

Hearing on U.S. Trade Policy Agenda

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CONTENTS

[Advisory of January 27, 2015 announcing the hearing](#)

WITNESSES

Ambassador Michael Froman

U.S. Trade Representative

Witness Statement [[PDF](#)]

Hearing on U.S. Trade Policy Agenda

U.S. House of Representatives,
Committee on Ways and Means,
Washington, D.C.

The committee met, pursuant to notice, at 2:04 p.m. in HVC-210, U.S. Capitol Building, Hon. Paul Ryan [Chairman of the Committee] presiding.

*Chairman Ryan. The hearing will come to order. Welcome to the Committee on Ways and Means hearing on U.S. trade policy with our U.S. Trade Representative, Michael Froman. The hearing will be conducted in accordance with the Rules of the House and the appropriate decorum.

I want to start by thanking Ambassador Froman. I believe this is your second tour today of duty before a congressional committee. You and your team are doing very, very important work. We have a lot to discuss today. And this Committee is going to do everything we can to try and make this work a success.

I want to just say a few things about trade. Expanding American trade is going to be one of our top priorities this year. And the reason? It is really simple: 95 percent of the world's customers live outside of the United States. I can think of few better ways to grow our economy than to grow our customer base. I believe Americans can compete with anybody, if given a fair chance. That is why we have to break down barriers to our exports by completing trade agreements.

Right now there are several trade deals in the works, all of them showing promise. We are negotiating the Trans-Pacific Partnership with our friends in Asia; a Transatlantic Trade and Investment Partnership with our friends in Europe; the Trade and Services Agreement with countries around the world; and several agreements through the World Trade Organization. And if they are done well, all of them would help create jobs and expand opportunity. And all of them would help shape the kind of economy we leave to our kids.

You know, the fact is, if we don't write the rules of the global economy, other countries will. Guess what? They already are. Other countries, like China, are putting in

place new trade agreements among themselves. So, it is as simple as this: If we are not moving forward, we are falling behind.

Look at the record. If you add up all the countries that don't have trade agreements with us, we run a big manufacturing trade deficit. And if you add up all the countries that do have trade agreements with us, we run a surplus. So I think it is pretty clear trade and trade agreements, they are good for our country. We need more of both. And the first thing we need to do to get there is to pass trade promotion authority.

Here is the issue. When the United States sits down at the negotiating table, everybody at that table has to trust us. They have to know the deal the Administration wants is the deal Congress wants. Because if our trading partners don't trust the Administration, if they don't think it will make commitments that Congress will undo later, then they won't make any concessions. Why run the risk for no reason?

On the other hand, once our trading partners know that we are trustworthy, once they can see that we are negotiating in good faith, then they will be more willing to make concessions. That is why we have to pass this bill before negotiations are complete. To get the best deal possible, we have to be in the best position possible. We can't be negotiating with ourselves, we have to maintain a united front.

Now, I am not saying to maximize our leverage we have to maximize the Administration's power. Actually, far from it. I would no sooner trust this Administration with more power than I would trust the Patriots with the footballs at Lambeau Field.

[Laughter.]

*Chairman Ryan. Okay. What I am saying -- not Massachusetts.

[Laughter.]

*Chairman Ryan. But what I am saying is that this bill would maximize Congress's power. Let me explain.

Nothing stops the President from negotiating a deal without instructions from Congress. Nothing. So, if we just waited until after the negotiations are done to make our views known, if we simply reacted to what the Administration put in front of us, well, we might just scuttle the whole deal.

That means we have to get involved before the deal is done, not after it is finished. We have to be proactive, not reactive. That is what TPA does. We call this process "Trade Promotion Authority." I think of it more as a contract.

We say to the Administration, "If you want this up or down vote, you are going to have to meet three requirements: Number one, you have to listen to us, the co-equal

legislative representative branch of government; number two, you have to talk to us; and, number three, you have to remember Congress, we, get the final say.

First, TPA lays out our negotiating objectives for our trade deals. In short, we tell the Administration what targets to hit. It has got to do things like eliminate barriers to our exports, protect our intellectual property, and eliminate unnecessary regulatory barriers in other countries.

Second, TPA requires the Administration to consult with Congress. Any Member can meet with our Trade Representative's office at any time. Any Member can read the text. Any Member can attend the negotiations. It is like a TPA hotline.

And, third, just to avoid any confusion, we put it right in the bill text: "Congress gets the final say." If a trade deal requires any change in our laws, it is Congress that must approve them. And if the Administration violates any of these requirements, we can say, "No deal." If it doesn't cooperate, it doesn't get the up or down vote that they want.

We simply can't get the best deals without TPA, and that is why we have got to pass it as soon as we can. So TPA is front and center. But there are several other measures that we must take to help the economy.

I think what I said may not be in agreement with what the gentleman to my left says, but there are a lot of things that the two of us do agree on. We need to reauthorize the generalized system of preferences, which expired last year. And I am committed to ensuring that a seamless and timely renewal of the African Growth and Opportunity Act is done as soon as possible. Both of these programs would let developing countries send their products to our shores duty free. Stronger trade ties among our countries would help lift up their economies and our own.

The Miscellaneous Tariff Bill, meanwhile, would eliminate duties on hundreds of products that we don't even make in our country, and that our manufacturers need to build their own products. This is just common sense, and we need to find a way forward. And I do look forward to bipartisan agreements on many of these issues.

Finally, Congressman Brady has done solid work on the Customs Trade Facilitation and Enforcement Act. The bill would help streamline our customs procedures and enforce our trade laws. And Congressman Boustany, he has tackled the problem of trade remedy evasion in a very creative and a very effective way. We need to get this legislation across the finish line.

So, we have got a pretty ambitious agenda in front of us. I look forward to learning more about the ambassador's testimony, and I look forward to this area, because it has the promise of creating more jobs for Americans. And I look forward to working with my colleagues on these issues.

And, with that, I would like to yield to Mr. Levin for any time he might.

*Mr. Levin. Thank you very much, and welcome, Ambassador, welcome.

The Trans-Pacific Partnership is potentially a trade package of historic significance. Economically, the 12 participants represent 40 percent of the world's GDP. New vital issues are being negotiated multi-laterally for the first time. TPP has the potential to raise standards and open new markets for U.S. businesses, workers, and farmers. Or, on the other hand, to lock in weak standards, uncompetitive practices, and a system that does not spread the benefits of trade affecting the U.S. economy, job prospects, and wages for decades to come.

At this juncture, there are many major outstanding issues in key subject matters of TPP. The resolution of these issues will decide the merits of TPP, and whether it is an agreement that builds on progress in recent FTAs.

Last week I put forward a description of what I believe to be most effective resolutions of the major outstanding issues. Achieving these outcomes could lead to a landmark TPP agreement worthy of major bipartisan support, and my own. The outcomes will affect the paychecks of American families now and the future. So we should focus on getting TPP done right.

To achieve this, Congress, at this point, must not give up its leverage, at this point, by passing TPA, where it can only say yes or no, until we here are fully confident that USTR is on a clear path toward effectively achieving these outcomes. Congress needs to assure itself of a fully active role in the effort to get TPP right. With the negotiations at a pivotal point -- a pivotal point -- within a few months, it is said, of final decisions being made on key specific issues and provisions, the congressional role must be instrumental.

And we have played an active important role in the past. Numerous trade agreements have been improved, as a result. We put together provisions in the May 10th agreement on enforceable labor and environmental standards, as well as vital medicine provisions. We inserted into China PNTR provisions to strengthen enforcement of China's obligations -- unfortunately, not utilized -- as well as trade enforcement and human rights provisions in Russia PNTR. And we insisted, in the industrial provisions of the Korea FTA, that it be re-negotiated. And Dave Camp and I worked closely with the auto companies and auto workers, and the Obama Administration went back and got a stronger agreement.

This may not be the course suggested by those who believe that more trade is, by itself, so positive, that any problem in TPP will work itself out over time. And, for some others, there is no feasible way to do TPP right. So both now focus on process, on the vehicle trade promotion authority, and not on the vital contents of the TPP package that would be on that vehicle.

Let me give a few examples why we need, right now, to focus on TPP.

First, currency manipulation has cost the U.S. millions of jobs over the past decade. Bipartisan majorities of both the House and the Senate, and staunchly conservative, as well as liberal economists, have urged the Administration to include strong and enforceable currency disciplines in TPP. But the Administration has not yet broached that subject in TPP.

On agricultural market access, we continue to hear concerns from farm groups. The TPP could lock in closed markets, particularly in Japan, but also in other countries. We must insist that tariffs be eliminated on virtually all agricultural products, and that there be significant access for the few products where tariffs are not eliminated.

On investment, the Economist Magazine, the CATO Institute, foreign governments, and others from across the political spectrum, have expressed growing concerns that the investment provisions of our trade agreements, particularly the investor state dispute settlement mechanism, could unjustifiably interfere with each nation's sovereign right to regulate. Recent examples are Australia's regulations of tobacco, and Canada's handling of medicine patents. TPP needs to include new safeguards, as I proposed last week.

Finally, TPP needs to preserve the provisions of the bipartisan May 10th agreement of 2007. For example, this is the first time the U.S. has ever negotiated a comprehensive trade agreement with a Communist trading partner. Vietnam must recognize that workers have the right to choose their own representatives, and we need to put in place an ongoing panel to ensure Vietnam's compliance.

No less important are outstanding provisions on access to Japan's automotive markets, state-owned enterprises, rules of origin, environmental protections, and human rights. Giving Congress a fully effective role, as well as for representatives of groups with a big stake in TPP negotiations, is an effective way -- and I emphasize this -- to assure other nations that the USTR is bargaining with strong bipartisan support.

Finally, in order for all of this to happen, all Members of Congress and cleared advisors must have full access to the negotiating documents, including to the positions taken by other nations on a secured basis, only where necessary. There has been some progress on transparency, but much more must happen. A full row for Congress at this important juncture in the TPP negotiations after five years with real transparency is absolutely essential. Nothing else will suffice.

Thank you, Mr. Chairman.

*Chairman Ryan. Thank you. Ambassador Froman, thank you for your time today. The committee has received your written statement, and it will be made part of the formal hearing record. If you wouldn't mind summarizing your remarks in five minutes so Members can get on with the question and answer, I would appreciate it, and you are recognized.

STATEMENT OF MICHAEL FROMAN, U.S. TRADE REPRESENTATIVE

*Ambassador Froman. Thank you, Chairman Ryan, Ranking Member Levin, members of the House Ways and Means Committee. Thanks for the opportunity to testify. I will try and keep this short, so to maximize the time for questions.

As a central part of the President's overall economic strategy, our trade agenda is committed to supporting more good jobs, promoting growth, and strengthening the middle class in the United States. At USTR, we are advancing those goals by knocking down barriers to U.S. exports, and leveling the playing field for American workers and businesses of all sizes. And, as we work to open markets around the world, we are enforcing our trade rights so that American workers, farmers, ranchers, and businesses get the full benefit of the economic opportunities the U.S. has negotiated over the years.

Taken together, these efforts have contributed greatly to America's economic comeback. Since 2009, America's total exports have grown by nearly 50 percent, and contributed one-third to our economic recovery. During the most recent year on record, 2013, U.S. exports reached a record \$2.3 trillion, and supported a record-breaking 11.3 million jobs. And, at a time when too many workers haven't seen their paychecks grow in much too long, these jobs typically pay up to 18 percent more, on average, than non-export-related jobs.

Over the past year, I have had the pleasure to travel around the country, and heard many of the stories behind these statistics. I listened to small business owners in Colorado, Maryland, and Ohio; farmers and ranchers in Iowa, Wisconsin; manufacturers and service providers in Texas and the State of Washington, and many others. And, across our country, what I heard was resoundingly similar: confident that, as long as the playing field is level, our workers and businesses can win.

Today, more small businesses are exporting than ever before. And, by tapping into global markets, these companies are able to increase their sales and their payrolls. And that success is all the more impressive when you consider that the U.S. is an open economy, and other countries aren't necessarily playing by the same rules. That is why we are working harder than ever to bring home trade agreements that will unlock opportunities by eliminating barriers to U.S. exports, trade, and investment, while raising labor, environment, and other important standards across the board.

If we sit on the sidelines, we will be faced with a race to the bottom in global trade, not a race to the top. And, as the President said last week, we should be the ones to engage and lead.

That leadership is apparent in our work during the last year to advance the Trans-Pacific Partnership, or TPP. The contours of a final agreement are coming into focus, and we have made important progress in the market access negotiations, and in addressing a number of 21st century issues such as intellectual property, digital trade, competition with state-owned enterprises, and labor and environmental protections.

Another promising area is the Transatlantic Trade and Investment Partnership, or TTIP. And with the new European Commission in place, the U.S. and the European Union are moving forward with a fresh start in TTIP negotiations, which will build upon the already \$1 trillion in two-way annual trade.

At the World Trade Organization, the U.S. is working to conclude an information technology agreement expansion deal, which would cover roughly \$1 trillion in trade, while moving forward in negotiations on the Trade and Services Agreement, and the Environmental Goods Agreement.

This will be a critical year for trade, and we look forward to continuing our efforts to engage the public, stakeholders, and Members of Congress in a robust discussion about how we are opening markets and creating opportunities for American exports; how we are raising labor and environmental standards to level the playing field for American workers; how we are promoting innovation and creativity, as well as access to its products; and how we are ensuring that governments will be able to regulate in the public interest, while giving Americans abroad the same kind of protections we guarantee domestic and foreign investors here at home.

Mr. Chairman, as we move ahead, we are committed to providing maximum transparency, consistent with our ability to negotiate the best agreements possible. And we look forward to working with this Committee and others in Congress to determine the best way to achieve that goal.

There is no other area of policy that reflects closer coordination between the Executive and Congress than trade policy. And, to further strengthen that cooperation, as the President made clear last week, we look forward to working with Congress to pass bipartisan Trade Promotion Authority. The previous TPA bill was passed over a decade ago, and an updated TPA bill is needed to address the rise of the digital economy, and increasing role of SOEs, and to reflect the latest congressional views on labor, environment, innovation, and access to medicines.

TPA also establishes the timeline and process for the trade agreements that we bring home to be reviewed not only by Congress, but also by the American people. And again, the Administration looks forward to working with this Committee and the new Congress, as a whole, to secure a TPA that has bipartisan support.

We also look forward to working with Congress to renew a number of other programs, including trade adjustment assistance, the Generalized Systems (sic) of Preferences, which expired in 2013, and the AGOA program, well before it expires in September this year. But we can only accomplish these goals and priorities through strong bipartisan cooperation between Congress and the Administration. And, together, we can ensure our trade policy continues unlocking opportunity for all Americans.

Thank you again for the opportunity to testify. I am happy to take your questions.

*Chairman Ryan. Thank you. I have got a lot of questions, but I will keep it to a couple, in the interest of the Members' time.

Last week the President came, gave us the State of the Union, and called for Congress to pass Trade Promotion Authority. And, look, I don't agree with the President on a whole lot. But, on this one, I agree. And so, we have here a bipartisan opportunity to make a good difference for trade, for jobs, and to pass bipartisan legislation -- to make divided government work, in other words.

We are going to have to update TPA, we are going to have to have a smart rewrite of the law that is appropriate. The question I have, because this has to be a bipartisan effort, is what is the Administration doing to build support among Democrats for TPA?

*Ambassador Froman. Thank you, Mr. Chairman. We have been engaged for much of the last year-and-a-half with Democrats and Republicans on the Hill to brief them on TPP, and to engage them and make sure they are aware of what it is we are negotiating. And I want to thank Mr. Levin, in particular, for the process that he has organized over the last year that allowed us to have some deep-dive discussions on various issues on TPP. And we have a whole-of-government effort, including the White House and the Cabinet, that are out there, talking about TPP, the importance of it, and, of course, also TPA.

So, we are fairly mobilized, and we are consulting with Members of Congress. We have got -- as I said, the Cabinet and the White House, including the President, are very much engaged on this issue. And we look forward to working with you to secure progress there.

