



Senate Committee on Finance
Full Committee Hearing
[The President's 2023 Trade Policy Agenda](#)
Thursday March 23rd, 2023, at 10:00 am

Opening Statements

Chairman Ron Wyden (D-OR)

- Full Committee Chairman Ron Wyden stated that the United States needs to kick into higher gear with a smarter and more innovative approach to trade. Chairman Wyden said China continues to put up barriers to American products and values while ripping off jobs and using forced labor. The Chairman noted that China's discriminatory model is spreading, as European allies are drafting laws which intend to limit American digital companies' abilities to do business in their jurisdictions. Chairman Wyden then outlined a three-part strategy to get Americans back in the winner's circle of trade. The Chairman said the Biden Administration first needs to ramp up enforcement of existing trade laws. Chairman Wyden said the USTR (U.S. Trade Representative) must enforce every provision of USMCA, noting that Mexico is flouting its obligations by shutting out U.S. renewable energy providers. The Chairman noted that while the U.S. did request consultation with Mexico in July 2022, eight months have passed, and American clean energy producers are still waiting for market access. Chairman Wyden said the Biden Administration also needs to set up enforcement beyond USMCA to defend American workers from unfair treatment. To that end, the Chairman noted that the Biden Administration has not brought any cases in front of the World Trade Organization (WTO). Chairman Wyden then said the Biden Administration must make opening export markets a priority and that USMCA is proof that trade policy can raise the bar on labor and environmental standards while busting down barriers to export. The Chairman noted his concern that USTR is not doing enough to break down export barriers and questioned whether these issues are even being discussed. Chairman Wyden said the United States cannot conclude agreements with Japan, Indonesia, and the EU (European Union), that leave exporters without appropriate remedies. The Chairman said getting trade done right is going to require creative approaches to new challenges, whether it is shoring up supply chains, promoting access to critical minerals, or addressing climate impacts of leading industries. Chairman Wyden said real answers are needed on how new trade proposals will work in practice and that the Biden Administration must deliver new markets. The Chairman said the executive branch has begun to embrace a "go it alone" trade policy and noted Congress has a constitutionally delegated a role for trade. Chairman Wyden said it is his expectation that Ambassador Tai and the Senate Finance Committee can chart a new path forward when it comes to transparency, consultation, and approval of trade agreements.



Ranking Member Mike Crapo (R-ID)

- Ranking Member Crapo referenced President Biden's trade agenda and said policy cannot rest on massive subsidy spending. The Ranking Member stated that American trade policy unleashes talent and productivity by removing foreign barriers through trade negotiations and enforcement. Ranking Member Crapo said the Biden Administration's trade agenda is limited and noted that the elimination of tariffs and unscientific restrictions will create more opportunities for export. The Ranking Member said, instead of aggressively challenging non-science-based safety measures, the Biden Administration has only this month initiated technical consultations on Mexico's biotech restrictions. Ranking Member Crapo stated that increased investment coupled with American workers' talent should make the United States an export powerhouse. However, the Ranking Member said unreasonable product specification standards keep U.S. manufacturing out of many markets. The Ranking Member noted that the Biden Administration has yet to pursue a Technical Barriers to Trade Chapter in its Indo Pacific Economic Framework (IPEF), whereas the USMCA had a robust TBT chapter and explicit commitments that Mexico would accept U.S. made automobiles. Ranking Member Crapo said that instead of working to strengthen intellectual property rules, the Biden Administration waived U.S. rights to COVID vaccines and is now considering expanding waivers for diagnostic and therapeutic products. Ranking Member Crapo stressed that while China has sought to steal U.S. intellectual property, the Biden Administration has not sought intellectual property rules in IPEF that could help ensure China does not benefit from its theft. The Ranking Member then shifted to U.S. digital firms, noting that the Biden Administration has yet to press the EU via the Trade and Technology Council on unreasonable measures which target the U.S. economy. Ranking Member Crapo stated the Biden Administration must reconsider its decision not to pursue market access in IPEF or other trade arrangements. The Ranking Member referenced the Biden Administration's insufficient consultation with Congress on IPEF, noting its refusal to share the views of Congressionally established advisory committees. Ranking Member Crapo concluded by noting that U.S. trade policy is strongest when USTR and Congress work together.

