are in charge. So we would like to  
3 hear the Administration's position on this.

4 Mr. Das. Thank you very much, Chairman Hatch.  
5 Thank you again, Chairman Hatch.

6 As I stated earlier, Secretary Lew and the  
7 Administration have worked intensively to address  
8 currency practices through a number of bilateral and  
9 multilateral fora.

10 The concern for us in the amendment offered by  
11 Senator Portman, however, would, in fact, have a  
12 significant implication and derail TPP negotiations, as  
13 well as hobble legitimate monetary policy objectives.

14 As Secretary Lew has noted, we have formally  
15 consulted with TPP countries last week. Our TPP partners  
16 have indicated a shared understanding of the concerns  
17 raised by Congress and they have indicated that they are  
18 willing to work constructively with us, as well.

19 However, they uniformly raised significant concerns  
20 about enforceable currency disciplines and rejected the  
21 notion of subscribing to uniform enforceable currency  
22 disciplines for a range of reasons, including the  
23 potential impacts on their ability to effectively use and  
24 deploy their monetary policies, as well.

25 Based on these discussions, we would expect that

1 countries, our TPP partners, in the context of the  
2 negotiations, would seek to identify measures, standards  
3 that would seek to target our monetary policies as well,  
4 and to seek to subject those to binding dispute  
5 settlement.

6 So this presents a significant amount of concern for  
7 us. In fact, Federal Reserve Chairwoman Yellen has  
8 stated serious concerns about an enforceable discipline  
9 in trade agreements precisely could it potentially hobble  
10 U.S. monetary policy objectives.

11 Thank you.

12 The Chairman. Senator Wyden?

13 Senator Wyden. Thank you, Mr. Chairman.

14 That last point with respect to monetary policy I  
15 think is really the flaw in this particular amendment.  
16 This amendment runs the risk of getting us into the  
17 business of establishing rules for monetary policy and,  
18 in effect, constraining our monetary policy.

19 Mr. Chairman, I would ask unanimous consent to put  
20 into the record an excerpt of testimony for Federal  
21 Reserve Chair Yellen to the Senate Banking Committee, and  
22 then I am just going to briefly touch on her major  
23 observances.

24 The Chairman. Without objection, it will be put  
25 into the record of the hearing.

1           [The testimony of Reserve Chair Yellen appears at  
2 the end of the transcript.]

3           Senator Wyden.    Colleagues, Janet Yellen observed,  
4 and this is what I have put into the record, that she is  
5 very concerned about commitments in our trade agreements  
6 that in any way would hamper our ability to have monetary  
7 policy that was designed to address the major domestic  
8 objectives of the Fed.

9           We all understand that what the Fed is really all  
10 about is trying to find price stability and maximum  
11 employment.   But trying to get this right, to calibrate  
12 that challenging balance, you have got to make sure that  
13 you are not restraining monetary policy.

14          So with reluctance, I have to oppose the Portman  
15 amendment and I would really urge colleagues to think  
16 through the ramifications of this amendment for American  
17 monetary policy at a time when clearly we want to grow  
18 more family wage jobs in our country and we do not want  
19 to keep the Federal Reserve from having as much  
20 flexibility as possible with respect to the monetary  
21 tools they are going to need to bring that about.

22          Thank you, Mr. Chairman.

23          The Chairman.    Thank you, Senator Wyden.

24          Senator Cornyn is next and then I will go to --

25          Senator Stabenow.   Mr. Chairman, as a cosponsor of

1 the amendment.

2 The Chairman. Let me just say that Senator  
3 Stabenow will be listed as a cosponsor of the amendment.  
4 Would you mind if I recognize her?

5 Senator Cornyn. No, go ahead.

6 The Chairman. Senator Stabenow?

7 Senator Stabenow. Mr. Chairman, I thought as the  
8 cosponsor of the amendment, I was going to have a chance.  
9 Thank you very much.

10 I did want to respond, first of all, to say it is a  
11 pleasure working with Senator Portman on this and all of  
12 my colleagues.

13 In fact, there are rules on monetary policy through  
14 the IMF. All the countries involved have signed up.  
15 They will not manipulate their currency, but there is no  
16 enforcement of it. So we already have the monetary  
17 policies.

18 We are not interfering with that. We are just  
19 deciding that maybe it ought to be real this time because  
20 of what is happening in terms of job loss.

21 So, Mr. Chairman, I appreciate the fact that there  
22 is language for the first time in negotiating principle  
23 and objective that is put into TPA -- I do appreciate  
24 that -- on currency practices.

25 But without language that says that it needs to be

1 enforceable, which is what this amendment does, it just  
2 does not do what needs to be done.

3 I have said so many times, but I feel compelled to  
4 say again, last year or maybe it was 2 years ago now,  
5 Senator Graham and I authored a letter signed by 60  
6 members of the Senate indicating that we all wanted to  
7 have enforceable currency language in any bill that  
8 passed, and so that is what this does.

9 It could go farther and say you cannot get fast-  
10 track authority unless you have enforceable currency  
11 language in a trade agreement. I would be happy to do  
12 that. That is not what this says. This says that as a  
13 principle, as a negotiating objective, that whatever we  
14 do, we have to have enforceable provisions.

15 I would finally, Mr. Chairman, just want to note I  
16 know this is because of the strong feelings of the  
17 automobile industry and Japan. I know this is often  
18 referred to as the auto amendment, which I am proud to  
19 certainly say that they are deeply concerned and  
20 supportive of this.

21 But I also want to indicate for the record it is  
22 much broader than that. The U.S. Business and Industry  
23 Council is endorsing this, the American Iron and Steel  
24 Institute, the Alliance for American manufacturing, a  
25 whole host of auto suppliers that represent many, many of

1 our States are also on board with this, because this is  
2 very serious and if we are giving fast-track authority to  
3 negotiate trade agreements, then making sure this  
4 provision is strong and enforceable is absolutely  
5 critical.

6 So I join with my colleague in urging a yes vote.

7 The Chairman. Senator Cornyn?

8 Senator Cornyn. Mr. Chairman, if I can ask Mr.  
9 Das.

10 You are speaking for the Administration on this  
11 panel?

12 Mr. Das. Yes, sir, I am. I am speaking for the  
13 Treasury Department.

14 Senator Cornyn. Would you turn your microphone on?

15 Mr. Das. I am speaking for the Treasury  
16 Department, yes.

17 Senator Cornyn. And does the Obama Administration  
18 regard this amendment as a poison pill?

19 Mr. Das. We are concerned about this provision  
20 with respect to the potential for it derailing the TPP  
21 negotiations, yes, sir.

22 Senator Cornyn. And so, yes, you regard this as a  
23 poison pill?

24 Mr. Das. We are very concerned about this  
25 provision and its impact. We would consider it to be a

1       poison pill, yes, sir.

2               Senator Cornyn.   Mr. Chairman, I want to see this  
3       legislation pass, TPA, and I believe strongly in trade  
4       and I think it is good for the country, good for wages,  
5       good for the economy, good for jobs.

6               As much as I respect my distinguished friend from  
7       Ohio and I regard him as an expert in this area, I,  
8       frankly, am not, I do worry that given the fragile  
9       compromise that the Chairman and the Ranking Member have  
10      undertaken here on this negotiation, if something is  
11      added to this legislation which jeopardizes its passage  
12      and ultimately that to me is a path we should not go  
13      down.

14              So if the Administration, President Obama and his  
15      Administration regard this as a poison pill, I do not  
16      know what the vote count is on the Democratic side. I  
17      know this is a difficult issue for our Democratic friends  
18      and, frankly, the currency manipulation issue is a  
19      difficult issue on our side, as well.

20              But I am very concerned that if it is adopted, that  
21      we will not be able to achieve our objective and that  
22      concerns me greatly.

23              The Chairman.   The Senator has spoken well.   I have  
24      to say that if this amendment passes, you can kiss TPP  
25      goodbye.   Would you disagree with that, Mr. Das?

1 Mr. Das. I would say it would make the TPP --

2 The Chairman. I cannot hear you. You are going to  
3 have to speak up.

4 Mr. Das. I apologize. I agree. It would derail  
5 the TPP negotiation.

6 The Chairman. And this is one of the few times we  
7 can really get a good agreement with Japan. We have come  
8 a long way and if we -- and it is not just Japan. There  
9 are 11 nations here in the TPP, plus ours.

10 Mr. Das. I agree with you.

11 The Chairman. So I am very concerned about this  
12 amendment. I know the sincerity behind it. I have great  
13 feelings about it myself, and I think it makes it very  
14 difficult for us to carry this bill through.

15 I think all of us are concerned about these issues,  
16 but we also have to deal with practicalities, as well.  
17 So I am very concerned about it.

18 Senator Schumer?

19 Senator Schumer. Thank you. I support the  
20 amendment and want to salute both Senators Portman and  
21 Stabenow for the good long work they have done on this.

22 Well, on the substance, we have agreement. Not  
23 agreement, but the Committee seems to overwhelmingly feel  
24 currency manipulation is a bad thing. So it is not the  
25 substance of it.

1           Then there is the question , well, should we add it  
2 into TPA.

3           And here I would just argue to my colleagues that we  
4 have to change the way we do trade agreements. I believe  
5 that we should do trade agreements and I certainly  
6 believe in the Administration's goal of weaning these  
7 nations away from China and putting them more in our  
8 economic world. That is a very appealing rationale. But  
9 it cannot come at the expense of doing things that are so  
10 untoward and so harmful to American workers.

11           As I mentioned before, this hurts us both ways. It  
12 hurts our ability to export. This bill is heralded by  
13 the Administration and others as a way to increase  
14 exports, jobs. I heard Ways and Means Chair Ryan on the  
15 TV today and he was saying this is the best way to  
16 increase jobs.

17           Well, we are putting our exporters at a significant  
18 disadvantage if our countries we trade with can  
19 manipulate currency. At the same time, it hurts  
20 production here because it means our imports are unduly  
21 and unfairly cheaper.

22           So, yes, let us have trade agreements, that is okay  
23 with me, I lost the AFL-CIO endorsement when I was in the  
24 House supporting these trade agreements. But I have come  
25 to the conclusion that with middle class incomes

1 declining and with the need to rebuild the middle class  
2 in America, that we have to rethink the way we do trade  
3 now.

4 Our amendment, the amendment Senators Portman and  
5 Burr and Brown and Stabenow and all of us did, we did not  
6 put it into TPA. We hoped to get it done alongside TPA.  
7 That was always our hope.

8 But I do not think there is anything intrinsically  
9 wrong -- in fact, I think there is a lot intrinsically  
10 right with putting this inside TPA because we have to  
11 change the way we do trade agreements and we have to  
12 prevent our fellow nations from treating us unfairly  
13 which I think has happened for a long period of time.

14 So I hope we can get some support for this  
15 amendment.

16 The Chairman. Well, I am prepared to --

17 Senator Stabenow. Mr. Chairman, if I might have  
18 just one more minute just to make two quick points.

19 If, in fact, requiring Japan and the other countries  
20 that are going to be a part of TPP to actually live up to  
21 the IMF rules and the requirements that they not  
22 manipulate their currency is, in fact, a poison pill and  
23 will cause the agreement not to go through, then it  
24 should not go through, in my opinion, if that is what it  
25 takes.

1           But secondly, I would argue that that is, in fact,  
2   A, not what will happen and, in fact, adding currency  
3   language that is enforceable will actually pick up votes  
4   as this process goes through.

5           I think it is going to have a hard time, this whole  
6   process, getting done in the House and whenever you add  
7   currency enforcement, you actually, I believe, pick up  
8   support because there is bipartisan support to actually  
9   do this in a reasonable, thoughtful way.

10          This amendment is a reasonable, thoughtful approach  
11   and I would hope we could support it.

12          Thank you.

13          Senator Cornyn.    Mr. Chairman?

14          The Chairman.    Senator Cornyn?

15          Senator Cornyn.    Mr. Chairman, I beg your pardon.  
16   May I ask our friend from Michigan?  Are you prepared, if  
17   this amendment is adopted, are you prepared to vote for  
18   the TPA?

19          Senator Stabenow.   I am prepared to think a little  
20   better of this process going through.  I have to say, as  
21   a compromise, to my friend from Texas, this, in my  
22   judgment, is a compromise in terms of the language.

23          If I had my way, could wave a magic wand, I would  
24   say you do not get fast-track authority unless you have,  
25   in fact, a strong currency enforcement provision.  That

1 is not what this is. This is strong, this is good, but  
2 it is, in fact, I believe, a reasonable middle ground.  
3 So it is not enough for me.

4 Senator Cornyn. If I could just say, briefly, I  
5 appreciate the candor of our friend from Michigan. But  
6 this is going to be matter at some point of counting the  
7 votes to pass the TPA. So if adopting this amendment  
8 does not gain us votes, but rather loses votes in the  
9 final passage, then it strikes me as the poison pill that  
10 the Administration argues it is.

11 The Chairman. Senator Burr? Then we will have  
12 Senator Portman sum it up.

13 Senator Burr. Mr. Chairman, let me just say to my  
14 friend from Texas, pass this and put MTBs in TPA and you  
15 have got my vote. It only takes two things, two things  
16 that there is unbelievable support for.

17 Now, what did I hear out of Mr. Das? The Secretary  
18 of the Treasury recognizes that people around the world  
19 are manipulating currency, because we are engaged in a  
20 conversation with them for them not to do it.

21 My advice back is what you are doing is not working  
22 and at some point, you have got to get out of the way and  
23 let us put the teeth into it so you get a parameter to  
24 actually accomplish what it is you acknowledge is a  
25 problem. And there is no better place -- and, Mr.

1 Chairman, I understand how difficult this.

2 I understand what the House has said to you. I  
3 understand what the White House has said to you.

4 The Chairman. It is more than difficult.

5 Senator Burr. But in this particular case, who can  
6 argue with us doing it right. You have got a former  
7 trade representative trying to stick a currency  
8 manipulation thing in a bill and they grew up learning to  
9 hate this stuff because it does not get you closer to a  
10 deal.

11 We are not here to make every deal get us closer.  
12 We are here to get it right, right for America and right  
13 for our partners. Adopt this.

14 The Chairman. Senator Portman? And then I will  
15 make a few closing remarks.

16 Senator Portman. Thank you, Mr. Chairman. I kind  
17 of liked what Senator Burr said. I do not do this  
18 lightly. I would make two comments about some of the  
19 back-and-forth. First, there is probably no better vote  
20 counter than the Whip, Mr. Cornyn, but I think if he is  
21 voting against this because he believes it jeopardizes  
22 the passage, then I think he has a blind spot on this  
23 issue.

24 I can give you, and I will after this markup, I have  
25 already mentioned a couple of members who had told me

1 just what Mr. Burr just told me, which his if you had  
2 currency in here, they could support TPA because they are  
3 looking for the ability to say to their constituents, to  
4 their workers, to their farmers, to their service  
5 providers, you know what, this not only opens up markets,  
6 but it does so in a way that helps to tilt that playing  
7 field back toward the middle a little bit.

8 So there are members who are unable to support TPA  
9 because currency is not addressed. Now, I am not  
10 suggesting that it is not going to be a challenge for  
11 Chairman Hatch to move this through the whole process and  
12 get it done, but if that is your standard, that it  
13 jeopardizes the passage, I would, with all due respect,  
14 say that this is going to help us get this done and it  
15 helps trade.

16 I am a big supporter, as I said earlier, of giving  
17 the people I represent the opportunity to access the 95  
18 percent of consumers who are outside of our borders.  
19 Why? Because it creates good jobs and benefits. It does  
20 grow the middle class. But we have got to be able to  
21 tell them that this is going to be fair.

22 That is why this is the right combination, it is the  
23 right balance.

24 To Mr. Das, because everybody else got to ask you  
25 questions, but I did not. You said that it would derail

1 the negotiations when you were pushed on it. I am not  
2 sure you actually said that, but those words were put in  
3 your mouth.

4 Have you ever negotiated with a trading partner  
5 before? Have you ever been on a trade negotiation and  
6 dealt with the negotiating objectives?

7 Mr. Das. I have participated in trade  
8 negotiations, yes.

9 Senator Portman. So you are familiar with the fact  
10 that the negotiating objectives that are set out by this  
11 Congress for the USTR have considerable flexibility.  
12 Would you agree?

13 Mr. Das. I understand --

14 Senator Portman. I can give you examples of  
15 several trade negotiating objectives that were never,  
16 never accomplished in the way that Congress had hoped  
17 because there is inherent flexibility in objectives.  
18 That is what it means. It is an objective. It is a  
19 principal objective.

20 Beyond that, we also provide additional flexibility.  
21 We do not tell the negotiators exactly how to get there  
22 on purpose. We say follow the principles in the IMF that  
23 these countries have already agreed to abide by and they  
24 are violating to the detriment of the people we  
25 represent.

1           Finally, we say for the remedy, you guys come up  
2 with a remedy. Senator Schumer has a specific remedy in  
3 his bill that a majority of this Committee was willing to  
4 support. Talk about retaliation threat, I mean, this is  
5 a specific one and I support his legislation.

6           But we do not even go that far. As Senator Stabenow  
7 has said, she would like to go further.

8           This is reasonable. It is balanced. It focuses on  
9 how to get more support for trade. So I would agree with  
10 the statements that Senator Burr said. This is not about  
11 derailing anything or making it harder to pass anything.  
12 It is about how to make it easier. It is about how to be  
13 able to say with a straight face to the people who we are  
14 hired by this is going to be good for you, for your  
15 families, for your ability to get ahead in life.

