JOB CREATION MADE EASY: THE COLOMBIA, PANAMA, AND SOUTH KOREA FREE TRADE AGREEMENTS

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FRIDAY, SEPTEMBER 23, 2011

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 9:30 a.m., in room 2172, Rayburn House Office Building, Hon. Ileana Ros-Lehtinen (chairman of the committee) presiding.

Chairman ROS-LEHTINEN. The committee will come to order. After recognizing myself and my good friend, the ranking member Mr. Berman, for 7 minutes each for our opening statements, I will recognize the chairman and ranking member on the Terrorism, Nonproliferation, and Trade Subcommittee, if they are here, for 3 minutes each for their statements. I will then recognize members for 1-minute opening statements. We will then hear from our witnesses, thank you ladies and gentlemen. And I would ask that you summarize your prepared statements in 5 minutes each before we move to the question and answers from the members under the 5-minute rule.

Without objection, the witnesses' prepared statements will be made a part of the record and members may have 5 days to insert statements and questions for the record subject to the length limitations in the rules. The Chair now recognizes herself for 7 minutes.

I am pleased to hold this timely hearing on the pending Colombia, Panama and South Korea free trade agreements, especially in light of the President's recent emphasis on job creation. We would have loved to have hosted administration witnesses, but they were not available to this committee. Our offer still stands.

In his September 8th speech to the Congress, the President once again noted the importance of these free trade agreements saying, and I quote,

> "Now is the time to clear the way for a series of trade agreements that would make it easier for American companies to sell their products in Panama, Colombia and South Korea."

I could not agree more, but unfortunately, after almost 3 years of delay, we are still waiting for the President to send them to Congress. At a time when millions of American families are struggling and so many people are looking for work passage of the free trade agreements with Colombia, Panama and South Korea should be a top priority for all of us. Merely by putting these agreements in the mail to Congress, the administration would set in motion the creation of tens of thousands of new jobs, a major expansion of U.S. exports and broad economic growth. And we can do so without hundreds of billions in new spending or higher deficits. The increase of exports will spur economic growth throughout the U.S., including in my district in south Florida.

Colombia is already south Florida's second largest trading partner accounting for more than $5 billion a year and supporting thousands of jobs. And Panama is among Miami-Dade County's top 25 trading partners with Florida as a whole ranking first in exports to that country. In fact, Panama's trade with south Florida has grown nearly 30 percent in recent years. These figures will expand further once these two FTAs are approved. However, the repeated delays over the past 3 years have already hurt many companies. For example, 96 percent of the flowers that are imported to the U.S. from Colombia pass through my congressional district of south Florida, but the small- and medium-sized businesses in this sector have been hit hard from the higher tariffs resulting from the expiration of the Andean Trade Promotion Act earlier this year, a problem that can be easily fixed by passage of the Colombia FTA.

Free trade agreements with South Korea will produce even greater benefits. The U.S. International Trade Commission estimates that it will increase our export of goods by at least $10 billion a year. That is not even counting the high value services in which our country leads the world which are now shut out of the large areas of South Korea's economy. The President's own administration estimates that at least 70,000 jobs will result from free trade agreement with South Korea alone. It is time to grant American businesses and exporters barrier-free access to the world's 13th largest economy. While we have sat here, the EU and countries such as Canada and China have moved aggressively to undermine U.S. businesses.

Earlier this year, the EU trade agreement with South Korea came into effect putting U.S. businesses at a severe disadvantage in that country, resulting in lost sales for American companies and lost jobs here in the United States. There is more than just economic benefits at stake, however. Each of these countries is a key ally in an unstable area of the world where U.S. interests are increasingly under threat from China and other countries. At a time when much of the world is expecting the U.S. to retreat from its responsibilities and abandon its allies, these agreements will serve as a clear demonstration of our enduring commitment to our democratic partners. Each has carried out their promise to us, including all of the many changes we have insisted upon. And now it is time for us to carry out ours.

Finally, I think it is important to address a fundamental misconception regarding not only these free trade agreements, but others as well, the effects and purposes of which opponents seem not to understand. Because the U.S. economy is a very open, one free trade agreements are primarily about removing the barriers in other countries to U.S. exports. For example, free trade agreement with Colombia will eliminate duties on 80 percent of U.S. exports to Colombia with almost all of the remaining duties and tariffs removed in 10 years.

In contrast, 93 percent of Colombia's exports already enter the U.S. duty free. Colombia will benefit, but we will benefit much more. The same is true with Panama and South Korea. It appears that the process for allowing Congress to consider these agreements is finally underway, however, with the Senate approving just last night a key piece of legislation. The Senate passed something? For the first time it looks likely that the three FTAs will soon be sent to Capitol Hill to be voted on. Passage of the South Korea FTA before President Lee arrives in Washington in October would be a tremendous reaffirmation of our alliance with that key country. And as we vote let us remember that we are voting to knock down the barriers to U.S. businesses and to create the jobs that so many Americans and their families are desperately in need of. I am now pleased to turn slowly to the ranking member Berman for his opening remarks. And there he is.

Mr. BERMAN. Thank you much, Madam Chairman, and thank you for calling this important hearing. The Foreign Affairs Committee does not have legislative jurisdiction over free trade agreements, but there is precedent for this committee reviewing pending trade agreements. We held hearings on both the North America free trade agreement and the Uruguay Round Talks that resulted in establishment of the World Trade Organization.

Now that the Senate has passed trade adjustment assistance legislation the President is likely to send Congress the Korea, Columbia and Panama agreements. This may be the last hearing on those agreements before they come up for a vote in the House.

Today the conventional wisdom about trade agreements is much different than it was when the Uruguay Round and NAFTA were considered. The optimism of the 1990s about the benefits to America of reducing trade barriers has been replaced by widespread skepticism, not just about trade, but also about the future of our economy and our workforce. We have seen persistent trade deficits which have compounded our fiscal problems, we have seen U.S. companies move manufacturing overseas eliminating jobs for American workers in the process and affecting America's competitive edge by sending some of our best technology abroad, we have seen household incomes fall behind price increases, and we have seen a once secure private pension system erode.

A number of factors has called this sea change. Productivity increases have reduced the labor component of both manufacturing and services. The Internet has profoundly affected manufacturing financial services by fostering a much more difficult competitive environment for the United States. The entry of China, India and other low cost competitors into world markets has transformed trade patterns with consequent effects on the U.S. economy and workforce.

While the dollar value of U.S. exports has continued to rise almost every year the U.S. share of global trade flows has gone down. From 2003 to 2009, the U.S. share of world exports dropped from 9.8 percent to 8.7 percent. Over the same period, the U.S. slipped from first place in world exports to third behind both Germany and China. Today, exports account for just over 13 percent of the total U.S. economic output, far less than virtually every major economic power. Trade agreements per se are by no means the cause of all of our economic problems, nor are they a panacea for our current woes. They are a critical tool for the protection of American intellectual property rights, but they can also contribute to the dislocation of American workers.

No matter what one thinks about the merits of any particular free trade agreement, we should all be able to agree that increasing U.S. exports will lead to the creation of more jobs here at home. And one important step we can take to increase exports is to improve the effectiveness of the Federal Government's export promotion programs. A series of Government Accountability Office studies has found that existing U.S. programs are uncoordinated, unfocused and, therefore, less effective than those of our competitors. This past Monday, a report by the Council on Foreign Relations issued the same finding, urged a more robust U.S. effort.

Specifically the Council noted, and I quote,

> "The U.S. has been a laggard in export promotion efforts, the government needs to play a more active role in assessing foreign market opportunities, identifying priorities among products and services, and carrying out a long-term plan to bolster U.S. performance in world markets."

In other words, making in the area of export promotion the government as irrelevant as possible to the lives of American people is a real stupid policy. For more than a year, I have been working on legislation to address this problem. On Wednesday I introduced two bills to help ensure better coordination of the 18 existing programs and their combined $1.3 billion budget. Madam Chairman, I believe that these bills will garner bipartisan support. And I thank Mr. Manzullo for co-sponsoring one of them. Unlike the pending free trade agreements they are within the jurisdiction of this committee and hope we can consider them as we examine ways to create new jobs for American workers. With that, Madam Chairman, I yield back my time.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Berman. I would like to yield to Mr. Duncan if he has got a 1-minute opening statement.

Mr. DUNCAN. Thank you, Madam Chairman. Free trade equals jobs. Free trade agreements open up markets for U.S. products, but FTAs must be fair for U.S. manufacturers. And since these FTAs are negotiated by the executive branch, we as a Congress must remain diligent in our review and oversight to ensure that these and future free trade agreements are in the best interest of American job creators. Thank you for having this hearing. As a freshman congressman, this is very educational to me on the impact of FTAs and I look forward to the testimony. Thank you. I yield back.

Chairman ROS-LEHTINEN. Thank you, Mr. Duncan. I now would like to yield 3 minutes to the ranking member of the appropriate Subcommittee on Trade and Nonproliferation, Mr. Sherman.

Mr. SHERMAN. Our trade policy has created huge profits on Wall Street and the destruction of the American middle class. Doing more of the same will create more of the same result. Even the U.S. Government International Trade Commission admits that this agreement will increase our global trade deficit. But they say it will be only a little bit. When I say this agreement, I mean the Korea free trade agreement. This is the same organization that said permanent NFN for China would increase our trade deficit by only $1 billion.

But this agreement, all the economic studies are based on the idea that goods are going to be made in South Korea and come into the United States. Look at the fine print. The rules of origin. Goods that are 65 percent made in China, 35 percent finished in South Korea come into our country duty free. If that 35 percent of the work done in South Korea is done by Chinese workers living in barracks, duty free. Now, we are told that that 35 percent of the work will at least be done by Chinese workers getting the Korean minimum wage. But after they pay for the glorious barracks living those workers may receive nothing more than they make in China. Sixty-five percent or 100 percent Chinese labor, free entry into the United States and not one cent of U.S. increased exports to China. Likewise, rules of origin. North Korean goods, 65 percent made in North Korea, 35 percent made in South Korea have a right to come into the United States duty free under this agreement.

Now, but their importation would violate executive orders under AIPA. So when the South Koreans try to bring those goods in here and we block them, they can legally threaten us with sanctions. At that point, the executive branch can repeal the executive orders and back down. And I know that the chairwoman has a bill designed to prevent that. The administration will certainly not let us pass that bill, which I have co-sponsored. So the administration will have the right to back down and let 65 percent North Korean-made goods into the United States or face sanctions. Either way, we lose.

Finally, the agreement carefully does not define what South Korea is. The South Koreans wanted to include the labor camps located north of the DMZ. This is to be resolved under appendix 22 by future negotiations. So I have made a big point, will Congress get a chance to play a role. The response has been simple. The Obama administration issued a press release saying, well, of course we will let Congress vote on this. That is legally binding on no one.

The fact is the South Koreans will not allow a change to this agreement which gives Congress the right to decide whether the case on labor agreements, some would call it labor camp, some would call it a slave labor camp, will have free access into the U.S. market. Sixty-five percent made in China, 100 percent made by Chinese workers, 65 percent made in North Korea or 100 percent made in camps located north of the DMZ, none of the economic studies show the tens of billions of jobs that we will lose when American workers have to compete against some workers in North Korea who are paid $8 a month.

We cannot simply swallow the idea that this agreement means what it says in the summaries prepared by its proponents. And those proponents will say that I have misconstrued the agreement, but they will make sure that we don't have binding language in the implementing provisions, the legislation. Why no legally binding clarification? Because everything I say about the agreement is critical to the South Koreans, and my interpretation of this agreement is being used to sell this agreement in South Korea. Sixty-five percent made in China, 100 percent made by Chinese labor, free access to the United States, they shouldn't call it a Korea free trade agreement.

Chairman ROS-LEHTINEN. Thank you. And I am so pleased now to yield to the chairman of the appropriate subcommittee, Mr. Royce of California.

Mr. ROYCE. I thank the gentlelady. Let me make a couple of observations. One is that any inclusion of Kaesong produced goods would require congressional approval. A number of us wrote to the administration not to include Kaesong. When the agreement was being negotiated it was excluded despite pressure from Korea. That is also the finding of the Congressional Research Service. Let me also make the point that this agreement was worked on 4 years ago. It has been 4 years that we have been waiting. And in the meantime, a South Korean-European Union free trade agreement has entered force. It is based upon this agreement. As a consequence of that agreement, this has been a 36 percent increase in goods going out of Europe into Korea since July 1st.

Frankly, we are losing market share because the agreement with Europe has gone into force. And our delay here, the administration's delay, frankly, has meant lost American jobs. You can't give up market share in Korea. If this does not come into play, we are going to lose 345,000 jobs here in the United States. That is what studies show. This agreement would increase by $10 billion exports. Now, those are job creating exports. And that is 70,000 jobs. That is the administration's figure. That is the Obama administration's figure.

This delay is all the more troubling given that it is happening with such a close ally, South Korea. And that is another point I want to make in this argument here. This is a country we have had a defense partnership with for 60 years, and I am not sure that the administration grasps the importance of traditional allies, whether it is South Korea or Japan or the UK or Israel. At times like this, I wonder if they understand that.

Now, we sit here and we wait for Colombia, Panama, and the Korean for trade agreements, and I am just hopeful that the administration has seen the light, and I am hopeful that they understand that of all these trade agreements, we are a party to only two in Asia. There are hundreds of trade agreements being cut right now by Latin America and by Europe in Asia. And this particular agreement—you know let me just quote from the Congressional Research Service by the way: "A close analysis of KORUS and the nature of trade flows reveals that unless the Kaesong Industrial Complex is brought into the KORUS FTA—and that would require congressional approval"—the FTA, frankly, does not include components.

Chairman ROS-LEHTINEN. The gentleman is given an additional 1 minute and 10 seconds because I inadvertently gave that time to Mr. Sherman. He had me wrapped up in his argument, so I wasn't paying too close attention.

Mr. ROYCE. Well, if anything, let me add one other element here. We have enhanced customs provisions in KORUS. We have kept any North Korean goods out of this agreement. It will require congressional approval to allow anything more in here. And with the enhanced customs provisions that ensures all the more that we shut out illicit North Korean goods and components. It is a red-herring argument. I yield back Madam Chair.

Chairman ROS-LEHTINEN. Thank you very much. My good friend from New Jersey is recognized for a minute, Mr. Sires.

Mr. SIRES. Thank you, Madam Chairperson, for holding this hearing. I have some reservations about the South Korean free trade agreement, especially when it comes to intellectual properties. But I really don't have too many reservations with Panama and Colombia. I represent a large district of Colombian Americans, and I have been to Colombia many times, I have spoken to the President even before and I was at the swearing of the new President. And I always raise the issue obviously of labor. And they have made some very good strides to try to deal with the labor. Is it perfect? No. But as I see what is happening, you have China moving in, you have Canada—just signed an agreement with Canada about $1.7 billion. They signed an agreement with Europe.

We are losing out on some of the markets that we can bring some of our goods and create some jobs here. The Chinese, the second most studied language today in Colombia in the universities is Mandarin, and it is increasing. This is a conversation that I had with one of the presidents of the college. So let's move forward with this. I do have reservations about South Korea. But Panama, both of these countries have been allies of this country for many, many years, and I think it is time though we move forward on these. Thank you very much.

Chairman ROS-LEHTINEN. Thank you Mr. Sires. I would like to recognize for a 1-minute opening statement the chairman of the Subcommittee on Oversight and Investigations, Mr. Rohrabacher of California.

Mr. ROHRABACHER. Thank you very much, Madam Chairman—Chairwoman. And let me just thank you for your leadership on this, because I will be paying attention to the testimony and to the evidence to make up my mind about whether I will be supportive of these free trade agreements or not. My motto is free trade between free people, and in this case, Colombia, Panama and South Korea are relatively free countries, so I would be inclined, but not only on top of that free trade agreements between our countries' free people need to be mutually beneficial, and at least they need to be beneficial to the people of the United States or we should not be supporting it. We have had a trade status quo foisted onto us with China that has cost us almost 3 million jobs, since we gave them permanent most-favored-nation status or whatever that is, WTO access, and that is intolerable.

We need to be dealing with that. And I will say the difference between Mr. Royce and Mr. Sherman, I will be looking to see which one can, the evidence indicates which one is right. And that is a very important point.

Chairman ROS-LEHTINEN. Thank you. Mr. Connolly is recognized from Virginia.

Mr. CONNOLLY. Thank you, Madam Chairwoman. And welcome to the panel. I think free trade as an abstract concept is very important to the future of the American economy and generally serves the economy well, but it is not without problems. And that is why I favor the trade adjustments assistance reauthorization. I think that is going to be critical frankly if we are going to move forward and build a consensus. I also think this hearing, along with other avenues of investigation, is going to be important. There are issues that must be dealt with. In the case of Korea, we have to be looking at intellectual property; we have to also be looking at nontariff barriers that have frankly kept that market from being accessible to U.S. goods and products in the past. In Colombia, there are human rights issues especially evolving labor organizers that remain to be addressed as far as I am concerned. Those were issues I presented to the Colombian Government when I was there a year ago. In Panama, most of the issues have been addressed. There were some offshore banking issues that Panama was asked to address, and I want to hear in the testimony today how well they have done that. So I think we have a long way—we have come a long way, but I think there are still some unanswered questions.

Chairman ROS-LEHTINEN. Thank you so much. Mr. Rivera, my friend from Florida.

Mr. RIVERA. Thank you Madam Chair. We need to move forward with these free trade agreements. Colombia and Panama are two of the United States largest trading partners. The Department of Commerce estimates that 9,000 American companies trade with Colombia, most of which are small businesses, and many of which employ many of the constituents in my district in south Florida. While 90 percent of Colombian goods enter the U.S. duty free, American companies still pay tariffs for U.S. goods to enter Colombia. The Colombia FTA would eliminate obstacles and immediately boost U.S. exports to Colombia. By passing this trade agreement U.S. GDP would increase by roughly $2.5 billion and exports by over $1 billion creating thousands of jobs in the United States.

So while the Obama administration continues to delay free trade efforts the European Union and Canada have both finalized trade deals with Colombia and Panama. The Chinese are also close to a trade agreement with Colombia. And over the last 5 years, China has tripled their business with Colombia while we have lost 20 percent market share. It is time to end the rhetoric about free trade and time to pass these agreements with Colombia and Panama right away.

Chairman ROS-LEHTINEN. Thank you, Mr. Rivera. The gentleman from Rhode Island, Mr. Cicilline is recognized.