Witness Statement

The Honorable Katherine C. Tai, United States Trade Representative, Executive Office of the President

- Ambassador Tai affirmed that Congress is the executive branch's constitutionally delegated partner on trade. The Ambassador said the Biden Administration is restoring fairness in trade policy for the American worker. Ambassador Tai noted USTR is pressing Canada to ensure U.S. dairy farmers are treated fairly while also urging Mexico to address concerns on energy and agricultural sectors under USMCA. Ambassador Tai stated USTR recently requested technical



consultations with Mexico under USMCA and will continue to consider all options available. The Ambassador said USTR is using the USMCA rapid response mechanism to promote workers' rights in Mexico, securing wins for workers at four different facilities in 2022. Ambassador Tai said USTR is working with the EU, Japan, Canada, and Mexico to eliminate forced labor in supply chains. The Ambassador shifted topics and noted that farmers, ranchers, fishers, and food manufactures are key to the trade agenda, noting that U.S. agricultural exports reached a record high of \$202 billion dollars in 2022. Ambassador Tai stated USTR will continue to work with Congress to find opportunities for many stakeholders, especially small and medium sized enterprises. The Ambassador said USTR is making considerable progress on IPEF, noting that the agreement will level the playing field for American businesses and create more resilient supply chains. Ambassador Tai referenced the Americas Partnership for Economic Prosperity and said regionalization is an integral part of building resilience in the world economy. The Ambassador stated that USTR is deepening ties at the bilateral level to promote shared economic growth, noting that it has made progress on the world's first sectoral agreement on the steel and aluminum trade. On the multilateral front, Ambassador Tai said the Biden Administration worked WTO members to deliver tangible outcomes during the last ministerial conference, including on COVID-19 vaccines and food insecurity. The Ambassador said another component of the trade agenda is realigning the U.S. China relationship, making investments in the homeland while renewing engagement with partners and allies to develop new tools for addressing challenges posed by China. Ambassador Tai said USTR is taking a deliberate and strategic look at how it can serve economic interests, considering China's unfair economic practices. Concluding, the Ambassador noted that USTR will continue to implement its equity action plan to better understand distributional effects of trade on U.S. workers. Ambassador Tai said USTR is making further enhancements to transparency initiatives by making it easier for Congressional staff to review negotiating text while also releasing public summaries and holding stakeholder meetings.

Question and Answer Session

Chairman Ron Wyden (D-OR)

Chairman Wyden asked Ambassador Tai whether USTR will make the details of potential critical mineral agreements with Japan and the EU public before they are signed. Ambassador Tai said USTR has briefed Congressional staffers on these efforts and that negotiations continue with the EU and Japan. Chairman Wyden said briefing congressional staffers is different from informing the American people and asked whether constituents will know what is in critical mineral agreements before they are signed. Ambassador Tai said that to the extent Chairman Wyden is comfortable sharing the details of trade agreements, USTR would also be comfortable releasing information. Chairman Wyden reiterated his question and said USTR needs to release detailed publicly available negotiating objectives before discussions begin with foreign governments. The Chairman said Congress and the public need a chance to vet trade agreements before they are signed. Chairman Wyden then questioned whether



Ambassador Tai agreed with these transparency stipulations. Ambassador Tai said USTR cares deeply about transparency and that the agency has taken steps forward to further these principles. Chairman Wyden asked Ambassador Tai what USTR is doing to attack digital trade barriers abroad that rip off small American companies. Ambassador Tai affirmed commitment to a pro-competition digital agenda and noted USTR is negotiating digital terms in trade negotiations, including in IPEF. The Ambassador said this is an incredibly key area where USTR will take surefooted steps.

