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U.S. SENATE COMMITTEE ON FINANCE
Hearing on Trade Enforcement for a 21st Century Economy
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I. INTRODUCTION

Good morning. It is a pleasure to be here today and to have the chance to testify on this very important topic – namely enforcement of our trade remedy laws. This is obviously a large and diverse topic, and I would like to confine my remarks principally to the challenges and priorities we face in terms of effective application of our domestic trade laws and efforts to remedy foreign unfair trade practices.

I believe that the topic before you today cannot be separated from the larger crisis we face in terms of American manufacturing and competitiveness. Ensuring that the U.S. market is characterized by fair trade practices – and that our workers and companies have an equitable chance to compete in their own market – may not be a panacea to solve the manufacturing crisis, but it certainly is a necessary condition to do so. No matter what else you do with regard to regulatory costs, health care, education, training, and all the other challenges facing manufacturing, the effort will go for naught if we continue to allow our industries to be devastated by import competition that is not playing by the same set of rules.

This is not a question of protectionism. Indeed, the real protectionists today are those who would defend foreign unfair practices that undermine U.S. and global markets. This is a question of whether we are going to get serious about having one set of rules for producers operating here and abroad – or whether we will continue to let those foreign companies benefiting from government support and other market-distorting practices reap windfall advantages in the market.

Whatever we may like to think about patriotism or the commitment of business leaders to this country, ultimately businesses will go where the rules of the game favor them. They will operate in those jurisdictions where they can maximize sales, returns and market share. If that means relocating to countries that provide government support, rigged home markets, and easy export platforms to ship back into open markets like the United States, they will do so – *if we give them the chance*. In that sense, there is no point in wringing our hands and lamenting the decisions of businesses to place their bets abroad. The responsibility and the challenge here lies with Congress and with policy makers to stop rewarding those who seek such artificial advantages and the benefits of foreign market distortions with unfettered access to this market.

Time is running short, and I sincerely hope a commitment to real change is developing in Congress. Because if we do not act soon, it will most certainly be too late.

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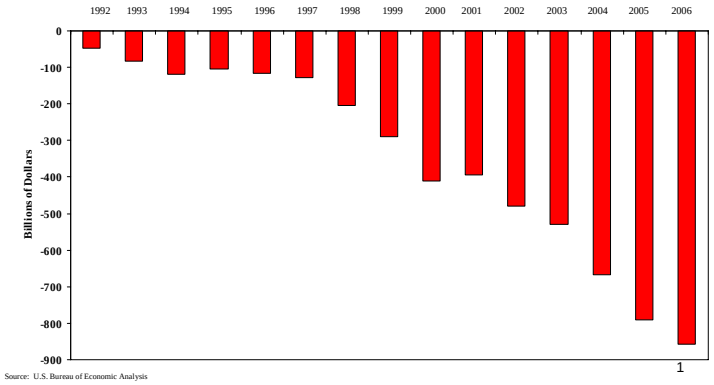
II. THE CURRENT U.S. MANUFACTURING CRISIS UNDERSCORES THE IMPORTANCE OF STRONG U.S. TRADE LAWS

There can be no question that U.S. manufacturers currently face a major crisis. Indeed, the idea that America is steadily losing its industrial base has become almost commonplace. Even with all of the conventional wisdom, however, it is rarely the case that the full magnitude of the problem is recognized.

Consider the current account deficit. (Figure 1). I am old enough to remember the early 1990's when many Members of Congress and other observers expressed alarm at the size of the deficit – which at that time was less than $100 billion. As can be seen, the deficit last year topped $800 billion and there appears to be no end in sight as to how bad it can get.