Mr. CICILLINE. Thank you, Madam Chairman. And I thank you for convening this hearing. And welcome to our witnesses. I am particularly interested in hearing the testimony of the witnesses today because I think one of the challenges we face in terms of thinking about trade policy more broadly is to ensure that the trade policy not only provides for free trade, but that it is fair and that it is enforced and that we are not putting American workers and American businesses at a competitive disadvantage.

I think one of those key issues is about the sort of ability of our trading partners to comply with our trade agreements. And ranking member Mr. Berman has legislation specifically on the Chinese to enforce the requirements of trade and to address the issue of currency manipulation when they are not playing fairly.

I think we can't talk about trade agreements unless we also talk about our ability to enforce and the fairness of the agreements as well as the free trade. So I welcome the witnesses and look forward to your testimony.

Chairman ROS-LEHTINEN. Thank you, sir. And now would like to yield to the chair of the Subcommittee on the Western Hemisphere, Mr. Mack of Florida.

Mr. MACK. Thank you, Madam Chair. And I want to thank you for this hearing as well to give everyone an opportunity to ask questions or vent or whatever they have to do. But we all know that in our desire to create jobs in the United States these free trade agreements, especially Colombia and Panama, are job creators for the United States. That is not disputed. In fact, when you talk to the Presidents of Colombia and Panama, they will tell you too, hey, this is more of a win for the United States for creating jobs. And really, Madam Chair, the only thing holding up the free trade agreements, the only thing, is the President's unwillingness to send them to the Congress. And with that, I yield back.

Chairman ROS-LEHTINEN. Thank you, sir. Ms. Buerkle, the vice chair of the Subcommittee on Terrorism, Nonproliferation, and Trade.

Ms. BUERKLE. Thank you, Madam Chair. And thank you for calling this very important meeting. And thank you to our witnesses today for being here. Many of us came to Congress because of jobs in the economy and the need to get this economy back on track and create jobs for the American people. And I think the free trade agreements are very much the effort to accomplish that. However, having said that, I think it is very important that these agreements are fair to our businesses. So I look forward to hearing the testimony today and I yield back my time.

Chairman ROS-LEHTINEN. Thank you, ma'am. And I thank all the members for being here, especially because of our late votes last night. And now the Chair is pleased to welcome today's panel of witnesses. Mr. Myron Brilliant serves as the Senior Vice President for International Affairs at the U.S. Chamber of Commerce, where he is responsible for the Chamber's global business strategy. He previously served as the Chamber's Vice President for Asia focusing on the promotion of free trade agreements with Singapore, Australia and South Korea. In the International Affairs Division Mr. Brilliant pioneered the Chamber's country specific business initiative, which includes recently launched programs with Mexico and Israel. Thank you for being with us today.

Mr. Luis Arguello is the chairman and CEO of DemeTech Corporation. Did I say that right?

Mr. ARGUELLO. DemeTech.

Chairman ROS-LEHTINEN. DemeTech Corporation, which is based in Miami, Florida and which exports medical devices and surgical sutures to over 80 countries. Mr. Arguello is the recipient of several prestigious awards, most recently including the 2011 Small Business Exporter of the Year Award for south Florida. Welcome and thank you for being with us today, sir.

Mr. Drew Greenblatt is the president of Marlin Steel Wire Products, a manufacturer of steel wire baskets, wire forming and shield metal fabrication which exports to 35 countries. He also serves as an executive board member of the National Association of Manufacturers and is chairman of the Board of Regional Manufacturing Institute.

Mr. Greenblatt has testified numerous times to Congress regarding business regulation and global competition. Thank you, sir, for being with us today.

And next we will hear from Ms. Thea Lee, who is the deputy chief of staff at the AFL–CIO. She has previously served as the Policy Director and Chief International Economist at the AFL–CIO and as an international trade economist at the Economic Policy Institute, as well as an editor at Dollars and Cents Magazine. Very clever.

She is a frequent witness on Capitol Hill having testified before the House and the Senate. Thank you for being with us today as well. We welcome all the testimony. Your prepared remarks will be made a part of the record. Please feel free to summarize. Thank you.

We will begin with Mr. Brilliant.

STATEMENT OF MR. MYRON BRILLIANT, SENIOR VICE PRESIDENT FOR INTERNATIONAL AFFAIRS, U.S. CHAMBER OF COMMERCE

Mr. BRILLIANT. Good morning. I would like to extend my thanks at the outset for the opportunity to testify here today. Madam Chairwoman Ros-Lehtinen and Ranking Member Berman and other members of the Foreign Affairs Committee, it is a real pleasure to be here. The U.S. Chamber of Commerce the world's largest business federation, and as members of this committee understand, there is no higher priority facing our Nation today than creating jobs and putting Americans back to work, which is why the U.S. Chamber of Commerce strongly supports the passage and implementation of the free trade agreements with South Korea, Panama and Colombia. With more than 9 percent of the workforce unemployed the biggest policy challenge we face is to create 20 million jobs over the next decade to replace jobs lost in the recession and to meet demands needed in a workforce that has to grow.

World trade and expanding U.S. access to global markets will play a vital role in reaching this goal. After all, outside our borders are markets that represent 73 percent of the purchasing power, 87 percent of its economic growth and 95 percent of its customers, and already 50 million Americans are employed by firms that engage in international trade. One in three manufacturing jobs depends on exports and one in three acres on American farms is planted for hungry consumers overseas. A further note, I would say more than 97 percent of the quarter-million U.S. companies that export are small and medium-size firms.

For companies large and small, the chief obstacle to reaching the goal of doubling U.S. exports by 2014, a goal set by President Obama and endorsed by the U.S. Chamber of Commerce, is the complex array of foreign barriers to American exports. Those barriers are alive and well. For example, Colombia's average tariff on imports to the United States is 15 percent for manufactured goods, and even higher for agricultural products. By contrast the average U.S. tariff imposed on imports from Colombia is just 0.1 percent.

And I have similar data on South Korea in my written testimony and Panama. The only way our Government, the U.S. Government, can entice a foreign government to open its market to American exports is really by negotiating free trade agreements to eliminate tariffs on a reciprocal basis. This is just what has been achieved in the three FTAs we are talking about today. All three are pro growth agreements that will create good American jobs, bolster foreign allies and confirm American's leadership on trade.

FTAs have a proven record of boosting U.S. exports. On average, the record shows that U.S. exports to new FTA partners, and we have 17 partner countries, have grown four times as rapidly in the 3- to 5-year period following the FTA's entry into force as U.S. exports the world over the past decade. I want to underscore for the committee that the world isn't waiting for us to pass these three FTAs. For instance, in the first month after the entry into force with the European Union Korea free trade agreement on July 1st, EU exports to Korea had risen 36 percent from their level a year earlier. U.S. farmers have already lost $1 billion in sales to Colombia in the 2 years since that country implemented a trade deal with Argentina and Brazil. Overall at precisely the time we must work together to create American jobs, according to a study by the Chamber that has been widely circulated and widely adopted by the administration and.

Members of the Congress, the United States risks losing more than 380,000 jobs and $40 billion in export sales if the United States continues to delay approval of our pending FTAs.

In conclusion, the United States needs a laser-like focus on opening foreign markets. This fall, the Congress will have an opportunity to do that with the pending FTAs with Colombia, Panama and South Korea. Beyond these three FTAs, the Chamber has also supported the bipartisan trade adjustment advance assistance legislation negotiated by House Ways and Means Chairman Dave Camp, Senate Finance Committee Chairman Max Baucus and the White House. And we are pleased to see yesterday's vote in the U.S. Senate supporting TAA legislation. The Chamber believes the resulting bill in the Senate reflects a thoughtful compromise that preserves the more effective elements of the five-decade old TAA program and eliminates aspects that have proven less effective and significantly reduces its cost.

Madam Chairwoman, at stake is sustaining the United States as the world's leading power. Our ability to exert positive influence around the world, our reputation and brand overseas and our best hopes for escaping high unemployment, massive deficit and exploiting entitlements require us to look at a more aggressive and forward looking trade policy. As we look to meet these demands, you can count on the U.S. Chamber of Commerce to stand tall. We are ready to work with members of this committee and with the Congress as a whole to strengthen our support for economic prosperity for job creation, and of course, for securing swift approval and implementation of the three outstanding pending FTAs. I look forward to your questions.

Chairman ROS-LEHTINEN. Thank you very much.

[The prepared statement of Mr. Brilliant follows:]

Statement
of the
U.S. Chamber
of Commerce

ON: Job Creation Made Easy: The Colombia, Panama, and South Korea Free Trade Agreements

TO: Hearing of the U.S. House of Representatives Committee on Foreign Affairs

BY: Mr. Myron Brilliant, Senior Vice President for International Affairs, U.S. Chamber of Commerce

DATE: Friday, September 23, 2011

The Chamber's mission is to advance human progress through an economic,
political and social system based on individual freedom,
incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation, representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

More than 96 percent of the Chamber's members are small businesses with 100 or fewer employees, 70 percent of which have 10 or fewer employees. Yet, virtually all of the nation's largest companies are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business manufacturing, retailing, services, construction, wholesaling, and finance — is represented. Also, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity, not a threat. In addition to the U.S. Chamber of Commerce's 115 American Chambers of Commerce abroad, an increasing number of members are engaged in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross section of Chamber members serving on committees, subcommittees, and task forces. More than 1,000 business people participate in this process.

Thank you Chairman Ros-Lehtinen, Ranking Member Berman, and distinguished members of the House Committee on Foreign Affairs. My name is Myron Brilliant, Senior Vice President for International Affairs, U.S. Chamber of Commerce. The U.S. Chamber of Commerce is the world's largest business federation, representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. In addition, the Chamber serves as secretariat for both the U.S.-Korea FTA Business Coalition and the Latin American Trade Coalition, which each represent more than 1,000 American companies, business and agricultural organizations, and chambers of commerce that support approval of the pending free trade agreements with South Korea, Colombia, and Panama.

No priority facing our nation is more important than putting Americans back to work. More than 9% of the U.S. workforce is unemployed — a figure that soars beyond 17% when those who have stopped looking for jobs and the millions of part-time workers who want to work full time are included. As a nation, the biggest policy challenge we face is to create the 20 million jobs needed in this decade to replace the jobs lost in the current recession and to meet the needs of America's growing workforce.

World trade will play a vital role in reaching this job-creation goal. When President Barack Obama delivered his State of the Union address in January 2010, the U.S. Chamber and the rest of the business community welcomed his call for a national goal to double U.S. exports within five years. The rationale is clear: We cannot rely on domestic consumption to generate more demand for the goods and services we produce. The American consumer is likely to spend more frugally in the years ahead, and the federal government faces unsustainable budget deficits.

Most importantly, outside our borders are markets that represent 73% of the world's purchasing power,[1] 87% of its economic growth,[2] and 95% of its consumers. The resulting opportunities are immense.

Trade already sustains millions of American jobs. More than 50 million American workers are employed by firms that engage in international trade, according to the U.S. Department of the Treasury.[3] President Obama has noted that one in three manufacturing jobs depends on exports,[4] and one in three acres on American farms is planted for hungry consumers overseas.[5]

Nor is trade important only to big companies. Often overlooked in the U.S. trade debate is the fact that more than 97% of the quarter million U.S. companies that export are small and medium-sized enterprises (SMEs), and they account for nearly a third of U.S. merchandise exports, according to the U.S. Department of Commerce. In fact, the number of SMEs that export has more than doubled over the past 15 years.

The bottom line is simple: If America fails to look abroad, our workers and businesses will miss out on huge opportunities. Our standard of living and our standing in the world will suffer. With so many Americans out of work, opening markets abroad to the products of American workers, farmers, and companies is a higher priority than ever before.

The Problem: Foreign Tariffs and Other Trade Barriers

The chief obstacle to reaching the goal of doubling U.S. exports by 2014 is the complex array of foreign barriers to American exports. Those barriers are alive and well, and they pose a major competitive challenge to U.S. industry and agriculture and the millions of U.S. workers whose jobs depend on exports.

From the perspective of the U.S. business community, the foremost goal of U.S. trade policy should be to tear down those barriers. Casting light on this challenge, the World Economic Forum issues an annual *Global Enabling Trade* report, which ranks countries according to their competitiveness in the trade arena.[6] One of the report's several rankings gauges how high the tariffs are that a country's exporters face. Leading the pack as the country whose exporters face the lowest tariffs globally is Chile, with its massive network of free trade agreements with more than 50 countries around the globe.

While the report found the United States did well in a number of areas, America ranked a disastrous 121st out of 125 economies in terms of "tariffs faced" by our exports overseas. In other words, American exporters face higher tariffs abroad than nearly all our trade competitors. It is also worth noting that tariffs are just part of the problem, as they are often found alongside a wide variety of non-tariff barriers that shut U.S. goods and services out of foreign markets.

Historically, the only way the U.S. government has ever enticed a foreign government to open its market to American exports is by negotiating agreements for their elimination on a reciprocal basis. This is done in bilateral free trade agreements (FTAs), such as those pending with South Korea, Colombia, and Panama, or the Trans-Pacific Partnership, which is under negotiation. In addition, reciprocal market openings can be accomplished multilaterally, as in the Doha Round, the global trade agreement currently being negotiated under the WTO by the United States and 152 other countries.

The Solution: Free Trade Agreements

The pending FTAs with South Korea, Colombia, and Panama are pro-growth agreements that will create good American jobs, bolster important allies, and confirm that America is not ready to cede its global leadership role in trade. They will generate billions of dollars in new American exports within a few short years.

Most importantly, these are "fair trade" agreements that promise a level playing field for American workers and farmers. Many Americans don't know that the U.S. market is already wide open to imports from these countries, with most imports from South Korea, Colombia, and Panama entering our market duty free. However, these countries impose tariffs on U.S. products that often soar into the double digits, limiting our competitiveness overseas. These agreements would knock down those barriers, opening the door for American companies to sell to these consumers.

If the United States is to double exports within five years, the proven export-boosting record of these reciprocal trade agreements will be indispensable. On average, U.S. exports to new FTA partner countries have grown four times as rapidly in the 3-5 year period following the FTA's entry into force as U.S. exports to the world, according to an analysis by the U.S. Chamber.

To settle once and for all the debate over whether these FTAs have benefitted American workers and companies, the U.S. Chamber commissioned a study entitled *Opening Markets, Creating Jobs: Estimated U.S. Employment Effects of Trade with FTA Partners*,[7] which was released in May 2010. The study examined U.S. FTAs implemented over the past 25 years with a total of 14 countries. It excluded three other countries where FTAs have only recently been implemented. The study employs a widely used general equilibrium economic model which is also used by the U.S. International Trade Commission, the WTO, and the World Bank.

The results of this comprehensive study are impressive: 17.7 million American jobs depend on trade with these 14 countries; of this total, 5.4 million U.S. jobs are supported by the increase in trade generated by the FTAs.

No other budget neutral initiative undertaken by the U.S. government has generated jobs on a scale comparable to these FTAs, with the exception of the multilateral trade liberalization begun in 1947. The study also shows that U.S. merchandise exports to our FTA partners grew nearly three times as rapidly as did our exports to the rest of the world from 1998 to 2008.

The trade balance is a poor measure of the success of these agreements, but deficits are often cited by trade skeptics as a reason why the United States should not negotiate free trade agreements. However, taken as a group, the United States has run a *trade surplus* in manufactured goods with its 17 FTA partner countries for the past three years, according to the U.S. Department of Commerce (on top of the U.S. global trade surpluses in services and agricultural products).

America Left Behind

The success of reciprocal trade agreements has led to their proliferation around the globe. Countries are rushing to negotiate new trade accords — but America is being left behind.

According to the WTO, there are 297 regional trade agreements in force around the globe today, but the United States has just 11 FTAs with just 17 countries.[8] There are more than 100 bilateral and regional trade agreements currently under negotiation among our trading partners. Unfortunately, the United States is participating in just one of these (the Trans-Pacific Partnership).

The United States is standing on the sidelines while other nations clinch new trade deals. This is painfully evident in the case of South Korea, Colombia, and Panama. The pending U.S. agreements with those countries would create good American jobs, bolster important allies, and confirm that America is unwilling to cede its global leadership role in trade.

While these U.S. agreements languish, other nations are moving forward. On July 1, the European Union-Korea Free Trade Agreement (FTA) entered into force—knocking down Korean tariffs and giving European businesses new access to the Korean market. Six weeks later, on August 15, the Canada-Colombia FTA entered into force, giving Canadian businesses a leg up in Colombia. Also, in May 2010, the EU signed FTAs with Colombia and Panama, and Canada has signed an FTA with Panama that is expected to enter into force in late 2011.

The cost of Washington's delays is set to escalate. In the first month after the entry-into-force of the European Union-Korea Free Trade Agreement on July 1, EU exports to Korea had risen 36% from their level a year earlier. Meanwhile, U.S. exports to Korea increased by just 3% percent in the same period, and U.S. market share in Korea is in decline.

Similarly, following implementation of a new trade accord between Colombia and Mercosur, the U.S. share of Colombia's market for soybean meal, yellow corn, and wheat dropped by 67%, 53%, and 37%, respectively, in 2008-2009.[9] U.S. farmers have already lost more than $1 billion in sales to Colombia as a result. The entry-into-force of the Colombia-Canada Free Trade Agreement on August 15 has only put U.S. workers and farmers at a greater disadvantage.

According to a study commissioned by the U.S. Chamber, the United States could suffer a net loss of more than 380,000 jobs and $40 billion in lost export sales if it fails to implement its pending trade agreements while the European Union and Canada move ahead with their own agreements.[10]

The implications have a profound significance in the rapidly growing Asia-Pacific region. U.S. trade with Asia continues to grow, but our market share is dropping as other countries boost their own commerce more rapidly. Over time, expanding Asian production supply chains will tend to shut out U.S. suppliers of intermediate goods and undermine U.S. manufacturers. U.S. farmers are shut out because highly protected agricultural markets are open to U.S. competitors but not to American food products. The United States will be left on the outside, looking in.

Washington's failure to negotiate more trade agreements not only hurts U.S. companies and workers, but it limits America's ability to advance its broader interests around the globe. A stronger U.S. economic presence abroad would boost America's ability to achieve its security, political, and economic goals.

A Closer Look at the Agreements

South Korea: The huge scale of trade and investment between the United States and South Korea makes the Korea-U.S. FTA (KORUS) the most commercially significant trade agreement in 15 years. This agreement will stimulate new demand in South Korea for U.S. goods and services which are at times shut out by tariffs and other trade barriers. Increased U.S. exports to Korea under the agreement, in turn, will generate new U.S. jobs and economic growth.