16           Mr. Chairman, I would hope we could get a positive  
17 vote on a bipartisan basis on this amendment because I  
18 believe it will help to accomplish what you and I share,  
19 which is that we ought to be moving forward with TPA to  
20 put America back in the business of expanding exports and  
21 helping the people we represent.

22           The Chairman. Senator Wyden?

23           Senator Wyden. Thank you, Mr. Chairman.

24           Colleagues, I voted for the Schumer amendment and I  
25 voted for the Bennet amendment because in my view,

1       neither of those amendments undermines America's ability  
2       to fight a financial crisis.

3               I think this is an amendment that is a bridge to far  
4       and, in particular, what really swung me -- and I urge  
5       colleagues -- I mean, this is not the last time we are  
6       going to be discussing this currency question -- to  
7       reflect on what the Chair of the Federal Reserve, Janet  
8       Yellen, has said.

9               Janet Yellen is a progressive Democrat. I say that  
10       to my colleagues particularly on this side of the aisle.  
11       She is concerned about what it will mean with respect to  
12       constraining monetary policy and the Fed's ability to  
13       maintain those two objectives. They are historical  
14       objectives.

15              So I urge my colleagues, particularly on this side  
16       of the aisle, to vote no. The Schumer amendment made  
17       sense, the Bennet amendment made sense. I just think  
18       this is a bridge too far.

19              The Chairman. Let me just say the distinguished  
20       Vice Chairman and I have spent days and nights trying to  
21       get both Houses together on the most important  
22       legislation that this Administration is going to have  
23       this year.

24              So this is really important stuff and I have no  
25       doubt we can handle this on something else and you can

1 help me find it.

2 If you are prepared to vote, I am prepared to vote.

3 The Clerk will call the roll.

4 The Clerk. Mr. Grassley?

5 Senator Grassley. Aye.

6 The Clerk. Mr. Crapo?

7 Senator Crapo. Aye.

8 The Clerk. Mr. Roberts?

9 Senator Roberts. No.

10 The Clerk. Mr. Enzi?

11 Senator Enzi. Aye.

12 The Clerk. Mr. Cornyn?

13 Senator Cornyn. No.

14 The Clerk. Mr. Thune?

15 Senator Thune. No.

16 The Clerk. Mr. Burr?

17 Senator Burr. Aye.

18 The Clerk. Mr. Isakson?

19 Senator Isakson. No.

20 The Clerk. Mr. Portman?

21 Senator Portman. Aye.

22 The Clerk. Mr. Toomey?

23 Senator Toomey. No.

24 The Clerk. Mr. Coats?

25 Senator Coats. No.

1           The Clerk.    Mr. Heller?  
2           Senator Heller.   No.  
3           The Clerk.    Mr. Scott?  
4           Senator Scott.    No.  
5           The Clerk.    Mr. Wyden?  
6           Senator Wyden.    No.  
7           The Clerk.    Mr. Schumer?  
8           Senator Schumer.   Aye.  
9           The Clerk.    Ms. Stabenow?  
10          Senator Stabenow.   Aye.  
11          The Clerk.    Ms. Cantwell?  
12          Senator Cantwell.   No.  
13          The Clerk.    Mr. Nelson?  
14          Senator Nelson.    No.  
15          The Clerk.    Mr. Menendez?  
16          Senator Menendez.   Aye.  
17          The Clerk.    Mr. Carper?  
18          Senator Carper.    No.  
19          The Clerk.    Mr. Cardin?  
20          Senator Cardin.    Aye.  
21          The Clerk.    Mr. Brown?  
22          Senator Brown.    Aye.  
23          The Clerk.    Mr. Bennet?  
24          Senator Bennet.    No.  
25          The Clerk.    Mr. Casey?

1 Senator Casey. Aye.

2 The Clerk. Mr. Warner?

3 Senator Warner. No.

4 The Clerk. Mr. Chairman?

5 The Chairman. No. The Clerk will report the vote.

6 The Clerk. Mr. Chairman, the final tally is 11  
7 ayes, 15 nays.

8 The Chairman. The amendment is defeated.

9 We will go on to the next amendment. I think,  
10 Senator Menendez, you are next.

11 Senator Menendez. Mr. Chairman, I would like to  
12 call up Amendment No. 1, which is basically an amendment  
13 that, in essence, says no fast-track for human  
14 traffickers.

15 Human trafficking in the form of sexual  
16 exploitation, forced labor, forced marriage, debt bondage  
17 and the sale or exploitation of children is one of the  
18 great moral challenges of our time.

19 The International Labor Organization estimates that  
20 there are at least 21 million victims of human  
21 trafficking in the world. Over 5 million of them are  
22 children. It is estimated that forced labor alone  
23 generates \$150-plus billion in profits annually, making  
24 it the second largest income source for international  
25 criminals next to the drug trade.

1           So quite simply, Mr. Chairman, we should not be  
2 offering the benefits of access to our markets to  
3 countries that fail to act on this scourge. Our State  
4 Department puts on its tier three those countries that do  
5 not meet minimum -- minimum international standards and  
6 are not making significant efforts to do so.

7           My amendment says we cannot provide fast-track for a  
8 deal with countries on that tier three. There are  
9 approximately 23 countries on that list and I am  
10 disappointed to see that one of them, Malaysia, is a  
11 party to the TPP negotiations now wrapping p. Malaysia  
12 is a destination and a source and a transit country --

13           Senator Carper. Mr. Chairman? Mr. Chairman, the  
14 Committee is not in order.

15           The Chairman. The Committee is not in order.

16           Senator Menendez. Malaysia is a destination and a  
17 source and transit country for men, women and children  
18 subjected to forced labor and women and children  
19 subjected to sex trafficking.

20           Many Malaysian recruitment companies, known as  
21 outsourcing companies, recruit workers from foreign  
22 countries. Contractor-based labor arrangements of this  
23 type in which the worker may technically be employed by  
24 the recruiting company create vulnerabilities for workers  
25 whose day-to-day employers generally are without legal

1 responsibility for exploitive practices.

2 In addition, a complex system of recruitment and  
3 contracting fees often deducted from workers' wages make  
4 workers vulnerable to debt bondage.

5 So incredibly, the trade promotion authority we are  
6 considering providing to countries that have high  
7 standards, like Canada, Japan, New Zealand and others,  
8 are being given to a country that is on the State  
9 Department's list of trafficking in persons reported as  
10 required under the Trafficking Victims Protection Act of  
11 2000.

12 Now, we just had an incredibly bipartisan vote on  
13 human trafficking in the United States Senate and it  
14 seems to me that we should make it very clear to  
15 countries that you cannot be a country that violates the  
16 human trafficking and enjoy the benefits of our trade.  
17 You clean up your act, then you can be part of that.

18 So I urge adoption of the amendment and, when  
19 appropriate, I ask for the yeas and nays.

20 The Chairman. The Clerk will call the roll. Is  
21 there any further debate? Well, let me make a statement  
22 because I want to thank Senator Menendez for his  
23 amendment, because I share his goal of ensuring that the  
24 Administration meets the negotiating objectives that  
25 Congress sets out.

1           But I am confident that the TPA bill that Senator  
2           Wyden and I introduced already accomplishes this goal.  
3           Working with Senator Wyden, we have created two  
4           procedures for this Committee to review and vote on  
5           whether the Administration sufficiently achieved  
6           congressional negotiating objectives.

7           This amendment does nothing to strengthen our  
8           ability to hold the Administration accountable. So I  
9           urge my colleagues to vote against this amendment and I  
10          think we would be better off if we vote it down.

11          Is there any further debate?

12          Senator Menendez. Mr. Chairman, just very briefly.

13          It is hard to understand how, having cast the votes in  
14          the Senate on human trafficking, and then say that as a  
15          negotiating objective, our own country that puts out a  
16          trafficking in persons report and labels country by tiers  
17          of how good to how bad they are, that some of the worst  
18          offenders should get access to our market.

19          Now, somebody can get off the tier three provision  
20          by cleaning up their act and then they are eligible. But  
21          I do not understand how it is a problem to make that  
22          determination and to make that one four negotiating  
23          objectives.

24          The Chairman. Well, we reached a compromise that  
25          basically solves the problem and all I can say is that I

1 appreciate the Senator and his feelings about this, but I  
2 hope we vote it down.

3 The Clerk will call the roll.

4 The Clerk. Mr. Grassley?

5 Senator Grassley. No.

6 The Clerk. Mr. Crapo?

7 Senator Crapo. No.

8 The Clerk. Mr. Roberts?

9 Senator Roberts. No.

10 The Clerk. Mr. Enzi?

11 Senator Enzi. No.

12 The Clerk. Mr. Cornyn?

13 Senator Cornyn. Aye.

14 The Clerk. Mr. Thune?

15 Senator Thune. No.

16 The Clerk. Mr. Burr?

17 Senator Burr. Aye.

18 The Clerk. Mr. Isakson?

19 Senator Isakson. No.

20 The Clerk. Mr. Portman?

21 Senator Portman. Aye.

22 The Clerk. Mr. Toomey?

23 Senator Toomey. Aye.

24 The Clerk. Mr. Coats?

25 Senator Coats. Aye.

1           The Clerk.    Mr. Heller?  
2           Senator Heller.   No.  
3           The Clerk.    Mr. Scott?  
4           Senator Scott.   No.  
5           The Clerk.    Mr. Wyden?  
6           Senator Wyden.   No.  
7           The Clerk.    Mr. Schumer?  
8           Senator Wyden.   Aye by proxy.  
9           The Clerk.    Ms. Stabenow?  
10          Senator Stabenow.   Aye.  
11          The Clerk.    Ms. Cantwell?  
12          Senator Cantwell.   Aye.  
13          The Clerk.    Mr. Nelson?  
14          Senator Nelson.   Aye.  
15          The Clerk.    Mr. Menendez?  
16          Senator Menendez.   Aye.  
17          The Clerk.    Mr. Carper?  
18          Senator Carper.   No.  
19          The Clerk.    Mr. Cardin?  
20          Senator Cardin.   Aye.  
21          The Clerk.    Mr. Brown?  
22          Senator Brown.   Aye.  
23          The Clerk.    Mr. Bennet?  
24          Senator Bennet.   Aye.  
25          The Clerk.    Mr. Casey?

1           Senator Casey.    Aye.

2

3           The Clerk.    Mr. Warner?

4           Senator Warner.    Aye.

5           The Clerk.    Mr. Chairman?

6           The Chairman.    No.

7           The Clerk.    Mr. Chairman, the final tally is 15  
8 ayes, 11 nays.

9           The Chairman.    The amendment is agreed to.

10          Who is next?

11          Senator Wyden.    Mr. Chairman, did we already  
12 announce that vote? I would ask unanimous consent, it  
13 will not change the outcome, to vote aye.

14          The Chairman.    Without objection.

15          Who wants to be recognized for any further  
16 amendment?

17          Senator Toomey.    Mr. Chairman?

18          The Chairman.    Senator Toomey?

19          Senator Toomey.    Mr. Chairman, I have an amendment.  
20 Toomey 1, I believe is the designation. And this is an  
21 amendment that states that a principal negotiating  
22 objective of future trade agreements would be the mutual  
23 elimination of state-sponsored export financing  
24 institutions.

25          I should point out that when the Ex-Im Bank, which

1 is, of course, America's state-sponsored export financing  
2 institution, when it was reauthorized in 2012, Congress  
3 in that reauthorization required that the Treasury  
4 Secretary, and I quote, "initiate and pursue negotiations  
5 to substantially reduce, with the ultimate goal of  
6 eliminating subsidized export financing programs and  
7 other forms of export subsidies."

8 The fact is, Mr. Chairman, the Treasury has failed  
9 to meaningfully comply with this law. The House  
10 Financial Services Committee's Oversight and  
11 Investigation Subcommittee found that Treasury offered,  
12 and I quote, "no factual explanations of what concrete  
13 steps were taken pursuant to the law to reduce export  
14 subsidies in its annual reports on negotiations."

15 Mr. Chairman, here is the simple reality. Taxpayers  
16 are required to subsidize the exports of certain  
17 companies through the Ex-Im Bank. That is what happens.

18 That is not good economics. It is not fair to  
19 taxpayers. And the argument that I always hear for why  
20 it is necessary is a very simple one -- everyone else  
21 does it. Frankly, that is not sufficiently persuasive to  
22 me, but I know it is persuasive to many of my colleagues.

23 So this is an amendment that does not commit whether  
24 some have suggested would be unilateral disarmament by  
25 simply insisting that we eliminate our own Ex-Im Bank.

1       What we are simply doing is asking it to be an objective  
2       of our trade negotiations that we would have a mutual  
3       elimination of these market-distorting, taxpayer-  
4       burdening institutions.

5               I think it is an important step that we could take  
6       in the right direction.

7               Now, Mr. Chairman, I know your view on keeping this  
8       agreement relatively unamended and so I am not going to  
9       ask for a vote on this. I will withdraw this, but I will  
10      revisit this issue because I do not think it is right for  
11      taxpayers to be forced to continue this subsidy  
12      indefinitely without even making an attempt to have a  
13      mutual and reciprocal phasing-out of this institution.

14              The Chairman. I appreciate you, Senator Toomey,  
15      for doing that.

16              Senator Cardin?

17              Senator Cardin. Mr. Chairman, I would ask for  
18      Cardin Amendment No. 3. It is Amendment 109.

19              The Chairman. Wait until we finish this last one  
20      and then I will call on you.

21              Senator Cantwell. Mr. Chairman?

22              The Chairman. Senator Cantwell?

23              Senator Cantwell. Thank you, Mr. Chairman.

24              I definitely support credit financing for exports  
25      and I definitely support credit financing for exports

1 when banking organizations around the globe do not  
2 support it, because I generally support trade and I  
3 generally support helping to build economies around the  
4 world.

5 I think building economies around the world helps  
6 stabilize things and where I think you stabilize  
7 economies around the world, you help stabilize the  
8 politics and policies of these governments that we also  
9 want to see changed.

10 Now, I wish that the banking community would finance  
11 all the export deals that we would like to do. I wish  
12 the banking community in the United States of America  
13 would finance all the small business deals we would like  
14 to do. But they do not and that is why we have an SBA to  
15 entice them by taking some of the risk out of the  
16 equation to support small businesses.

17 But I also want to support small business exports  
18 and that is not what the SBA does, but this credit agency  
19 does.

20 So while I appreciate the fact that my colleague has  
21 withdrawn this amendment, but it does not cost the  
22 taxpayer money. It actually generates money that helps  
23 pay down the deficit.

24 I would say, Mr. Chairman, that we need to go in the  
25 opposite direction. In fact, when we get to the floor, I

1 plan to offer an amendment that will be germane during  
2 the floor debate to reauthorize the Export-Import Bank.

3 I think to pass TPA and try to open up markets for  
4 U.S. companies and then, at the same time, kill the  
5 credit agency that helps small businesses and other  
6 businesses in America export is the wrong idea.

7 So I plan to continue this debate when we get to the  
8 floor, but in the opposite direction, and I hope my  
9 colleagues who think about trade in the context of what  
10 we want to do to grow our economy, because I am  
11 supportive.

12 It is a big economic opportunity for the United  
13 States outside the United States, but we have to have all  
14 the tools and credit agencies are part of the tools.

15 Thank you.

16 The Chairman. Senator Coats?

17 Senator Coats. Mr. Chairman, I just want to inquire  
18 of my colleague here. My understanding of his reading of  
19 the amendment is that you are asking that this be a  
20 matter of discussion or negotiation between our trading  
21 partners -- you are trying to level the playing field.  
22 You are not trying to eliminate unilaterally the Ex-Im  
23 Bank.

24 You are asking for a discussion and debate relative  
25 to reaching a mutual agreement which would level the

1 playing field. Am I hearing that correctly?

2 Senator Toomey. Mr. Chairman, if I could just  
3 respond. The Senator from Indiana is correct. What this  
4 amendment would do would not be a unilateral elimination  
5 of the U.S. taxpayer-subsidized export financing entity,  
6 but rather would simply state it as a negotiating  
7 objective that there be the mutual elimination, with the  
8 goal being a simultaneous phase-out among our trading  
9 partners.

10 Senator Portman. Mr. Chairman?

11 The Chairman. The Senator from Ohio?

12 Senator Portman. Mr. Chairman, I think Mr. Toomey  
13 has raised a really interesting point and an opportunity  
14 for us to figure out a way to come to common ground on  
15 this issue.

16 I agree with everything that Senator Cantwell said.

17 I also agree with everything Senator Toomey said. Maybe  
18 it is because it is late.

19 But the reality is we have to have this credit  
20 agency and we have to have the ability to compete because  
21 other countries around the world are doing it at much  
22 higher levels than we are. We are pikers compared to the  
23 vast majority of the countries that we compete with every  
24 day in the global marketplace.

25 They subsidize their exports much more. We cannot

1 shot ourselves in the foot and pull back and expect us to  
2 continue to expand exports which is something all of us  
3 support.

4 But Senator Toomey is absolutely right. We should  
5 have an international forum to be able to resolve this  
6 issue and to knock down all of the subsidies. That way  
7 you would have this level playing field we are talking  
8 about tonight.

9 So I actually think that that ought to be an  
10 objective of the United States Government is to go to our  
11 trading partners and work with them to get rid of these  
12 subsidies, they are trade distorting, and then we would  
13 not have to rely on this.

