

**Questions for the Record for Ways and Means Full Committee Hearing on  
President Obama's Trade Policy Agenda**

**Congressman Roskam**

**Questions for the Record for Ambassador Kirk Hearing  
Ways and Means Full Committee Hearing on President Obama's Trade Policy  
Agenda with U.S. Trade Representative Ron Kirk**

- 1.) During his December 2011 testimony before the Committee, Ambassador Marantis highlighted financial services as an industry that served to benefit from the TPP agreement. As negotiations move forward this week in Melbourne, and in light of Ambassador Marantis' support for the benefits of a strong agreement with respect to financial services, can you give us assurances that the agreement will have a strong financial service sector chapter? Are there countries or outstanding issues that will impede the conclusion a strong and robust financial services chapter? How do you believe the possible inclusion of Canada, Mexico and Japan will alter the provisions of the financial services chapter?

**Rep. Lloyd Doggett:**

**Questions for the Record for Ambassador Kirk Hearing  
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Question #1

On February 29, 2012, in response to my question at the House Ways and Means Committee hearing on President Obama's Trade Policy Agenda, you testified that transshipment of Chinese goods through South Korea has not become an issue under the Korea-U.S. FTA. At that hearing, we had the following exchange:

REP. LLOYD DOGGETT: Are there also transshipment issues with Vietnam, Malaysia, some of the other countries involved and has transshipment of Chinese goods picked up in Korea since that agreement has been ratified?

AMB. RON KIRK: It has not in Korea. We were very -- because of you all's concerns particularly about North Korea as you know, we were very careful to craft an agreement, and I would say Korea and the U.S. were interested in drafting an agreement that would help businesses in Korea and the U.S., not in China.

According to the Korea Customs Service, the amount of products illegally labeled "Made in Korea" was estimated to have doubled from a value of 63.5 billion won (\$58.6 million) in 2008 to 116.9 billion won in 2010. Moreover, a 2010 study on duty evasion prepared

for Senator Ron Wyden found that a number of Chinese companies were willing to help evade U.S. duties by methods such as illegal transshipment. Finally, U.S. Customs investigations have resulted in indictments and convictions for duty evasion on goods from China.

What will you do to ensure that transshipment of Chinese goods is not an issue in Korea and will not become an issue in Vietnam and Malaysia under the TPP?

Question #2

President Obama has committed to creating “an unprecedented level of openness in Government.” However, the TPP negotiations have been shrouded in secrecy. When will you release negotiated texts, which are already available to the foreign governments, and other relevant documents to be fully reviewed and discussed by the American people?

**Rep. Tom Reed:**

**Question for the Record Committee on Ways & Means Hearing with USTR Ron Kirk**

**For Ambassador Kirk:**

Mr. Ambassador,

As you know, the United States makes some of the finest wines in the world. Of course, I personally think that the best come from the Finger Lakes region of New York State. In my district alone there are nearly 70 vineyards with dozens more in the region. More exports of New York products means more jobs for New York’s workers.

I’ve increasingly heard from winemakers in my district, and I’m sure this is happening across the U.S., who are selling more and more of their product overseas as global demand for wine grows – I hope we can work together to expand exports even further.. Some of the greatest increase in wine demand has been seen in Asia, and as you know this region has tremendous export potential. However, U.S. wine exporters often have to battle against burdensome regulations, senseless labeling requirements and other barriers aimed at keeping out wine imports.

In addition, the European Union is actively trying to impose its baseless geographic indicator standards for wine on Asia and other parts of the world, preventing U.S. wines from including common terms, like Chateau, on their labels.

Mr. Ambassador, how could the Trans-Pacific Partnership (TPP) break down these import restrictions in the Asia-Pacific region, so that U.S. winemakers can fairly compete?

I’m also interested in hearing about areas in which we can move forward with future trade agreements in a manner that will help this domestic industry.

I look forward to your response on these important issues.

Sincerely,

Tom Reed  
Member of Congress

**Rep. Geoff Davis (KY-04)**

**Questions submitted for the record for Ambassador Ron Kirk**

**Ways and Means Full Committee Hearing on President Obama's Trade Policy  
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1. Kentucky is the nation's number one burley tobacco producing State in the country. In 2011, over 100 million pounds of U.S. burley entered the export market with a large percentage originating from Kentucky. Recently, the Kentucky General Assembly passed a resolution detailing the important economic impact tobacco, and our farmers' ability to export tobacco, has on the Commonwealth's economy.

As we continue to negotiate the Trans-Pacific Partnership, I appreciate your commitment to keep Congress updated regarding the possible exclusion of tobacco. As you have said, USTR is determining the best way to balance an ambitious and comprehensive trade agreement with our goal of not treating other countries' manufacturers differently than those that operate within the U.S. Please elaborate further as to how either including or excluding tobacco would impact our policy of non-discrimination? Have you been in discussion with the U.S. Department of Agriculture on this issue or any other federal departments or agencies? If so, please share with the Committee the input they have provided.

2. One of the companies in the Fourth District of Kentucky is MAG, a medium-sized successful machine tool and systems company. Their success is dependent on the ability to access machine tool markets overseas. However, antiquated Cold War-era export regulations have significantly limited their export market.

