

Senate Finance Committee Chairman Orrin Hatch (R-Utah)

Statement for the Record

July 13, 2016

Mr. President, I'd like to take a few minutes to talk about a resolution that I am introducing today regarding the importance of the trade and investment relationship between the United States and the United Kingdom. I also would like to discuss our nation's international trade policy more broadly, including our interest in negotiating and entering into trade agreements that satisfy the high standards that the Congress outlined in the Trade Promotion Authority, or TPA, statute we enacted last year.

Last month, the U.K. voted to withdraw from the European Union. The formal withdrawal process is at its beginning stages, and the U.K. and the EU have many issues to resolve as they work out their future political and economic relationship. I am optimistic that these issues will be resolved constructively, and that the U.K. and the EU will achieve a trade and investment climate that is mutually beneficial and productive and that supports the continuation of the United States' close diplomatic, economic, and commercial ties with both the U.K. and the EU.

Throughout this process, the U.S. must continue to show strong support for the important and longstanding relationship that our country enjoys with the U.K. That relationship is rooted in democratic principles, a similar culture and a common language, a strong commitment to peace and security, and close and open economic and commercial ties. The U.S. and the U.K. have a long tradition of working together to support one another's mutual interests, and the U.K.'s decision to withdraw from the EU should not jeopardize that tradition. In fact, the special relationship between our two countries must be fortified as the U.K. navigates the process of withdrawing from the EU.

It is in that spirit that I propose this resolution, which highlights the importance of the political, economic, and commercial relationship between the U.S. and the U.K., and calls upon the administration to consult with the Congress to examine ways to promote further economic and commercial activity and cooperation between our two countries, including through the negotiation of a high-standard trade agreement at the appropriate time.

The U.K. is the world's fifth largest economy and one of the United States' most important economic partners. Expanding U.S. trade with the U.K. would result in major benefits to both American and British businesses, workers, producers, and consumers.

Furthermore, a strengthened economic partnership between the U.S. and the U.K. would produce important geopolitical benefits that are in our national interest.

As such, the resolution calls upon the President to consult with the Congress regarding opportunities to further economic and commercial activity and cooperation between the U.S. and the U.K., including considering a trade agreement between our two countries. However – and let me emphasize this point – as with any trade agreement negotiated by this administration or the next, any future trade agreement between the U.S. and the U.K. must adhere to the high standards outlined in the recently enacted TPA law, which established very specific objectives regarding the negotiation of trade agreements. Any future trade agreement with the U.K. needs to satisfy those objectives in order to qualify for TPA procedures.

Now that I have spoken about the importance of the trade and investment relationship between the U.S. and the U.K., I would like to speak about the importance of the trade and investment relationship between the United States and the European Union. While this resolution proposes stronger economic and commercial ties with the U.K., it does the same for the EU. To be clear, the U.K.'s decision to withdraw from the EU should not jeopardize or weaken our country's relationship with the U.K., nor should it jeopardize or weaken our country's relationship with the EU. Both the U.K. and the EU are important diplomatic and economic partners of the United States.

As such, the Resolution proposes stronger economic and commercial ties between the U.S. and the EU, including through the conclusion of a high-standard Transatlantic Trade and Investment Partnership, or T-TIP, agreement. Coincidentally, our trade negotiators are in Europe this week for the 14th round of T-TIP negotiations.

I would like to take a few moments to discuss Congress's expectations for T-TIP and to highlight areas of particular concern.

T-TIP presents an excellent opportunity for both the U.S. and the EU – the world's two largest economies – to strengthen our already robust economic relationship. That relationship is one of the most extensive and complex in the world. Together, our economies account for approximately half of world GDP and nearly one third of worldwide trade. Annual U.S.-EU trade amounts to hundreds of billions of dollars, and our two markets already are deeply integrated and relatively open. Nonetheless, opportunities exist for the U.S. and the EU to expand trade and investment by further reducing barriers and modernizing the rules that govern such trade and investment. But

in order for T-TIP or any similar trade agreement to reach its full potential, it must reflect an unprecedented level of commitment – by both the EU and the Obama Administration.