14 But in the meantime, it is shooting ourselves in the  
15 foot and it is hurting an awful lot of small companies, a  
16 lot of suppliers in my home State of Ohio and around the  
17 world if we simply unilaterally stop providing this  
18 support.

19 The Chairman. Senator Toomey has withdrawn the  
20 amendment. I do not see any reason for further  
21 discussion. I want to commend him for what he is talking  
22 about, commend the distinguished Senator from Washington  
23 for what she has said, and it is something we are going  
24 to have to face, it seems to me, before the end of this  
25 year and we will just have to do it.

1           But I would like to keep moving this markup forward.  
2           We are doing pretty good. I do think it is important  
3           that we be careful not to amend this because it is going  
4           to be very difficult to get it through the House and I  
5           want to have it as clean and good as I possibly can for  
6           the chairman over there who has got his hands full, and I  
7           know what it is to have your hands full.

8           I just really appreciate everybody and the  
9           cooperation we have had thus far.

10          We are prepared to go to another amendment. Senator  
11          Scott, you are on.

12          Senator Scott. Thank you, Mr. Chairman. I am  
13          going to also follow Senator trace my amendment out and  
14          also withdraw it.

15          My amendment was simply meant to ensure that  
16          transparency and accountability of regulatory  
17          negotiations are part of the trade agreement.

18          Said differently, Section 8 of the TPA already  
19          addresses this. My concern was that we would make sure  
20          that nothing eviscerates U.S. sovereignty. My amendment  
21          sought to make sure that that was clearly spelled out,  
22          but I am going to go with the confidence of Section 8.  
23          That certainly spells it out pretty clearly.

24          I think it is very important for us to recognize  
25          that oftentimes we find ourselves in a situation where

1       some agreement seems to suggest that there is a different  
2       way for us to move forward as opposed to our U.S. laws.

3             The Chairman.    Let me just say this.  I appreciate  
4       your concern, Senator Scott, and what you have expressed  
5       in relation to this amendment, but I believe these  
6       concerns can all be addressed without the need for an  
7       amendment.

8             The TPA bill that Senator Wyden and I introduced has  
9       extensive consultation requirements that the President  
10      must meet before, during and after negotiating an  
11      agreement.

12            These consultation requirements include the areas of  
13      concern addressed by this amendment.  Your amendment, as  
14      I understand it, mentions regulatory harmonization.  I  
15      would note for my colleagues regulatory harmonization  
16      does not mean that anyone is forcing the United States to  
17      change its standards.  To the contrary, regulatory  
18      harmonization means that where our trading partners have  
19      the same standards as we do, that our governments will  
20      look for ways to make those regulations more efficient.

21            If the standards are the same, there is no reason or  
22      our businesses to have to fill out one form for doing  
23      business at home and another set of forms when they sell  
24      their products in Europe.

25            So I pledge to work with you, Senator Scott, to see

1 that we can resolve these things in a manner that we will  
2 pleasing to you and others who support that, but I would  
3 ask that you withdraw the amendment.

4 Senator Scott. Thank you, Mr. Chairman. I do  
5 withdraw the amendment.

6 The Chairman. Thank you so much. We appreciate  
7 that cooperation.

8 Senator Stabenow? Then I will go to Senator Brown.

9 I know that Senator Brown is going to have a number of  
10 amendments.

11 Senator Stabenow. Thank you very much. Mr.  
12 Chairman, I do have a number of amendments, but I am only  
13 going to ask for voters on two.

14 I have a number of amendments. I will not offer all  
15 of them. I only have two that I would like to offer and  
16 ask for a vote on.

17 To go back to currency one more time, just because  
18 this is so important and so many of us have worked so  
19 hard on this, I would bring up Stabenow Amendment No. 2.  
20 And it very simply just says, in effect, that the  
21 currency negotiating objective that is in TPA would be  
22 mandatory and a trade agreement would lose fast-track  
23 consideration if there was not something in there on  
24 currency manipulation.

25 So it does not say what or how. It is just simply

1 if you do not have a provision that addresses currency  
2 manipulation, the agreement would not receive fast-track  
3 consideration.

4 I would ask colleagues who are concerned about some  
5 of the language in the other amendment -- we do not talk  
6 about IMF or WTO or any of those things. It is just  
7 simply you need to have something regarding currency  
8 manipulation in an agreement to get fast-track authority.

9 The Chairman. Let me respond to that. The  
10 amendment seeks to prohibit, quote, "trade authority  
11 procedures," unquote, for trade agreements with countries  
12 engaging in, quote, "protracted, large-scale  
13 intervention," unquote, in foreign exchange markets for  
14 the purpose of gaining trade advantage.

15 Unfortunately, the amendment will run into precisely  
16 the problem currently faced by our Trade Representative  
17 and Treasury. That problem is determining and labeling a  
18 country as one that manipulates its bilateral exchange  
19 rate vis-à-vis the dollar and then identifying that  
20 manipulation for trade again.

21 Moreover, I do not believe that the amendment  
22 provides enough information about how persistent  
23 manipulation would have been, what, quote, "large-scale,"  
24 unquote, interventions mean, whether capital controls  
25 would have to be considered, as well as nominal

1 interventions, the metrics to be used in identifying  
2 manipulation and how long the prohibition on fast-  
3 tracking a country into a trade agreement would last.

4 I simply do not believe the amendment would put in  
5 place any sort of an effective mechanism of deterrence.  
6 So I would urge my colleagues to not support this  
7 amendment.

8 I am open to anybody else that wants to make  
9 comments about it. Anybody else?

10 [No Response.]

11 The Chairman. Does the Senator want a vote on  
12 this?

13 Senator Stabenow. I do. Thank you.

14 The Chairman. The Clerk will call the roll.

15 The Clerk. Mr. Grassley?

16 Senator Grassley. Aye.

17 The Clerk. Mr. Crapo?

18 Senator Crapo. No.

19 The Clerk. Mr. Roberts?

20 Senator Roberts. No.

21 The Clerk. Mr. Enzi?

22 Senator Enzi. No.

23 The Clerk. Mr. Cornyn?

24 Senator Cornyn. No.

25 The Clerk. Mr. Thune?

1 Senator Thune. No.  
2 The Clerk. Mr. Burr?  
3 Senator Burr. Aye.  
4 The Clerk. Mr. Isakson?  
5 Senator Isakson. No.  
6 The Clerk. Mr. Portman?  
7 Senator Portman. Pass.  
8 The Clerk. Mr. Toomey?  
9 Senator Toomey. No.  
10 The Clerk. Mr. Coats?  
11 Senator Coats. No.  
12 The Clerk. Mr. Heller?  
13 Senator Heller. No.  
14 The Clerk. Mr. Scott?:  
15 Senator Scott. No.  
16 The Clerk. Mr. Wyden?  
17 Senator Wyden. No.  
18 The Clerk. Mr. Schumer?  
19 Senator Wyden. Aye by proxy.  
20 The Clerk. Ms. Stabenow?  
21 Senator Stabenow. Aye.  
22 The Clerk. Ms. Cantwell?  
23 Senator Cantwell. No.  
24 The Clerk. Mr. Nelson?  
25 Senator Nelson. No.

1           The Clerk.    Mr. Menendez?  
2           Senator Menendez.   Aye.  
3           The Clerk.    Mr. Carper?  
4           Senator Wyden.    No by proxy.  
5           The Clerk.    Mr. Cardin?  
6           Senator Cardin.    Aye.  
7           The Clerk.    Mr. Brown?  
8           Senator Brown.    Aye.  
9           The Clerk.    Mr. Bennet?  
10          Senator Bennet.    No.  
11          The Clerk.    Mr. Casey?  
12          Senator Casey.    Aye.  
13          The Clerk.    Mr. Warner?  
14          Senator Warner.    No.  
15          The Clerk.    Mr. Chairman?  
16          The Chairman.    No.  
17          The Clerk.    Mr. Portman?  
18          Senator Portman.   I have now had a chance to review  
19          this amendment.   I have now looked at it. I can support  
20          the amendment.    Aye.  
21          The Chairman.    The Clerk will report.  
22          The Clerk.    Mr. Chairman, the final tally is 9  
23          ayes, 17 nays.  
24          The Chairman.    The amendment is defeated.  
25          Senator Stabenow, we will go to your second

1 amendment.

2 Senator Stabenow. Thank you, Mr. Chairman. I will  
3 try one other that hopefully we could get bipartisan  
4 support for.

5 It simply amends the core labor provisions section  
6 to indicate that we would equal remuneration for men and  
7 women workers for work of equal value, as set forth in  
8 the ILO Convention No. 100 concerning equal remuneration  
9 for men and women workers for work of equal value.

10 Basically, putting in place, as we work with other  
11 countries to improve their standards, a stipulation to  
12 encourage equal pay for equal work. We are negotiating  
13 with countries, many that have abysmal labor standards  
14 and certainly for women it can be a disaster in terms of  
15 the way women are paid, and this would just simply  
16 indicate that we should emphasize the importance of equal  
17 pay for women.

18 The Chairman. What amendment number is that?

19 Senator Stabenow. I am sorry. That is No. 4,  
20 Stabenow No. 4.

21 The Chairman. Do you have a committee number on  
22 that?

23 Senator Stabenow. No. 96. Excuse me, Mr.  
24 Chairman.

25 The Chairman. Let me just say I cannot support

1 this. I hope it will be defeated. If we add this to it,  
2 I think it makes it very complex for passage over in the  
3 House.

4 So with that, I recommend we vote no. I thank  
5 Senator Stabenow for the amendment because I share her  
6 goal of ensuring that the Administration meets the  
7 negotiating objectives that Congress sets out.

8 But I am confident that the TPA bill that Senator  
9 Wyden and I had Paul Ryan have already introduced will  
10 take care of many of these matters, it seems to me.

11 So I hope you will support us not his and vote no on  
12 this amendment.

13 Is there any comment? Any further comment on this?

14 Senator Stabenow. Mr. Chairman, I meant, I am  
15 sorry, to ask unanimous consent for Senator Cantwell to  
16 be a cosponsor and Senator Brown as also a cosponsor on  
17 the amendment.

18 The Chairman. Without objection, they will be  
19 listed as cosponsors.

20 Any further comments? Senator Brown?

21 Senator Brown. That amendment is dispensed with  
22 no?

23 Senator Stabenow. I would like a vote.

24 The Chairman. You would like a vote. The Clerk  
25 will call the roll.

1           The Clerk.    Mr. Grassley?  
2           Senator Grassley.   No.  
3           The Clerk.    Mr. Crapo?  
4           Senator Crapo.    No  
5           The Clerk.    Mr. Roberts?  
6           Senator Roberts.   No.  
7           The Clerk.    Mr. Enzi?  
8           Senator Enzi.    No.  
9           The Clerk.    Mr. Cornyn?  
10          Senator Cornyn.   No.  
11          The Clerk.    Mr. Thune?  
12          Senator Thune.   No.  
13          The Clerk.    Mr. Burr?  
14          Senator Burr.    No.  
15          The Clerk.    Mr. Isakson?  
16          Senator Isakson.   No.  
17          The Clerk.    Mr. Portman?  
18          Senator Portman.   No.  
19          The Clerk.    Mr. Toomey?  
20          Senator Toomey.   No.  
21          The Clerk.    Mr. Coats?  
22          Senator Coats.    No.  
23          The Clerk.    Mr. Heller?  
24          Senator Heller.   No.  
25          The Clerk.    Mr. Scott?

1 Senator Scott. No.  
2 The Clerk. Mr. Wyden?  
3 [No Response.]  
4 The Clerk. Ms. Stabenow?  
5 Senator Stabenow. Aye.  
6 The Clerk. Ms. Cantwell?  
7 Senator Cantwell. Aye.  
8 The Clerk. Mr. Nelson?  
9 Senator Nelson. Aye.  
10 The Clerk. Mr. Menendez?  
11 Senator Menendez. Aye.  
12 The Clerk. Mr. Cardin?  
13 Senator Cardin. Aye.  
14 The Clerk. Mr. Brown?  
15 Senator Brown. Aye.  
16 The Clerk. Mr. Bennet?  
17 Senator Bennet. Aye.  
18 The Clerk. Mr. Casey?  
19 Senator Casey. Aye.  
20 The Clerk. Mr. Warner?  
21 Senator Warner. Aye.  
22 The Clerk. Mr. Chairman?  
23 The Chairman. No.  
24 The Clerk. Mr. Wyden?  
25 Senator Wyden. No.

1           The Clerk.    Mr. Schumer?

2           The Chairman.  Aye by proxy.

3           The Clerk.    Mr. Carper?

4           Senator Wyden.  No by proxy.

5           The Clerk.    Mr. Chairman, the final tally is 10  
6 ayes, 16 nays.

7           The Chairman.  The amendment is defeated.

8           Senator Bennet, you are now.

9           Senator Bennet.  Thank you, Mr. Chairman.  I would  
10 like to be recognized to call up my amendment, Bennet No.  
11 1.

12           Mr. Chairman, in the spirit of the way you have  
13 conducted this hearing, I will withdraw the amendment, as  
14 well, but I would like to speak to it just for a couple  
15 of minutes.

16           The Chairman.  I am starting to love you.

17           Senator Bennet.  I feel the same way.

18           [Laughter.]

19           Senator Bennet.  This amendment is simple, Mr.  
20 Chairman.  It would make clear through the addition of a  
21 new principal negotiating objective that U.S.-made policy  
22 should contribute to the reduction of poverty and the  
23 elimination of hunger.

24           This would be a historic statement by the Congress  
25 that American trade policy is not just a way to open

1 global commerce, but an opportunity to combat global  
2 poverty.

3 Trade and foreign investment are playing an  
4 increasingly important role in global development. If we  
5 get trade right, we have the power to positively  
6 influence the global fight against poverty and hunger.

7 In 2012, trade and foreign direct investment to  
8 developing countries represented 60 times more -- was 60  
9 times greater than official aid and that number is only  
10 growing.

11 However, trade's potential to combat poverty and  
12 hunger is not assured and it is not necessarily  
13 sustainable without clear intent.

14 To continue this momentum, we need to make it clear  
15 that eliminating poverty and hunger around the world are  
16 defined objectives of U.S. trade policy. This will  
17 ensure that our trade negotiators, present and future,  
18 consider how trade can boost the livelihoods of the most  
19 vulnerable and contribute to food security, poverty  
20 reduction and the elimination of hunger around the world.

21 I really believe that with this provision in TPA, we  
22 will set an expectation of addressing hunger and poverty  
23 issues in all future trade agreements, something that  
24 gets to the heart of American values and our moral  
25 responsibility to harness the power of trade to assist

1 people in need here at home and around the world.

2 Mr. Chairman, as I mentioned, I will withdraw the  
3 amendment, but look forward to working with you and the  
4 Ranking Member as we move toward the floor.

5 The Chairman. I thank my friend from Colorado. I  
6 appreciate that very much.

7 Now, we are working out some amendments. So we do  
8 need a few minutes and then we will go to Senator Brown.  
9 So let us have a few minute just lapse here. I hope  
10 members will stay. We are going to get through this as  
11 fast as we can. So do not leave.

12 [Pause.]

13 Senator Grassley. While they are working on that  
14 stuff, you are wasting a lot of time. In other words,  
15 you are working out some amendments back there. We can  
16 work on amendments here.

17 The Chairman. Senator Grassley is chastising the  
18 Chairman and I accept the chastisement. Why do we not go  
19 ahead on the next amendment?

20 Senator Brown?

21 Senator Brown. I will make it easy. Thank you,  
22 Senator Grassley, for moving forward. And thank you, Mr.  
23 Chairman, for your tolerance and all.

24 This is Brown Amendment No. 8. Brown Amendment No.  
25 8, negotiating objective with respect to public health.

1 Free trade agreements have significant public health  
2 implications. We know that. Yet, the underlying bill  
3 does not include a negotiating objective on public  
4 health.

5 This amendment would insert an objective on public  
6 health. It makes four key points. Number one, our trade  
7 agreements should strengthen the 2007 bipartisan  
8 agreement on trade policy. That was the so-called May 10  
9 proposal that was adopted.

10 Number two, our trading partners should comply with  
11 TRIPS, the World Intellectual Property Organization  
12 Development Agenda and the World Health Organization  
13 Resolution on Public Health, Innovation and,  
14 significantly, Intellectual Property.

15 Third, no FTA should include obligations that could  
16 be interpreted as limiting access to medicine, an  
17 established policy of this Congress and the  
18 Administration, I believe. And fourth, governments have  
19 the right to regulate and pass laws in the interest of  
20 public health without the threat of trade-related  
21 penalties. Think about some of the cases on tobacco  
22 aimed at the Australian government, for instance.

23 Governments have responsibilities --

24 Senator Menendez. Mr. Chairman, I cannot hear  
25 Senator Brown.

1           The Chairman.    Let us have order.

2           Senator Brown.    Thank you.   Thank you, Senator  
3   Menendez.

4           Governments have a responsibility to protect public  
5   health.   That includes making sure people have the  
6   medicines they need to treat infections, TB, malaria,  
7   HIV/AIDS and others that afflict the poorest and the most  
8   vulnerable.

9           There is a way to strike a balance between  
10   protecting intellectual property and preserving public  
11   health and access to medicines.   Our agreement should not  
12   favor corporate interests over the health of people in  
13   developing countries.

14          The negotiating objective this amendment calls for  
15   provides instructions to USTR to negotiate trade  
16   agreements that maintain how our U.S. public health  
17   commitments can promote access to medicines while  
18   protecting intellectual property.

