Senate Committee on Finance
U.S. Senator Orrin Hatch (R-UT), Ranking Member
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HATCH STATEMENT AT FINANCE COMMITTEE HEARING EXAMINING THE OPPORTUNITIES & CHALLENGES OF THE TRANSATLANTIC TRADE & INVESTMENT PARTNERSHIP

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, delivered the following opening statement today at a committee hearing examining the opportunities and challenges of the Transatlantic Trade and Investment Partnership (TTIP) Agreement:

As we all know, expanding international trade is vital to our economic growth. Unfortunately, the United States has not concluded a new free trade agreement since June 2007.

Fortunately, the Administration has a golden opportunity to change that in the near future.

Negotiations for a small package of trade-enhancing measures under the auspices of the World Trade Organization are reaching a critical stage.

According to Ambassador Froman, negotiations to conclude a Trans-Pacific Partnership are also in the "end game."

Meanwhile, interest in concluding a Trade and Investment Services Agreement continues to build.

And, of course, there is the potential surrounding the Transatlantic Trade and Investment Partnership Agreement – or T-TIP – which we are here to discuss today.

T-TIP negotiations are just getting underway. If successful, they will build on our already strong economic ties with the 28 member states of the European Union. Our economic relationship with the EU is one of the largest and most complex in the world. Together, our two economies account for about half of world GDP and for nearly a third of world trade.

Our two markets are already deeply integrated. So, for T-TIP to reach its full potential, the agreement must reflect an unprecedented level of ambition.

Tariffs between our two economies remain low. But the sheer volume of trade means that companies and consumers on both sides of the Atlantic are paying vast sums in unnecessary tariffs.

For example, ICON Health, based in Logan, Utah, manufactures home exercise equipment. Grown from a small company on the campus of the Utah State University, ICON now employs over 3,000 people and sells its products around the world. Yet, today they still face tariffs in the EU averaging 2.7 percent.

Elimination of these nuisance tariffs would help spur more economic opportunity on both sides of the Atlantic.

On February 12, 2013, Chairman Baucus and I sent a letter to Ambassador Kirk outlining our expectations for the T-TIP negotiations. We highlighted the importance of strong market access for U.S. agricultural products, including the elimination of unjustified sanitary and phyto-sanitary standards.

We also called for the agreement to be comprehensive, excluding no product or sector from the negotiations.

Finally, we called upon the Administration to ensure that the agreement reflects the highest standards of intellectual property rights and does not jeopardize our ability to reach high levels of intellectual property protection in other negotiations or in other markets.

All of these goals still hold.

But, today, I want to emphasize a few key points.

First, for the U.S. economy to thrive, strong intellectual property rights protections are vitally important. Intellectual property-intensive industries support at least 40 million jobs and contribute more than $5 trillion to the U.S. economy.

For me to support a final agreement, it is absolutely essential that T-TIP reflect the highest standard of intellectual property rights protection of any prior agreement.

Indeed, the standards set in T-TIP will be a model for the world. We must get it right.

I also want to emphasize the importance of digital trade.

The Internet has fundamentally changed the way in which consumers shop and businesses deliver their products and services. Businesses, especially small businesses, benefit *through improved efficiency, lower production costs, and access to a wider range of markets, while consumers benefit from more choices and improved access to products and services.*

Given the importance of digital trade and the European market, there are several barriers to digital trade that I believe the agreement must address.

First, there are barriers that inhibit the free flow of digital data, including forced localization policies that, for example, require data servers to be located in-country or that require utilization of local content or technologies. The final T-TIP agreement should prohibit these kinds of policies.

The agreement should also prohibit discriminatory treatment of digital products and ensure that all technologies are given the chance to compete in the marketplace.
In addition, audiovisual services must be included.

Regulatory coherence will also be critical to achieving a meaningful agreement. Inconsistent and duplicative regulations create enormous cost and inefficiency for U.S. exporters of goods and services to the EU.

These negotiations must strive for regulatory convergence and coherence to eliminate barriers to trade. In particular, we should seek identical standards for emerging technologies, such as nanotechnology and Internet technologies.

Finally, no sector should be excluded from our efforts to enhance regulatory convergence, including financial services. Financial services play an essential role in facilitating trade and investment flows between our two regions. Given the central importance of the financial sector to every other aspect of industrialized economies, I do not see how financial services regulation can be excluded from a meaningful T-TIP agreement.

Of course, for this, or any trade negotiation to succeed, the President must work with Congress to achieve renewal of Trade Promotion Authority (TPA). Senator Baucus and I are currently working with our House counterparts to conclude a discussion on legislation to renew TPA. Once those efforts succeed, I hope that President Obama and his team will actively work with Congress to quickly seek its approval.

Mr. Chairman, thank you again for holding this hearing. I look forward to hearing from each of our witnesses.

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