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HATCH STATEMENT AT FINANCE COMMITTEE HEARING EXAMINING THE OBAMA ADMINISTRATION’S 2012 TRADE AGENDA

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today delivered the following opening statement at a committee hearing examining the Obama Administration’s trade agenda with U.S. Trade Representative Ron Kirk:

Mr. Chairman, thank you for holding this hearing. Our economy demands a robust international trade policy, and my hope is that this hearing will contribute to the continued development of that agenda. To grow our economy and access new customers abroad, we need a trade policy that truly opens markets to U.S. goods and services.

Trade already accounts for approximately 14 percent of our nation’s GDP — and we have yet to reach our full potential. In 2011, our nation’s exports totaled nearly $1.5 trillion dollars. In 2010 companies from my home state of Utah exported over $13.8 billion in goods alone to countries around the world.

Last year, President Obama finally sent to Congress our long-stalled free trade agreements with Colombia, Panama and South Korea. Congress readily approved them. As a result, the American worker can soon harvest the market-access opportunities they bring.

These are positive developments.

But the fact remains that President Obama delayed sending the agreements for years while he pursued his misguided health care law and other domestic spending programs.

Now that the trade agreements are law, President Obama is eager to take credit. Yet, it is important to remember that it was President Bush’s vision of an aggressive market-opening U.S. trade policy that made all three agreements possible. President Bush believed strongly in the power of trade — and matched his belief with action. He relentlessly pursued Trade Promotion Authority and, once achieved, quickly negotiated twelve free trade agreements with seventeen countries. Even U.S. participation in the Trans-Pacific Partnership, what some view as President Obama’s signature trade initiative, was actually initiated by President Bush and his
team in 2008.

The United States needs that same level of commitment and leadership from our President today if we are going to create the framework for prosperity tomorrow. Our workers and job-creators face significant and growing challenges in the world. There are over 300 trade agreements in force around the globe, but the U.S. is a party to only 14. China has been growing at an average rate of between 8 and 10 percent for many years, and several studies project China will surpass the United States as the world’s largest economy over the next decade. Meanwhile, the U.S. economy is projected to grow at around 2.3 percent this year, too low to have much impact on the persistently high unemployment rate we have suffered under the Obama Administration.

Unfortunately, instead of the strong leadership and bold trade vision America needs to grow the economy, President Obama is satisfied with just nibbling at the edges of a comprehensive and coherent trade agenda. It is time to move past the achievements made possible under Trade Promotion Authority of 2002 and move forward with a new trade agenda of substance to address the opportunities and challenges the world presents now.

The President’s new top legislative trade priority, securing permanent normal trade relations with Russia, is a poor substitute. The President would have Congress pass PNTR and ignore Russia’s rampant corruption, theft of U.S. intellectual property, poor human rights record, and adversarial foreign policies for a market that amounts to .05 percent of U.S. exports. Moreover, it is a market we will have access to anyway on an MFN basis under the terms of our 1992 trade treaty once Russia joins the WTO.

I just wish the President and his Administration were straight with us and the American people. We hear a lot of rhetoric about how the President will only pursue trade policies consistent with his values, especially when it comes to the labor policies of our democratically elected friends in Latin America. But somehow those values vanish in the context of trade with Russia, a corrupt and autocratic regime.

A quick review of the Obama Administration’s other trade priorities reveals a similar lack of substance and vision. The President’s most recent executive order creating an Interagency Trade Enforcement Center, an event Ambassador Kirk called the most significant commitment of resources and expertise devoted to trade enforcement in fifty years, appears to do nothing more than detail personnel from one agency to another while replicating the core statutory mission of the Office of the U.S. Trade Representative. At the same time the President seeks to end USTR’s special role in trade policy through a trade-agency reorganization, ending 50 years of achievement by a talented, nimble, and effective agency.

We need less hyperbole and more concrete action. We can start with Trade Promotion Authority. I was quite disturbed to hear comments that the President will seek TPA when he decides that he needs it. TPA is not something the President asks for after an agreement is negotiated. TPA establishes the foundation upon which trade agreement negotiations and
meaningful consultation takes place.

Article 1 section 8 of the Constitution vests Congress with the authority over tariffs. Absent Congressional delegation of that authority and consensus directives through TPA, the President has no authority or guidance from Congress upon which to negotiate. Federal register notices and staff-level meetings are not a substitute for TPA. Moreover, many of the elements of the current Trans-Pacific Partnership negotiation do not reflect Congressional directives. Finally, few countries will conclude a meaningful trade negotiation with the United States unless the President has the authority to negotiate through TPA. But TPA will not become law without sustained engagement by the President in a substantive and meaningful way.

I appreciate the President’s interest in concluding the Trans-Pacific Partnership agreement, but unless this Administration engages with Congress on TPA, and soon, I fear that this important initiative will fail under the weight of empty rhetoric without action, and that the American people will be left with an Obama trade policy that is really nothing more than false hope.

One final point. I wrote you and Secretary Geithner about trade and currency policies on September 28, 2011 and January 18, 2012. The Administration has not responded to either letter.

The American people have a right to know what the Obama Administration’s position is on currency. Therefore, I would ask that both my letters be placed into the hearing record, and that the Administration response be included in the record when it is received.

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