

**Hearing on the 2019 Trade Policy Agenda:
Negotiations with China, Japan, the EU, and UK;
new NAFTA/USMCA; U.S. Participation in
the WTO; and other matters**

HEARING
BEFORE THE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
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HOUSE COMMITTEE ON WAYS & MEANS

CHAIRMAN RICHARD E. NEAL

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

FOR IMMEDIATE RELEASE

June 12, 2019

No. FC-15

CONTACT: (202) 225-3625

Chairman Neal Announces a Hearing on the 2019 Trade Policy Agenda: Negotiations with China, Japan, the EU, and UK; new NAFTA/USMCA; U.S. Participation in the WTO; and other matters

House Ways and Means Chairman Richard E. Neal announced today that the Committee will hold a hearing entitled “The 2019 Trade Policy Agenda: Negotiations with China, Japan, the EU, and UK; new NAFTA/USMCA; U.S. Participation in the WTO; and other matters” on Wednesday, June 19, at 9:30 a.m. in room 1100 Longworth House Office Building. The only invited witness is Ambassador Robert E. Lighthizer, United States Trade Representative.

In view of the limited time available to hear the witness, oral testimony at this hearing will be from the invited witness only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record can do so here: WMdem.submission@mail.house.gov.

Please ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, by the close of business on Wednesday, July 3, 2019.

For questions, or if you encounter technical problems, please call (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion

of the Committee. The Committee will not alter the content of your submission, but reserves the right to format it according to guidelines. Any submission provided to the Committee by a witness, any materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

The Committee seeks to make its facilities accessible to persons with disabilities. If you require special accommodations, please call (202) 225-3625 in advance of the event (four business days' notice is requested). Questions regarding special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories are available [[here](#)].

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**Hearing on the 2019 Trade Policy Agenda: Negotiations with
China, Japan, the EU, and UK; new NAFTA/USMCA;
U.S. Participation in the WTO; and other matters**

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

WITNESS

The Honorable Robert E. Lighthizer
U.S. Trade Representative
The Office of the U.S. Trade Representative
[Witness Statement](#)

The Committee met, pursuant to notice, at 9:31 a.m. in Room 1100 Longworth
House Office Building, Hon. Richard Neal [Chairman of the Committee] presiding.

*Chairman Neal. The committee will come to order. Good morning. Today we welcome Ambassador Robert E. Lighthizer, the United States Trade Representative, to discuss the 2019 Trade Policy Agenda, including negotiations with China, Japan, the EU, UK, the new NAFTA/USMCA, and U.S. participation in WTO.

Ambassador Lighthizer, we are pleased to welcome you back before the Ways and Means Committee after our hearings on China trade at the end of February. We have been eager to consult with you on all the various aspects of the President's Trade Policy Agenda, and it has taken a while to get this hearing on the books.

I am confident in the value of today's discussion to the members of this committee, our constituents, and to the American public. Committee Democrats are already deeply engaged with you on the new NAFTA. This hearing today allows us to further that engagement.

I commit to you in this public forum, as I have in private for the past many months, to continue working with you on NAFTA in good faith, based on facts and a desire to make responsible policy. The opportunity we have right now to improve the NAFTA is too important not to get it right. We have a chance to set the American economy and the American workers on a better course. We can ensure that labor standards are raised through this agreement, that protections for the environment are respected, and that affordable access to medicines is preserved now and in the future. All of this is too important to rush.

I am not the only person making this point. It is consistent with what we have heard from the AFL-CIO President, Rich Trumka, in his town hall tour of the Rust Belt, from the Business Roundtable, and yesterday from Senator Grassley, as well.

I would like to commit to continuing our productive discussions in good faith, as well. I believe, from working with you these past two years, that we have a lot in common, and that as long as we all want to get to yes, we can and will get there.

With respect to the larger trade agreement agenda, over the past year we had a lot of activity on trade from the Administration. We have negotiated and renegotiated the NAFTA and the U.S.-Korean Free Trade Agreement. You have initiated trade negotiations with China, Japan, the EU, and the UK. You have announced the desire to negotiate free trade agreements with a sub-Saharan African country. We are also hearing interest from Switzerland and the Republic of Georgia in bilateral trade agreement opportunities for the United States.

You have won, continually, WTO disputes, and are seeking to negotiate reform outcomes.

The Administration has imposed waves of tariffs under section 301 on China, and under section 232 on steel and aluminum from nearly all sources.

Recently the Administration also threatened to impose five-percent tariffs on Mexico in order to secure immigration-related commitments for Mexico. I remain quite concerned that these threats continue to be dangled over Mexico. As I said over a week ago, commandeering U.S. trade policy to influence border security is an abuse of power, and something that I do not support. While I commend you for trying to tackle some difficult and longstanding trade issues, particularly with China, any gains made with respect to the trade agenda will be eroded if the Administration continues to use existing tariff authority in this manner.

Most importantly, I think the Administration needs to think broadly and be honest about its policies and how they impact American workers. We see a lot of effort by the Administration to leverage trade policies and trade tools in the name of America's workers, and we are supportive of your efforts to secure meaningful and structural change from China to level the playing field in trade and investment. But at the same time, we see tax policies, education policies, worker and family support policies, labor policies, and border

policies that undercut the interests of American workers and make life more difficult for middle-class families.

The committee and my staff stand ready to work with you and your team to advance U.S. trade policy for the benefit of all Americans.

[\[The statement of Chairman Neal follows:\]](#)

*Chairman Neal. And now let me recognize Mr. Brady, the ranking member, for an opening statement.

*Mr. Brady. Thank you, Chairman Neal, for calling this hearing. And thank you, Ambassador Lighthizer, for testifying.

Armed with the new modern tax code led by President Trump and Republicans, America has regained the title of the number-one most competitive economy in the world. Our economy is growing 50 percent faster than the Obama experts gloomily predicted. Wages are growing for the first time in a decade. American manufacturing is back. And, for the first time in modern history, more direct investment is flowing into the U.S. than is leaving.

To grow the economy further we need more customers, because we must not only buy American, but sell American to every corner of the globe. That is what free and fair trade can do.

Ambassador, you and President Trump have worked tirelessly to bring many of our trade relationships into the 21st century. Most important among them is USMCA. On balance, USMCA truly is the 21st century trade agreement, setting high standards in many crucial areas for America: ag, digital trade, customs, intellectual property, producing strong wins for American manufacturers, farmers, workers and service businesses.

Of course, agreements must be enforceable to hold our trading partners accountable. Establishing strong, effective, and timely processes to settle disputes ensures that America

receives the full benefits of USMCA. Congress must first approve this agreement as soon as possible to unlock these benefits. Every day USMCA is delayed, America suffers. By improving some of NAFTA's strengths and fixing its shortcomings, USMCA will grow America's economy, American jobs, and higher wages for our workers and farmers. The longer Congress delays implementing USMCA, our country will lose out on more jobs, more customers for Made in America goods, and a stronger economy.

Chairman Neal, I look forward to working with you closely to achieve strong bipartisan support for the agreement as quickly as possible, without delay. Strengthening our North American economy through this agreement will build momentum for other important trade negotiations.

First among these is China. There is bipartisan agreement on Capitol Hill that China's predatory trade practices, from intellectual property theft to forced technology transfers, and from massive subsidies to excess capacity, are unacceptable. President Trump is the first president to truly take China head on and insist on a fair trading relationship.

Ambassador, you are attempting to tackle these key issues for the sake of our workers, our farmers, and local businesses. The President is right to insist on a new trading relationship with China that is fair, is measurable, and enforceable. If China doesn't live up to those types of commitments, we must have an automatic, direct, and consequential response.