Ranking Member Mike Crapo (R-ID)

Ranking Member Crapo asked Ambassador Tai whether the Biden Administration will enter IPEF agreements without submitting them to Congress. Ambassador Tai reaffirmed commitment to the need for robust partnership in shaping trade negotiations. The Ambassador said USTR is committed to working with the committee on addressing trade policy issues. Ranking Member Crapo asked whether the Biden Administration agrees that before any IPEF agreement is certified, the United States should see several existing trade irritants, particularly regarding agricultural barriers, eliminated. Ambassador Tai said USTR needs to continue to acknowledge and recognize the status of the world economy. The Ambassador said tariff liberalization and reductions are not part of the IPEF negotiation, but USTR is bringing together partners in the region to improve interoperability.

Senator Chuck Grassley (R-IA)

Senator Grassley asked whether USTR will file a formal dispute regarding Biotech corn exports to Mexico. Ambassador Tai said USTR is in the process of filing technical consultations, pressing Mexico to come forward with scientific evidence to support aspects of its declaration on U.S. biotechnology in agriculture. Senator Grassley then asked Ambassador Tai whether USTR will work with his office on unjustified increases of Ethanol tariffs. Ambassador Tai said USTR will work with Senator Grassley and that her agricultural negotiators will be following up on this issue. Senator Grassley asked whether USTR will pursue concrete market access commitments in any new frameworks they are pursuing. Ambassador Tai said USTR remains open minded with respect to traditional aspects of trade agreements but that the agency is committed to tailoring policy to meet the needs of trade relationships.

Senator Benjamin Cardin (D-MD)

Senate Small Business Committee Chairman Benjamin Cardin asked how Congress can ensure good governance, anti-corruption, and protection for small businesses, in trade agreements. Ambassador Tai said that in each current USTR negotiation, anti-corruption, good governance, and small business promotion, are highlighted as areas of importance. The Ambassador affirmed her commitment to negotiating enforcement mechanisms that are meaningful. Ambassador Tai said new agreements will require fresh approaches to enforceability and that USTR will work with Congress to innovate in this area of trade practice.



Senator Bob Menendez (D-NJ)

Senator Menendez asked what Ambassador Tai if she has heard from businesses on the topic of GSP renewal. Ambassador Tai said she has heard from businesses that would like GSP to be reauthorized. Senator Menendez asked whether Ambassador Tai agreed that GSP renewal is also a way to incentivize businesses to move their imports away from China. Ambassador Tai said what the Senator had described made sense and that GSP is a fundamental part of the trade and development program. Senator Menendez asked whether the Ortega Regime in Nicaragua deserves preferential access to a Free Trade Agreement. Ambassador Tai said this has been a topic of broader debate and that USTR is considering how to respond accordingly to Nicaragua's turn away from democracy. Senator Menendez asked what USTR's plan is on submitting the 21st Century Free Trade Agreement with Taiwan to Congress for approval so that businesses in the U.S. and Taiwan have certainty the deal will set durable standards for the future. Ambassador Tai said USTR published summaries of proposals in the first round of negotiations with Taiwan last week and noted that USTR is listening to Congressional concerns.

Senator Michael Bennet (D-CO)

Senator Bennet asked Ambassador Tai what she would say to American companies that continue to operate in China with supply chain exposure to the Uighur Region, and what would she say to U.S. allies on the importance of not enabling systemic oppression of the Uighur people. Ambassador Tai said USTR has had numerous conversations with American businesses on this topic. The Ambassador said she understood that many U.S. businesses may not know how fair their supply chains go but they have a responsibility to be aware. Ambassador Tai said eliminating forced labor from supply chains is not something the United States can do on its own, requiring consultation with trading partners. The Ambassador said there is partner cooperation to galvanize action in this area. Senator Bennet asked how trade policies can help the United States or its allies re-shore critical supply chains away from China. Ambassador Tai said the Americas Partnership is an engagement to bring increased regional cooperation. The Ambassador said in the Western Hemisphere, the U.S. has the most existing free trade agreements (FTA) in any region. Ambassador Tai said members in the Americas Partnership have said the United States is their most important trading partner and that the task ahead will be working with these nations to enhance relationships.