Korea, with a $1 trillion economy, is the United States' seventh-largest trading partner in terms of two-way trade, which surpassed $80 billion last year. Korea is a major market for U.S.

producers across numerous sectors. Over 80% of U.S. merchandise exports to Korea are manufactured goods. The United States is also Korea's leading supplier of agriculture products, and Korea is the fifth-largest market worldwide for U.S. agricultural goods, with U.S. agricultural exports totaling nearly $4 billion in 2009. In addition, Korea is the second-largest market for U.S. services in Asia, and U.S. cross-border exports of services to Korea totaled $12.6 billion in 2009. Korea boasts the highest broadband internet penetration levels in the world, making it an important growth market for U.S. companies in the information and communications technology sector.

KORUS will create substantial new opportunities and economic benefits for U.S. businesses and farmers by eliminating high tariffs and restrictive non-tariff market access barriers in Korea. Under the agreement, almost 95% of bilateral consumer and industrial goods trade will become duty-free within five years, with almost all remaining tariffs on goods eliminated within ten years. Korean average applied tariffs on U.S. non-agriculture goods are now 6.6%, as compared to the average U.S. applied tariff of 3.2%. Korea's tariffs on imported agricultural goods average 54%, as compared to the average U.S. tariff on these products of 9%. The elimination of these tariffs on almost all goods will significantly benefit U.S. producers and exporters by making their products more price-competitive in the Korean market.

In agriculture, the agreement will eliminate immediately Korean tariffs on nearly two-thirds of U.S. agricultural exports to Korea. It will phase out over 90% of all Korean tariffs on major U.S. agricultural exports, including beef, pork, poultry, and oranges, over 15 years. The U.S. Chamber expects the elimination of these tariffs to boost significantly U.S. agricultural exports to Korea and to create important new growth opportunities for U.S. ranchers and farmers.

U.S. small and medium enterprises play an important role in exporting goods and services to Korea, and these firms accounted for 89% of all U.S. companies exporting in Korea in 2007 and $10.8 billion of total U.S. exports to Korea that year. These exports in every category are expected to grow significantly once the agreement is passed.

Implementation of KORUS will not only bolster trade and investment between the United States and Korea, but will also reinforce the two countries' important political and security partnership. For more than sixty years the U.S.-Korea security alliance has contributed to peace, stability, and prosperity in Asia. By expanding trade and investment and deepening the links between the United States and Korea, KORUS will be a significant step forward in updating our countries' relationship to reflect changing regional dynamics and Korea's increasingly important role as an engine of regional and global economic growth. It will also send a strong signal of the United States' commitment to maintain its leadership in Asia.

As noted above, the timing of implementing KORUS is crucial for the United States to realize the maximum possible economic benefits of the agreement. South Korea is rapidly expanding its network of bilateral trade agreements, including with major U.S. global competitors. In particular, when the EU-Korea FTA entered into effect on July 1, it immediately generated significant trade diversion in the Korean market away from U.S. exports as Korean consumers turned towards more price-competitive EU member country goods and services by virtue of benefits under the EU-Korea agreement. A comparison of leading U.S. and EU exports to Korea reveals the significant degree of overlap between them — indicating the competitive disadvantage that U.S. manufacturers, farmers, and ranchers are now placed in under the EU-Korea FTA without implementation of KORUS.

Korea also concluded a Comprehensive Economic Partnership Agreement with India in August 2009, and it has ongoing negotiations with Canada, Australia, Peru, Colombia, New Zealand, the Gulf Cooperation Council, and Japan and is exploring the possibility of FTA negotiations with China.

Colombia: Similarly, the U.S.-Colombia FTA is a critical component to increasing U.S. exports and strengthening a longstanding partnership with the second largest Spanish-speaking country in the world. The FTA's provisions are virtually indistinguishable from those in the U.S.-Peru FTA, which Congress approved by an overwhelming bipartisan majority in 2007. Like the agreement with Peru, the U.S.-Colombia FTA is a comprehensive agreement that will accelerate Colombia's progress as a resilient and strong democracy and a committed ally of the United States.

U.S. exports to Colombia have more than tripled since 2003, exceeding $11 billion in 2010. A wide range of industries — including food and other agricultural products, chemicals, computers and electronic products, electrical equipment and appliances, and motor vehicles to name just a few — have seen exports grow into the hundreds of millions of dollars each year. More than 10,000 U.S. small and medium sized businesses were selling to Colombia, totaling 85% of all U.S. companies exporting to Colombia.

Building on these strong ties, the Colombia agreement will do away with a trade relationship built on temporary unilateral preferences and replace it with one that is mutually beneficial, reciprocal, and permanent. In 1991, Congress approved the Andean Trade Preference Act (ATPA), which has been renewed by bipartisan majorities several times in recent years. Thanks to the ATPA, the average U.S. import duty imposed on imports from Colombia was a stunningly low 0.1% in 2009, according to the U.S. International Trade Commission.[11] By contrast, Colombia's average duty on imports from the United States is 14% for manufactured goods and far higher for key agricultural exports. In short, Colombians enjoy nearly free access to our market while our access to theirs remains limited.

In fact, since the agreement was signed in November 2006, U.S. exports to Colombia have been penalized by the imposition of over $3.8 billion in tariffs that could have been eliminated by the implementation of the agreement (*see* Colombia Tariff Ticker — www.latradecoalition.org). This sum is not only money out of the pockets of U.S. companies; it likely deterred hundreds of millions of dollars worth of additional sales.

This agreement will remedy the unfairness of today's U.S.-Colombia trade relationship by sweeping away most of Colombia's tariffs immediately, ushering in a mutually beneficial, reciprocal partnership. The day the agreement enters into force, four-fifths of U.S. consumer and industrial products and more than half of current U.S. farm exports to Colombia will enter duty-free. Remaining tariffs will be phased out, most in just a few years. For example:

Without the U.S.-Colombia FTA		Products	With the U.S.-Colombia FTA	
We Pay	They Pay		We Pay	They Pay
35%	2.5%	Automobiles	0%	0%
20%	0%	Furniture	0%	0%
5-15%	0-3.9%	Audiovisual (film and DVDs)	0%	0%
5-15%	0%	Mineral fuels and coal	0%	0%
10%	0%	Cotton	0%	0%
5-15%	0-3.9%	Copper, gold, silver products	0%	0%
5-21%	0-1.9%	Cereals (oats, corn, soybeans)	0%	0%
10%	0%	Computers & related products	0%	0%

In addition, the agreement will open services markets, secure the intellectual property of U.S. inventors, researchers, and creative artists, and introduce enforceable protections for worker rights and the environment. Colombia's Congress has already enacted into law all of the provisions on labor, the environment, public health and enforcement agreed to in the bipartisan trade deal of May 10, 2007.

The geostrategic importance of the agreement is also profound. It will help Colombians lock in the gains of the past decade, which has seen violence fall to its lowest level in a generation. More than 40,000 fighters have been demobilized as insurgent groups have lost legitimacy, and the number of Colombians enrolled in school and the health care system has risen sharply. These sustained results are a triumph of brave Colombians as well as bipartisan U.S. foreign policy. The U.S.-Colombia FTA will build on this solid foundation.

In short, the U.S.-Colombia FTA is a job-creating imperative, a geostrategic imperative, and moral imperative. Four years of delay is already too much; it's time to approve and implement this agreement.

Panama: In similar fashion, the U.S.-Panama FTA will strengthen the century-old U.S.-Panama geostrategic partnership. From the time of the canal's construction, the United States and Panama have made common cause on issues from security to commerce. Panama has major ports on both the Atlantic and the Pacific, and fully five percent of world trade passes through the canal. With a remarkable one-third of its population speaking English fluently and a fully dollarized economy, Panama is a good friend and partner of the United States. The trade agreement will help both nations get even more benefits from these longstanding ties.

Like the other two FTAs, the U.S.-Panama FTA will level the playing field for American workers, farmers, and companies by eliminating over 88% of Panama's tariffs on U.S. consumer and industrial goods and a majority of the most competitive U.S. farm exports immediately upon implementation. Panama's average duty on imports from the United States is 7%, whereas the United States eliminated nearly all its tariffs on imports from Panama through the Caribbean Basin Initiative in 1984. The agreement will make these trade openings reciprocal — a two-way street that will benefit both countries.

Real money is at stake. The $5.25 billion expansion of the Panama Canal is now moving ahead and presents significant opportunities for U.S. companies to provide goods and services to the government of Panama as it embarks on one of the largest public works project since the Three Gorges Dam in China. If approved, the agreement will grant U.S. firms ready access to the Panamanian market and the chance to compete in selling everything from heavy equipment to engineering services in a market that has reached annual growth rates above 8% in recent years.

Further, the agreement will bolster the rule of law, investor protections, internationally recognized workers' rights, and transparency and accountability in business and government. The agreement's strong intellectual property rules and related enforcement provisions will help protect and promote America's dynamic innovation-based industries and creative artists.

Panama is also an important market for U.S. small business. More than 7,500 U.S. companies export their products to Panama. Of this total, more than 6,000, or 83%, are small and medium-sized enterprises. These SMEs exported $1.1 billion worth of merchandise to Panama in 2009. This represented one-third of all U.S. merchandise exports to the country.

With its economy overwhelmingly based on services, Panama's economy complements the strengths of the U.S. economy. Panama's export crops are mostly tropical products that largely do not compete with U.S. farm and ranch products. Panama has already ratified all eight International Labor Organization conventions on core labor standards, and Panama's National Council of Organized Workers, the umbrella group for all of the country's trade unions, endorsed the agreement in June 2007.

One of the supposed reasons not to move forward with the agreement was recently swept away. Anti-trade activists had charged that Panama is a tax haven and thus an unsuitable partner for a trade accord. Demolishing the idea that Panama is a tax haven, the United States and Panama in November 2010 signed a Tax Information Exchange Agreement (TIEA), guaranteeing close cooperation between U.S. and Panamanian tax authorities and a world-class level of transparency in Panama's system of taxation. There is no justification for further delay in seeking approval of the U.S.-Panama FTA.

Conclusion

For the Chamber, the agenda is clear. The United States cannot afford to sit on the sidelines while others design a new architecture for the world economy and world trade.

The United States needs a laser-like focus on opening foreign markets. This means approving the pending trade accords with South Korea, Colombia, and Panama and negotiating more of them, including the Trans-Pacific Partnership and an ambitious Doha Round agreement. To this end, Congress should renew the traditional trade negotiating authority that every president since Franklin D. Roosevelt has enjoyed. Moreover, we need to enforce our existing trade and investment agreements. International accords aren't worth the paper they're written on if we don't act to enforce them.

World trade is again expanding rapidly, and it is generating new opportunities around the globe. However, this is too often a story of missed potential. The business community could be doing much more to create jobs, lift people out of poverty, foster greater understanding and stability among nations, and solve vexing social problems if we weren't missing so many of the opportunities that global commerce can create.

If we stand still on trade, we fall behind. At stake is the standing of the United States as the world's leading power, our ability to exert positive influence around the world, our reputation and brand overseas, and our best hopes for escaping high unemployment, massive deficits, and exploding entitlements. The U.S. Chamber of Commerce looks forward to working with the members of the Committee to secure swift approval and implementation of the three pending FTAs.

[1] David Wessel, "Asia's Latest Export: Recovery," *The Wall Street Journal*, February 24, 2010, http://online.wsj.com/article/SB10001424052748703510204575085280515242598.html.

[2] Office of the U.S. Trade Representative, Executive Office of the President, *The President's 2010 Trade Policy Agenda*, March 2010, http://www.ustr.gov/webfm_send/1673. "IMF forecasts indicate that nearly 87% of world growth over the next 5 years will take place outside of the United States."

[3] U.S. Department of the Treasury: https://ustreas.gov/press/releases/hp285.htm.

[4] The White House: http://www.whitehouse.gov/the-press-office/remarks-president-announcing-presidents-export-council.

[5] American Farm Bureau Federation: http://www.fb.org/index.php?fuseaction=newsroom.fastfacts.

[6] World Economic Forum, *The Global Enabling Trade Report 2010*, May 19, 2010, http://members.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm.

[7] U.S. Chamber of Commerce, *Opening Markets, Creating Jobs: Estimated U.S. Employment Effects of Trade with FTA Partners*, May 2010, http://www.uschamber.com/trade.

[8] WTO: http://www.wto.org/english/tratop_e/region_e/region_e.htm.

[9] Brian Wingfield, "U.S. Losing Out As Congress Dallies On FTAs," *Forbes*, April 21, 2010, http://blogs.forbes.com/beltway/2010/04/21/u-s-losing-out-as-congress-dallies-on-ftas/.

[10] U.S. Chamber of Commerce, *Trade Action—or Inaction: The Cost for American Workers and Companies*, September 2009, http://www.uschamber.com/trade.

[11] United States International Trade Commission, *Andean Trade Preference Act: Impact on U.S. Industries and Consumers and on Drug Crop Eradication and Crop Substitution* (Investigation No. 332-352, USITC Publication 4188, September 2010), p. 2-2, http://www.usitc.gov/publications/332/pub4188.pdf.

Chairman ROS-LEHTINEN. Mr. Arguello.

STATEMENT OF MR. LUIS ARGUELLO, SR., CEO & PRESIDENT, DEMETECH

Mr. ARGUELLO. Good morning. Thank you, Madam Chairman and all the members of the committee for the opportunity to testify before you. I am Luis Arguello. I am President and CEO of the DemeTech Corporation. DemeTech is a medical device manufacturer located in Miami-Dade. I am here because 90 percent of my revenues are generated through exports. Although we currently do not export to Panama and Korea, I ask myself, why? It is certainly not due to the lack of determination or sluggish performance of my company, as this is something I am always trying to increase. We are currently exporting to over 80 countries such as Egypt, Saudi Arabia and Libya. We all know what is going on there. This is a field that we are trying to raise. And our Vice President last week went on a mission to Botswana and to Johannesburg. The reason why we do not export to this country is due to the extremely difficulty involved in exporting to these markets. The tariffs currently in place are extremely too high and they limit our competitiveness. In a global economy, the United States faces increasing competition for the jobs and the industries of the future. For example, 10 years ago, the U.S. was the top exporter to Korea, but we fell from that position because of the stifling tariffs imposed on our products.

The solution lies in passing the U.S.-Korea trade agreements, KORUS. Currently, Korea is the world's 11th largest economy and the United States seventh largest trading partner. Most important to DemeTech, Korea is the fourth largest market in the United States medical equipment exports. We strive to enter this market, but we are not possible to do so with tariffs of 5.4 percent all the way up to 50 percent. These tariffs undermine our competitiveness preventing a relationship with Korea that will greatly benefit my country.

The free trade agreement will provide us with preferential market access to this fast-growing economy. It is extremely significant that we need to implement this immediately. Within 5 years of implementation of the Korean KORUS, more than 90 percent of tariffs on medical equipment exports will be eliminated. This will allow DemeTech to create more jobs in south Florida, jobs that Floridians desperately need. The United States Trade Commission estimated that the reduction of the Korean tariff and tariff quotas alone will add $12 billion to U.S. GDP and more than 70,000 jobs in America.

We cannot afford to wait any longer because an FTP between Korea and the European Union took effect July 1st. This will give them preferential access and undermine our country's competitiveness. Korea is also negotiating agreements with Peru, Australia and New Zealand. Reclaiming this preferential access with Korea is crucial to the economy.

Colombia is the second largest market for U.S. exports in Central and South America. I would like to give an example of a company in south Florida. This company is called Lindeco International. Lindeco is selling auto parts to Colombia. In Colombia, they are receiving an increase of 5 to 15 percent sales tariff. They estimate that if the Korean trade agreement is approved, then they will be able to reduce their prices 20 percent. This will give them the opportunity to level the playing field with China with low quality equipment. They believe that by lowering the prices, then the Colombian consumers will purchase made-in-U.S.A. instead of purchasing made in China.

Please, members of this committee, remember that we need to push made-in-U.S.A. This company is also very important because it is an example with Chile. They used to be a good leader supplier in Chile. When Chile passed a trade agreement with Japan, it took them 3 years to remove themselves from the Chilean market. Thanks that we passed it again a few years ago now, Lindeco is back into the market with Chile.

Panama. Panama is the United States' 7th largest manufacturing export market in Central and South America. Strengthening relationship with Panama is an integral move on our part because of the Panama Canal extension, a $5.2 billion project that will double its shipping capacity. Panama has signed a trade agreement with Canada and association agreement with the European Union. Without the U.S.-Panama Trade Promotion Act, Canadian and European exports of machinery and transportation equipment for the canal will have a serious advantage over United States suppliers. The TPA will guarantee U.S. firms the opportunity to participate on a competitive basis, and this is a prospect we cannot risk to lose. In 2009 the U.S. Medical Equipment Center——

Chairman ROS-LEHTINEN. Thank you. If you could just wrap up, Mr. Arguello.

Mr. ARGUELLO. Okay. Medical Equipment employed over 274,000 workers. We are proud to be part of that. We request that you pass this agreement so we can hire more people.

Chairman ROS-LEHTINEN. Thank you so much.

[The prepared statement of Mr. Arguello follows:]

Testimony
Luis Arguello Sr.
President & CEO of DemeTech Corporation
Statement Before the House Committee on Foreign Affairs
Washington, DC
September 23, 2011

"Job Creation Made Easy: The Colombia, Panama and South Korea Free Trade Agreements"

Good Morning. I would like to thank Chairman, Representative Ileana Ros-Lehtinen, and all the members of the Committee for the opportunity to testify before you today. I am Luis Arguello Sr., President & CEO of DemeTech Corporation, a medical device manufacturer of surgical sutures located in Miami, Florida. The reason I have been selected to testify before you today is because DemeTech is primarily an exporter; over 90% of our revenue comes from exports.

I currently do not export to Colombia, Panama and Korea and I ask myself why. It is certainly not due to lack of determination or sluggish performance in seeking out international customers because DemeTech exports to over eighty countries, including Egypt, Saudi Arabia and Libya. That is a figure I am always striving to raise. Just last week, our Vice President visited Botswana and Johannesburg.

The reason why I do not export to these countries is due to the extreme difficulty involved with exporting to these markets. The tariffs currently in place are extremely high, limiting our ability to be competitive and preventing us from breaking into these markets. The solution is to pass these three free trade agreements (FTA).

There is a necessity for these FTAs to be passed because the benefits reaped will be copious. I see incredible potential to boost our exports, create jobs, enhance US competitiveness and strengthen our international relations with these countries, which is becoming increasingly more important in our global economy.

President Obama's National Export Initiative has been instrumental in creating quantifiable progress in my company. I believe that passing these three FTAs will have a similar effect; they will further our national goal of doubling exports in five years.