Tariffs are the tool that the President has chosen to bring China to the table for constructive discussions. I may not like tariffs. In fact, I believe there ought to be zero whenever possible. But I and everyone else knows China has been cheating for far too long. President Trump is right to challenge them and insist on real change. While the tariffs are in place, though, we need an effective product exclusion process that targets the

tariffs on China and gives relief to American companies and farmers caught in the middle.

Republicans are committed to working with you, and continue to do so, Ambassador, to resolve these long-standing issues faced by local businesses. We are at a rare moment of time, where the U.S. and China can launch a new era of free and fair trade that benefits all. And with that, the lifting of tariffs, which will benefit consumers and help the U.S. economy soar.

In addition to China, we must unlock as many markets as possible for American goods and services. These markets, as you pointed out, include Japan, the EU, the UK, as well as potential new partners. We expect comprehensive negotiations, including ag and services, as well as manufacturing, whether it is across the Pacific or across the Atlantic.

We must also reform the World Trade Organization to address non-market economies in meaningful ways, to fix the appellate body overreach, and move ambitious negotiations on e-commerce with those countries that are ready.

To address the world's changing climate America should lead the way to conclude a successful environmental goods agreement with zero tariffs on state-of-the-art technology to reduce carbon emissions around the planet.

In each of these negotiations, we expect that you will consult with us, and with our staffs thoroughly and meaningfully, according to the requirements the Trade Act of 1974, without exception.

Let me conclude by noting we started 2019 on a path for another year of 3 percent growth. It is possible for us to achieve this goal through sustained, pro-growth tax, regulatory, and trade policy. For our workers who are finally seeing paychecks grow after years of stagnation, for our mainstream businesses who are recording record optimism, for our farmers, who feed our families and need relief, let's move forward on our ambitious trade agenda, beginning with passing USMCA without further delay.

Thank you, Chairman.

[\[The statement of Mr. Brady follows:\]](#)

*Chairman Neal. Thank you, Mr. Brady. And without objection, all members' opening statements will be made part of the record.

Today's sole witness is Ambassador Robert E. Lighthizer, the United States Trade Representative.

The committee has received your written statement. It will be made part of the formal hearing record. You have five minutes to deliver your oral remarks.

Ambassador Lighthizer, again, welcome, and you may begin as you are ready.

STATEMENT OF ROBERT E. LIGHTHIZER, UNITED STATES TRADE
REPRESENTATIVE

*Ambassador Lighthizer. Thank you, Mr. Chairman. Mr. Chairman, Ranking Member Brady, members of the committee, it is a pleasure to appear before you today to testify on the President's trade agenda and the newly renegotiated United States-Mexico-Canada agreement.

I would like to begin by noting that the American economy is doing well. We are growing substantially faster than any other G7 country, 3.1 percent. We added 5.8 million jobs since the 2016 election. Notably, 500,000 of those jobs are in manufacturing.

The unemployment rate, at 3.6 percent, is the lowest in nearly half a century, and has been at or below 4 percent for 15 consecutive months. Hourly wages were up some 3.1 percent over the last 12 months. And, contrary to what one hears, exports are growing. Indeed, 2018 was the highest year in our history for exports of both goods and services, while agriculture exports in 2018 were not the highest in history. They were up over 2017

and 2016.

I am pleased to present the Trade Policy Agenda and the 2018 Annual Report of the Committee. This document, which USTR put out recently, outlines the Administration's trade priorities and catalogues recent accomplishments.

The President is troubled by huge and persistent trade deficits, which the United States has with many countries. These deficits are the result of many factors: faster economic growth, currency valuations, and at some -- to some extent, tax policy. But they are also partially the result of trade rules that often times are unfair to Americans and lock in non-economic advantages to our trading partners.

We at USTR are very much focused on changing these rules when they are unfair to American farmers, ranchers, workers and businesses. This has included renegotiating KORUS, renegotiating NAFTA. We also have been reviewing GSP eligibility around the world, actively engaging in TIFA talks with many, many countries. Reviewing the rules and function of the WTO, also.

USTR has been active in enforcing the existing obligations of our trading partners. We have brought many WTO cases. We have filed counter-notifications to WTO, and we have worked with members on proposals to improve compliance with existing rules.

We are also engaged directly with trading partners under existing agreements. For example, we have successfully resolved concerns with Peru after requesting the first-ever environmental consultation in the U.S.-Peru Trade Promotion Agreement.

In addition, we have used section 301 to investigate unfair trade practices in China. We believe our economic relationship with China has been unbalanced and grossly unfair to American workers, farmers, ranchers, and businesses for decades. After an exhaustive process, we put tariffs on certain Chinese products, and are prepared to put more tariffs in place if certain issues are not resolved satisfactorily.

Finally, I am pleased to testify here today on the newly renegotiated USMCA. We have worked very closely with members throughout this process, and many of the improvements in this agreement reflect Republican and Democratic members' ideas and thoughts.

In short, I believe the USMCA is the strongest, most momentous trade agreement in U.S. history. It is the gold standard for rules on digital economy, financial services, intellectual property, and many other areas. It has -- it will help to stop the outsourcing of manufacturing and return many jobs to the United States.

Its labor and environment provisions are the most far-reaching ever negotiated in a trade agreement. The agriculture chapter will lead to increased market access and eliminate unfair practices by our trading partners.

This is truly a great agreement, and I look forward to working with members to make it even better, and to write implementing legislation that will earn large bipartisan majorities.

With that, Mr. Chairman, I will stop. Thank you again for your courtesy, and that of the other members that has been shown to me over the last two-plus years, and I look forward to your questions.

[\[The statement of Mr. Lighthizer follows:\]](#)

*Chairman Neal. Thank you, Mr. Ambassador. We will now move to questioning under the five-minute rule. Consistent with committee practice, those members present at the time of the gavel coming down will be recognized first, in the order of seniority. Let me begin by recognizing myself.

Mr. Ambassador, I was surprised when the President announced his intention to impose 5-percent tariffs on Mexico, with a possible escalation to 25 percent over immigration issues, particularly when you sent the draft statement of administrative action

for the new NAFTA on the same day as the President's announcement.

Are you supportive of the President's threat to impose those tariffs on imports from Mexico? What is the legal and policy rationale for imposing such tariffs? And do you think that the President's threat undermines or makes more complicated our efforts to pass the new NAFTA?

*Ambassador Lighthizer. So that would be yes, yes, and no.

[Laughter.]

*Ambassador Lighthizer. So the original -- do I support it? Absolutely, I support it.

Do I think it makes it more difficult to pass the USMCA? I hope not. I don't think so. There is no reason, in my judgment, why it should.

What is the policy and legal rationale, the policy, the -- of legal action? Our rationale is a law that was passed by the United States Congress called IEEPA. And if you believe there is a crisis, and you have to deal with it in some way, you do what you have to do. So I support the President entirely on that.

*Chairman Neal. So the question is -- again, just a follow-up -- so that we could use national security, based upon the border issue with Mexico.

*Ambassador Lighthizer. So, in the first place, I am not an expert on that Act. But the answer, in my judgment, is yes. If you declare there being a national emergency, you can use that statute for that purpose.

I would say that we ought not to lose sight of the fact that the issue was satisfactorily resolved. The Mexicans are happy, the United States is happy. The crisis seems to have been averted, and we are moving in the right direction.

*Chairman Neal. Let me seek, as I have in the past, the commitment that you are going to continue to work collaboratively with this committee and staff to address the

concerns that House Democrats have raised about the new NAFTA. This phase in the consultation process must be driven by substance, and certainly not arbitrary deadlines.

For my part, I am willing to work with you on a path forward. But we need assurances from you that you will give us the space and the time to work out these complex issues. It is important that we get this right, once and for all.

And would you care to comment?

