



For Immediate Release
November 10, 2009

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BAUCUS REMARKS CALL FOR NEW U.S. TRADE POLICY
Finance Chairman Cites Need for Renewed Focus on Asia

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) delivered remarks today before the Washington International Trade Association (WITA), where he outlined a new, comprehensive U.S. trade policy.

“It’s time for a new blueprint on trade,” said Baucus. **“And this blueprint must focus first and foremost on Asia. We must open key Asian markets, and key markets around the world, to U.S. exports. In these difficult economic times, American jobs, American workers and America’s economic growth depend on it more than ever before.”**

The full text of the Senator’s speech follows here:

Moving Forward with a New Blueprint on Trade

I. Introduction

John F. Kennedy said:

“We must trade or fade.”

When President Kennedy said those words almost 50 years ago, the United States was pulling out of a recession. Even as the engines of growth sputtered back to life, unemployment remained high. In response, the President proposed a bold plan to revive the U.S. economy and put Americans back to work.

In 1962, President Kennedy proposed domestic stimulus measures, such as tax cuts and more-robust unemployment insurance.

And President Kennedy also looked outward. He did not react to the difficult economic times by pulling back from a strong trade agenda. Instead, he pushed forward. He believed that export-driven growth would utilize idle capacity, help maintain our balance of payments, and build bridges to key allies around the world.

Once again, the economy demands leadership. And the fundamental truth that President Kennedy espoused then holds just as true today. We must trade or fade.

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II. A Call for a New and Comprehensive Trade Agenda

President Kennedy's warning prompts us to consider the importance of trade to the U.S. economy. Last year, American exporters sold almost \$2 trillion of goods and services to foreign markets. American manufacturers sent nearly \$1.3 trillion of goods abroad. American service providers exported \$551 billion of their products. And U.S. farmers and ranchers sold more than \$70 billion of agricultural goods overseas.

The positive effect of this trade on the U.S. economy is not concentrated in one state or region. Last year, the average state exported more than \$36 billion in goods and services.

International trade is woven into the essential economic fabric of this country. We ignore it at our peril.

Over the past 10 months, the Obama Administration has taken crucial steps to ensure the competitiveness of American businesses and American workers. This administration inherited a Great Recession. That slowdown plunged the United States into the worst economic crisis since the Great Depression.

Since its first day in office, the Obama Administration has worked to pull the United States out of this recession. And the administration has worked to find a global response to this global crisis. The American Recovery and Reinvestment Act has contributed significantly to America's current path to recovery.

Once we enacted this significant legislation, Washington's attention turned to health care. I am proud of the landmark health care reform bill that the Senate Finance Committee reported last month. I am confident that the bill that Congress ultimately passes will provide vital health care coverage to millions of uninsured or underinsured Americans. And the bill will control health care costs, helping the rest of the economy and making American businesses more competitive.

But for the past ten months, the United States has lacked a comprehensive trade agenda. And that absence is palpable.

The United States has long been a global leader on international trade. America drafted the blueprint of the Kennedy Round of multilateral trade negotiations that set the stage for significant trade liberalization. In the current Doha Round negotiations that seek to further and deepen that liberalization, America's role is once again central. And America has created the blueprint for bilateral and regional free trade agreements that open key markets for our exports. We must regain that leadership again today.

But in so doing, we must recognize the complexities of today's landscape. For too long, labor and environmental concerns were subordinated to economic gains in our trade agreements. For too long, U.S. trade policy refused to acknowledge that not everyone wins with trade. For too long, enforcement of existing trade agreements was far less important than the negotiation of new ones. And for too long, scarce resources were spent negotiating trade agreements with little commercial significance.

We must create a new blueprint on trade that addresses each of these concerns. And we must do so in a way that makes sense for American companies and for American workers.

The new blueprint cannot simply pay lip service to labor and environmental concerns. It must include strong, enforceable standards.

The new blueprint cannot ignore the workers that trade sometimes leaves behind. It must include meaningful programs to help those workers train and transition to new jobs. And the new blueprint cannot address enforcement as an afterthought. It must devote significant resources to ensuring that our trading partners keep their promises.

But we cannot address these issues if we stand still. We must move forward. We must make it clear that the United States remains open for business while we put our new blueprint in place. Once again, we must trade or fade.

III. Asia

As we build a new trade agenda, we must recognize that we can no longer rely on American consumers alone to fuel our economic growth. We must also look to export-driven growth.

