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Contact:

Keith Chu: 202-224-4515

Wyden: 21st Century Trade Policy Must Give All Americans a Chance to Get Ahead

As delivered at the American Apparel & Footwear Association Conference

Today I want to talk about how trade in the 21st century can create good middle-class jobs and expand what I call the winners' circle in our country.

It starts with the fact that American trade policy has always been a story of adaptation and change. Fifty-two years ago, President John Kennedy went before Congress to deliver an address on his vision for international trade. The historical context of that period is apparent throughout the speech.

President Kennedy rightly saw international trade as more than something that was just an isolated economic matter. To President Kennedy, trade was in effect an inextricable aspect of foreign policy and an important front in the clash between free nations and communism. What President Kennedy was seeking to do was to promote the strength and unity of the West and fortify the relationship between the United States and the European Common Market. Of course those were days when that was a powerful economic force that was growing. President Kennedy knew American businesses and workers had a great chance to benefit from Europe's growth, and that would create new jobs at home. It was President Kennedy's judgment, and a correct one in my view that required adaptability and in order to have that American trade policy had to be nimble, and it had to reflect those times. I thought the president summarized it very well when he said, "A new American trade initiative is needed to meet the challenges and opportunities of a rapidly changing world economy."

Today's challenges and opportunities, more than any other time in my lifetime, come down to creating more good-paying, middle-class jobs. It's my view that every trade discussion, every single trade discussion, must now focus on how trade policy can be a springboard to high-skill, high-wage American jobs. Jobs in innovative fields that didn't exist before the digital era. Jobs in high-tech manufacturing that can't be easily outsourced. Jobs that give Americans a ladder into the middle class. Here's the reality folks, or the one that I hear at every town meeting - I have another coming up in a week or so - millions of middle-class Americans simply don't believe trade can help them get ahead, or they worry their voices aren't being heard. A 21st century trade policy has to meet the needs of those who are middle class today and those who

aspire to be middle class tomorrow. On my watch, I can tell you, those voices are not going to get short shrift in the Senate Finance Committee.

My basic philosophy with respect to trade is I want to see Americans grow and make things here, innovate and add value to them here, and ship them somewhere, whether in containers, on airplanes, or in electronic bits and bytes.

My view is there are opportunities for the U.S. to do that in trade agreements with nations across the Pacific and in Europe, but it is going to take fresh policies – adapted to the times – to make those trade agreements work for all Americans.

I want to be very clear: only trade agreements that include several ironclad protections based on today's great challenges can pass through Congress. I am not going to accept or advance anything less.

First, trade agreements must be enforceable, and not just in name only. The United States has to follow through on enforcement at home and around the world. If it doesn't, trade agreements will not deliver on their job-creating potential and the economic winners' circle, instead of expanding, could actually shrink.

A World Trade Organization ruling that came out just last week showed a great example of enforcement done right. China's restrictions on rare earth mineral exports have done real damage to American businesses and consumers and could cost our country jobs across a wide array of industries.

Manufacturers of rechargeable batteries for hybrid and electric vehicles, MRI machines, night-vision goggles and many others took a hit. My friend Leo Gerard from the United Steelworkers will tell you the impact China's restrictions have had on his members' jobs. So the U.S. stood up and challenged China in the WTO, and the WTO ruled in America's favor – making clear that as a member of the global trading system, the Chinese have to play by the rules.

With American jobs on the line, all trade agreements ought to be enforced with that kind of vigor. Enforcement has to happen without hesitation over politics or other kinds of secondary considerations.

Right now, for example, Customs often appears to focus on security at the expense of its trade mission. Fake NIKE shoes and counterfeit computer chips with a fake Intel logo too often make their way past America's border agents unnoticed. Foreign companies have evaded the trade remedy laws that protect American workers, like those in the solar and steel industries. A 21st century trade policy can't work if the cops at the border aren't doing an adequate job on the beat.

Second, trade agreements must promote digital trade and help foster innovation in areas where America leads, like cloud computing. When President Kennedy made his pitch for a modern trade policy to Congress five decades ago, nobody could have imagined what the digital world would become, or how important the Internet would be to the global economy. Even when the North American Free Trade Agreement entered into force in 1994, a lot of trusted economic thinkers had doubts about how big a role the Internet would play in people's lives.

Fortunately, our country today enjoys a major trade surplus in digital trade that fuels the growth of high-quality, high-skill jobs. Twenty-first century trade agreements have to preserve this American advantage. They must prevent unnecessary restrictions on data flows or requirements to localize data and servers. Make no mistake about it, these NSA policies have harmed the American brand in parts of this debate and it's something that I'm going to focus on changing, not just from the Finance Committee, but from the Intelligence Committee as well. They must include assurances that Internet companies have no more legal liability in foreign markets than they do in the U.S. There is a reason that America is home to the leading technology and Internet companies: our legal framework promotes innovation and the digital economy.

Preserving this legal framework at home, and promoting it abroad, protects and preserves good paying jobs -- and not just jobs at big technology companies like Google or Intel or IBM. It helps the self-employed: the craftsmen on Etsy and collectors on Ebay, and it helps auto workers, farmers, ranchers, and healthcare providers. Why? Because all of these industries, every one of them, rely on an open global Internet that connects them with foreign consumers and suppliers of digital goods and digital services.

Similarly, provisions like the PIPA and SOPA bill that would do so much damage to the Internet or result in its censorship have no place in trade agreements. I want everyone to know that I'll do everything in my power on the Finance Committee to keep them out of future agreements. I welcomed Ambassador Froman's statement in February that he is committed to keeping them out of TPP. It's as simple as this: the Internet, which is really the shipping lane of the 21st century has to be kept open and free.