Senator Maria Cantwell (D-WA)

Senator Cantwell asked what the United States should do next on a potential FTA with India. Ambassador Tai said GSP is relevant in this area and that there is more work that can be done to tap potential in the relationship between the United States and India. Senator Cantwell referenced Sony's monopoly on video game distribution and asked what the United States can do to address this issue and create a level playing field via IPEF. Ambassador Tai said IPEF provides new opportunities and that the economies USTR is engaging with are expanding participation and competition. The Ambassador said USTR has an ongoing digital negotiation effort in IPEF, and that the agency is primed to address this area.



Senator Bill Cassidy (R-LA)

Senator Cassidy asked Ambassador Tai to outline what USTR is doing to address Indian dumping of shrimp in the United States, which cannot pass EU phytosanitary standards. Ambassador Tai said USTR continues to raise these concerns with India and that the agency is committed to bringing attention to this issue while attempting to tap the potential of the U.S. – India trade relationship. Senator Cassidy asked whether it is time to review the tariff schedule on shrimp coming from India. Ambassador Tai said she would take this request into consideration. Senator Cassidy then asked Ambassador Tai to address Mexico’s discrimination of U.S. energy producers under USMCA. Ambassador Tai said USTR held consultations with Mexico in June, July, and August of 2022. The Ambassador noted that USTR has engaged in a series of sessions on this issue in December and February, attempting to find specific and concrete steps for Mexico to address consultation requests. Senator Cassidy asked what the U.S. must leverage in cooperation with Mexico. Ambassador Tai said a significant aspect is Mexico’s self interest in terms of integration in the North American economy. The Ambassador noted that all the tools in the USMCA are there for a reason. Senator Cassidy then asked Ambassador Tai to share her thoughts on how the United States can reevaluate its trade relationship with China. Ambassador Tai said she thinks on China everyday as trade representative in terms of how both nations relate to each other in bringing about a better version of globalization. The Ambassador affirmed her interest in working with Senator Cassidy on competition with China.

Senator Thom Tillis (R-NC)

Senator Tillis asked Ambassador Tai why U.S. trade partners would think unilateral agreements have enduring quality and value considering the turnover of Presidential Administrations. Ambassador Tai said the durability of trade engagements motivates the operation of USTR and noted the agency is leaning hard into consultations with Congress. Senator Tillis indicated his concern that the Biden Administration will continue with TRIPS despite the end of the COVID-19 pandemic and asked Ambassador Tai to respond. Ambassador Tai said there are legitimate interests being expressed at the WTO regarding access to U.S. diagnostics and therapy. The Ambassador noted that USTR has said this issue is one that needs to be deliberated on as a serious policy matter.

Senator John Thune (R-SD)

Senator Thune asked whether USTR will commit to expanding the U.S. – UK trade relationship by undertaking steps to negotiate a comprehensive FTA. Ambassador Tai affirmed her commitment to expanding the U.S. – UK trade agreement and noted that USTR remains open minded on an FTA. Senator Thune asked what the Biden Administration is doing to counter China’s economic assertiveness and its apparent increasing alignment with Russia. Ambassador Tai said USTR is making progress on IPEF and that trading partners in Asia are excited to have the United States back in the region. The Ambassador said USTR is driven by practicality in how it engages with its partners.



Senator James Lankford (R-OK)

Senator Lankford asked the Ambassador to clarify the definition of FTA as it relates to expanding market access in potential deals on energy with Germany and Japan. Ambassador Tai noted that Senator Lankford was referencing potential critical mineral agreements under the Inflation Reduction Act and pointed to guidance from the Treasury Department on specific trade agreement implementation. The Ambassador said there are significant supply chain challenges regarding critical minerals and that addressing this vulnerability will require cooperation with partners abroad. Senator Lankford asked what the USTR is doing to expand trade partnerships with those in the Abraham Accords. Ambassador Tai said USTR has several existing trade agreements with Middle Eastern partners but that the agency has recently engaged with these entities through the TIFA framework.