*Chairman Ryan. I am from Wisconsin. Our license plate says, "America's Dairyland." But we are quickly becoming the world's dairyland. So I want to go into dairy with you, if we will.

In 2013, our dairy exports grew by 41 percent. Exports are becoming only more important than the entire U.S. dairy sector. They are becoming bigger than the beef sector, which is still pretty high. So it is pretty impressive. This is why we need to open up more markets for our dairy products in TPP countries.

And this is my concern. I am concerned that Japan is not doing nearly enough, and that Canada is not even negotiating to remove significant tariff and non-tariff barriers to U.S. dairy. I am concerned that TPP countries might restrict the use of many common food names under the guise of "geographical indication requirements." The EU, for

instance, insists that countries adopt this unjustified GI protections if they want to have trade with their members. We need to address these trade barriers.

Look, this is my favorite cheese. It is Wisconsin Gouda, smoked Gouda, made in Monroe, Wisconsin, and smoked at Swiss Family Smokehouse in Evansville, Wisconsin. For generations, we have been making Gouda in Wisconsin. And for generations to come, we are going to keep making Gouda in Wisconsin, and cheddar, and feta, and everything else. So, it is extremely important that we do not allow these countries we are entering into trade agreements to use these kinds of improper barriers to block U.S. dairy exports.

So, give me a status report on where things stand on these non-tariff and also tariff barriers with TPP, EU, and Canada, in particular.

*Ambassador Froman. Well, we couldn't agree with you more, and we are approaching -- let's take dairy market access, really, in three ways.

One, as you said, is to eliminate tariff, or reduce tariffs wherever we possibly can. Secondly, to deal with SPS issues, sanitary and phytosanitary issues, to make sure that other countries apply sanitary and phytosanitary standards based on science, and not on politics. And, thirdly, on the geographical indications. We think all three are important to having effective market access there.

We are making good progress in TPP on market access, including in dairy. We are not done yet, but we have been working with Japan over the better course of a year on the issues, going line by line through dairy, which is one of their sensitive products, and determining where there can be tariff elimination and where there can't be tariff elimination. And it is a priority for our producers, working with the Government of Japan, to find a way to create meaningful market access. As I said, those negotiations aren't finished yet, but we have made good progress.

On the SBS standards, I think we are making progress on ensuring that they are based on science.

And on geographical indications, I think you are -- our system, in our view, works for Europe and the rest of the world. There are 18 trademarks registered in the United States to Parmesan Reggiano. And the European Union sells hundreds of millions of dollars, if not billions of dollars, of cheese in the United States. But we can't sell cheese in Europe.

And so, we believe our system of trademarks and common names is the appropriate way to go. We are working with our TPP partners to find a way for them to operate, both with the United States and the European Union, as partners. That protects our ability to access those markets.

*Chairman Ryan. Canada?

*Ambassador Froman. And on Canada, we have been engaged with them from before they came into TPP, and made it clear that this was an issue that was of great interest to us. They also underscored that it was sensitive to them. We are working with them, and we hope that we will be able to achieve a successful outcome there.

*Chairman Ryan. So we still have a ways to go to close these things out. That is pretty clear, I think, and most people on this Committee would agree with that.

I could go on, but I will -- in the interest of time, I would like to yield to the ranking member, Mr. Levin, for any questions he might have.

*Mr. Levin. Thank you. I asked anybody if they have some car keys. I didn't bring mine. You raised cheese.

*Chairman Ryan. I have got --

*Mr. Levin. I know. These are the best keys we can find.

[Laughter.]

*Chairman Ryan. I thought you would have your universal with you.

*Mr. Levin. But, so, it relates to -- here we go.

*Chairman Ryan. If the gentleman will yield, the reason I have the cheese here is because it is a bet from Mr. McDermott. I lost a bet with Dr. McDermott, so it is actually his cheese.

*Mr. Levin. Where is the cheese?

[Laughter.]

*Chairman Ryan. So if you want to go ahead and pass it on down to him, he can have his cheese.

[Laughter.]

*Mr. Levin. Jim, you want to come up here? I don't want it. Take a picture with it.

*Chairman Ryan. And some free-range organic --

*Mr. Levin. But, look, I hope that doesn't come from -- thanks.

You know, I was tempted to raise car keys, because one of the issues is the domestic industry has been unable to get cars into Japan. We have been trying for decades. And we need to have more than a negotiating objective. We need, all of us, to be involved in

how an objective is being implemented specifically. We need to be involved in that process. And I could ask you about that, and I know you would say good progress has been made. But there are outstanding issues, in terms of what will really happen.

And the same is true, Mr. Chairman, in terms of dairy. I think it is -- I would like to a TPP. I think we need to be very actively involved as the specifics are put together.

And when Mr. Froman, Ambassador, says to you, "It is good progress," I think he is saying that sincerely. But, in terms of ag products, we need to know what the heck is going on, and be able to lean in if it isn't going well, or how it should go, on a regular basis. That is our challenge. It is not broad challenges, it is specific provisions. So, I just want to emphasize that.

Let me just turn now to another issue I want to ask you about, because I could ask you about currency, but you are not the Secretary of the Treasury. On currency, which has so much to do with the livelihood of Americans, their paychecks, that issue hasn't yet been broached in TPP. There has been no discussion. And, as you and I have talked, Mr. Chairman, we need to be very much involved in pushing that issue, and getting it into the TPP negotiations, because it impacts the paychecks of American workers and the prosperity of American businesses.

And so, we can talk as much as we want -- and we should -- about the importance of exports. We also have to look at the path of imports. And currency has had a major impact on the imports that have come into this country, and displacement. And we have to have that full rounded picture, and our participation in how we address TPP so it comes out with a product that meets our needs and has a strong base of bipartisan support.

So, let me just say -- ask you about transparency. We discussed this last week, and I think -- I can't speak for you, but it was a subject of interest to both of us. So, we haven't been able -- we, members of this Committee -- to look at all the documents, to have staff write down what is in the text. And also, for us to know not only what other nations are proposing, but the specific proposals of other nations.

And I think, for us to be able to actively help frame a TPP that is worthy of support, we need to have that access. And so that isn't a matter of negotiating objectives, it is a matter of the specifics that we need to be part of. We need to find a way to do that.

So, there is just 41 seconds left, if you would respond, please.

*Ambassador Froman. Well, thank you, Congressman. And, clearly, consultation with Congress is a vital part of these negotiations. And it is not just the number of consultations, it should be also the quality of the consultations. And we look forward to addressing any of those specific issues that you want to address to get into details, and to dive deeply into, chapter by chapter, issue by issue.

As you know, all Members have access to the negotiated text. Several dozen have taken advantage of that. And we continue to look for ways that we can expand transparency and participation, and there are a wide range of views on that issue, including among members of this Committee and of the Senate Finance Committee, and we look forward to working with you and the chairman, since it does touch upon the jurisdiction of this Committee, to determine the best way forward on that issue.

We can always do better on transparency, and we are committed to working with you to find the best way forward.

*Mr. Levin. Okay, thank you.

*Chairman Ryan. And I think we are all in agreement we need to come to resolution on this.

Mr. Johnson is recognized.

*Mr. Johnson. Concern has been raised by some that Congress and the American people may not be adequately consulted during trade negotiations.

Let me ask you. Doesn't TPA actually strengthen congressional executive consultations? Yes or no?

*Ambassador Froman. Well, yes, Congressman, it is a mechanism by which Congress can update the procedures that they think are appropriate for consultations before and during --

*Mr. Johnson. Well, are you listening to us? That is what the question is, I guess.

*Ambassador Froman. Yes, absolutely. And part of our efforts to consult with this Committee, and more broadly, is to ensure that we have your input.

I also just want to correct a misperception that is out there that somehow this is going to get voted on before there is adequate time for the public and Congress to review it in great detail. Of course, it will be public for months and months before there is any vote in Congress, under traditional grants of trade promotion authority. And there will be hearings, and there will be questions, and there will be scrutiny. And that is very much part of the process.

At the end of the day, it is only Congress that can decide whether the trade agreement goes into effect or not. And we will make that judgement.

*Mr. Johnson. Yes, I hear you. Let me ask you. Is the President, this Administration, committed to following TPA requirements to the letter?

*Ambassador Froman. Yes. I mean we follow -- we have -- are very much committed to working with you on TPA and in TPA, following the requirements with regard to the various provisions --

*Mr. Johnson. Okay, and we are negotiating trade deals in the Asia Pacific and with Europe. And I wonder if you could tell us how TPA helps lead to better job-creating trade agreements for America.

*Ambassador Froman. Well, these trade agreements are going to open up markets for our exports. They are going to help level the playing field for our workers and our firms. They are going to help protect American jobs and protect American workers. They are going to create fairness, in terms of a level playing field. And, ultimately, they put us, not other countries who may not share our interests and our values, in the driving seat, in terms of setting the rules of the road for the international trading system.

So, in all those regards, this is an important step forward for defending American workers and American jobs.

*Mr. Johnson. I agree with you. And what is the Administration doing to help show Americans that job-creating potential, or trade agreements, to build support for TPA?

*Ambassador Froman. Well, we are mobilizing our entire Cabinet and our White House, whole government is out there, talking about this. We have been out, myself and Secretary Pritzker, Secretary Lew, Secretary Kerry, Secretary Vilsack, Secretary Perez, have all been out talking with -- around the country about the importance of moving ahead with this trade agenda.

I will tell you that today we re-launched our website, and on the website it has got state-by-state material, in terms of the benefits of trade on a state-by-state basis. And we continue to develop that material as we -- as the agreements are coming -- the final agreement is coming into focus. And we are going to continue to work with you to make sure we get that information out to the public.

*Mr. Johnson. Good for you. Have you ever been to Texas?

*Ambassador Froman. I have been to Texas.

*Mr. Johnson. Okay. Thank you, Mr. Chairman.

*Ambassador Froman. Thank you.

*Mr. Johnson. I yield back.

*Chairman Ryan. Thank you. Dr. McDermott is recognized.

*Mr. McDermott. Thank you, Mr. Chairman. I didn't get my salmon over here to give you in exchange.

Mr. Froman, global access to affordable biologics is a key component of this negotiation. And, unlike small molecule drugs, biologics are derived from organisms. They are used to treat cancer, rheumatoid arthritis, MS, and a variety of other things. In many ways, they represent the new frontier of medicine.

For example, some of the drugs that have showed promise in Ebola are biologics. The prominence of these drugs in the lives of patients will grow in the coming years. In the next five years, for example, one-quarter to one-third of all new medicines approved by the FDA are expected to be biologics.

Now, while these drugs represent the most -- the next frontier, they are also very expensive. The annual cost of the biological drug Herceptin, to treat breast cancer, is \$48,000. In Peru, one of the 12 countries that is part of the Trans-Pacific Partnership, breast cancer is the leading cause of death among women. But the cost of the drug like Herceptin is out of reach for working-class women in Peru. According to World Bank figures, the gross domestic product per capita in Peru is \$6,270. That is seven times -- takes seven years' work to buy treatment for the drug (sic).

Before entering Congress, I worked in Africa, and worked on the AIDS epidemic, and I saw what we were able to do by using generics in the treatment of that epidemic. We brought it under control. So, my question really comes down to this: Why is the U.S. Trade Representative's office putting forward provisions that would threaten access to affordable biological drugs in the TPP negotiation?

Let me be specific about what I mean. A USTR provision is setting data exclusivity for biologics, meaning that the patent holder has the data, and nobody can make a generic until that exclusivity runs out. Your tabling something at 12 years would mean a longer time for people to wait for lower-cost drugs. The President is advocating a seven-year period of data exclusivity in biologics. So a little bit more than half. I don't understand why you are going twice the length of what the President is talking about. Or is that -- is there just no clarity?

Are you willing to tell us what you are really adopting? Because a 12-year standard, if we adopt it in TPP, would make it impossible for us to have it after seven years in the United States. That means people who could have access to the drugs because of the cost of generics being markedly reduced, would be denied them for five more years because of a trade agreement we made with Trans-Pacific Partnership.

And I don't understand how you think that works. It seems to me there ought to be one standard for the world. And I don't think that it ought to be a long one. If the President says seven, let's -- why aren't we talking seven? Why are you talking 12?

So tell me about this data exclusivity, how long you think you are going to negotiate, where it is today. Because some countries don't have any data exclusivity. Some have a five-year standard. Some have a seven-year standard. And we are talking 12. Where are we going?

*Ambassador Froman. Thank you, Congressman. Thank you for all your leadership on that issue.

Look, this -- we have 40 million Americans whose jobs are related to IP-intensive industries. And our goal is, on one hand, to promote innovation and creativity in this country, and also to ensure access to affordable medicines, particularly in developing countries, consistent with the May 10th framework that Mr. Levin, Mr. Rangel, and the previous Administration worked out. And that is the position --

*Mr. McDermott. Are you saying that what you are putting forward on the table now is consistent with what we did in Peru in the May 10th agreement?

*Ambassador Froman. So that is the approach we have been taking to these negotiations, where we look at where countries are, and their stages of development, and have a differentiated approach, depending on where they are in their development.

Now, you are absolutely right. Five countries have zero years of protection, four have five years of protection, two have eight years of protection, and we have twelve years of protection. And this is an area where, right now, there is no consensus among the countries about where to end up. But the approach we have been taking is to ensure both the promotion of innovation -- because without the innovation you can't have generics, and you can't have biosimilars down the road -- but also ensuring the affordable access to medicines, depending on a country's level of development. And that is the approach that we are taking in TPP.

*Mr. McDermott. And you are saying the President has not said seven years?

*Ambassador Froman. I think it is well known that, in the President's budget, is proposed seven years. Twelve years is currently the law of the land. And the practice that we use in our trade agreements, if Congress has spoken on a particular element like that, that is our initial position.

*Chairman Ryan. Thank you. Mr. Brady?

*Mr. Brady. Thank you, Mr. Chairman, for calling this hearing. Ambassador, thanks for your good work on leveling the playing field for our American companies and workers around the world.

You know, the world has changed. It is not enough to simply buy America; we have to sell American all throughout the world. And the world's economy has changed since we last did Trade Promotion Authority. It has been 13 years. The economies -- the

existing TPA is outdated, and doesn't reflect, really, the 21st century economy our businesses and workers are competing in.

I have noticed that the bipartisan draft from last year includes a balanced currency provision that creates tools for the Administration to seek and address currency manipulation. I think that balanced approach is the right one and, going beyond that, creates real risks and challenges -- especially risks -- to the United States.

One risk -- challenge is that it will miss the mark. In truth, savings and investment in a country drives much of the value of their currency. Monetary policy and fiscal policy does -- is a huge part of it, as well. Japan is a great example. The currency intervention didn't have an impact; monetary policies had a huge impact on depreciating the yen.

There are challenges in getting this right. Both at the WTO and the IMF, the currency rules are already fully enforceable. But, as both the Bush and the Obama Administration have noted, that often this is a challenge in setting the standard, defining manipulation. And there is a concern that will distract from more likely efforts to address currency manipulation around the world.

And here is my point. Defining manipulation of currency, you really -- is dependent upon defining the intent of a country. And that creates risks for the United States where it could expose us to litigation in the trade agreement.

For example, particularly quantitative easing, which -- a country could argue that the Fed's QE reduced the value of the dollar by almost eight percent, whether that was the intent or not. Not only would we be tied up in litigation, really would distract from real efforts. And I think that also helps shield real currency manipulators like China, who are outside of current trade agreement negotiations, wouldn't be subject to these new obligations. And so, not only does it create risk, you miss the real target on currency manipulation.

So, my question to you is, isn't the Obama Administration committed to ending currency manipulation? And will you be using all your tools within TPA and across a broad spectrum of multi-national organizations, to address currency issues?

*Ambassador Froman. Well, thanks, Congressman. Yes. I mean currency misalignment is a top priority for the Administration. And from day one we have worked to create a more level playing field by encouraging countries to move towards market-determined exchange rates, and to deal with persistent misalignment.