"In a global economy, the United States faces increasing competition for the jobs and industries of the future." For example ten years ago, the US was the top exporter to Korea, but we fell from that position because of the stifling tariffs imposed on products. The solution lies in passing the US-Korea Trade Agreement (KORUS).

Currently, Korea is the world's 11th largest economy and the United States' 7th largest trading partner. Korea is also the fourth largest market for US medical equipment exports. I strive to enter this market but have hit a wall. Korean medical equipment tariffs average 5.4 percent, ranging up to 50%. This tariff undermines my competitiveness, preventing a relationship with Korea that would greatly benefit my company.

This FTA will provide us with preferential market access to this fast growing economy. This is extremely significant and we need to implement it immediately.

Within five years of implementation of the KORUS, tariffs for over 95% of US exports will be eliminated and more than 90% of tariffs on medical equipment exports will be eliminated, allowing my company to finally break into the market.

The U.S. International Trade Commission estimates that the reduction of Korean tariffs and tariff-rate quotas on goods alone would add $10 to $12 billion to annual U.S. GDP , add up to $11 billion in annual merchandise exports to Korea and create 70,000 jobs.

We cannot afford to wait any longer because a FTA between Korea and the EU took effect July 1st, giving them preferential access and undermining our county's competitiveness. Korea is also negotiating agreements with Peru, Australia and New Zealand. Reclaiming this preferential access with Korea is crucial to the US economy.

Colombia is the second largest market for US goods exports in Central and South America and our 20th largest export market worldwide. The International Trade Commission (ITC) has estimated that the tariff reductions from the US-Colombia Trade Promotion Agreement (CTPA) will expand US exports by $1.1 billion and the US GDP is expected to increase by approximately $2.5 billion.

There is a considerable amount of value in fostering this relationship with this Colombia because this ally is extremely supportive of US interests. However, Colombia is partaking in trade negotiations with other countries.

In addition to its FTAs with Canada and the EU, Colombia has initiated formal trade negotiations with South Korea, Turkey, and potentially Japan. If those are implemented before ours, we will be at a disadvantage and could potentially lose our share in the market.

I would like to give an example of an exporter of US made auto parts in South Florida called Lindeco Int. that has been exporting internationally, especially in South America for over 50 years. In Colombia their exports are assessed at a 5 to 15% tariff rate.

Today the Colombian market is inundated with low quality parts from China, Taiwan and India. It is calculated that if this tariff is removed with the passage of the FTA, there could be a decrease of 20% in cost. This price reduction would level the playing field with the low quality parts from China. High quality parts with a 20% decrease in cost will induce the Colombian market to purchase Made in USA versusMade in China.

This company is a good example to promote the passage of these agreements because they have been affected by a similar scenario in the past. During the 1980s when they we exporting heavily to Chile, a FTA was signed between Chile and Japan. In less than 3 years Lindeco was pushed out of the Chilean market and Japan was the market leader for the next 15 years. That is, until the US signed a FTA with Chile. Since then, Lindeco has been able to strategically position itself back into the Chilean market and increase their revenues.

Panama is the United States' 7th largest manufacturing export market in Central and South America. Strengthening relations with Panama is an integral move on our part heightened because of the Panama Canal expansion, a $5.25 billion project that will double its shipping capacity.

Panama has signed a trade agreement with Canada and an Association Agreement with the EU. Without the US-Panama Trade Promotion Agreement (TPA), Canadian and European exports to machinery and transportation equipment for the Canal will have a serious advantage over US supplies. The TPA would guarantee US firms the opportunity to participate on a competitive basis and this is a prospect we do not want to risk losing.

The FTAs will also equalize the imbalance in tariffs. Currently, 99% of goods from Colombia enter the US duty free; however less than 40% of US exports entering Colombia have an average tariff of 9%. Within five years of implementation of the FTAs, tariffs for over 87% of US exports will be eliminated.

Currently, 98% of goods from Panama enter the US duty free; however less than 40% of US exports entering Panama are duty free. After implementation of the FTAs, tariffs for over 87% of US exports will be eliminated.

Since "we now live in a world where technology has made it possible for companies to take their business anywhere," we should not let policy and partisan political differences limit us from economic progress.

In 2009 the US medical equipment sector employed over 274,000 workers. I am proud to say that my company contributed to that figure and will continue to do so, consistent with a continued increase in exports. I ask you to facilitate this growth.

I believe it is in the National interest to approve these agreements and offer strategic advantages to the US. We should not permit our lead to slip through our fingers and fall behind the EU or other countries. The elimination of these tariffs will provide US exporters with the competitive boost we NEED. We are in the position to put ourselves ahead of the game in exporting to Colombia, Panama and South Korea but we must be proactive. I ask for your cooperation to implement these necessary trade agreements.

Thank you for the opportunity to speak to you today and I welcome your questions.

Chairman ROS-LEHTINEN. Mr. Greenblatt is recognized for 5 minutes.

STATEMENT OF MR. DREW GREENBLATT, PRESIDENT, MARLIN STEEL WIRE PRODUCTS

Mr. GREENBLATT. Good morning, Chairman Ros-Lehtinen, Ranking Member Berman and members of the committee. I am Drew Greenblatt, President and Owner of Marlin Steel Wire. I am particularly pleased to testify today as a member of the Executive Board of the National Association of Manufacturers. Marlin is a leading manufacturer of custom wire brackets, wire forms and precision sheet metal fabrications, all produced entirely in the United States in our factory in Baltimore City, Maryland. Our customers come from the pharmaceutical, medical, industrial, aerospace and automotive industries. We export to 35 countries. Twenty-five percent of Marlin Steel employees are mechanical engineers or designers. They come up with innovative ideas and that is what propels our success at Marlin, that is our secret sauce.

Like so many manufacturers, my company succeeds through innovation, investment and the hard work of its dedicated employees. When I bought the company in 1998, we did 800 grand in sales with only 18 workers. Last year was our most successful year yet. We did $13.9 million in sales. Today Marlin Steel employs 34 people, and we are up 39 percent year to date, largely because of exports. Manufacturing means jobs. We pay well. The average factory in America pays $73,000 a year. Each of our employees has great health insurance and we pay for 100 percent of their college education. We have gone over 1,000 days without a safety incident. Manufacturing creates solid middle class jobs. American manufacturers of all sizes need an international trade policy that opens global markets.

Congress must enact the pending trade agreements with Colombia, Korea and Panama as soon as possible, and the administration must negotiate additional agreements in the Asia Pacific area and elsewhere. We need more prospects so we can grow. Tariff and market access barriers in overseas markets continue to present challenges to us and other American exporters. For small businesses to export more foreign trade barriers must come down. That can only happen if we get more trade agreements that will help level the playing field, and we have got to get rid of these barriers. Opening markets increase my business. One of Marlin Steel's core niches is selling custom stainless steel wire material handling baskets to automakers. And I want to sell these custom wire baskets to Korean automakers.

The U.S. Korea free trade agreement will let us compete on a level playing field with wire basket suppliers in Korea. But now that EU Korea FTA is in place, I am up against a significant disadvantage with one of my direct competitors in Germany. He can sell his products with no tariff to Korean clients, but I still have a prohibitive 8 percent tariff when I sell my baskets into this market. That means jobs in Baltimore City. Pass the U.S. Korea free trade agreement and I can compete. And I will win in Korea. And that means I can hire more out-of-work employees and create more jobs in Baltimore.

President Obama wants to double trade in 5 years. That is a great idea. This is a way we can make it happen. U.S. trade representative Ron Kirk visited my factory and saw our robots and met our people. He believes in Korean free trade agreement. With the passage of these three pending trade agreements, our company and many thousands of other small and medium-size companies will grow because we will have more opportunities. Removing these trade barriers with Colombia, Korea and Panama will level the playing field for American workers, businesses, farmers and service providers.

I want our company and our employees to grow and prosper. To achieve that I have to sell into foreign markets. That is where the growth is. Ninety-five percent of the world's clients are overseas. I am here to ask you help me achieve my goals. Our free trade agreements have a proven track record. American manufacturers are already running a trade surplus with these countries in excess of $20 billion a year. With more agreements, we can run that surplus even higher and we can grow more jobs. Thank you, Chairman Ros-Lehtinen.

Chairman ROS-LEHTINEN. Thank you Mr. Greenblatt, a manufacturer. Go figure. Incredible. In the U.S. and still growing. Wow.

[The prepared statement of Mr. Greenblatt follows:]

NATIONAL ASSOCIATION OF
Manufacturers

Leading Innovation. Creating Opportunity. Pursuing Progress.

Testimony

of Drew Greenblatt
President & Owner
Marlin Steel Wire Products, LLC
on behalf of the National Association of Manufacturers

before the Committee on Foreign Affairs
U.S. House of Representatives

on "Job Creation Made Easy: The Colombia, Panama, and South Korea Trade Agreements"

September 23, 2011

COMMENTS OF DREW GREENBLATT

BEFORE THE

COMMITTEE ON FOREIGN AFFAIRS

SEPTEMBER 23, 2011

Good morning Chairman Ros-Lehtinen, Ranking Member Berman and members of the Committee. I am Drew Greenblatt, president of Marlin Steel Wire Products. I am pleased to testify before the Committee on Foreign Affairs on "Job Creation Made Easy: The Colombia, Panama, and South Korea Free Trade Agreements."

I am testifying as a member of the Board of Directors and the Executive Committee of the National Association of Manufacturers (NAM). The NAM is the nation's largest industrial trade association, representing small and large manufacturers in every industrial sector and in all 50 states. Its membership includes both large multinational corporations with operations in many foreign countries and small and medium-sized manufacturers that are engaged in international trade.

We heartily support your committee's emphasis on free trade agreements (FTAs) driving American job creation, because trade liberalization increases our manufacturing exports, and manufacturing means jobs. Manufacturing also means opportunity, innovation, security and economic growth. Competing on a global stage, manufacturing in the United States needs to have policies that enable companies to thrive and hire locally. Opening foreign markets through trade agreements is a key way to drive growth. Growing manufacturing jobs will strengthen the U.S. middle class and help America rebound from the deep recession.

Of course, the title of today's hearing – "Job Creation Made Easy: The Colombia, Panama, and South Korea Free Trade Agreements" – raises issues that are close to my own heart. Marlin Steel Wire is a leading manufacturer of custom wire baskets, wire forms and precision sheet metal fabrication assemblies – all produced entirely in the United States. Our customers come from the pharmaceutical, medical, industrial, aerospace and automotive industries all over the world. In all, we export to 34 countries. Twenty-five percent of Marlin Steel's employees are mechanical engineers or designers. The innovative ideas from the engineering team propel success at Marlin Steel.

Like so many other manufacturers, my company succeeds through innovation, investment and the hard work of our dedicated employees. Even as Marlin Steel Wire has invested in automation to improve productivity and quality control, we have also added employees. When I bought the company in 1998, we did about $800,000 in sales with 18 workers. Last year was our most successful one as a business, as we did $3.9 million in sales, exporting to more than 30 countries. Today, Marlin Steel Wire employs 25 people. Manufacturing does mean jobs! We pay well. Also, each of our employees has great health insurance and we pay for 100 percent of their college education. Our parking lot is double- and triple-parked and more than half of my employees own their own home. Manufacturing creates solid middle-class jobs.

Manufacturers need a level playing field. In today's global marketplace, manufacturers in Maryland are no longer just competing against Texas companies that compete against Georgia companies. We face competition from around the world. Foreign manufacturers often must comply with fewer regulations and have governments that use every tool at their disposal to give those companies a competitive edge, frequently at the expense of manufacturers in the United States. The solution is to increase access to foreign markets through trade agreements and ensure the regulatory environment in the U.S. does not put manufacturers at a disadvantage.

To do this, manufacturers need an international trade policy that opens global markets, reduces regulatory and tariff barriers and reduces distortions due to currency exchange rates, ownership restrictions and various "national champion strategies." Congress must enact pending trade agreements as soon as possible, and the Administration must negotiate additional agreements in the Asia-Pacific area and elsewhere.

Again, speaking from my own experience, one of Marlin Steel's core niches is selling custom stainless steel material-handling baskets to Japanese automakers. As we all know, Korean automakers have steadily increased their market share, and I want to sell our custom wire baskets to the Korean automakers as well as the Japanese. The U.S.-Korea FTA, if enacted, will help Marlin Steel compete on a level playing field with Korean wire basket suppliers. I must note, however: now that the EU- Korea FTA is in place, I am up against a significant disadvantage with one of my direct competitors in Germany. He can sell his products with no tariff to Korean customers -- but I still face a prohibitive 8 percent tariff, which keeps me out of that market. Pass the U.S.-Korea trade agreement, and I can compete and win in Korea.

In addition to leveling the playing field on trade, policies must help small and medium-sized manufacturers through programs such as technical aid and financial assistance that promote expanded exports. Small and medium-sized enterprises make up more than 90 percent of America's exporters. They can flourish with the support of U.S. government and public/private partnership programs that promote exports. Many countries have robust export programs – the United States needs to ensure our programs stand up to our competitors.

Today we are specifically speaking about the three pending FTAs and their impact on job creation. Take a moment and think of the opportunity these agreements will present to the small business community here in the United States. These agreements represent nearly 90 million new customers for American goods, services and farm products. I have had success selling my products around the world, but cutting tariff and non-tariff barriers – as these agreements do – give me a competitive advantage over my competitors. That advantage is also available to tens of thousands of small manufacturers and exporters in every state of this country. In addition to my own sales, I encourage other manufacturers to sell their products in these countries – and I will freely supply my contacts and experience gained from my years of effort.

Manufacturing

I would now like to turn to manufacturing more generally and to the importance of trade agreements to America's manufacturers, particularly the small and medium manufacturers. Manufacturing is a critical part of the American economy and, contrary to some opinions, it is not dead. The United States is the world's largest manufacturing economy, producing one in every five dollars of all manufactured goods in the world. Last year, America's factories shipped $4.8 trillion in products – not far from the record $5.5 trillion of 2008, before the recent serious recession. Manufacturing supports an estimated 18.6 million jobs in the U.S. – about one in six private sector jobs. Nearly 12 million Americans (or 9 percent of the workforce) are employed directly in manufacturing.

Exports are vital to American manufacturing and to the creation of jobs in the United States. Exports are now 20 percent of U.S. manufacturing production, and that ratio has been increasing over time as world markets outpace the domestic market. Over the past decade, reflecting the two manufacturing recessions we have gone through, factory shipments rose only 15 percent. The importance of exports can be seen during that period: shipments for the domestic market rose 9 percent, but exports of manufactured goods were up 48 percent. Exports grew more than five times as fast as shipments for the domestic market.

U.S. manufacturing is the most productive in the world. Our productivity grows rapidly as we improve manufacturing processes, obtain greater efficiencies and turn to new and more productive software and machinery. Over the past two decades, manufacturing productivity rose at an average 3.8 percent per year. If jobs are to increase, production has to grow faster than 3.8 percent a year – otherwise jobs will be shed.

Hardly anyone forecasts that domestic demand for manufactured goods over the next decade will grow 3.8 percent annually in volume terms. That means we must turn to exports for job creation. Virtually all forecasts point out that economic growth will be faster overseas – particularly in the developing markets.

The NAM endorses the Administration's goal of doubling exports by 2014. The goal is very ambitious, but it is achievable. The NAM has spelled out how this can be done in its "Blueprint to Double Exports," available on the NAM website. The blueprint calls for expanded export financing, greater export promotion, modernizing export controls, fixing business visas, increasing the protection for intellectual property and many other things. But of all the things that must be done to double exports, by far the most important is obtaining greater access to foreign markets. And that can only be done by negotiating more trade agreements.

The Three Pending FTAs and Jobs

That brings me to the pending trade agreements. The United States has not progressed on a bilateral trade agenda since congressional passage of the U.S.-Peru FTA in December 2007. There are three bilateral trade agreements pending approval in Congress: U.S.-Colombia, U.S.-Korea and U.S.-Panama. While recent developments demonstrate some progress toward movement of the trade agreements, I and the manufacturing community remain extremely concerned about their passage. Manufactured goods comprise two-thirds of overall U.S. exports of goods and services, and experience with previous trade agreements shows they provide robust new market access and increased growth in U.S. exports. The U.S. International Trade Commission (ITC) estimates these three completed agreements would increase U.S. exports by at least $13 billion annually. This growth in exports – the majority of which would be manufactured goods – will drive U.S. employment and economic growth.

These agreements can be best described as "preferential trade agreements" because in every case they reduce barriers to U.S. exports far more than any concessions made by the United States. Our tariff rates are far lower than those in almost any other nation, and we are open to foreign investment, so any FTA we sign benefits our manufacturing exports to a far greater degree than those that export to the United States.

There is a widely-held myth that U.S. FTAs are the reason the United States has a trade deficit, and that they have been a major contributor to job losses in manufacturing. It amazes me how this myth endures in face of the facts. In truth, the U.S. Commerce Department's analysis shows the United States had a combined trade *surplus* of $21 billion in manufactured goods trade with our existing FTA partners in 2010 – the third annual surplus in a row. 2011 is on track to become the fourth annual year of surplus.

Our cumulative manufactured goods trade surplus with our FTA partners for the last three years was nearly $70 billion. During that same period, our manufacturing goods deficit with countries with which we do <u>not</u> have trade agreements accumulated to $1.3 trillion. We have a trade deficit problem, for sure – but the data show our FTAs are part of the solution, not part of the problem.

Standing still on trade agreements is more accurately described as "falling behind." Since the Peru FTA was passed by Congress in 2007, the United States has not taken action to pass existing agreements or begin new negotiations on any bilateral agreement. During the same time frame, four of our largest competitors – Canada, the European Union (EU), Japan and Korea – have either completed or are in the process of negotiating nearly 40 separate trade agreements with nearly 100 countries. In every one of these markets, we will face disadvantages that will impair our ability to competitively sell our products.

<u>The U.S.-Colombia Trade Promotion Agreement</u>

The U.S.-Colombia Trade Promotion Agreement (Colombia TPA) will increase trade in goods, services and agricultural products between the United States and Colombia, one of the fastest growing economies in the Western Hemisphere. As manufactured goods are roughly two-thirds of our exports to Colombia, manufacturers in America will be the largest beneficiaries of this trade agreement.

Congress has repeatedly voted tariff preferences for Colombia that permit it to export duty-free to the United States as part of the Andean Trade Preference Act. The Colombia TPA would convert this one-way free trade to two-way free trade by giving U.S. exporters to Colombia the same open access to that market that Colombia's exporters already have to the U.S. market. Thus, the agreement would truly level the playing field.