Figure 1

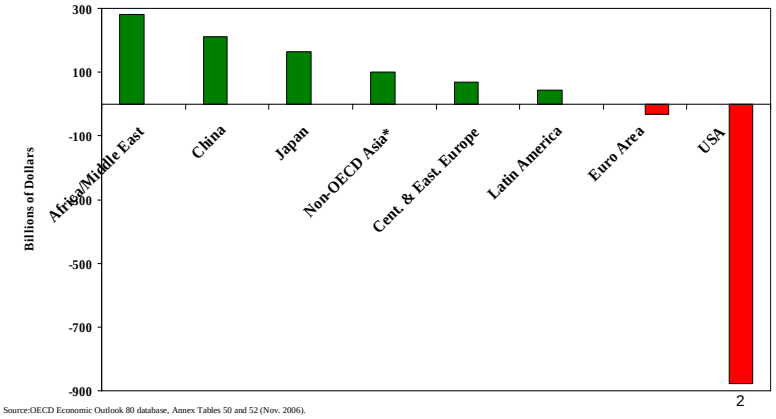
The U.S. Current Account Deficit



This growing deficit is due in large part to our massive trade deficit with respect to goods, resulting from the fact that U.S. manufacturers find it more and more difficult to compete with their international rivals. Significantly, as shown by Figure 2 below, the United States is the *only* major economy that is running such a large current account deficit. These data show that current U.S. policies are effectively propping up manufacturers in the rest of the world, while placing our own manufacturers at a major disadvantage. This is not, I would submit, a healthy or sustainable situation for the global or U.S. economies.

Figure 2

In 2006, the United States Was the Only Major Economy with a Large Current Account Deficit



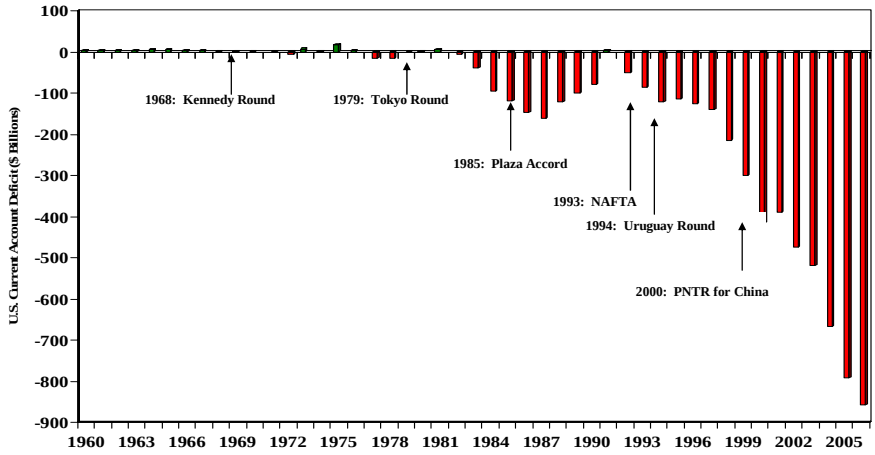
Source:OECD Economic Outlook 80 database, Annex Tables 50 and 52 (Nov. 2006).

* Non-OECD Asia does not include China

It should also be noted that however valuable new trade agreements may be, history demonstrates that these agreements are *not* likely to lower our trade deficit. Indeed, Figure 3 shows that our current account deficit has continued to grow, despite the numerous trade agreements that we have approved in recent years.

Figure 3

U.S. Current Account Deficit and Key Trade Agreements from 1960 to 2006



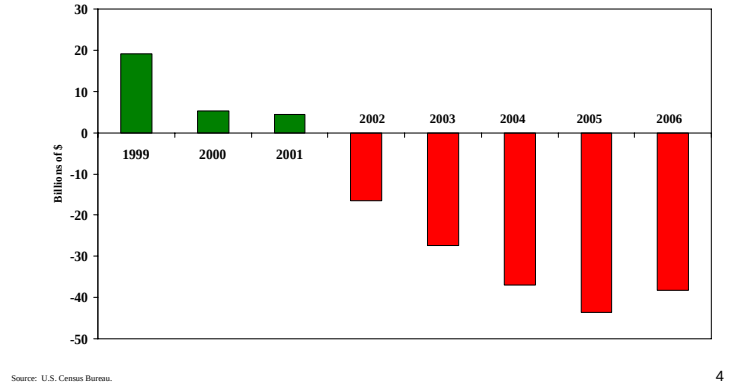
Source: U.S. Bureau of Economic Analysis.

Several years ago, we were told that U.S. manufacturers were simply shifting to more advanced products. But as Figure 4 shows, in the last few years our trade balance

with respect to advanced technology has gone from a surplus to a deficit, and the figures are quite dramatic. The fact is that, given the current rules of the game, we are not competing successfully at *any* end of the spectrum.

