

*Opening Remarks as Prepared for Delivery*

**Chairwoman Debbie Stabenow**

*U.S. Senate Committee on Finance, Subcommittee on International Trade, Customs, and Global Competitiveness*

Good afternoon. The Senate Finance Subcommittee on International Trade, Customs and Global Competitiveness will now come to order.

Thank you all for being here as we consider the lessons we've learned during the first two years of our free trade agreement with Korea. Because this is my first hearing as Chair of the Subcommittee, I'd like to begin by sharing my core beliefs on international trade.

Michigan is a state where we make things and grow things. I grew up with families whose quality of life was shaped in part by their ability to sell products in foreign markets. These products sold around the world, because the people who made the cars or tilled the soil were good at it. This hard work powered the growth of our middle class in Michigan, just as it powered the growth of the middle class throughout America.

We know this: If American workers and businesses can compete on a level playing field, they will succeed in markets around the world, and our American middle class will thrive.

Within this subcommittee, we have the opportunity to explore new markets on behalf of these workers and the businesses that employ them. And in exchange for these opportunities, we allow products made in foreign countries to compete in the U.S. We are not afraid of competition. We welcome it!

But the competition must be fair. The playing field must be level. Too often in recent years, our workers and businesses have found themselves on a playing field that was tilted in one direction, littered with rocks and holes that could trip them up.

We must resist being drawn into a race to the bottom on international trade. Trade agreements must be about creating opportunities to grow a middle class around the world, not lose our middle class in America.

Fortunately, the Republic of Korea is a trusted ally and a willing trading partner. I am grateful to Korean leaders for working with us when the Obama administration asked for better terms on behalf of automakers.

When our nation entered into this agreement in March 2012, I was as optimistic as the administration and the business community that removing trade barriers would spur job growth and generate higher earnings for our workers. I'm sure Korea had the same hopes.

But for trade deals to thrive, they must be a win-win for both sides. So far KORUS has fallen short of our hopes.

The agreement aimed to narrow the trade deficit between the U.S. and Korea. Instead, the trade deficit has gone in the wrong direction. Even if you look at the most conservative numbers, that deficit has grown. And if you look at the deficit in goods – in the things we make – it has increased by nearly 50 percent.

While our dairy producers have reaped many benefits through the trade agreement, they continue to face challenges when it comes to certain products that are blocked from the market based on geographical indications, and we will hear more from today's panel about those issues.

The agreement aimed to open Korea's markets to American automakers. But agreeing to phase-out tariffs on U.S.-made automobiles hasn't been enough. Due to non-tariff barriers, Korea remains one of the most closed auto markets in the world.

Given our strong alliance with the Republic of Korea, I am hopeful that the expectations we had at the outset will be matched by real-world results. But, to achieve these results, we must have candid conversations about what's working and what's not.

I also believe that it is very important that we apply what we learn here to the major international trade agreements that are actively being negotiated right now.

We also need to recognize that we have other tools for strengthening our nation's position in the international economy.

By improving our infrastructure, our goods and services can move more smoothly. By reforming the tax code we can give companies incentives to keep jobs in America. By offering job training to American workers we can equip them for 21st Century markets.

And by strengthening U.S. trade law we can defend our companies against nations that manipulate their currency.

In international trade, it's our responsibility to drive a tough, fair bargain with foreign countries who seek access to American markets. There must be no doubt that we will be exporting our nation's products, not our jobs.

I have every confidence that, with smart trade policies, we will be successful.