The Secretary of the Treasury, obviously, has the lead on this issue, and I know he will be here next week, and may speak on this further, if you like. But we have been engaged, whether it is directly with countries like China, where, from the President on down, we have pressed China to move towards a more market-determined exchange rate. In June 2010 they began to let their currency appreciate. It has now appreciated

about 15 percent in real terms. Not far enough, not fast enough. We are continuing to press them for market-determined exchange rates.

We have been pushing in the G7 where appropriate, the G20, the IMF. We are using every mechanism possible to try and achieve that objective.

*Mr. Brady. Are the tools within the TPA provision, as drafted, helpful to you as you address this issue around the world?

*Ambassador Froman. Well, I think, as this Committee and the Finance Committee proceed with a TPA bill, we will want to have conversations with you about that.

*Mr. Brady. Right.

Thank you, Chairman.

*Chairman Ryan. Thank you. Mr. Lewis?

*Mr. Lewis. Well, thank you, Mr. Chairman. Thank you for holding this hearing.

Mr. Ambassador, thank you for being with us today, and thank you for spending so much time meeting with members of this Committee. Mr. Ambassador, I happen to believe that trade policies should be a reflection of the values that we share, as a nation, and as a people. Would like for you to speak to the issue of human rights, labor rights, environmental issues.

*Ambassador Froman. Well, thank you, Congressman. And I completely agree that this gives us -- our trade agenda gives us an opportunity to promote our values, as well as our interests, in a critical part of the region and around the world.

That is why it is so important, what we are doing in TPP, for example, on labor and the environment. Again, building off of the May 10th agreement, this agreement will have the strongest possible labor and environmental provisions, and they will be fully enforceable. They will be in the core of the agreement, and they will be fully enforceable, including with the availability of trade sanctions, just like any other provision of the trade agreement. That is what we are seeking in this negotiation.

And we will take labor provisions, as an example, and be able to apply them now to half-a-billion people. And that is a huge transformation from where we were 22 years ago, with NAFTA, where labor and environment were considered side issues. And, over time, there has been a bipartisan consensus that has emerged that it should be treated like other issues in a trade agreement. So I think that is a very important development there.

We are also working specifically with countries where labor issues are particularly acute, whether it is Vietnam or other countries, to work with them to figure out how they can bring their labor regime into conformity with international labor standards.

And, again, this is only possible because we are engaged with them in TPP. If we didn't have TPP as our avenue for that engagement, there would be no possibility of improving the lives of workers in these countries and, hence, leveling the playing field for our workers. This is both important to do as a matter of values, creating dignity of work around the world, but it is also very important to leveling the playing field for our workers and our businesses who are competing right now against low-wage workers around the world.

*Mr. Lewis. Mr. Ambassador, you mentioned Vietnam. Are you free to tell members of the committee where we stand with Vietnam? It is only one labor union, by law.

*Ambassador Froman. We are working with them, and having a series of conversations about how to bring their system into conformity with international labor organization standards, including on rights of association, collective bargaining, forced labor, child labor, non-discrimination, acceptable conditions of work, which include minimum wage, maximum hours, and safe workplace conditions, and what kind of capacity building they are going to need as part of that. I am happy to arrange a time to sit down and brief you in more detail about that.

*Mr. Lewis. Mr. Chairman, I would like to yield the balance of my time to Mr. Doggett.

*Mr. Doggett. Thank you, Mr. Lewis.

*Chairman Ryan. The gentleman is recognized for 1 minute, 38 seconds.

*Mr. Doggett. Ambassador, would you be willing to place several copies of the latest bracketed draft with the negotiating position of each of our trading partners here in a secure room in the Capitol, so that Members and their staff with high security clearance would be able to go in, study it, take notes, and review it for as long as they feel it is necessary, in order to be good partners with you?

*Ambassador Froman. This is one of the ideas that has been suggested, and we are hoping to have a conversation about that with the chairman, the ranking member, and also the Finance Committee, to determine what the best procedures are for --

*Mr. Doggett. My understanding is --

*Ambassador Froman. -- addressing that.

*Mr. Doggett. -- that something similar was done back during NAFTA at different stages. And it seems to me that this negotiation over TPP has been going on for years, but there are strong restrictions on the ability of Members of Congress to study it.

Has any step been taken since I raised this concern in our meeting with you last Wednesday, to provide greater access to Members of Congress, and let us have the

opportunity to know, if we are concerned about cheese in Wisconsin, what position the Canadians are taking?

*Ambassador Froman. Well, we are having conversations with, again, the chairman, the ranking member, and the same on the Senate side, precisely around those questions.

*Mr. Doggett. Well, I have great confidence in both of them, but all of us have a vote on this that is the same as theirs. Why shouldn't all Members of Congress be able to get access with their secured staff, and take such notes as they may feel necessary in order to record where various trading partners are -- or what position they are taking?

*Ambassador Froman. Well, as you know, every Member of Congress can access the text. Several dozen have, including some members of this Committee. And we are happy to arrange a time to come up and show you whatever text you would like to --

*Mr. Doggett. There are severe limitations on it. I will continue a little later.

*Chairman Ryan. Yes, you will have time when you have time.

Mr. Nunes is recognized.

*Mr. Nunes. Thank you, Mr. Chairman.

And, Mr. Froman, I want to thank you for always making yourself available for myself, and I think the other Members, taking the time to go down to USTR. And you have been willing to share the information, and I would encourage all the Members to go down and do that.

I am going to be very brief. I am going to submit five questions for the record. I also would like to reiterate the chairman's comments or concerns about Japan, Canada, as it relates to agriculture, in general. Japan still has to go farther. Canada has got to put an offer on the table, or they could blow this entire deal up.

And then, finally, just encourage you to pass TPA, help us pass TPA, sooner, rather than later. We are going to need the Administration's help on that.

And I would like to yield, with the chairman's position (sic) -- support, I mean, to the gentleman from Ohio, Mr. Tiberi.

*Chairman Ryan. The gentleman is recognized.

*Mr. Tiberi. Thank you. Ambassador Froman, you have communicated the enormous benefits of trade to the United States economy over and over again. And, as you know, international trade supports nearly 40 million U.S. jobs. And the share of U.S. jobs tied to trade has actually doubled in the past 20 years. In addition, trade-related jobs pay an average of 18 percent more than non-trade-related jobs in the United States. And

the President and you have both said that U.S. economic growth depends on exports and doubling, tripling exports, because 95 percent of the world's consumers live outside of the United States of America.

As Chairman Ryan said, we have a number of major negotiations ongoing right now, and I, for one, want to make sure that you and your team have all the tools necessary to show our trading partners that there is a strong partnership between this Administration and this Congress, because the trading partners will then know that we are serious, and they will put their best offer on the table.

In that vein, can you explain to us in simple terms what renewing TPA means for you and your negotiating team, as you begin to finalize these negotiations in coming months?

*Ambassador Froman. Well, Congressman, we have been working, on the one hand, to proceed with TPP negotiations, and to complete elements of those negotiations consistent with ambitious, comprehensive, high-standard benchmarks that we have set for ourselves.

On the other hand, we have indicated that we want to work in parallel with Congress, bipartisan, Democrat, Republican, House and Senate, to proceed with TPA. And I think that has allowed us to continue to proceed with the negotiations and continue to make progress. And we look forward to also making progress on the TPA bill.

*Mr. Tiberi. Another issue. China and several other countries have repeatedly targeted U.S. exports by biased remedy investigations, often in retaliation for legitimate trade actions taken by the U.S.

And one, specifically, the Grain-Oriented Electrical Steel, the GOES dispute, is one that hits close to home for me and my district. It is a dispute in one of a string of WTO disputes, as you know, that demonstrates China's systematic abuse of its trade laws to support its own industrial policies. And through a severe lack of transparency and due process, you know the WTO has ruled in our favor, in the U.S.'s favor. And I really appreciate the work that you and your team have done thus far, specifically on the GOES issue.

China has made some encouraging new commitments. However, many of us are concerned about the implementation of these commitments. As we go forward, what are you and the Administration going to do? These are jobs in my district, for instance, manufacturing jobs in Zanesville, Ohio. So we win, but yet, we still don't win, if you know what I mean. How can we improve on this? What are the metrics?

*Ambassador Froman. Well, look. I think we have to be very aggressive in holding China and our other trading partners' feet to the fire when it comes to applying their trade remedy laws in a WTO-consistent way.

We have brought 18 cases before the WTO, the most ever above anybody, 9 of them against China. And a few of them in this particular area, which is the misapplication of their trade remedy laws: the steel case; the autos case, which affected, I think, over \$5 billion of U.S. auto exports; a poultry case, where they were doing the same thing, and applying their trade remedy laws. We have won each one of those, and we are going to continue to press them to bring their application of their trade remedy laws into compliance with their WTO obligations.

*Mr. Tiberi. I look forward to working with you on that.

*Ambassador Froman. Thank you, sir.

*Mr. Tiberi. Thank you.

*Chairman Ryan. Thank you. Mr. Becerra.

*Mr. Becerra. Thank you, Mr. Chairman.

Ambassador, thank you for being here again, and all of the work that you are trying to do. I want to touch on the subject of currency because, to me, that is -- if a country is going to cheat by devaluing its currency for the exclusive purpose of making its products look cheaper by keeping its currency value down, it obviously hurts American companies and American workers, because it is tougher for us to sell our products to those countries that are devaluing their currency. It makes it tougher for our companies to compete with those competitors in that devalued country when it comes to selling those products, our products, against their products in other countries, because they have got that advantage when it comes to currency.

And I am very concerned that we have yet to hear that this is an issue, currency manipulation, that will be included in any trade agreement. And I know that often there is discussion about how you can do this through other fora, but my sense is that we are not taking this as seriously as we should. From left to right, economists tell us that we can -- we are losing somewhere between a million to three or four million jobs by allowing countries to manipulate their currency and still bring products into the U.S., dump them in our country.

So, I am wondering if you can go through with me the four factors that the IMF considers relevant to determining whether a country is manipulating its currency.

The first one is excessive foreign exchange reserves. If a country has really large surpluses in reserves of foreign currencies, and it still has a really low-value currency, something is up. Well, my understanding is that the United States has the 19th largest foreign exchange reserves, less than countries like Thailand and Algeria. In fact, our reserves, foreign exchange reserves, are 25 times smaller than China's. Would that be a factor that we would concern ourselves with if we are trying to include currency

manipulation in any agreement, because we might be concerned that someone would accuse us of currency manipulation?

*Ambassador Froman. Well, Congressman, let me answer the question this way. As you know, this is an issue of high priority. And, you are right, we have been pursuing it through a number of means, whether it is bilaterally through the IMF, as you note, as well as through the G7 and the G20.

I think we share the same concern about the impact of this --

*Mr. Becerra. Ambassador, I am going to run out of time. I am trying to figure out if -- which of these factors we are concerned will impact us, and we will be accused of foreign manipulation, or manipulation of our currency, if we don't include -- if we try to include a deal on currency manipulation in a trade deal.

So, do you think that we could be accused of holding excessive foreign exchange reserves?

*Ambassador Froman. Again, I am going to defer to the Treasury Secretary, who is in charge of this.

*Mr. Becerra. Okay, so let me ask --

*Chairman Ryan. If the gentleman would yield just very briefly, we are going to have the Treasury Secretary here on Tuesday.

*Mr. Becerra. I understand. But, again, Mr. Ambassador, you have been talking about intellectual property. That is usually handled by the World Intellectual Property Organization. You have talked about issues of labor. That is usually handled by the International Labor Organization. So I am hoping that you are willing to talk about currency manipulation, which is one of the, I think, the severest forms of imbalanced and unfair trade that a country could engage in.

Sometimes it is tough for some countries that don't have real strong institutions to enforce laws when a business is out there, undercutting American industry. You know you have to go after those businesses. But when a country itself is manipulating its currency to gain an advantage over Americans, American companies and American workers, that, I think, is despicable.

And if we don't try to do something to avert that, we are essentially sending a very clear signal to those countries: "We want to deal with you; we don't care if you enforce, because we are going to let you, yourself, violate the agreements, so you can let your businesses do the same thing."

Second factor that the IMF typically considers in determining whether a country is trying to manipulate its currency to its advantage is that the country has a long and

sustained surplus. I think we can move very quickly past that one, because it has been quite some time since the United States has had a long and sustained surplus.

The third factor would be protracted, large-scale intervention and currency markets. We rarely -- unless you can tell me otherwise -- purchase foreign currencies. And certainly we haven't done it in some kind of protracted or large-scale manner.

And the fourth factor that the IMF considers is fundamental misalignment of currency. Fundamental misalignment, meaning it is valued in ways that it shouldn't be. If anything, our dollar right now is over-valued, not under-valued.

And so, I am wondering where of those -- which of those four factors we are concerned -- we would be found in violation of if someone were to attack us for trying to manipulate currency by doing the quantitative easing policies that the Federal Reserve has done, which has helped keep interest rates low, and a lot of Americans to afford to buy a home, and a car, and so forth. I just am concerned that we see no action on the part of the Administration on something that, bipartisanly, an overwhelming number of Members agree on.

*Chairman Ryan. Thank you, Mr. --

*Mr. Becerra. So I hope you will get back to us on that.

*Chairman Ryan. Thank you.

*Mr. Becerra. Thank you, Mr. Chairman. I yield back.

*Chairman Ryan. Mr. Reichert is recognized.

*Mr. Reichert. Thank you, Mr. Chairman. Welcome, Mr. Ambassador. Good to see you again. Thank you for all your hard work and meeting with the friends of TPP Caucus, and also your meeting with the committee last week. And I know we are working on some additional meetings and possibly even with the President, to help with your efforts on TPA and TPP.

But I wanted to just initially raise an issue that you and I spoke about last week, I think, and it is really a critical issue, and I know kind of outside your sphere of responsibility. But I am hearing increasing concerns from my constituents about the West Coast Port contract negotiations. I understand there has been some minor progress made in the last couple of days, but, simply put -- and I know you recognize this -- the longer these negotiations continue, the greater the impact on our economy and the American workers.

From my district alone, I have heard from apple growers and hay producers who have lost half of their businesses and, in turn, have had to lay off employees because they are

unable to export their products without delay. One grower in my district has laid off 200 employees out of 1,000. And if this goes on, in another couple of weeks we will lose another 40 jobs, waiting to see, you know, how these negotiations turn out. And they are on track to lose \$1 million a week. So this is -- it is critical.

In the short term, Washington apple and pear growers have lost an estimated \$70 million in sales. In the long term, they are worried about the loss of business, their reliable producers, and if they will be able to recover some of their losses, and recover some of their customers, because they are going to lose that customer base. So this is a devastating way to realize how important trade is to communities in Washington State and across the country.

And I just bring this to your attention, and hopefully you would encourage the Administration, the President, and others to become engaged and involved in this process.

*Ambassador Froman. Well, thank you, Congressman. And thank you for your leadership on the TPP, Friends of TPP Caucus.

My understanding is that the parties to the dispute have requested federal mediation, and the Federal Mediation Service has agreed, and is involved now in mediating that dispute. And we are hopeful that it gets resolved at the bargaining table.

*Mr. Reichert. And I share that hope with you. Also, just to dig a little deeper into a question that Mr. Tiberi posed, and that is the importance of TPA. I wonder if you could apply it to a specific topic that the chairman brought up, and that is dairy, Canada and Japan.

How important, really -- you know, I want to maybe hear from you how you are going to sell TPA. If I am somebody opposed to TPA, how would you tell me -- how would you sell that to me, you know, as it applies to Canada and Japan and the dairy-producing parts of our country, how important and how critical that is, and how it might impact your negotiations there in a positive way?

*Ambassador Froman. Well, look. Historically, TPA has been an expression of the fact that the U.S. is negotiating with one voice, and that there is support, both in Congress and the Executive, for moving ahead. Our trading partners are following our political process and our policy process here closely. And, as a result, we have been able to continue our work in parallel on moving the TPP agenda forward, including on market access, as we move forward with Congress to make progress towards bipartisan Trade Promotion Authority.

*Mr. Reichert. You have a timeline on TPP?

*Ambassador Froman. Well, we are in the end game, and the number of outstanding issues has been reduced greatly. But the ones that remain are still significant, and our negotiators, as we speak, are meeting with the 11 other countries to try and resolve issues.

