

Opening Remarks by Senator Chuck Grassley of Iowa
Chairman, Senate Finance Committee
Hearing on the President's 2019 Trade Policy Agenda and the United States-Mexico-Canada Agreement
Tuesday, June 18, 2019

I am pleased to welcome our witness, Ambassador Lighthizer, and thank him for being here. We have been eager to have you before the committee for this very important annual hearing to discuss the President's trade agenda.

The laws that delegate Congress's constitutional trade authority to the executive also require close consultation with Congress. This hearing is an important part of that consultation. And it provides an opportunity to explain the President's ambitious trade agenda to Congress and all Americans.

Members of this committee are looking forward to this discussion.

A critical component of the trade agenda that I'd like to discuss is the U.S. – Mexico – Canada Agreement, or USMCA. American farmers, workers and businesses stand to benefit greatly from USMCA. More market access for agriculture, new commitments in critical areas such as customs, digital trade, intellectual property, labor, environment, currency, and the lowering of non-tariff barriers will translate into higher wages, greater productivity, and more jobs.

In fact, the U.S. International Trade Commission's economic analysis found that USMCA will create 176,000 new American jobs. We shouldn't squander this opportunity to update NAFTA, which is now a quarter century old but has been critical to the success of American farmers and businesses.

Since NAFTA's implementation in 1994, our agricultural exports to Canada and Mexico have more than quadrupled. Corn exports increased sevenfold. A 2019 Business Roundtable study found that international trade supports 39 million jobs across America, and 12 million jobs from trade with Mexico and Canada.

Being a family farmer, I can tell you that NAFTA has been critical to the success of Iowa farmers and businesses. The same Business Roundtable study found that 130,000 Iowa jobs were supported by trade with Canada and Mexico in 2017, and \$6.6 billion in Iowa goods and services were exported to Canada and Mexico the same year. According to the National Association of Manufacturers, Canada and Mexico purchase nearly half of Iowa's total global manufacturing exports.

President Trump and Ambassador Lighthizer delivered a solid deal to enhance this critical relationship with our good neighbors. Now Congress must act to implement USMCA. As Ambassador Lighthizer said earlier this year, doing so will enhance the credibility of our global trade agenda. And it provides some much needed certainty to American farmers and businesses.

For agriculture, international trade is critical to reaching the 95 percent of the world's consumers living outside the United States. In Iowa, we export every third row of soybeans.

This is why I strongly support the Administration's plan to pursue new trade deals with Japan, the European Union, and even the United Kingdom when it is ready. We should move quickly.

Japan and the EU haven't been sitting still. They've been closing trade deals with other countries over the last two years. As a result, our farmers and businesses are losing market share to competitors with preferential access. We need to secure strong agreements so we can restore a level playing field. And in order to get a deal with the United States, the EU has to negotiate agriculture. I've said this before: any deal with the EU that doesn't include agriculture will not get through the United States Congress.

President Trump has rightly pointed out that trade must be fairer for workers across the country and this is central to his commitment to confront China's unfair trade practices and mercantilist policies.

When American companies get access to China's market, they often have to sacrifice valuable intellectual property or enter into joint ventures with Chinese firms.

China's massive subsidies also create global distortions. This has to stop. And President Xi must recognize that making these changes are in China's best interest as well.

I applaud President Trump for confronting China decisively. And I urge him and President Xi to reach a deal that results in structural changes to China's discriminatory policies and practices, and the elimination of the Section 301 tariffs.

Ambassador Lighthizer, I share the administration's desire to ensure that hard work and innovation are rewarded, while unfair trade practices and illegal government subsidies are punished. I agree that we must have strong and enforceable trade agreements. I believe you are right to seek reforms at the World Trade Organization. And I share your view that strong and effective enforcement of U.S. trade laws prevent other countries from taking advantage of us.

But I don't agree that tariffs should be the tool we use in every instance to achieve our trade policy goals. I fear that continuing to use tariffs in this way will undermine our credibility with our current and potential trading partners, and undo the benefits of our historic tax reform. Since March 2018, U.S. Customs and Border Protection has assessed over \$15.2 billion in Section 301 tariffs, and over \$6.5 billion in Section 232 steel and aluminum tariffs. To be clear, American importers and consumers are paying for these tariffs. \$22 billion out of the pockets of hardworking Americans is not in our national best interest.

I urge the Administration to do everything it can to use tariffs as a last resort option, and to maintain timely and efficient exclusion processes for those that are already in effect. Ambassador, I want to thank you on that note for your commitment to instituting an exclusion process for the Section 301 tariffs on imports from China.

Before leaving the issue of tariffs, I want to highlight an example of a successful alternative option. Specifically, Ambassador Lighthizer's team deserves a lot of credit for recently winning two very large WTO cases against China's distortive agricultural policies. While I support the Administration's efforts to reform the WTO, we should continue to use WTO mechanisms that can hold China, and others, accountable to the greatest possible extent.

In closing, I'm glad to have you here today, Ambassador. I want to recognize the critically important and difficult tasks before you. Congress and the Administration must work together to ensure that our trade policy benefits all Americans, and I encourage you to work with us to make that happen. As Chairman, I pledge my support for the President's agenda, starting with the implementation of USMCA.