

# Committee on Ways and Means

FOR IMMEDIATE RELEASE  
February 7, 2002

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## **OPENING STATEMENT BY CHAIRMAN BILL THOMAS HEARING WITH AMBASSADOR ZOELLICK ON THE PRESIDENT'S TRADE AGENDA**

Good morning. Welcome, Ambassador Zoellick, and thank you for joining us today. This is the Committee's fourth hearing this week on the President's budget. And, as I've said, the President has stated three very clear goals in the context of his fiscal year 2003 budget plan: win the war, protect the homeland, and revive the economy.

The events of September 11 have challenged us in many ways. We are being tested militarily, in our domestic economy, and in our commitment to remain engaged on the world economic stage. As we work to revitalize the economy, nearly eight million people remain unemployed.

We believe free trade will fuel the engines of economic growth and create new jobs and new income here and abroad. The United States is the world's largest exporter, and for good reason. Our firms and workers are highly productive and committed to competing and winning in international commerce. Competition breeds innovation, and innovation leads to new and better paying jobs.

International trade agreements generate economic growth, spawn technological advances and help to advance American foreign policy objectives. One of every four dollars in the U.S. economy is linked to trade; twelve million Americans owe their jobs to exports. Each trade agreement excluding the United States represents an opportunity lost for American business, and the workers they employ.

Those who complain about unfair treatment we receive abroad or unfair advantages enjoyed by their international competitors should see the importance of moving forward with negotiations. Unless we aggressively negotiate in our own interests, we will face the same disadvantages in the future. We cannot negotiate, however, unless Congress gives the President the tools he needs.

Senate passage of Trade Promotion Authority – passed by the House last year - would complete Congress' commitment that American business have a fair chance to compete and win in the international arena. We will actively encourage the Senate to deliver tools the President needs to ensure America stays competitive.

The Senate has also not yet passed the Andean Trade Promotion and Drug Eradication Act - part of a comprehensive approach to fight the illegal drug trade that continues to plague that region, and indeed, our nation as well. This bill will offer the people of these nations – Colombia, Peru, Bolivia, Ecuador – the opportunity to develop legitimate businesses, rather than engaging in the production of illegal drugs.

In December, the Foreign Sales Corporation Replacement, the Extraterritorial Income Exclusion Act of 2000, was ruled an illegal export subsidy by the World Trade Organization. I intend to hold full committee hearings and a series of subcommittee hearings to examine the issue, and the Committee will undertake the necessary and appropriate legislative steps to meet our WTO obligations. We must preserve the international competitiveness of U.S. interests.

We have railed long and hard against those who do not comply with internationally agreed upon rules. It is in our own interests when we have received a judgment against us to make sure that we comply with those rules as well.

Mr. Ambassador, you succeeded in breaking through the WTO deadlock that had prevailed since Seattle. As a result, we have an agreement on the need for a comprehensive three-year negotiation, covering a range of trade barriers in agriculture especially, in services, industrial tariffs, and investment.

This Committee will work closely with you to develop priorities for the new round of WTO negotiations, the Free Trade Area of the Americas, the indicated Singapore and Chilean Free Trade Agreements and hopefully additional negotiations that we can agree on and that you've been able to arrange for us so that we can continue creating new arrangements with our close trading partners.

At this point, I would recognize, briefly, the gentleman from Illinois, the chairman of the trade subcommittee.

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