So, I hate to put a deadline on it, because I think the timetable has to be determined by the --

*Mr. Reichert. I know --

*Ambassador Froman. -- by the substance. But I think all the leaders around the TPP countries have focused on trying to get this resolved in a small number of months.

*Mr. Reichert. Last issue, localization requirements. Any comments on that?

*Ambassador Froman. It has been a key part of our TPP effort, as part of our digital economy chapter. This is the first trade agreement that will bring into the digital economy fundamental principles from the real economy. And one of the key factors there has been to push against requirements that require companies to build redundant infrastructure in a country in order to serve that market.

*Mr. Reichert. Making progress?

*Ambassador Froman. We are making progress. We are not done yet, but we are making progress.

*Mr. Reichert. All right. Keep up the good work; I yield back.

*Ambassador Froman. Thank you, Congressman.

*Chairman Ryan. Mr. Doggett?

*Mr. Doggett. Thank you, Mr. Chairman.

And thank you, Ambassador. Again, returning to the subject of secrecy, I think there is a big difference between quantity and quality on transparency. And, as you know -- and I have attempted to resolve this in a private arena -- when a Member of Congress goes in to take a look at this agreement, they can't take notes, they can't be sure what position is being taken by which of the various trading partners in TPP. And, if they have a chief of staff or a trade rep who is -- has a security clearance that would allow them to look at documents about ISIS, they cannot look at what the position of the Vietnamese is in this trade agreement.

That is not practicing transparency, it is practicing secrecy. And I can't find a legal basis for that type of restrictive environment. And I would just urge you to take immediate steps to change it, and to do something similar to the process that I outlined, so that there is ready access for us to be partners with you on this.

A second issue that I think goes to the heart of this, the chairman referred to it generally in his opening statement. Every trade agreement and every bit of trade legislation that has been considered here in this Committee that I participated in -- I voted for more of them than I voted against them, but each time we hear the promoters say something about all the jobs that will be created, and we hear the detractors talk about all the jobs that will be eliminated. Practice may be that both had some truth. But I am interested in knowing more about whether the Administration has analyzed whether previous claims about our trade agreements did produce net job growth, agreement by agreement.

For example, in the most recent round, we had the U.S.-Korea Free Trade Agreement. Isn't it accurate that, while the Administration claimed that there would be thousands of new jobs created through that trade agreement, that to date we have actually experienced job losses, net job losses?

*Ambassador Froman. Thank you, Congressman. Let me start with Korea and work backwards.

First of all, let's take all of our FTAs together. As the chairman said, if you take FTAs as a group, we have a trade surplus.

*Mr. Doggett. Yes, I heard that --

*Ambassador Froman. And manufacturing --

*Mr. Doggett. Just focus on Korea for a minute.

*Ambassador Froman. And manufacturing services, agriculture, and that trade surplus has been growing.

Our Korea agreement started going into effect exactly when Korea started going into an economic downturn. And it underscores the fact that trade balances, bilateral trade balances, are much more a factor of macro economics than they are of trade agreements. Notwithstanding that, during a period of time when Korean imports from Japan declined by 12 percent, and Korean imports from China declined by 3 percent, Korean imports from the United States climbed by 2 percent. And that was, in part, because we were able to reduce barriers, on a relative basis, to key markets.

During this period of time our auto exports have grown by 80 percent in value terms. Our big three have grown by over 20 percent a year -- from a low base, but they are growing. And when we dis-aggregate the numbers -- because you and others have raised this question, so we spent some time looking at this -- the decline of certain exports during that period were accounted for completely by corn, where we had a drought in this country and we stopped exporting corn, and by a decline of export of coal, which reflected the decline in the Korean economy.

Now that the Korean economy is coming back --

*Mr. Doggett. There may be many other well-justified reasons why this happened, but to date we have not experienced the job growth that the Administration predicted. Isn't that right?

*Ambassador Froman. Last year our goods exports to Korea were up seven percent --

*Mr. Doggett. I am just asking you about the job growth that --

*Ambassador Froman. Well, it is --

*Mr. Doggett. -- out of that --

*Ambassador Froman. Every billion dollars of increased exports --

*Mr. Doggett. -- at the beginning, 7,000 jobs.

*Ambassador Froman. -- support --

*Mr. Doggett. We haven't had that, have we?

*Ambassador Froman. Every billion dollars of exports -- first of all, Korea is still being implemented. Not all of the tariff cuts have been put in place. But for every billion dollars of increased exports, it supports somewhere between 5,400 and 5,900 jobs in this country. Last year, our goods exports increased by seven percent. Our services exports increased by 25 percent.

*Mr. Doggett. I am glad to hear that, but we have not achieved what the Administration said we would have. But if you feel that we need to take the long-term view, rather than just a couple years, would you react to the Department of Agriculture report in October that we will not see, as I read it, any measurable effect on U.S. real GDP in 2025, relative to the baseline on agriculture exports from TPP?

*Ambassador Froman. Well, we think everyone is expecting there to be significant agriculture export increases. We have reached a record level already last year at \$150 billion. And this agreement will bring down tariffs, and --

*Mr. Doggett. You disagree with the report that bringing down those tariffs won't increase GDP?

*Ambassador Froman. I think there are a number of reports out there, including the Peterson Report, the -- a number of others --

*Mr. Doggett. I am referring to USDA October 2014.

*Ambassador Froman. Well, I am happy to take a look at that and come back to you on it.

*Chairman Ryan. The time of the gentleman has expired. Dr. Boustany is recognized.

*Mr. Boustany. Thank you, Mr. Chairman.

Ambassador Froman, I want to thank you for your fine work and your team, and also want to thank your team for bringing negotiating text over to my office for review, and answering a lot of questions about our negotiating position and our interlocutors, as well. So it was very helpful, and I hope to continue to do so.

I want to talk about China for a moment. Since the Third Plenum, the Chinese leadership have consistently talked about how the market will play a greater role. And yet, their government actions seem to belie this statement, particularly with anti-monopoly law and other elements that they are using to create discriminatory practice.

So, what is the Administration's strategy for 2015 to deal with this? Can you give us some insights? I know we have JCCT, SNED, and so forth, high-level negotiations, but what are we really doing to try to get to the bottom of all this?

*Ambassador Froman. Well, we have all those issues very much on the table, as you said. And you are absolutely right, that if you read the Third Plenum statements, there are a number of positive comments out there about letting the market play a greater role. And part of what we are doing, whether it is in there pushing on the way they look at technology, intellectual property rights enforcement, forced localization, the application of their anti-monopoly law, or the liberalization of various sectors, we are pressing them to take actions that are consistent with their own words in the Third Plenum.

One of the areas we are doing that through is the Bilateral Investment Treaty negotiations, where we expect that, this year, they will give us a so-called "negative list." And the importance of the negative list is that it means that China will open up its economy for various activities, except for things that are specifically regulated on that negative list. So if the negative list is very long, then they are not terribly serious about opening their economy. If it is short, and targeted, then it will help reinforce reform within China. And that is certainly something that we want to encourage.

*Mr. Boustany. And do you feel like we are making progress in narrowing down on that list?

*Ambassador Froman. We have not yet seen the list. They are playing -- they have told us they will be giving us the first version of that list the first part of this year.

*Mr. Boustany. First part of this year. Okay. Congratulations on getting a little bit of a breakthrough at APEC on ITA. Can you give us a little indication of the status in Geneva now on the actual tariff reductions?

*Ambassador Froman. Well, that breakthrough with China allowed us to restart the negotiations in Geneva. This is an agreement that will cover \$1 trillion of trade. It is estimated to add \$190 billion to the global economy, and support 60,000 additional jobs in the U.S.

We are now pressing the parties to try and reach closure on it. I think there is a fundamental dispute between Korea and China over various products, and we are encouraging China to show some flexibility and to try to bring closure to this.

*Mr. Boustany. Last year I asked you about the Jones Act and the Administration's position on maintaining our policy with regards to the Jones Act. Is that still the Administration's position?

*Ambassador Froman. It is. There are a number of parties who are interested in expanding access to our maritime services. This has always been a sensitive issue for us, and we made that clear.

*Mr. Boustany. I appreciate that. With regard to shrimp imports into the United States, Malaysia and Vietnam have been problematic in regard -- with regard to subsidies that they use. And we feel, down in the -- on the Gulf Coast, that this creates unfair competition. So, in the context of our negotiations in TPP, I hope we will be addressing these issues, as well. I know we have a lot of work to do with Malaysia and Vietnam.

And finally, as my time is running down, the investor state dispute settlement mechanism, this is very important for a number of our industries. The energy sector, in particular. Could you give me a little indication of where we are with that in negotiations?

*Ambassador Froman. Sure. The purpose of investor state is to give Americans abroad the same kind of protections that we provide under U.S. law, under our Constitution, to domestic and foreign investors in the U.S. And the U.S. has been at the leading edge of reforming ISTS, updating it, upgrading it, to make sure it is absolutely clear that governments can regulate in the public interest.

We have closed various loopholes that we believe have been subject to abuse. We have raised certain safeguards, added additional safeguards about dismissing frivolous claims, being able to award attorneys fees, opening it up and making it more transparent so that civil society organizations and others can file briefs and see what the result is. But we think that, fundamentally, it is important that the 23 million Americans who work for firms that have investment abroad have the same kind of protections that we provide here, in the United States.

*Mr. Boustany. I thank you. And with the final seconds, just give assurances that the Trade and Services Agreement is still a top priority, as well.

*Ambassador Froman. It is a top priority, and we are making good progress, and we hope this will be a very productive year in that regard.

*Mr. Boustany. Thank you. I yield back.

*Chairman Ryan. Thank you.

Mr. Thompson is recognized.

*Mr. Thompson. Thank you, Mr. Chairman.

Ambassador, thank you for being here. I agree that trade is a very critical part of our job creation in this country, but I also agree with my friend from Washington State, that it is hard to make it work when you can't get your product to market. And Washington is not the only state with port problems on the West Coast.

As you know, the Port of Oakland is experiencing some real problems. And I have had a couple of businesses in my district, one who couldn't get product to the UK during the holiday season, and that was a big hit for them, and another one that has just about had to suspend all their business activities because they can't -- they couldn't get the stuff in that they need to produce their product that they sell.

So, anything and everything you can do to nudge the Administration into speeding up this settlement is critically important, because we can do all the trade in the world, if we can't get what we make on the boats and get it overseas, it is not going to help us much.

On the issue -- on one issue that we have talked about in the past, and that is the issue of rice, what is the status of the expanded market access for U.S. rice with Japan in both terms of the quality and -- quality of the access, and quantity of additional U.S. rice allowed into Japan? And do you think that they have put their best deal forward?

*Ambassador Froman. I would say this is one of the outstanding issues on market access with Japan. And we are, as you suggest, pressing for both the quality and the quantity of the access to be increased.

*Mr. Thompson. It is extremely important for, not only California, but a number of the rice states. And this is an important issue for me.

You visited my district back in 2013, and thank you very much for doing that. And you met with a range of folks who are involved in the wine business in my home county. And of those home county folks, they talked to you about the issue of a -- to develop a multilateral system to protect regional wine names and appellations, such as

Napa Valley. And many different countries, there is a huge problem with this. As you know, we constantly fight this battle with China.

But can you expand on how our trade agreements will help protect the names of appellations of origin, such as the United States, U.S. Government recognized delineated grape-growing areas, or viticultural areas?

*Ambassador Froman. Well, we are working with stakeholders on that issue, and distinguishing what we can do there from the broader approach on geographical indications. But it is something that is important, and we have, as you know, a global world wine group that works on common practices in this regard, both labeling and other issues related to the wine trade. And we are active in that group to try and promote those interests.

*Mr. Thompson. I just can't emphasize enough how this is something that we just can't acquiesce on. This is a huge problem for that community, not just in my district, but throughout the country. And if we are not able to solidify good protections, this is a -- it is a huge, huge problem. And the enforcement is also important, so I would hope that you take a real good look at that.

And can you give us an update on the short supply list, and how many products are on the list, what percentage of the current trade is covered by the list, how will any future changes be accommodated?

*Ambassador Froman. I can get back to you on some of those specifics, in terms of numbers. I will say that our approach to the textile and apparel parts of this negotiation is to combine our role with a short-supply list, strong rules of origin, and customs cooperation and enforcement to ensure that all those rules work well together.

We are not quite done yet in that negotiation, but we are close, and we are working to try and resolve the outstanding issues. And I can get back to you on the specific numbers of how many products are on the list.

*Mr. Thompson. And how about the immediate elimination of duties on performance apparel that utilizes short-supply list?

*Ambassador Froman. I believe we have been working very closely with the outdoor industry, the outdoor apparel industry, and I believe we are coming up with a solution that they find to be quite constructive on that.

*Mr. Thompson. And that includes the outdoor footwear folks, as well?

*Ambassador Froman. I believe so, yes.

*Mr. Thompson. Thank you, I yield back.

*Chairman Ryan. Thank you.

Mr. Roskam is recognized.

*Mr. Roskam. Thank you, Mr. Chairman.

Ambassador, thanks for what you are doing for our country. I appreciate it very much, and I know my constituents do, as well. Two questions. One is kind of a blue-sky question, and then one is more technical.

The blue-sky question is this. You know, you think about all the things that we are talking about here. But if you step back, this could be great. I mean this could be really great if TPA happened, and TTIP, and so forth. In your opinion, how great could it be? So what is the growth that we are talking about, in terms of potential -- you know, there is all sorts of estimates, but can you give a range for, you know, what you think is realistic, based on your experience? The growth that we could expect from TTIP, for example, the growth that we could expect from TPP, if you have put pen to paper.

*Ambassador Froman. Well, let me take a step back and try to answer that.

I do think we are on the verge of something very important here, because through TPP, and through TTIP, and through the rest of our trade agenda, by focusing on protecting workers and protecting jobs here, by creating a fair and level playing field, by raising standards abroad, and by making sure that we are the ones who are defining the rules of the road, consistent with our interests and our values, not ceding that to other countries, we are creating a network of high-standard agreements that puts us at the center of a free trade arrangement that, ultimately, will encapsulate two-thirds to three-quarters of the global economy.

And what that means is -- and I see this -- virtually every couple weeks I am visited by some company who comes and says that, because of the strengths of the American economy, the attractiveness of the market, the fact that we have got strong rule of law, an entrepreneurial culture, a skilled workforce, and now we have affordable -- abundant sources of affordable energy, when you layer on top of that these trade agreements, it makes the U.S. the production platform of choice. It makes the U.S. the place that companies want to put their next factory, their next production facility, both to serve the U.S. market, but also as an export platform for Asia, Latin America, and Europe.

So, without getting into the numbers, per se, because there is a wide range of numbers, I think we are really on the verge of something quite significant, in terms of positioning the U.S. going forward in a very positive way.

*Mr. Roskam. I mean is this, like, one percent growth GDP? Is this a half a percent? Is it three? Can you even --

*Ambassador Froman. As an example, the Peterson Institute, who has done one of the studies of this, has suggested a .4 percent growth per year, just because of TPP, based on the 12 countries, I believe. On TTIP, there is a wide range of estimates, depending on what, ultimately, we are able to accomplish, in terms of trying to bridge our regulatory and standards differences. And so it is hard to estimate until that comes into greater focus.

*Mr. Roskam. Next question, far more pedestrian. Catfish. So we have got these catfish rules that I don't think the Administration likes particularly well. There's a lot of people in Chicago that don't like them particularly well. They are duplicative, and so forth.

Is -- number one, is this on your radar screen? Number two, are you able to sort of navigate through -- so that we don't get into a trade war hassle with Asia over catfish rules?

*Ambassador Froman. Well, it is very much on our radar screen. I know Secretary Vilsack, it is very much on his radar screen. And we hope to be able to proceed in a way that is consistent with our obligations.

*Mr. Roskam. Thank you. Yield back.

*Chairman Ryan. Mr. Blumenauer.

*Mr. Blumenauer. Thank you, Mr. Chairman.