19          Mr. Chairman, I offer the amendment and I withdraw  
20   it.

21          The Chairman.    I appreciate the Senator offering  
22   and withdrawing.

23          With that, shall we go to the next amendment?

24          Senator Thune?

25          Senator Thune.    Thank you, Mr. Chairman.   I just

1 want to express my appreciation to you and to Senator  
2 Wyden for your good working in putting together a  
3 modernized TPA package that I believe will help to lower  
4 barriers to American exports.

5 In particular, I want to commend you for inclusion  
6 of language in the trade negotiating objectives as they  
7 relate to trade and agriculture that is intended to  
8 prevent our trading partners from using unjustified trade  
9 restrictions or commercial requirements to keep our  
10 products out of the market.

11 As you know, many of the agricultural products that  
12 we grow and sell in a State like South Dakota, such as  
13 soybeans and corn, for example, use biotechnology.  
14 Unfortunately, a number of our trading partners are  
15 increasingly using unjustified regulatory or commercial  
16 requirements designed to keep these products out of the  
17 market or otherwise to treat them unfairly.

18 I guess the question for you, Mr. Chairman, is can  
19 you confirm for me that that language in the TPA bill as  
20 it relates to trade and agriculture is, in fact, intended  
21 to address the full range of non-tariff barriers that our  
22 agricultural producers face, including unjustified  
23 commercial or regulatory requirements?

24 The Chairman. Let me assure the Senator from South  
25 Dakota that this is precisely the intent of the principal

1 trade negotiating objectives relating to agriculture in  
2 particular that he references.

3 It is true that U.S. farmers and ranchers face  
4 significant non-tariff barriers that restrict access to  
5 foreign markets.

6 The trade negotiating objectives on agriculture in  
7 the TPA bill are designed to ensure that our trade  
8 agreements address the full range of barriers that our  
9 producers face, commercial, regulatory or otherwise.

10 Now, I appreciate the Senator raising this issue and  
11 I promise to work with him to ensure that the Committee  
12 report language makes clear the intent of the statutory  
13 language as I have described it here tonight.

14 Senator Thune. I appreciate that assurance. Thank  
15 you, Mr. Chairman.

16 The Chairman. Thank you. Now, we are going to go  
17 to Senator Menendez then.

18 Senator Menendez. Thank you, Mr. Chairman. I  
19 would like to call Menendez Amendment 3, which is  
20 Committee Amendment 101. And I appreciate Senator Brown  
21 also joining with me on this.

22 Mr. Chairman, one of the most consistent complaints  
23 that we have heard about trade deals is that while we may  
24 seek the right principles in labor and environmental  
25 standards in our negotiating objectives and while we may

1 even get some good language into the deals themselves,  
2 some of our trading partners just simply fail to live up  
3 their agreement.

4 This amendment is pretty simple. This one says if  
5 we provide fast-track procedures for a trade deal, our  
6 partner in the deal must bring their labor law into  
7 compliance with the agreement before it enters into  
8 effect with them.

9 Our point of maximum leverage as one of the benefits  
10 of the deal has not been delivered. After the ink is dry  
11 on the signatures, we can find ourselves spending years  
12 trying to get a country into compliance while they enjoy  
13 the benefits of access to our markets.

14 Yesterday when you had the hearing, Mr. Chairman,  
15 President Trumka reminded us of the example -- he had a  
16 couple -- but if one country, 6 years after they enjoyed  
17 the benefit of having our markets before they ever got  
18 into compliance with their commitments.

19 So if we think we have the right negotiating  
20 objectives, if we think we have a deal that lives up to  
21 those objectives, we should make sure simply that our  
22 partners deliver on their commitments before we give them  
23 access to our markets.

24 If countries cannot or will not live up to their  
25 commitments, then we did not get a good deal with them

1 and we surely should not be putting it on a fast track to  
2 implementation.

3 I would urge support. I think it does not change  
4 the course of events. A country can ultimately be part  
5 of a deal, but they are going to have to have their labor  
6 commitments up front.

7 I, at the appropriate time, would ask for the yeas  
8 and nays.

9 Senator Wyden. Mr. Chairman?

10 The Chairman. Senator Wyden?

11 Senator Wyden. Thank you, Mr. Chairman. I would  
12 like to ask Reif, the General Counsel from the USTR, he  
13 is here and I would like to ask him what is the process  
14 that USTR goes through before the Executive Branch allows  
15 a trade agreement to enter into force. That is number  
16 one.

17 Number two, do you require that our trading partners  
18 meet their labor obligations before entry into force? I  
19 think that it is important to kind of clarify where you  
20 all are at this point.

21 Mr. Reif. Thank you, Mr. Wyden. Thank you, Mr.  
22 Chairman and Mr. Wyden for holding the markup.

23 There actually is a very rigorous process, very much  
24 along the lines of what the Senator was saying a moment  
25 ago. There are three stages where USTR and other

1 agencies work very closely with foreign governments to  
2 ensure that they implement their obligations under an  
3 agreement.

4 First, during the negotiations, there are often very  
5 detailed conversations with other trading partners about  
6 their laws. These are going on now in the TPP context,  
7 including very much understanding labor laws and  
8 understanding the kinds of changes that countries will  
9 have to implement. Often those countries begin to take  
10 these changes during the negotiating phase.

11 The second opportunity for USTR and other agencies  
12 to engage is after there has been congressional approval  
13 of an implementing bill. All of the agencies of the  
14 Executive Branch, working in partnership with this  
15 Committee and the Congress, work with foreign trading  
16 partners to ensure we prepare an inventory -- we just did  
17 this a few years ago with the agreements that were passed  
18 by the Congress at that point -- prepare an inventory of  
19 all of the changes that we believe need to be made.

20 We then spend dozens and dozens of hours with each  
21 trading partner to make sure we understand whether the  
22 changes are being made and ensuring that those are done  
23 before the President reports to the Congress that the  
24 trade agreement can enter into effect.

25 Then the third stage is once the agreement is in

1 effect, through use of the Interagency Trade Enforcement  
2 Center, through use of the general counsel's office and  
3 all of USTR and all of our partner agencies, we work to  
4 ensure that those commitments are followed through.

5 Senator Wyden. I would just say, colleagues, I am  
6 going to reluctantly oppose this amendment because what  
7 the Senator is trying to do, the motive could not be more  
8 appropriate. I do not expect countries just to meet  
9 their labor obligations before an agreement goes into  
10 effect. I expect countries to meet their obligations on  
11 the environment, on non-tariff barriers, on rules related  
12 to digital trade, all of their obligations and I think  
13 that is what Mr. Reif has said he is going to insist on.

14 I think that is why these is a significant upgrade  
15 from existing policy, and reluctantly I have to oppose  
16 this amendment.

17 The Chairman. If I could add, I am confident that  
18 the TPA bill that Senator Wyden and I introduced already  
19 accomplishes this goal.

20 Working with Senator Wyden, we have created two  
21 procedures for this Committee to review and vote on  
22 whether the Administration sufficiently achieved  
23 congressional negotiating objectives. And this amendment  
24 does nothing to strengthen our ability to hold the  
25 Administration accountable.

1           So I urge my colleagues to vote against this  
2 amendment. And I am prepared to vote if the --

3           Senator Brown.    Mr. Chairman?

4           The Chairman.    Senator Brown?

5           Senator Brown.    Briefly, I wanted to speak for the  
6 Menendez amendment.

7           The Chairman.    Sure.

8           Senator Brown.    Thank you, Mr. Chairman. And I  
9 appreciate Senator Menendez offering the amendment.

10           President Obama, the Administration and the USTR, as  
11 interested in labor standards as they say they are, the  
12 President's speeches and USTR discussions and promises,  
13 this is a pretty easy thing for them to support.

14           I understand the situation in Vietnam, which is  
15 generally accepted as the most egregious violator of  
16 labor rights of the 12 countries, there is one union.  
17 You can join union, you are free to join that union.  
18 That union is affiliated with the communist party. So  
19 you really do not have much choice and I do not think  
20 that is really what we believe in a vibrant labor  
21 movement, whether you support unions or you generally do  
22 not.

23           Among those of us here, we all agree on some basic  
24 principles about labor rights and labor unions and  
25 ability and freedom of association to join them or not

1 join them.

2 There is no real evidence that the USTR or the  
3 Administration is using any kind of either a carrot or a  
4 stick to move their labor law forward.

5 They say it takes time. Of course, it takes time,  
6 but there are not really mechanisms to get them to move  
7 the way there should be.

8 The Chairman. I understand. But I think our  
9 agreement does cover that and I hope that --

10 Senator Menendez. Mr. Chairman, if I may.

11 The Chairman. I hope that --

12 Senator Menendez. I will be brief.

13 The Chairman. Senator Menendez?

14 Senator Menendez. I listened to what Mr. Reif  
15 said. What did he say? He said that, one, there is a  
16 conversation about what laws a country is going to have  
17 to change to become in compliance.

18 Two, after congressional approval of an  
19 implementation of bill, which is what we are in the midst  
20 of doing here, there is an inventory of changes. And  
21 then, thirdly, he talked about the Trade Enforcement  
22 Center.

23 Well, the bottom line, all that that means is that  
24 you do not have in place the labor standards that we are  
25 heralding to be able to have those who that is important

1 to be supportive of the bill.

2 So that is far different than having the labor  
3 standards in place before the deal goes into effect. So  
4 I just do not understand why we want to give people  
5 access to our markets, because we say they have to live  
6 under these standards, but they can get that access  
7 before those standards are fully implemented.

8 That is why, in the case of Guatemala, it took 6  
9 years -- 6 years -- and there are other examples of that,  
10 and that is simply what we are trying to avoid.

11 So I do not think that this is a burdensome reality.  
12 If we say we are getting a good deal and that good deal  
13 is about all of the elements of being heralded by the  
14 proponents of the bill, that would include a good labor  
15 standard, a good environmental standard, well, then let  
16 those countries live up to it prior to.

17 In this case, I am limiting it to the question of  
18 labor and I would ask for the yeas and nays.

19 The Chairman. Well, if I could just make a couple  
20 -- we will certainly grant the yeas and nays, but if I  
21 could just make a couple of points. We not only have to  
22 get this through the Senate, we have got to get it  
23 through the House and, frankly, we will work to make sure  
24 that all commitments that are written into this bill come  
25 into compliance.

1           It is a very important issue, but this is not the  
2 way to do it, at least in my opinion, and, frankly, I  
3 hope we can vote this down because I have got to admit  
4 that this would make it very difficult to pass this bill  
5 in the House.

6           We have got to live with the law of the possibility  
7 and it is tough enough to put this bill through. It is  
8 an extremely important bill.

9           Senator Menendez.   Mr. Chairman, just a brief  
10 remark because that has been made various times here over  
11 different amendments. And I would just say --

12          The Chairman.   Well, there is a reason for it.

13          Senator Menendez.   I fully understand, but let me  
14 liken it to something else. I do not want a deal on Iran  
15 for the sake of a deal at any cost.

16          The Chairman.   I agree.

17          Senator Menendez.   And I do not necessarily think  
18 that a trade bill at any cost is ultimately what we want.

19          We want a trade deal that creates the level playing  
20 field, creates the balance, and, yes, creates access to  
21 markets.

22          So I do not accept the proposition that -- if we are  
23 going to accept that proposition, then we are going to  
24 see an Iran deal maybe that we do not like and we will  
25 say, well, we need a deal, so therefore let us support

1 it. I would hope that that is not necessarily our  
2 guiding start.

3 The Chairman. Let me just say this. This is a  
4 strong bill. I think it takes care of what the Senator  
5 is talking about, at least as far as we can go to get  
6 legislation through both bodies and if we add this to it,  
7 I think we would have a difficult time getting it through  
8 the House and maybe even the Senate.

9 So this is a delicate bill, there is no question  
10 about it. If we pass this bill in its current form, it  
11 is going to be a marvelous thing to get done, and I think  
12 for both sides, not just the President, for Republicans,  
13 too.

14 So that is what we are trying to do and have spent  
15 an awful lot of time trying to make sure that we can get  
16 this through both Houses, and, frankly, we do not need  
17 the Senator's language in here to have the Administration  
18 enforce some of these rules that he would like.

19 I just hope our folks will vote this down because it  
20 would hurt our getting it through the House and I do not  
21 want to do anything jeopardize that. And I do not mean  
22 to play that tune every time, but it is a reality and we  
23 just have to think about it. But I think it would be  
24 tough even to get it through the Senate.

25 So with that, the Clerk will call the roll.

1           The Clerk.    Mr. Grassley?  
2           Senator Grassley.   No.  
3           The Clerk.    Mr. Crapo?  
4           The Chairman.   No by proxy.  
5           The Clerk.    Mr. Roberts?  
6           Senator Roberts.   No.  
7           The Clerk.    Mr. Enzi?  
8           Senator Enzi.    No.  
9           The Clerk.    Mr. Cornyn?  
10          Senator Cornyn.   No.  
11          The Clerk.    Mr. Thune?  
12          Senator Thune.   No.  
13          The Clerk.    Mr. Burr?  
14          Senator Burr.    No.  
15          The Clerk.    Mr. Isakson?  
16          Senator Isakson.   No.  
17          The Clerk.    Mr. Portman?  
18          Senator Portman.   No.  
19          The Clerk.    Mr. Toomey?  
20          Senator Toomey.   No.  
21          The Clerk.    Mr. Coats?  
22          Senator Coats.    No.  
23          The Clerk.    Mr. Heller?  
24          Senator Heller.   No.  
25          The Clerk.    Mr. Scott?

1 Senator Scott. No.  
2 The Clerk. Mr. Wyden?  
3 Senator Wyden. No.  
4 The Clerk. Mr. Schumer?  
5 Senator Schumer. Yes.  
6 The Clerk. Ms. Stabenow?  
7 Senator Stabenow. Aye.  
8 The Clerk. Ms. Cantwell?  
9 Senator Cantwell. No.  
10 The Clerk. Mr. Nelson?  
11 Senator Nelson. No.  
12 The Clerk. Mr. Menendez?  
13 Senator Menendez. Aye.  
14 The Clerk. Mr. Carper?  
15 Senator Carper. No.  
16 The Clerk. Mr. Cardin?  
17 Senator Cardin. Aye.  
18 The Clerk. Mr. Brown?  
19 Senator Brown. Yes.  
20 The Clerk. Mr. Bennet?  
21 Senator Bennet. Aye.  
22 The Clerk. Mr. Casey?  
23 Senator Casey. Aye.  
24 The Clerk. Mr. Warner?  
25 Senator Warner. No.

1           The Clerk.    Mr. Chairman?

2           The Chairman.   No.   The Clerk will announce the  
3 results.

4           The Clerk.    Mr. Chairman, the final tally is 7  
5 ayes, 19 nays.

6           The Chairman.   The amendment is defeated.   Does  
7 anybody else have an amendment?

8           Senator Casey.   Mr. Chairman?

9           The Chairman.   The Senator from Pennsylvania?

10          Senator Casey.   Mr. Chairman, I have good news and  
11 bad news.

12          The Chairman.   I like the good news.   I like to  
13 have that advance.

14          Senator Casey.   The good news is I am not offering  
15 all of my amendments.   The bad news is -- good news for  
16 me, but bad news maybe for some others -- but I would ask  
17 for a voice vote on the Buy America amendment.   Let me  
18 just walk through it.

19          This is Amendment No. 203 and in this series for me,  
20 I guess it is Amendment No. 2.

21          Basically, what I am trying to do with this  
22 amendment is to insist that the Buy America provisions,  
23 which have been in effect for decades, adhere well to  
24 this agreement.   So that the effect of the amendment, if  
25 it were to pass and be implemented, would be to remove

1 fast-track privileges from any agreement that weakens or  
2 undermines the Buy American Act.

3 In particular, and this is the basics of it in terms  
4 of the impact, it would simply mean that in a trade  
5 agreement, we would ensure that the agreement itself does  
6 not do one of three things -- it does not weaken, it does  
7 not undermine, nor would it necessitate the waiver of the  
8 Buy American Act provisions of -- the Buy American Act  
9 itself, as well as the Buy American provisions of the  
10 Surface Transportation Act of 1982.

11 I would ask for a voice vote.

12 The Chairman. I oppose this amendment. Policies  
13 like this may be intended to shelter industries, but the  
14 result is always retaliation and the closing of borders  
15 to American goods. Instead, I support increasing  
16 American access to the government procurement markets of  
17 our trading partners.

18 That is why our TPA bill has negotiating objectives  
19 related to the expansion of the WTO government  
20 procurement agreement.

21 Now, the best way to support American companies  
22 involved in government procurement is to ensure that they  
23 are treated fairly and compete equally around the world.

24 So I know that this is well intentioned, but I  
25 really urge my colleagues to oppose this amendment.

1 Does anybody want a roll call vote or should we do a  
2 voice vote?

3 Senator Grassley. Voice vote.

4 The Chairman. Those in favor of this amendment,  
5 say aye.

6 [A Chorus of Ayes.]

7 The Chairman. Those opposed to the amendment, say  
8 no.

9 [A Chorus of Nays.]

10 The Chairman. The nays have it. The amendment is  
11 defeated.

12 Senator Brown, you are next.

13 Senator Brown. This is Amendment No. 17. It  
14 strikes the investor state from the investor negotiating  
15 objective.

16 This amendment strikes language in fast track that  
17 explicitly refers to investor state dispute settlement.  
18 Investor state dispute settlement provides for an  
19 extrajudicial way for corporations to sue governments for  
20 regulating or passing laws; corporations in one country  
21 suing a government in another country for a health and  
22 safety law or some law that they have chosen to pass,  
23 even when their courts have upheld it.