*Ambassador Lighthizer. Well, I guess I would say, Mr. Chairman, first of all, I have worked with Republicans and Democrats from day one. Ninety percent of your members I have had personal conversations with. If -- this has been, by no means, a partisan approach. So that would be the first thing I would say.

Secondly, I would say I certainly agree that the Speaker has the option of deciding when bills come to the floor. And that is unquestionable, in my judgment.

The third thing I would say is the bill has been public, and we have been in negotiations for nine months. So the suggestion that somehow that is rushing, I guess I would push back against that. I don't believe that waiting nine months to get to the point where you can make improvements is rushing anything.

I think we are in a position where the members know what they want. I know what the members want. It is a question of sitting down and deciding where the lines are, and what can be done, and what can't be done. That is what I have been trying to get to for some period of time.

Thankfully, the Speaker is moving forward on that. I am very grateful for that. I think, as I said in the Senate yesterday, in all respects she has treated the process fairly and professionally and done exactly what a person would hope she would do. Not surprisingly, but she has done exactly -- done this.

And I am very eager to sit down and say, "Okay, Members, tell me with some

specificity,” and then to be able to say, “Here, I will do this, is that enough,” I -- we just have to get to that stage.

And I guess just the final thing I would say is getting this done sooner, rather than later, is in everybody's interest. It saves jobs, it helps the economy, it gets certainty in place. So there is every reason to get this done. And it avoids the possibility that we are going to have something unrelated to anything anybody here cares about come in and change the nature of this. This is tens of millions of jobs. It is \$1.4 trillion worth of the economy. It is a huge improvement. Nobody disagrees with that, and getting it over the finish line, I think, is really important for the American people.

*Chairman Neal. Thank you. And let me recognize the ranking member, Mr. Brady, for five minutes.

*Mr. Brady. Thank you, Chairman. I come from Texas. I think it is shameful Congress has turned a blind eye to the humanitarian crisis on the border. We have never seen it like this. Real people are suffering. It is time, in my view, for Congress to step up, provide the resources as is necessary to take care of those kids and those families surging across the border.

I do think we can have both a strong border relationship, security relationship with Mexico, and a strong trading relationship with Mexico. And I was pleased to see that the White House negotiated improvements to security. And now it is our job in Congress to pass improvements to the trade relationship itself.

Let me start with China. Where are we with China? What are your expectations for President Trump's meeting with President Xi at the G-20? And do you expect the talks of which there was great substance, a lot of good work done -- when do you expect those to restart?

Could you hit that microphone, Ambassador?

*Chairman Neal. Put your microphone on, please.

*Ambassador Lighthizer. I should turn it on, too, right? So, you know, thank you, Congressman.

First of all, as you say, we had negotiations with China. This is extremely important. We have a very unbalanced relationship with China, and we have one that risks literally the jobs of the future for America. So it is very important that we get this relationship right, and that we not go on the way it had gone on, escalating to getting worse over the course of the last two-plus decades.

So we had good negotiations. They went on for a period of months. Everyone knows the history of it. And I think we were making good headway.

I think, in the final analysis, the Chinese side decided that they couldn't go forward on the basis that we are. And at that point, negotiations stopped. I don't want to say broke off, because there was no real break-off.

But I think it is in the interest of both China and the United States to have some kind of a successful agreement. The President has said he definitely wants an agreement, if we can get a great agreement for America. He, as you say, had a phone call yesterday, and then he sent out a tweet that we were going to get together. I have a conversation set up with my counterpart on the telephone in the next day-and-a-half, and then I expect to meet with him, with Secretary Mnuchin, in Osaka before the President meets. And then I expect the President to have the meeting.

When actual negotiations begin again, I can't say at this point. But we are clearly going to -- we are talking, we are going to meet. And, you know, I -- we have the same objective that you and the other members have, and that is that if we can resolve these issues in a way that improves this relationship, preserves the competitive advantage of the United States, we have an obligation to do that. And hopefully we will get to that point.

*Mr. Brady. So if China comes back to the table, you are ready to engage?

*Ambassador Lighthizer. Well, absolutely. We are ready to engage. There was a lot of good work done, a lot of trust built up there, very tough negotiators, very professional. And we are certainly willing to engage.

*Mr. Brady. So, Ambassador, on -- sort of shifting to the immediate issue of USMCA, obviously, you negotiated one of the most far-reaching chapters on labor that, frankly, I have ever seen. It includes a number of labor provisions that our Democratic colleagues have sought for decades and have never achieved.

This agreement is transforming the labor environment in Mexico. It is truly transformational. What is the most important part about enforcement that this committee needs to know? What China is doing to make -- we all want China to -- or, excuse me, Mexico -- to achieve what has been reached in this agreement, and for all this to be enforceable. What is the most important issue here that shows that Mexico are taking these steps, transformational steps, and will enforce them?

*Ambassador Lighthizer. So I would say -- thank you, Congressman. I would say first we have to acknowledge the fact that what Mexico did was historic. There is a kind of a sense in the U.S. that this is, like, a normal thing to do.

*Mr. Brady. It is not.

*Ambassador Lighthizer. What they did was really, really a bold, strong, labor reform, something that hasn't happened in -- other than a couple of countries in the whole world. And it is very precise in that annex. What they agreed to do, it is the view of labor -- and certainly our view -- that they implemented those things in their statute.

The question then for us will be to make sure that they actually follow through. I think there is every expectation that they will. But I think we want to plus-up in discussions with Members some procedures that will make sure that, in the years ahead, we

can continue to make sure that they follow the rules, because the current Administration there won't be there forever, either.

But there is state-to-state dispute settlement, there are very precise standards that they have to meet. And I am prepared to add other things, certainly, in U.S. law that Members think will make it more likely that we will actually bring cases if there are problems.

So having a mechanism in place, I think, is a good idea. And I am just eager to sit down with members and make sure that they are satisfied with how we do that.

*Mr. Brady. Thank you.

*Chairman Neal. Thank you. Thank you, Mr. Ambassador. Let me recognize the gentleman from Texas to inquire, Mr. Doggett.

*Mr. Doggett. Thank you, Mr. Chairman. And thank you, Ambassador, for the insight and leadership you bring to this wide range of trade issues. Certainly, the one that I am most concerned with is our shared desire to see early approval of a new NAFTA.

You are very familiar with the issues that I have raised with you over a year-and-a-half. Top of that list is ensuring that nothing in this agreement handcuffs or limits the Congress in any way from addressing the problem of prescription price gouging. I believe in what you have told me personally, and in what you said yesterday in the Senate Finance Committee: You share the objective of ensuring that the agreement does not limit the power of Congress to address drug pricing. Is that correct?

*Chairman Neal. Would you turn on your microphone, please, Mr. --

*Mr. Doggett. I want to get it loud and clear.

[Laughter.]

*Ambassador Lighthizer. This the first time I have ever testified before Congress, so I keep forgetting to put my mic on.

[Laughter.]

*Ambassador Lighthizer. So, I can take you through the history of all that, and I will on somebody else's time.

*Mr. Doggett. Thank you. But so far, yes --

*Ambassador Lighthizer. But the answer is -- the answer is yes, I completely agree with that, and I said that I think it is very, very important that Congress have this -- the policy space to do what Congress wants to do in this very important area. And it was - - and I believe that is something I can satisfy you and other Members on.

*Mr. Doggett. And second, you have also indicated, both privately and in public testimony, that you want an agreement with reference to working conditions and labor that is fully enforceable, and that the progress that you have made in this new NAFTA is more than just in name, but is in practice. Is that correct?

*Ambassador Lighthizer. Yes, that is also absolutely correct.

