

**TESTIMONY OF AMBASSADOR ROBERT E. LIGHTHIZER
BEFORE THE HOUSE COMMITTEE ON WAYS AND MEANS
MARCH 21, 2018**

Thank you very much for the opportunity to testify this morning. Mr. Chairman, Ranking Member Neal, I am grateful for the advice and counsel that you have provided throughout my period at USTR. I also want to thank all the Members of this Committee for the time you have given to me and my staff in recent months. We at USTR greatly appreciate the expertise of Members, and the effort you put into working with us on NAFTA and the many other trade issues facing the nation.

Before taking your question, I would like to mention two important topics.

First, I would draw the Committee's attention to the fact that last year, the U.S. trade deficit in goods and services rose to \$568.4 billion, while the trade deficit in goods alone rose to \$811.2 billion. Of course there are a number of causes for these deficits but the President believes – and I agree – that long-standing trade deficits to some extent reflect market distortions around the world that put U.S. workers and businesses in an unfair position compared to their international competitors. It is widely known, of course, that we have a massive trade deficit in goods with China – \$375.2 billion last year. But we also had a goods trade deficit of \$151.4 billion with the European Union, \$68.8 billion with Japan, and almost \$90 billion with our NAFTA partners.

I know that the Members here have a variety of views on these figures. But for the President they raise significant concerns. They indicate that sometimes the global rules of trade make it harder for U.S. companies to export. The trade deficit also indicates that in the United States, the costs of globalization are falling most heavily on blue-collar workers in those parts of

the economy exposed to trade. And they undermine U.S. political support for the global trading system.

I would also like to discuss the President's Trade Agenda, which we released a few weeks ago. We are focused on five major priorities.

First, we at USTR will support the President's National Security Strategy. That means that our trade policy will help to build a stronger America, preserve our national sovereignty, respond to hostile economic competitors, recognize the importance of technology, and seek opportunities to work with other countries that share our goals.

Second, for U.S. companies and workers to be competitive in overseas markets, we need a strong and robust economy at home. The Congress has passed, and President Trump signed, a major tax reform bill. The Administration has also begun making regulatory changes that will strengthen the U.S. economy.

Third, we are negotiating trade deals that will work for Americans. As the members of this Committee well know, the President has directed us to seek significant changes to NAFTA. We have already held seven rounds of talks with our partners in Canada and Mexico, and I believe that we have made a great deal of progress – but we still have a ways to go. I have urged our trading partners to recognize that time is short if we are to complete a deal in time for consideration by this Congress. We have begun talks with South Korea to discuss potential improvements in our free trade agreement with them.

Now that we have a full team of deputies, we intend to aggressively pursue other potential free trade agreements. We have a trade working group in place with the United Kingdom to lay the groundwork for when they are eligible to enter into a free trade agreement following their formal exit from the European Union. We have told Japan of our desire to

negotiate a free trade agreement with them at the appropriate time. We also have hopes for potential FTAs in Africa and Southeast Asia. Given this agenda, the President will soon ask the Congress for an extension of Trade Promotion Authority until 2021. We look forward to working with you on these new deals.

Fourth, we are enforcing and defending U.S. trade laws. During the Presidential campaign of 2016, President Trump said that he would use all available tools to defend our national interest and our national security— including Sections 201 and 301 of the Trade Act of 1974, and Section 232 of the Trade Expansion Act of 1962. Those promises are being fulfilled – and our trading partners are on notice that this President will act when necessary to address unfair trading practices that disadvantage American workers, farmers, and businesses. We are also aggressively defending our trade laws in litigation at the World Trade Organization.

Finally, we seek to reform the multilateral trading system. For too long, the WTO has failed to promote trade liberalization. Too many members remain committed to an outdated Doha Round Agenda that is incapable of addressing modern issues like digital trade. Too many members also think that they can get their way through litigation, rather than negotiation. Perhaps most worryingly of all, the WTO has proven to be wholly inadequate to deal with China's version of a state-dominated economy that rejects market principles.

In short, USTR – under the direction of President Trump – is seeking to build a better, fairer system of global markets that will lead to higher living standards for Americans. I am excited about our efforts, and am happy to take your questions.