Figure 4

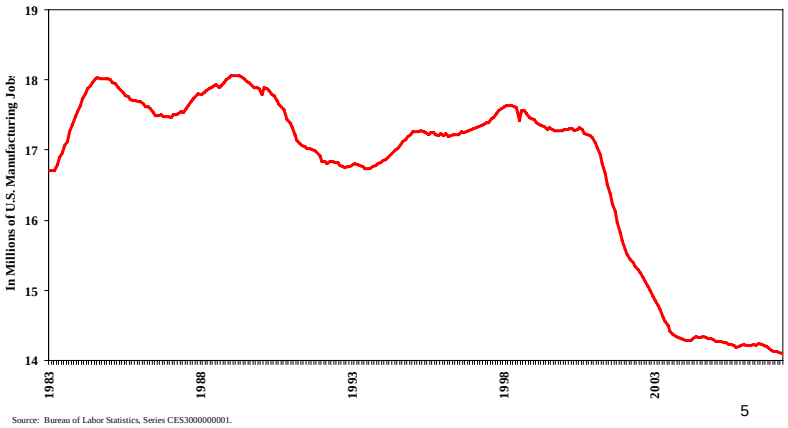
U.S. Trade Balance in Advance Technology



It is not surprising that at the same time U.S. manufacturers are struggling with global competition, they are also reducing their workforce. As Figure 5 shows, the number of Americans employed by manufacturers stabilized after the recession of the early 1980s, and remained fairly steady for almost 20 years. But since 2000, we have lost 3 million manufacturing jobs – and those jobs have not returned despite years of economic growth.

Figure 5

U.S. Manufacturing Jobs
1983-2007

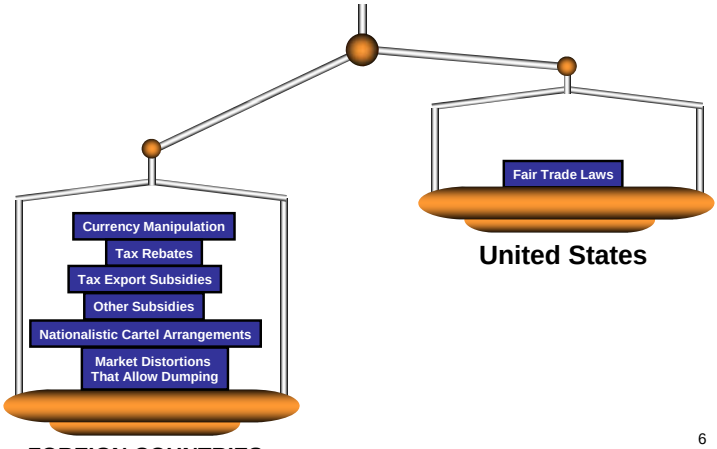


Together, these facts paint a grim picture of the difficulties facing U.S. manufacturers. These difficulties undoubtedly have many causes, ranging from high regulatory costs, to health care burdens and many other factors. But it is pure folly to ignore the role of foreign unfair trade practices and the ways in which the rules are rigged against American workers and companies.

Figure 6 gives a simplified illustration of some of the ways in which foreign countries act to artificially prop up and support their national industries. Many of these topics are of course well known – and include blatant currency manipulation in places like China and Japan, international and foreign tax rules that grossly disadvantage U.S. producers, massive subsidies provided by foreign governments, fixed markets abroad, cartel arrangements, and a host of other practices that lead to dumping on world markets.

Figure 6

Pro-Manufacturing Trade Policies



While our trading partners have many policies to artificially promote manufacturing in their countries, the United States in many ways relies upon only one policy in response: namely, our fair trade laws. Without those laws, American companies would have no practical response to the unfair tactics of our trading partners. It is no exaggeration to say that strong and effective trade laws are essential to preserving our manufacturing base. If those laws are weakened, U.S. manufacturers – and the millions of Americans who depend on manufacturing for a middle-class lifestyle – will be further harmed, perhaps irreparably.

Unfortunately, as discussed in more detail below, we are in the midst of an aggressive effort to undermine these vital laws. Our laws are regularly attacked through the WTO dispute settlement process, they have been weakened by uneven enforcement in the United States, and they are being challenged by our trading partners in ongoing negotiations. If we do not act now to reverse these trends, and to re-affirm our

commitment to strong and effective laws against unfair trade, these critical laws could effectively be lost forever.

III. CHALLENGES TO U.S. TRADE LAWS

U.S. trade remedy laws face significant challenges on a number of fronts.

A. WTO Dispute Settlement Process

Clearly, one of the biggest threats to our trade laws is from the dispute settlement system at the WTO. The system has fundamentally lost its way, and the decisions being issued by the WTO are gutting our trade laws.

