



Committee On Finance

Max Baucus, Chairman

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STATEMENT OF SENATOR MAX BAUCUS

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Hearing on Fast Track and the Administration

(As Prepared)

Secretary Evans and Ambassador Zoellick, let me start by thanking both of you for joining us today on this important topic.

Yesterday I spoke about the changing range of issues for trade negotiations. As the range of issues evolves to cover increasingly complex and sensitive issues – intellectual property, labor rights, and health and safety standards -- the political consensus on trade becomes increasingly difficult to hold together. Establishing a consensus on cutting tariffs or eliminating quotas was relatively easy. Internationally, there is at least a grudging consensus that these steps are desirable. At home, Presidents and Congress have generally seen eye-to-eye on these issues.

But it is substantially harder to define and enforce standards for protection of drug patents or computer software. Internationally, these intellectual property standards have been enormously controversial. Even domestically, as we have seen in the recent debate over availability of AIDS drugs and importation of pharmaceuticals from Canada, there are still points of substantial controversy.

Yet, we managed to establish a consensus and forge trade agreements on this difficult topic. On labor and environment issues, consensus is also hard to achieve. But just because a problem is hard does not mean it can be ignored. Just because we will likely struggle for some time with the appropriate role for labor rights and environmental issues does not mean they can be left off the trade agenda. I suspect we all know that Congress simply will not approve fast track until labor rights and environment standards are meaningfully addressed. In that spirit, I plan today to put forward some specific ideas for addressing those problems.

On environmental issues, several approaches are promising. In new agreements – following on the model of the U.S.-Jordan agreement and NAFTA – we must discourage countries from lowering environmental standards to distort trade or investment.

In the WTO, we must ensure that the world trading system does not become a barrier to enforcing vital Multilateral Environmental Agreements. We must also strive to construct a dispute settlement system in current and future agreements that does not inhibit legitimate

environmental measures, while allowing action against true protectionism.

On the labor front, the five core principles of the ILO are already generally accepted around the world. These principles – along with assurance that labor standards will not be weakened to distort trade – can guide us in future trade negotiations.

In its tool box, the Administration suggested a number of steps that can be taken outside of trade agreements on these issues. That's a fine start but labor and environment must also be at the core of trade negotiations if we are truly going to level the playing field.

Many have questioned the Administration's credibility here – a true commitment to improve international labor standards cannot begin with a decision to cut in half U.S. spending on the ILO and international labor activities. In order to establish credibility needed to pass fast track, I urge the President to immediately restore this funding – and begin taking substantive steps to address labor and environmental issues in other forums.

Indeed, the simple reality is that international trade negotiations are only possible if there is political support. Opinion polls indicate that the public harbors deep reservations about trade. In addition to indicating broad support for addressing labor and environmental issues, those polls underline that the public will only support free trade if they also perceive it as fair trade.

Thus, U.S. trade remedy laws are critical to retaining public support for trade. Recent international agreements have already unduly restricted these laws; any further restrictions threaten to compromise the very core of these statutes.

There are also strong public policy reasons for these laws. But let me make this point absolutely clear: **There is no political support for weakening U.S. trade laws.** Any agreement that compromises these laws will not pass Congress. This is a point that our trading partners and trade negotiators would do well to bear in mind.

In addition to the substance of negotiating authority, we must take a hard look at the process itself. As my good friend, former Senator John Danforth noted many times, the Constitution assigns Congress -- not the President -- primary authority over international trade matters. Through fast track and other devices, the Congress has ceded a breathtaking amount of its authority to the President. It is time to seek to re-balance this relationship.

First, in the Senate, I believe fast-tracked agreements should be subject to normal debate time limits. On highly controversial agreements, this would require cloture to be invoked to pass the agreement. This would give Congress more control over the direction of negotiations – without unduly raising the bar. I note that all recent agreements have passed the Senate with more than 60 votes.

Second, the President should not be able to decide unilaterally if an agreement meets

negotiating objectives -- and is thus qualified for fast track consideration. Perhaps a specially constituted joint Committee of Congress should be required to concur with this judgment for a proposed agreement to earn fast track consideration.

Finally, I am working with Senator Byrd on a proposal for a Congressional Trade Office, which was also endorsed by the Trade Deficit Review Commission. I believe this is necessary to give the Congress the information it needs to function as a true partner in trade agreement negotiations.

Let me conclude with a challenge. I know this Administration wants to move quickly on fast track. But moving quickly means finding consensus. Refusing to address key issues sets the stage for deadlock.

I will continue to do my part. I hope to move swiftly to pass the Vietnam and Jordan agreements. Both agreements were on the Administration's trade agenda. In the spirit of moving forward in a bipartisan fashion, I want to call upon Secretary Evans and Ambassador Zoellick today to endorse the swift passage of these agreements without amendments.

I also urge the Administration to come forward with ideas. It is not enough to just sit back and hope that Congress works this out. I offered a number of constructive proposals that I believe will help us meet in the middle. Today, I challenge the Administration to do the same.

Thank you.