

Statement by Chairman Crane
Senate Finance Hearing on Trade Promotion Authority
June 21, 2001

Good Morning, it is a pleasure to be here to discuss what I believe is urgent legislation to empower the President with authority to negotiate trade agreements in the economic and national security interest of the American people. My message is one that most of us in this room should appreciate. The United States is losing out. As each month passes, our economic potential is compromised further. After decades where Americans set the pace, other countries are writing the new rules for international trade, as our President stands by, essentially crippled in his ability to participate.

The sheer number of free trade agreements in force around the world--134-- is as startling as it is disturbing. The United States is party to just two FTAs, covering about 11 percent of world trade. Europe, for its part, participates in FTAs with 27 countries and is now moving into our hemisphere, most recently concluding an agreement with Mexico and seeking expanded trade ties with MERCOSUR nations – right in our backyard!

The activity of our two closest trading partners, Canada and Mexico, is instructive. Since implementation of the historic NAFTA agreement in 1994, Canada has gone on to negotiate FTAs with Chile and Costa Rica. Currently, Canada is conducting talks with Japan, Singapore, and the four countries in Central America. Likewise, Mexico has concluded trade agreements with 31 countries and is now in talks with Japan, Korea, and others.

It is obvious to anyone paying attention that our exporters are being squeezed by their international competitors. Our competitors are enjoying the benefits of their government's aggressive pursuit of FTAs. As trade barriers continue to fall for our competitors, America's exporters and workers face higher tariff differentials, and more and more discriminatory rules, unfamiliar product standards, and unnecessary threats to their investments.

I hope that your series of hearings spells clearly the direct connection that exists between increasing international trade and creating jobs and economic activity at home. Fully one-third of the economic growth that has occurred in the United States since 1994 is directly attributable to expanding imports and exports. It's essential that this key engine of economic growth keep on running.

Because future trade agreements will offer vital opportunities

to expand and ensure the success of U.S. businesses and workers in the marketplace of the twenty-first century, we must do all we can to remedy the current situation and reach prompt agreement on the specifics of trade promotion authority (TPA) legislation.

Last week, the House Republican Leadership and 57 cosponsors joined me in introducing H.R. 2149, The Trade Promotion Authority Act of 2001, which is attracting 5 or 6 more cosponsors daily, and we are now up to 80. Our effort is broadly supported among House Republicans who are largely united in their view that TPA is an exception to normal legislative procedures that must be well-defined and not open-ended in what the President is permitted to negotiate. Only those matters that are directly related to trade should be included in an implementing bill qualifying for TPA procedures. My legislation gives the Administration the authority and flexibility to negotiate and bring back to Congress the best deal possible, addressing goods, services, agriculture, intellectual property, investment, and e-commerce. It allows use of TPA for issues not included in the negotiating objectives of the bill as long as the negotiating priority: 1) is directly related to trade; 2) is consistent with U.S. sovereignty; 3) is trade expanding and not protectionist; and 4) does not affect a country's ability to make

changes to its laws that are consistent with sound macroeconomic development.

This legislation leaves the President free to use his executive authorities to negotiate issues that don't meet these tests. However, the President should use his regular legislative procedures to implement any needed changes in U.S. labor and environmental laws.

Much of the trade debate is focused on whether trade agreements should be used to force countries to change social policies. While improving standards on environment and labor is a high priority, I believe using trade as the hammer to force these changes is counterproductive because it injects so much uncertainty into the trade and investment climate. Instead, we should focus on the fact that trade itself improves labor and environmental conditions.

As a country's standard of living improves, the income level of the workers within those countries increases, giving people the resources to care for the environment and the ability to improve

their working conditions. Increasing trade with the rest of the world and countries like ours is the best way for a country to improve its standard of living.

Finally, my bill would ensure that the TPA procedures provide extensive opportunities for meaningful consultations with Congress before, during, and after the negotiations. Indeed, I want to remind colleagues that a vote for trade promotion authority is a vote on the procedural rules for considering implementing agreements. A Member is still free to vote against an agreement in the future if he or she does not support the agreement

Because expanding exports is key to creating new, high-paying jobs, our future will not be secure if the President does not have the tools he needs to open foreign markets, and to shape trade agreements in our favor. Put simply, H.R. 2149 is about strengthening our position in the world. Success must not be measured in partisan terms.

I stand ready to discuss with any of you any specific suggestions you have on my bill. We now have legislation language before us, so we should make this discussion quite focused. I look forward to working with you.