24 State, local, federal governments should not have to  
25 look over their shoulder at every issue they decide every

1 time they decide to pass a public health measure or deny  
2 a permit for environmental reasons.

3 That is why I oppose investor state. If the  
4 argument for including investor state is to ensure that  
5 American investors have adequate protections, then why is  
6 not our goal to improve the legal system in our trading  
7 partner so that they can develop their own property  
8 rights and strengthen their own judicial institutions?

9 We seek to improve institutions and raise standards  
10 in other areas like labor, but in the legal system, we  
11 instead -- instead we are setting up an alternative  
12 system of arbitration panels totally separate from the  
13 courts and often not even related to that country.

14 These arbitration panels are problematic because of  
15 their expansive view of expropriation, allowing investors  
16 to seek compensation where expropriation has not  
17 occurred.

18 Just because a government has regulated in a  
19 nondiscriminatory way and it has affected an investment  
20 does not mean a company should be able to sue another  
21 government and be compensated, but that is not how  
22 arbitrators see it. Arbitration panels cannot be trusted  
23 to throw out frivolous claims, leaving public health  
24 programs like Medicare and Medicaid and the VA vulnerable  
25 to ISDS challenges.

1           In addition, investors often use ISDS to form shop  
2 or to simply scare a poor country often, a government  
3 into settling.

4           By requiring investors to exhaust all reasonably  
5 available domestic remedies, many frivolous cases -- I  
6 know what my friends and colleagues on the other side of  
7 the aisle think about frivolous cases -- many frivolous  
8 cases could be filtered out and legitimate regulations  
9 left in place. But there is no such requirement in TPP  
10 or in the underlying bill.

11           Arbitrators often represent parties in other  
12 investor state proceedings, which means they often have  
13 serious conflicts of interest. So an arbitrator might be  
14 serving as a judge in one case when that arbitrator is a  
15 private sector lawyer representing somebody else in  
16 another case, where there easily could be conflicts of  
17 interest.

18           There is nothing in TPA or in TPP that even  
19 addresses those conflicts of interest. ISDS is another  
20 way for corporations to maximizes profits by challenging  
21 government regulations they do not like in an  
22 extrajudicial system whose rulings are divorced from any  
23 precedent.

24           This amendment strikes the reference from fast track  
25 to ensure future trade agreements, particularly TTIP, can

1 be concluded without the corporate handout provision.

2 Mr. Chairman, I ask my colleagues to support this  
3 amendment.

4 The Chairman. Thank you, Senator Brown.

5 Senator Wyden?

6 Senator Wyden. Thank you, Mr. Chairman. Just on  
7 that last point, because I am opposed to this amendment  
8 and this question of government handouts.

9 The kind of people who are using investor state are  
10 our environmental companies, the people who are on the  
11 cutting edge of the kinds of innovations that Senator  
12 Cantwell is talking about.

13 I do not consider those people some kind of  
14 corporate handout client that is looking for favors.  
15 They are looking for a fair shake when they do business  
16 overseas.

17 So I have focused on the investor state provision to  
18 ensure that TPA directs the negotiators to get the right  
19 kind of investor state.

20 Let me make clear what I think the right kind of  
21 investor state provision calls for. Number one, there  
22 would be no greater rights for foreign companies. Number  
23 two, we preserve, we lock in, we embed America's right to  
24 regulate.

25 Number three, we have a more transparent process.

1 Number four, we have stronger protections for American  
2 sovereignty.

3 The language that the amendment would strike is  
4 important to ensure that any kind of investor state  
5 provision contains the protections against frivolous  
6 claims and ensures transparency.

7 In my view, these are important directives. I come  
8 back to the proposition that our country has never lost  
9 an investor state case, never once. We have had this for  
10 decades. We have never lost a case.

11 And on this question of who benefits and somehow  
12 this is some kind of corporate handout, when Senator  
13 Cantwell appropriately talks about how a big part of  
14 America's economic future is in renewable energy and  
15 cutting edge companies and solar and wind and other  
16 renewable sectors, those are the kind of people who have  
17 investor state cases and I want them to get a fair shake.

18 Thank you, Mr. Chairman.

19 The Chairman. I agree with the distinguished  
20 Ranking Member. Would the Senator desire a voice vote?

21 Senator Brown. I would desire more debate, Mr.  
22 Chairman, and then a roll call. So I have some things I  
23 would like to say in response.

24 I would like to ask Mr. Reif. Senator Wyden talked  
25 about the American right to regulate as part of -- in

1 other words, to protect our rules, other than saying we  
2 have not lost a case yet.

3 Part of the reason we have not lost a case is if you  
4 look at a chart, I should have brought one tonight, of  
5 the number of ISDS cases over the last number of years,  
6 they are going like this. There are more and more cases.  
7 America will certainly lose some of these because  
8 companies around the world are going to find ways to  
9 challenge U.S. law.

10 But my question for Mr. Reif. What, Mr. Reif, have  
11 you actually -- the U.S. right to regulate that Senator  
12 Wyden says is included in TPP, what would that be?

13 As you know, your boss and the ambassador has not  
14 allowed Senate staff, for most of us, to go in and read  
15 TPP. I have been there with Ms. Todd for not as much  
16 time as I would like. She is not allowed to go back. So  
17 we really cannot examine this.

18 Can you tell us what that means, American right to  
19 regulate, how we preserve that?

20 Mr. Reif. Thank you, Senator Brown. So what it  
21 means in particular in the existing text of our investor  
22 state dispute settlement mechanisms that are also being  
23 negotiated in the TPP -- and let me read it to you.

24 It provides that nondiscriminatory regulatory  
25 actions by a party that are designed and applied to

1 protect legitimate public welfare objectives, such as  
2 public health, safety and the environment do not  
3 constitute indirect expropriation.

4 So that is actually embedded in the legal --

5 Senator Brown. Mr. Chairman, if I might. Would  
6 that have stopped -- and I want to explain this to my  
7 colleagues in a moment. Would that have stopped Philip  
8 Morris from attacking us as they did Australia on a plain  
9 packaging tobacco public health law?

10 Mr. Reif. Whether a company can bring a case --

11 Senator Brown. If Philip Morris were a foreign  
12 company.

13 Mr. Reif. But in our agreements, as Mr. Wyden  
14 said, we have never lost a case.

15 Senator Brown. Yes. We hear that song, but that  
16 is not really that meaningful. But go ahead.

17 Mr. Reif. And there have been a number of cases  
18 where there were concerns expressed, but then we were  
19 able to prevail, and this language is the key reason that  
20 we have been able to prevail because we seek to achieve  
21 in our investor state mechanisms both the opportunity for  
22 small businesses to go abroad and to vindicate their  
23 rights to be able to sell and operate in a foreign market  
24 and just get the same fair shake that other businesses  
25 do, but, also, at the same time, to protect our ability

1 to regulate and to establish that as a principal through  
2 all investor state mechanisms.

3 Senator Brown. Let me share with my colleagues a  
4 brief story. The government Australia passed something  
5 called the plain packaging law that said that tobacco  
6 companies no longer in Australia could put their logo on  
7 a cigarette package. They had to write in black and  
8 white the name of the company, of the brand of cigarette  
9 in black letters so they all kind of looked alike.

10 They also had to put a picture -- and I know that  
11 Senator Hatch, in his State -- and his record of public  
12 health and tobacco especially is impressive -- that they  
13 also put a picture of a diseased lung or something on  
14 there.

15 It almost immediately affected tobacco consumption,  
16 especially among young people. That law was passed.  
17 Philip Morris sued the Australian -- challenged that law  
18 in Australian court. The Australian court upheld the law  
19 6-1.

20 Philip Morris then went to Hong Kong, set up a  
21 subsidiary, then under ISDS, in their bilateral trade  
22 agreement, sued the government of Australia.

23 So this is a three-judge panel made up of not  
24 Australians, for wont of a better term, suing the  
25 government of Australia and the law that they had passed

1 democratically and a court had upheld, an Australian  
2 court, and it is being litigated now, but they could  
3 actually overturn that law that the Australian people  
4 want to protect 16- and 17-year-olds from tobacco.

5 That is the kind of power that they would have in  
6 these. I have heard both the President and the USTR say  
7 this tobacco issue is really serious, we have got to do  
8 something about it. To my knowledge, there is still  
9 nothing in TPP to deal with this.

10 But more than tobacco, this shows how a company in  
11 one country can sue a government and overturn the  
12 sovereign decision of that government. And if my  
13 colleagues care about sovereignty especially, they ought  
14 to care about ISDS.

15 The other issue that supporters of ISDS make is that  
16 this protects U.S. companies against expropriation.  
17 There are two things that already can protect U.S.  
18 governments without the side effects of this ISDS  
19 language. Number one is OPIC and what OPIC can do and  
20 number two is you can buy expropriation insurance. And  
21 why should taxpayers be on the hook here instead of the  
22 private sector or these companies? If they fear  
23 expropriation in country X, why should not those  
24 companies buy that insurance to protect themselves?

25 Instead it sounds like TARP-3 or some government

1       bailout for these companies in the developing world.

2             The Chairman.    Let me just say this.  I cannot  
3       support the amendment's attempt to strike language from  
4       the foreign investment negotiating objectives which you  
5       have described to a degree.

6             I am prepared to vote on it.  Do you want a roll  
7       call vote?  You would like a roll call vote.

8             The Clerk will call the roll.

9             The Clerk.    Mr. Grassley?

10            Senator Grassley.   No.

11            The Clerk.    Mr. Crapo?

12            The Chairman.   No by proxy.

13            The Clerk.    Mr. Roberts?

14            Senator Roberts.   No.

15            The Clerk.    Mr. Enzi?

16            Senator Enzi.    No.

17            The Clerk.    Mr. Cornyn?

18            Senator Cornyn.   No.

19            The Clerk.    Mr. Thune?

20            Senator Thune.    No.

21            The Clerk.    Mr. Burr?

22            Senator Burr.    No.

23            The Clerk.    Mr. Isakson?

24            Senator Isakson.   No.

25            The Clerk.    Mr. Portman?

1           Senator Portman.    No.  
2           The Clerk.    Mr. Toomey?  
3           Senator Toomey.    No.  
4           The Clerk.    Mr. Coats?  
5           Senator Coats.    No.  
6           The Clerk.    Mr. Heller?  
7           Senator Heller.    No.  
8           The Clerk.    Mr. Scott?  
9           Senator Scott.    No.  
10          The Clerk.    Mr. Wyden?  
11          Senator Wyden.    No.  
12          The Clerk.    Mr. Schumer?  
13          Senator Schumer.    Aye.  
14          The Clerk.    Ms. Stabenow?  
15          Senator Stabenow.    Aye.  
16          The Clerk.    Ms. Cantwell?  
17          Senator Cantwell.    Aye.  
18          The Clerk.    Mr. Nelson?  
19          Senator Nelson.    Aye.  
20          The Clerk.    Mr. Menendez?  
21          Senator Menendez.    Aye.  
22          The Clerk.    Mr. Carper?  
23          Senator Carper.    No.  
24          The Clerk.    Mr. Cardin?  
25          Senator Cardin.    Aye.

1           The Clerk.    Mr. Brown?

2           Senator Brown.   Aye.

3           The Clerk.    Mr. Bennet?

4           Senator Bennet.   Aye.

5           The Clerk.    Mr. Casey?

6           Senator Casey.   Aye.

7           The Clerk.    Mr. Warner?

8           Senator Warner.   No.

9           The Clerk.    Mr. Chairman?

10          The Chairman.   No.

11          The Clerk.    Mr. Chairman, the final tally is 9  
12 ayes, 17 nays.

13          The Chairman.   The amendment is defeated.

14          Are we getting close to the end here?  Senator Burr,  
15 you are next.

16          Senator Burr.   Mr. Chairman, I would like to call  
17 up Portman No. 2, and that is Committee No. 88.  And I  
18 will say to the Chairman he will not love me like he  
19 loved Senator Bennet because I will have to have a  
20 recorded vote on this, but I will be very brief.  And I  
21 have great affection for their Chairman and for the task  
22 he has got in front of him and I thank my colleagues for  
23 the support on the Customs bill of the MTD issue.

24          But I have got to offer it on the TPA bill, as well,  
25 because that is the only way I can assure that once and

1 for all we address his, because this a great need.

2 Let me just explain very briefly what this MTB bill  
3 does. This bill would allow companies to apply for duty  
4 suspensions directly on a predictable schedule. This  
5 carefully crafted bipartisan compromise would allow for  
6 the MTB process to move forward in a post-earmarked era  
7 while still maintaining a role of Congress.

8 The bill would explicitly allow members of Congress  
9 to submit proposals for duty suspension to the ITC which  
10 would be equally considered along with the submissions  
11 from the public.

12 This bill also ensures that bills are properly  
13 vetted. Once the provisions are assembled into an MTB,  
14 the bills would be considered in the same way it  
15 currently is. This reform bill does not provide a fast-  
16 track process or limitations on floor amendments.

17 I would encourage all the members. This is a very  
18 grave issue for many manufacturers. Again, these are  
19 duties imposed on them when they purchase something that  
20 goes into a finished product and makes them uncompetitive  
21 when they then sell into a global marketplace.

22 I would ask for a recorded vote and urge my  
23 colleagues to support it.

24 Thank you, Mr. Chairman.

25 The Chairman. If I could have attention, let me

1 just say this. Your amendment is already in the Customs  
2 bill that we passed earlier and, frankly, I believe that  
3 offering -- well, let me just say the Chair views this as  
4 non-germane.

5 Pursuant to Rule 2A of the Committee rules, the  
6 Chair rules that the amendment is not germane and the  
7 amendment is out of order.

8 Senator Burr. I appreciate the Chairman.

9 The Chairman. Senator Brown, do you have any other  
10 amendments?

11 Senator Brown. Mr. Chairman, I have many other  
12 amendments.

13 The Chairman. Can you give us some sort of an idea  
14 of how many more amendments you have?

15 Senator Brown. I am guessing seven or eight, five  
16 more. Well, one I am combining five amendments into one  
17 and then four or five more.

18 The Chairman. What I would like to do, if it is  
19 all right with you -- if it is not, we will work on it --  
20 but I would like to limit each amendment to 3 minutes to  
21 decide, if we can. Can we do that?

22 Senator Brown. We can try, but I would really  
23 rather not agree to that, Mr. Chairman, because some of  
24 these are pretty lively and people want to debate and I  
25 do not know why we would start now doing 3 minutes when

1 we did not do it earlier. So I really would object to  
2 that.

3 As you know, Mr. Chairman, I started with 88  
4 amendments. I talked myself out of a number of those. I  
5 have worked with you overnight. We negotiated last night  
6 and the numbers continue to shrink.

7 Mr. Chairman, 3 minutes of 88 amendments is longer  
8 than 10 minutes of 10 amendments.

9 The Chairman. Let me interrupt you. We are fine.  
10 I am sorry I raised it. Let me just say this. I would  
11 appreciate it if you would keep the argument as short as  
12 you can.

13 Senator Brown. I will do that. No more Australia.  
14 I would keep them shorter if you would be more convinced  
15 earlier.

16 This is an amendment on behalf of Senators Menendez,  
17 Stabenow, Schumer and Casey, Amendment 51 and it prevents  
18 China from docking onto TPP without congressional  
19 oversight.

20 This amendment we are offering to prevent TPP from  
21 being a backdoor trade agreement with China -- a backdoor  
22 trade agreement with China.

23 Senator Menendez has raised these concerns perhaps  
24 longer than anybody and I appreciate the involvement of  
25 so many others. It makes clear that this fast-track bill

1 does not apply to other countries joining TPP. Twelve  
2 countries in TPP, it should be 12 countries in TPP.

3 It spells out the process for future TPP partners,  
4 future partners to join the agreement.

5 First, Finance and Ways and Means Committees have to  
6 vote to certify that the country considering joining has  
7 met the standards of the agreement. Once the committee  
8 has certified, both the Senate and the House have to vote  
9 to approve that country joining.

10 Imagine, Mr. Chairman, the reaction of the country  
11 if the Administration and Ambassador Froman decide some  
12 moment that China is going to be part of TPP and we think  
13 the world's second largest economy, 1.3 billion people,  
14 so much of what we wear and buy is made in that country,  
15 and all of a sudden they have backdoored into TPP with no  
16 vote of Congress, with no input from the American people.  
17 It just sort of beggars the imagine to think that.

18 China expressed interest in joining the agreement at  
19 the end of last year. News reports indicate they are  
20 monitoring closely these talks. China manipulates its  
21 currency and floods our markets, we know that and former  
22 Ambassador Portman has pointed that out.

23 They flood our markets with subsidized and dumped  
24 steel imports. They promote industrial policies designed  
25 to undercut our manufacturing.

1           TPP simply cannot become a backdoor way to pass a  
2 free trade agreement with China without a vote in  
3 Congress. My amendment will ensure that China -- it is  
4 not just aimed at China, it is not picking on anybody, it  
5 just says we can name the other 11 countries or the other  
6 nine countries besides the former NAFTA countries, U.S.,  
7 Canada, Mexico. We know the other nine countries by  
8 name. We can recite them. They are in the newspaper.

9           We do not want other countries to join without the  
10 Finance Committee, the Ways and Means Committee and the  
11 Congress approving them.

