



*The Honorable Sander M. Levin, Ranking Member*

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## Levin Statement at Hearing on Pending Free Trade Agreements

Washington D.C. – Ways and Means Committee Ranking Member Sander M. Levin (D-MI) issued the following statement today at a full Committee hearing on pending Free Trade Agreements (FTAs) with Peru, South Korea and Colombia.

“While from the outset most Republicans have been calling for immediate passage of all Free Trade Agreements as originally negotiated by President Bush, we have been hard at work fixing them.

“Our approach was that each of the FTAs as originally negotiated did not embody a trade policy responsive to the changing dynamic of a globalized economy and to the best interest of the American people. Trade agreements need to be shaped so that as trade expands the benefits are spread more broadly.

“The intervening period since the initial negotiation of the FTAs has been for us in the Democratic ranks one of action, not of inaction. It has been an intensive effort to get trade policy right.

“And it is working.

“We changed for the better the Peru FTA before its passage. We have substantially improved the Korea FTA and we should have in the coming months the implementation language for consideration and approval. There is now the prospect of successfully addressing tax haven and labor law concerns with the Panama FTA. With respect to the Colombia agreement, the new Santos administration has now articulated a new approach which provides an opportunity to address the serious concerns consistently expressed by us regarding this FTA.

"We believe that each trade agreement should be considered on its own merits, not lumped together where key issues are ignored, as some would be willing to do.

"It was because of our efforts that enforceable worker rights and environmental standards were added to the U.S. – Peru FTA. As a result, labor conditions are improving in Peru. And while significant work remains to be done to implement and enforce the agreement's environmental provisions, as a result of the FTA, Peru has created a Ministry of Environment, reformed its forestry oversight agency, revised its criminal laws to strengthen penalties for environmental crimes, deployed 3000 Ecological Police Officers and created new offices for environmental prosecutors. The agreement was also revised to balance the need to encourage innovation with the need to provide access to affordable medicines. Importantly, the Peruvian Government made necessary changes to its labor laws before the vote on the FTA, which was then passed by the Congress with bipartisan support and signed by the President.

"Because of our efforts the U.S. - Korea FTA is finally being fixed to open up markets where they were closed and to end one-way trade. For decades Korea has employed a unique and ever changing regulatory regime to discriminate against auto imports, while the U.S. market has been open to their goods. As a result, U.S. automakers exported less than 6,000 cars to South Korea in 2009. In contrast, South Korean automakers have been able to use their historically closed market to finance an aggressive push into the U.S. market, exporting 476,000 cars to the U.S. in 2009. The imbalance is so severe that automotive trade accounts for 75% of the \$10.6 billion U.S. trade deficit with South Korea.

"The Republican Majority long ago would have simply again accepted a flawed agreement. Fortunately, last year, with the support of Members of Congress, including Chairman Camp, the automakers and the United Auto Workers, the Obama Administration negotiated an additional agreement that will provide U.S. automakers with a real opportunity to compete and succeed in the Korean market. With the changes achieved through the additional agreement, the U.S. auto industry (Ford, Chrysler, GM and the UAW) are supporting the U.S.-Korea FTA.

"Because of our efforts, we used the intervening period to address legitimate issues in Panama FTA. Through the intensive efforts of Rep. Doggett and Senator Levin, the Obama Administration successfully concluded a 'tax information exchange agreement' in November 2010 to address Panama's status as a 'tax haven.' That agreement still needs to be ratified by Panama. This Administration has also been working to ensure that Panama's labor laws comply with the FTA obligations -- a process we started in 2007. Because of our efforts, there are now important labor law changes pending before the Panamanian legislature. If the approach had been followed by those who pushed for the immediate passage of the

Panama FTA, we would have failed to address a tax haven country and to improve labor standards in Panama.

"A few days ago, I returned from five days of fact-finding on the ground in Colombia meeting with widely diverse citizen groups and government leaders. I went 20 months ago and I thought it important to compare conditions then and now. It is clear that the intervening period was important in focusing attention on serious issues standing in the way of support for the Colombia FTA.

"These issues include violence and intimidation in cases involving the exercise of human, political and labor rights by workers and their leaders, a high level of impunity in such cases, and the failure to reform the legal and administrative structures relating to the exercise of basic international worker rights.

"Throughout my discussions, there seemed to be wide agreement that the new Colombian Government was expressing a different approach than its predecessor on these critical issues. I believe there is now an opportunity for the two governments to work together mutually to achieve real progress on the ground.

"In closing, I say to the Republican Majority: You may have been willing to pass flawed trade agreements, but we were not. We went about fixing Peru, Panama and Korea. It was time well spent. Instead of criticizing, there should be acknowledgement of the meaningful breakthroughs and we should be working together to implement the U.S. Korea FTA.

"Today's hearing is about trade policy and jobs. Yet there are other trade initiatives that have a serious impact on U.S. jobs.

"Much has been said in recent weeks criticizing House Democrats' focus, in particular, on China's currency manipulation – well, we focused on it because it matters. China's undervalued currency has been estimated to cost the United States 500,000 to 1.5 million jobs. According to the National Association of Manufacturers, 'the number-one factor affecting their exports is the value of the dollar [vis-à-vis other currencies].'

"I was pleased to work with Chairman Camp last fall on currency – an effort that resulted in majorities in both parties supporting a currency bill. I hope we can continue that effort this year, while also working on China's other trade-distorting practices, including its massive subsidies, its failure to enforce intellectual property rights, its discrimination in government procurement and its 'indigenous innovation' policies.

"In closing, let me repeat that we must address every trade issue on its merits, and move forward to grow our economy and compete internationally."