Third, trade agreements must combat the new breed of predatory practices that distort trade and investment and cost American jobs. Chinese state-owned enterprises, for example, don't have the risk or borrowing costs that their American competitors do.

China's indigenous innovation policies too often undermine American innovators by requiring them to relocate intellectual property. And currency manipulation undercuts American autoworkers and a number of our manufacturers here at home. Again, these are practices that cost good American jobs. They have the same harmful effects on American exports as any

other trade barrier, so modern agreements – including the TPP – have to give our country the tools to level the playing field.

Fourth, some nations simply don't share America's commitment to labor and the environment, so when the U.S. doesn't lead the way with strong standards and enforcement, trade agreements fall short. Commitments on these issues have to be core parts of trade agreements, rather than something like a side deal that's just coasting along for the ride. This is one area where the U.S. has made progress. Twenty years ago, many considered including any labor or environmental rules in trade agreements to be unreasonable. Today, it is widely recognized that including strong disciplines on both – with equally strong enforcement – is an imperative. People on all sides of the trade debate should more openly acknowledge the progress in these areas and the hard work that went into getting those reforms. But as the situation in Colombia shows, there's more work to be done. Under my watch, TPP will be much, much different than older agreements in these areas.

When the United States leads on trade, it is my view it can raise the bar for labor in ways that improve conditions for millions of workers around the world. The TPP is an opportunity to establish improved labor rights in places like Vietnam and Malaysia, but it's going to take strong enforcement.

Just like with labor, trade agreements also have to do more to promote environmental protections. By setting and enforcing high standards, the U.S. can protect American jobs from countries that take a hands-off approach to environmental protection. The Trans-Pacific Partnership must put an end to subsidized and illegal fishing that threatens our oceans and stop trade in stolen timber and wood products in countries like Malaysia and Vietnam. The TPP also has to target illegal trafficking in wildlife. When it comes to environment, strong enforcement is a prerequisite for a Trans-Pacific Partnership agreement that can pass Congress.

Finally, agreements must be ambitious, opening foreign markets and helping U.S. workers, farmers, manufacturers and service providers increase exports. And trade agreements need to be equally ambitious on footwear and apparel. They need to reflect those industries as they are in this century – not as they were in the last one.

Trade agreements also need to be part of a broader framework, including Trade Adjustment Assistance, that moves exports more efficiently to foreign markets and gives more Americans a chance to climb the economic ladder. There are people who argue that the benefits of trade deals have only gone to some. I argue that if we work to get better, more modern agreements that reflect the lessons of history, we can get trade deals that expand the winners' circle and help revitalize the middle class.

So you've just gotten a short summary of what I think a modern trade deal should look like. I want to wrap up with a couple of comments about how all of this should move through Congress, what negotiations should look like and the issues I think are also very much on your mind with respect to what's ahead.

When it comes to trade talks, in my town hall meetings, people want to know what's being negotiated. In my view the public has a right to know what the policy choices are. For its part, Congress has a constitutional responsibility to tell the President and the U.S. Trade Representative what they need to accomplish in trade deals, which it has traditionally done by passing trade promotion authority, or "fast-track." I believe what's needed to accomplish these things is different from a fast-track, or a "no-track," and this afternoon I'd like to call it a "smart-track."

A smart-track will hold trade negotiators more accountable to the Congress, more accountable to the American people, and help ensure that trade agreements respond to their concerns of our people and their priorities, and not just to special interest groups. It will include procedures to get high-standard agreements through Congress, and procedures that enable Congress to right the ship if trade negotiators get off course. But to get better trade agreements, there must be more transparency in negotiations. The Congress cannot fulfill its constitutional duty on trade if the public doesn't know what's at stake or how to weigh in.

The public needs to know that somebody at USTR is committed to shedding more light on trade negotiations and ensuring that the American people have a strong voice in trade policy – a voice that is actually heard.

Going forward in the days and weeks ahead, I am going to work with my colleagues and stakeholders on a proposal that accomplishes these goals and attracts more bipartisan support. As far as I'm concerned, substance is going to drive the timeline.

Some would like to lay blame for lack of support for the TPA proposal recently introduced in Congress at the doorstep of the White House. The president and Ambassador Froman are, frankly, having a difficult time selling a product that members are not thrilled about. Policy matters, and arbitrary timelines won't work. Instead of casting blame, our time would be better spent rolling up our sleeves and getting to work on policies that expand the winners' circle for our people. Expanding the winner's circle is going to mean that Americans see a trade agreement that they actually want to pass. That will build more bipartisan support for the president's trade priorities.

I've been the chairman of the Senate Finance Committee for 22 working days. You've got almost all the answers that have been around for 22 working days. I've spent a lot of time over the past few weeks listening to what committee members have to say about trade and their priorities. They've been sharing their views and suffice it to say there are some strong feelings.

I can tell you what unites members of the Finance Committee is a strong desire to strengthen our economy, increasing our competitiveness in tough global markets, creating more good-paying jobs, and in a phrase you'll hear me talk a lot about because it applies to trade, it applies to tax policy: economics policy that gives everybody in America a chance to get ahead. That's my view of what trade and our economic policy ought to be about and when done right, trade policy can accomplish that. I'm sure everybody in this room shares that view.

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Senate Committee on Finance | 219 Dirksen Senate Office Building | Washington, DC 20510-6200