The U.S.-Colombia agreement will immediately eliminate the vast bulk of Colombia's tariffs on manufactured goods and would improve rules governing trade – increasing safeguards against product counterfeiting and copyright piracy, strengthening investment rules, opening access to government procurement, facilitating electronic commerce, speeding customs processing, encouraging express delivery and opening financial telecommunications and other services markets.

While almost all of Colombia's exports enter the United States duty-free, U.S. manufacturers face significant tariff barriers in Colombia. Colombia's average import duty on manufactured goods is 11.3 percent. These duties, however, are assessed not only on the invoice value of the goods but also on the freight and insurance charges (known as the "CIF value"). When other charges are applied as well, the effective import duty on manufactured goods is 15 percent.

Manufactured goods predominate in U.S. trade with Colombia -- the United States exported $11 billion in manufactured goods to Colombia in 2010, representing over 90 percent of our total merchandise exports of $12 billion. It is the second-largest export market in South America for U.S. exports, behind only Brazil. We had a trade surplus in manufactured goods of $6 billion last year with Colombia.

According to U.S. Department of Commerce methodology, U.S. manufactured goods exports to Colombia in 2010 supported nearly 70,000 U.S. jobs. The United States represents over one-quarter of Colombia's imports of manufactured goods. Small and medium-sized exporters (SMEs), like my company, form the vast majority of U.S. exporters to Colombia – over 85 percent of all exporters to Colombia are SMEs. Over 11,000 U.S. SMEs exported products to Colombia in 2009, making up over a third of total exports by value. This point cannot be made enough times – our FTAs benefit firms of all sizes.

In 2010, while the United States imported $15.7 billion in products from Colombia, $10.4 billion – two-thirds – was oil and other mineral fuels. Coffee, precious stones, fruits and nuts, and cut flowers follow in importance. These four product sectors, together with mineral fuels, comprise over 90 percent of total U.S. imports from Colombia. While the United States had a 2010 merchandise trade deficit of $3.6 billion with Colombia, if mineral fuels are excluded, the United States had a trade surplus of over $5 billion – most of which was in manufactured goods.

Implementation of the U.S.-Colombia agreement is unlikely to result in significant new increases in U.S. imports from Colombia beyond those which can be expected to occur without the trade agreement. We expect that U.S. imports from Colombia will continue to increase, but the principal drivers of this will be the expansion of Colombia's oil production and the continuation of the duty-free treatment that the U.S. Congress has already given to imports from Colombia. In fact, 99 percent of non-mineral fuel imports from Colombia already enter the United States duty-free.

The U.S.-Korea (KORUS) FTA

The KORUS agreement will increase bilateral trade in goods and services between the United States and Korea, our seventh-largest export market and one of the most dynamic economies in the Asia-Pacific region. Manufactured goods predominate our exports to Korea. I would note that the NAM has long believed that the automotive provisions needed strengthening, and we were very pleased to see that with the December 2010 supplemental agreement, this has been done.

The KORUS agreement will immediately eliminate nearly all of Korea's tariffs on manufactured goods and would improve the rules governing trade – by increasing safeguards against product counterfeiting and copyright piracy, strengthening investment rules, opening access to government procurement, facilitating electronic commerce, speeding customs processing, encouraging express delivery and opening financial telecommunications and other services markets.

The United States is already a very open market to Korea. Over half of all Korean exports to the United States enter duty-free. The average U.S. duty on dutiable imports from Korea is only 3.5 percent. Korea's market is considerably more closed than the U.S. market. Korea's duties on dutiable manufactured imports average 6.6 percent. Since Korean tariffs are assessed on not just the invoice value of the imports but also on the cost of the freight and insurance (CIF value), and Korea's 10 percent Value Added Tax (VAT) is levied on the CIF duty paid value, the effective Korean import duty is actually about 8 percent.

The KORUS agreement would level the playing field for U.S. producers by providing much greater access to Korea – and provide American manufacturers with a competitive advantage over most other exporters. The EU and Korea have completed a bilateral FTA, which has been in force since July 2011. The EU now benefits from duty removal/reduction on 90 percent of their manufactured goods exports, while U.S. exports of similar or identical goods continue to face duties of nearly 8 percent. The EU has pulled ahead of the United States in exports to Korea over the last 4 years, and since July, its exports are up over 15 percent over 2010. If the U.S.-Korea agreement is not quickly approved and implemented, American manufacturers will face import substitution in Korea of our products with those of Europe, which enjoy a competitive advantage of nearly 10 percent at this time.

U.S. Manufactured Goods Trade with Korea

The United States exported $38.8 billion worth of goods in 2010. It is the third-largest export market in Asia for U.S. exports, behind only China and Japan. Manufactured goods predominate in U.S. trade with Korea. U.S. exports of manufactured goods to Korea totaled $31.6 billion in 2010 – 81 percent of total U.S. exports.

According to U.S. Department of Commerce methodology, U.S. manufactured goods exports to Korea in 2010 supported nearly 200,000 U.S. jobs. SMEs form the vast majority of U.S. exporters to Korea – 89 percent of all exporters to Korea are SMEs. Over 18,000 U.S. SMEs exported products to Korea in 2008, making up over a third of total exports by value.

The KORUS agreement has the potential to have a significant positive effect on U.S. exports, an increase of as much as $10.9 billion, according to the Korea analysis performed by the ITC. Non-tariff effects are important as well, but they are difficult to quantify and are not included in the ITC estimate. NAM analysis indicates that if exports meet the ITC forecast (which has been demonstrated to be conservative in past FTAs), the increased manufactured goods exports goods to Korea could contribute 70,000 new U.S. jobs.

The U.S.-Panama TPA

The United States exported $6 billion worth of products to Panama in 2010. Manufactured goods dominate this relationship. U.S. exports of manufactured goods to Panama totaled $5.6 billion in 2010 – 93 percent of total U.S. merchandise exports to Panama. It is the United States' sixth-largest manufacturing export market in South America and the Caribbean, virtually tied with Peru. We had a trade surplus in manufactured goods of $5.5 billion in 2010. The overall U.S. merchandise trade surplus with Panama was our ninth-highest among all trade partners.

This has been accomplished despite the existence of significant trade barriers in Panama. Panama's tariffs on U.S. manufactured goods average 8 percent, and the elimination of those tariffs will reduce the price of U.S.-made goods in Panama and lead to increased sales.

Such newfound market access would facilitate sales for other U.S. manufacturers as well – both large and small. The agreement with Panama is an important step in the U.S. strategy to promote trade liberalization and economic integration with the region. As well as being a gateway from the Pacific to the Atlantic, Panama is a literal and figurative bridge between the Americas. This region represents a significant and growing market that has largely avoided the worst of the current economic crisis. Further, the $5.25 billion expansion of the Panama Canal is moving ahead and presents significant opportunities for U.S. companies to provide goods and services to the region.

Congress has repeatedly voted for tariff preferences for Panama that permit it to export duty-free to the United States as part of the Caribbean Basin Initiative (CBI). The Panama TPA would convert this one-way free trade to two-way free trade by giving U.S. exporters to Panama the same open access to that market that Panama's exporters already have to the U.S. market. Thus, the agreement would truly level the playing field. The U.S.-Panama agreement would immediately eliminate nearly all of Panama's tariffs on manufactured goods and would improve rules governing trade.

It is important to stress the comprehensive nature of the agreement's coverage and its strong contributions toward improving both labor and environmental conditions in Panama. The Panama TPA contains enforceable provisions on core labor and environmental standards included as a result of the landmark May 2007 bipartisan trade policy agreement between Congress and the Administration. Such provisions were included in the 2007 U.S.-Peru trade agreement, which was supported by a bipartisan majority in the 110th Congress. Identical measures are included in the pending trade agreements with Colombia and, in many cases, with Korea. The NAM continues to oppose intellectual property rights measures on pharmaceuticals contained in the 2007 agreement.

U.S. Manufactured Goods Trade with Panama

According to Department of Commerce methodology, U.S. manufactured goods exports to Panama in 2010 supported nearly 40,000 U.S. jobs. The United States represents over 30 percent of Panama's imports of manufactured goods. Machinery, chemicals, plastics, electrical equipment, iron, steel, motor vehicles and other transportation equipment are the major U.S. manufactured goods exports to Panama.

Over 85 percent of all exporters to Panama are SMEs, and over 7,250 U.S. SMEs exported products to Panama in 2009, making up over one-third of total exports by value. This point cannot be made enough times – our FTAs benefit companies of all sizes.

Effect on U.S. Imports

Panama's producers already have virtually complete duty-free access to the U.S. market under the CBI. As a result, implementation of the U.S.-Panama agreement is unlikely to result in any significant new increases in U.S. imports from Panama. In fact, Panama has a negligible level of manufacturing exports to the United States – less than $87 million of our $379 million in imports from Panama in 2010 were manufactured goods.

The Future: Far More Trade Agreements Are Needed

NAM members – particularly smaller members – believe the most important trade policy shift for doubling exports is an immediate change in the U.S. aversion to concluding market-opening bilateral trade agreements. As competitors race to negotiate barrier-reducing trade agreements for their companies, the United States is frozen by the widespread misperception in Congress that trade agreements are harmful to the U.S. economy. The truth is that NAFTA, CAFTA and other U.S. FTAs have never been a significant factor in the U.S. manufactured goods deficit. In fact, they have given the United States a manufactured goods surplus for the last three years.

Rapid passage of the three pending FTAs will barely get the United States back into the race. Our competitors around the world have spent the last three years rushing to negotiate and sign new FTAs with rapidly growing economies. We need to embrace the same enthusiasm and redouble our efforts. I commend the Obama Administration for pursuing the TPP agreement, which will lead to new market openings in key economies like Malaysia, New Zealand and Vietnam. Successful TPP negotiations could form the foundation of a larger Asia-Pacific Free Trade Area that could grow to include the most dynamic and rapidly growing economies on earth.

Only 40 percent of U.S. exports currently benefit from existing FTAs. The other 60 percent face trade barriers, particularly in fast-growing emerging nations. Using the ITC methodology for estimating the export expansion effect of existing trade agreements, and extrapolating to the major markets where the United States does not have FTAs, the NAM estimates that a robust program of FTAs with significant trading partners could generate as much as an additional $100 billion in U.S. exports by 2014 – accounting for one-third of the $300 billion incremental increase above normally-expected exports needed to reach the President's stated goal to double exports by that point.

Chairman ROS-LEHTINEN. Ms. Lee, thank you so much for being here. We look forward to your testimony. You are recognized.

STATEMENT OF MS. THEA LEE, DEPUTY CHIEF OF STAFF, AFL–CIO

Ms. LEE. Thank you so much, Madam Chairwoman, Ranking Member Berman, members of the Foreign Affairs Committee. It is a pleasure for me to be here this morning, and I appreciate the opportunity to testify on behalf of the 12.5 million working men and women of the AFL–CIO on this very important issue. As Myron Brilliant said, job creation is the number one priority for the AFL–CIO. It is something the Chamber of Commerce and the AFL–CIO share, the goal of creating jobs and addressing the very high unemployment and underemployment that we have. We also support and we are delighted to hear about successful manufacturers in the United States and successful exporters in the United States.

However, we do have a difference of opinion about how exactly we are going to get there and what role the free trade agreements that are before the Congress will play in terms of job creation. We would be delighted if it were as easy as signing free trade agreements to get the tens or hundreds of thousands of jobs that have been promised by the proponents on both sides of the aisle. But we do not share the optimism expressed here, that these trade agreements will generate or support the promised jobs. And we base that on three separate facts. First is our experience with past free trade agreements, including NAFTA, CAFTA and the big debate, while not a free trade agreement precisely, but when China entered the World Trade Organization. The same kinds of arguments, the same kind of economic models that were made at that time.

Second, it is our view that the economic models that are being cited today and in this debate have an extremely poor predictive record. We should not be citing those numbers as though they are some sort of factual basis for moving forward because they rest on a very, very shaky foundation indeed.

Third, our analysis of the three particular agreements that are in front of us leads us to a very different conclusion about what the likely job impact will be on the United States. One of the key things that we found in the debate over trade agreements has been a conflation of the difference between trade flows and trade barriers and investment strategy. And that is one of the reasons that so many of the economic models have completely failed to meet the mark, is that they look only at the reduction in tariffs, which is important. Reduction in tariffs and the opening of markets for U.S. products is important, but it is by far not the only factor that will determine what the ultimate outcome is in terms of trade flows, investment location decisions and ultimately, the job impact on the United States.

We certainly do believe that the United States should engage vigorously in the global economy, but we have a fundamental disagreement over what kinds of trade policy we need to achieve that. And our view is that our current trade policy is falling very far short. If you look at the records in terms of growing trade deficits, growing wage inequality, growing poverty and stagnant wages here in the United States and the destruction, to a large extent, the loss of many, many manufacturing jobs and the middle class of the United States, our view is that our trade policy overall has undermined and not supported the creation of good jobs here in the United States.

The ITC models, I think, are very important because those numbers are the ones that are cited most often in support of the three pending free trade agreements. And the ITC has an absolutely atrocious record in terms of predicting the outcome of past trade agreements. They have never actually been right, and often they are wrong in so many orders of magnitude and in terms of the sign as well that I really believe that we need to look more closely. The ITC has missed the investment shift. And I gave one example in my written testimony about NAFTA. The two sectors that the ITC predicted would be the biggest employment winners from NAFTA were apparel and consumer electronics. And that was based on the fact that the U.S. tariffs were lower than Mexican tariffs. And so the same argument that we have heard here today that if you take all those tariffs down it is a no-brainer that the United States must, of course, come out ahead. But that wasn't the case, because of course the United States corporations didn't have an intention of exporting a lot of apparel and electronics to Mexico from the United States. Instead, they moved their factories and those ended up being two areas of the largest job loss.

In the case of South Korea, it is our judgment that the proposed FTA puts at risk tens of thousands of U.S. jobs, mainly in the manufacturing sector. The trade agreement lowers barriers in both countries, which is an improvement. But in our view, Korean companies and the Korean Government are more likely to take advantage of lower tariffs to increase Korean market share in the United States than are U.S. companies to do the same in Korea.

Our negotiators have never been able to successfully address the myriad of nontariff barriers blocking U.S. access to the Korean domestic market, and it is not clear that this agreement changes that basic reality.

Furthermore, our negotiators did not build in any safeguards with respect to currency manipulation, even though this has been a problem in U.S.-Korean trade in the past. It was certainly a problem in the case of NAFTA.

The agreement contains unacceptably weak rule of origin provisions, as Congressman Sherman said, and does too little to protect core workers rights in both countries. And we appreciate the improvements in auto market access the Obama administration was able to secure, but there are many other sectors that are also at risk.

So looking forward, let me just say quickly, in conclusion, that if you look at the trade challenges that we face we do agree with Congressman Berman that we need to promote exports much more vigorously than we have in the past and we support the idea of an export promotion policy. We also support and we think that in terms of the potential job impact, we support China currency action by both the House and the Senate. And if you look at the $272 billion trade deficit with China this issue is much more important to American jobs and to exports and to domestic——

Chairman ROS-LEHTINEN. Thank you, Ms. Lee.

[The prepared statement of Ms. Lee follows:]

Testimony of Thea Mei Lee
Deputy Chief of Staff
American Federation of Labor and Congress of Industrial Organizations
Before the House Committee on Foreign Affairs

"Job Creation Made Easy:
The Colombia, Panama, and South Korea Free Trade Agreements"

September 23, 2011

Good morning, Chairman Ros-Lehtinen and Ranking Member Berman, Members of the Committee. Thank you for the opportunity to testify today on behalf of the twelve and a half million working men and women of the AFL-CIO on the three pending trade agreements with Colombia, Panama, and South Korea.

Job creation is the number one priority for the AFL-CIO right now – and it is likely to remain so for the foreseeable future.

Current unemployment and underemployment rates (over 9 and 16 percent, respectively) represent a tragic waste of human potential, as well as devastating economic inefficiency and lost output for the economy overall. The consequences of high unemployment will scar our country for years to come: Research shows that the lifelong trajectory of earnings and well-being for workers out of work for longer than six months is permanently reduced – as are lifetime earnings for the children of the long-term unemployed.[1] And of course, the impact is far greater in some demographic groups, sectors, and regions.

So it would be welcome news indeed if a simple solution to job creation were available. Increasing net exports – that is, increasing our exports by more than our imports – is one potential avenue for job creation, especially since the United States is currently running enormous chronic trade deficits (our goods and services trade deficit was about $500 billion last year, and it is running about 13 percent higher in the first seven months of this year). Each billion dollars' worth of improvement in our trade balance can potentially generate about 8,000 jobs, according to the Commerce Department, so the potential for closing the trade deficit by increasing exports or reducing imports is substantial.

Many politicians and business organizations have claimed that passing the three pending trade agreements would generate tens of thousands, if not hundreds of thousands, of new jobs. Unfortunately, most of these estimates are based on faulty premises and an ahistorical reading of past trade agreements.

[1]Lawrence Mishel and Heidi Shierholz, "Sustained, High Joblessness Causes Lasting Damage to Wages, Benefits, Income, and Wealth." Economic Policy Institute Briefing Paper #324, August 31, 2011. John Irons, "Economic scarring: The long-term impacts of the recession." EPI, September 30, 2009.

First of all, in terms of basic economic theory, signing a free trade agreement would be expected to increase efficiency, but not in general to generate net new jobs. Nobel laureate Paul Krugman has stated unequivocally that free trade agreements are likely to increase both imports and exports in roughly proportional amounts: "If you want a trade policy that helps employment, it has to be a policy that induces other countries to run bigger deficits or smaller surpluses. A countervailing duty on Chinese exports would be job-creating; a deal with South Korea, not. If you want the Korea deal, fine; but don't claim virtues for it that it doesn't possess."[2]

Second, the U.S. historical experience with so-called free trade agreements has been mixed at best. Politicians and business lobbyists have long touted the tremendous job-generating potential of virtually every trade agreement that has been proposed during the last couple of decades. Trade barriers have come down dramatically, both through multilateral deals, such as the Uruguay Round of the World Trade Organization (WTO), and a series of bilateral and regional deals, as well as a proliferation of unilateral preference programs. During that same period, China joined the WTO, and bilateral U.S.-China trade exploded.

Yet during this same period, we have run consistently high trade deficits; we have lost millions of manufacturing jobs, many of them offshored by our former employers; inequality and poverty have grown; and real wages have stagnated or fallen.

Our current generation of trade agreements has done more to secure rights, protections, and higher profits for multinational corporations than to create good jobs and strong communities for American workers and small businesses. The last thing we should do, as our economy struggles to emerge from a deep recession, is to implement more flawed trade agreements that will jeopardize more U.S. jobs.