The United States has borne the brunt of the problems with the WTO dispute settlement system. The United States has become the principal defendant at the WTO, having been named as a defendant in far more cases than any other WTO member. The United States is also losing almost every case brought against it. In fact, the WTO has ruled against the United States in 40 of the 47 cases in which it has been the defendant. A number of these decisions have required or will require changes to U.S. law.

Rogue WTO panel and Appellate Body decisions have consistently undermined U.S. interests by inventing new legal requirements that were never agreed to by the United States. Not surprisingly, WTO dispute settlement has become the appeal of first resort, not last resort, by our trading partners. Our trading partners have been able to obtain through litigation what they could never achieve through negotiation. The result has been a loss of sovereignty for the United States in its ability to enact and enforce laws for the benefit of the American people and American businesses. The WTO has increasingly seen fit to sit in judgment of almost every kind of sovereign act, including U.S. tax policy, foreign policy, environmental measures, and public morals, to name a few.

But nowhere are the problems with the WTO dispute settlement system more pronounced than in the trade remedies area. Our negotiators in the Uruguay Round painstakingly set forth specific rules in this area and made clear that WTO dispute settlement panels should defer to national authorities like the Department of Commerce and the U.S. International Trade Commission ("ITC") where possible. However, the WTO has ignored this mandate and has instead engaged in an all-out assault on trade remedy measures. The United States' track record in trade remedy cases before the WTO is downright abysmal – the United States has lost an astounding 30 of the 33 cases that have been brought against it in the trade remedy area. A few examples of the overreaching by the WTO in this area are all that are needed to vividly see that the dispute settlement system has veered off course.

- ***Zeroing.*** The WTO has now issued a series of decisions striking down the "zeroing" methodology employed by the Department of Commerce to calculate a company's dumping margin. The use of zeroing merely

ensures that non-dumped sales are not improperly used to offset a foreign producer's dumping margins on merchandise that is not fairly traded. The WTO has ruled against the use of zeroing despite the fact that there is no explicit or, for that matter, implicit prohibition of zeroing in the relevant WTO agreements. In other words, as both Congress and the Administration have repeatedly recognized, the WTO's zeroing decisions have created obligations to which the United States never agreed. In fact, the Administration has been harshly critical of the WTO's decisions on zeroing. The Administration has called the Appellate Body's latest decision on zeroing "devoid of legal merit" and commented that the Appellate Body "appears to be trying to infer the intent of Members with respect to the issue of 'zeroing' without the benefit of a textual basis." The WTO's decisions on zeroing represent a clear example of WTO overreaching in the trade remedy area.

- ***Byrd Amendment.*** The WTO's decision striking down the Continued Dumping and Subsidy Offset Act of 2000 – better known as the Byrd Amendment – is no better. The WTO ruled in this case, without any support in the relevant WTO agreements, that antidumping and countervailing duties that are collected by the United States may not be distributed to injured U.S. producers. The Uruguay Round negotiators never even considered, much less agreed to, any restrictions on how WTO members may use antidumping and countervailing duties that they collect. Indeed, the WTO Appellate Body's decision in the Byrd Amendment case prompted 70 Senators to condemn its actions as "beyond the scope of its mandate by finding violations where none exists and where no obligations were negotiated."

- ***Failure to Abide by the Standard of Review.*** A problem extending throughout the WTO's decisions in trade remedy cases has been the failure to abide by the deferential standard of review for such cases. The United States expended enormous time and resources negotiating the standard of review for antidumping ("AD") and countervailing duty ("CVD") cases. However, WTO panels and the Appellate Body have systematically ignored the standard of review in reaching decisions that show no deference to the findings of government agencies such as the Department of Commerce and the ITC or to the laws enacted by WTO members. Unless and until WTO panels and the Appellate Body adhere to the agreed-upon standard of review, they will continue their baseless assault on the trade remedy laws.

I am not alone in this assessment of the WTO dispute settlement system. Even supporters of the WTO and legal experts hostile to the trade remedy laws have expressed astonishment at the level to which WTO panels and the Appellate Body are simply writing new requirements into the WTO agreements. The threat that this poses to the trade remedy laws and to the entire world trading system cannot be overstated.