Thank you, Ambassador. I appreciate people dealing down with the details. Details matter greatly. I want to identify myself with the comments you have heard about the goal here of, for example, as we are studying these, being able to have a staff member in the room with us. I think that ought to be a no-brainer. I think it would be helpful -- it would help every single Member here, and I think we ought to just clear that way.

I also strongly identify with what you have heard about the concerns for engaging currency manipulation with Secretary Lew, with you, at every juncture. This is a huge reason why we have lost manufacturing jobs in this country. And I hope, going forward, we have currency provisions strengthened so that we don't fall victim to that in the future.

I appreciate my colleague, Mr. Thompson, mentioning apparel and footwear. The responses I am getting are very encouraging, and I appreciate your hard work in putting up with some of us talking about it. I think it is going to make a big difference. It makes a big difference in my community. Apparel and footwear is one of the reasons why we are, I think, the fourth largest metropolitan area in the country, in terms of value exports. We have a surplus, both in terms of goods and services. Our state has a surplus with China. But being able to deal directly with these items in the way that -- the spirit that has been offered, I think makes a huge, huge difference.

I would -- there are two items that are of concern to me. I will briefly outline them, and your response now, or being able to follow up after the hearing.

First deals with environmental provisions. And I appreciate that not all the 14 -- or the 12 countries are on the same page, environmentally. And I appreciate the United States has been pushing, because many of our trading partners aren't there at all.

The area of illegal fishing drives me crazy. We are in a situation now where we have a third of the world's fisheries involved with these dozen countries. They are engaged in a practice absolutely not sustainable, and pretty reckless practices. And I have -- originally, our conversations have been positive. I picked up some things from the advocacy groups, but I would appreciate elaboration on that.

The second deals also in the environmental sector. I have been deeply concerned about illegal logging, spent a lot of time on it. I have raised concerns with you about how aggressive we are in enforcing the provisions that we have negotiated with Peru. Illegal logging puts American companies at more than -- put aside the havoc that it wreaks, environmentally, the corruption, the harm to indigenous people, it puts American forest products and manufacturers in the hole about \$1 billion.

Let me just use, for example, an example of Japan. Japan is -- we are in the final stages here, you have got lots of provisions you are dealing with. They are the fourth-largest consumer of wood-based products, and they import a disturbingly high percentage of high-risk timber products. Their legality verification system is entirely voluntary, as near as I can tell, and has serious design weaknesses that limits its ability to eliminate illegal products from the Japanese market.

Can you talk about the work that you are doing, and how this might make a difference with illegal logging, specifically as it relates to Japan?

*Ambassador Froman. Well, thank you, Congressman, and thank you for taking the time to read the text and give us some input on it throughout the negotiations.

Yes. I mean these areas, like illegal fishing and illegal logging, are one of the innovations of TPP. They are part of this conservation chapter, which goes beyond what we have done before, in terms of addressing environmental issues that are central to this region: wildlife trafficking; illegal logging; illegal fishing; the subsidization of over-fishing; issues around shark finning; and protection of the marine environment. All of this will make this a very strong agreement.

And the TPP countries, we are pressing them to take on obligations to deal with exactly what you are saying, which is to take action to address their illegal logging practices that are affecting trade with their markets. We are doing this, country --

*Mr. Blumenauer. Comment about Japan.

*Ambassador Froman. Well, all the countries will be taking on obligations to deal -- to strengthen their capacity to combat the trade of illegal logging, the products of illegal logging, as well as in these other areas, and we are working with each country to determine whether they have the procedures in place, and what kind of procedures they will need to pursue in order to address them.

*Mr. Blumenauer. Thank you.

*Chairman Ryan. Thank you.

Mr. Smith?

*Mr. Smith of Nebraska. Thank you, Ambassador, for being here today and sharing your insights. I think this hearing is particularly productive, and proof that we can tackle issues of common interest, and address the challenges that we see within a particular issue, especially as it relates to trade. And I know that these initiatives are very important, and you see that, and I appreciate the priorities that you see behind trade.

We know it is important to our economy, as an entire country. I know that the United States is the largest exporter of food and agriculture commodities. And, to brag a little bit, Nebraska's third district is the largest agriculture district in the country. So there is a lot of cheese that wouldn't exist without corn. We may not produce a lot of cheese, although we have a little bit in Nebraska, and we are happy to ship some to Wisconsin and points beyond.

But with ag interests in mind, I know that other Members here on the dais have referenced the dispute taking place at our ports, and I do want to add emphasis. The concerns that are out there, especially with products such as pork and beef that are allowed to spoil, and not just reducing the value a little bit, but eliminating the value all together, in many cases. And so, I would hope that we can get these issues resolved. I know it is not an issue of your particular jurisdiction, but I hope that you can address that with the rest of the Cabinet and other interested parties in the Administration.

Switching gears just a little bit, certainly I want to thank you for your efforts to engage the Chinese. It has been discussed a little bit as it relates to the S&ED and JCCT, but engaging the Chinese as it relates to biotechnology and innovation, certainly in the agriculture sector. And can you tell me how the Administration will keep this issue elevated throughout the course of the year, as it relates to the new strategic ag innovation dialogue?

*Ambassador Froman. Well, thank you, Congressman, for mentioning that dialogue. This was one of the outcomes of the JCCT in December. We were able to secure the approval of three specific biotech event applications, but, even more importantly perhaps, the commitment to engage in a dialogue about their biotech approval process more generally, and how to bring it into line with international practice and international standards.

So, this is a dialogue that USDA and USTR will co-chair, and will co-chair with a number of Chinese ministries on their side. And we are hopeful that this will help bring their system into conformity, so as to open further trade between ourselves and China.

*Mr. Smith of Nebraska. And thank you. In a related vein, the European Union has not approved a single biotechnology product for import since the fall of 2013. Can you discuss how the U.S. plans to address ag biotech issues in TTIP?

*Ambassador Froman. Well, we have raised this issue directly. I have had my third meeting with my counterpart, the new trade commissioner there. And at each one of these meetings, this issue has been raised.

We share the concern that they did not approve any biotech events over the course of 2014. There are, I think, now, as you say, 12 in the pipeline. And these are applications that have been approved by the European Food Safety Administration as being safe. And our position, overall on these issues -- and were, generally, in TTIP -- is that we are not trying to force anybody to eat anything in Europe, but we do think the decisions about what is safe should be made by science, not by politics. And we are encouraging them to move ahead, consistent with their WTO obligations, consistent with the European Court of Justice case that ruled against them for not approving such events in the past, and we are trying to encourage them and the new Commission to take these up.

*Mr. Smith of Nebraska. Thank you, I yield back.

*Chairman Ryan. Mr. Kind?

*Mr. Kind. Thank you, Mr. Chairman. Ambassador Froman, I want to thank you for your testimony today. But also, I want to just quickly commend you and your USTR team for the level of engagement that you have had with this Congress thus far. This Committee, obviously, some of the breakout sessions we have had with Mr. Levin, with other Members who are not on the committee, the numerous meetings and walk-throughs you have had with members of my own coalition that I am leading, the New Democratic Coalition, and we do appreciate the access to text, and being able to walk through, with your team, specific questions or concerns that we have. And it is that level of engagement and partnership and transparency that is going to be crucial as we move forward in the coming days.

You indicated that you are in towards the final round now of negotiation with TPP. One word of caution. Obviously, these trade debates and votes are always difficult on the Hill, especially with the economic anxiety that still exists throughout the country. Having the best possible agreement that you can get is going to be crucial to finding the support that we need to get it across the finish line.

But a week-and-a-half ago my Green Bay Packers thought they were in a game that was 56 minutes long, not 60 minutes long, and literally fumbled the ball, and lost the game. I encourage you not to do the same thing in the course of these negotiations. We

are, right now, the strongest locomotive engine when it comes to global economic growth. And I can imagine that your negotiators across the table will be asking for us to make the biggest and last-minute concessions in order to get to yes in this agreement. But we need market access, we need May 10th, we need SOEs, we need all that as part of this agreement, so it is as strong as possible, so we can begin leveling the playing field for our businesses and our workers.

And I also appreciate the fact you took time last year to come into Wisconsin, my district, met with a lot of our businesses, large and small, but also did a visit to a family dairy farm and met with many of the family farmers there, too, expressing what TPP is all about, and the potential for trade in our region.

Often times there is a lot of focus, or a lot of discussion or rhetoric that these trade agreements are nothing but sops to big businesses, done behind closed doors with a lack of transparency. But there is an important aspect of this when it comes to small business economic growth and sales.

And I wanted you to just take a moment to explain what the benefits are to small businesses throughout Wisconsin and the rest of the country with TPP, for instance, because today, if you are a small business with a good product or service and you are on the Net, there are no boundaries any more. So these agreements could have a tremendously important role for small business growth in our communities, as well. If you want to, take a moment to address that aspect of these negotiations.

*Ambassador Froman. Well, absolutely, Congressman. And thank you for your leadership on -- with the New Dems and, more broadly, on these issues. You are absolutely right. We have 300,000 firms in the U.S. that export: 98 percent of them are small and medium-sized businesses, businesses with fewer than 500 employees. And yet, only about 10 percent of small businesses export, and most of those export to only one country.

And so, the opportunity is immense, including, as you say, through the Internet and through the digital economy. I have met with a number of different people who participate in something called Etsy. Etsy is an online platform, about 88 percent women, who sell baby clothes and toys, sometimes part-time out of their homes, and they are selling them all over the world. And when they engage through Etsy with their -- the 95 percent of the customers of the world who live outside our country, they are using telecommunications services, software services, electronic payment services, express delivery services. Those are all issues that we are addressing in TPP, making sure that those services stay open, that our providers can continue to provide them and expand their access in these markets, to make it possible for small and medium-sized businesses all over the country to engage in global commerce.

And that is just one of the many ways. This is the first trade agreement that is going to have a specific chapter on small and medium-sized businesses, making sure that, from

soup to nuts, this agreement works for them, that they become part of global supply chains, are able to take advantage of the growth of global markets.

*Mr. Kind. And, finally, it seems as if battle lines are being drawn pretty quickly around here in regards to TPA or TPP, and it is a little perplexing to me, because we don't have an agreement yet. And how can you come out and favor or in opposition to something to something that doesn't exist yet? And the same is true for TPA. We don't even have language yet, and yet, somehow, Members are starting to take positions already on things that are still in the works, and still being negotiated.

And I keep coming back to this one issue, and that is, if we do turn our back on TPA or these negotiations in TPP or TTIP, what are the consequences to the U.S.? Not only economically, but as far as global leadership.

*Ambassador Froman. Well, I think the consequences are serious. I think the President referred to them the other night.

You know, we really face three alternatives: there is the status quo, which a lot of people feel aren't working for middle-class Americans, for working Americans; there is the trading system where the rules of the road are defined by others who don't necessarily share our values or our interests, where they carve up markets at our expense, where they don't protect intellectual property, they don't take on SOEs, they don't preserve a free and open Internet, they don't respect labor and environment. That has got to be worse for our workers and our firms than the status quo. And then, there is TPP, which gives us an opportunity to set the rules of the road for the most important, fastest-growing region of the world, and potentially, even more broadly, based on our values and our interests. So there is a tremendous amount at stake here.

*Mr. Kind. Thank you.

*Chairman Ryan. Thank you. Those bells are votes. We will do one more Republican, one more Democrat. That is 10 minutes of questions. That gives everybody time to get to votes. There are three votes. We -- looks like the walk-off time is 4:15. We will recess, subject to the call of the Chair, after the second questioner, and then resume immediately after the third and final vote. So, for Members, please come back immediately after, we will resume.

At this time it is Ms. Jenkins's turn.

*Ms. Jenkins. Thank you, Mr. Chairman, and thank you, Mr. Ambassador, for being here. I wanted to talk a little bit about Trade and Services Agreement negotiations. They have grown to include over 50 countries so far. The service sectors, as you well know, in these countries account for half of the world's economy, and over 70 percent of global services trade. As such, the Trade and Services Agreement has massive commercial potential, and must, along with our TPP and EU negotiations, be a top priority for Congress, the Administration, and U.S. industry.

Services represent roughly 80 percent of the U.S. GDP, and 75 percent of U.S. private-sector employment. So, increasing our service firms' export opportunities promises to be a major source of well-paying American jobs. Existing trade rules on services trade are over 20 years old, and I am enthusiastic about TSA's potential to update these rules among its members and the incorporations protected for U.S. services suppliers that we have developed in our trade agreements and recent bilateral investment treaties.

But I hope our negotiating partners share our level of ambition. Could you just share with us what USTR will be giving a high standard TSA the priority that it deserves, pressing to incorporate our best trade agreement protections for U.S. service suppliers?

*Ambassador Froman. Well, thank you, Congresswoman, and that is very much high on our agenda. You have described it well, both in terms of the implications for the U.S. economy, for the 75 percent of American workers who work in the services sector. And where we see some of the fastest potential growth in exports, we expect to come out of services, both directly, and because services and manufacturing are so much more intertwined than they used to be. So we are very much pursuing a high-standard agreement in Geneva, with those 49 other countries representing 70 percent of the global services market.

We have had a pretty good year last year, in terms of making progress in the negotiations. We have got a good beginnings of a set of rules. And I think 21 out of 23 negotiating entities have tabled offers. And we expect that this year will be an important year for making progress in those negotiations.

*Ms. Jenkins. Thank you. Glad to hear it. I yield back.

*Chairman Ryan. Mr. Pascrell.

*Mr. Pascrell. Yes, sir. Thank you, Mr. Chairman. Ambassador, thank you. I think that you have been more forthright than the last five reps, trade reps, put together. That doesn't mean I agree with you.

[Laughter.]

*Mr. Pascrell. You know what is fascinating about the Peruvian trade deal, one of the very few I have ever voted for, was that there was movement before the agreement on the part -- and I don't want to only talk about one country, as compared to the TPP -- but there was movement on the part of Peru before the final agreement. There was effort made to have the other party show good faith. And I think that is critical. I think it is critical. I mean we have got some major hurdles we have to cross over here before we get to a final agreement.

The testimony before our committee earlier this month, Professor Simon Johnson of MIT and the MAF noted that, from 1986 to 2006, there was little change in average

income for the bottom 90 percent of wage earners, while the top 1 percent experienced a gain of around 50 percent. The gains for the top one-tenth of one percent were even higher. The President referred to something along these lines in the State of the Union. This is particularly egregious because, during the same time period, the GDP in this country nearly doubled.

So, productivity growth amongst workers has increased by 50 percent. Trade isn't the only story here. But it is an important chapter. And I believe this is a very important decision we are going to make on the TPP. So increased international trade grows the pie. That is what economists tell us. But the gains go to the investors many times, the executives, the shareholders, and -- at the expense of the workers. Now, that is not the case all the time, but it is too often. The political fault lines around trade are really boiled down to that reality.

So, the question the Administration needs to ask itself, I think, the question that members of this Committee need to ask themselves, is how can we make sure the benefits of trade are more broadly share. Now, I don't think you can do it through Trade Promotion Authority, or the individual agreements alone. We need strong rules to ensure that we have a level playing field, like tough environmental and labor standards. We had that with the Peruvian agreement. It was not an easy thing to come to. Thanks to Members on this Committee who went down to Peru and worked things out, we had an agreement with Peru that we are proud of.

Many of us, enforceable provisions on currency are absolutely essential. You have heard that over and over. But we can't simply look at these deals in a vacuum. These challenges of globalization go far beyond just our trade policy. We need a more progressive tax code. Labor needs a bigger seat at the table. We need more investments in education and infrastructure to keep our workers in our country competitive. You have heard that today, too. We have had these things. If workers were really sharing in the benefits of trade. These deals would be far less controversial.

It is clear that our current trade policies have not worked for all Americans. There may be winners, but there are plenty of losers. There is a reason they are politically controversial. I wouldn't make light of that, either. I would strongly urge you to work with us, as you put together trade legislation this year, so that we can address the concerns many of us and our constituents have.

Mr. Froman, one area where I think we can improve is the enforcement of these deals. When I went back, historically, to each of these deals and what happened after, you know, from NAFTA on, the enforcement mechanism, it leaves a lot to be desired, if not enforcement itself. Having strong language on the environment and labor rights doesn't mean anything if we can't make sure our partners are living up to their end.