And we must devote greater attention to the region that holds the greatest potential for American exporters: Asia. For too long, U.S. trade policy has focused on trans-Atlantic trade. The time has come to turn more to trans-Pacific trade, as well.

And as we look across the Pacific, we must look beyond China. Too often, U.S. policy makers have viewed our engagement with China as a proxy for our engagement with the rest of Asia.

A robust dialogue with China is vital. And the current economic crisis has underscored just how vital.

We must continue to encourage China to rebalance its economy and focus on domestic consumption. We must urge China to move toward a market-based currency. And we must urge China to play a larger role on the world economic stage by increasing its participation in the World Bank and International Monetary Fund. These actions will help address China's unsustainable economic imbalances.

But robust trans-Pacific trade involves more than just one country.

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The economies of the Asia Pacific Economic Cooperation, or APEC, hold huge potential for U.S. exporters. Together, these economies account for more than 60 percent of global GDP, and over 50 percent of global trade. Last year, U.S. goods and services exports to APEC economies totaled more than \$900 billion. And U.S. trade with Asia is expected to grow at an annual rate of 7.7 percent until 2020. This data clearly shows that the APEC economies represent the preponderance of future global economic growth.

The United States is poised to take a leadership role in this organization when we host APEC in 2011. We must lay the groundwork for that leadership now.

We must use this opportunity to reaffirm our long-term commitment to deeper economic ties with the Asia-Pacific region. And I hope to host APEC officials in my home state of Montana. I look forward to showing them just how fantastic American ranchers, farmers, and other exporters are, and just how much they value the region.

And there are ways to deepen our integration with APEC economies much sooner than 2011. As President Obama heads to the APEC Leaders' Meeting later this week, I urge him to revitalize our relationship with these economies. I urge the President to announce that the United States will be a robust participant in the Trans-Pacific Partnership negotiations.

I have long called for a TPP trade agreement. This agreement presents the perfect opportunity for the United States to open important markets for U.S. exporters. At the same time, this agreement presents an opportunity for the United States to play a key role in integrating the Asia-Pacific region.

Through the TPP, we can strengthen our bilateral ties with rapidly-growing countries such as Vietnam, whose consumers are hungry for U.S. agriculture, and currently pay an average 21 percent tariff on those goods. Through the TPP, we can strengthen our multilateral ties with a strategically vital region.

Our Asia-Pacific trading partners realize the importance of economic integration. They understand that links across this rapidly developing region are key to long-term economic growth.

This integration will continue with or without us. We must participate in it. And we must lead it.

And through the TPP, we can bring high-level labor and environmental standards to a region where these standards are often lacking. The strong and enforceable labor and environmental standards of our new trade blueprint should apply to the TPP.

Trade too often has been viewed as hostile to labor and environmental concerns. We should change that view. We should harness the engine of trade to ensure that labor and environmental standards are lifted throughout the region.

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But as we seek to open new markets and negotiate new agreements, we should not forget our past commitments. The year before last, the United States concluded the U.S.–Korea Free Trade Agreement, the most commercially significant free trade deal in over a decade. I pushed hard for this FTA, and I strongly support it.

American companies exported over \$47 billion of goods and services to Korea in 2007 alone. The Korea FTA has the potential to open this significant market even further for U.S. ranchers, farmers, and manufacturers. For example, Korea maintains a 57 percent average tariff on agricultural products, which the FTA will phase out within 20 years. And the International Trade Commission found that overall U.S. exports to Korea will increase by roughly \$10 billion once the FTA is in force. That translates into real gains, and real jobs, for workers and companies right here at home.

But before we move forward with this agreement, we must be certain that Korea will live up to its commitments. Korea has unequivocally committed to abide by scientific standards when regulating U.S. agricultural imports. And scientific standards clearly demonstrate that beef from my home state of Montana, and throughout the United States, is perfectly safe. But Korea still excludes U.S. beef from cattle more than 30 months old.

Since the day that the negotiations with Korea began, I have made it clear that Korea must allow market access for all ages and cuts of U.S. beef.

And Korea also must address legitimate U.S. concerns regarding trade in autos. Our autoworkers can compete on a level playing field anywhere in the world. They must have confidence that Korea will indeed level its playing field by removing regulatory barriers to American automobiles.

I am confident that Korea can find a way forward on these issues. And once it does, I am confident that Congress can consider and approve this Agreement.

