We live at a most unique and historic time. It is in many ways much like where America found itself after World War II. Of course different dynamics, but nonetheless a critically defining time. We found ourselves over 50 years ago as the only economic and military superpower on earth – faced with the uncertainties of a new world order much dependent on the U.S. for stability, peace and prosperity. We had to readjust our thinking, re-calibrate and change policies, refocus priorities, and lead. Yes, lead. Oh, what a heavy and unfair burden. A responsibility we did not seek but one that found us.

Many differences exist between the world of today and the world Harry Truman faced 50 years ago. But there is one common denominator – American leadership. Just as Harry Truman helped prepare America for a new world 50 years ago, so must we help prepare America today for a new world in a new century with new challenges and new responses to those challenges. We need policies, agreements, laws and regulations that are relevant to our times.

Trade is one of America’s most vital and fundamental elements that establishes our role in this globally connected new world. It connects us to all peoples of the world in positive and productive ways.

Trade is more than just commerce. It helps influence a nation’s behavior. You all see this first hand. Trade and increased investment creates jobs, helps open closed societies, improves standards of living and provides increased hope and opportunities in all nations. When we lose trade opportunities, we also lose the ability to help encourage responsible conduct, promote freedom and democracy and develop market economies.

It simply makes no sense from a human rights or a business perspective for the United States not to provide strong, aggressive leadership in helping open new markets and break down trade barriers.

Last week, I chaired a hearing on the Export-Import Bank in the Subcommittee on International Trade and Finance. In that hearing, we heard five representatives of small and medium-sized businesses talk about their export experiences. These businesses represent thousands of high paying American jobs, and their universal response was that we’re getting out gunned in the international marketplace. Other nations are outmaneuvering the United States in world trade. These businesses are losing markets...
and customers to companies from nations who have been aggressively courting new markets with the direct and indirect assistance of their governments. And as you all know, when a market is lost, and the standards and the base that go with it are lost, it’s very difficult to get it back or even get back in the market.

Why is this happening? Because we’ve not made trade a top priority in our government with the kind of political leadership that must be attached to it. And because of the mindless, inconsistent, contradictory regulations, sanctions and policies of our government that have inhibited, frustrated, limited and worked against our national interests and competitive position in world markets.

So what do we do to undo this folly? First we need leadership on this issue. Leadership from the President, the Congress and the business community. And our labor unions should re-address their positions on trade. Helping to lead the positive formulation of trade policy rather than fighting it enhances labor’s position and protects the future of its members.

The President has recently laid out his trade priorities and principles. This is a good starting point.

Moving a trade agenda through Congress will not be easy. This issue has become very politicized. In fact, it has paralyzed Congressional trade debate. As Congress Daily reported Friday afternoon, moderate Democrats in Congress plan to offer their own trade principles in the House and Senate this week, while the Democratic Leadership has asked them to hold off in order to block all trade efforts.

This country expects its leaders to lead, not to defer the tough decisions. The American people expect us to work together to find solutions to the problems and construct policies relevant to the challenges. This includes trade.

**Omnibus Trade Bill**

I would like to share with you my thoughts on what should be included in an omnibus trade initiative that needs to be passed and signed into law this year. Congress has pending more than 30 trade bills. In my opinion, the following are the most important components to trade reform.

First, it should contain a simple legislative vehicle to grant the President Trade Promotion Authority (TPA). Senators Phil Gramm, Roberts and I have introduced legislation that revives the 1988 Fast Track legislation that granted the authority for the completion of the Uruguay Round. This TPA legislation has simple, clear consulting requirements and gives Congress the right to reject a trade agreement that does not reflect
its will. It also allows each trade agreement to address the unique situations found in each trade relationship in an appropriate manner. It is critical to moving forward on the Free Trade Agreement for the Americas.

What do we lose without Trade Promotion Authority? Everything. But more importantly, what do we gain? Nothing. We have no authority to facilitate the opening of new markets. No ability to provide leverage to eliminate trade and investment barriers. No negotiating authority to set standards for health, safety and consumer protection around the world. No authority to adequately protect valuable U.S. intellectual property. By granting the President Trade Promotion Authority we gain the ability to move forward on all these fronts. Some argue that we have passed major trade legislation without TPA, such as Permanent Normal Trade Relations for China. But that was entirely a one-sided agreement with no concessions required of the United States.

Second, an omnibus bill should include legislation to extend the Andean Trade Preference Act and renew the Generalized System of Preferences.

Third, it should include a renewed and strengthened Trade Adjustment Assistance program that enables workers and farmers to take advantage of the new opportunities created by expanded trade.

Fourth, an Omnibus Trade Bill should include worker rights and environmental protection enhancement directives for how the Administration, and the environment and labor communities can more strongly support and more effectively work together with international institutions to encourage the acceptance of, adherence to, and national enforcement of core labor and environmental protection standards. These international bodies can be more effective in raising awareness and building consensus and support for such standards than overloading trade agreement circuits that will only entangle and eventually bring down trade agreements. Trade agreements, like any agreements, can accomplish and deal with only so many issues. Also, any trade bill should give the President wide discretion and executive options in dealing with trade agreement violations.

Trade sanctions should not be part of “trade-opening” agreements. Developing countries may not enjoy the high labor and environment standards that we and other developed countries enjoy. There is a direct link between poverty and low labor standards and environmental degradation. Trade agreements between the U.S. and developing countries help boost all economies and force attention on improving these other areas. That’s the purpose of trade agreements.
Any trade bill should direct the Administration to ensure that programs are enhanced that would assist our trading partners to develop the rule of law.