As the TPP alone represents 40 percent of the world's GDP, I believe you said, and the USTR will need the resources to enforce this deal, do you think -- do you think -- that the current enforcement resources in the different agencies, international agencies that you

pointed out before, are adequate to protect American workers and businesses? Do you really believe that?

*Ambassador Froman. Well, thank you, Congressman, and I agree with much of what you said. And I think it is absolutely important that we take those concerns seriously. And the only thing I would say is I would distinguish between globalization and its impact, as well as technology, and the impact of trade agreements. Because, in my view, trade agreements is how we shape globalization. It is how we level the playing field. The forces that you are talking about that have had an effect on wages include technology, they include globalization. We have the opportunity now to shape that, to improve that.

I think, on the enforcement question, I couldn't agree more. And I think we would very much like to work with this Committee and, of course, the other relevant committees, appropriators, and others, to make sure that the enforcement resources are there.

This President created something called the Interagency Trade Enforcement Center based at USTR, with a lot of active support by the Commerce Department and other departments. And that has allowed us to up our game, when it comes to monitoring enforcement. But there is more that we could do, both to authorize that, and to make sure that, whether it is at USTR or other agencies around the government, such as Department of Labor and others, that they have got the adequate resources necessary to fully enforce these obligations.

*Chairman Ryan. Thank you.

*Mr. Pascrell. Thank you, Mr. Chairman.

*Chairman Ryan. Member's time has expired. We -- now we are going to adjourn -- or recess, excuse me. We are going to recess, subject to the call of the Chair. I might note that Mr. Levin, Rangel, and myself, at 4:30, have to convene the Joint Committee on Taxation for the purposes of organizing that committee. This hearing will continue on, and then we will return after that subcommittee is organized.

So, we are -- we stand in recess, subject to the call of the Chair.

[Recess.]

*Chairman Ryan. The committee will come to order. The Chair will advise the audience that disruption of congressional business is a violation of law, and is a criminal offense. Please come to order.

Now the committee stands in recess, subject to the call of the Chair.

[Recess.]

*Mr. Reichert. [Presiding] Thank you. This hearing will come to order. Thank you for your patience, Mr. Ambassador. We appreciate your returning and letting the rest of the Members ask their question.

Just as a reminder, this hearing will be conducted in accordance with the Rules of the House and appropriate decorum.

And the first Member that is recognized for his five minutes is Mr. Paulsen.

*Mr. Paulsen. Thank you, Mr. Chairman. And let me just start by thanking Ambassador Froman, just for your responsiveness, for your leadership, and your engagement with my office, myself, and Members of both sides of the aisle, just to make progress on all of these issues. You have been very open and responsive, which I think has really helped move the needle forward on some real big opportunities for the United States and our trade agreements, obviously: TTIP, TPP, et cetera.

And let me ask you this. You know, we have seen a very disturbing trend in recent years whereby countries, they've been ignoring international commitments and standards, and this veiled attempt to support certain domestic industries and constituencies, and a lot of times, of course, those decisions can be very short-sighted. They ultimately discourage innovation, investment, and job growth.

And, you know, you look at a country like Indonesia, for instance, that has put in place these onerous local requirement -- content requirements that have to be satisfied by U.S. products, such as mobile devices, in order to be sold in Indonesia. Or you look at India, for instances, that has challenges with our intellectual property issues. And, you know, what are you doing, going forward to enforce, you know, existing IP and intellectual property commitments to deter these countries from weakening these types of standards in their own IP regimes, whether it is India or China, or other trading countries?

And maybe you can just speak a little bit to your efforts to help secure those protections that mirror U.S. law through the Trans-Pacific Partnership Trade Agreement. I know you were in India recently with the new government, and you can give us a little background, maybe, of the substance of your meetings, and if you feel we are making progress.

*Ambassador Froman. Thank you, Congressman. Let me perhaps take that in two parts. On the intellectual property rights piece of this, within TPP we are certainly working to get the strongest possible standards, consistent with also ensuring access. And that will also have strong enforcement mechanisms around administrative actions and other actions that need to be taken to ensure that not only do the rights exist, but that countries are fully committed to enforcing it. Of course, India and China are not part of TPP, and so we have been engaging bilaterally with them on these issues.

And I would say, you know, with China, we have had some progress over the last few years, as there is a rising group of Chinese entrepreneurs and innovators who now see

value in having intellectual property rights, and seeing them enforced. So I am hopeful that we are going to continue to make progress there. We have a long way to go, in terms of the legalization of software and the protection of patents and other issues. But I think we are hopeful about making progress there.

Similarly, we have engaged with the new government in India, and we have engaged broadly, because we have some common interests. You know, we have Hollywood, they have Bollywood. We have a common interest in seeing copyright rules be strong around the world, and be fully enforced. We are working -- the Government of India has just put out a draft intellectual property rights policy for public comment, and we are providing comments, along with, I am sure, a number of other countries and stakeholders.

And so, we are hopeful to be able to engage with them in a constructive way, even in the pharmaceutical area, to look at all of the issues that relate to -- of access to affordable medicines, which go way beyond intellectual property rights. Goes to issues like the fact that they have tariffs on certain imported medicines, or that there may be distribution issues in India that we can address. We want to look at this holistically, in an effort to try and move that agenda forward.

*Mr. Paulsen. Can you comment just real briefly on the market access barriers that are recognized by USTR Section 1377, "Review on the Compliance with Telecommunications Trade Agreements," and the National Trade Estimate Report on Foreign Trade Barriers in respect to Indonesia? And maybe explain a little bit of what else you plan to do to help change the trajectory of the Indonesian protectionism that may exist in that area.

*Ambassador Froman. Yes, we have had some good, high-level engagement with the new government in Indonesia. As well, the President met with President Joko Wi (sic) in November, I just met with my counterpart last week. And we are both committed to trying to address the issues in our bilateral relationship to deepen our trade and investment relationship.

One issue you mentioned in your previous question was the issue of localization, forced local content. And that is an issue that is popping up all around the world. And it is, in my view, the next form of protectionism. And so it is something I think we need to be aggressive about. And part of being aggressive about it is engaging with countries who have a legitimate interest in wanting to build a manufacturing sector, as we have a very strong policy here of wanting to have a strong manufacturing sector, and engaging them about the importance of being part of a globally-competitive supply chain, as opposed to erecting walls around their country, and supporting the development of less competitive domestic industries.

So, it is going to be an ongoing effort with Indonesia and with others, but we are now engaged in that dialogue.

*Mr. Paulsen. Thanks, Mr. Chairman.

*Mr. Reichert. Mr. Young recognized for five minutes.

*Mr. Young. Mr. Ambassador, great to be with you today. Appreciate you staying around for this --

*Ambassador Froman. Sure.

*Mr. Young. -- hearing that has extended a while. Want to reiterate many of my colleagues' emphasis on Trade Promotion Authority. I have been very encouraged that you and the Administration continue to indicate that you are going to be seeking Trade Promotion Authority, and do whatever it takes to earn bipartisan support for that effort. And please, let us know how we could be helpful in that regard.

With respect to the Trans-Pacific Partnership negotiations, I have a specific concern, and it pertains to a sector very important to my home state of Indiana. Broadly, it is the life sciences field, but that includes pharmaceuticals and medical devices. And, as you negotiate with Japan, in particular, but also many of the other countries that are parties to Trans-Pacific Partnership Agreement, transparency and concern about fair reimbursement is a major issue, especially seeing as a number of these countries have national health systems that are very different from our own.

I just want to make sure that all parties, businesses as well as consumers, understand that their decisions about reimbursement for pharmaceuticals and medical devices are made on the merits, according to optimizing health care outcomes, and nothing else. Could you speak to this matter, please? And, specifically, indicate whether the Japanese are being helpful.

*Ambassador Froman. Well, we are -- we have been proposing something called a Transparency Index to promote the kind of transparency and due process that we have here, in the United States, under U.S. law, in something called the National Coverage Determination under Medicare, where an individual can make an appeal to how a medical device covered under insurance (sic). It doesn't determine the level of reimbursement. It is about making sure that there is fairness and due process. And it doesn't have any effect in our country, because it is already part of U.S. law, and doesn't have any effect on Veterans Affairs or Medicare, Medicaid, or anything of that sort.

But we do think this is a helpful step towards greater regulatory transparency, and it is something we have been promoting with the other countries. We don't yet have a full agreement on that by other countries, and I am -- and I will have to think through what Japan's position is on it, I am happy to get back to you on that. But it is something that we think would help promote greater transparency and, ultimately, help ensure that life-saving technologies make their way to the patients who need them around the region.

*Mr. Young. Thank you for that information. The other concern I have relates to high-level intellectual property protection. The establishment of those high-level standards, but also the enforcement, which was -- you just spoke a bit to that.

Specifically, Canada. There has been some real challenges in how Canada has been dealing with our patents. They have -- the manner in which their courts have dealt with them has been inconsistent -- at least according to our country's reading -- inconsistent with the TRIPS intellectual property agreement to which both Canada and the United States are signatories.

The so-called utility or usefulness standard is something that their courts are supposed to follow. Instead, they seem to be deviating from that, requiring our pharmaceutical companies and others to provide them with evidence that seems more appropriate to regulatory development. And they are also not considering evidence after a patent application has been filed.

Perhaps you could speak to what USTR and others are doing to address Canada's behavior in this area.

*Ambassador Froman. We have engaged with our Canadian counterparts for some time on this. We have raised it directly with them. It is now the subject of litigation, and I think, as a result, the Canadian authorities are waiting to see what happens as a result of that litigation before determining what, if any, action they feel is appropriate.

*Mr. Young. Okay. Is there anything else that we, as Members of Congress -- I roughly 50 seconds left -- can be doing to help you get broader support within Congress for Trade Promotion Authority, so that we can ensure that the standards that are struck in this agreement are as high as possible, that they protect our workers, and also open up foreign markets?

*Ambassador Froman. Well, I think the kind of discussions we are having today, the executive session we had the other day, I think these are immensely helpful, in terms of generating support within Congress to understand what is at stake for the U.S. economy, for U.S. workers and businesses, particularly small and medium-sized businesses, what the alternatives are, what happens if we are not there protecting workers and American jobs, if we are not there leveling the playing field in a fair way, if we are not the ones setting the rules of the road, and ceding that to others.

And so, I think this Committee, of course, has a privileged position in this, has always been closer to these trade agreements than any other committee, and my hope would be to be able to work with all of you to help develop a broader understanding of that throughout the Congress.

*Mr. Young. Well, we will keep doing our part. Thank you, I yield back.

*Mr. Reichert. Thank you. Ms. Sanchez, you are recognized.

*Ms. Sanchez. Thank you, Mr. Chairman.

Ambassador Froman, thank you so much for joining us here today. I have several questions. I want to just jump into them. And I apologize if I am repeating what some of my colleagues may have asked.

I want to focus on the substance of the TPP and its possible effects on copyright industry. And a lot of that industry is based in Southern California, in the area that I represent.

Foreign sales from our domestic copyright industry total roughly \$140 billion per year. And I just want to point out that that is twice the size of all our agricultural exports. So I just want to put it in context, to show the importance of this industry within the United States economy.

We have seen this trend, unfortunately, in recent years, where some countries are trying to ignore international commitments and standards in an attempt to support certain domestic industries and constituencies in their countries. And these kinds of policies ultimately, I think, discourage innovation, investment, and job growth.

The difficulty that we -- that I have had in prior trade agreements is the issue of enforcement, because you can have an agreement, but if there is no enforcement of that, or weak enforcement of that, you know, it is not worth the paper that it is written on.

So, if you could, please describe what your agency is doing to enforce existing intellectual property commitments, and what it is doing to try to deter other countries from weakening such standards in their own IP regimes and, you know, whether that is Canada or India. And, in the current round of negotiations, how are you trying to secure IP protections for the United States?

*Ambassador Froman. Well, thank you, Congresswoman. And we certainly agree that the creative industries, the innovative industries in the U.S., which employ 40 million Americans, it is a key part of our economy, and we want to make sure we are both enhancing and strengthening the protection, and also the access to their products, whether it be copyright, or in other areas.

So, in TPP, for example, we are promoting strong copyright rules, strong enforcement mechanisms, whether it is on camcording or the illegal downloading of copyrighted material from satellites or from cable. We are trying to find the right balance, consistent with U.S. law, with regard to ISP liability, and the relation to that to copyright enforcement.

And, of course, all of those obligations, under TPP, will be both higher than TRIPS from the WTO, and fully enforceable, under the TPP dispute settlement mechanism. So it will be a stronger enforcement process than currently exists.

For the parties who are not part of TPP -- and you mentioned India -- we engage with them directly and, using all the tools at our disposal, whether it is our review of policies

on an annual basis, our engagement at high levels, to try and move their policies in the right direction. And, as I mentioned, I think, on China we have made some progress, although we have a long ways to go. I think with India we are now engaged in a dialogue, a high-level dialogue, around some of these issues, and we hope to make progress through that, as well.

*Ms. Sanchez. I just want to emphasize don't keep your -- or keep your eye on the ball there, because it is critically important for U.S. jobs.

I also just want to echo a sentiment of one of my colleagues that we are pleased that the Administration is -- has committed to trying to keep Jones Act protections in place for U.S. shipbuilding industry. It is also an important component for our national security, as well.

And just, with my remaining time, I think I would be remiss if I didn't raise the issue of past trade agreements and the effect on our U.S. manufacturing sector, because manufacturing, although in recent years is on the upswing, you know, it took a hit for many, many years.

Sixty percent of manufacturing workers who lose jobs to trade and find re-employment typically take pay cuts. And 35 percent of those workers lose more than 20 percent of their pay, according to the Department of Labor. For the average manufacturing worker earning over \$47,000, that is at least \$10,000 that they lose per year. And that race to the bottom, I think, has contributed to the suppression of U.S. worker wages at the same time that worker productivity has gone up dramatically.

So, given that the past is a very strong guide here for where we want to be in the future, because we obviously don't want to repeat those mistakes, how can you guarantee that the TPP is going to help working families in this country?

*Ambassador Froman. Well, we certainly are firmly in agreement that what we need to be doing through these trade agreements is helping to drive more manufacturing and more production and higher wages in the U.S.

It is interesting that, if you take our FTA countries, as a whole, we have a trade surplus, including a trade surplus in manufacturing, and that that trade surplus has been growing over time. So I think we have to distinguish between globalization and technology, on one hand, and the impact of trade agreements on the other.

Globalization and technology, as you mentioned, have had an effect on wages and on manufacturing, although we are glad to see almost 800,000 new manufacturing jobs created over the last 4 years in this country. And trade agreements can help further that by making the U.S. an even more attractive place to build manufacturing plants, so that we can produce things here and send them all over the world. And that is exactly what we are trying to do through TPP.

*Mr. Reichert. The gentlelady's time has expired.

Mr. Meehan, you are recognized.

*Mr. Meehan. Let me thank the chairman, and let me thank you, Ambassador, for your being here, and giving us the opportunity to speak with you so extensively.

And I want to follow up on the gentlelady's questioning from California. I have been interested in this issue of the free flow of information in a variety of different contexts. Having previously served as a cyber chair in another committee, I am watching the development of the opportunities, but also the tremendous challenges globally.

So, one of the first things that sort of is by analogy -- and I think you have touched it, but I am interested in how this kind of a process will work -- was the flow of, you know, information that -- in the past we had trading agreements, and in order for people to get their products into foreign markets, you used to have to have a manufacturing facility or otherwise built there, in order for them to open it up.

Now, of course, without borders, we can move information a lot easier. But we are beginning to see the beginning of people saying that, you know, you have to have some kind of a server located in a particular country, or some kind of data processing being done locally.

Are we taking steps to assure that whatever determinations are made are being done fairly, so that we don't have those kinds of --

*Ambassador Froman. Yes --

*Mr. Meehan. -- impediments put into it? And how are you doing that?