You mentioned that the President has directed the Department of Defense and the Department of Commerce to evaluate our export regulations and modernize these

controls. Furthermore you said that the Department of Commerce is working in an expedited manner to evaluate these regulations.

I appreciate your acknowledgement of the complications outdated export regulations can have on businesses, and the need for a thorough review of these controls to ensure sensitive technology is not shared inappropriately. What role does the U.S. Trade Representative's office have in the review of our export regulations? When will such a review be completed? Furthermore, have there been any preliminary recommendations from the Department of Commerce or any other federal agency or department on this issue?

**Congressman John Lewis (D-GA) Opening Comments and Questions for Ambassador Kirk Ways and Means Full Committee Hearing on President Obama's Trade Policy Agenda with U.S. Trade Representative Ron Kirk  
February 29, 2012  
Questions for Ambassador Kirk**

Good Morning, Mr. Ambassador. It is always good to see you again.

Let me begin by echoing the concerns raised by my good friend and colleague, Congressman McDermott. We hope that the administration will exert all possible pressure for swift consideration of the Third Country Fabric provision extension and the addition of South Sudan to AGOA. We hope this will remain a top legislative priority for USTR.

As you know I, along with many of my colleagues, wrote and spoke with the administration about the importance of protecting access to medicines in TPP. I would like to go on the record yet again in urging the administration to reach for the ceiling, not the floor, on this important issue.

You may remember that for a very long time, I have been crystal clear in detailing my strong concerns regarding the human rights, labor rights, and rule of law realities in Colombia. With a few exceptions, labor conditions in Colombia are not improving; the murders, the threats, and intimidation of workers who try to exercise their basic rights persist; and little, if any progress is being made in investigating, prosecuting and punishing the perpetrators of this violence. Clearly, much is left to be desired in the implementation of their Labor Action Plan commitments.

- Recently, the Administration announced that it would be giving \$2 million to fund International Labour Organization activities in Colombia. Unfortunately, the overall U.S. commitment to ILO funding was reduced in the President's budget.

Can you explain the rationale for this overall reduction and outline your expectations for the ILO and how it will help Colombia implement its Labor Action Plan obligations?

- As you well know, the State Department's Race, Ethnicity, and Social Inclusion Unit (RESIUNIT) is responsible for implementing the U.S.-Colombia Action Plan on Racial and Ethnic Equality. RESIUNIT addresses some of the key issues on the frontlines of U.S.-Colombia trade policies – land rights, business diversity, corruption, access to capital, and human rights.

How is USTR staff working with RESIUNIT and the humanitarian aid programs within USAID to ensure that the FTA does not undermine the progress of the Colombia Action Plan, the Labor Action Plan, and other efforts to address Indigenous and Afro-Colombian rights, economic opportunities, and related issues as an indirect consequence of the U.S.-Colombia FTA?

- Since there was nothing in the Labor Action Plan requiring Colombia to reduce the level of violence against labor activists, land rights activists, or members of any other subgroup, what exactly does the Administration plan to do about the violence in relation to putting the Colombia FTA into force?

In closing, I would like to commend the President for yesterday's announcement regarding the creation of a new Interagency Trade Enforcement Center (ITEC). A key to our economic competitiveness, recovery, and growth is challenging unfair trade practices around the world.

Again Mr. Ambassador, thank you for your thoughtful consideration of my questions and concerns.

**Congressman Earl Blumenauer  
Questions for the Record for Ambassador Kirk  
February 29, 2012 Hearing on President Obama's Trade Policy Agenda  
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**Questions regarding the US-PERU TPA**

Including the Logging Annex within the United States-Peru Trade Promotion Agreement was a key factor that led me and many of my Democratic colleagues to support the agreement. Fully implementing this Annex and successfully addressing the illegal logging of mahogany and cedar remains a critical priority.

I understand that USTR and other agencies including the U.S. Forest Service and USAID worked to support the development of the forestry law and I applaud that work. In fact, with support from the U.S. Forest Service, Peru's regional governors

recently visited the U.S. and met with Governor Kitzhaber's forestry team, the Chief Forester for the Deschutes National Forest, and with the Warm Springs Tribe to gain technical expertise in the management of timber resources.

Although the Peruvian Congress passed an important milestone last summer when it passed a new forestry law implementing many of its Annex obligations, however, Peru has failed to promulgate regulations implementing the law, and is thus remains in breach of our agreement.

- Please provide me with a timeline for the completion of the drafting of the regulations implementing the new law. In particular, is it your estimate that Peru will meet the one-year deadline? As you know, the new law won't go into effect until the regulations are implemented.

Peru's enactment of the forestry law builds on other efforts to date made by Peru to fulfill its Annex commitments, such as creating a new Ministry of Environment, reforming and making independent its forestry oversight agency, and revising its criminal laws to strengthen penalties for environmental crimes.

- Can you describe how Peru is taking advantage of its new tools to combat illegal logging of mahogany and cedar? For instance, can you document any increase in the number of illegal logging prosecutions? Can you document any increase in the number of convictions for these crimes? Additionally, in your opinion, has the overall severity of the problem of illegal logging of mahogany and cedar diminished?