B. Uneven Enforcement

Our laws are also weakened by uneven enforcement at home. No matter how strong our laws may appear on paper, they will be ineffective unless we have administrators who are committed to strict enforcement of those laws. Unfortunately, this type of commitment has been found lacking at times, including in some very important areas. To give just a few examples:

- ***Difficulty of proving material injury.*** Domestic industries are eligible for AD or CVD relief only if unfairly-traded imports cause or threaten "material injury." U.S. law defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[2] On its face, this appears to be a reasonable standard that recognizes that unfair trade should generally be discouraged and that *any* not-immaterial harm should be sufficient to justify relief. But in fact, some members of the ITC have in a number of instances appeared to interpret the standard to effectively require a much higher demonstration of injury. Our law was not intended, and does not require, that domestic industries demonstrate heavy losses or devastating injury before they can resort to fair trade remedies. As someone who practices in this area of the law, I can assure you that many unfair trade cases have not been brought – or have been delayed (with consequent extensive injury to the relevant U.S. industry) – *solely* because of a concern with how the ITC interprets the material injury standard.

- ***Failure to apply U.S. CVD laws to non-market economies like China.*** The decades-long policy of not applying U.S. anti-subsidy rules to non-market economy countries like China represents another clear example of uneven enforcement of fair trade rules. China has for years been one of, if not the, most significant subsidizers in the world. There has never been a valid legal reason to refrain from applying anti-subsidy rules to China – a fact made even more clear by China's explicit agreement to be subject to such rules upon its accession to the WTO. While the Commerce Department's recent change in policy in this area is welcome, a great deal of harm has already been done – and it remains to be seen whether the new policy of applying CVD rules to China will be enforced in an effective manner.

- ***Failure to enforce China-specific safeguard law.*** Under Section 421 of the Trade Act of 1974, as amended, the President has authority to impose safeguard relief with respect to Chinese imports that are disrupting the U.S. market. This provision was the result of hard-fought negotiations with China, and was important in persuading Congress to

[2] 19 U.S.C. § 1677(7)(A) (2000).

support China's accession to the WTO. Used properly, it would be a valuable tool to prevent surges of imports from China. Unfortunately, Section 421 has effectively been rendered a dead letter by the Administration's refusal to impose relief. On four different occasions, the ITC has found that the standard for Section 421 relief has been met.[3] Every single time, the Administration denied relief.

- ***Inadequate funding for enforcement.*** Those of us who practice AD/CVD law regularly appear before the Import Administration of the Department of Commerce ("IA"), which has responsibility for determining whether foreign producers are engaging in unfair trade. In recent years, we and others have witnessed a troubling reduction in the resources allocated to this critical function at Commerce. Indeed, it is our understanding that IA's appropriation was cut from $68.2 million in fiscal year ("FY") 2004 to $59.8 million in FY 2007, a decline of 12.3 percent. Similarly, we understand that the number of employees at IA fell from 388 in FY 2005 to only 319 in FY 2007, a decline of 17.8 percent. In my view, the resources available at IA simply are not sufficient to properly enforce the law – and we are seeing the effect in a variety of ways, including the failure to appropriately staff cases, the failure to conduct verifications of the information provided by foreign producers and the failure to follow up on enforcement issues as vigorously as needed.

C. The Doha Round, Free-Trade Agreements, and Other International Negotiations

Another major challenge to the effectiveness of our trade law resides in ongoing international trade negotiations – especially the Doha Round talks. The most egregious and consistent violators of U.S. trade laws – including countries like Japan, China, Brazil, Korea and others – have made it literally a first priority to use these talks in an effort to undermine U.S. and global fair trade disciplines. If they succeed, our laws will rendered completely ineffective.

The mandate for Doha talks – as well as Congress' clear instructions in granting trade negotiation authority – never envisaged that the so-called "Rules" negotiations would involve substantive weakening changes to these vital fair trade disciplines. To the contrary, the official mandate spoke of the need to preserve the basic "concepts, principles, and effectiveness" of these rules, and Congress made it a principal objective to avoid *any* agreement that lessened the effectiveness of U.S. or international disciplines on unfair trade.

