COMMITTEE ON FINANCE
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Max Baucus, Chairman
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Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding trade enforcement

Nearly 2,500 years ago, the Greek playwright Sophocles wrote: "What you cannot enforce, do not command."

For millennia, people have recognized the importance of enforcement.

When people think about trade, we often think about what nations command. We think about trade agreements. We think about negotiators flying around the world, concluding deals. And those deals are important to expanding America's export opportunities.

But those deals do no good if we cannot enforce them. America needs to get the full benefits of the bargains that it negotiates.

In other words, our export competitiveness depends, in large part, on how good a job we do with enforcement. American's exporters can not compete successfully abroad if our trading partners do not play by the rules of our trade agreements.

Likewise, America's workers cannot compete successfully at home if our trading partners export dumped or subsidized goods into our market.

That is why we must do all that we can to enforce our trade agreements abroad and our trade remedy laws here at home. Unfortunately, we are falling behind on both counts.

First, with respect to trade agreements, the administration spends far more time negotiating new deals than enforcing those already in place.

The U.S. Trade Representative recently issued its report on foreign trade barriers in 2006. In it, USTR documented 650 pages worth of trade barriers. But in 2006, USTR filed only three WTO cases against those barriers. This year, it has filed only four. With 650 pages worth of barriers, it is hard to believe that only a handful merit action.

In six years, the previous administration filed 56 WTO cases. But in its first six years, this administration filed only 17 cases. That's fewer than a third as many.

These WTO cases have been very successful. The United States has, in fact, won all but four of the WTO cases it has filed. But we can't win if the administration fails to bring the cases in the first place.

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And these cases have a real world impact. Studies have estimated, for example, that full enforcement of China's commitments will boost US GDP by .7 percent by 2010. That's an $84 billion boost to the U.S. economy.

I recognize that USTR cannot prosecute every foreign trade barrier. And I recognize that USTR resolves many barriers through negotiation. But we can and must do more to enforce our trade agreements.

Second, we also must do more to enforce our antidumping, safeguard, and other domestic trade remedy laws. When Congress granted Permanent Normal Trade Relations to China, we gave the administration a special safeguard tool to address Chinese import surges. That tool is known as "section 421."

But in every case where the International Trade Commission determined that relief was warranted, the President has denied relief. That is not what Congress intended.

What's the problem? How can we improve America's enforcement record?

Are resources the problem? Congress has granted the tiny USTR staff an enormous amount of responsibility. Does USTR have enough people – and does it have the right people to carry out that responsibility? Does USTR need a dedicated, Senate-confirmed enforcement official to lead its enforcement functions?

Are the tools themselves the problem? Should we revamp our existing enforcement tools — like section 421? Should we create new ones?

Congress has repeatedly underscored the importance of trade enforcement. We need to back up our purpose with action. We must provide the capacity and the tools that will allow the administration to respond to our concerns and rebuild trust in America's trade policy.

I look forward to hearing our witnesses' ideas on how best to accomplish these tasks. Each of our witnesses has distinct expertise in trade enforcement.

And I have one simple request of our witnesses today. Please limit your oral testimony to five minutes. As Sophocles wrote: "A short saying oft contains much wisdom."

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