12           My amendment would ensure that China or any other  
13 country who wants to join this agreement gets  
14 congressional approval and I would think we could pass  
15 this by a voice vote, Mr. Chairman.

16           If there is Chairman's dissent, I would like a roll  
17 call, though.

18           Senator Schumer. Mr. Chairman?

19           The Chairman. Senator Schumer?

20           Senator Schumer. I want to rise in support of this  
21 important amendment, but first I want to say a word about  
22 Senator Brown. I do not think there has been any Senator  
23 on either side of this issue who has been more  
24 passionate, more dedicated, more focused on trying to  
25 make our trade laws better.

1           Whether you agree with him or disagree with him, I  
2 think everybody knows that Senator Brown has made this  
3 one of the major issues that he has pursued in Congress  
4 for all the years he has been here. He has had  
5 tremendous effect.

6           Some of the anti-dumping cases came about because of  
7 him. There are, I would say, thousands and thousands of  
8 workers working today who would not have worked because  
9 of unfair trade practices, but they are working because  
10 of Senator Brown's great work.

11           So I think we should all salute him for what he does  
12 and I would be happy if he had 88 amendments. But I do  
13 not speak for everybody. I think I speak for most of us  
14 on the rest of what I said. That one I will take myself.

15           On this amendment, Senator Brown is right. China is  
16 different. China is different in the way they pursue  
17 trade and they are rapacious. They have a plan. And  
18 China is going after the cream of American industry, the  
19 tech industry, the pharmaceutical industry, high-end  
20 manufacturing.

21           I have had two New York companies, to get deals in  
22 China, they have sold their family jewels.

23           GE gave China the designs for the turbines that spin  
24 so quickly to get a 10-year contract. IBM just made a  
25 deal with China where they had to give away a lot of the

1 knowledge of the software that took decades to build up.  
2 But China is such a huge market, it says to these  
3 companies, "We will give you 5, 10 years of good -- you  
4 will be here, which we would not let you in otherwise,  
5 but you have got to show us how you do what you do," and  
6 then a Chinese company will do it and we will be stuck.

7 So just as over the last 20 years, by doing nothing,  
8 we have lost out on low and middle end manufacturing and  
9 services. We are going to lose out on the best thing we  
10 have got going if we let China keep going this way. And  
11 that is why some of us are so frustrated here tonight,  
12 because I am not -- I very much appreciate the support  
13 for my amendment, the amendment of me and Senator Brown,  
14 Senator Portman and Senator Burr.

15 But I feel impassioned that I want to see America  
16 stay the number one country in the world and I think if  
17 we traded fairly, we would. We have the greatest system.  
18 We have the most innovation. We come up with all of the  
19 new ideas.

20 But China has figured out a way not to compete with  
21 us fairly and come up with the same kind of creativity.  
22 They curtail freedom too much to do that. But rather,  
23 they come up with rapacious trade practices and in all  
24 due respect to Mr. Das and the Administration, they seem  
25 to just shrug their shoulders.

1           There is nothing inconsistent with going after China  
2 and supporting TPP. Some of us do not support it, some  
3 of us do. But there is nothing inconsistent and this  
4 amendment is -- I think we should accept this amendment.  
5 I think there is nothing wrong with this amendment. And  
6 China is not the same as Indonesia or Singapore or even  
7 Japan or Korea. And it deserves support and I thank  
8 Senator Brown for offering it.

9           The Chairman. Let me just say this. If we want to  
10 have influence in Asia, we are going to have to pass TPA  
11 and we are going to have to get TPP put together right.  
12 That will send messages that we could never otherwise  
13 send.

14           So without this bill, we are never going to  
15 accomplish what both of you would like to do.

16           Let me just say this. The TPA bill that Senator  
17 Wyden and I introduced already tackles the concern that  
18 this amendment seeks to address.

19           Our bill already requires that the President take  
20 into account all of the congressional negotiating  
21 objectives before commencing negotiations with any  
22 country. That will include China if, in the future,  
23 China became interested in joining the TPP.

24           Section 5(a) of our bill already sets out detailed  
25 consultation and reporting requirements that the

1 President must follow before entering into negotiations  
2 with any country.

3 The best thing we can do to counteract China is to  
4 pass TPA so that our negotiators can conclude a TPP based  
5 on American standards. And if we can get Japan into a  
6 TPP, which we are about to do and we intend to do, it is  
7 going to send a message all over Asia, and I think we  
8 will.

9 To quote the *Washington Post* Editorial Board, the,  
10 quote, "TPP would ensure that the Pacific Rim plays by  
11 U.S.-style rules and regulations rather than by China's  
12 neo-mercantilist ones," unquote.

13 So I urge my colleagues to vote against this  
14 amendment. I appreciate the efforts of my distinguished  
15 colleague from Ohio. He is a very compelling order and  
16 somebody that we have respect for here, but I would like  
17 to vote on this and I recommend we vote against it.

18 Senator Schumer. Mr. Chairman, just one point, if  
19 I could make, in the little bit of a friendly counter.

20 The Chairman. That would be fine.

21 Senator Schumer. Whether you are for TPP or not,  
22 we have differences on this Committee. Making sure China  
23 plays by the rules is not inconsistent with TPP. In  
24 fact, it is consonant with one of the stated goals, which  
25 is to keep these other countries, these other Asian

1 countries out of the orb of China.

2 So we are not trying to be inconsistent here. They  
3 can live alongside of one another. I am not talking  
4 about this amendment, but the general view on China.

5 But the one thing I would say to my dear friend, the  
6 Chairman, is at least to me, dealing with China's  
7 rapacious practices is more important to the American  
8 future than TPP, whether you are for it or against it.  
9 That is where I would differ. And we can do both. And  
10 we can do both.

11 The Chairman. Senator Wyden?

12 Senator Wyden. Thank you Mr. Chairman. I am going  
13 to be very brief, as well.

14 Like Senator Schumer, I have enormous respect for  
15 Senator Brown. I think that Senator Brown and I have had  
16 more conversations in the last 6 months about how to do  
17 this than I have had with any other member, and you see  
18 it reflected in section after section, starting with the  
19 enforcement provision.

20 Here is how I come to being skeptical of all of this  
21 and why I am going to vote no. You do not enter into a  
22 trade agreement by osmosis. You enter into it when you  
23 have implementing language and you have got to have  
24 implementing language, in effect, to even get to some of  
25 the key questions like tariffs.

1           TPP does not include China, we all understand that.  
2           Given how long it has taken to get with the countries  
3           where we have gotten a deal, I doubt it is going to be  
4           China joining TPP anytime soon. And this TPA bill is  
5           going to be around for just 6 years.

6           So the bottom line, to me, is not only do you  
7           somehow just arrive at a trade agreement -- and that is  
8           why I call it no trade agreements by osmosis -- the  
9           reality is if China ever were to join the TPP, they have  
10          to go through us first.

11          So this question of wanting to hold China  
12          accountable, which my seatmate for all these years has  
13          made that point and made it very eloquently, we are going  
14          to hold them accountable because if China were ever to  
15          join the TPP, they have to show up in the United States  
16          Congress first.

17          So again, reluctantly, I would urge a no vote.

18          The Chairman. Well, let me just make one other  
19          point. Under this bill, we have to give notice and we  
20          get advanced notice on any methodology the  
21          Administration, whatever the administration is, is going  
22          to do.

23          This bill really gives Congress an awful lot of  
24          authority.

25          Senator Menendez?

1           Senator Menendez.   Mr. Chairman, briefly.  Look, I  
2    think this has been made more difficult than the very  
3    simple proposition that it is and I think it is a simple,  
4    but powerful proposition, and that is that it is not  
5    about, Mr. Chairman, as you described, well, they will  
6    have to follow the objectives, the goals in a  
7    negotiation.  That is not it.

8           The question simply is can China or any other  
9    country not a party today to TPP dock onto the agreement  
10   without a vote of the United States Congress, and my view  
11   is that there should be a vote of the United States  
12   Congress if a country is going to dock on that is not  
13   part of the original parties.

14          And since you have said it is 6 years, over the next  
15   6 years, there will be the life of this Administration  
16   and there will be a new Administration, and I think the  
17   Congress should have a vote if someone is going to dock  
18   on.

19          Now, I asked this question several times of  
20   Ambassador Froman when he was here before the Committee  
21   and he assured me in his testimony that there would be a  
22   vote.

23          Well, if that is the position of the Administration,  
24   then there is no harm to guarantee that that position is  
25   here in TPA.  So why not simply adopt the amendment and

1 make it very clear that in the future, China or anybody  
2 else who is not a party today and is going to dock is  
3 going to have a vote of the Congress? And that  
4 proposition has been very largely argued by my colleagues  
5 on a whole host of other things. I see it totally  
6 appropriate here, as well.

7 The Chairman. Well, let me just say this. I am  
8 prepared to vote on this. I hope that people will vote  
9 against it. I believe that this agreement is a well done  
10 agreement and, under the circumstances, better than I  
11 ever thought it would be.

12 Frankly, we have the support of the President. We  
13 have to have the support of the House of Representatives.  
14 I am fighting for that. And I hope our colleagues will  
15 vote this down.

16 Senator Stabenow. Mr. Chairman, I would just add.  
17 With all due respect, I think this is a really important  
18 amendment and I would urge colleagues to vote yes.

19 Thank you.

20 The Chairman. Thank you.

21 The Clerk will call the roll.

22 The Clerk. Mr. Grassley?

23 Senator Grassley. Aye.

24 The Clerk. Mr. Crapo?

25 Senator Crapo. No.

1           The Clerk.    Mr. Roberts?  
2           Senator Roberts.   No.  
3           The Clerk.    Mr. Enzi?  
4           Senator Enzi.    No.  
5           The Clerk.    Mr. Cornyn?  
6           Senator Cornyn.   No.  
7           The Clerk.    Mr. Thune?  
8           Senator Thune.   No.  
9           The Clerk.    Mr. Burr?  
10          Senator Burr.    No.  
11          The Clerk.    Mr. Isakson?  
12          Senator Isakson.   No.  
13          The Clerk.    Mr. Portman?  
14          Senator Portman.   Aye.  
15          The Clerk.    Mr. Toomey?  
16          Senator Toomey.   No.  
17          The Clerk.    Mr. Coats?  
18          Senator Coats.   No.  
19          The Clerk.    Mr. Heller?  
20          Senator Heller.   No.  
21          The Clerk.    Mr. Scott?  
22          Senator Scott.   No.  
23          The Clerk.    Mr. Wyden?  
24          Senator Wyden.   No.  
25          The Clerk.    Mr. Schumer?

1 Senator Schumer. Aye.  
2 The Clerk. Ms. Stabenow?  
3 Senator Stabenow. Aye.  
4 The Clerk. Ms. Cantwell?:  
5 Senator Cantwell. Aye.  
6 The Clerk. Mr. Nelson?  
7 Senator Nelson. Aye.  
8 The Clerk. Mr. Menendez?  
9 Senator Menendez. Aye.  
10 The Clerk. Mr. Carper?  
11 Senator Carper. No.  
12 The Clerk. Mr. Cardin?  
13 Senator Cardin. Aye.  
14 The Clerk. Mr. Brown?  
15 Senator Brown. Aye.  
16 The Clerk. Mr. Bennet?  
17 Senator Bennet. Aye.  
18 The Clerk. Mr. Casey?  
19 Senator Casey. Aye.  
20 The Clerk. Mr. Warner?  
21 Senator Warner. No.  
22 The Clerk. Mr. Chairman?  
23 The Chairman. No. The Clerk will report.  
24 The Clerk. Mr. Chairman, the final tally is 11  
25 ayes, 15 nays.

1           The Chairman.    The amendment is defeated.

2           It is Senator Menendez next.

3           Senator Menendez.   Thank you, Mr. Chairman.

4           In deference to all of my colleagues, I am going to  
5 make this the last amendment I am going to offer. I had  
6 several more, but I am going to make this the last  
7 amendment I am going to offer.

8           The Chairman.    Thank you, Senator.

9           Senator Menendez.   But I do hope it gets some  
10 serious consideration, because I think people will  
11 understand it is not about trying to stop TPA.

12           So I would like to call up Menendez No. 5, which is  
13 Committee 103, for consideration.

14           Basically, what this is about is as we are looking  
15 ahead to new trade agreements, we should be mindful of  
16 the impact that new trade agreements have on our current  
17 free trade partners.

18           We negotiated with countries such as Canada, Mexico,  
19 the CAFTA countries, in part, because we recognized that  
20 their economic growth was intimately tied to the economic  
21 prosperity in the national security of the United States.

22           Now, new agreements such as TPP potentially  
23 threatened to put some of our trade partners at risk,  
24 particularly those in CAFTA, particularly with rules of  
25 origin, where yarn would come from China instead of the

1 United States and get assembled in other countries in the  
2 TPP negotiations.

3 Just yesterday, members of the Senate Foreign  
4 Relations Committee met with the president of Honduras,  
5 who made it clear that his -- and I have heard this from  
6 other CAFTA countries -- that there is a real concern  
7 about the effect TPP has on the very enterprises we  
8 intended to have CAFTA be able to create and enjoy.

9 Now, CAFTA has worked in many places and if you care  
10 about the nexus between Central America, citizen  
11 security, not seeing the drug flows take place and not  
12 seeing unaccompanied minors come to the United States,  
13 you do not want to undermine that which exists today in  
14 CAFTA.

15 So this basically says that as a principal  
16 negotiating objective, we want to make sure our trade  
17 negotiators do not undermine existing trade relationships  
18 when they negotiate new ones.

19 I think that is a simple, but important proposition  
20 and having listened to all the CAFTA countries'  
21 leadership, I think it is a real concern for them.  
22 Therefore, if it is as consequential as they suggest,  
23 with tens of thousands of jobs lost that were created by  
24 virtue of CAFTA, now we have an economic set of  
25 circumstances that exacerbates the problems that we are

1 already facing at our southern border.

2 So I would urge my colleagues to vote for the  
3 amendment and I would ask for the yeas and nays.

4 The Chairman. This is a good agreement. It is  
5 well thought out. The Administration has done a very  
6 good job on it. The President supports it and we have  
7 worked very closely with this Administration to come up  
8 with what we believe will pass both Houses.

9 So I urge my colleagues, as sincere as Senator  
10 Menendez is, to vote against this amendment and let us  
11 move on.

12 Do you want a voice vote?

13 Senator Menendez. No. I ask for yeas and nays.

14 The Chairman. The Clerk will call the roll.

15 The Clerk. Mr. Grassley?

16 Senator Grassley. No.

17 The Clerk. Mr. Crapo?

18 Senator Crapo. No.

19 The Clerk. Mr. Roberts?

20 Senator Roberts. No.

21 The Clerk. Mr. Enzi?

22 Senator Enzi. No.

23 The Clerk. Mr. Cornyn?

24 Senator Cornyn. No.

25 The Clerk. Mr. Thune?

1 Senator Thune. No.  
2 The Clerk. Mr. Burr?  
3 Senator Burr. Pass.  
4 The Clerk. Mr. Isakson?  
5 Senator Isakson. No.  
6 The Clerk. Mr. Portman?  
7 Senator Portman. No.  
8 The Clerk. Mr. Toomey?  
9 Senator Toomey. No.  
10 The Clerk. Mr. Coats?  
11 Senator Coats. No.  
12 The Clerk. Mr. Heller?  
13 Senator Heller. No.  
14 The Clerk. Mr. Scott?  
15 Senator Scott. No.  
16 The Clerk. Mr. Wyden?  
17 Senator Wyden. No.  
18 The Clerk. Mr. Schumer?  
19 Senator Schumer. Aye.  
20 The Clerk. Ms. Stabenow?  
21 Senator Stabenow. Aye.  
22 The Clerk. Ms. Cantwell?  
23 Senator Cantwell. No.  
24 The Clerk. Mr. Nelson?  
25 Senator Nelson. Aye.

1           The Clerk.    Mr. Menendez?  
2           Senator Menendez.    Aye.  
3           The Clerk.    Mr. Carper?  
4           Senator Carper.    No.  
5           The Clerk.    Mr. Cardin?  
6           Senator Cardin.    Aye.  
7           The Clerk.    Mr. Brown?  
8           Senator Brown.    Aye.  
9           The Clerk.    Mr. Bennet?  
10          Senator Bennet.    Aye.  
11          The Clerk.    Mr. Casey?  
12          Senator Casey.    Aye.  
13          The Clerk.    Mr. Warner?  
14          Senator Warner.    No.  
15          The Clerk.    Mr. Chairman?  
16          The Chairman.    No.  
17          The Clerk.    Mr. Burr?  
18          Senator Burr.    No.  
19          The Chairman.    The Clerk will report.  
20          The Clerk.    Mr. Chairman, the final tally is 8  
21          ayes, 18 nays.  
22          The Chairman.    The amendment is not agreed to.  
23          Senator Brown?  
24          Senator Brown.    I am down to my last two  
25          amendments, Mr. Chairman, you will be glad to know.

1 Beyond that, I am not responsible for the lateness of the  
2 evening.

3 The first amendment is number 52. And I am not  
4 committed to doing them consecutively. I know Senator  
5 Cardin has some amendments, but I will start with 52.

6 This amendment says that Congress should certify by  
7 a vote in Finance and Ways and Means that an agreement  
8 has met the negotiating objectives as spelled out in fast  
9 track.

10 Certification occurs within 90 days of the President  
11 sending the agreement up. If the vote fails in either  
12 committee, the fast track is stripped from the agreement  
13 in that chamber.

