



For Immediate Release  
March 3, 2010

Contact: Scott Mulhauser/Erin Shields  
202-224-4515

**Hearing Statement of Senator Max Baucus (D-Mont.)  
Regarding the President's 2010 Trade Agenda**

Benjamin Disraeli said: "Free trade is not a principle, it is an expedient."

Disraeli was right. Free trade is not an ideology. It is a means to an end.

Free trade is a tool to create opportunity for the American people. Our trade agenda cannot stand in isolation. It must serve our broader goals.

America is emerging from the most wrenching economic crisis since the Great Depression. The economy is beginning to recover, but unemployment remains high. Fifteen million Americans are out of work.

Our most urgent economic goal must be to create jobs. Job creation must be at the center of our trade agenda.

History tells us that expanding trade promotes growth. According to the Peterson Institute, trade liberalization since 1945 has increased U.S. national income by nine percent. That nine percent means \$1.3 trillion of additional income last year alone.

And we know that opening markets and increasing exports create jobs. According to the Department of Commerce, every \$1 billion in manufacturing exports supports almost 7,000 jobs. And every \$1 billion in agricultural exports supports 8,000 jobs.

Last year, America exported more than \$1.5 trillion in goods and services. Those exports supported nearly 10 million jobs.

In 2008, my home state of Montana exported more than \$2 billion worth of agricultural goods, industrial machinery, chemicals, paper and other products.

Americans are among the most productive people in the world. But we are not yet meeting our export potential.

We are the world's largest economy. We're nearly three times the size of our nearest competitor. But we are only the third largest exporter, after China and Germany. As a share of national income, America exports less than all of our major trading partners.

We must achieve our export potential. Our economic recovery depends on it.

As a result of the recession, domestic consumption has plummeted. Public spending helped to fill the demand gap in the short run. But as we reduce stimulus to protect our fiscal stability, we must find new sources of demand. We must find new buyers abroad.

The President has set a goal of doubling U.S. exports over the next 5 years. That increase would support two million jobs. I endorse this goal.

But it is ambitious. It would require exports to grow nearly 15 percent annually. That's almost double the yearly average since 1960.

We can meet this goal. But our actions must be as ambitious as the goal. We must do everything possible to open markets and promote our exports.

What should we do? I propose five steps.

First, we should increase our support for export promotion. Last week, we heard testimony about the export potential of small business. Small businesses represent 97 percent of exporting firms but only 30 percent of exports. There is room for growth.

In order to grow, small businesses must obtain the necessary resources. As Spencer Williams, the President and CEO of West Paw Design in Bozeman, Montana, testified, small businesses need financing, market research, and technical assistance.

If we are committed to increasing exports and creating jobs, we should help small businesses acquire these resources, just as our competitors do. Canada, for example, spends 50 percent more than we do on export promotion. The United Kingdom spends three times more.

Second, we should approve our pending trade agreements. South Korea is our seventh largest trading partner. Colombia is our largest agricultural market in South America. And Panama is a center of global commerce.

The International Trade Commission estimates that these agreements, once implemented, would increase U.S. exports by approximately \$12 billion.

We must address the remaining obstacles to these agreements. But we must also recognize the consequences of delay. Our competitors are signing trade deals that will put our farmers and businesses at a competitive disadvantage unless we act.

Third, we should focus on the markets that matter most. I have long supported American participation in the Trans-Pacific Partnership. And I applaud the administration for launching these negotiations.

A TPP agreement could anchor our position in the Asia-Pacific. It could set a new, high standard for transparency, non-discrimination, and open markets in this fast-growing region.

To reduce barriers in other markets, we must insist on an ambitious Doha Round agreement that creates opportunities for agriculture, manufacturing, and services.

The deal on the table is inadequate. And we appreciate your efforts, Mr. Ambassador, to push for more market access, particularly from China, India, and Brazil.

Fourth, we must enforce our existing agreements. Even the best trade agreement will not meet its export potential if we do not enforce the rules. We must identify barriers and remove them — through consultation, when possible, or litigation, when necessary.

By the same token, when trade rulings go against us, we should strive for compliance. We must always reserve the right to decide the appropriate response to these rulings. But we cannot expect our trading partners to uphold the rules if we do not.

Fifth, we must ensure that our trading partners do not gain unfair advantage by failing to adopt or enforce basic labor rights and environmental protections.

In our pending trade agreements, we strengthened labor and environmental standards. These bipartisan amendments improved our agreements and should be carried forward in future negotiations. The new opportunities created by trade agreements need not, and should not, come at the expense of workers or the environment.

As Disraeli emphasized, free trade is a means to an end. So let us commit to increase our exports, enforce our agreements, and protect workers and the environment. But let us not forget the ultimate goal of these actions: creating jobs for the American people.

###