The current debate over the pending trade agreements with S. Korea, Colombia, and Panama echoes past debates over NAFTA, CAFTA, and permanent normal trade relations with China, among others. In each case, the estimates of job creation by the U.S. International Trade Commission (ITC) and other academic experts have been wildly inaccurate – often with the wrong sign (i.e. predicting job gain or improvements in the trade balance, when the opposite occurred).

Gary Hufbauer and Jeffrey Schott of the Institute for International Economics, in one of the most widely cited pro-NAFTA studies, predicted the United States would run a trade surplus with Mexico of $7 billion to $9 billion by 1995, possibly rising to $12 billion annually by the following decade. This surplus would "ensure the net creation of about 170,000 jobs in the U.S. economy," they wrote in 1993.[3] The Hufbauer-Schott job estimate was widely cited by the Clinton administration, members of Congress, the business lobby, and most media outlets.

The actual outcome has been exactly the opposite. The small trade surplus the United States ran with Mexico in 1993 shrank in 1994, months after NAFTA's implementation, and then ballooned into a large deficit in succeeding years.

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[2] Paul Krugman, "Trade Does Not Equal Jobs," New York Times blog, Conscience of a Liberal, December 6, 2010.
[3] Gary Hufbauer and Jeffrey Schott, *NAFTA: An Assessment*, 1993, p. 15.

A few years later, Hufbauer told the *Wall Street Journal*, "The lesson for me is to stay away from job forecasting."[4] Julius Katz, former deputy U.S. trade representative under the first Bush Administration and one of NAFTA.s chief negotiators, admitted the Bush Administration used "totally phony [job] numbers, only because NAFTA's opponents were claiming that NAFTA would be a job loser."[5]

The ITC also has a terrible record with respect to predicting job outcomes associated with trade deals. On NAFTA, an ITC study by Brown, Deardorff and Stern predicted that the two sectors with the largest income gain from NAFTA (a proxy for jobs in that particular model) would be apparel and consumer electronics. The rationale was that U.S. tariffs were much lower than Mexican tariffs in those sectors, so removing the tariffs would lead to more U.S. net exports to Mexico. As it turned out, apparel and electronics were the two sectors with the largest and fastest job losses.

What the ITC missed in that particular instance was the dynamic of investment patterns that had the potential to overwhelm small tariff changes. U.S. companies had no intention of exporting more apparel and electronics products to Mexico, even with lower tariffs. But they were interested in moving factories. The model also missed the peso devaluation, which was easy to foresee. It is not clear that the ITC has been able to incorporate any of these changes into its current economic forecasting models.

The ITC was just as far off the mark with respect to China's entry into the WTO. The ITC predicted in 1999 that after WTO accession, the U.S. trade deficit with China would grow very slightly – by $586 million, but that our overall trade imbalance would improve somewhat. Instead, our trade deficit with China grew from about $84 billion prior to WTO accession to about $273 billion last year. And of course, our overall trade deficit grew as well.

Of course, the world is a complicated place, and trade flows and job creation are impacted by many more factors than trade agreements – like relative growth and inflation and productivity rates, and investment strategy, and currency movements. But that is our point precisely.

As the Congress prepares to take an important vote on the trade agreements with South Korea, Colombia, and Panama, it is crucial that we all understand just how little we know about the likely job impacts of these deals. We certainly should not treat the economic models as providing factual predictions of a relatively certain future outcome. The track record of these models does not generate any confidence, and should be treated with healthy skepticism, not reverence.

In the case of South Korea, it is our judgment that the proposed FTA puts at risk tens of thousands of U.S. jobs, mainly in the manufacturing sector. The trade agreement lowers trade barriers in both countries, but in our view, Korean companies and the Korean government are more likely to take advantage of the lower tariffs to increase Korean market share in the United States than are U.S. companies to do the same in Korea. Our negotiators have never been able to successfully address the myriad of non-tariff barriers blocking U.S. access to the Korean domestic market, and it is not

[4] "Free Trade is Headed for More Debate," *WSJ*, 4/17/95.
[5] "NAFTA is Key to Mexico's Rescue of Peso," *WSJ*, 1/4/95.

clear that this agreement changes that basic reality. Furthermore, our negotiators did not build in any safeguards with respect to currency manipulation, even though this has been a problem in U.S.-Korean trade in the past. And the agreement contains unacceptably weak rule of origin provisions and does too little to protect core workers' rights in both countries.

We certainly appreciate the improvements in auto market access that the Obama Administration was able to secure in the recent renegotiation, but there are many other industrial sectors that are not impacted by these changes.

The Colombia and Panama agreements raise other serious issues, namely with respect to grave human rights violations and violence in Colombia, and workers' rights and tax haven issues in Panama. The likely net job impact of these two agreements is quite small in any case.

The AFL-CIO respectfully disagrees that the three pending trade agreements will generate net new jobs in the United States, and we strongly oppose the ratification of all three of them.

However, we do believe that reforming our trade policy in other ways could potentially contribute positively to job creation, both in the short and long run.

Going forward, we hope that Congress and the Administration will take a close look at the trade agreement "template" and revise the content of future trade agreements to strengthen labor and environmental protections; and reform the investment, services, government procurement, and intellectual property provisions. We need to take more care with the rule of origin to ensure that the benefits of the trade deals go directly to the partners in the deal, not third countries. We also need a different set of criteria in choosing trade agreement partners.

The single most important job-supporting trade measure that the Congress and the Administration can take is to address the Chinese government's manipulation of its currency. We support the bipartisan Currency Exchange Rate Oversight Reform Act of 2011, recently introduced by Senators Sherrod Brown (D-OH), Charles Schumer (D-NY), Lindsey Graham (R-SC), Olympia Snowe (R-ME), Debbie Stabenow (D-MI), Jeff Sessions (R-AL), Robert Casey (D-PA), and Richard Burr (R-NC). This bill will ensure that the United States government has the legal tools it needs to counter illegal and job-destroying currency misalignment. Leveling the playing field by enforcing our trade laws is a quick bipartisan remedy that will create jobs at no cost to taxpayers.

We support efforts to promote and support both domestic manufacturing and exports, along the lines of the bill that Congressman Berman has put forward. Much more needs to be done, though, to reform our tax policy to remove incentives to offshore production, and to better enforce our trade laws to protect domestic workers and businesses against unfair trade practices.

And if the United States is going to succeed in global markets in the 21st century, we cannot continue to scrimp on infrastructure, training, and education. We need to get beyond the short-sighted obsession with the budget deficit and invest in our future, if we want to be successful in global markets going forward.

I thank you for your attention, and I look forward to your questions.

Chairman ROS-LEHTINEN. Thank you to all of our witnesses for excellent testimony. We will now start the question-and-answer period for 5 minutes each per member. Our failure to move forward on these free trade agreements has already had a negative real world impact. To take only one example that really hits close to home, the higher duties on imported flowers from Colombia have put great financial pressure on small businesses, such as florists. How much do you estimate that U.S. businesses have already lost during this unnecessary delay? And also, if I could ask a question related to China.

We know how aggressive the EU has been, we know how aggressive China has been, all of our trading partners have been eroding our U.S. market share. In Colombia China has, since 1993, Colombia was China's 22nd largest trading partner, now they are second. That is quite a jump. And how important is this agreement to preventing further damage to U.S. interest in Colombia? And I would start with Mr. Brilliant.

Mr. BRILLIANT. Well, first of all, thank you for the chance to respond to those questions. I have already said that in the case of Colombia we have seen a loss of about $1 billion in sales for our farmers since Colombia initiated their trade agreements with Argentina and Brazil. So I think it has had a direct impact already. How much we have lost in manufacturing in other areas is unclear, but no question.

And then, of course, the stats have also been cited with respect to the European agreement with South Korea. I noted the 36 percent figure where Europe has exported 36 percent more in July than they did the previous July. Our increase is only 3 percent, so we are losing market share in South Korea at this time. I would also say that every month that goes by, we are going to lose sales, and once those sales are lost, it is hard to get them back. And so the quicker we move to ratify these FTAs, the better off we are. The data demonstrates that we are going to find ways to export increasingly when you lower tariffs and when you eliminate nontariff barriers.

With respect to China, look, I share the concern of many in this room, including Thea Lee, that we have an unfair trading relationship with China, which is why we believe we have to tackle the issues with China. But sitting on the sideline on free trade agreements is not the answer. If we fear China's rise around the world, economic rise, then we need to address that, one, in our relationship with China, but two, by expanding trading opportunities for our companies.

Chairman ROS-LEHTINEN. Thank you. Mr. Greenblatt, and then we will go Mr. Arguello.

Mr. GREENBLATT. The way to grow jobs is to sell more, the way you sell more is if you have more clients, more prospects. If you give me 100 million more people to sell to, and that is the population of these three countries, 90 million, I am going to sell more baskets, I am going to hire more people that are unemployed in Baltimore City. Regarding China, they are manipulating their currency. It is out of control. It is wrong. We shouldn't tolerate it. The Mexican peso floats, the Canadian dollar floats. These are fair trading arrangements, these are good things. The Chinese currency should not be manipulated like that, and I think we want trading partners that let their currency flow.

Chairman ROS-LEHTINEN. Thank you, sir. Mr. Arguello.

Mr. ARGUELLO. Madam Chair, I compete with China all over the world. All over the world, the Chinese situation is something that we have to face. As a representative of the medical device industry, we strive in made-in-U.S.A. product with a certain quality that China cannot deliver to the rest of the world.

Nevertheless, having said that, price is an incentive in purchasing and in competition. In many markets throughout the world, we are constantly being requested a 10 or 15 percent discount on our rates on our prices in order to get the tender or to get the job, to get the contract. In the medical device industry, 10 to 15 percent is not a margin that we can freely give. If the tariff imposed on that country is on that same rate between 5 and 15 percent I have a winner right there because that is the discount that I am being asked, especially with a market like Korea and a market like Colombia. So once again, when we go out on the medical device industry we go made-in-U.S.A., we can guarantee a life, we can guarantee we have a first-class product. That is what the world wants. So the elimination of these 5, 10, 15 percent will give us a winner. For this reason I am not all that concerned with China.

Chairman ROS-LEHTINEN. Thank you very much. And I hope that Mr. Berman is right that this will be the last congressional hearing ever. And because we will be——

Mr. BERMAN. Ever?

Chairman ROS-LEHTINEN. On this issue before we go to markup and before we pass these bills. Mr. Berman is recognized for his questions.

Mr. BERMAN. Well, thank you very much, Madam Chairman. If, in fact, the KORUS agreement allowed South Korea to claim that products or components for products manufactured in the Kaesong industrial complex could be deemed as South Korean, and therefore come into this country notwithstanding our trade sanctions policies, I would, on that basis alone, without regard to any other issue, think this was a fundamentally flawed agreement. But the fact is that is not the truth; that is a bogus argument.

Mr. Royce is right. Unless the executive branch and the Congress decide that notwithstanding our trade sanctions, notwithstanding North Korea's nuclear weapons program, notwithstanding its proliferation policy, notwithstanding its slave labor policies, the executive branch was going to go along with a South Korea decision and allow this to be considered a South Korean project they would have to change the law. Congress would have the final word. Arguments to the contrary are bogus. Whatever one's views on these agreements or on the foreign policy implications of the agreements, we should not hang on a bogus argument to justify our positions. There is no need to. There are good cases to be made on both sides of this issue.

Ms. Lee, I would like to just turn in my remaining time to your interesting distinction between trade flows and investment flows. I think you made it quite clear. You didn't say, but implied, that generally other countries' tariffs on our products are, for the most case, higher than our tariffs on their products, and therefore agreements which simply reduce tariffs would promote more exports and be in our interest. But then you said something I thought is the real point here: Look at what they do in the context of investment flows. The disadvantages to America from the enhanced ability to invest in manufacturing by American companies and American investments in these countries end up quite offsetting the economic benefits of the lower tariffs. Is that a fair synthesis of your much more detailed and elaborate explanation?

Ms. LEE. Yes, Congressman, that was the point I was trying to make, which is that we focus a lot on the trade barriers, the tariff barriers coming down. But, in fact, a lot of the motivation for some of these trade agreements is in the investment chapter and some of the other chapters that make U.S. investment overseas much more secure, give extraordinary protections and rights to investors, including the right to sue governments over regulations they don't like or that impinge on their profits or their expected profits. And so that change in reducing the riskiness of investment overseas is a key piece. We tend to have, and I would argue in this country a somewhat dishonest conversation about trade agreements because the whole discussion focuses on opening markets, and there is nothing wrong with opening markets.

The labor movement is completely in favor of opening markets and selling more products overseas. But we have conflated this discussion by also putting into play issues that are important to multi-national corporations that they lobby hard to include these extraordinary investment protections. A lot of small domestic businesses and some small farmers are actually on the same side as the labor movement on these issues.

Mr. BERMAN. Let me just interject here to ask, Mr. Brilliant, what is your response to this, because we certainly observe that following these agreements, there is a great deal of investment in foreign manufacturing by Americans to produce products to come into the United States.

Mr. BRILLIANT. Well, it is a complex question, but let me try to——

Mr. BERMAN. You've got 45 seconds.

Mr. BRILLIANT. First, manufacturing output in the United States has grown 70 percent since 1990. We have had a decline in employment in the manufacturing sector, but not an output. That is an efficiency issue as much as it is anything else. The second point I would make is we want to encourage foreign investment as well as investment by U.S. companies in our economy. That creates jobs, it is good for our country, but there are tax and regulatory challenges to that front, not trade challenges.

And the third point I would make is that, look, when we produce overseas, only about 10 percent of what we are producing overseas comes back to the United States, so it is for selling into these markets which are growth markets for our companies. So we could talk to you at length that investment is not the challenge that she is trying to describe in the context of these FTA agreements, it is an opportunity.

Chairman ROS-LEHTINEN. Thank you very much. Thank you, Mr. Berman. I would like to recognize Mr. Duncan, who will then recognize another one of our colleagues.

Mr. DUNCAN. Thank you, Madam Chairman. I would like to yield my complete 5 minutes to the chairman of the Trade Subcommittee, Mr. Royce.

Chairman ROS-LEHTINEN. Mr. Royce is recognized.

Mr. ROYCE. I thank you, Mr. Duncan. I wanted to make a couple of points. And the one I started with is one that I don't know that we have really focused on as we go back to the Kaesong issue. And that is, the United States has a sanctions regime in place against North Korea, so any imports from North Korea require U.S. Government approval. And according to CRS, "this restriction includes finished goods originating in North Korea as well as goods that contain North Korean-made components." That sanctions regime is in place here in the United States. Second, any inclusion of Kaesong-produced goods would require congressional approval. I just don't see many votes for that here in the House; I don't see any. I don't support that. Third, when this bill came up originally, we went the extra mile because for those of us that are trying to close Kaesong. We wrote the administration not to include Kaesong when the agreement was being negotiated and it was excluded from the agreement.

So on every front there are those barriers. But I did want to make the point that we recently had an amendment that I authored on the whole issue of North Korea. This passed the House unanimously as part of the agricultural appropriations bill that would call for the administration not to deliver food aid to North Korea.

Now, that pull for food aid does help North Korea. This argument is a red-herring argument. But the food aid that's delivered into North Korea does get into the hands of the regime. I would hope that those that are worried about bolstering North Korea focus on a reality, and that is, we are in danger of helping North Korea, but it is through that food aid program.

Another point I wanted to make, and I would just ask Mr. Brilliant to comment on this, is the fact that the tariffs that are going to be lowered are primarily tariffs that advantage the U.S. market, but is going to bring more, make it possible for us to ship more goods and services into the Korean market.

Can you discuss how KORUS lowers tariffs more for U.S. goods than Korean goods? Could you walk us through that?

Mr. BRILLIANT. Well, that is an absolutely correct point. On average, our agricultural imports into South Korea face about a 54 percent applied tariff. Certainly our tariff rates in the United States are much lower than that. Secondly, the average tariff rate on manufactured goods going into South Korea is about 6.2 percent. Again, we are much lower than that here in the United States. So where we see a reduction or elimination, which is what is going to happen from the implementation of the free trade agreement, we are going to see an increase in trade there. And we have already seen unfortunately a displacement with Europeans coming in and selling there. South Korea is already our fourth largest beef market.

Let's extend that further and let's find a way to continue to grow trade. I want to make one point on Kaesong because it has been said the President of the United States issued an executive order saying we are not going to import anything illegally. The Congress has jurisdiction over this issue as well. But let's not forget the South Koreans don't want to do that either. The South Koreans have had two attacks by North Korea in the last 18 months. It is not in their interest to encourage it, and it is not in the interest of the U.S. business community either. So let me put that on the record.

Mr. ROYCE. I appreciate that. I want to go to another point. Asia accounts for half of the world's economy. The U.S. has underwritten security in that region while Asia has pursued economic integration. As they say in Asia, "The business of Asia is business." The U.S. Chamber looks at this and they see 168 trade agreements in force in Asia and we are a party to only two of those, as I mentioned earlier. We are a party to Singapore and Australia. What does that mean for our economic competitiveness? What does that mean for our economic future? As you have laid out, what could be adjusted by this Korean trade agreement?

Mr. BRILLIANT. Congressman, as you know well, we can't stand still, global trade is not standing still, so we have got to expand beyond these three FTAs. That is why the TransPacific partnership is important, that is why the U.S. Chamber has introduced ambition in the EU-U.S. partnership, and that is why we do need to hold accountable partners to play by the fair games of international trade. We need free and fair trade and we need to expand to the markets.

Chairman ROS-LEHTINEN. Thank you so much. Thank you Mr. Duncan and Mr. Royce. Mr. Sherman, the ranking member on the Subcommittee on Trade is recognized.

Mr. SHERMAN. The first time I had a hearing on trade U.S. Trade Representative Barshefsky came in and testified that if we could find a deal that increased our exports by $1 billion and increased our imports by $2 billion, that would be a $3 billion win. Those who constantly bleat exports mean jobs should at least follow up with imports cost jobs. Now, my colleague from Virginia who has left talks about trade adjustment assistance. Let's find a single Republican Member of this House that will say that we can appropriate money for trade adjustment assistance without cutting money on health care, education and other domestic priorities. We will have to divert the money that we are spending to meet the challenges our families face now in order to deal with the additional challenges that the Korea and other free trade agreements would bring.

The old days of trade adjustment assistance coming from magic money, that is gone. And any Democrat that talks about trade adjustment assistance needs to find a Republican that says it won't mean cuts in health and education. Now, some 20 minutes has been spent in this room criticizing my opening statement. Let me respond. I said goods that are 65 percent made in China come into this country duty free under the agreement. None of my critics disagree at all. I say that the 35 percent finishing work done in South Korea doesn't have to be done by South Korean workers, it can be done by Chinese guest workers living in barracks. Nobody disagrees. Let the record show.