T-TIP also presents an excellent opportunity for the U.S. and the EU to work together to help set high standards for the world. If the agreement is does not meet a high standard, then the rest of the world will take notice. In order to qualify as a high-standard agreement, T-TIP – just like any potential trade agreement between the U.S. and the U.K. – must satisfy the standards outlined in the TPA statute. If the agreement does not satisfy those standards, then it will face enormous difficulty in the Congress.

To do this, T-TIP must address several difficult areas. I will highlight only a few such areas and issues today, while noting that many others exist.

First, the agreement must have provisions that provide strong market access for agricultural products, including through the elimination of discriminatory geographical indication practices and unjustified sanitary and phytosanitary standards.

Second, the agreement must be comprehensive and not exclude any products or economic sectors from the negotiations. Of particular concern are services. The agreement should not broadly exempt future services or specifically exempt other types of services, including audiovisual services or financial services. In particular, both the market access and the regulatory scope of the agreement should address financial services.

Third, a valid and passable T-TIP agreement must reflect the highest standards of protection for intellectual property rights. Moreover, any outcome on intellectual property must not jeopardize our country's ability to achieve high levels of intellectual property protection in other markets or in other negotiations.

Finally, T-TIP must address barriers to digital trade, including discriminatory treatment of digital products and barriers that inhibit the free flow of digital data, such as forced data localization policies. In short, the agreement must ensure that all products, services, and technologies are given the chance to compete in the marketplace.

T-TIP is intended to be a model for the world, so we must get it right.

The resolution that I'm introducing today notes the importance of economic cooperation among the U.S., the U.K., and the EU, and highlights the mutual benefits to be achieved through such cooperation. In particular, the resolution calls upon the EU and the U.K. to work constructively to achieve a climate for trade and investment that is mutually

beneficial and productive; and it notes that the continued movement of goods, services, and capital between the U.K. and the EU is important not only to the U.K. and the EU, but also to American businesses invested in Europe and the U.S. economy generally. The U.S., the U.K., and the EU will all benefit as our countries work together to become economically stronger and more geopolitically secure.

Finally, I would like to say a few words regarding the Trans-Pacific Partnership, or TPP, agreement. I fought hard to secure TPA, in large part, so that this administration would have the ability to secure a strong TPP agreement. However, in a few important areas, TPP falls short. I am committed to working with the administration to help to improve on those shortcomings. In the meantime, it is essential that the administration begin to work with our TPP partners to develop meaningful country-specific implementation commitments.

During a hearing held by the Senate Finance Committee earlier this year, members of the Committee heard assessments from American exporters and stakeholders about the implementation of past free trade agreements. It is an unfortunate fact that the Obama Administration has allowed free trade agreements to enter into force before ensuring that our partners have taken all steps necessary to comply with their obligations under the agreements. It is clear that more confidence regarding effective implementation of trade agreements will be necessary before the Congress approves TPP.

Moreover, as our TPP partners begin their domestic implementation processes, concerns are growing that the measures that our trading partners intend to take to implement TPP fall short of what is required by the agreement. Failure by our trading partners to fully and faithfully implement their TPP obligations threatens to reduce the value of the agreement for U.S. businesses, workers, farmers, ranchers, and consumers.

That is why it is essential that the Obama Administration now work to reach country-specific plans identifying the changes that our trading partners must and will make to their laws, regulations, and practices in order to meet their key TPP obligations. These country-specific implementation commitments would provide a valuable tool for resolving shortcomings and ambiguities in the agreement, while helping to build confidence in the Congress that TPP will be implemented fully and faithfully by our trading partners. Put simply, these country-specific implementation commitments can be an essential component to developing the political support necessary for the Congress to pass TPP implementing legislation.

During the 114th Congress, we have successfully enacted a number of strong trade policies that reflect and advance our national interest. T-TIP and TPP negotiations represent important opportunities for the administration to use the tools provided by Congress to help American businesses, workers, and consumers to benefit from trade. We must remain vigilant to ensure that our trade objectives are met and hold the administration accountable for achieving the goals that the Congress has established. At the same time, we need to look toward the future.

The resolution that we are introducing today is designed to reinforce our support for strong, market-opening agreements and to remind this and future administrations that the Congress is, and will remain, an active participant in formulating U.S. trade policy. I urge all of my colleagues to join me in supporting this important resolution.