I try to convince Members that this is an important part of the President's legacy. It is also an important part of my personal legacy. We have no interest at all in doing something which we both think is extremely important, will -- is transformative, not just for Mexico. That is their business. But I think it will have a huge positive effect on the United States. And the last thing either of us want is to have this disappear in six years when we walk out the door.

So it is -- we want -- we have every reason to have this be something that is enforced in perpetuity.

*Mr. Doggett. Let me just say that, with regard to those two issues, as well as the issue that I have raised with your colleague here today, Ambassador Mahoney, concerning the environmental provisions, and not wanting to see less protection, that is -- on the environment that is afforded under the May 10th agreement, and that was included within

the failed Trans-Pacific Partnership Agreement, that on all of these what I am seeking, and I think other colleagues are seeking, is truly enforceable provisions.

I think that a meaningless side letter like we had on environmental enforcement under the original NAFTA or some other meaningless provision is not what we are looking for, and that, short of, "reopening the agreement," that a self-executing amendment signed by all three countries that makes it clear that this has the same status as the original agreement, would fulfill that objective.

I would add, however, much -- this echoes what the Chairman has said to you about Mexico -- one of the strongest advocates that I know of NAFTA from San Antonio, a Chamber leader, contacted me this week with the message, "Hold out until the Administration commits to no tariffs imposed on Mexico outside of our trade agreements, no reallocation of resources at the points of entry impacting trade and funding for NAD Bank. USMCA or NAFTA means nothing if we don't get that agreement."

I know that what has been done by the Administration, with the possibility of a 25 percent tax on Texans and Americans generally because of unrelated issues, is not necessarily a policy that you initiated, but it does undermine our attempt to reach agreement on this.

Finally, with regard to China, I again know not within your direct responsibility. I have raised with you before Huawei. Also, the problem of a million Uyghurs imprisoned in China, apparently many doing work for -- on behalf of American companies, as indicated in a recent Wall Street Journal study. Those issues of forced labor to produce goods contrary to American law are troubling. And I hope in the broader discussions, outside what you individually are responsible for, that they are issues that are raised with the Chinese.

We need a stable policy that considers all of these issues. Thank you very much.

*Chairman Neal. Thank you. Thank you, Mr. Doggett. With that, let me recognize the gentleman from California, Mr. Nunes, to inquire.

*Mr. Nunes. Thank you, Mr. Chairman. Congratulations, Ambassador, especially on the labor provisions, as you outlined in your opening statement, and to the Chairman's questions. I think this is quite an accomplishment, especially for our Mexican allies to the south.

I have a question on enforcement as it relates to agriculture, because it seems like agriculture is always talked about, but then when it comes to enforcement mechanisms -- in the new U.S.-Mexico Canadian agreement, what can you say to those that are concerned that the enforcement mechanisms are not going to be effective?

*Ambassador Lighthizer. Well, thank you, Congressman. I would say, first of all, we have the best access, as you know, and the best agriculture chapter we have ever negotiated any other agreement and opened up new markets. It takes care of this class six, class seven problem that I had more Members talk about to me than any other single thing until we got it fixed. And then nobody talks about it anymore.

So we did some -- we did a whole lot of fantastic stuff in here that we did do. Everything in this agreement is fully enforceable in the same way that other things are. There is -- none of them are outside of the normal enforcement. You have the normal state-to-state process. You have one where we can bring an action and will bring an action against Canada or Mexico if there is any violation of any of these agreements.

So it is fully enforceable, and I expect to have it be enforced.

*Mr. Nunes. Well, being from California, with the -- being the number-one agricultural state that a lot of people don't realize, but also with the high-tech sector, you have negotiated what is probably the premier high-tech area, in terms of agreements with protecting private property and technological patents.

Do you want to talk any about that, about what you -- what is new to this agreement, the U.S.-Mexico-Canada, versus what we have seen before?

*Ambassador Lighthizer. Well, I would say a couple of things, and thank you for that question.

Number one, there is no digital chapter in the current NAFTA, right? The current NAFTA, people -- I remember those days better than most Members, and we didn't have any clue about any of this stuff going on. So there is no chapter in there at all. So anyone who compares this to NAFTA, there is nothing.

And I would say it is an extremely important part of -- it is where a lot of American jobs are. It is where Americans' edge is. It is where our technology is. And the digital trade obligations in here really go across most of the industries we are worried about. This -- it isn't just -- we think of that as, like, one set of industries, but, really, it isn't. It is something that goes across the entire economy.

This is the most far-reaching agreement ever negotiated. It has prohibitions on source code and algorithm. It has data flow provisions. It has data localization provisions. It has had electronic authorization provisions. It has access to public data provisions. It has just an enormous number of divisions. It is better than TPP, which had a pretty good chapter in this respect. It is better than TPP in all respects. And this is literally the gold standard. This is the -- in this area this is what every other trade agreement will be measured against.

*Mr. Nunes. Well, congratulations on that, Ambassador. And as -- just to remind everyone, at the time that NAFTA was first implemented, the Internet was basically brand new at the time. So there really is a need for this agreement to be updated. And we are excited, especially in California, where we have so much to gain from these agreements.

I want to switch just a little bit to China. You may find that China may be the only

thing that you get bipartisan agreement on here in the Congress. You haven't seen a lot of criticism. None of us, at least on the Republican side, really like the tariffs. But at the same time, we are well aware of the national security threat that China poses to, not only the United States, but our allies. And like I said, this is -- I just want to make clear, as I don't think you will see much criticism, even from the Ways and Means Committee members today, as it relates to how we are dealing with -- how the Administration is dealing with China.

And I just want to make sure that I reassure you today that I don't want to get a deal with China just to get a deal. What I would rather see us do is look at other countries, like the UK, if they go through with Brexit, like the Philippines, like Vietnam and other Asian countries -- Japan, especially, that you have been working on. I would like to see us focus on that, and only make a deal with the Chinese if the Chinese are really going to stop their aggressive behavior.

*Ambassador Lighthizer. Can I just say briefly that your time is up? I really want to thank the members, Republicans and Democrats, for their support for the President, and for me, and this endeavor. You are exactly right. The difference between winning and losing on these absolutely essential issues is the extent to which it is viewed internationally as a bipartisan priority. And I think it is, and I am -- and I think it says a lot about our political system that we are in that spot.

*Chairman Neal. Thank you.

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

*Chairman Neal. Let me recognize the gentleman from California, Mr. Thompson, to inquire.

*Mr. Thompson. Thank you, Mr. Chairman. Thanks for having the hearing. Ambassador, thank you for being here today.

As a member of the House USMCA working group, I look forward to working with you. And I am committed to negotiating in good faith. We should work collaboratively toward the best possible outcome: passage of a trade agreement that creates jobs and protects workers and consumers in Mexico, Canada, and the United States of America.

I hope you will continue to work with Democrats, and not rush through an implementing bill.

Strong labor laws in Mexico are good for American workers, too. They create a level playing field. Mexico has passed landmark labor reform, but it will take years for real reform to take place. I am interested to know how you will judge progress on labor reforms in both the short and the long term.

*Ambassador Lighthizer. So, that is a terrific question.

First of all, I have made the point that what they did was absolutely historic.

The second thing, just to put a punctuation point on that, what Mexico has agreed to do is have secret ballot votes on all new collective bargaining agreements, and get rid of these protection contracts, and on all existing contracts, of which there are 700,000. So it is an enormous, enormous undertaking that they have agreed to do. It is clearly in Mexico's interests. As you say, it is also, in my judgment, in our interests.

After negotiations -- and, really, we negotiated this not only working with Democrats and Republicans on this committee and in the Senate, but also with organized labor -- we decided that, as two parties, that four years was a reasonable period of time. That is a lot. That is a heavy burden on them. So they have to set up courts, they have to set up the whole system, and then they have to have this series of votes in four years.