And finally, I say that while those Chinese guest workers have to be paid the South Korean minimum wage, the employer can deduct for barracks living and bring that wage down to virtually nothing. None of the critics have a response. Then I talk about goods 65 percent made in North Korea. Leave Kaesong aside. Any part of North Korea. And we are told, well, American executive orders prevent us from allowing those goods into our country. True. The rest of my argument was ignored. Once we bar those goods at our ports we are in violation of the agreement. What happens when America is found or is threatened with successful sanctions because we are in violation of our trade agreements? The executive branch backs down. That is what happened with the Iran Sanctions Act. The European oil companies were in violation, the Europeans threatened us with WTO, and even to this day, not a single European oil company has faced the slightest sanction under the Iran trade agreement.

We have seen this movie before. We know that the executive branch will back down. But let's say they don't. Let's say they have backbone. Let's say the bill that I have co-sponsored with the chairwoman's bill actually passes and becomes law. Then we will have the backbone to violate this agreement, the Koreans can then impose sanctions and take away all the benefits. They may even target Mr. Greenblatt's firm and say his wires are among those sanctions.

So any concession the South Koreans made in the agreement can then be taken back. No disagreement with any of that. It is not whether the goods come in. That would have to be decided by the executive branch or if we pass the bill by Congress. It is whether we face sanctions when we bar those North Korean goods. Under the rules of origin, the South Korean seller has a right to bring in the goods, 65 made in North Korea, 35 made in South Korea.

Now let's talk about these special labor camps. What does annex 22(b) say? None of my critics actually quote the language or cite the provision. Legislative approval is required. Now, what does that mean? Well, for the Libya action legislative approval meant talking to key congressional leaders. Sometimes congressional approval means asking Congress whether they want to pass a resolution of disapproval once a regulation is adopted. So I asked the administration and the proponents, why not have clarifying language on this. The answer was we will give you clarifying language in a press release but nothing legally binding. Why? Because in Korea, they are telling their legislature that this will be handled and Kaesong goods will come in and South Korean companies will make billions of dollars paying $8 a month to workers and selling into the U.S. market.

So I think that most of what I said in my opening statement was not even criticized at all in the 20 minutes taken by my critics. Sixty-five percent China, 35 percent Chinese workers.

Chairman ROS-LEHTINEN. Thank you, Mr. Sherman. Mr. Rohrabacher is recognized, the chairman of the Subcommittee on Oversight and Investigations.

Mr. ROHRABACHER. As I said in my opening statement I will be very interested in finding out who is correct in their assessment, and let me just note that Mr. Sherman over the years, I have found that he is very diligent and very responsible, so I pay attention to him when he says something like this, and I want to know who is right, whether Mr. Sherman is right or Mr. Royce is right. Maybe our friend from the Chamber can tell us, and then I will ask our friend from Labor to tell us. Is Mr. Sherman right that if you have items that are coming to us from South Korea, that are made 65 percent in North Korea, that they are not barred from entry into our market.

Mr. BRILLIANT. Again, I am going to rely on what the administration says, which is that they have no intention of allowing any importation of goods——

Mr. ROHRABACHER. I don't care about the intention. Intention is the biggest weasel word.

Mr. BRILLIANT. I am not responsible obviously for it.

Mr. ROHRABACHER. No. In your reading of the agreement——

Mr. BRILLIANT. My reading of the agreement is that there will be no importation of goods or services or technology from North Korea.

Mr. ROHRABACHER. Permitted.

Mr. BRILLIANT. Permitted.

Mr. SHERMAN. Will the gentleman yield.

Mr. ROHRABACHER. I certainly will.

Mr. SHERMAN. My point is that if we stick to our guns the way the administration intends then we will be subject to sanctions by the South Koreans and we will lose much of the benefit of the agreement.

Mr. ROHRABACHER. Is that correct?

Mr. BRILLIANT. His point is do we have an enforcement mechanism, not whether or not the agreement itself allows for the importation.

Mr. ROHRABACHER. No. If we stop those goods will we then be in violation of our understanding of our current status quo agreement with Korea?

Mr. BRILLIANT. I am going to let the U.S. Government respond to this. I think that is a good question for the U.S. Government, not for the U.S. Chamber of Commerce.

Mr. ROHRABACHER. I think that when we are asking how policy is going to affect our economy I think you are shirking your responsibility, just like the Chamber shirks its responsibility in trying to deal with the Chinese when they manipulate the currency so we have a flow of wealth into a Communist dictatorship like China. So listen, I like the Chamber a lot for a lot of what you do, but sometimes on these trade issues we end up seeing certain business interests not the American people being represented by what you are saying. As far as I am concerned what is happening with China has been a disaster for the American worker. Three million of them are out of jobs because of this. What about Labor, do you agree with what Mr. Sherman is saying?

Ms. LEE. I think there is a lot of troubling uncertainty in the agreement about the treatment of goods from Kaesong and that some of that is deliberate on the part of the South Korean Government. The agreement does not actually mention products from North Korea. It doesn't say they can or can't come in. I think that creates a problem. This is a problem that Congressman Sherman talked about. It is certainly the U.S. Government's intention not to allow products from North Korea to come in, and we have sanctions policy, that would, as was quoted by Mr. Royce——

Mr. ROHRABACHER. Well, intention. But intention——

Mr. BERMAN. Will the gentleman yield.

Mr. ROHRABACHER. Excuse me, but I am trying to get to the bottom of it. Intention is not as important as what the outcome will be. Mr. Sherman will certainly agree that intention, you know, intention, what is the actual outcome? Is it that we are going to be put into a position that we will have to act because we are then in violation of another agreement with South Korea?

Mr. SHERMAN. Will the gentleman yield.

Mr. BERMAN. Will the gentleman yield.

Mr. ROHRABACHER. I will yield to Mr. Sherman.

Mr. SHERMAN. Under an agreement a product that is 65 percent made in North Korea but 35 percent made in South Korea is a South Korean good.

Mr. ROHRABACHER. Correct.

Mr. SHERMAN. And has a right to come into the United States.

Mr. ROHRABACHER. Is that your reading of this agreement?

Mr. BRILLIANT. That is not my reading, but it is not my call. It is the administration to defend or describe the terms of the rules of origin.

Mr. BERMAN. Will the gentleman yield.

Mr. ROHRABACHER. Yes I will.

Mr. BERMAN. Part of the agreement is an annex that both parties have agreed to. To deem the Kaesong industrial complex a South Korean outward processing zone on the Korean peninsula, that is what this annex 22(b) addresses, it sets a process out where both sides have to agree. And you are right, the intentions are not the answer, it is what is the law and the rules. And for the U.S. to agree to that, Congress would have to sign off. It is in our power to stop that from happening.

Chairman ROS-LEHTINEN. Mr. Rohrabacher is reclaiming his time.

Mr. ROHRABACHER. Let me just suggest I am listening very closely, and in principle I would like to support the free trade agreement. I believe in free trade between free people, but if Mr. Sherman is correct this isn't going to work to the benefit of us and it may work to the benefit of North Korea, a vicious dictatorship.

Chairman ROS-LEHTINEN. Thank you very much. Thank you, Mr. Rohrabacher, whose time has expired. And I am pleased to yield 5 minutes to the gentleman from New Jersey, Mr. Sires.

Mr. SHERMAN. Mr. Sires, could I have 15 seconds of your time?

Mr. SIRES. Absolutely.

Mr. SHERMAN. Mr. Berman was talking about the Kaesong Industrial plan. We were earlier talking about all of North Korea, any good made anywhere in North Korea whether we do anything special with Kaesong or not, if it is 65 percent made in North Korea, 35 percent made in South Korea it counts as a South Korean product under this agreement. I yield to the gentleman from New Jersey.

Mr. SIRES. Well, I will be much simpler than that. Are you comfortable with the reforms that Panama has made in its financial institutions for America to deal with Panama?

Mr. BRILLIANT. The banking tax issues have been addressed to the satisfaction of the administration and to the satisfaction of the business community.

Mr. SIRES. And I was just wondering, here, you know I know there have been a lot of changes in Colombia, because I have been going there for many, many years, and obviously the labor issue is still very pronounced. Can you tell me what other changes they could possibly make to continue so we can support this?

Ms. LEE. Thank you so much for the question, Mr. Sires. There have been some improvements in Colombia, there is no question about it. The new administration has been really forthright about putting in place more protections, more inspectors and some more provisions. The Labor Action Plan that was negotiated several months ago contain some really important provisions. Our issue is that the timing is still problematic. It is too soon to say whether the action plan is working. We would like to give it more time.

Right now, actually the first couple of months have not been that encouraging. We are in constant contact with our trade union counterparts in Colombia. And first of all, the number of murders since the action plan was put in place has actually increased. There have been 22 murders so far this year of trade unionists that were active. And of those, 15 since the action plan was put in place. We have also understood that there are some real implementation problems with the action plan, that some of the proposed meetings and legislative changes have not been fully implemented, that the protection schemes are not fully in place, that there have been death threats that have been not acted upon. So we still remain very concerned about the situation for trade unionists in Colombia at this date.

Mr. SIRES. But progress has been made. And my concern is here we have a country that has been a friend of the United States, they are signing all different agreements throughout the world, including places like Canada who we certainly respect their labor laws, and certainly Europe, and I think just the longer we wait, the worse it becomes for us. Like I said, I haven't heard anything yet for me to support the Korean trade agreement, but I have seen the changes that Colombia has made.

There are about 200,000 Americans, I think, living in Panama today. I don't know if anybody can agree with me with that. Somebody told me that figure. I haven't really checked it. But these countries are our partners. And the longer we wait, the less jobs we create here. I mean, Mr. Arguello wants to compete, we want to create jobs here. At least the intent of Colombia has been good in terms of trying to deal with the issues that are concerning labor. Even the Vice President is a labor leader.

Ms. LEE. Well, 22 assassinations so far this year do not give us the confidence that this is a place that is safe for workers to exercise their basic human rights at this time.

Mr. SIRES. I agree with you 100 percent, but they have come, I think, a long way from where they were.

Ms. LEE. Can I just state, the argument that we would make is that once the agreement is passed we lose a certain amount of leverage in this discussion. And that has been something we have heard from the Colombian Government officials privately.

Mr. SIRES. Why would we lose leverage? Wouldn't we have more leverage if we have a partner?

Ms. LEE. Once the vote takes place by the Congress, then a lot of the pressure is taken off. And that is something we saw certainly in Central America and Guatemala where the murders of trade unionists increased after CAFTA.

Mr. BRILLIANT. If I could just briefly comment. First of all, the President of the United States has said that there has been progress on the action plan that the President and President Santos agreed to. But not just the President of the United States, the International Labor Organization has said that. And some of the leading organizations in Colombia, including Colombia's national labor school, have endorsed it. So let's take their word at it as much as anyone else.

The second thing is the murder rate in the District of Columbia is seven times that of the murder rate that we are talking about in Colombia. And so let's be in perspective here that things have improved significantly in Colombia. And I would just say that there is more, as Thea Lee knows, labor unions have grown significantly.

Chairman ROS-LEHTINEN. Thank you very much. Thank you, Mr. Sires. And Mr. Rivera of Florida is recognized for 5 minutes.

Mr. RIVERA. Thank you, Madam Chair. My first question is for Ms. Lee regarding the same issue of the labor leaders in Colombia. Have you talked, or your organization, any representatives from your organization, spoken with or met with Colombian labor leaders on this issue?

Ms. LEE. Thank you so much for the question, Mr. Rivera. In fact, we talk to Colombian labor leaders probably every day or every week about this issue. And they are not monolithic, just like the labor movement in the United States is not monolithic.

Mr. RIVERA. Who have you spoken to recently?

Ms. LEE. I personally am not having the conversations. We have a Solidarity Center, the AFL–CIO has a sister organization Solidarity Center office in Bogota.

Mr. RIVERA. Who has your solidarity center spoken to recently?

Ms. LEE. Rhett Doumitt is our solidarity center staff that heads that office. He speaks to the head of the three Colombia labor federations and to rank and file workers. I personally was in Bogota a couple of years ago.

Mr. RIVERA. Hold on. Slow down for a moment. Who has the solidarity center spoken to recently?

Ms. LEE. They speak to ENS, the Escuela Nacional Sindical. As I said, the heads of all the labor federations, as well as rank and file workers in Colombia.

Mr. RIVERA. Hold on 1 second.

Ms. LEE. I don't have the names with me, but I could send them to you. I can send a long list of names.

Mr. RIVERA. I would like to know the names.

Ms. LEE. I would be happy to provide that. I don't have them right here.

Mr. RIVERA. Thank you. I would like all the names of who your organization in terms of labor leaders in Colombia who they have spoken to. And in particular, want to give you two names, Luis Fernando Cadavid, who is the president of the garment, Organized Labor for Garment, the production sector in Colombia, and the leader of the manufacturer and services confederation. Those two labor leaders in particular, which are two of the largest labor unions in Colombia, I would like to know if your solidarity center has spoken with them and when was the last time they spoke with them. Because when I was in Colombia earlier this year, as part of a congressional delegation, we met with them in Colombia, and they expressed support for the Colombian free trade agreement.

So my question is you may not have the names, but the ones that you have spoken to, have you received any expressions of support from labor leaders in Colombia for the Colombia FTA?

Ms. LEE. Yes. We occasionally do speak to labor leaders in Colombia who support the agreement. But the vast majority of the federations and the unions and the workers that we have spoken to are still in strong opposition to the agreement. They are working with the action plan and they are working with the government to put it in place but they still have some significant doubts. We had a delegation of Colombian labor leaders here a couple of months ago who were very articulate.

Mr. RIVERA. If the vast majority of the labor organizations that you spoke, the leaders that you have spoken to are opposed, I would like to know the names.

Ms. LEE. I would be happy to provide them with you. I will get back with your staff and provide you a list.

Mr. RIVERA. So the names of who you have met with, who you have spoken to.

Ms. LEE. Absolutely.

Mr. RIVERA. And those that you say are the vast majority that are opposed, the leadership, the leadership.

Ms. LEE. The leadership represents the federations of the three large Colombian——

Mr. RIVERA. Yes, right. So we have three large Colombian names, so I am assuming two out of those three you have spoken to and oppose it. I would like to know the names of those individuals who you say are the majority that oppose this agreement. Because my understanding directly hearing from the leaders of those organizations is that they support the trade agreement with Colombia. Will you just get me that information because I would very much like to reconcile that discrepancy?

Let me ask you one last question. I have got a news report here from June where it says President Barack Obama faces waning enthusiasm from unions as he prepares for his 2012 reelection bid according to Richard Trumka. Is that the president of your organization?

Ms. LEE. That is.

Mr. RIVERA. It says,

> "Trumka said union members are frustrated by Obama's support for free trade agreements. Labor leaders said they would

withhold financial support in next year's election from candidates who haven't sided with labor leaders."

And he is quoted here as saying, during the campaign Obama made significant promises to do an inventory of the trade agreement. He has obviously forgotten that promise. Is it a common practice to threaten to withhold support from the President of the United States if he doesn't side on your issues?

Ms. LEE. We have a respectful disagreement with the President, and it is important for us to express the reasons for that disagreement. We have expressed it in person and in other ways as well.

Mr. RIVERA. So withholding, threatening to withhold political support on this issue of trade agreements, that you consider to be part of your persuasive tactics.

Ms. LEE. I would not call it a threat. What I would say is that the labor movement has staked out a more independent political position in recent months. And that is an important one where every candidate, whether it is the President of the United States or a Member of Congress. We are asking them to earn our support, to stand with us on issues that are important to us. I don't think there is anything unusual in that.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Rivera. Mr. Connolly of Virginia is recognized.

Mr. CONNOLLY. Thank you, Madam Chairwoman. And I must say to my friend from Florida, Mr. Rivera, I find it remarkable that you would ask that question of the representative of the AFL–CIO and not the same question of the representative of the Chamber of Commerce. Maybe my friend isn't aware of the fact that the Chamber of Commerce used itself, allowed itself to be used and actively used itself to spend millions of dollars against Members of Congress and candidates for Congress because they didn't agree with the Chamber's agenda.

So I commend my friend for asking the question and surely hope that he will make sure in the future it is balanced, because it is a common practice not only with labor but with the business community as well. Having said that, let me ask the panel, and perhaps Mr. Brilliant, in the past there have been real serious concerns about the efficacy of trade understandings with Korea, ostensibly a free market but lots of nontariff barriers.

It just so happens that the guy who inspects U.S. imported automobiles has the flu and can only do a few cars a week and golly gosh darn, that is why they can't get in the market. It is not a formal tariff by law, but the practice had prevented clearly some U.S. goods, especially automotive.

Now, I am informed by Korean officials, by U.S. officials, those are days in the past, we have worked that out, and as a matter of fact there is much freer access to the Korean market. From the Chamber's point of view, how would you assess U.S. access to the Korean market?

Mr. BRILLIANT. Well, currently Korea has been one of the more closed markets to U.S. products and services. We have a good healthy trade relationship, but it should be much stronger given the size of the market and potential for us to sell there. So the fact that there have been trade barriers has been an inhibiting factor in the economic relationship, which is why when I was president of U.S. Korea Business Council, I then tracked down Rob Portman outside the State Department when he was Ambassador of USTR and said we should be pursuing a free trade agreement with South Korea. We have got all kinds of barriers, including in the auto area, services, and, of course, high tariffs that we could eliminate through a free trade agreement, which is why we are here today, to endorse it and support it. There is no question we will expand our sales to that market.

Mr. CONNOLLY. And you are satisfied from the business point of view that those impediments of the past have, in fact, been addressed in the pending agreement and with other understandings with the Korean Government.

Mr. BRILLIANT. Like most trade agreements you make compromises. But the overwhelming pieces of this FTA will produce not only a reduction in tariffs, because we will see an elimination of most tariffs, but we will address a lot of the nontariff barriers, including the issues of intellectual property which are very important to our membership.

Mr. CONNOLLY. Thank you. And can I ask you just one more question. In the back and forth between Ms. Lee and my colleague, Mr. Sires, on Colombia, clearly, and I know you did not mean to imply, that given the fact that, say here in the District of Columbia, the homicide rate compares unfavorably, if you will, with Colombia, you did not mean to imply that somehow we should therefore minimize or be unconcerned about the apparent targeting of people in Colombia in the past, is that not correct?

Mr. BRILLIANT. Look, any time someone dies, it is a sad thing, so there is no question about that. What I am trying to give you is a scale of reference. It is not as significant as is often stated.