Senator Mark Warner (D-VA)

Senator Warner asked Ambassador Tai to provide an update on how the Biden Administration is reintegrating Ethiopia into trade policy. Ambassador Tai said the Biden Administration has been working with the Ethiopian government on specific benchmarks that the Federal Government will track. Senator Warner then asked Ambassador Tai to detail the potential for a U.S. – Kenya FTA. Ambassador Tai said the next round of negotiations on an FTA will take place in April and that the USTR is focused on making Kenya a destination for preferred foreign investment while looking at capacity building.

Senator Thomas Carper (D-DE)

Senator Carper asked how the United States can strengthen its trade and investment policies to facilitate greater economic cooperation in Central America and across the Western Hemisphere. Ambassador Tai said Latin American partners are looking for increased trade ties in their relationship with the United States. The Ambassador said USTR is focused on parts of economic engagement that are relevant to global economic challenges and noted that partner willingness to facilitate equity and robust trade is informing all action in this area. Senator Carper then asked how the USTR will promote opportunities for small businesses as it negotiates the digital chapter in IPEF. Ambassador Tai said working with partners to unlock economic spaces for small and medium enterprises is critical and noted the potential for digital spaces to give people a gateway to interact with the global economy. The Ambassador said USTR is also aware of structural barriers that may stand in the way of economic growth and that the agency approach is broad based so that agreements facilitate a growth trajectory.

Senator Todd Young (R-IN)

Senator Young asked how IPEF will raise the standard for digital trade and how developing countries will take steps to improve their trade practices under IPEF provisions. Ambassador Tai said, as thinking shifts to promote inclusiveness, sustainability, and resilience in trade, it should be applied to the rapid emergence of the digital economy. The Ambassador said that in today's economy, trade increasingly occurs through the movement of data across international borders. Ambassador Tai said rules must promote a comprehensive vision of digital trade that promotes U.S. values, governments should have



the regulatory space to tackle the challenges arising from the rapid growth of the digital economy, and new rules must prevent some countries from setting standards that disadvantage U.S. workers. Senator Young then asked when the IPEF framework will be released. Ambassador Tai said the summary of IPEF text was released on March 21st. Senator Young asked the Ambassador to provide an update on South Africa's trade status. Ambassador Tai said there is significant trade potential with South Africa and affirmed commitment to work with Congress on evaluating this relationship.

Senator Maggie Hassan (D-NH)

Senator Hassan asked whether USTR shares consensus that USMCA has been important to improving relations with Mexico. Ambassador Tai said that having brought USMCA in place to replace NAFTA has helped build trust between the countries and stakeholders. The Ambassador said the USMCA remains a bedrock foundation of a worker centered trade policy but that it has not solved all issues. Ambassador Tai said USTR remains committed to implementing promises of USMCA while improving relationships with trade partners. Senator Hassan then asked how the USTR currently monitors Chinese industrial subsidies and how can Congress work with the agency to protect U.S. workers from harmful trade practices. Ambassador Tai said USTR has dedicated personnel that monitors Chinese industrial subsidies. Senator Hassan asked Ambassador Tai how the United States should think about trade policy as part of a larger strategy to build domestic production capacity. Ambassador Tai said trade policy and manufacturing are connected. The Ambassador said USTR is concerned with ensuring trade policy is not bleeding out benefits from infrastructure investments.