That requires, number one, an allocation of resources; number two, capacity building, of which we should be part. I know a lot of members feel that way, and I certainly agree with that. I know Canada also feels that way.

So in various areas you will have actual benchmarks. Now, first of all, obviously, we can't wait to pass USMCA until they do this, or we would have no USMCA. And in fact, on the economy it would be dramatic and negative. But we will have actual benchmarks on some things like getting these votes done on that, setting up their courts, how much money they put in. So we will have benchmarks.

We have very specific obligations, so we can then enforce them by saying, "This is a specific thing, you can do it." So I expect to do that.

Number two, I expect to have a level of monitoring down there. And I want to work with Members on what that level should be. But we clearly need a level of monitoring. I don't think we should start with the proposition that the leadership in Mexico does not want to enforce it. Right? I mean, these people are actual reformers, so I have to assume they want to do the right thing.

And then the final thing I think I would say is -- and this is something I want to work out with members -- I don't want to rush members, but I want to do it urgently. I am trying to find that, like, tension so that it gets done in some reasonable period of time. But it is reasonable to say we ought to have some process where outside people have an obligation. In this case, in many cases, it will be organized labor. But not just organized labor to come in and say, "Here is a problem that we see at this or that facility and something's got to be done about it." And then I believe we go through that process.

So I think there are real ways to make sure they do it. I don't think they are trying to avoid it, but it is tough.

*Mr. Thompson. Thank you, Ambassador. On a district-specific issue, thank you for your help with Canada in regard to wine placement in the Canadian stores. I have two questions.

One, can you tell me what steps Canada and British Columbia have taken or are

planning to take to comply with that agreement?

And second, as you know, the wine community has taken a terrific hit because of the tariffs that they are facing, 54 percent in China. Can you tell me what the Administration is doing to bring this dispute to a successful conclusion? Because we are at a real disadvantage when some of our major competitors, Australia and Chile, are paying zero tariffs, and we are paying 54 percent.

*Ambassador Lighthizer. So, number one, on the question of Canada, as you say, we have specific complaints, legitimate complaints from our industry. And in the course of those negotiations, we resolved them.

*Mr. Thompson. And are they complying?

*Ambassador Lighthizer. In the first place, they don't have to comply until we pass this law. So the minute we pass this law, I will -- if I have to -- this is like a false promise -- I will fly up there to make sure that we can -- that they are not discriminating against us. But don't quite hold me to that, unless we pass it sooner, rather than later. But it is hard for me --

*Mr. Thompson. We will go in September.

*Ambassador Lighthizer. You know, there is nothing better than white Napa wine in July. It is just perfect.

[Laughter.]

*Ambassador Lighthizer. Sauvignon Blanc in July is, like, perfect.

But in any event, I fully expect them to. If they don't, I promise you we will bring a case against them in 15 minutes. And you know that on -- in the course of the British Columbia thing, we brought a WTO action against them, also.

With respect to China, I understand that China has retaliated, and those are things that will be worked out if we get a deal. If we don't get a deal over a long period time,

then we are going to have to figure out another way to take care of that industry -- by the way, and several other industries.

*Chairman Neal. Thank you, Mr. Ambassador. I just want to remind members that we want to make sure everybody has an opportunity to inquire before the votes that are scheduled at 1:00 PM. So we need to be fastidious in observing the five-minute rule.

The gentleman from Florida, Mr. Buchanan, is recognized.

*Mr. Buchanan. Thank you, Mr. Chairman. And thank you, Ambassador, for being here. And I want to personally thank you for your outreach. I think you have done a great job reaching out to both sides.

But I did want to talk about the cost of delay. I think everybody believes this needs to get done. I think the longer it drags on, the chances are more difficult.

I will say the U.S. International Trade Commission found in a recent study that USMCA would increase the GDP by \$68 billion, and 176,000 new American jobs, grow our exports to Canada and Mexico by \$33 billion, and increase American wages. It also concluded that the new labor commitments would increase wages of unionized workers in Mexico by 17.2 percent.

So let me just ask you, in terms of cost to delay, what impact does that have? Do we have any kind of a timeline? Because I have been in business a lot of years. You don't have a timeline, you don't get anything done, it just drags on forever. You mentioned it has been nine months. I know a lot of my colleagues, I have talked to them, say, "Hey, slow down. We got to go at our pace." And I understand that. But I do think we need to have a timeline. And the cost to delay, I would be interested in your comments.

*Chairman Neal. Would you please turn on your microphone, Mr. Ambassador?

*Ambassador Lighthizer. The ITC report was -- showed the strongest results of any trade agreement we have ever entered into. And the midpoint, as you say, was .35

percent of GDP. And that didn't even include some of the advantages, which they thought were difficult to calculate.

The high end of their approach -- and they have language in the report which says they expect it may very well be close to the high end -- is 550,000 jobs and more than 1 percent of GDP. So, I mean, this is a massive, massive effect on the economy, and it is literally in abeyance while we sit and talk. So it is having real effect on real jobs and real wages, and I think it is something that -- obviously, is my top priority, and I will do anything any time any Member wants to meet on this.

The other thing I would say -- you cite your experience and the experience of many other Members in the business area -- we have had a level of uncertainty in our economic relationship with Mexico and Canada over a period of several months, and that uncertainty has people stop investment. They -- there is a lot of real consequences to business uncertainty. And I think it is costing people jobs, and it is costing us economic growth. So it is not a situation where there is no cost to this.

*Mr. Buchanan. Yes, let me add also -- I want to focus a little bit on Florida, and I know we have had this conversation, but on specialty crops, fruits and vegetables, I have to again go on the record.

I can tell you in our area at one point we had one of the -- I think was the largest tomato-growing county that I represent at the heart of my district in the country. We had seven packing houses, we are down to 3.5. But there is a general feeling for unfair trade practices, dumping, that is impacting Florida. And I can tell you every Democrat and every Republican, we are all together in terms of our 29 Members in the State of Florida.

So what can you tell me, or what is your thoughts on where we are at, or what we might be able to do in terms of having it where it is a little bit more fair for, you know, our farmers and in Florida?

*Ambassador Lighthizer. So first, as you say, we have an issue of -- an import issue in this area.

First, I should remind members that Mexico is either our first or second-best agriculture export market. But net we have a trade deficit in agriculture with Mexico. We don't have a trade surplus. There is this view that we -- and the reason we don't is because of the seasonal fruits and vegetables that you are worried about.

I proposed a change in the agreement. It was not something in the final analysis that Mexico could agree to, and -- but I think there are ways to try to modify the current laws because of unfair trade.

The problem they have is -- in this area is that the current laws are really not set up for seasonal products. It is just the way the laws work. You have to have -- prove injury over a period of time, and it makes it very difficult for someone who is in the seasonal business. So I think we have to find some way to help those people. They are -- there is no question that that they are hurting.

On the other hand, for Mexico this is also an extremely important issue, right? This is, they would say, a \$2 billion industry. So I think we have to try to find that sweet spot. It will be outside of the context of the agreement. But clearly, this is a legitimate concern that the Administration --

*Mr. Buchanan. It is a big concern in Florida for our farmers, and they create millions of jobs there.

Anyway, thank you, Mr. Ambassador. I yield back.

*Chairman Neal. Thank you, Mr. Buchanan. Let me recognize the gentleman from Connecticut, Mr. Larson, to inquire.

*Mr. Larson. Thank you, Mr. Chairman. And thank you, Ambassador, for your ongoing work. And we really appreciate the cooperative nature that exists between you

and the Members of Congress.

My question deals with NAFTA, or the agreement with Mexico and Canada. And it seems to me, from an environmental provision, that some of the Montreal protocols -- and most notably, that of climate change -- were left out. Can you comment on that?

