



## TRADE AGENDA FOR THE 107TH CONGRESS

Max Baucus,  
U.S. Senator;  
before the Washington International Trade Association,  
Washington, DC, December 5, 2000.

It is always a great pleasure to participate in a WITA event. You continue to be the best venue in town for bringing trade policymakers together with trade practitioners.

I am honored to be part of today's Baucus-Levin Democratic trade tag team. There is no one in the Congress I respect more in the trade policy area than Sandy Levin. His dogged fight in the House on PNTR made the difference there between success and failure, and we should all be grateful to him for his persistence, vision, and political astuteness.

Thomas Jefferson wrote "The moral sense, or conscience, is as much a part of man as his leg or arm." A trade agenda, in fact, any policy agenda, must flow from core principles -- a sense of purpose.

This morning, I will, first, set a context, then mention several of the principles that underlie my thinking on trade, and, finally, go through my trade priorities for next year and beyond.

Alfred E. Neuman has said "It's astonishing how politicians never say anything, yet always insist they're being misquoted." Well, I will try to be direct and specific today, and you can feel free to quote me.

First, the context. It is always worth reminding ourselves about the importance of trade in our economy and our society. Exports plus imports now account for 25 percent of our nation's gross domestic product, a post-war high. Compare that 25 percent figure to just 15 percent in 1960 and 20 percent in 1980.

Many of our national political leaders recognize this increasing role of trade in our economy. Recently, USA Engage published its annual rating for members of Congress. As you all know, USA Engage is a group of 700 businesses, agriculture groups, and trade associations that works within the National Foreign Trade Council to oppose unilateral trade sanctions. I am proud to say that I received an A+ rating from them this year. But what makes me especially proud is that 59 Senators,

-----  
(Puede reproducirse en Colombia.)

evenly split between Democrats and Republicans, received an A or A+ rating. That number, 59 Senators, compares to only 24 Senators who got A or A+ just one year ago.

We should all pat ourselves on the back. This is a sea change. Our long battle against unilateral sanctions has been heard, and we are winning. Recall that the House and Senate voted overwhelmingly this year to end restrictions on food and medicine exports to Cuba, although a few reactionary leaders in the House were able to stymie the will of the Congress.

Similarly, look at what happened in the Congress over the last eleven months. We approved China PNTR 83 to 15 in the Senate and 237 to 197 in the House. Congress passed the Africa trade bill, CBI Enhancement, and a Miscellaneous Tariff Bill. We fixed the Foreign Sales Corporation, the FSC. The US/Vietnam Trade Agreement and the Jordan Free Trade Agreement were signed by governments and both await Congressional approval next year. Not a bad record for one year.

Let me turn to a few underlying principles in the trade area.

First, we do not trade for the sake of trade. We trade to improve the standard of living and the quality of life for ourselves, for our children, and for others around the world. To paraphrase Ronald Reagan and others, a rising tide has the potential, repeat, the potential, to lift all ships. But that does not just happen. Many people in this country, including in my own state of Montana, have been left behind during this booming decade. And many people around the world have not seen their lives improved by the globalization of the economy that we have witnessed in recent years.

Second, concern for the environment has been a central focus throughout my life. We hold this earth in trust for future generations, and it is our moral duty to leave it in better condition than we received it. Over most of the past decade, I have been either Chairman or the ranking Democrat on the Environment and Public Works Committee. We can't deal with environmental issues in isolation. As we use international institutions and international agreements to help manage and protect the environment, the linkage with trade agreements and trade institutions is inevitable.

Third, we need to reestablish and firm up the political consensus that used to exist in the United States in support of expanding trade and opening markets. Despite the successes in trade policy this year that I listed earlier, there is still great suspicion about the impact of trade. Trade liberalization will not proceed without political support. And there won't be political support without public support. Enforcing trade laws, providing good worker adjustment programs, addressing the legitimate concerns regarding labor rights and the environment, citizens feeling that they are part of the process -- these are all necessary to rebuild the consensus on trade. And it is not enough just to talk about it. We can only rebuild the consensus by demonstrating to all our citizens that trade and expanding markets help them and contribute to their prosperity and a better quality of life.

I appreciate your forbearance. Let me now turn to my specific trade priorities for the 107th Congress. I put them in three categories: China, ending the Cold War, and expanding markets further.

First, China.

Congress has given the President authority to grant PNTR to China once the negotiations on the Protocol and Working Party report are completed and he certifies that the multilateral agreement is at least as good as our bilateral agreement. Negotiations in Geneva have slowed down. We all hope China will accede early next year, and we need to encourage reform leaders to complete the negotiations. Ambassador Barshefsky and the EU leadership have visited China in the past two months. I will meet Zhu Rongji in China next week and will make the same point. The pace is up to the Chinese. But we can encourage their leaders. I certainly would like to avoid having a debate next year on the annual extension of NTR for China.

Once China accedes, our challenge is to make sure that the WTO agreements work in China. Those of you in the business community have a responsibility to follow up. Our government must make the monitoring and enforcement of Chinese commitments a top priority, and I will make sure the Congress is watching the next Administration closely and pushing them hard.

Second, end the Cold War.

We need to approve the US/Vietnam Trade Agreement as early as possible. We have to reverse the disastrous Helms/Burton legislation on Cuba, as well as liberalize and end the embargo. We will have to work on developing trade as part of our government's broader initiatives with North Korea. And we should grant normal trade relations status to Laos.

