

Crapo Statement at Hearing on the Administration's Trade Agenda
May 12, 2021

Washington, D.C.--U.S. Senator Mike Crapo (R-Idaho), Ranking Member of the U.S. Senate Finance Committee, delivered the following remarks at a hearing entitled, "The President's 2021 Trade Policy Agenda."

The text of Ranking Member Crapo's remarks, as prepared, is below.

"Thank you Mr. Chairman. Welcome Ambassador Tai.

"The President's 2021 Trade Policy Agenda opens with two objectives: '[1] ending the COVID-19 pandemic and [2] strengthening the economy...'

"Significant progress is being made on the first, with record vaccine development thanks to Operation Warp Speed and continued efforts by the Biden Administration to get shots in arms.

"Unfortunately, with regard to the second objective, the progress is disappointing.

"Last month, the United States added only 266,000 jobs—far less than the one million that most economists expected.

"President Biden's response is that 'we have a long way to go.' Yes, we do. In fact, more Americans are out of work at the moment than during the worst point of the Great Recession.

"Of course, Americans have crossed unimaginable distances before—and they will do so again.

"But why counsel Americans to be patient? It's not in their nature. What we need to do, right now, is to speed up the journey for everyone by fully reopening the economy, and executing an ambitious and sound trade policy.

"According to President Biden's trade agenda, exports facilitate greater productivity and wages. In fact, President Obama's White House determined that every billion dollars in increased annual exports supports between 5,300 and 7,300 jobs.

"If the Biden Administration wants a worker-centered trade policy, then the logical—and only sensible course—is to adopt a trade policy that creates as many high paying jobs as possible.

"That kind of successful trade policy requires at least three components.

“First, enforcement must be a priority. The Trade Agenda notes there will be comprehensive enforcement of the labor and environmental obligations in our free trade agreements.

“I support that because America’s businesses, workers and farmers need to compete on a level playing field.

“We can do that—and also stand up for them by challenging other market access barriers at the same time. Enforcement in these areas is complementary, not exclusive.

“Make no mistake, there is a great deal to enforce. For example, the United States – Mexico – Canada Agreement (USMCA) contains groundbreaking market access commitments.

“These commitments are particularly important to our farmers, who have faced a decline in demand from restaurants, school systems and hotel customers.

“We must make sure American farmers get the access to our trading partners to which they are entitled.

“But the story on enforcement must become better.

“An important U.S. tariff-rate quotas case against Canada remains stalled in the USMCA process. It is time to see progress on it, or the United States must proceed with a dispute settlement panel so that American farmers, ranchers and businesses can enjoy the benefits they bargained for under the agreement.

“Mexico is adopting a host of measures that undermine our agricultural rights, including restrictions on biotech crops, glyphosate and unreasonable food packaging labels.

“Ambassador Tai, I encourage you to press for action on these barriers at the meeting of the USMCA Free Trade Commission later this month. If our partners should refuse, you must use the enforcement tools at your disposal.

“The second component of an effective trade policy is negotiating new rules and market access opportunities. To that end, I support the Biden Administration’s call to work with allies.

“Yet, the President’s Trade Agenda is silent on whether we will continue to negotiate with the United Kingdom and Kenya.

“I encourage you to work the United Kingdom—one of the United States’ oldest allies—and with Kenya, which can serve as a replicable model for future trade deals in a country where China has failed to get an FTA, and that will also establish our commitment to the people of Africa.

“Furthermore, we must deepen our engagement in the Asia-Pacific, or risk losing U.S. allies there to China’s predations.

“While I understand you believe the Trans-Pacific Partnership (TPP) may have become dated, I see value in an agreement with new disciplines, including on digital trade.

“However, that means we must start thinking about how to modernize TPP, or what other structures we can use for U.S. engagement in the Asia-Pacific. We cannot simply take a ‘timeout’ from the region.

“Last month, Japan ratified the Regional Comprehensive Economic Partnership (R-CEP)—which is China’s model for what trading relationships in the region should look like. In the absence of U.S. leadership in the region, our allies will have to look elsewhere.

“If the United States is to pursue a worker-centered trade policy, we need to be mindful that American workers lose when China writes the rules.

“The final—but most important— component of a successful trade policy is consultation. The Supreme Court noted 60 years ago that the President is strongest when he acts pursuant to an authorization of Congress—and is potentially powerless when he acts in defiance.

“The Administration must be strong when it comes to trade policy, and that requires a close partnership between Congress and the U.S. Trade Representative.

“We recently had a test of that partnership: the Administration’s decision to support a waiver to the intellectual property protections in the WTO TRIPS Agreement.

“The WTO TRIPS Agreement was approved by Congress. The law says Congress’s approval can only be withdrawn ‘if, and only if’ Congress enacts a joint resolution to that effect. Last summer, during the height of the pandemic, both Houses of Congress declined to act on such a resolution.

“Yet, without any consultation with this Committee, you announced via a tweet that the Administration unilaterally supports waiving the patent obligations of the TRIPS Agreement.

“Chancellor Merkel of Germany asserts the problem with vaccine distribution is not patents, but manufacturing capacity and production standards.

“Albert Bourla, the CEO of Pfizer, said the decision will ‘categorically’ create more problems for vaccine distribution. He added that it will ‘disincentivize anyone else in the future from taking a big risk’ like Pfizer did, laying the groundwork for the classic moral hazard problem.

“Iconic American innovators, like Bill Gates, have also said the decision will not advance vaccine distribution.

“In short, these observers assert a TRIPS waiver will undermine the very objective I said the Administration was progressing: ending the pandemic.

“Conversely, Vladimir Putin, in fact, supports your decision to pursue a waiver. Neither did it surprise me that a bureau chief for one of China’s propaganda outlets replied to your tweet by asserting that ‘global pressure works.’

“You may, of course, have your own good reasons. But to date, you have not offered an adequate explanation. You will hear more on this subject from me and my colleagues.

“Ambassador Tai, I know that you like the expression that ‘USTR can walk, chew gum and play chess at the same time.’

“But what we need is a USTR that can enforce, negotiate and consult at the same time. The American people—and Members of Congress, including myself—are counting on you to prove that is the case.

“Thank you Mr. Chairman. I look forward to the testimony from our witness.

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