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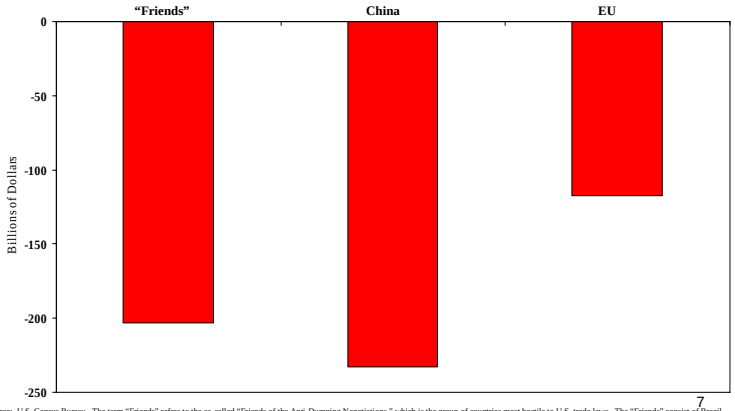
[3] *See Pedestal Actuators from China*, Inv. No. TA-421-1, USITC Pub. 3557 (Nov. 2002); *Certain Steel Wire Garment Hangers from China*, Inv. No. TA-421-2, USITC Pub. 3575 (Feb. 2003); *Certain Ductile Iron Waterworks Fittings from China*, Inv. No. TA-421-4, USITC Pub. 3657 (Dec. 2003); *Circular Welded Non-alloy Steel Pipe from China*, Inv. No. TA-421-6, USITC Pub. 3807 (Oct. 2005).

In direct contravention of these instructions, the current negotiating dynamic of the Rules talks would lead to a dramatic weakening of fair trade rules – and an unmitigated catastrophe for American manufacturers. Opponents of AD/CVD laws have put forward literally scores of detailed, substantive proposals that would gut our laws. In response, the United States has advanced precious few proposals to strengthen fair trade laws. As a result, the talks are badly out of balance, and it is not difficult to see that any "compromise" in such a one-sided negotiation would spell disaster from the U.S. perspective.

Set forth in Figure 7 are the 2006 trade balances that the United States maintained with the key proponents of weakening U.S. trade laws. Interestingly, these countries make up the vast majority of the truly unfathomable overall U.S. trade deficit. The basic dynamic in the Rules talks is that these countries would like to gut our trade laws and see these red bars become even bigger.

Figure 7

U.S. Trade Balances in 2006 with
Key Trade Law Opponents



Source: U.S. Census Bureau. The term "Friends" refers to the so-called "Friends of the Anti-Dumping Negotiations," which is the group of countries most hostile to U.S. trade laws. The "Friends" consist of Brazil, Chile, Colombia, Costa Rica, Hong Kong, Israel, Japan, Korea, Mexico, Norway, Singapore, Switzerland, Taiwan, Thailand and Turkey.

While the Doha negotiations present the greatest challenge, threats to the trade laws exist in a wide range of international trade negotiations – including bilateral and multilateral agreements. The recent U.S.-Korea FTA, for example, included novel provisions never included in any prior agreement that would set forth additional hurdles (e.g., consultations before initiating a trade proceeding, consultations with respect to potential settlement of such cases, etc.) before relief could be implemented. Similarly, talks relating to the proposed Free Trade Area for the Americas included many of the same harmful proposals now being advanced in Doha negotiations.

The importance of our trade laws is not lost on key trading partners, who are exploring literally every avenue possible to weaken those laws and gain unfettered access to our market – even for unfair trade. This fact and recognition should also not be lost on U.S. policy makers, who should similarly see the importance of defending those very provisions.

IV. AREAS FOR NEEDED STRENGTHENING

There are many areas where U.S. trade laws should be strengthened and a number of excellent proposals that have been made. I would like to focus today on several areas of urgent concern and/or where action should first be addressed.

A. WTO Reform

Getting some handle on the problems brought about by judicial activism at the WTO – and reining in those abuses – is an absolute top priority. As noted, WTO overreaching has negatively impacted a vast range of core aspects of the trade remedy laws (not to mention other U.S. laws in the tax, foreign policy, environmental, and other areas), and is increasingly a threat to the legitimacy of the entire world trading system.

Several common sense actions should be pursued immediately:

- First, Congress should establish an expert body to advise it on WTO dispute settlement decisions adversely impacting the United States, and in particular whether WTO decision makers are following the law and the relevant standard of review. This idea was first put forward shortly after the conclusion of the Uruguay Round and has been proposed or endorsed at one time or another by any number of noteworthy figures – including Senator Dole, President Clinton, Senator Rockefeller, as well as the Chairman and Ranking Member of this committee. It was a good idea at the time, and every day we see more and more evidence of why such a body is needed.