*Ambassador Froman. Well, certainly. And as -- I mean a key part of TPP is to address this kind of issue, and in most areas, to insist that it not be necessary to build redundant infrastructure in a country in order to serve that market, and to maintain the free flow of data information cross-border, in order to be able to provide those cross-border services. So, in most areas, that is an area that we are trying to lock in in TPP.

There are legitimate privacy issues and other legitimate regulatory issues that we need to accommodate. But, as a general matter, that is what we are trying to land.

*Mr. Meehan. How are we dealing with those questions of privacy and other things? Because it is opening the door to some very unique situations in which some people are saying, okay -- the ability in how we move information here, there may be higher standards being created someplace in Europe.

One of the concepts when I was in Italy, the concept of an individual's right to their own private identity and, therefore, requirements that you must get approvals for uses of names. It is not the same -- maybe it is the right place to go, but it is not the way we are doing it here. So how do you protect against more restrictive covenants that are being -- they are saying, "Well, fine. We don't care if your service provider is here, but any service provider that is doing business must accord by these laws."

How do we, in this globally developing area, make sure that American interests are represented so that we can fairly see resolutions of these sort of undefined rules of the road?

*Ambassador Froman. Well, this is going to be an area that we are going to have to have some serious discussions with, with our -- particularly in Europe, where privacy concerns are very high. And we want to make sure what we are doing is recognizing legitimate privacy concerns, while at the same time them not being used as just an excuse to create national internets or national clouds, and to allow the Internet and technology to develop in such a way as, for example, to have small businesses be able to access markets all over the world.

So, we will be working with our counterparts on that to, on one hand, ensure that legitimate privacy concerns are respected and, on the other hand, to ensure that we are allowing technology to evolve in such a way as to take advantage of the interconnected --

*Mr. Meehan. You got a lot on your plate. And I know the many issues that you have to deal with and negotiate, these are complex things. Do you have the resources and the focus to be able to do this, not just on a unilateral basis -- I shouldn't say -- not on a one-on-one basis, if a particular country is taking an approach differently, but, you know, multiple countries?

You have got multiple chapters of the agreement in multiple countries that are affected. Is everybody going to speak with one voice in the resolution?

And the really final question, how do you enforce something if we have got a disagreement with somebody, and we say -- you have mentioned that there are some capacities to take this to a higher -- you know, a higher resolution. How does that enforcement concept work, and what kind of teeth are there in there for us?

*Ambassador Froman. Well, let me answer the last question first, which is, you know, one of the strengths of TPP is that there is a strong dispute settlement and enforcement mechanism across the whole agreement, across all of the -- across virtually all of the obligations, whether it is labor and environment, or intellectual property, or these commercial commitments around cross-border data flows, and other issues.

And so, that allows the countries to come together, if there is a concern, to consult, to establish an arbitration panel, if necessary, for that arbitration panel to make a judgement about whether there is a violation. And, ultimately, if it is not remedied, for there to be

the application of trade sanctions, and trying to do so on a time-defined basis, so that there can be real recourse.

I think, on your previous question, we have a terrific team at USTR. We are a small agency, about 250 employees, but they are incredibly dedicated. They work incredibly hard. They are incredibly professional. And we may be lean, but we have the capacity, I think, to address all these American interests.

*Mr. Meehan. Well, thank you. We will be working along with you on those. Thank you.

*Mr. Reichert. Mrs. Noem, recognized.

*Mrs. Noem. Thank you, Mr. Chairman. And, Ambassador, South Dakota's number-one industry is agriculture. So that is obviously a big priority for us. It supports over 20,000 jobs in the state. And when our ag sector hears about Japan's resistance on TPP negotiations to open it up and to have good discussion on products like pork and beef and dairy, that is alarming for many of them. And we tend to start losing support, then, for TPP, which -- I don't blame them, because it is big issues back home.

But while Japan argues that they are not taking any products off the table, they certainly are refusing to fully liberalize a lot of their individual tariff lines when it comes to those product categories. So that is a concern for me, and not necessarily a question, just something I know we have discussed here today.

But, following up on that, Japan isn't the only country that is causing some concern. We are also looking at Canada and the fact that they are refusing to make any open offer on dairy, poultry, and egg markets. And so, as a close neighbor to my home state, that is also very concerning for people back home, and another thing that we will be watching very closely as the negotiations continue.

But I did want to discuss with you the EU agreement a little bit. I know some of their ag tariffs are high, and have to be reduced. But a lot of my producers back home are even more concerned about the non-science-based regulations that are blocking our country's market access. And so, we need to rely on sound science, when it comes to our trade standards. Would you expand on some of the key barriers that we do face when it comes to that agreement, and what our exporters are dealing with? And how do you plan to address some of those barriers that are currently out there?

*Ambassador Froman. Sure. First, let me just say, with regard to the Japan agriculture market and those questions that you raised, we are working very closely with our commodity groups -- beef, pork, dairy, et cetera -- as we negotiate with Japan to ensure not just that all products are covered, but that there is commercially meaningful market access in our priority areas. And we will stay closely in touch with you --

*Mrs. Noem. Appreciate it.

*Ambassador Froman. -- and them on that.

With the European Union, we completely agree that it is not just an issue of tariffs, it is an issue of standards, and making sure that those standards are science-based, and that they are not using other restrictions such as GIs to keep our products out. And so that is the array of issues that we will be engaging with them on.

We know that they have certain sensitivities in that area, but we are committed to opening their market. Our ag exports have grown very significantly over the last several years, to now a -- over \$150 billion. But our ag exports to the EU have been relatively flat during this whole period. And we want to make sure that our made-in-America products could make it into those markets.

*Mrs. Noem. Great. Just a last comment that I would make is that we have been watching the dispute that has been going on at the ports, as well. And we have a lot of products that need to be moved in a timely manner. So, I know resolution is being worked on, but I also wanted to emphasize how important it is to the products that are coming out of our state, as well.

So, thank you for your time today.

*Ambassador Froman. Thank you.

*Chairman Ryan. [Presiding] Thank you. Mr. Larson is recognized.

*Mr. Larson. Thank you, Mr. Chairman, and thank you so much for your opening remarks. And our chairman is always good at analogies. And I don't want to deflate anything he had to say at the outset in noting that everybody on this Committee is a Patriot.

And certainly, Ambassador, you are. And I want to thank you for the enormous amount of time and work and effort and persistence, echoing the remarks of a number of people, most notably Mr. Kind, who have spoke.

I would also, Mr. Chairman, for the record, like to submit a letter from -- letter signed by Walter Jones, Duncan Hunter, and Mr. LoBiondo; and a letter submitted by Ms. DeLauro, DeFazio, and Mr. Doyle for the record.

*Chairman Ryan. Without objection.

[The information follows: [The Honorable John Larson](#)]

*Mr. Larson. Thank you, Mr. Chairman.

In so many respects, this is like the Superbowl of trade. And I think the one thing that everybody wants to recognize -- and it has been repeated on this Committee -- is that we

want to make sure that there is full and open transparency. People want to be participants.

In other words, we don't want to find ourselves in the situation of the Packers being on the sidelines this weekend, and watching the Patriots participate. All of us being Patriots, some of us may be more Seahawkish about trade than others. But, nonetheless, this is the -- this is where we come.

And, Ambassador, you did a couple of things, and I think that cuts to the chase with respect to transparency and the concern that has developed. And, often times for people just trying to sort through TPP versus Fast Track, and you know -- so it is -- those things can become complicated to the average American citizen, let alone Members of Congress. And I believe it was Mr. Kind who pointed out what are the consequences of not taking action.

And so, my questions would be, A, would you commit to continued transparency? And, as is outlined in these letters by a number of Members who, as you heard here from a number of our colleagues, who are skeptical about the transparent effort and the ability for America to come out of this on -- advantaged. And then, who the losers will be, but especially, as you outlined previously, what are the consequences of no agreement?

*Ambassador Froman. Well, we are certainly committed to continuing and improving on transparency, in the broadest sense of it, in terms of -- for example, again, I hearken back to the meetings that Mr. Levin organized with the Ways and Means Democrats, and other Democrats from the Caucus, including some of the people you mentioned, about various issues in the negotiation, and having deep dives on those issues, so that we can answer questions and concerns, because we --

*Mr. Larson. But, truly, Mr. Doggett's questions that he posed, in terms of being able to go into the room, being able to take people who have got clearance from the staff -- I mean these were bipartisanly expressed today. I think those will go a long way towards ending the skepticism and doubt that exists, and everybody pulling together for a patriotic outcome.

*Ambassador Froman. Well, we will look forward to, I think, working with the chairman, the ranking member on this Committee, and also on the Finance side, to take up those ideas, and determine how best to move forward.

*Mr. Larson. Thank you.

*Chairman Ryan. Thank you. The gentleman has a minute left, so I will just indulge. The Packers are an export-related team. It refers to meat packers putting beef products on ships in Lake Michigan out to the St. Lawrence seaway and on to exporting. Two of the team owners are right up here on the dais, and we thank the gentleman for acknowledging and --

*Mr. Larson. I always want to acknowledge the chairman, and I know --

*Chairman Ryan. -- very good export-related --

*Mr. Larson. I believe it was Walter Mondale who said, "Where is the beef? And where is the cheese on top of it?" You know, we want to make sure that we are --

*Chairman Ryan. Always -- cheese comes always with beef in Wisconsin. Thank you.

Mr. Holding?

*Mr. Holding. Thank you, Mr. Chairman. Mr. Ambassador, just so you hear from -- all the way from the West Coast to the East Coast about the West Coast port situation, even us in North Carolina are impacted by this. Our pork products to Asia are being delayed, and we have even developed specialty pork products for Asia for that market. And so it is impacting us. I know you have already said the Administration will work diligently to resolve this, and I encourage you to do so.

To hearken back to the question that you had about biologics, we all know the United States, world leader in biologics, you know, great advances in medicine. And you know, the business model that has worked to propel and make this research cost viable is to have 12 years of data protection. And that is the law of the land here. And I appreciate that, you know, that is the position that you are advocating in the trade negotiations. Correct?

The President has suggested seven years. So, with the President's suggestion of seven years out there, do you think that undermines your bargaining position in the trade negotiations?

*Ambassador Froman. I think our trading partners have a wide range of views on this, as reflected by the fact that five of them have zero years, four of them have five years, two of them have eight years. And we are the one that has 12 years. And so I think the key is having this dialogue with them about the importance of both promoting innovation, making this region a center for innovation, creating an innovation ecosystem, while at the same time addressing the issues of access to affordable medicines, particularly in developing countries.

And so, those are the ways we are going about this, and we are having a dialogue with these countries. But this is, clearly, one of the most difficult outstanding issues.

*Mr. Holding. So, the President's suggestion of seven years does or does not undermine your bargaining position?

*Ambassador Froman. I think they understand that our -- the law of the land is 12 years. We have made the case of why there needs to be an extended period of data protection, and how to ensure that there is affordable access to medicines, as well.

*Mr. Holding. So it does or does not undermine your bargaining position?

*Ambassador Froman. I don't think it undermines our bargaining position.

*Mr. Holding. The -- if you were to accept something as low as five years, what do you think would be the impact of accepting five years of data protection on our biologics industry here, in the United States?

*Ambassador Froman. That is something I would have to look to the industry for feedback on, but we have been certainly advocating how extended periods of data protection can help promote innovation, not just in our country, but around the world, and then make sure that drugs are introduced to markets earlier. And so that is the argument that we are taking to our trading partners.

*Mr. Holding. But one would suspect five years of data protection would not be beneficial to our biologics industry here, in the United States.

*Ambassador Froman. I think what drives the development, as I understand it, of our biologics in the U.S. is the period of protection that we provide here in this country.

*Mr. Holding. Thank you. Just to switch gears, India was mentioned earlier and, you know, I understand it is not part of the pending trade agreements. But with the President's recent trip to India -- I guess he arrived back today -- anything that you would like to relay regarding trade and the promotion of trade relations, business relations, with India?

I note that it has grown from 14 billion in 2000 to 93 billion in 2012, and they are our 11th largest trading partner now. So anything from the visit transpire that portends some better trade relations and promotion of business between the two countries?

*Ambassador Froman. Well, as the President noted while he was there, we think there is great potential to further develop, go from that 100 billion that currently exists, to something much higher. And there is a lot of excitement and interest in the kind of policies that the new government has expressed, and India has expressed interest in.

And I think the key now is to, through our dialogue with them, to explore how those policies are going to be put in place, and whether they are going to address the business environment in such a way as to increase trade and investment.

I had a good -- there was a trade policy forum meeting in November of last year, the first one we have had in four years, where we laid out an important series of work plans, on intellectual property, on manufacturing, on services. And I am following up with the

government, including during my recent visit there with the President, to determine how best to take those issues forward.

*Mr. Holding. Good. I have a few questions regarding IPR and TTIP in the EU, which I will submit for the record. But thank you for your time.

*Ambassador Froman. Thank you.

*Mr. Holding. I yield back.

*Chairman Ryan. Thank you. Mr. Rangel is recognized.

*Mr. Rangel. Thank you, Mr. Chairman, and thank you, Ambassador, for your patience with this Committee. You certainly have spent a lot of hours with us, and you have been very patient with us, and I want, really, to be able to help to find out whether or not, at the end of the day, we can end up with -- on the same page.

I think you will agree that the greatest opposition to this trade bill and any trade bill in our great country is the general feeling that jobs will be lost. If you don't think that is the major problem, then I would like to remove myself from this line of questioning, because everywhere I go there are committees organizing. They say they don't know what is in the bill, but they are against it. They don't want to give the President the authority to negotiate a bill. And I don't think we have done an effective job in explaining how we made out with NAFTA or Korea.

So, if you disagree with me, just for the sake of those people who really believe that trade is going to be a job loser, there is no question in my mind that your position is that this is an economic growth job builder, and the future of America is going to be dependent on our ability to effectively compete and make America stronger. And that necessarily means that jobs will be created, even though it is difficult to determine which industries will be the winners and losers. But you are convinced -- and you represent our country -- that America is going to come out ahead.

If that is so, then I would like to say we should be prepared to assume the responsibility to meet this great economic opportunity with these jobs. It would be disgraceful if you have done your job, and hundreds of millions of jobs would be available, and then we find out that we forgot to ask somebody what skills will be necessary for our work force.

Also, how would we transport this new opportunity in this great nation, with its bridges and its roads crumbling? Will we be prepared for this great economic opportunity?

And, since in every agreement there is winners and losers, do we have the structure there to support those great Americans who, through no fault of their own, would lose their jobs as they open up the doors for progress for the rest of the country and the world?

That is my way of asking you, "Where the hell are the jobs?" And, until I can go into town hall meetings or speak to reporters and they ask, "What is in it for me," I can't say, "Cheese," I can't talk about what is going to happen with the pharmaceutical corporations. My community, and communities like that throughout this country, have to find something to blame their loss of income and jobs on. And it looks like trade is the best thing to kick, because it can't fight back. Those who have lost their jobs complain. Those that have gained opportunities believe that they got it on their own.

So, I need someone from your shop that deals with preparing America for these great opportunities that is going to exist, and I don't want to take your time, because I now understand why they give the title to our trade negotiators as being a diplomat. Because you are that. But if there is someone without your diplomatic skills that can share with me where the hell the jobs are going to come from, and which ones we are going to lose, I would like to get out there with the flag and the plan, and say that, of course, some people are going to feel pain. But most people are going to prosper. We got a middle class out there that we are losing. You talk about spoiled businesses. If they are not working, they can't buy.

So who is it, besides you, that has got this work plan all there, so that I can work on that part of it? Who would you recommend?

*Ambassador Froman. Well --

*Mr. Rangel. Mr. Excellency?

*Ambassador Froman. Congressman, we will find some undiplomatic people on my staff to work with yours. And I think Secretary Perez and I would be happy to work with you on that, because I know it is an issue that you have raised before about making sure that our people are prepared to take the jobs that are going to be created by this.

Let me just say, while I don't have details down to the level of the district, for a state like New York, which has more than 300,000 people whose jobs are tied just to the export of goods, not including services, 41,000 companies export from the State of New York, 94 percent of whom are small and medium-sized businesses.