Omnibus trade legislation could also include the following bills sponsored by my colleagues in the Senate that address trade issues:

Legislation by Senator Phil Gramm to direct the U.S. Customs Service to ensure that it is able to facilitate the flow of goods across borders more effectively with an upgraded automation system.

The creation of a North America Development Bank, as outlined in a bill by Senator Domenici, to develop the physical port-of-entry infrastructure along our Southwest border in order to reduce the negative environmental impact associated with cross-border transportation.

Senator Brownback’s legislation providing for Normal Trade Relations with Kazakhstan.

Legislation to include duty suspensions for products not made in the U.S., such as the proposal offered by Senator Murkowski for steam boilers used in nuclear power plants.

Finally, any omnibus trade bill should implement the Jordan Free Trade Agreement. I oppose the use of trade sanctions and other trade-distorting mechanisms to enforce labor and environment standards that do not have international consensus. The Jordan agreement has trade-distorting measures in it that I prefer were not in it. However, the Jordan agreement should be implemented as soon as possible. It should not hold the rest of our trade agenda captive. We need to look to the future. Given the foreign policy dynamics, especially in light of what happened over the weekend in the Middle East, we need to move this agreement through Congress. This agreement is not a template for other bilateral trade agreements. Each country has its own set of domestic laws that must be respected and addressed separately with each new bilateral agreement. As I said earlier, the President should have discretion in dealing with trade agreement violations.

This is not an exclusive list of what should be included in an Omnibus Trade Bill. There are many issues that can be addressed in a reasonable manner.

**Items Independent of an Omnibus Trade Bill**

There are also several items that should be moved outside an Omnibus Trade Bill.

First, the Administration should send Congress the Vietnam Bilateral Trade
Agreement so that we can pass it and move forward in our relationship with Vietnam. In 1999, I traveled to Vietnam for the first time since 1968. In many ways, I found a country much unchanged, still locked in abject poverty and untouched by the advances made in the rest of the world. Yet, there is an entrepreneurial spirit in Vietnam poised to flourish and waiting to break the restrictions of totalitarian government. The Vietnam Bilateral Trade Agreement will not only open the borders of a former enemy to U.S. products, services and culture, it will provide opportunities for the Vietnamese people to raise their standards of living and build a stronger base for a market economy. And it will move Vietnam closer to becoming a friend and eventually an ally of the U.S. This is in our best interest.

Second, Congress should reauthorize the charter of the U.S. Export-Import Bank and provide it with adequate funding to accomplish its mission. During the Asian financial crisis, the Ex-Im Bank helped keep trade going between the U.S. and struggling economies in Asia.

Third, Congress should pass the reauthorization of the Export Administration Act (EAA) eliminating barriers to exports while continuing to ensure that our national security interests are protected. Senators Phil Gramm and Enzi have worked very hard to get this done. This reauthorization focuses on the realities of today’s global challenges and makes the appropriate and relevant adjustments necessary to compete in a new kind of world.

No matter how comprehensive, trade policy cannot be considered in a vacuum. Congress needs to act in other areas as well. The biggest storm clouds on the horizon are our energy problems and sustaining the continued growth of our economy. Both will have an impact on our ability to expand trade opportunities.

Energy touches every facet of our lives, especially in industry. Developing a national energy policy that ensures a reliable, stable and affordable domestic supply of energy is the most pressing challenge we face. Last week, President Bush presented a very solid, comprehensive and balanced energy plan. It addresses both our energy needs and our environmental priorities. For too long we’ve treated these issues as mutually exclusive, which led to a schizophrenic maze of energy and environmental regulations. I don’t need to tell you what bringing some common sense and joint consideration to energy and the environment will mean. It will allow us to be more efficient, more productive, and at the same time ensure greater protection of our natural resources. This all enhances our global competitiveness and role in the world.
Immigration reform is an essential part of a new comprehensive trade and economic policy. Our immigration policy is byzantine, contradictory and not in our self interest.

Congress must pass the President’s tax cut plan. This will help drive productive capacity and ensure continued economic growth. There are many parts of the tax package that I like. I cosponsored an amendment this morning to cut the capital gains tax rate from 20 percent to 15 percent. Reducing capital gains taxes is a powerful economic stimulus. Not only does it unlock critical investment capital for new productive uses, it provides real tax relief for middle income families and generates additional tax revenue. The Senate will vote on this amendment later this evening.

Cutting the capital gains tax will help, but the most important part of the President’s tax package is the across-the-board rate reductions. These rate reductions are absolutely critical to provide tax relief for the greatest number of Americans and to sustain economic growth. In my opinion the Senate bill does not do enough. I believe we need the rate reductions included in the House tax bill and hope that’s what will emerge in the final package.

Trade, energy, tax relief, immigration reform – are all related. The future of our country rests on all four. Congress is already moving forward on the President’s tax relief and energy plans.

We must do the same for trade. We cannot continue to dither and put America at risk while other nations strengthen their global competitive advantage.

The forces that now propel world trade are many and powerful. America must construct a wise, visionary, market oriented trade policy to harness these forces if we are to successfully compete in this new world marketplace. America invented this world marketplace and the technologies that set it into motion. Are we so inept, timid and unimaginative that we shall forfeit the very ground on which we have helped build the greatest international marketplace in history?

Just as it was after World War II, so it is now. Bold, creative leadership and relevant policy will be required to keep America competitive and strong. This will require your continued help, direction and leadership. This is within our grasp. Thank you.