14 In the underlined bill, the President certifies that  
15 the agreement meets the negotiating objective when he  
16 sends the agreement to Congress. But, of course, the  
17 President is going to say his agreement met the standards  
18 required by Congress. That should not be good enough.

19 When Congress writes -- this Committee and the Ways  
20 and Means Committee and the Congress -- write the  
21 negotiating objectives, Congress should, therefore,  
22 determine if they have been met.

23 I urge my colleagues on the Committee who play an  
24 important role in the congressional certification to  
25 support the amendment and make sure that we, not the

1 President, are the judges of whether or not an agreement  
2 has met the negotiating objective.

3 Mr. Chairman, one of the great things about this  
4 night is I just found that my colleagues on the other  
5 side of the aisle have this new incredible trust in the  
6 President of the United States and admiration and they  
7 seem almost to idolize him tonight, that we should give  
8 him all the power and trust him to do these negotiations.

9 Instead, maybe we ought to put Congress in the  
10 driver's seat and let Congress actually determine if the  
11 President's certification is legitimate and real. And  
12 that is why I ask for support of the amendment.

13 The Chairman. Senator Wyden?

14 Senator Brown. Senator Cornyn really looks like he  
15 trusts the President. So I think he is with me on this  
16 one, Mr. Chairman.

17 Senator Wyden. Mr. Chairman, thank you.

18 As usual, Senator Brown is talking about a valid  
19 problem. In the past, the Trade Promotion Act, in my  
20 view, has been a blank check for bad trade deals, and  
21 that was something that I sought to correct in this.

22 As Chairman Hatch will tell all of you and you might  
23 suspect, we have had many spirited discussions on this  
24 particular topic.

25 Once Congress passes a Trade Promotion Act bill, it

1 has been virtually impossible to stop any trade agreement  
2 coming down the road.

3 What Chairman Hatch and I have proposed after  
4 literally months of discussions, months and months, and  
5 it is bicameral, so it is going to change in both the  
6 Senate and the House, we have proposed a new way to put  
7 the breaks on a bad trade deal.

8 So, in effect, the Committee will meet on a bill,  
9 will meet on, for example, TPP. If the Committee fails  
10 to favorably report the bill, for any reasons, that sets  
11 in place a process to make the agreement ineligible for  
12 fast track, ineligible for TPA procedures.

13 And while we are on this topic, I want to thank  
14 Chairman Hatch for working closely with me over these  
15 last few months. As you can imagine, the discussions  
16 were pretty spirited, but I think it is going to make a  
17 big difference in terms of a new measure of congressional  
18 accountability, a new measure of oversight through the  
19 negotiations.

20 In effect, when people say, "Oh, I do not know if  
21 they will ever do it," the first thing that is going to  
22 happen, colleagues, the first thing that is going to  
23 happen with respect to this new procedure to put the  
24 breaks on a bad trade agreement is the Executive Branch  
25 is going to have to realize when they negotiate it that

1 maybe Sherrod Brown is going to come along in this  
2 Committee and seek to blow the whistle on a bad trade  
3 deal.

4 So I think we have addressed it in that proposal and  
5 for that reason, I would urge no on this amendment.

6 The Chairman. Senator Brown, you can sum up.

7 Senator Brown. With all due respect to the Ranking  
8 Member, he is pretty much talking about an implementing  
9 bill. This is earlier in the process.

10 I guess I think ultimately do we want to -- does  
11 this Congress want to rubber-stamp another Obama  
12 initiative or do we want to stand on our own and actually  
13 speak up for the not just the rights of Congress, but --  
14 I listen to a number of you talk about the issues in your  
15 State, steel and auto in Ohio and textiles in North  
16 Carolina and steel in Indiana.

17 We know that we have issues here, we have interests,  
18 and to give this power up to the executive, whether it is  
19 whoever the next executive is, this executive or the next  
20 one, is really abdicating our responsibility.

21 More important, I think in the end, it is hurting  
22 our constituents.

23 The Chairman. Let me just say this. This bill has  
24 unprecedented accountability that has never been in  
25 another bill before in this area. This bill already

1 requires that the President take into account all of  
2 congressional negotiating objectives before commencing  
3 negotiations with any country.

4 We really give Congress a lot of authority in this  
5 bill and that has not been done before. That would  
6 include China in the future if China became interested in  
7 joining the TPP.

8 I think the Senator is a little worried about things  
9 that the bill takes care of.

10 Senator Brown. Mr. Chairman, I guess I would like  
11 to think that right now Ambassador Froman is sitting in  
12 front of his television set just hoping to learn more  
13 about congressional negotiating objectives, because I  
14 think he wants to follow whatever we tell him every step  
15 of the way.

16 These negotiating objectives I am sure are so  
17 important to his daily life and to his negotiating these  
18 agreements.

19 Well, we know they are not. We have all had  
20 conversations with the USTR that have been, putting it  
21 mildly, unfulfilling where we do not often get answers to  
22 our letters or our specific questions or we get  
23 obfuscation or we get no answers at all.

24 But the point is that the power should rest back  
25 here to say not -- you keep saying the President must

1 consider all these things. Well, great, he must, but --

2 The Chairman. I did not say consider. He is  
3 required to take into account.

4 Senator Brown. He is required to take into  
5 account, but that does not really mean a whole lot, to  
6 take into account.

7 What matters is we should make the decisions here  
8 whether he has, in fact, taken into account what we are  
9 telling him to take into account.

10 The Chairman. We do.

11 Senator Brown. No. That is the implementing bill.  
12 We should be in the process earlier. Otherwise, it is  
13 another Obama rubber-stamp initiative in the United  
14 States Congress.

15 The Chairman. Senator Coats will be last.

16 Senator Coats. Mr. Chairman, I just want to tell  
17 my colleagues that I think I speak for the Chairman and  
18 all of us here that we were kind of feeling bad that we  
19 had not rubber-stamped anything for this President and we  
20 decided to select one thing before he leaves and this is  
21 it.

22 Senator Brown. Only said from a guy who has  
23 announced his retirement already.

24 [Laughter.]

25 Senator Scott. I do not associate myself with

1 those comments, by the way, period.

2 The Chairman. The Clerk will call the roll.

3 The Clerk. Mr. Grassley?

4 The Chairman. Senator Grassley is no by proxy.

5 The Clerk. Mr. Crapo?

6 Senator Crapo. No.

7 The Clerk. Mr. Roberts?

8 Senator Roberts. No.

9 The Clerk. Mr. Enzi?

10 Senator Enzi. No.

11 The Clerk. Mr. Cornyn?

12 Senator Cornyn. No.

13 The Clerk. Mr. Thune?

14 Senator Thune. No.

15 The Clerk. Mr. Burr?

16 Senator Burr. No.

17 The Clerk. Mr. Isakson?

18 Senator Isakson. No.

19 The Clerk. Mr. Portman?

20 Senator Portman. No.

21 The Clerk. Mr. Toomey?

22 Senator Toomey. No.

23 The Clerk. Mr. Coats?

24 Senator Coats. No.

25 The Clerk. Mr. Heller?

1 Senator Heller. No.  
2 The Clerk. Mr. Scott?  
3 Senator Scott. No.  
4 The Clerk. Mr. Wyden?  
5 Senator Wyden. No.  
6 The Clerk. Mr. Schumer?  
7 Senator Schumer. Aye.  
8 The Clerk. Ms. Stabenow?  
9 Senator Stabenow. Aye.  
10 The Clerk. Ms. Cantwell?  
11 Senator Cantwell. Aye.  
12 The Clerk. Mr. Nelson?  
13 Senator Nelson. No.  
14 The Clerk. Mr. Menendez?  
15 Senator Menendez. Aye.  
16 The Clerk. Mr. Carper?  
17 Senator Carper. No.  
18 The Clerk. Mr. Cardin?  
19 Senator Cardin. Aye.  
20 The Clerk. Mr. Brown?  
21 Senator Brown. Aye.  
22 The Clerk. Mr. Bennet?  
23 Senator Bennet. No.  
24 The Clerk. Mr. Casey?  
25 Senator Casey. Aye.

1           The Clerk.    Mr. Warner?

2           Senator Warner.   No.

3           The Clerk.    Mr. Chairman?

4           The Chairman.   No.   The Clerk will announce the  
5 result.

6           The Clerk.    Mr. Chairman, the final tally is 7  
7 ayes, 19 nays.

8           The Chairman.   The amendment is defeated.

9           Does anyone else want to be recognized?

10          Senator Brown, is this your last amendment?

11          Senator Brown.   It is my last amendment.   In fact,  
12 it is my last two rolled into one wonderful amendment,  
13 Nos. 42 and 43.   Double play for the benefit of the  
14 Chairman.

15          Dealing with consultation requirements on autos,  
16 auto parts, and industrial products.   Amendments 42 and  
17 43, I ask unanimous consent for them to be considered  
18 together, Mr. Chairman.

19          The Chairman.   Without objection, we will do that.

20          Senator Brown.   Specifically, they require the  
21 President to assess whether a trade agreement would  
22 benefit the auto sector and the industrial sector,  
23 including steel, before beginning negotiations or  
24 continuing those negotiations.

25          After completing the assessment, the President would

1 have to consult with the committees of jurisdiction,  
2 including this Committee, to determine whether it is  
3 appropriate to reduce tariffs on the sector's products.

4 These are similar consultation requirements the  
5 President must meet for negotiations on agricultural  
6 products. So it is really putting in line industrial  
7 manufacturing, steel, auto, in line with agricultural  
8 products in terms of meeting those consultation  
9 requirements for negotiations.

10 Given the sensitivity and the significance of auto  
11 and steel in a number of our States and for our country  
12 and for our national defense, it makes sense to require  
13 the President to do this with due diligence before  
14 negotiating a trade agreement that reduces tariffs as we  
15 do in agriculture.

16 Mr. Chairman, I ask for support of the Committee.

17 The Chairman. Well, I oppose this amendment. Is  
18 there any further debate?

19 [No Response.]

20 Senator Brown. Can I do a roll call, Mr. Chairman?

21 The Chairman. The Clerk will call the roll.

22 The Clerk. Mr. Grassley?

23 The Chairman. No by proxy.

24 The Clerk. Mr. Crapo?

25 Senator Crapo. No.

1           The Clerk.    Mr. Roberts?  
2           Senator Roberts.   No.  
3           The Clerk.    Mr. Enzi?  
4           Senator Enzi.    No.  
5           The Clerk.    Mr. Cornyn?  
6           Senator Cornyn.   No.  
7           The Clerk.    Mr. Thune?  
8           Senator Thune.   No.  
9           The Clerk.    Mr. Burr?  
10          Senator Burr.    No.  
11          The Clerk.    Mr. Isakson?  
12          Senator Isakson.   No.  
13          The Clerk.    Mr. Portman?  
14          Senator Portman.   Aye.  
15          The Clerk.    Mr. Toomey?  
16          Senator Toomey.   No.  
17          The Clerk.    Mr. Coats?  
18          Senator Coats.   No.  
19          The Clerk.    Mr. Heller?  
20          Senator Heller.   No.  
21          The Clerk.    Mr. Scott?  
22          Senator Scott.   No.  
23          The Clerk.    Mr. Wyden?  
24          Senator Wyden.   No.  
25          The Clerk.    Mr. Schumer?

1 Senator Schumer. Aye.  
2 The Clerk. Ms. Stabenow?  
3 Senator Stabenow. Aye.  
4 The Clerk. Ms. Cantwell?  
5 Senator Cantwell. Aye.  
6 The Clerk. Mr. Nelson?  
7 Senator Nelson. No.  
8 The Clerk. Mr. Menendez?  
9 Senator Menendez. Aye.  
10 The Clerk. Mr. Carper?  
11 Senator Carper. No.  
12 The Clerk. Mr. Cardin?  
13 Senator Cardin. Aye.  
14 The Clerk. Mr. Brown?  
15 Senator Brown. Aye.  
16 The Clerk. Mr. Bennet?  
17 Senator Bennet. Aye.  
18 The Clerk. Mr. Casey?  
19 Senator Casey. Aye.  
20 The Clerk. Mr. Warner?  
21 Senator Warner. Aye.  
22 The Clerk. Mr. Chairman?  
23 The Chairman. No. The Clerk will report.  
24 The Clerk. Mr. Chairman, the final tally is 10  
25 ayes, 16 nays.

1           The Chairman.    The amendment is defeated.

2           As I understand it, Senator Cardin has an amendment  
3 and that should be our last amendment.   Am I correct?

4           Senator Cardin.   Mr. Chairman, I have one amendment  
5 I am going to be offering, one amendment I am going to be  
6 offering and withdrawing.

7           The Chairman.    That is fine.   Then you will be the  
8 last one.

9           Senator Cardin.    The amendment that I am offering  
10 is Amendment 109, which is Cardin Amendment 3.

11          The Chairman.    Please proceed.

12          Senator Cardin.    This amendment would make the good  
13 governance section that I have been talking about that  
14 was in the original bill, would make it a principal  
15 negotiating objective rather than overall negotiating  
16 objective.

17          This amendment is a straightforward improvement in  
18 the act and makes no changes in the language that was  
19 negotiated on a bipartisan basis by the Committee.   The  
20 only change is to move it from Section 2(a)(11) to the  
21 end of Section 2(b).

22          The reason for this amendment relates to effective  
23 enforcement of good governance and the rule of law  
24 negotiating objectives.   In particular, the dispute  
25 settlement principal negotiating objectives require the

1 USTR to seek provisions that treat the United States'  
2 principal negotiating objectives equally with respect to  
3 the availability to resort to dispute settlement under  
4 the applicable agreement, the availability of equivalent  
5 dispute settlement procedures, and the availability of  
6 equivalent remedies. That is for principal trade  
7 objectives.

8 Therefore, by moving this from overall to principal,  
9 we do get the enforcement that I have been talking about  
10 at some time.

11 Mr. Chairman, let me just make this clear and I will  
12 be glad to ask Mr. Reif the question. We have cleared  
13 with the USTR that this amendment is consistent with  
14 their negotiations of the Transpacific Partnership  
15 Agreement and I would urge the Committee to adopt this  
16 amendment. It would provide effective enforcement for  
17 good governance.

18 The Chairman. Senator Wyden?

19 Senator Wyden. Thank you, Mr. Chairman.

20 Colleagues, I would strongly urge the adoption of  
21 the Cardin amendment. This basically ups the ante in  
22 terms of the importance of human rights. This beefs up  
23 our enforcement.

24 I have been talking with Chairman Hatch and the  
25 House leadership on this. This is going to be

1 acceptable. I strongly urge the adoption and I think  
2 perhaps we can just do it by consent or by voice, Mr.  
3 Chairman.

4 The Chairman. Let me say the same thing. I really  
5 appreciate the distinguished Senator for working with us  
6 on this and working this out.

7 I support the amendment. I think we have worked  
8 well together on this.

9 If there is on demand for a roll call vote, I ask  
10 for the yeas and nays by voice vote.

11 All those in favor of the Senator's amendment, say  
12 aye.

13 [A Chorus of Ayes.]

14 The Chairman. Those opposed?

15 [No Response.]

16 The Chairman. The ayes have it. The amendment is  
17 agreed to.

18 Senator Cardin. Thank you, Mr. Chairman. I really  
19 appreciate your help and cooperation.

20 The Chairman. Senator Cardin has one more  
21 amendment.

22 Senator Cardin. One more amendment. The other  
23 amendment I would offer and withdraw is 107, Cardin  
24 Amendment No. 1.

25 I do that to point out that there are other issues

1 that I wish and I hope we will have a chance to talk  
2 about as we move forward in our discussions on human  
3 right and good governance issues.

4 In particular, I think if you look at that, you will  
5 find that the language now in the bill strengthens good  
6 governance, transparency, the effective operation of  
7 legal regimes, the rule of law trading partners of the  
8 United States through capacity-building, and other  
9 appropriate means which are important parts of the broad  
10 effort to create more open democratic societies, to  
11 promote respect for internationally recognized human  
12 rights.

13 That is what we now have as a principal trading  
14 objective.

15 I just want to take issue with Mr. Brown on one  
16 point, if I might. I have had many conversations with  
17 the USTR during their discussions on the TPP and, I will  
18 tell you, I think they have treated our desires with  
19 great respect and are working very hard on this. And I  
20 know, on the good governance issues, they have been to me  
21 many times and are working very hard with the trading  
22 partners in order to be able to have an agreement that  
23 moves dramatically forward on these issues, which are  
24 important, I think, to having a level playing field.

25 It is for that reason I think what we do here is

1 very important.

2 I am going to support the bill in the Committee, Mr.  
3 Chairman, because I think it is important that we have  
4 trade promotion authority and I think it is important  
5 that we have a TPP.

6 I am not totally satisfied with this bill. I have  
7 been working with Senator Lankford on religious freedom  
8 issues, and you will see in the amendment I am  
9 withdrawing that we have the religious freedom issues  
10 that I think we really need to deal with.

11 I have been working on the anti-corruption issues to  
12 deal with independent prosecutors and independent courts  
13 and making sure they are adequately funded. These are  
14 important issues.

15 Mr. Chairman, lastly, let me say, as I hope we can  
16 improve this bill as it moves forward, we do benefit when  
17 we have good, strong trading agreements. We do create  
18 jobs and it is good for American businesses, but we also  
19 have to make sure it is good for American workers.

20 That is why many of us are concerned as these bills  
21 move forward. Will TAA actually be enacted along with  
22 the trade bill?