Mr. CONNOLLY. Right. I was trying to give you an opportunity, however, to clarify that one should not interpret from what you said any lack of concern nonetheless.

Mr. BRILLIANT. Absolutely.

Mr. CONNOLLY. Yes. And would we not agree that if there were evidence of deliberate targeting, let's say of, for example, labor organizers, that would be a concern as we undertake consideration of this treaty—of this agreement.

Mr. BRILLIANT. It is always a concern when employees of any company are targeted or when labor union activists are targeted.

Mr. CONNOLLY. Ms. Lee, when I was in Colombia last year, I met with the then-President of the country and with the Attorney General. I presented a list of names of disappeared and murdered, some of which go back a number of years, but some of which were fairly recent. Is it the impression of your organization that progress has been made but they are still struggling, or do you think that frankly past practices have not changed? And I know my time is running out.

Ms. LEE. Progress has certainly been made since the late 1990s and early 2000s when there were around 200 trade unionists murdered a year. But the number of murders increased in 2010 over 2009. And as I said, there have been a disturbing number of murders this year.

Chairman ROS-LEHTINEN. Thank you, Mr. Connolly. Mr. Mack, the chairman of the Subcommittee on the Western Hemisphere is recognized, and he has some videos to show us. Mr. Mack.

Mr. MACK. Thank you, Madam Chair. And before we start the video, I want to say this again. The only thing stopping the passage of the free trade agreements is the unwillingness of the President to send them to the Congress. The support for the free trade agreements is here in the Congress in a bipartisan way. So the only thing keeping us is the President of the United States. Play the clip.

[The video was played.]

Mr. SHERMAN. Madam Chair——

Mr. MACK. I am sorry. So we are still waiting? So the President for over—well, for at least 2 years has been saying we got to do it, we got to do it. And you just heard him talking about the importance of the free trade agreements, yet all he has to do is send them to the Congress, all he has to do is send them to us. The story here is this: We continue to turn our back, backs, on our friends and our allies.

And this is just another example where you have Panama and Colombia who have stood with the United States, who have been partners with the United States, who have been allies to the United States. You know, when we took—we went on a codel, and one of the meetings we had was the President of Panama and we talked about this issue. Do you know what he said? He goes, at this point, I mean, it is really more to benefit the United States than Panama. Panama is looking at it because they are tired of hearing from the Hugo Chavezes of the world, what has being a friend of the United States gotten with you lately. I think what is really concerning to me is that the President over and over and over and over again says, we got to pass this now, we got to pass that now, we got to do this, we got to do that, talks about this, talks about that, but then there is no action.

And the frustration is, not only here in the Congress, but with our friends around the world, is they continue to hear the President say that he wants to strengthen the relationships with our allies, but the President continues to sit on his hands and does not do what is right. It is long time overdue that these free trade agreements haven't been brought to this Congress. The President knows it, Secretary Clinton knows it, and it is time that they act. Send us the agreements, they will pass. Thank you.

Chairman ROS-LEHTINEN. Thank you, Mr. Mack. Mr. Cardoza is recognized from California.

Mr. CARDOZA. Thank you, Madam Chair. Madam Chair, in my congressional district we have unemployment rates of upwards of 20 percent. I have been here almost 10 years now. There has been a number of these agreements that have come through Congress. Everyone promises that they will create jobs in agricultural regions like mine. Every time there has been, well, we have taken care of the different problems in the issues that you have raised, Mr. Cardoza, and things will be better this time, and every time it has not worked out that way.

I will just use one example of where in the last free trade agreement that was put through with Peru, there was a provision, or I guess it was the Andean free trade agreement, there was a provision in the bill that protected asparagus or was going to—Senator Stabenow and I, the two areas of the country that grow the most asparagus were very concerned about it. Now they oftentimes import asparagus to have the festival in Stockton. The reality is those kinds of things have not worked to protect agriculture.

And so I come to these agreements open but skeptical on almost every front. And I am going to ask a question in just a second to have you respond. I am going to say one more statement, and this is to Ms. Lee. I have had a, probably a 90-percent record or higher in support of labor since I have been in Congress. I traveled to Colombia and I met with labor leaders there. And I have to say that the argument about how they are persecuted currently I found as questionable as the help that we get on the other side. The witnesses that we saw the day that we traveled to Colombia were not credible to me. And I have said that to my friends in Labor several times. And so I have skepticism on both sides of this issue. I think that there is oftentimes overselling on both sides. And I just raise that frankly and I would like to have answers. The question I have to my friends from businesses, we have heard a lot today about the benefits of these agreements and what they will bring. Can you describe any potential negative repercussions to agricultural products? Because I will tell you, they told us that the North American free trade agreement wasn't going to affect food processors in my district, now half of which have left the country.

Mr. BRILLIANT. Well, I just comment, first of all, the agricultural community stands behind all three free trade agreements.

Mr. CARDOZA. They always do and they always go right to slaughter.

Mr. BRILLIANT. They stand behind it because they are going to export more to these markets. They are also seeing, as I told the committee earlier, we have already seen a loss of sales to Colombia of $1 billion since 2009. That is a direct impact on our economy. I don't have the figures for your district, but I can tell you that certainly when you lower tariffs in the agricultural area, you are going to find ways to expand your sales, your export sales. And that we have a 54 percent tariff rate on agricultural products sold into South Korea, which will be eliminated through the free trade agreement.

Mr. CARDOZA. I understand, sir, but let me just follow up. Every time we do these things they tell us how we are going to export more and then there is phytosanitary or customs barriers. Every time we have gotten the short end of the stick. I mean, I just have to say that I understand the arguments and all my guys buy into it all the time. And then they don't get their products in and they come complaining to me that it didn't work out like to they had planned.

Mr. BRILLIANT. Well, let me just add this piece, which we have not talked about today. First of all, I agree about phytosanitary standards and other kinds of barriers at the border, which is why this agreement does try to address that. And it also tries to provide a more vigorous trade enforcement mechanism, a dispute resolution process which is really frankly new in this FTA, which I think can add some muster to ensuring we get enforcement of the deal.

Because you are right, it is not just about tariff cuts. But we didn't just get tariff cuts in this deal, we did get improvement in terms of standard rulemaking as well.

Mr. CARDOZA. Anybody else?

Ms. LEE. In terms of your criticism of the Colombian labor leaders that you met with, it is a big country, it is a complicated country, it is a violent country with a terrible history. And I would certainly put in one counterargument to what Mr. Brilliant said about DC is a violent place and a lot of people get murdered. The murders of trade unionists are people who have been targeted for their trade union activity.

Mr. CARDOZA. Well, I asked those questions while I was there and they couldn't justify those in most of the cases.

Chairman ROS-LEHTINEN. Thank you, Mr. Cardoza and Ms. Lee. We will be voting 14 votes and a 10-minute motion to recommit in just a few minutes, so I will try to get through the folks. Ms. Buerkle, the vice chair of Subcommittee on Terrorism, Nonproliferation, and Trade will be recognized.

Ms. BUERKLE. Thank you, Madam Chair. I am going to yield my 5 minutes to the gentleman from California, Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you very much. And perhaps I yield to Mr. Rivera the first 30 seconds of that.

Mr. RIVERA. Thank you, Chair Rohrabacher. I just want to respond to my friend, Mr. Connolly, who stated earlier regarding organizations making threats against those that don't support their agenda. Of course, every organization supports those who support their issues. Much less frequent are organizations that make a blatant threat stating that if someone does not do X on an issue be prepared to face Y consequences. I would suggest it is a much more persuasive tactic to focus on the merits of an issue rather than just issuing threats. And that was the point of my question, I think, going forward. Hopefully we will focus on the merits of this issue. Thank you, Mr. Rohrabacher.

Mr. ROHRABACHER. Yes. And reclaiming my time that has been yielded to me, which I appreciate very much. From the hearing, I have been paying attention to what everybody has been saying, and let me just thank you for making that last point about Colombia, because in the last 100 years Colombia has gone through incredible violence, and people may or may not be in the labor movement or may or may not own a plantation, but they are caught up in a cycle of violence that is beyond labor management agreements and understandings there.

I have bought on to what our friends at the Chamber, at least on this issue, our friends at the Chamber are saying in terms of the Colombia and Panama free trade agreement, that in fact we are talking about lowering tariffs on American products, which will be the—the ultimate result will be that. In fact, madam, you verified that when you told me that the labor leaders in Colombia were opposed to it, which must mean that it was going to be beneficial to our workers in the United States rather than necessarily the Colombian workers. I am here to represent the interest of the American workers, not whether or not it benefits the Colombian workers or not. In this case, it is probably going to be a win-win.

But certainly lowering the tariffs on our products for Colombia and Panama is a very laudable goal.

However, with that said, let me reaffirm that I believe in free trade between free people, and our record in China, including the Chamber's record, has been horrible. We have seen the greatest transfer of wealth from our country to a Communist dictatorship and over the last 10 years a voluntary transfer of wealth to that country at the expense of the people of the United States of America. Three million jobs have been lost here due to people setting up their plants and investing in China.

Free trade doesn't work with countries that are run by cliques, by a dictatorship. That is why I am so concerned about the South Korean free trade agreement. I want to know whether Mr. Brad Sherman's observations are accurate or not. If they are, I will oppose it, because what it indicates is that people are manipulating this free trade agreement to the point that things can be made essentially in North Korea 65 percent and can end up in our marketplace. Now, let me tell you there are very few countries that I consider to be lower on my scale of admiring their governments than China, but North Korea is one of those.

North Korea is worse than Communist China. And this is something we have got to get to the bottom of. It is not in the interest of the American people to have an agreement, that in some way after all the avenues are taken for all the agreements and how you decide what is coming into the United States, where you have a product in which 65 percent of what that product is all about is slave labor and bolstering the economy of a vicious dictatorship, which is bad for our own workers, bad for our economy and a horrible statement about what we believe in as Americans. Please go right ahead.

Mr. BRILLIANT. Let me make two quick points: First of all, this agreement does not allow for imports from Kaesong, we know that. That is clear. The second is it doesn't allow for content rules. And I need the U.S. Government to verify that. But the reality is what he is saying about 65–35 percent is not in the agreement. The second point I would make is on China. I remember coming up to see you in the 1990s on this issue, so I know where you stand. We may have some differences, but I think that we have more in common now than you might——

Chairman ROS-LEHTINEN. Thank you very much. The time for the gentlelady is done. Mr. Meeks of New York is recognized, the ranking member on the Subcommittee on Europe.

Mr. MEEKS. Thank you, Madam Chairman. Let me just say quickly, first of all, where as I basically have agreed with Mr. Mack on the trade agreements, but where he says he was waiting on the President to send them up, I must say that I was waiting on President Bush to send them up also, and they never came up. And we—and I think that President Obama has done some things. We are waiting on TAA, and hopefully it will be here and we will get these agreements up soon. I am a proponent of it.

Secondly, let me though, at the same token, to Mr. Rivera's statement, that the threats by AFL–CIO president, I was just looking at what President Trumka said following the President's statement. I just read through it thoroughly. I don't see where he has threatened the President at all. In fact he is supporting the President talking about putting people back to work. So there is no threat when the President included the trade agreements in his speech. I am looking at his statement. I don't see where he says I am not going support the President or anything else. And I can tell you, as a Member of the House who is a strong supporter of Colombia and the free trade agreements, that I have never been threatened by the AFL–CIO.

We have had a disagreement on this. We have sat down and tried to talk out and hash out our disagreements. I know that they don't see it on the way we do. But threatened? No, I can't say that I have been threatened on this agreement by the AFL–CIO, so I think that charge has absolutely no bases, in fact, in that regard. That being said, we do have differences of viewpoints in regards, especially to Colombia. When I look at the fact that Colombia labor unions have rose from 850,000 in 2002 to 1.5 million in 2009, an increase of about 75 percent, when I look at the fact that the International Labor Organization agrees that Colombia has made huge progress, and I know Ms. Lee has acknowledged that also, and so much so that it dropped Colombia from its list of countries subject to labor rights monitoring in June 2010.

And I have been back and forth to Colombia probably as much as anybody in Congress and am very happy to talk to, when I talked to labor leaders in Colombia, especially with regard to the Labor Action Plan, how they were waiting for a long time for this kind of plan to come and they were praising President Obama for its inclusion.

But that being said, what I wanted to change and just ask the question about briefly, because we are here in the Foreign Affairs Committee and I would like to talk about the Foreign Affairs implications of the trade agreements given this committee's jurisdiction. And trade is never about economics, it is also about our relationships with other nations and allies, it is about strengthening rule of law, it is about deepening ties. In fact, a recent report from the Council of Foreign Relations said it well, Trade has been and remains a strategic instrument of American foreign policy. It binds together countries in a broad and deep economic network that constitutes a bulwark against conflict. And all three of these pending agreements are with nations that are key allies in critical areas of the world.

So, my question to all of our panelists is how does the trade agreements, as you see them, how do they fall in on our foreign affairs with our foreign affairs agenda? And does it further those goals? I know that the expertise is in the economic realm, but this is the Foreign Affairs Committee. So I throw that out to all of our panelists.

Mr. BRILLIANT. I will be brief here. I am going to have the honor to have President Lee come over to the U.S. Chamber on the week of the 13th when he is here for a State visit. And I can tell you that we will weaken his presidency, we will weaken South Korean relationship if we don't advance our free trade agreement with that country. So it is much more than just an economic relationship. It is buttressing an already existing ally and making it a stronger relationship. That is critical given what is going on in East Asia, not just the economic world, but all the changes that are taking place, the transformational changes. So I agree 100 percent with the Congressman that these FTAs are much more than just trade agreements. They are very much an instrument of our foreign policy.

Mr. MEEKS. Ms. Lee?

Ms. LEE. If I could say, I think it is more complicated than whether we just support the current leader of a country whether we do an FTA. I think Mr. Rohrabacher mentioned before the fact that the labor unions, many of the labor unions in Colombia are opposed to the agreement. That is also true of many of the trade unionists in Korea as well. And one of the reasons is that some of these agreements are controversial, that the perception on the ground in mixed. There have been big demonstrations on the ground in both Colombia and Korea against the free trade agreements because the perception is that it is the United States and multinational corporations coming in. I know in Colombia there are some concerns about—this comes from the Colombian Department of Agriculture itself—about whether the agreement will displace a lot of agricultural production because, as people have said many times, Colombia is lowering its own tariffs, and the U.S. is not changing its market access very much.

Chairman ROS-LEHTINEN. Thank you. I am sorry. The time is up, and the bells have rung for 14 votes. And before adjourning this hearing, I would like to take a moment to highlight the contributions of one of our staffers, Robyn Wapner, who is a member of our committee majority staff. She has been working hard promoting the passage of the Colombia and Panama FTAs, and promoting U.S. interests in the Western Hemisphere. Robin is leaving us to return to her home State of California. And while I know that her family is very glad to have her back home soon, we will surely miss her. She is a wonderful professional and a terrific person. So Robyn, Godspeed on your journey home, and don't forget us. And with that, thank you, panelists, thank you, audience. The committee is adjourned.

[Whereupon, at 11:34 a.m., the committee was adjourned.]

A P P E N D I X

Material Submitted for the Hearing Record

FULL COMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515-0128

Ileana Ros-Lehtinen (R-FL), Chairman

September 20, 2011

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in Room 2172 of the Rayburn House Office Building **(and available live, via the WEBCAST link on the Committee website at http://www.hcfa.house.gov)**:

DATE: September 23, 2011

TIME: 9:30 a.m.

SUBJECT: Job Creation Made Easy: The Colombia, Panama, and South Korea Free Trade Agreements

WITNESSES:
Mr. Myron Brilliant
Senior Vice President for International Affairs
U.S. Chamber of Commerce

Mr. Luis Arguello Sr.
CEO & President
DemeTech

Mr. Drew Greenblatt
President
Marlin Steel Wire Products

Ms. Thea Lee
Deputy Chief of Staff
AFL-CIO

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS
MINUTES OF FULL COMMITTEE HEARING

Day *Friday* **Date** *9/23/11* **Room** *2172 RHOB*

Starting Time *9:55 a.m.* **Ending Time** *11:34 a.m*

Recesses ☐ (__ to __) (__ to __) (__ to __) (__ to __) (__ to __) (__ to __)

Presiding Member(s)

Rep. Ileana Ros-Lehtinen

Check all of the following that apply:

Open Session ☑
Executive (closed) Session ☐
Televised ☑

Electronically Recorded (taped) ☑
Stenographic Record ☑

TITLE OF HEARING:

Job Creation Made Easy: The Colombia, Panama, and South Korea Free Trade Agreements

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COMMITTEE MEMBERS PRESENT:

Attendance attached.

NON-COMMITTEE MEMBERS PRESENT:

HEARING WITNESSES: Same as meeting notice attached? Yes ☑ **No** ☐
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

TIME SCHEDULED TO RECONVENE _________
or
TIME ADJOURNED *11:34 a.m.*

____

Jean Carroll, Director of Committee Operations

Hearing/Briefing Title: Job Creation Made Easy: The Colombia, Panama, and South Korea Free Trade Agreements

Date: 9/23/11

Present	Member
X	Ileana Ros-Lehtinen, FL
X	Christopher Smith, NJ
	Dan Burton, IN
	Elton Gallegly, CA
X	Dana Rohrabacher, CA
	Donald Manzullo, IL
X	Edward R. Royce, CA
X	Steve Chabot, OH
	Ron Paul, TX
	Mike Pence, IN
	Joe Wilson, SC
X	Connie Mack, FL
	Jeff Fortenberry, NE
	Michael McCaul, TX
	Ted Poe, TX
	Gus M. Bilirakis, FL
	Jean Schmidt, OH
	Bill Johnson, OH
X	David Rivera, FL
	Mike Kelly, PA
	Tim Griffin, AK
	Tom Marino, PA
X	Jeff Duncan, SC
X	Ann Marie Buerkle, NY
	Renee Ellmers, NC
	Robert Turner, NY

Present	Member
X	Howard L. Berman, CA
	Gary L. Ackerman, NY
	Eni F.H. Faleomavaega, AS
	Donald M. Payne, NJ
X	Brad Sherman, CA
	Eliot Engel, NY
X	Gregory Meeks, NY
	Russ Carnahan, MO
X	Albio Sires, NJ
X	Gerry Connolly, VA
	Ted Deutch, FL
X	Dennis Cardoza, CA
	Ben Chandler, KY
	Brian Higgins, NY
	Allyson Schwartz, PA
	Chris Murphy, CT
	Frederica Wilson, FL
	Karen Bass, CA
	William Keating, MA
X	David Cicilline, RI