Senator Marsha Blackburn (R-TN)

Senator Blackburn asked Ambassador Tai to provide an update on India's 150% tariff on the whiskey industry in Tennessee. Ambassador Tai said Tennessee whiskey was caught in the crossfire of previous retaliatory tariffs and that USTR has made considerable progress on lowering tariffs with the EU for goods like steel and aluminum. The Ambassador said USTR has begun reviewing 301 tariffs and is evaluating thousands of responses to undertake a process for assessment. Senator Blackburn then asked Ambassador Tai to speak on the USTR's efforts to protect intellectual property in new trade agreements. Ambassador Tai said USTR is proud of the U.S. economy, which is often the envy of the rest of the world. The Ambassador said this is the reason USTR is leaning into revitalizing manufacturing in the United States, as it is an integral part of the innovation cycle.

Senator Catherine Cortez-Masto (D-NV)

Senator Cortez-Masto asked Ambassador Tai to affirm that the Biden Administration does not support abruptly abandoning the President's approach to the solar industry. Ambassador Tai said she would follow up with Senator Cortez-Masto's office, referenced losing the opportunity to grow the solar industry in the mid-1990s, and noted that previous experience is informing USTR policy. Senator Cortez-Masto asked Ambassador Tai to speak to USTR's view on China's attempt to set international standards in their favor in the context of trade negotiations. Ambassador Tai said USTR is aware that



standards are vital to interoperability between the U.S. and Chinese economies, and that USTR is working towards better compatibility.

Senator Elizabeth Warren (D-MA)

Senator Warren referenced Ambassador Tai's alleged criticism of Canada's efforts to make big tech companies pay for news content which generates significant profit. The Senator then asked whether Ambassador Tai agreed that the United States should support its allies when they step up to regulate big tech. Ambassador Tai noted her raising of conversation on proposed digital regulation legislation with the Canadian trade representative. Senator Warren then asked Ambassador Tai to provide assurance that the IPEF digital trade text will not impede efforts to stop big tech anticompetitive practices. Ambassador Tai said USTR is not intending to use IPEF negotiations to impede these efforts. Senator Warren asked whether Ambassador Tai will commit to publishing detailed summaries of digital negotiating text for public feedback. Ambassador Tai committed that USTR will continue to make improvements and work with Congress on transparency.

Senator Bob Casey (D-PA)

Senator Casey asked Ambassador Tai how she envisions the current trade agenda benefiting U.S. leadership on gender equality. Ambassador Tai said growing conversations in international trade circles on empowering women and ensuring access to the global economy will connect to trade policy and address structural barriers. The Ambassador said USTR requested the U.S. International Trade Commission study the distributional impact of trade policy, which found that women and communities of color have not benefitted from trade like others across the demographic spectrum. Ambassador Tai said the study was critical to thinking on an innovative approach to trade. Senator Casey asked Ambassador Tai to address workers and explain how current trade deals will benefit them. Ambassador Tai said the playing field is not level and that USTR is evaluating options to rebalance the economy, which means leaning into enforcement, embracing infrastructural investments, and ensuring that trade policies reinforce these efforts.

Senator Steve Daines (R-MT)

Senator Daines asked Ambassador Tai detail what actions USTR has taken to implement USCC recommendations on intellectual property protection and how USTR is addressing China's growing intellectual property abuses. Ambassador Tai said intellectual property protection was the basis of 301 actions during the Trump Administration and that USTR is currently undertaking a comprehensive four-year review of these.

Senator Sherrod Brown (D-OH)

Senator Brown referenced the Fighting Trade Cheats Act and asked whether this legislation, with its private right of action, will help combat unfair trade practices that harm manufacturers. Ambassador Tai said she was aware of the legislation and is supportive of laws that update trade tools. Senator Brown then asked whether the Level the Playing Field Act would help curtail trade cheating.



Ambassador Tai said she was encouraged by the Senator's efforts to curtail trade seepage. Senator Brown referenced the Brown-Wyden Rapid Response Mechanism and asked how lessons learned from USMCA application is assisting USTR's work on IPEF. Ambassador Tai said the Brown-Wyden Rapid Response Mechanism has yielded daily results and helped USTR turn narratives to help workers secure more rights.

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