



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

Statement of Senator Chuck Grassley
Finance Committee Hearing
The Future of U.S. Trade Policy:
Perspectives from Former U.S. Trade Representatives
Tuesday, July 29, 2008

The timing is apt for today's hearing to consider the future of United States trade policy. There are a number of reasons why the future appears more uncertain than it has in a long time. A little more than a year ago, the Administration struck the May 10th compromise with Democratic leaders in Congress. The May 10th deal was supposed to have paved the way for consideration of our pending trade agreements with Peru, Colombia, Panama, and South Korea, and to set the stage for negotiating additional trade agreements. Although I questioned some parts of the May 10th deal, on balance I thought it was worth doing if it would allow us to move forward on trade in a bipartisan way.

But it hasn't turned out the way I expected. Since then we've only voted on a single trade agreement – our agreement with Peru. Other than that, we've been frozen in place. In fact, it might be more accurate to say that we've been moving in reverse. That's because, in April, the Democratic leadership in the House abandoned a 34-year tradition of bipartisan cooperation on trade by eliminating the deadlines for a vote on the Colombia trade agreement.

Now that important trade agreement is in limbo. We've left a critical U.S. ally twisting in the wind. That's not just a trade concern — it raises significant foreign policy and national security concerns as well.

And we've left our exporters twisting in the wind too, because the Colombia trade agreement would give our exporters the same duty-free access to Colombia's market that Colombian exporters already have to the U.S. market. In other words, it would level the playing field.

We've been hearing far too little about the benefits of trade – including the fact that export growth has accounted for about 40 percent of our total economic growth in the past year. We need to acknowledge that 95 percent of the world's consumers live outside the United States. Our future

economic growth depends increasingly on the ability of U.S. farmers, manufacturers, and service providers to sell their products and services in foreign markets. In other words, it's in our national economic interest to expand international trade and break down foreign barriers to our exports. The last thing we should be doing is turning our backs on allies and agreements that would significantly strengthen our international economic and geopolitical relations.

On the multilateral front, negotiations in the World Trade Organization appear to be stalling. Last week, the Director General of the World Trade Organization tabled a framework to try and advance those negotiations. I'm concerned that the framework may leave too much room for the advanced developing countries to avoid making meaningful commitments to liberalize trade. And this week it seems that India and China are pulling back from even that ambiguous framework. Their intransigence leaves us no closer to a successful conclusion of the Doha Round than we were before the ministerial meetings started last week.

So, we're left stymied on the domestic front because of politics, and stymied on the multilateral front because of a protectionist lack of ambition among our major trading partners. Under these circumstances, how can we adapt so that our trade policies continue to help advance our vital national interests?

Today's witnesses are here to contribute their perspectives on this point. They served in Republican and Democratic administrations. And they worked with Congresses controlled by both parties. Throughout their tenures as United States Trade Representative, they pursued positive trade agendas and they worked hard to advance our trade relations. I look forward to hearing their ideas about how to craft and implement an effective, bipartisan trade agenda for the future. I've been working hard to achieve that in this Congress, and I'll continue to do so, both this year and in the next Congress.