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Opening Statement of Senator Chuck Grassley  
Senate Finance Committee Hearing  
S. 1919: the Trade Enforcement Act of 2007  
Thursday, May 22, 2008

I think we can all agree that effective enforcement of our trade agreements is an important priority. If we want to maintain the benefit of the bargain, we need to make sure our trading partners respect the rules they've agreed to. That's also important if we want to sustain broad support for creating more open international trading relationships, which is critical to our future economic growth.

This responsibility falls chiefly on the executive. If the Administration fails to take action when our trading partners ignore the rules, no one should be surprised if we start to hear complaints. That said, I'm not convinced by those who say this Administration is failing to enforce the rules effectively. For the most part, I think the real problem is that folks are complaining about practices that aren't yet subject to rules. If we really want to get serious about enforcement, we should renew the President's trade promotion authority and send our negotiators out to solve the problems that aren't currently subject to rules – whether we're talking about energy, or autos, or whatever else. Because that's the only way we'll get some resolution to these tough issues. They won't solve themselves.

I'm also concerned by the premise that enforcement is measured simply by the number of cases filed — as if a failure to file a certain number of cases necessarily means we're not doing a good job of enforcing our rights. That strikes me as overly simplistic. Litigation is not synonymous with effective enforcement. Often, the best way to “enforce” the rules is to negotiate, not litigate. And sometimes, even if you have a good legal case, you may not be able to eliminate the problem through litigation. For example, over ten years ago, we filed a case against restrictions on our beef exports to Europe. We won the case, but the restrictions remain. Should we view the beef case as a failure to enforce the rules? Or, does the beef case illustrate that there are limits to what litigation can accomplish?

The availability of dispute resolution is a good backstop. But it's most effective when it helps to avoid years of litigation. The Administration has succeeded in resolving a number of disputes we've had with China, without having to litigate the case through. While we certainly need to see much more from China in terms of compliance, that is one example of what I mean by effective enforcement.

Our trade agreements offer another means of establishing strong legal frameworks for international

trade. Without such frameworks, there aren't any rules to enforce. Take, for example, our pending trade agreement with Colombia. Once the agreement enters into force, Colombia will be obligated to effectively enforce labor laws related to core internationally-recognized labor rights, as stated in the 1998 International Labor Organization Declaration on Fundamental Principles and Rights at Work. And that obligation will be enforceable under the terms of our trade agreement. For those who profess to care about enforcing labor laws in Colombia, our trade agreement is an important tool for achieving that goal.

There's nothing to be gained by forestalling congressional consideration of that trade agreement. But, there is much to lose. Our trading partners are not idly standing by. Colombia has almost completed negotiating a trade agreement with Canada, and the European Union is negotiating with Colombia as well. Delay only harms American workers and exporters who face the prospect of being placed at a further competitive disadvantage in the second-largest market in South America. An implementation agenda is thus part and parcel of an effective enforcement agenda.

Today, I look forward to hearing the testimony of our witnesses. If there are portions of the bill that may be counterproductive, we should know that. And if there are portions that can be improved, we should know that too. I'm also interested in hearing whether there are other things we can do to invigorate our enforcement efforts. For example, does USTR have sufficient resources and staff? Or, should additional resources be authorized? In closing, I want to thank each of the witnesses for traveling here today.