The poet John Dryden wrote in 1697,

The king grew wain;  
Fought all his battles o'er again;  
And thrice he routed all his foes;  
and thrice he slew the slain.

We must stop slaying that which is already slain. The Cold War is over. We won. On Cuba, we need to take Cuban policy out of the hands of a small group of passionate people and look at it in the national interest. We must recognize new opportunities in the world and take advantage of them.

Third on my agenda is to expand markets further.

Fast track will be needed if we are going to be able to negotiate regional agreements, such as the Free Trade Agreement for the Americas, FTAA, or multilateral agreements, such as a new trade round, a multilateral agriculture agreement, or a multilateral services agreement. However, in order for fast track negotiating authority to pass the Congress, we have to find a way to accommodate labor concerns and environmental concerns in trade agreements. If we do not, we will not see fast track. Let me repeat that statement for everyone. In order for fast track negotiating authority to pass the Congress, we have to find a way to accommodate labor concerns and environmental concerns in trade agreements. Otherwise, we will never see fast track. This is a statement of fact. If you think that any President can simply muscle an old-fashioned fast track bill through the Congress, you had

better think again. I cannot be more emphatic in stating that we are in a new era, and we all need to work together to create a middle ground on these issues.

The Jordan Free Trade Agreement is a good start in this accommodation of labor and environmental issues. I want to move quickly to approve implementing legislation for the Jordan FTA. I believe that the reaction by some in the business community against the labor and environmental provisions is unhelpful. Again, we need to work together to create a middle ground on these issues.

Another aspect in the category of expanding markets further is to end all unilateral embargos. They hurt us commercially and politically. They fail to achieve their desired goals. The embargo on Cuba, which I mentioned earlier, is a subset of this. We must prove, through our policies, that the United States is a reliable supplier of agriculture products, manufactured goods, and services to the world.

Another way to expand markets, especially in the absence of a comprehensive new trade round, is to negotiate bilateral free trade agreements with countries willing to do so. I have introduced legislation authorizing FTAs with South Korea, Chile, and Singapore. As you know, the President has announced the initiation of negotiations with Singapore for an FTA, as well as Chile. We should also start discussions with South Korea. Australia and New Zealand are other logical targets.

The final element in this category of market expansion is to ensure compliance with trade commitments. We have hundreds of trade agreements around the world. Look at our agreements with Japan which have been studied closely by the American business community. Only 53 percent of the agreements with Japan were rated fully or mostly successful by American industry. What good is an agreement if it doesn't work? China and Japan, the two countries with whom we have the largest bilateral trade deficits, are at the top of the list here. The Finance Committee needs to look closely at the way the Executive Branch monitors and enforces these agreements and how it is using its resources.

Before I conclude, let me mention several other issues that we must deal with next year.

One is the issue of GMOs -- genetically modified organisms. Starlink corn has brought this issue to the attention of the average American. Our public policy process has barely scratched the surface of this issue, and we are going to spend a lot of time on it next year. I firmly believe that any rules need to be based on sound science. But, we also have to appreciate the reality of the market as we move ahead.

Another issue that concerns me greatly is the attack being made on US trade law at the WTO. Our dumping, countervailing duty, and safeguards laws are being challenged in an unprecedented way by our trading partners. Dispute panels seem to be interpreting WTO provisions in the worst possible light for the United States. Many of you have followed the so-called Byrd amendment closely. This new provision of our law provides that duties collected from anti-dumping orders be given to the affected industry, rather than to the US Treasury. You may believe that this new law violates the WTO. I don't necessarily agree. But the message behind this legislation is that we cannot let steel and other important industries go under because of foreign trade practices, especially unfair practices, and we are going to have to do something about that. Those of our trading partners who

are challenging core US trade laws are playing with fire, and I hope they start thinking about the possible implications. Their aggressive activity cannot be cost free for them.

Third, I would be remiss if I did not mention agriculture trade. The next few years will see a new farm bill, the expiration of the "peace clause" on agriculture subsidies, further submissions on agriculture at the WTO, the maintenance of extremely high levels of agricultural export subsidies by the EU, and continuing low commodity prices worldwide. Add unsatisfactory resolution of the beef hormone and banana cases at the WTO, plus the GMO issue I just mentioned. We are going to have to spend a lot of time figuring out how to sustain our farm sector, which can only grow through expanding overseas markets. Finally, let me make a brief comment on the report issued by the Trade Deficit Advisory Commission three weeks ago. The Commission has made a major contribution to our national debate over trade policy. Although the commissioners agreed on some of the problems created by our huge trade deficit, the Democrat and the Republican members diverged in much of their analysis and in many of their recommendations. They reflected the policy differences we see in the trade arena in our society and in the Congress. The challenge we all face now is to reconcile these differences and develop appropriate policy responses.

I was particularly pleased that the Democratic commissioners called for the creation of a Congressional Trade Office, a CTO, to help the Congress reassert its constitutional control over trade policy and expand our analytical resources. I have been pushing for the establishment of a CTO for the last two years, and I will continue my effort.

Alfred E. Neuman has said "The reason most people are lost in thought is because it's unfamiliar territory." Well, I hope the thoughts I gave you today are not lost, because I intend to act on them come January and the next session of Congress.

\* \* \* \* \*