And when we look at the opportunities for New York State to take chemicals, New York exports about \$5 billion in chemicals, but there is 35 percent tariffs in some of the TPP countries that will go to 0. New York exports \$27 billion of consumer goods. There are 85 percent tariffs in some of the TPP countries that will go to 0. Machinery -- I could go sector by sector.

And while it is hard to say exactly how many jobs each of those moves on the tariff lines are going to create, we know that New York is one of the great beneficiaries of international trade, and will continue to be so, because we have got competitive workers in New York. We have competitive industries, whether it is in manufacturing, services, or agriculture. And in each of these areas we are opening markets.

Let me say one final thing, Mr. Chairman, if I can. There are -- we obviously do have sensitive sectors in our country. Mr. Levin talked about autos. We could talk about textiles. We could talk about footwear. These are areas where we have higher tariffs than in some other areas. And what we have done is worked very closely with the textile industry, with the footwear industry, and, obviously, with the auto industry to make sure that whatever we do in this area is taking into account the sensitivities that they face. So we are trying to deal with the issue of how to deal with our sensitivities.

Ultimately, one of the things that we have made clear is that we think TAA, Trade Adjustment Assistance, ought to be reauthorized as part of this process, because it is important that we give our people and our workers the skills that they need to compete in this global economy.

*Mr. Rangel. Thank you, Mr. Chairman.

*Chairman Ryan. Thank you.

Mr. Smith?

*Mr. Smith of Missouri. Thank you, Mr. Chairman.

Ambassador, in October of last year, the Government of Turkey self-initiated an anti-dumping case against the U.S. cotton exports. Turkey has been the number-two exporter for U.S. cotton, export market for U.S. cotton for the last recent years. Some of my colleagues and myself has written you and the Commerce Secretary of our concerns about this case. What is the U.S. Government doing, up until this point right now, in this investigation?

*Ambassador Froman. We have engaged with the Government of Turkey to express our concern about this. Of course, every government, every country, does have the right to bring trade remedy actions, provided they do so consistent with the WTO. And our industries avail themselves of our anti-dumping and countervailing duty laws, as well.

What our role is at USTR is if a country is bringing an action under their trade remedy laws in a way that violates the WTO commitments, as China has done in a series of cases, we are able to bring a case to the WTO and have those cases undone. And so we are monitoring this case closely to see how it is proceeding. We are making clear to the Government of Turkey our concerns about it. And we stand ready to take action if we believe that, at the end of the day, they have applied their trade remedy laws in an inappropriate fashion.

*Mr. Smith of Missouri. Thank you. I have great concern, just about statements that I have read from media clips that members of the government in Turkey have said the reasons why they brought action. So that is why I bring this case up.

On a total -- on the other side of this coin, I am also deeply concerned that the United States companies legitimately who use the anti-dumping and countervailing duty orders to protect themselves from trade violations, these orders are not always effectively enforced. I have a couple of questions.

First, what improvements could be made to our trade agreements to improve enforcement of the anti-dumping and countervailing duty orders at the border?

*Ambassador Froman. One thing we have been doing in TPP is to have a series of -- a chapter and a series of obligations around customs cooperation and enforcement. And we work very closely with the Department of Homeland Security and Custom and Border Protection on their role of enforcing trade laws and trade measures, as well. So TPP will give us a further opportunity to strengthen that kind of cooperation with other Customs organizations, so there isn't circumvention by countries of any dumping and countervailing duty orders.

*Mr. Smith of Missouri. Okay. Also, Ambassador, in 2012 the World Organization for Animal Health awarded U.S. beef with the highest safety designation possible. Despite this high safety rating, countries like Japan, China, Korea, Taiwan, and Vietnam continue to have age-based restrictions on U.S. beef products. With U.S. beef having the highest safety designation possible, these restrictions are beginning to look like non-tariff trade barriers. What is USTR doing to open the remaining markets that currently have age-based restrictions on U.S. beef?

*Ambassador Froman. We are working very closely with the Department of Agriculture, as well as with our stakeholders in the beef sector, to further open markets consistent with that OIE finding. And we are pleased that we have been able to open up Japan, Korea, Hong Kong, Mexico, a number of other countries, to some of our beef exports. And we are continuing to press ahead with that.

One of our areas of concern remains China, which had promised to take the steps forward on opening their beef market last year, and have yet to do so. And we were just in -- as I mentioned, in Chicago with the JCCT, including with Secretary Vilsack and Secretary Pritzker, in our efforts to press them to move forward with opening their beef market.

*Mr. Smith of Missouri. Ambassador, I represent probably one of the most diversified agriculture districts outside of the State of California. We grow everything in our district but citrus and sugar. We grow a lot of rice.

And so, it is my understanding that, before the 1962 embargo with Cuba, Cuba was the number-one importer of U.S. rice. Cuba is currently the second-largest importer of rice in the Americas. What do you think the benefits of normalizing relations with Cuba would have in the U.S. agriculture community in crops like rice?

*Ambassador Froman. Well, I know that our agricultural community is excited by the potential opportunities that normalization provides. I don't have a lot of direct information about the rice market, per se, but we are happy to get back to you on that.

*Mr. Smith of Missouri. Appreciate it. Thank you, Mr. Chairman.

*Chairman Ryan. Mr. Davis?

*Mr. Davis. Thank you, Mr. Chairman. And thank you, Ambassador, not only for your skilled diplomacy, but also for your patience.

We appreciate your efforts to craft new trade agreements, such as the Trans-Pacific Partnership agreement, in such a way that benefit U.S. jobs. Of course, I come from a job-producing area. I represent a part of Chicago in the western suburbs of that city which, over the years, we have proudly claimed as the Candy and Confectionary Capital of the United States.

To maintain our competitiveness with world markets, we need to ensure that we have an adequate supply of sugar at reasonable prices. Unfortunately, we have a sugar program that unduly limits the availability of sugar, which causes Chicago-based companies to pay as much as 50 percent more for sugar than their overseas competitors, who have access to world markets.

To help improve our prospects for keeping confectionary and baking jobs in Chicago and other places, the TPP could provide new market access for TPP countries that have sugar for export, whether it is raw sugar from Australia, or refined sugar from Canada. With the TPP negotiations nearing conclusions, my question is, do we have commitment to provide commercially meaningful access to TPP countries that have sugar available for shipment to the United States?

*Ambassador Froman. Well, Congressman, you know this is an area of -- that has traditionally been very sensitive in our trade negotiations. And we have committed that whatever additional access there might be to the U.S. market, to the U.S. sugar market, won't undermine the U.S. sugar program. But we are working with our stakeholders and with our trading partners to try and find a solution here that addresses -- that finds the right -- pardon my pun -- sweet spot in that regard.

*Mr. Davis. I certainly appreciate that position. But I am also concerned about the Department of Commerce agreements that were signed back in December of last year, which placed new limits on sugar imports from Mexico, and significantly raised prices for American consumers and food manufacturers.

Although I know that, you, as the U.S. Trade Representative, were not a party to this new managed trade deal with Mexico, can we expect that any future trade agreements, whether with Mexico or other sugar exporting countries, will allow them to have fair access to the U.S. market, so that we have as competitively priced sugar that our

manufacturers can have access to, so that people in the food and sugar industry can, in fact, continue to work and produce jobs?

*Ambassador Froman. Well, as I said, we are working to strike the right balance between allowing further trade and protecting the U.S. sugar program, which is the law of the land. And so, we are continuing to work on this issue. It is one of the outstanding issues in our agricultural negotiations with our trading partners, and we will continue to work on that.

*Mr. Davis. Thank you very much. And there are always concerns about enforcement of labor and environmental standards in any of these negotiations. Could you just comment on how those negotiations seem to be going?

*Ambassador Froman. Absolutely. Well, we are not done yet. We have made very good progress in those negotiations, I think we are heading in the right direction. And that is both in terms of setting strong obligations in the labor and environmental area, and making sure, consistent with the May 10th agreement, that they are fully enforceable, they are in the core of the agreement, and they are fully enforceable, with the same type of dispute settlement process, the same time frame as any other provision in the trade agreement, including, ultimately, the availability of trade sanctions, if the problem is not remedied.

And so, this, I think, will take that issue much further, in terms of applying to 40 percent of the global economy, and solidifying the notion that labor and environmental issues -- again, consistent with the May 10 agreement -- should be treated as seriously as other commitments in the trade agreement.

*Mr. Davis. Thank you very much, and I yield back. Thank you, Mr. Chairman.

*Chairman Ryan. Thank you.

Mr. Kelly?

*Mr. Kelly. Thank you, Chairman.

Ambassador, thank you for enduring. You know, we have talked about a lot of different things today. Mr. Tiberi talked about electrical steel in Zanesville. I also have the same company that I represent in Butler, Pennsylvania. It was Armco Steel, it is now AK Steel. I believe we build or make the finest electrical steel in the world. We are concerned about that.

Then we also talked about the free flow of information, data flow, and how countries could game us and keep us out of that, out of being able to compete, or overreach in their ability, and eliminate the competitive edge. So I sent a letter to you, along with Mr. Kind, back in October. And I would like, Mr. Chairman, to submit it into the testimony today, if there is no objection, that addressed the situation.

But I really want to get down to what we are talking about here, and maybe you can help, because everybody has talked about things that concern them and their district. The reality of this is what leverage do we have. I mean, we go into these negotiations in good faith, I really -- I agree with that. We -- I think we have this kind of a naive belief that somehow people are going to negotiate with us in good faith, and that, somehow, because we have these trade agreements, they are not going to take advantage.

Now, Mr. Meehan talked a little bit. So what are the teeth? I mean how do you enforce this? So you find somebody who is not acting in the right way. What do you do? What is the enforcement? How -- are there any teeth there that really could force them back into a situation that they agreed to?

*Ambassador Froman. Well, yes. And the way these trade agreements work, and the way that TPP works, is that there will be a strong dispute settlement mechanism across -- virtually across the board of the agreement, so that if you believe a country is violating its obligations, you can trigger consultations, you can trigger the formation of an arbitration panel who -- that then makes the determination, in a limited period of time, of whether that country is in violation or not. Then it assesses damages, and the country either comes into compliance or you can impose trade sanctions, commensurate with those damages, against the other country. And that is -- it is the existence of that dispute mechanism and the various stages along the way that hold other countries' feet to the fire.

*Mr. Kelly. If you can, though, give me a little bit of an idea. Time is always of the essence with these. So people run out the clock on us, and an opportunity gets lost. If we are truly going to have an economic recovery, and if we believe that 95 percent of the market is outside our country, I look at this -- so I keep wondering. You know, so, if we -- because my whole life I have been in the negotiating business, but I had to have a product that somebody wanted to own and I wanted to sell.

But we are, right now, engaged in a situation where, geopolitically, the relationships that we build are -- really, would be the determining factor of how we get countries to behave the right way, whether it is through sanctions, which we have used to certain effect. But how do you build that?

And, again, I keep going back to this. I know we have these things in place. But, really, how do you enforce them? How do you get people to do that because of the time element? They can run out the clock on this. By the time you get done going through all those mechanisms, you have lost the sale.

*Ambassador Froman. One thing we have worked to do in TPP is to ensure that the dispute settlement process is time-bound, that it is faster than, you know, other dispute settlement procedures at the WTO or otherwise. And, in some cases -- for example, with the Japan auto as part of our agreement -- that there is a specific accelerated dispute settlement mechanism with real teeth to enforce the obligations that we secure there.

And so, we are fully committed to doing that. And it is that, the existence of that dispute settlement, that tends to get countries to abide by their commitments.

But it is -- to broaden out, it is our engagement through this process -- these countries want to be in partnership with us. They want to be economic partners, they want to be strategic partners with us. And TPP gives us that opportunity to work with them across a wide range of --

*Mr. Kelly. Listen. I believe, philosophically, that what you are saying is correct. The reality of this whole situation is if we can't get you some kind of leverage, all the good faith in the world, and all the great talk in the world, and all the open-heartedness in the world is fine, if it -- if we just talk about it.

I have just watched what is going on in the world today, and our world is becoming more and more unstable. If we are really going to be the defenders of freedom and liberty around the world, we better be the strongest economic machine that is out there, or people aren't going to pay attention to us. My great fear is that, while we sit and wonder about what we can do to help you get there, the rest of the world is -- they are going to progress, they are going to move on. We are going to miss our chance.

And I really -- I am greatly concerned about that. I have watched us lose too much market share because of what we go through. The debate becomes too heavy. The results get dragged out too long. We lose an opportunity to gain market share and then sit back and wonder what is it we are doing wrong.

Some of the things we are talking about, if we can't get the American people to understand that these agreements provide features and benefits that add value to our people, to our economy, we can't possibly get the sale made. And that is where I am concerned right now. We talked about all these things that affect us, whether it be cheese or cars or steel or any intellectual properties.

Bottom line? We have got to have something people want to buy, and we got to be able to be in a position that they are the ones -- we are the ones they want to buy it from. We can't enforce -- we can't get people to think the way we think if we are not attached, economically or geopolitically. It just doesn't work any other way. There is no other reason to want to be with us. And that is the thing that I worry about, because what is going on with TPP, what is going on in Europe, we are going to lose those markets and sit back and wonder why we lost them --

*Ambassador Froman. I agree.

*Mr. Kelly. -- it was because of our inability to react quickly.

*Chairman Ryan. Thank you.

*Ambassador Froman. Thank you.

*Chairman Ryan. Last, but certainly not least, Mrs. Black from Tennessee.

*Mrs. Black. Thank you, Mr. Chairman. Thank you, all of the Members that have stayed around. And, especially you, Ambassador, thank you for being here today and being so patient to answer everyone's questions. I really appreciate that. I also want to thank you for your response to my letter that -- regarding the inclusion of the children's electronic education devices on the list of the -- on negotiation for the expansion of the information technology agreement.

And, for those who really -- who don't realize this, there are books and toys that are duty free. But because these computer devices don't fit in one of those categories, even though they are educational, they are not duty free. So I plan to reintroduce my ETEACH Act in the coming weeks, and I look forward to our continuing dialogue.

I know that many of my colleagues have talked about how this would benefit us here in this country. And so, the significant benefits here are not only to the manufacturers, but also to the consumers, especially our young children. By one estimate, updating the ITA would boost global GDP by \$190 billion, and would increase our U.S. exports by 3 billion, creating over 60,000 American jobs. So, for many purposes, this is, I hope, the thing that can get done.

I know we have bipartisan support from members of our Trade Committee here. I think about two-thirds of them have signed on. And I look forward to the continuing conversation, and hope that you will be able to make this happen. I wondered if you might give me some encouragement of where this might be at this point in time.

*Ambassador Froman. Well, we had this breakthrough with China back in November, which allowed the ITA negotiations to get restarted in Geneva. We have further work to do to try and bridge differences between countries. We are encouraging the countries, particularly Korea and China, to resolve their differences, are encouraging China to be more flexible in accommodating what needs to be done in order to resolve these issues. And we are hopeful that we will continue to make progress toward an agreement, as you say, that can have such a significant impact on U.S. jobs, on U.S. exports, as well as on the global economy.

*Mrs. Black. So, it is my understanding that China really is the barrier that is there right now?

*Ambassador Froman. At this stage, there are differences of views between Korea and China, and we are trying to find ways to bridge those differences, and encouraging China to be flexible in its approach in order to resolve the outstanding issues.

*Mrs. Black. Thank you. And I appreciate everyone staying around for my question, and I will yield back.

*Ambassador Froman. Thank you.

*Chairman Ryan. Thank you.

Well, Ambassador, you started here, what, at 2:00, I think? And then you did the Senate Finance Committee this morning, right?

*Ambassador Froman. Indeed.

*Chairman Ryan. So you definitely earned your pay today. Thank you very much for indulging our committee members. I think this was an excellent hearing. I think a lot of the Members got the points they wanted to get across, the questions they wanted to ask. I appreciate your indulgence on this, and we will see you very soon, because we have a lot of work to do.

So I appreciate your time, I appreciate your expertise, and this Committee stands adjourned.

*Ambassador Froman. Thank you.

[Whereupon, at 5:30 p.m., the committee was adjourned.]

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