Many of us on this dais believe that the need to address climate change is vitally important to the ongoing relationship between Canada and Mexico.

*Ambassador Lighthizer. Well, thank you, Congressman.

First of all, I would say that, as you say, climate change is not dealt with in this agreement. The Montreal Protocol, of course, is. And we would say, directly or indirectly, all of the multilateral environmental agreements are covered, either directly, specifically, or the obligations are in there.

The second thing I would say is that, from an environmental point of view, this is the farthest-reaching agreement ever negotiated by the United States Government. It has provisions on wildlife, it has provisions on what we call ocean litter, but you think of it as plastic. I mean, there is -- it is, by far, the most far-reaching environmental agreement, trade agreement. Trade agreement, I shouldn't say other agreement, but trade agreement just ever negotiated.

And I think the combination of these provisions and enforceability is going to have a real impact in this area. And I keep repeating this, because we are very proud of the fact that we went out on the limb and did what we thought -- the furthest you could possibly push in this area.

But, as you say, climate change, the President has a different opinion on climate change. Climate change is not something that is normally considered in a trade agreement, and it is not covered here.

*Mr. Larson. Well, we just heard from Representative Thompson, and having had

the great opportunity to visit his district and see the devastation that occurred from the wildfires that swept through California, a number of areas in this country, it seems in this day and age to still be in denial about climate change is quite remarkable.

I will commend the Administration and yourself for making sure the environmental measures not be a sidebar agreement, but are part of the process, and I think you articulated that pretty well.

Are you saying that the President -- that there is no further opportunity to bring NAFTA more in line with the Montreal protocols?

*Ambassador Lighthizer. Well, in the first place, the Montreal Protocols are specifically mentioned in the agreement. So that is not a problem.

I would point out that TPA, which is the authority under which we operate, says specifically we cannot take new obligations in the emissions area. So that is precluded by the operating authority that Congress has given to me. So we are not going to do something like the Paris Climate Accord, or something that is specifically prohibited under the under the agreement, taking steps to make sure that Members are sufficiently happy that we are going to actually enforce after I am gone, because everyone is comfortable it will happen while I am here.

But after I am gone, all these environmental provisions is a legitimate concern, and one that I specifically look forward to working with you -- you, specifically -- on, you and, actually, the colleagues on either side of you, to make sure that Members are comfortable with that. That is a legitimate position, and I certainly endorse it.

*Mr. Larson. We look forward to working with you, especially on the enforcement side, which you note has had some gaps over the years. And thank you for your testimony.

*Ambassador Lighthizer. And thank you. I would say I have spent a good part of

my career complaining about lack of enforcement of trade agreements. So I am completely with you on that.

*Chairman Neal. Thank you. Let me recognize the gentleman from Nebraska, Mr. Smith, to inquire.

*Mr. Smith of Nebraska. Thank you, Mr. Chairman. Thank you, Ambassador. A very timely hearing.

And Ambassador, thank you for your presence here today. These topics, as you know, and as you are articulating, are very important. And the engagement on these trade issues is vital.

Let me begin by thanking the President for bringing down the 232 steel and aluminum tariffs on Canada and Mexico on May the 17th. I certainly advocated for that course of action, and I am grateful that the USTR is making that a reality.

And lifting of the 232 tariffs and the decision to avoid new tariffs on Mexico have led to substantial progress in moving the USMCA agreement forward, both in Mexico and Canada. We cannot lose sight of how important our North American trading relationships are, and how crucial their continuation is to the well-being and economic survival of farmers, ranchers, and rural communities. And let's not forget consumers, as well.

No comprehensive trade agreement is ever going to be perfect in the eyes of everyone. However, USMCA is a needed modernization of NAFTA, as you have stated. I strongly encourage the ratification in a timely fashion, because we know the costs of delay are very significant. Markets lost are not easily regained.

Farmers and ranchers need markets, and the President recognizes the current sacrifices made by our nation's ag producers. I cannot emphasize enough to you just how real the pain is in parts of our economy, and I know you realize that.

We all understand China is a bad economic actor on many fronts. I am pleased the

President plans to meet with Chinese President Xi next week. Engaging with China is certainly a step in the right direction.

Thank you for also engaging with Japan on how best to reach a successful trade agreement. And even while those talks continue, Nebraska's livestock producers face declining market share, due to competition from nations which have preferential trading terms already with the Japanese. We need to level that playing field.

Mr. Ambassador, the current struggles of our ag producers are very real. We must work toward timely, principled, productive solutions, and work toward sustainable and robust markets.

Thank you again for addressing the committee. I was wondering if you could reflect a bit on the current progress of talks with Japan.

*Ambassador Lighthizer. Thank you, Congressman. I -- as you say, first of all, I make the point that I make here, with all the issues in agriculture -- and there are substantial ones, most of which predated this Administration, but that we are trying to deal with, as you know -- this farm income has just been a problem for a number of years, and it is -- and then you dump on top of it, you know, a million tons of rain, and all of a sudden you have -- you go from a really bad situation to a crisis.

The President is very concerned about this. It is something that I literally never have a meeting when he doesn't bring it up. And I meet with him a lot. So it is on his mind an awful lot.

The Japan thing specifically that you mentioned, I would say this. Japan has been a pretty good market for the United States in a number of products. It should be much better. They still have a state-organized agricultural sector, and they also have fairly high tariffs. But we have a fair amount of access, particularly, like, in beef and some other areas.

We are in a position now -- some Members may not know; I know you do -- that, because they entered into TPP and a separate agreement with Europe, we are going to be in a position where we are treated worse than our competitors. Our competitors would be all of our competitors in Europe, of which there are substantial, but also Mexico, Canada, New Zealand. So it is a big, big problem, and it is one that we have to take care of in a very swift manner.

So the President has instructed me to get on this. I have had a number of meetings. I expect to have another meeting with my Japanese counterpart on the outskirts of the G-20 next week. I had a meeting with him here in town last week. So this is -- and our staffs have met more or less continuously. We understand the nature of this problem, and we have to resolve it. Because if we don't, these farmers are going to lose that market because of nothing they did, just because Japan gave more access to somebody else. And they may never get those markets back. And the Japanese understand completely our position.

And I am hopeful that we will have something resolved in the weeks and months ahead, but there is an enormous amount of urgency, and we completely agree with your assessment.

*Mr. Smith of Nebraska. Well, thank you. And certainly as you look at a 40-plus percent tariff on some U.S. beef heading to Japan, to reduce that, obviously, is good for our producers here, but it is great for Japanese consumers, as well. If all countries would just keep consumers in mind, I think we would be in a better place. And I know that is what you are working toward, and I thank you for your time today.

I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the Trade Subcommittee chairman, Mr. Blumenauer.

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

Welcome, Mr. Ambassador. People sitting back for a moment ought to reflect, I think. The tone and nature of this conversation, I think is encouraging. You have been involved with more meetings with members of this committee and of Congress, probably, than you can count, or care to. But I think there are a variety of areas that have been identified where we are going to be able to move forward.

The Speaker and the chairman are committed to being able to strengthen the agreement, so that -- with NAFTA 2.0, so that we can move with dispatch. I am hopeful that the working group that she established can start working with you within the week, so that we can drill down on some of the specific things that you have mentioned. Our committee has been clear about the four priorities that we feel need to be strengthened. We have talked about them. I think it is time to get down to cases.

I have welcomed this overall view of the trade agenda, because we can't just deal with NAFTA 2.0, and we have referenced what is going on with China, the European Union, the enforcement of ongoing agreements, and concerns about the WTO. I am hopeful that we can concentrate on strengthening some of the existing relationships of people who are our partners, who, in consultation, I think, with a number of us on the committee, who are a little confused.