Asia must be the centerpiece of our new trade strategy. This vital region is pursuing integration at lightning speed. We cannot be left behind. In this region, we must trade or fade.

IV. Colombia and Panama

A comprehensive trade policy agenda must also find a way to move forward with our other pending FTAs. Both Colombia and Panama are strategically important trading partners, in a region marked by instability. They have proven to be staunch and steadfast allies.

But both of these countries also present significant challenges. Colombia has a long and unfortunate history of violence, including violence against labor unionists. I cannot overstate my concerns on this issue.

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Although Colombia has taken important steps to address and ameliorate its labor issues, it is clear that more must be done in order to move the FTA forward and provide stability and safety

for Colombian workers. Colombia must demonstrate that it can and will enforce the robust labor provisions in the U.S.–Colombia FTA. And Colombia must demonstrate that it can and will protect its workers.

Congress and the administration have also raised concerns about Panama’s status as a tax haven. Panama must take additional steps to address these concerns.

We must work with Colombia and Panama to find solutions to these issues. But as we seek those solutions, we also must recommit our support for these strategically important countries. They have courageously promoted their alliances with the United States at a time when many of their neighbors express anti-American sentiments. We must make our presence in the region known. With these countries, and with this region, we also must trade or fade.

V. Doha

As we tackle these regional and bilateral trade issues, we also must move forward multilaterally. The WTO Doha negotiations have the potential to provide significant benefits for U.S. ranchers, farmers, manufacturers, and services providers.

But we must define success as real and meaningful market access for our exporters. We must work to reduce and where possible eliminate prohibitive tariff and non-tariff barriers to American agricultural products, manufactured goods, and services around the world.

Doha is not a zero-sum game. We can achieve success for U.S. exporters at the same time that we fulfill the promise of the Doha Development Agenda. The United States has long encouraged economic growth in and among developing countries, not only as a part of the Doha negotiations, but also as a part of our crucial preference programs. Reducing barriers and creating new trade flows promotes economic growth and opportunity in developed and developing countries alike.

We must conclude a deal that provides a level playing field for U.S. ranchers, farmers and businesses abroad, even as we provide a more level playing field here at home. Here again, we must trade or fade.

VI. Domestic Agenda

But we must remember that the trade agenda is not only about building international economic relationships. First and foremost, it must ensure the competitiveness of American firms and American workers.

We took a crucial first step toward this goal when Congress passed a robust expansion of Trade Adjustment Assistance, or TAA, earlier this year.

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TAA now reflects the needs of 21st century America. In addition to providing assistance for more workers in the manufacturing sector, it also now provides assistance for services workers.

It expands retraining efforts. It gives workers and businesses that are negatively affected by trade the tools that they need to seize new opportunities. And it helps ensure that the vitality and livelihood of American workers and businesses will not fade as the result of trade.

We also must keep America's competitiveness in mind as we evaluate critical legislation such as that affecting climate change. We have a moral responsibility to protect and preserve our earth for future generations. We must take bold steps to arrest the detrimental effects of greenhouse gas emissions.

But we must provide transition assistance to energy-intensive and trade-exposed industries and the workers who may be negatively affected by such measures. We must push our trading partners to do their part to curb harmful emissions. And we must devise a border measure, consistent with our international obligations, to prevent the carbon leakage that would occur if U.S. manufacturing shifts to countries without effective climate change programs.

We cannot allow our manufacturing industries to fade as a result of trade with countries that refuse to negotiate global solutions to global concerns.

We also have an obligation to American workers, and workers around the world. As I noted earlier, our trade agreements must include strong and fully enforceable labor provisions. These standards will level the playing field for American workers. They will ensure that our trade agreements do not lower labor standards in order to boost productivity and exports. And they will ensure that workers around the world are given the chance to enjoy more of the hard-fought rights that American workers enjoy today.

Our trade agreements can and should provide a powerful tool to improve labor standards with our trading partners. We must avail ourselves of this tool. And once these standards are enshrined in our agreements, we must enforce them. We cannot pay lip service to the health and well-being of our workers. And we cannot allow our labor standards to fade in the name of boosting trade.

VII. Conclusion

For the good of American exporters and for the good of American workers, let us create a new blueprint on trade. Let us address the new regional, political, economic, and social imperatives that we face. And let us ensure that America's economic future does not fade, but continues to burn brightly, in the years to come.

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