



STATEMENT OF SENATOR CHUCK GRASSLEY
Finance Committee Hearing:
The Administration's 2008 Trade Agenda
March 6, 2008

Thank you, Ambassador Schwab, for appearing before the Committee this morning. I think it's important that we jointly review the trade agenda at the beginning of each year, and this year especially so. One year ago, the Administration was engaged in earnest negotiations with congressional leadership to find a way forward on the trade agenda. That effort culminated in the May 10th bipartisan compromise, which was announced with much fanfare. It's now almost 10 months to the day, and yet the only progress we have to show is the enactment of legislation to implement our trade agreement with Peru. Pending trade agreements with South Korea and Panama may be side-tracked for the moment. But our pending trade agreement with Colombia is overdue for consideration. Congress recently enacted legislation extending our Andean trade preferences through the end of this year. It's my hope that our effort at bipartisan compromise has helped to foster additional goodwill so that we can proceed to take up the Colombia trade agreement in a timely manner. Given recent events in that region, it's even more critical that Congress demonstrate solidarity with such an important ally by implementing our trade agreement with Colombia.

This hearing is also timely given some of the recent criticisms we've heard from politicians about trade generally, and about the North American Free Trade Agreement in particular. This is an opportunity to remind the public that the primary purpose of our trade agreements is to break down barriers to U.S. exports. Our economy is largely open to imports already, and our trade agreements don't change that. Whether we have NAFTA or any other trade agreement, we'll still have minimal barriers to imports unless we start down a protectionist road. But that doesn't help U.S. exporters reach the 95 percent of the world's consumers who live outside the United States. Our trading partners aren't willing to unilaterally drop their barriers to our exports. So the only way we're going to eliminate tariff and non-tariff barriers is by entering into trade agreements. Many people rally to the cry for a level playing field for international trade. Yet that's just what our trade agreements do—they turn a one-way street into two-way trade. Just look at our trade agreement with the Dominican Republic and Central American nations, for example. Before we implemented CAFTA, we registered a trade deficit of over \$1 billion dollars with those countries. In 2007, we turned that into a trade surplus of over \$3.5 billion dollars. That's helping us to sustain good paying jobs here

in the United States. And consumers in those countries are benefiting from lower prices and more choices of high quality American products. While there may be specific sectors that are hard hit, the overall impact is that trade benefits each country. In the United States, we have trade adjustment assistance programs to help dislocated workers adjust. We need to reauthorize and improve our trade adjustment assistance programs, and I look forward to working with my colleagues to achieve that this year.

Today's hearing also affords the Committee a chance to review the Administration's efforts on trade enforcement. We're starting to see some significant results, particularly with respect to China, and I look forward to hearing Ambassador Schwab's assessment of those results and where we go from here. Finally, I look forward to getting an update on the status of the Doha Round negotiations in the World Trade Organization. A successful outcome means an ambitious outcome, and time is running out on those negotiations. But the flip side is that no agreement is better than a bad agreement. If we're going to agree to concessions, then we're going to have to be able to demonstrate to our constituents that U.S. farmers, manufacturers, and service providers will get meaningful new market access opportunities in exchange. Thank you again, Ambassador Schwab, I look forward to hearing your testimony.