The Canadians really don't think they are a national security threat to the United States. And there have been some, I think, some opportunities that have been lost to have people who share our values and our concerns, who are our friends, to be enlisted to help us, for example, with concerns that we have with China.

Your reference about far-reaching provisions I find encouraging. I agree. I think some of the environmental elements in the NAFTA 2.0, building on some progress in the TPP, and trying to strengthen them, offer some help going forward. But as you mentioned, just dealing with what is going on with Mexico -- and I truly believe they want

to enact these reforms, themselves, but they have challenges. You mentioned 700,000 agreements that have to be renegotiated, plus new ones going forward. And it is going to be an extraordinary challenge for them to do so.

I am hopeful that one of the things we can drill down and make some progress is being able to help Mexico with that implementation. And that -- something that is not just based on who happens to be the trade ambassador at the moment to give the sort of confidence that American workers, unions, and I think this committee want.

I have appreciated your commitment to enforcement. You mentioned the environmental consultation with Peru, something that, as you know, has been something that is a deep concern of mine, and your predecessor caused me no small measure of consternation that we seemingly did not move to stop the illegal logging in Peru, which was explicitly prohibited with the mechanisms that we negotiated in the Peru Free Trade Agreement.

With an eye towards what is going to happen with enforcement of environmental provisions in the future, can you comment for a moment about what the significance of the environmental consultation is, and what that is going to portend in the foreseeable future?

*Ambassador Lighthizer. Well, first of all, thank you for your comments. I -- you know, know I -- and for your leadership, and those of your colleagues in this issue. The Peru situation is a good study in why we have to negotiate our agreements -- I mean why we have to enforce our agreements.

Number one, we brought two different actions against them, as you know, on illegal dumping. And then they were going to renegotiate -- or reorganize their government in a way that was inconsistent with our agreement. And we stopped that, also. So really, by insisting on our rights under that agreement, we had two or three significant victories.

And I don't want to criticize my predecessors, but I can assure you that this

Administration is going to move forward on all of those kinds of things.

You mentioned the big areas in the USMCA. My own heartfelt view is that I could sit down with the Members that I have to sit down with on the labor provision and come to a conclusion in a half-a-day. I don't need weeks or months. Now, there is a whole separate issue of the floor time and the Speaker's -- and -- that is a whole separate issue. But in terms of coming to agreement with Members, I could sit down in a half-a-day and work out the labor provisions. I can sit down in a half-a-day and work out the environmental provisions. We all know what they are.

And I am not on the other side, right? I am on the same side. So --

*Mr. Blumenauer. And I think the commitment here is to be able to move --

*Chairman Neal. We thank --

*Mr. Blumenauer. -- with dispatch to do that.

*Ambassador Lighthizer. Right.

*Mr. Blumenauer. I agree.

*Ambassador Lighthizer. And I appreciate your making yourself available, and your schedule, and all of that. And that is an important part of it, because Members are in a position where they have a lot of stuff that they are trying to do.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Texas, Mr. Marchant, to inquire.

*Mr. Marchant. Thank you, Mr. Chairman. And thank you, Ambassador, for the hard work that you have done on USMCA.

And I would also like to thank the group sitting behind you, the staff from your office, and the staff from the White House, for their continued work on that. I can't remember an issue where there has been this level of involvement on a day-to-day basis from that group.

My district would also like to thank you for your renewed interest and the re-engagement of the Chinese on that tariff agreement. My district is a very concentrated district that relies on trade very much.

I also would like to say a few words about -- and a few words of thanks to the President and the country of Mexico in their just-recent agreement that they had to settle this previous tariff agreement, this tariff thing, and thank the government of Mexico for its renewed efforts in trying to solve the crisis on the border. And I think all of us see that the Mexican Government is very serious about that, and I think it shows that they are very, very serious about this trade agreement, as well.

As I travel throughout the world and meet with countries that are not involved in these two tariff agreements, we find that there are a lot of countries that would like to sit down and begin to work out trade agreements with us. And one of those that I have just recently visited with is Switzerland.

And I would like for you to comment on what you think the possibility would be with Switzerland and countries like Switzerland, who have -- see this as an opportunity for us to step forward and do some -- I know that President Trump met with Swiss President Maurer in the Oval Office not too long ago to talk about that. And what is your assessment and the President's assessment of the possibility of that trade agreement?

*Ambassador Lighthizer. Well, thank you, Congressman. First of all, thank you for your comments about my staff. I should say that one of the real blessings of being the United States Trade Representative is that I have got a group of professional people that are really, top to bottom, in my judgement, the best in the government. We are a small, little, tiny group, but they are really, really good people. They worked around the clock on this USMCA. They are doing the same thing on China, they did the same thing on Japan, they are doing the same thing on Korea, they are doing the same thing on Europe. And I won't

go on any further.

But the political people we brought in are really top notch, and the professional people who are there are, and are every bit as good. And indeed, when we announced the USMCA, standing behind the President in that famous picture -- famous for us, at least -- of the announcement are mostly our professional people, and they really get an enormous amount of credit. I have had people -- I have said this before -- I have had people who literally sleep in the office at night when we are in the middle of these negotiations, and it is really remarkable for public servants to do that. So I am really, really pleased that you brought that up.

There are a number of other countries where we have talked about FTAs that, number one, I should always say what we do, it is -- the TPA process is going to require consultations, it requires letters, it requires -- there is a whole lot of formality that is involved. And we are in the process of consulting at one level or another with the members on a whole variety of these countries we have talked about. Really, I think at some point we have to have an FTA with a country in Africa that would then be a model, and then it would spread. We have talked about the TPP countries, and that. So there are a lot of options.

As you say, one country that has come around with the President, also came around and met with me is Switzerland. It is something that we are exploring. When I am asked about this, I always say to myself, tell me what more we are going to sell to you. Right? I want to know why this is going to make somebody somewhere in America -- some worker, some farmer just a little bit richer. If it doesn't do that, then it is probably not worth my time, because I got a lot of things to work on. And that is something that I am exploring right now.

If you look at dairy, you think you are going to sell a lot of dairy there? I think not.

Right? So I am, right now, in the analysis of trying to go through. There clearly are people who want to do this. It may very well make sense. But I am trying to decide who in America, what worker, is going to be a little better off if we do it right now.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Wisconsin, Mr. Kind, to inquire.

*Mr. Kind. Thank you, Mr. Chairman.

Mr. Ambassador, thank you for being here and for your testimony. First, a word of thanks. Thanks for your efforts in lifting the 232s as it related to Canada and Mexico. That is helpful. Also, thanks for the progress you made on class-seven dairy as it affects Canada. I thought that was significant, as far as moving forward.

But let me also report back from Wisconsin that the President's trade war that he has decided to engage -- virtually everyone throughout the globe -- is having a real damaging effect on folks back home. We have lost over 50 percent market share, and 50 percent of our exports of dairy products going into China in the last year alone.

June is June Dairy Days in Wisconsin, a time for us to celebrate our family farmers in the dairy industry. Every weekend I go home I am attending dairy breakfasts. I am talking to these farmers. And the fear I hear in their voices, the fear I see in their eyes are real. They are getting wiped out. We had record bankruptcies last year, two a day. That has gone to three a day this year.

I am not saying that the trade war has everything to do with it, but it is certainly piling on right now. And the efforts you are making with China right now, I say speed is of the essence because many of them are hanging on by their fingernails. If the President is hoping to carry Wisconsin next year, this is the worst way to go about doing it. They are losing confidence in him because of how they are being wiped out, individually, in the state.

And so I know you have ongoing negotiations with China. You also have it with Japan. I am unaware, as a member of the Trade Subcommittee, of any serious consultation of where those negotiations are going with Members of Congress. Is it your opinion that the Administration -- that you don't need to consult with us on the ongoing negotiations with China and Japan right now?

