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United States Trade Representative Michael Froman Testimony on the 2014 Trade Agenda

*Ambassador Michael Froman United States Trade Representative
Oral Testimony
House Committee on Ways and Means
April 3, 2014*

“Chairman Camp, Ranking Member Levin, Members of the Ways and Means Committee, thank you for the opportunity to testify on the President’s 2014 Trade Policy Agenda.

“The core of the Obama Administration’s economic strategy is to create jobs, promote growth, and strengthen the middle class. Our trade and investment policy contributes significantly to that strategy by opening markets for Made-in-America exports, leveling the playing field by raising standards and enforcing our trade laws and our trade rights.

“Done right, trade policy creates opportunities for American workers, farmers and ranchers; manufacturers and service providers; innovators, creators, investors and businesses – large and small.

“Done right, trade policy promotes not only our interests, but also our values. And it gives us the tools to make sure others play by the same rules as we do.

“The Obama Administration has a strong record of success in promoting U.S. exports and creating jobs here at home. Over the past four years, U.S. exports have increased to a record high of \$2.3 trillion in 2013. In fact, a third of our total economic growth is attributed to this increase in U.S. exports.

“Exports mean jobs. Each \$1 billion in exports supports 5400-5900 U.S. jobs. 11.3 million Americans now owe their jobs to exports – an increase to 1.6 million jobs in the last 5 years – and those jobs pay 13-18 percent more on average than non-export related jobs.

“In 2014, we will work to conclude negotiations on the TPP agreement. TPP is currently being negotiated among 12 countries in the fastest growing region in the world representing nearly 40 percent of global GDP and a third of global trade.

“We are working to ensure that the final agreement will provide comprehensive market opening for goods and services; strong and enforceable labor and environmental standards; innovative commitments on intellectual property rights; groundbreaking new rules designed to ensure fair competition between State-owned enterprises and private companies; and for the first time, obligations that will address the issues of the digital economy. We are also working to complete parallel negotiations with Japan to address longstanding issues related to autos, insurance, and other non-tariff measures.

“And building on last year’s successful launch, we expect to make significant progress this year toward a T-TIP agreement with the European Union. This will strengthen the world’s largest trade and investment relationship.

"Agriculture is vital to the American economy. In 2013, U.S. farmers and ranchers exported a record \$148.4 billion of food and agricultural goods to consumers around the world. In 2014, the Administration aims to help them build on that record performance.

"U.S. manufacturing plays a key role in our economy today and in the future. As American manufacturers increase our capacity to produce more advanced and value-added goods, consumers around the world continue to place a high value of products Made in America. In 2012, the United States exported nearly \$1.4 trillion in manufactured goods, which accounted for 87 percent of all U.S. goods exports and 61 percent of U.S. total exports. In 2014, the Administration aims to build on the strength of our manufacturing sector.

"The United States is an innovative economy, and the Obama Administration is committed to protecting intellectual property (IP), which is vital to promoting and encouraging innovation and creativity. Millions of American jobs rely on IP, and we will continue to use our trade agenda in 2014 to defend the IP rights of our creators and innovators while supporting the freedom of the Internet, encouraging the free flow of information across the digital world, and ensuring access to medicines, particularly by the poor in less developed economies.

"At the WTO, we will capitalize on the success at the 9th Ministerial meeting in Bali last December. In March, we notified Congress on our intent to enter into negotiations on an Environmental Goods Agreement (EGA) with the world's largest traders in environmental goods, representing nearly 90 percent of this \$1.4 trillion market. We will also move towards conclusion of negotiations on two major sectoral agreements: the Trade in Services Agreement (TiSA) and the expansion of the WTO Information Technology Agreement (ITA).

"The Obama Administration has also placed an unprecedented emphasis on trade enforcement. Since 2009, the Administration has filed seventeen WTO complaints, and doubled the rate of cases filed against China. In fact, just last week, the United States scored an important victory for America's workers and manufacturers and for upholding WTO rules on fair access to raw materials that are essential for maintaining U.S. manufacturing competitiveness. Through our ongoing enforcement agenda, we are leveling the playing field for key agricultural producers in Wisconsin, Georgia, and Oregon, aircraft workers in Kansas and Washington State, and manufacturers of wind turbines in Ohio and hi-tech batteries in Michigan.

"As we pursue this agenda, we will continue to consult with Congress and seek input from a wide range of advisors, stakeholders and the public. We have held over 1,200 meetings with Congress about TPP alone – and that doesn't include the meetings we've had on T-TIP, TPA, AGOA or other trade initiatives. Our Congressional partners preview our proposals and give us critical feedback every step of the way. We also ensure that any Member of Congress can review the negotiating text and has the opportunity to receive detailed briefings by our negotiators.

"We are increasing the diversity of trade policy input we receive through the creation of the Public Interest Trade Advisory Committee (PITAC) to include stakeholders focused on consumer, public health and other public interest issues. And, consistent with the statute, the Administration is soliciting qualified candidates to serve on the ITACs, our industry advisory committees, to ensure that they are representative of industry, agriculture, services and labor interests.

"Finally, let me say a word about Trade Promotion Authority (TPA). The last TPA legislation was passed over a decade ago. Much has changed since that time. There has been the May 10th, 2007 agreement on labor, environment, innovation, and access to medicines. There has been the emergence of the digital economy and the increasing role of state-owned enterprises in the global economy. These issues should be reflected in the statutory negotiating objectives of a new TPA bill.

"We have heard from many that TPA needs to be updated. We agree. The Administration welcomed the introduction of bipartisan TPA legislation in January and look forward to working with this Committee and Congress as a whole to secure trade promotion authority that has as broad bipartisan support as possible. We also look forward to renewing Trade Adjustment Assistance (TAA) which expires at the end of this year as well.

“The ambitious trade agenda I laid out today creates opportunities for new, well-paying jobs, higher growth and a stronger middle class. It incentivizes individuals and companies to bring back, expand and start new production in the United States.

“At its core, the trade agenda emphasizes strong, enforceable rules that promote core U.S. values and interests. And of course, we can only accomplish these shared goals and priorities through strong bipartisan cooperation between Congress and the Administration. Working together, we can ensure that our trade policy creates opportunities for all Americans.

“Thank you again for the opportunity to testify today, I am happy to take your questions.”

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