



Committee On Finance

Max Baucus, Chairman

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Text of Remarks by Senator Max Baucus
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(as prepared)

Thank you, Steve, for that kind introduction.

It is fitting that I am speaking here today, one day after your former boss and I, along with Senator Daschle and others, introduced a bill to upgrade Trade Adjustment Assistance. Senator Bingaman has demonstrated tremendous leadership in this area, and I look forward to working with him in the weeks ahead to develop a program to help those who are most vulnerable to increased globalization.

I also want to mention another important item taken up by the Finance Committee this week that is very much related to the theme of my remarks today. On Tuesday, the Committee marked up a resolution calling on the ITC to undertake a comprehensive section 201 investigation of increased steel imports. This resolution seconds a request made by the Administration a few weeks ago. Together, these requests are the first steps toward getting much-needed relief to an industry in crisis.

Global overcapacity in steel production can no longer be ignored. Foreign governments' intervention in steel markets has had a devastating impact on the U.S. industry. In the wake of the Asian financial crisis of 1997-98, foreign steel flooded the U.S. market, causing prices to plummet. Thousands of U.S. jobs were lost, 18 American companies filed for bankruptcy, and five American plants were shut down. This disaster was the result of 50 years of foreign governments propping up inefficient production. When the financial crisis effectively shut down Asian markets, the output of that inefficient production came to our market.

This must not be allowed to happen again. Accordingly, I welcome the Administration's decision to enter into worldwide negotiations to bring about a reduction in overcapacity and to eliminate distortions in the steel markets. In conjunction with relief under section 201, I hope this will enable us to preserve an industry that is vital to the U.S. economy.

In contrast to the positive working relationship established between the Congress and the Administration on steel, cooperation in many other areas is lagging far behind.

On the critical issue of extending Trade Adjustment Assistance, which expires in just two months, the Administration has not even submitted the proposal for TAA extension that they promised in the budget.

On the issue of fast track, the Administration has released some vague principles, but no legislation. At least until recently, the leadership of the House was pushing forward with a bill that ignored the critical issues of labor and environment. In the Senate, even the U.S.-Jordan agreement, with its modest labor and environment provisions, is controversial. In short, with only weeks left in this session, the situation is not promising.

In hopes of advancing a debate that I fear has become stalled, I plan to release a series of proposals on key trade issues. I hope these proposals will form the basis for legislative action on TAA and fast track this session.

Yesterday, working with Senator Bingaman, Senator Daschle, and other colleagues, I introduced a proposal to expand and reform the Trade Adjustment Assistance program. If there is one area in which U.S. trade policy has failed, it is in sincerely meeting the needs of workers and firms suffering from trade competition.

I believe the bill introduced yesterday is a major step in the right direction that can provide workers with some real assurances that the government will share the burden of adjustment and retraining with them.

Before the August recess, I also plan to release a proposal on how to proceed to develop a truly bipartisan consensus on fast track.

This will be a proposal, not legislative language. It is meant to be a starting point for discussion, not an end point. But I hope it will help point the way to solutions to some of the more difficult issues associated with fast track.

Today, I wanted to give you a brief preview of three ideas I plan to emphasize in that proposal.

First, on labor and environmental issues, I believe all new trade agreements should include assurances that trading partners will not lower their environmental and labor standards to distort trade. Also, I believe that as we enter into new agreements we should encourage our trading partners to improve their adherence to core International Labor Organization principles.

Next, in the WTO and in new bilateral and regional agreements, the United States should seek provisions to allow restrictions on trade in products produced by forced labor, including exploitative child labor. The United States also should seek to negotiate changes in WTO rules

to provide appropriate deference to actions taken under Multilateral Environmental Agreements (MEAs).

Second, the Congress and the President should play a more equal role in trade negotiations - consistent with their coequal status in the Constitution. There are several procedural checks that may be put in place to achieve this. One check is to allow for unlimited debate of trade agreements in the Senate.

Another idea that I believe is quite promising is expanding the role of Congressional Trade Advisers by increasing their access to negotiations and allowing them to determine - with the President - if new trade agreements really satisfy the negotiating objectives and should be eligible for fast track consideration.

Finally, in the discussion of fast track, it is important to recognize that much could be done to address international environmental and labor issues outside the context of trade agreements.

There has been much talk from the Administration about the ILO as an alternative forum for addressing international labor problems. Yet, in its budget, the Administration cut in half funding for the U.S. agency responsible for supporting the work of the ILO. Simply put, the Administration needs to stand up and support what it advocates with deeds, not words.

The ILO and the UN's international environmental programs could relieve much concern on international labor and environmental problems. At least, they deserve a chance to succeed with a serious effort by the United States. But, so far, the Administration's commitment to these efforts seems far more rhetorical than real.

Again, I plan to advance a comprehensive proposal including some of these details before the recess. I hope these proposals will be met by the Administration and my colleagues in the House and Senate as what they are - an attempt to forge a real bipartisan trade policy.

We must also keep in mind that the year is rapidly slipping away from us. If we are to pass TAA and/or fast track, we must have real negotiations seriously underway by early September. Otherwise, it simply will not be possible to complete fast track legislation this year.

If the Administration wants fast track authority, the time for posturing is over. We must get down to business.