

**Statement by Ambassador Miriam Sapiro
Deputy United States Trade Representative**

**House Committee on Ways and Means
Subcommittee on Trade**

**Washington, DC
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Chairman Brady, Ranking Member McDermott, members of the Committee, it is a great pleasure to have the opportunity to appear before you to discuss the U.S.-Colombia Trade Promotion Agreement.

The Obama Administration is committed to a robust trade policy that reduces barriers, boosts exports, and supports jobs for America's workers and their families. As detailed in our 2011 Trade Policy Agenda, we are building upon our progress to date with a comprehensive strategy to open global markets, dismantle barriers, and vigorously enforce America's trade rights – steps that will aid our economic recovery by helping our businesses grow and support more and better jobs for Americans.

Already we are beginning to see results. Indeed, over the past twelve months U.S. exports grew at an annualized rate of nearly 17%, which puts us on pace to meet the Administration's goal under the National Export Initiative of doubling U.S. exports by 2015. With 95% of the world's customers living outside the United States, maintaining and enhancing American competitiveness through trade initiatives that increase our ability to compete in the global marketplace is more important than ever.

The Administration is pursuing progress this year on multiple fronts. We are advancing steadily on the Trans-Pacific Partnership Agreement; we are continuing to press for an ambitious and balanced outcome in the Doha Development Round; and we are continuing our efforts to bring Russia into the World Trade Organization, including working with you to grant Russia Permanent Normal Trade Relations this year.

Central to the Administration's efforts are the three pending free trade agreements. Our goal is to have all three agreements, with their outstanding issues addressed, approved by Congress. Last week, we notified the full Committee that we are ready to begin collaborative work on the text of the implementing bill for the Korea agreement as soon as you are able to schedule those sessions.

As Ambassador Kirk has emphasized, the Administration believes that the Korea agreement provides a good template for how to address outstanding issues related to a pending FTA while building bipartisan and stakeholder support. We are working hard so that we can move the Panama and Colombia agreements forward with the broadest possible support once such issues are resolved.

With respect to Panama, on February 10 – a day after Ambassador Kirk testified before the full Committee – he met with Vice President Varela to discuss the path forward. At the end of February, I met with Vice Minister Alvarez De Soto to review the progress made by our teams. We agreed upon the remaining steps needed to resolve outstanding issues relating to labor laws and tax transparency that, when taken by Panama, will ready that agreement for Congressional consideration. We understand that these steps could be taken fairly quickly.

The agreement we want to focus on today is the Colombia FTA and its importance to the United States. We all know that Colombia is one of our key trading partners. It has a dynamic and growing economy, which is currently the third largest in South America. In 2010, Colombia purchased \$12 billion of U.S. goods, an increase of \$2.6 billion from 2009. And we all recognize Colombia's geo-strategic importance, both in the region and globally, as Under Secretary Hormats will address in his testimony.

The Colombia FTA holds the prospect of substantial benefits for U.S. workers, businesses, farmers and ranchers. The current average trade-weighted tariff faced by U.S. exporters in Colombia is over 9%. The agreement, if approved by Congress, will eliminate many of these tariffs upon entry into force. For example, within each of the following key industrial sectors, a large majority of all products will gain immediate duty free access to the Colombian market: agriculture and construction equipment, aircraft and parts, auto parts, fertilizers and agro-chemicals, information technology equipment, medical and scientific equipment and wood.

The agreement's benefits go beyond the elimination of tariffs on industrial and consumer goods. Many agricultural commodities, including wheat, barley and soybeans, also will benefit from the agreement, as more than half of current U.S. farm exports to Colombia will become duty free immediately. Virtually all remaining tariffs will be eliminated within 15 years. Overall, the International Trade Commission has estimated that the agreement would expand exports of U.S. goods to Colombia by more than \$1.1 billion, and increase U.S. GDP by \$2.5 billion. It will also provide significant new access to Colombia's \$134 billion services market, supporting increased opportunities for U.S. service providers. In addition, the agreement will provide for improved standards for the protection and enforcement of a broad range of intellectual property rights, will

open government procurement opportunities to U.S. suppliers, and will ensure that U.S. companies in Colombia are protected against discriminatory or unlawful treatment.

As important as these benefits are, the President has made it clear that we will not adopt agreements for agreements' sake. They must be enforceable, reflect high standards, and be in the clear interests of our workers, farmers, ranchers, and businesses. And they must be consistent with our values as Americans.

At the President's direction, we are working to address the outstanding issues that have impeded broader support for the Colombia FTA. The Administration has conducted extensive outreach to stakeholders through meetings and a request for public comment that yielded nearly 300 responses. We also have held a number of rounds of consultations with the Colombian Government. However, as Ambassador Kirk has said, there remain serious issues to be resolved before the agreement can be submitted for Congressional consideration. These outstanding concerns focus on: (i) the protection of internationally-recognized labor rights; (ii) prevention of violence against labor leaders; and (iii) the prosecution of perpetrators of such violence.

We are working closely with the Santos Administration to address these issues so that we can advance the agreement for your consideration. Ambassador Kirk and I raised our concerns with Colombian Vice President Garzon when he visited Washington in January.

On February 9, Ambassador Kirk advised the full Committee that President Obama had directed him to intensify our engagement with Colombia to resolve the outstanding issues as quickly as

possible this year and submit the Colombia FTA to Congress immediately thereafter. Less than a week later, I met with Colombian Ambassador Silva. Shortly thereafter, during the week of February 14, USTR led an interagency team comprised of State Department, Labor Department, and White House officials to Bogota, Colombia. The team met with relevant branches of the Colombian Government and with a wide range of stakeholders to secure up-to-date information regarding our concerns. Last week, I met in Washington with senior officials from the Santos Administration to discuss how best to promote our shared goals of protecting worker rights and addressing violence and impunity. These discussions went well, and we agreed to meet again within two weeks. The Administration has also intensified its consultations with key stakeholders and Members of Congress, including House and Senate leadership.

We have been encouraged by the actions the Santos Administration has already taken, but there is more that needs to be done to ensure that internationally-recognized labor rights are freely exercised in Colombia. We believe the Colombian Government wants to identify solutions to these issues, and that we have a window of opportunity now to work jointly to address them by securing important improvements.

The Obama Administration shares the sense of urgency we have heard from many Members of Congress to advance the Colombia FTA. It is this sense of urgency that we are bringing to our intensified efforts to resolve outstanding issues in a way that keeps faith with American workers, ensuring that they enjoy a level playing field with an accountable partner as we move forward to ratify the deepest form of trade relationship that the United States ever forges with another country.

As we work quickly toward this goal, Congress has an immediate opportunity to help both workers in the United States and Colombia who are suffering from the lapse in benefits under the Andean Trade Preference Act. The program has enjoyed bipartisan support since it was first enacted twenty years ago. Normally, Colombia could rely on the Generalized System of Preferences program for some of its exports, but that program has expired as well. Both programs merit renewal for as long as possible. Meanwhile, here at home, the enhancements to the Trade Adjustment Assistance program that were contained in the Recovery Act have also expired, leaving thousands of American workers without the ability to receive training on new job skills for the future. A long-term extension of the expanded program would help many who are facing layoffs and seeking re-employment in a persistently challenging job market. I encourage the full Committee to renew all of these important programs.

Trade is vital to our economy, to our society, and to the creation of new and better jobs that can help ensure America's sustained economic recovery and future prosperity. We look forward to working with you on both the Colombia FTA and our broader trade agenda in a manner that builds public and bipartisan support.