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Chairman Hatch, Ranking Member Wyden, Members of the Senate Finance Committee, thank you for the opportunity to testify today.

Trade plays a vital role in supporting good jobs, spurring growth, and strengthening the American middle class. As a result, increasing access to foreign markets for U.S. exports through enhanced trade opportunities has long been a bipartisan effort. Closely related to these economic stakes is the simple fact that sustaining our strength and influence abroad requires that we lead on trade. Our nation's economic strength and our position in the world hinges on our ability to lead – and to lead together.

Economic Importance of Trade

Trade has been one of our strongest engines for prosperity and progress. Since World War II, trade liberalization has added significantly to our GDP, boosting average family incomes year after year. These gains have disproportionately benefitted low-income Americans, who spend a much greater portion of their income on highly traded staples.

Today, the importance of trade to America's economic well-being has never been clearer. Since 2009, U.S. exports have contributed nearly one-third of our overall economic growth. Last year, U.S. exports reached \$2.35 trillion, a record-breaking amount that supported an estimated 11.7 million jobs, an increase of 1.8 million jobs since 2009. With those jobs paying up to 18 percent more than jobs not related to exports, trade policy has an important role to play in raising wages and living standards for the middle class.

Partially as a result of our exporting success, our economy continues to grow. Job creation is happening at the fastest rate since the 1990s, and wages are finally starting to rise. After nearly two decades in decline, factories are opening in this country again, manufacturing is starting to return from overseas, and we have added 900,000 new manufacturing jobs over the last five years. Last week, we published a report detailing how trade is benefitting all 50 states and highlighting some of the small and medium-sized American businesses that are competing and winning in global markets.

But we could do much better if the playing field were level. Put simply, the United States is already an open economy, but others are not. Our average applied tariff is only 1.4 percent, among the lowest in the world. In contrast, our businesses face much higher tariffs, and countless non-tariff measures abroad. Many of these imbalances are in areas where the United States is most competitive: 50% tariffs on machinery, 70% on autos, and up to 400% on certain agricultural products. In a world where more than 95 percent

of all customers live outside our borders, the disadvantages our workers and businesses face are less an inconvenience than an injustice.

Advancing the Trade Agenda

As global markets continue to grow, so too does the opportunity for American workers and businesses. Take Asia, whose middle class consumer population of 525 million is expected to swell to 3.2 billion over the next 15 years. By 2030, two-thirds of the world's middle class will call Asia home. These countries will be the world's fastest-growing consumers of everything from cars and cosmetics to streaming movies and music to fresh fruit and vegetables, and their governments and businesses will be the fastest-growing investors in everything from infrastructure to aircraft to satellites. As they grow, the question is, will American workers and businesses get a fair shot at serving these markets? Will they be buying Made-in-America products or products made elsewhere?

At the forefront of our trade agenda is TPP, which will cover 11 other countries and nearly 40 percent of the global economy. TPP will grow our exports by more than \$123 billion by 2025, according to one estimate. These exports will support many more high-paying jobs. TPP will level the playing field for U.S. businesses and workers by establishing the highest standards of any trade agreement in history, as well as the first disciplines on state-owned enterprises and on maintaining a free and open Internet.

Equally important, TPP represents a once-in-a-generation opportunity to play a leading role in writing the rules of the road for the world's fastest-growing region. That's why TPP is a central pillar of America's rebalance to Asia, as Secretary of Defense Carter recently noted. By leading on these issues, the United States underscores our commitment as a Pacific power to the region, deepens our alliances and partnerships, and establishes standards that reflect our interests and values. We can launch a race to the top, rather than be subject to a race to the bottom that we cannot win and should not run.

The stakes become even clearer when you consider the alternatives to American leadership on trade. In recent years, Asia-Pacific countries have entered into over 200 trade agreements, altering the landscape of trade and putting U.S. companies and workers at a disadvantage.

As we speak, China and others are negotiating an agreement that would encompass over three billion people, most of the new global middle class. This would create a strong tidal pull for investment and a powerful disincentive for investment in the United States. If we allow others to carve up the markets of the future – and to do so without raising labor and environmental standards, promoting innovation, and ensuring fair competition and openness – our workers and businesses will pay a steep price.

The choice we face today is clear. On the one hand, the promise of leading on trade includes more good jobs, robust growth, and a stronger middle class. On the other hand, the status quo is not only counterproductive, but unsustainable. The inescapable fact is that we cannot protect American workers by ceding our leadership and standing by as

other nations set the rules of the road. If we want to drive production in the United States, and create good jobs here, we must lead through a trade policy that reflects our interests and our values.

America's interests extend beyond the Asia-Pacific, of course, and so does the importance of our leadership on trade. During my testimony in January, I discussed in much greater depth and detail the efforts that comprise the President's Trade Agenda, whether it is the Transatlantic Trade and Investment Partnership we're negotiating with the EU or the work we're undertaking in Geneva to further WTO negotiations, eliminate tariffs on environmental goods and information technology products and increase access for our world class services exporters.

Strengthening a Bipartisan Tradition

A critical tool for unlocking the benefits of trade is Trade Promotion Authority (TPA) legislation. The long bipartisan tradition on this issue began when President Franklin Roosevelt signed the first trade negotiating legislation in 1934. During the eight decades since, Congresses of both parties have revised and renewed that authority 18 different times for Democratic and Republican Presidents alike.

Under the modern form of TPA, Congress establishes legislative procedures for the consideration and approval of trade agreements, including setting out what objectives should be negotiated and how the Administration will consult with it before and during negotiations.

But TPA hasn't been updated since 2002. During that time, the global economy has changed significantly. State-owned enterprises have increasingly tilted the playing field against our workers and businesses by receiving unfair subsidies while competing for the same customers. The digital economy has exploded. Congress now has the opportunity to account for the tectonic shifts in the global economy as well as the emerging consensus around key issues affecting trade, including labor, the environment and innovation policies.

Conclusion

With so much at stake, I look forward to continue working with this Committee and the Congress as a whole to pass TPA and advance the broader trade agenda, including renewing the Generalized System of Preferences that expired in 2013 and the African Growth and Opportunity Act well before its expiration in September. We also look forward to renewing Trade Adjustment Assistance, which helps provide American workers with the skills to compete in the 21st century.

Thank you again for the opportunity to testify today. I welcome your questions.