Thank you for your continued efforts to achieve the objectives of our agreement with Peru.

### **Trade In Solar Panels**

I appreciate the USTR's efforts to ensure our trading partners play by the rules.

However, I hope to correct the record on Ambassador Kirk's comments with regard to the solar trade cases currently under investigation at the U.S. Department of Commerce. During our hearing, Ambassador Kirk stated that the U.S. enjoys a "huge" trade surplus in solar goods.

While that may have been the case in 2010, it is certainly no longer the case in 2011. According to federal trade statistics and illustrated in a recent report, *Losing the Environmental Goods Economy to China* (February 2012) issued by the office of Sen. Ron Wyden (D-Ore.), the U.S. went from a nearly \$2 billion trade surplus with the world in solar goods to a more than \$1.5 billion deficit in 2011.

It is important that your office note how quickly and dramatically our trade deficit can change when goods from China surge into the U.S. market. This surge caused

layoffs and plant closures across America; globally, China's actions in this industry are having negative impact as well.

Bloomberg News has reported on China's new five-year plan for its solar industry setting targets for increasing production capacity by its polysilicon and solar cell makers. This effort is part of China's plan to ensure that its state-owned or controlled enterprises survive the recent slump in global prices. The drop in prices itself, however, has been caused by China's massive subsidization of this sector, leading to the dumping of these products on the U.S. and other markets. China's plan to further expand production—found on their Ministry of Industry and Information Technology government website—will further drive out fair global competition.

Thank you for your continued efforts in this regard.

**Questions for the Record from Rep Schock**

**For Ambassador Kirk**

**Ways and Means Full Committee Hearing on President Obama's Trade Policy Agenda with U.S. Trade Representative Ron Kirk**

- 1.) Ambassador Kirk, American trucks powered by motors engineered to meet U.S. EPA emissions standards accounted for over 95 percent of sales in the Colombian heavy-duty commercial vehicle market in 2011. Those truck sales generated over \$1 billion in U.S. exports. The Colombian Minister for the Environment recently announced that Colombia would soon amend its emissions regulations to require European standards for truck motors, which would put U.S. truck manufacturers at a severe disadvantage in the Colombian market. Passage of the U.S.-Colombia Trade Promotion Agreement set a promising path for deepening our bilateral trade ties, but this regulatory development is a step back in that regard. What is your office doing to ensure that American trucks engineered to American standards retain access to the Colombian market? What timeframe do you anticipate for resolution of this issue?
  
- 2.) Ambassador Kirk, I appreciate that USTR has made clear to Argentina the grave concern that Congress and the Administration share about the numerous trade policies in Argentina that call into question that country's willingness to live up to its own international commitments. Among the Argentine trade policies that violate its WTO commitments, let me give just two examples. First, Argentina now insists on non-automatic import licenses for all imports, with processing times that often extend far beyond allowable time periods. Numerous U.S. businesses and businesses from other countries are reporting being told informally that they will not be given licenses unless they agree to export or invest an amount equal to their imports into Argentina. Second, Argentina's 2011 reinsurance regulations impose draconian restrictions on U.S. reinsurance companies by prohibiting almost all cross-border reinsurance services, in direct contravention of Argentina's WTO commitments. I understand that USTR is also

considering a request from some quarters of the private sector to remove Argentina's benefits under the GSP preference program because of Argentina's refusal to pay self-enforcing judgments that international arbitration panels awarded to two U.S. businesses in the public utility sector because of Argentina's violation of those businesses' rights under our bilateral investment treaty. What prospects do you see for resolving these grave concerns with Argentine trade policy, so that it does not continue to undermine the international trading system?

- 3.) Ambassador Kirk, the Framework Document on the Global Fund to Fight AIDS, Tuberculosis and Malaria states that the Fund will support programs that are "consistent with international law and agreements, respect intellectual property rights (IPR), such as the Trade-Related Aspects of Intellectual Property (TRIPS) Agreement, and encourage efforts to make quality drugs and products at the lowest possible prices for those in need." This commitment is essential. I am concerned that we may not have adequate systems in place to ensure that Global Fund's drug procurement policies meet domestic law and global IP standards recognized by all WTO members. I support the procurement of affordable quality medicines and procurement rules that are consistent with strong IPR protection, which is key to encouraging continued investment and innovation that will provide new life-saving medicines.

Given that the United States remains the global leader in pharmaceutical innovation and the Global Fund's largest donor, how is the Administration monitoring the Global Fund's procurement policies to ensure that they are consistent with domestic laws, the "Guide to the Global Fund's Policies on Procurement and Supply Management", the TRIPS Agreement and the Doha Agreement on TRIPS and Public Health, and are you satisfied with the level of consistency? As the Global Fund transitions into new leadership, I ask that you work with your colleagues at the Department of State to ensure that their policies on procurement and supply management comply with these obligations. This has critical implications not only for our innovative pharmaceutical sector, which supports 4 million jobs in the US, but also for taxpayers and for all those who depend on the Global Fund for existing and future medicines.