- Second, Congress should specifically provide for the participation in WTO dispute settlement proceedings of private parties who would bring special knowledge to a case and be in a position to assist in the U.S. government's litigation efforts. In this regard, foreign governments already frequently make use of private (often U.S.) lawyers in prosecuting WTO actions, and there is no reason the United States should not similarly bring all supportive resources to bear in this increasingly vital litigation.

- Third, any proposed administrative action taken to comply with an adverse WTO decision should require specific approval by Congress. In a number of instances, the Administration has expressed strong disagreement with adverse WTO dispute settlement decisions, and yet felt the necessity to take administrative steps to comply with such judgments. Given the importance of these decisions to the U.S. economy and U.S. citizens – and the obvious sovereignty concerns at stake – Congress should have a direct say in whether there will be a change in U.S. law or practice to comply with the rulings of foreign bureaucrats.

These steps would not only improve the way we litigate cases at the WTO, but would hopefully provide a powerful incentive for reform at the WTO itself -- given the recognition that Congress will be playing a more active role monitoring and responding to WTO decisions.

B. Zeroing

As I mentioned previously, the WTO has struck down the zeroing methodology used by the Department of Commerce to calculate a company's dumping margin. No decision has invited more strident criticism, including from the Administration, than the decisions issued by the WTO on zeroing. This criticism is completely justified. The decisions on zeroing have no basis in the relevant WTO agreements and represent a stark example of WTO overreaching. And although this issue is fairly technical in nature, there is no more important issue in the trade remedies area. The use of zeroing is essential to combat the problem of masked dumping and thereby capture 100 percent of the dumping engaged in by foreign companies. In fact, foreign companies often dump on certain sales to secure accounts in the United States and then sell at higher prices on other sales so as to mask their dumping. If zeroing is not used and non-dumped sales are allowed to offset dumped sales, these companies will be able to dump with impunity and significantly harm U.S. producers. It is not an overstatement to say that the inability to use zeroing will eviscerate the U.S. trade laws.

The Administration has already started implementing the WTO decisions on zeroing by not using zeroing in certain antidumping proceedings, and this is causing enormous problems for U.S. producers. If the Doha Round negotiations do restart in earnest, the Administration's highest priority in the Rules talks should be to seek explicit recognition of the right of WTO members to use zeroing. Until a negotiated solution is reached on this issue, it is imperative that the Administration stop any further implementation of the WTO's fundamentally flawed decisions on zeroing and that it reverse its prior actions to implement such decisions.

C. Applying U.S. Anti-Subsidy Law to Non-Market Economies

Another proposal that has received a great deal of attention is to legislatively mandate that the CVD law be applied to non-market economies like China. Legally, this is clearly a well-justified action, and as noted above the Administration has already announced a policy change to begin applying CVD measures to China.

Even with the Administration's policy change, legislative action is still critical – both to ensure that this policy change will withstand potential legal challenges and that the policy is properly implemented. In this regard, several factors are paramount:

- Application of CVD rules to China should not, and must not, have any impact on its treatment as a non-market economy for purposes of the AD law. These are logically distinct issues, and the evidence is clear that China does not qualify as a market economy. Treating it as such would not only

effectively remove the benefit of applying the CVD law to China; it could actually result in weaker overall fair trade enforcement than existed before the policy change.

- Congress should be required to approve any decision to designate China as a market economy. This decision is simply too important to our economy and our laws for Congress not to have a say.

- Application of the CVD law should not result in weaker enforcement of AD measures against China. In this regard, there is no legal or logical basis for proposals to reduce AD margins by the amount of any countervailing duties imposed to offset domestic subsidies. The antidumping methodology used in nonmarket economy cases is not intended to, and does not, correct for or offset domestic subsidies, and there is as such no basis for the so-called "double counting" adjustments that have been proposed.

D. Currency Manipulation

Another area where action is urgently needed is to address foreign currency manipulation. This problem has received widespread attention for a simple reason – namely that it is completely outrageous. Currency manipulation seriously distorts markets and undermines the very foundation of free trade. It acts as a major subsidy for manufacturers in the manipulating country, because it makes their exports artificially competitive. It also acts as a tariff on U.S. shipments to the manipulating country, by making those shipments artificially expensive.

Our enormous trade deficit with China would normally cause the Chinese yuan to rise significantly vis-a-vis the dollar, but China prevents such a rise by exercising tight control over its exchange rates. Indeed, some experts believe that China's yuan is now undervalued by as much as 40 percent or more. China is not the only country to engage in currency manipulation. Japan and Korea, among others, employ similar tactics.