23 I know you are sincere about that, but there are  
24 other issues that we hope will also be there to help  
25 working families as we move these bills forward.

1           So I am prepared to support the bill in the  
2           Committee to move it to the floor, but I just want to  
3           make it clear I am going to be withholding judgment as to  
4           how I will be dealing with this bill after it reaches the  
5           floor.

6           With that, Mr. Chairman, I really thank you for your  
7           help and cooperation and I thank the Committee for its  
8           attention.

9           The Chairman.    Let me just say this.  I want to  
10          thank you for your help and cooperation.  You have worked  
11          very closely with us and I think you have gotten a number  
12          of things done that would not have been done but for your  
13          leadership and we are very grateful to you.  And I am  
14          grateful to everybody on this Committee, even those who  
15          are opposed to the bill, although not as grateful for  
16          those who are opposed.

17          [Laughter.]

18          The Chairman.    However, I understand.

19          Senator Wyden?

20          Senator Wyden.    Very briefly, Mr. Chairman.  It is  
21          very late.  Just two quick points.

22          One, I ask unanimous consent that I be permitted to  
23          change my vote on the Brown TAA amendment.  I have long  
24          supported the idea of the maximum amount of funding for  
25          TAA.  Obviously, it was a question going back and forth

1 between the House and the Senate on this issue. We have  
2 cleared it.

3 Changing my vote will not affect the outcome of the  
4 vote. I ask consent to be recorded as an aye on the  
5 Brown TAA amendment to increase funding.

6 Senator Brown. What does that make the vote? If I  
7 can ask the Clerk.

8 The Clerk. It would make the final tally 13 ayes,  
9 13 nays.

10 Senator Schumer. Anybody else?

11 [Laughter.]

12 Senator Wyden. The last point, the very last point,  
13 and I think Chairman Hatch appropriately ought to close,  
14 the government's Soler enforcement case was raised  
15 earlier and I think it is important to note that this is  
16 exactly the kind of more aggressive enforcement that our  
17 country needs to see particularly as it relates to  
18 renewable energy.

19 That is why we have the early warning system and I  
20 will be talking with a number of you about that in the  
21 days ahead.

22 Mr. Chairman, thank you.

23 The Chairman. Thank you, Senator.

24 I ask unanimous consent to change Senator Thune's  
25 vote from nay to yea, and Senator Burr's voter from yea

1 to nay on Wyden-Brown No. 70 on Customs.

2 Without objection, so ordered.

3 Now, we need to give a few minutes to get some final  
4 details done and then I hope we will all stay around so  
5 we can vote for this bill or against it.

6 We will keep going if anybody has any further  
7 amendments. Any further amendment?

8 [Pause.]

9 The Chairman. We have got one more amendment  
10 coming and we have to vote on that before we finish  
11 tonight and I hope that will be in a very short period of  
12 time.

13 But let me just say this. I am extremely grateful  
14 for all of you who have stayed and worked on this with  
15 us, those who are opposed and those who are supportive. I  
16 think it shows the Committee can really work together. I  
17 think we can work together without animosity and without  
18 bad feelings. And I think it is a good example of what  
19 hopefully we can do through the coming months and years  
20 together to help our country.

21 This is an important Committee. In my opinion, it  
22 is the most important Committee on Capitol Hill, and I  
23 cannot tell you how grateful I am for the people who are  
24 on this Committee, intelligent people who really make a  
25 difference and take things very, very seriously.

1           We have a wide variety of viewpoints from the right  
2           to the left, from the left to the right, and I think that  
3           makes for good discussions and better legislation in the  
4           end.

5           We are going to have to just delay for a few minutes  
6           here.

7           Senator Menendez.   Mr. Chairman, could I make an  
8           inquiry of the Chair?

9           The Chairman.    Yes.

10          Senator Menendez.   While we are waiting for this  
11          amendment, could you tell us what is the subject matter  
12          of the amendment?

13          The Chairman.    I think we are prepared to close it  
14          down tonight.

15          Let me just say this.   If there is no further  
16          debate, I would entertain a motion that the Committee  
17          order the bill reported, as modified and amended, as an  
18          original bill.

19          Senator Wyden.    I so move, Mr. Chairman.

20          The Chairman.    Does any Senator require a recorded  
21          vote on this bill?

22          Senator Wyden.    Yes.

23          The Chairman.    So we do.   The yeas and nays are  
24          ordered, the Clerk will call the roll on final passage of  
25          this bill through the Committee.

1           The Clerk.    Mr. Grassley?  
2           Senator Grassley.   Aye.  
3           The Clerk.    Mr. Crapo?  
4           Senator Crapo.    Aye.  
5           The Clerk.    Mr. Roberts?  
6           Senator Roberts.   Aye.  
7           The Clerk.    Mr. Enzi?  
8           Senator Enzi.    Aye.  
9           The Clerk.    Mr. Cornyn?  
10          Senator Cornyn.   Aye.  
11          The Clerk.    Mr. Thune?  
12          Senator Thune.   Aye.  
13          The Clerk.    Mr. Burr?  
14          Senator Burr.    No.  
15          The Clerk.    Mr. Isakson?  
16          Senator Isakson.   Aye.  
17          The Clerk.    Mr. Portman?  
18          Senator Portman.   Aye.  
19          The Clerk.    Mr. Toomey?  
20          Senator Toomey.   Aye.  
21          The Clerk.    Mr. Coats?  
22          Senator Coats.    Aye.  
23          The Clerk.    Mr. Heller?  
24          Senator Heller.   Aye.  
25          The Clerk.    Mr. Scott?

1 Senator Scott. Aye.  
2 The Clerk. Mr. Wyden?  
3 Senator Wyden. Aye.  
4 The Clerk. Mr. Schumer?  
5 Senator Schumer. No.  
6 The Clerk. Ms. Stabenow?  
7 Senator Stabenow. No.  
8 The Clerk. Ms. Cantwell?  
9 Senator Cantwell. Aye.  
10 The Clerk. Mr. Nelson?  
11 Senator Nelson. Aye.  
12 The Clerk. Mr. Menendez?  
13 Senator Menendez. No.  
14 The Clerk. Mr. Carper?  
15 Senator Carper. Aye.  
16 The Clerk. Mr. Cardin?  
17 Senator Cardin. Aye.  
18 The Clerk. Mr. Brown?  
19 Senator Brown. No.  
20 The Clerk. Mr. Bennet?  
21 Senator Bennet. Aye.  
22 The Clerk. Mr. Casey?  
23 Senator Casey. No.  
24 The Clerk. Mr. Warner?  
25 Senator Warner. Aye.

1           The Clerk.    Mr. Chairman?

2           The Chairman.   Aye.   The Clerk will report.

3           The Clerk.    Mr. Chairman, the final tally is 20  
4 ayes, 6 nays.

5           The Chairman.   I appreciate that.   The ayes have it  
6 and the resolution is ordered reported.

7           I ask consent that staff be granted authority to  
8 make technical, conforming and budgetary changes to all  
9 the bills reported today.

10          Without objection, it is so ordered.

11          Before we adjourn -- if I could have order.   If I  
12 could have order.

13          Before we adjourn, I want to thank all of my  
14 colleagues for their participation today.   I especially  
15 want to thank Senator Wyden for his efforts throughout  
16 this process.   We have worked very closely together and I  
17 really appreciate it.

18          As we noted, today was a long time coming and I want  
19 to give credit to Senator Wyden for his leadership and  
20 his willingness to reach across the aisle on these  
21 important issues.

22          While the day did not go quite as well as I planned  
23 it, we got a good debate and it covered a lot of ground.

24          Now, believe me, I recognize that there are  
25 passionately held beliefs on all sides of these issues.

1 I commend all my colleagues for their willingness to work  
2 with Senator Wyden and myself to get to this point.

3 The bills we have reported today will help ensure  
4 that America's trade agreements will be high standard  
5 agreements that are effective at getting American  
6 exporters opportunity to sell their goods and services  
7 around the globe.

8 I firmly believe that when American exporters can  
9 compete in a market governed by fair and enforceable  
10 rules, they will win.

11 I want to thank all of our staffs for their tireless  
12 work on this markup. They have worked some long hours to  
13 get us to this point and I certainly appreciate that.

14 [Applause.]

15 The Chairman. But make no mistake, we are not done  
16 yet. We have got a lot more work to do. Once again, I  
17 want to thank all my colleagues for being here, for  
18 working with us, and for their efforts on behalf of their  
19 constituents.

20 So with that, the Committee is recessed until  
21 further notice.

22 [Whereupon, at 9:50 p.m., the Committee was  
23 recessed.]

24

25

I N D E X

PAGE

STATEMENT OF:

THE HONORABLE ORRIN G. HATCH  
A United States Senator  
From the State of Utah 4

THE HONORABLE RON WYDEN  
A United States Senator  
From the State of Oregon 6

For release on delivery  
10:00 a.m. EST  
February 24, 2015

Statement by

Janet L. Yellen

Chair

Board of Governors of the Federal Reserve System

before the

Committee on Banking, Housing, and Urban Affairs

U.S. Senate

February 24, 2015

Chairman Shelby, Ranking Member Brown, and members of the Committee, I am pleased to present the Federal Reserve's semiannual *Monetary Policy Report* to the Congress. In my remarks today, I will discuss the current economic situation and outlook before turning to monetary policy.

### **Current Economic Situation and Outlook**

Since my appearance before this Committee last July, the employment situation in the United States has been improving along many dimensions. The unemployment rate now stands at 5.7 percent, down from just over 6 percent last summer and from 10 percent at its peak in late 2009. The average pace of monthly job gains picked up from about 240,000 per month during the first half of last year to 280,000 per month during the second half, and employment rose 260,000 in January. In addition, long-term unemployment has declined substantially, fewer workers are reporting that they can find only part-time work when they would prefer full-time employment, and the pace of quits--often regarded as a barometer of worker confidence in labor market opportunities--has recovered nearly to its pre-recession level. However, the labor force participation rate is lower than most estimates of its trend, and wage growth remains sluggish, suggesting that some cyclical weakness persists. In short, considerable progress has been achieved in the recovery of the labor market, though room for further improvement remains.

At the same time that the labor market situation has improved, domestic spending and production have been increasing at a solid rate. Real gross domestic product (GDP) is now estimated to have increased at a 3-3/4 percent annual rate during the second half of last year. While GDP growth is not anticipated to be sustained at that pace, it is expected to be

strong enough to result in a further gradual decline in the unemployment rate. Consumer spending has been lifted by the improvement in the labor market as well as by the increase in household purchasing power resulting from the sharp drop in oil prices. However, housing construction continues to lag; activity remains well below levels we judge could be supported in the longer run by population growth and the likely rate of household formation.

Despite the overall improvement in the U.S. economy and the U.S. economic outlook, longer-term interest rates in the United States and other advanced economies have moved down significantly since the middle of last year; the declines have reflected, at least in part, disappointing foreign growth and changes in monetary policy abroad. Another notable development has been the plunge in oil prices. The bulk of this decline appears to reflect increased global supply rather than weaker global demand. While the drop in oil prices will have negative effects on energy producers and will probably result in job losses in this sector, causing hardship for affected workers and their families, it will likely be a significant overall plus, on net, for our economy. Primarily, that boost will arise from U.S. households having the wherewithal to increase their spending on other goods and services as they spend less on gasoline.

Foreign economic developments, however, could pose risks to the outlook for U.S. economic growth. Although the pace of growth abroad appears to have stepped up slightly in the second half of last year, foreign economies are confronting a number of challenges that could restrain economic activity. In China, economic growth could slow more than anticipated as policymakers address financial vulnerabilities and manage the desired transition to less reliance on exports and investment as sources of growth. In the euro area,

recovery remains slow, and inflation has fallen to very low levels; although highly accommodative monetary policy should help boost economic growth and inflation there, downside risks to economic activity in the region remain. The uncertainty surrounding the foreign outlook, however, does not exclusively reflect downside risks. We could see economic activity respond to the policy stimulus now being provided by foreign central banks more strongly than we currently anticipate, and the recent decline in world oil prices could boost overall global economic growth more than we expect.

U.S. inflation continues to run below the Committee's 2 percent objective. In large part, the recent softness in the all-items measure of inflation for personal consumption expenditures (PCE) reflects the drop in oil prices. Indeed, the PCE price index edged down during the fourth quarter of last year and looks to be on track to register a more significant decline this quarter because of falling consumer energy prices. But core PCE inflation has also slowed since last summer, in part reflecting declines in the prices of many imported items and perhaps also some pass-through of lower energy costs into core consumer prices.

Despite the very low recent readings on actual inflation, inflation expectations as measured in a range of surveys of households and professional forecasters have thus far remained stable. However, inflation compensation, as calculated from the yields of real and nominal Treasury securities, has declined. As best we can tell, the fall in inflation compensation mainly reflects factors other than a reduction in longer-term inflation expectations. The Committee expects inflation to decline further in the near term before rising gradually toward 2 percent over the medium term as the labor market improves further

and the transitory effects of lower energy prices and other factors dissipate, but we will continue to monitor inflation developments closely.

### **Monetary Policy**

I will now turn to monetary policy. The Federal Open Market Committee (FOMC) is committed to policies that promote maximum employment and price stability, consistent with our mandate from the Congress. As my description of economic developments indicated, our economy has made important progress toward the objective of maximum employment, reflecting in part support from the highly accommodative stance of monetary policy in recent years. In light of the cumulative progress toward maximum employment and the substantial improvement in the outlook for labor market conditions--the stated objective of the Committee's recent asset purchase program--the FOMC concluded that program at the end of October.

Even so, the Committee judges that a high degree of policy accommodation remains appropriate to foster further improvement in labor market conditions and to promote a return of inflation toward 2 percent over the medium term. Accordingly, the FOMC has continued to maintain the target range for the federal funds rate at 0 to 1/4 percent and to keep the Federal Reserve's holdings of longer-term securities at their current elevated level to help maintain accommodative financial conditions. The FOMC is also providing forward guidance that offers information about our policy outlook and expectations for the future path of the federal funds rate. In that regard, the Committee judged, in December and January, that it can be patient in beginning to raise the federal funds rate. This judgment reflects the fact that inflation continues to run well below the Committee's 2 percent

objective, and that room for sustainable improvements in labor market conditions still remains.

The FOMC's assessment that it can be patient in beginning to normalize policy means that the Committee considers it unlikely that economic conditions will warrant an increase in the target range for the federal funds rate for at least the next couple of FOMC meetings. If economic conditions continue to improve, as the Committee anticipates, the Committee will at some point begin considering an increase in the target range for the federal funds rate on a meeting-by-meeting basis. Before then, the Committee will change its forward guidance. However, it is important to emphasize that a modification of the forward guidance should not be read as indicating that the Committee will necessarily increase the target range in a couple of meetings. Instead the modification should be understood as reflecting the Committee's judgment that conditions have improved to the point where it will soon be the case that a change in the target range could be warranted at any meeting. Provided that labor market conditions continue to improve and further improvement is expected, the Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when, on the basis of incoming data, the Committee is reasonably confident that inflation will move back over the medium term toward our 2 percent objective.

It continues to be the FOMC's assessment that even after employment and inflation are near levels consistent with our dual mandate, economic conditions may, for some time, warrant keeping the federal funds rate below levels the Committee views as normal in the longer run. It is possible, for example, that it may be necessary for the federal funds rate to

run temporarily below its normal longer-run level because the residual effects of the financial crisis may continue to weigh on economic activity. As such factors continue to dissipate, we would expect the federal funds rate to move toward its longer-run normal level. In response to unforeseen developments, the Committee will adjust the target range for the federal funds rate to best promote the achievement of maximum employment and 2 percent inflation.

### **Policy Normalization**

Let me now turn to the mechanics of how we intend to normalize the stance and conduct of monetary policy when a decision is eventually made to raise the target range for the federal funds rate. Last September, the FOMC issued its statement on Policy Normalization Principles and Plans. This statement provides information about the Committee's likely approach to raising short-term interest rates and reducing the Federal Reserve's securities holdings. As is always the case in setting policy, the Committee will determine the timing and pace of policy normalization so as to promote its statutory mandate to foster maximum employment and price stability.

The FOMC intends to adjust the stance of monetary policy during normalization primarily by changing its target range for the federal funds rate and not by actively managing the Federal Reserve's balance sheet. The Committee is confident that it has the tools it needs to raise short-term interest rates when it becomes appropriate to do so and to maintain reasonable control of the level of short-term interest rates as policy continues to firm thereafter, even though the level of reserves held by depository institutions is likely to diminish only gradually. The primary means of raising the federal funds rate will be to

increase the rate of interest paid on excess reserves. The Committee also will use an overnight reverse repurchase agreement facility and other supplementary tools as needed to help control the federal funds rate. As economic and financial conditions evolve, the Committee will phase out these supplementary tools when they are no longer needed.

The Committee intends to reduce its securities holdings in a gradual and predictable manner primarily by ceasing to reinvest repayments of principal from securities held by the Federal Reserve. It is the Committee's intention to hold, in the longer run, no more securities than necessary for the efficient and effective implementation of monetary policy, and that these securities be primarily Treasury securities.

### **Summary**

In sum, since the July 2014 *Monetary Policy Report*, there has been important progress toward the FOMC's objective of maximum employment. However, despite this improvement, too many Americans remain unemployed or underemployed, wage growth is still sluggish, and inflation remains well below our longer-run objective. As always, the Federal Reserve remains committed to employing its tools to best promote the attainment of its objectives of maximum employment and price stability.

Thank you. I would be pleased to take your questions.