There has been an enormous amount of talk and posturing on this issue, and it has become increasingly clear to most observers that more serious action is now demanded. There are a variety of sound, sensible proposals out there – including the proposal to treat currency manipulation as a subsidy for purposes of U.S. CVD laws. Those initiatives should be considered and acted upon to spur real change in an area that is simply not sustainable.

E. VAT Tax Inequities

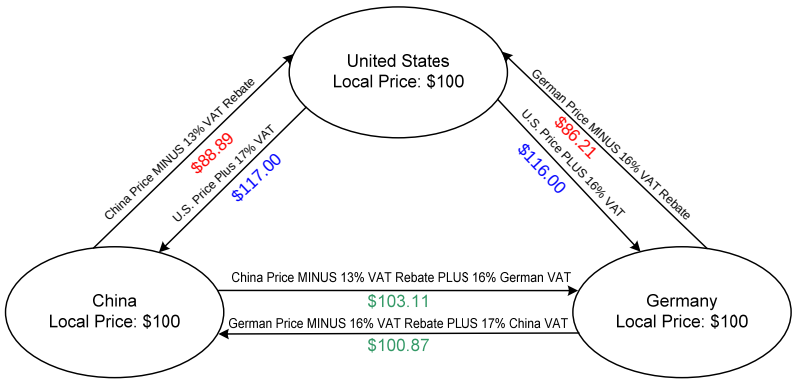
Another significant inequity – less well known but equally damaging – involves the irrational penalty imposed by WTO rules on producers in countries (principally the United States) that rely on income tax systems, as opposed to producers in countries (most of the rest of the world) that rely upon value-added tax ("VAT") systems. For

decades, Congress has repeatedly instructed our trade negotiators to correct this problem, and yet nothing has been done.

The problem is that under current rules, foreign countries may "adjust" their VAT taxes at the border – meaning that those taxes may be rebated on exports and imposed on imports. Meanwhile, income taxes may *not* be adjusted. Accordingly, producers in a country like the United States (which relies disproportionately on a corporate income tax), must bear *both* the U.S. income tax *and* foreign VATs on their export sales, while their foreign competitors may sell here largely tax free. (Figure 8 below shows how this system places U.S. producers at a significant disadvantage). Recent estimates suggest that this disparity likely impacts the U.S. trade balance by more than $130 billion per year. There is no economic justification for this practice; it is simply a gift to foreign producers.

Figure 8

Example of How Current WTO Tax Rules Harm U.S. Manufacturing



Note: Data for Germany and China VAT from the U.S. Council for International Business. See http:\\www.uscib.org.

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The time has come to demand that our trading partners agree to a fairer system. Again, there are a number of good proposals. One approach would be to demand that this problem be rectified in negotiations by a set period (e.g., 1-2 years) – after which period the United States would begin to treat foreign rebates of VAT taxes as a countervailable subsidy (just as rebates of income taxes are now treated). The point again is that action is urgently needed.

F. Funding for Trade Enforcement

Ultimately, our trade laws are only as good as the people and resources enforcing them. Congress should make sure that our core enforcement agency – namely the Import

Administration – is receiving adequate funds and manpower to do the job it is called upon to perform.

G. Congressional Oversight of Trade Negotiations

Finally, Congress needs to become more aggressive in overseeing U.S. trade negotiators. Given the clear constitutional responsibility of Congress with respect to trade regulation, many American manufacturers and workers are depending on you to ensure that U.S. fair trade laws remain effective. Our trading partners have made it a first priority to weaken these core disciplines, and without Congress' direct involvement and resolve, they are likely to succeed. I hope that if an agreement does come back that weakens these vital rules, Congress will oppose it.

V. CONCLUSION

There is no question that our trade laws are under assault as never before, and their efficacy in preserving a fair market for U.S. business and workers is increasingly in doubt. Ultimately, fair trade must be the cornerstone of any manufacturing policy, and is an absolutely fundamental prerequisite for a recovery of manufacturing in this country.

If we continue down our current path for much longer, we will reach a tipping point as U.S. manufacturers will conclude that industry has no future in this country, and they will focus their efforts – and their investments – in foreign markets. If this happens, the effects on our economy, our workers, and our nation will be devastating. I urge you to act now to protect and strengthen trade laws that will allow, and hopefully encourage, manufacturers to remain and flourish in this country.