*Ambassador Lighthizer. I guess I am surprised by that. I view myself as talking to Members a good part of every single day, including you, Congressman. And I am happy to sit down, as you know, or talk on the phone about all of these things in detail.

*Mr. Kind. I know, but you are talking about one-off conversations now. But there are requirements under TPA. And if there is going to be any change of our behavior, our responsibility, and our relationships with China or Japan, do you feel that you are going to need to bring that back to Congress for our approval?

*Ambassador Lighthizer. Well, it depends. With respect to China, no, I don't. I don't think I am going to use TPA at all with China.

So having said that, I know you are concerned for the farmers. I understand that. The President has exactly the same concerns. So do I. And they are in a very bad way, and it is something we have to deal with as soon as we can.

And I also appreciate your comments and all your work with me on USMCA, and how important USMCA -- and how passing USMCA will be faster -- will be better and quicker for all those farmers in Wisconsin.

*Mr. Kind. Let me move on to the USMCA --

*Ambassador Lighthizer. This agreement does more for Wisconsin farmers than any trade agreement in history, and --

*Mr. Kind. Let me ask you, though, about USMCA and where we are going from here. It seems like we are stuck and each side is waiting for the other to make a move

here. And what would be helpful coming from you and the Administration is a set of proposals in order to address the concerns and the feedback that you are getting right now.

And, you know, the implementation of the labor reforms Mexico decided to do, how well is that going to go? I mean, something more detailed from you would be helpful in moving the process along.

The resolution to the enforcement provisions in it, how do we ensure that there isn't panel blocking, as we move forward under this agreement, and that you are not resorting to 301, which would not go over very well by Members of Congress?

The 10-year exclusivity for biologics, you have heard many concerns. How do you best address that if you don't reopen in the agreement, or on the -- and especially in helping Mexico, with the limitation of resources and expertise in implementing the labor reforms right now, the capacity building that we could be in a unique position to help them with, a more detailed proposal from you and the Administration, and what that would look like, and how we can feel more confident that this is actually going to get done, in light of the fact that Mexico, with the limited resources, are diverting a lot of time, attention, and resources to immigration issues now, as opposed to how they can best implement the labor reforms that they have passed legislatively, but have a long ways to go to implement.

One other issue: ILAB. It is the agency at the Department of Labor that is in charge of monitoring and enforcing labor violations and trade agreements. I don't know if you are aware, but the Administration's budget that they submitted reduces their budget from 87 million to 19 million: over an 80 percent reduction. If this is a way to engender confidence from us that these labor provisions will be monitored and will be enforced, it is sending all the wrong signals.

Can you give us any assurance that you will go back to the powers that be to get a commitment from them to properly resource and staff ILAB, so that they have the ability to

enforce labor violations as we move forward?

*Chairman Neal. I am going to let the ambassador, by way of precedent, answer the question.

*Ambassador Lighthizer. So I would say, first of all, I don't really know much about budgeting at the Labor Department. They have a whole different group that worries about that.

I would say it is a legitimate point that we have to be able to enforce this law, and we have to have the resources to do it. And I look forward very much to working with the group the Speaker has put together to make sure that is the case.

And I certainly, with respect to USMCA and labor, we have to make sure we have the right resources.

*Chairman Neal. Thank you, I thank the gentleman.

*Ambassador Lighthizer. Thank you. I want --

*Chairman Neal. Let me recognize the gentleman --

*Ambassador Lighthizer. And I want to say thank you for all your work on the ag stuff during the course of this whole negotiation.

*Chairman Neal. Let me recognize the gentleman from Pennsylvania, Mr. Kelly, to inquire.

*Mr. Kelly. Thank you, Mr. Chairman, for holding this meeting today.

Ambassador, always good to see you. And Mr. Marchant said this, but I can't imagine the hours that you and your staff put in, and they are deeply appreciated, although you don't hear that enough. I think the entire committee feels that way. It is always good to see you.

You know what you talked about in your opening remarks? You talked about jobs, and the creation of jobs, that regaining of jobs, and what this is really all about, because it

is about America regaining market share.

I think there is a saying out there that you can't forfeit the game and then cry because you lost. We have had 40 years of losing market share and sitting back and saying, "I wish these other countries would quit stealing our economy from us." So the efforts that you are putting forth right now are really good.

You know, and with that in mind, I think we all have different concerns based on the districts that we represent. And one of the concerns I have had -- and we have talked about this, you have been very good about this -- is the -- with the implementation of Canada's U.S. home shopping obligation that would allow more home shopping networks like QVC, who is a major PA employer, with vendors in the district I represent, to provide service in Canada without a lot of red tape and/or delays. And I am asking this question because our experience with past FTAs has shown us that implementation and enforcements are not always perfect after trade deals are ratified for the parties.

And in addition, Mr. Ambassador, as you know, I have the -- I have, really, the privilege of representing so many different people. One of the hardwood lumber people, they are concerned about what is happening in their market.

Another thing that people were going to -- and they are going to get a real visual display of this in a couple of weeks -- is the fireworks people. And where I am from, Zambelli's Fireworks, one of the oldest fireworks companies in the country, is based there, and also Pyrotecnico is there. But almost everything that they use to make these fireworks comes out of China. And so we are watching to see what we can do there.

And I got to tell you. One of the good things about this job is you get a chance to go around your district, and you get a chance to talk to other members about their concerns.

I sat down with a man named Bruce Kinney, who operates a company in New Castle, Pennsylvania, called Blair Strip Steel. Blair Strip Steel goes back to the 1800s. It

started in Pittsburgh when it was the Iron City, before it became the Steel City. Mr. Kinney and I were talking, and I said, "So, Mr. Kinney, with what is going on, and what we are trying to get done, and when it comes to fair trade and a balanced trade thing, with what is being proposed and -- give me your opinion on that."

And he said, "You know what? I am going to tell you something, Congressman. The one thing I would change in all this, if I could, I wish we would have elected this guy 40 years ago, because we have been losing market share for so long."

And, you know, during campaigns everybody talks about what they are going to do for the American workers, and how they are going to bring the economy back to life, and how it is going to be real vibrant, and we are just going take back our market share. I got to tell you one thing, being in the automobile industry, once you lose market share, you don't get it back. You don't get it back. What is lost is lost. And I know, as I said earlier, the years that you put into fighting this fight is very much appreciated.

But if you can, just a little bit, expand on any of those things that we can do. When it comes to QVC and the ability to make sure that we are getting fair treatment from Canada, when it comes to the Home Shopping Network, when it comes to people like Zambelli's and Pyrotecnico, when it comes to the lumber people that we represent, just a brief summary of what you think you can do on that.

And I know you are getting barraged all day with this, but I really do appreciate what you have done and what your staff has done. But anything we can tell those folks back home on what is going to happen?

*Ambassador Lighthizer. Well, first of all, I appreciate your comments. We at USTR and the President believes that we have a very bad and unsustainable trade situation in the United States. We have over \$800 billion in trade deficits, and it is not the result of economic forces, for the most part. It is the result of subsidies, and closed markets, and

people having too high tariffs, and people taking our technology.

And there has -- for too long we have gone on and not done anything about it. And the President just says, no mas, this is going to stop. And he is -- everything he directs me to do is to do that. It is all not perfect, but everything is designed to do exactly that.

We want the United States to compete in a way that efficiency, and hard work, and innovation dictate results, not taking your technology, forcing people to give this or that up in order to come and work -- their tariffs, which were cooked into the -- 60 or 70 years ago, when little developing countries have now become trillion-dollar economies. There has to be a reset. The President wants to do a reset, and he is going to do a reset, and we are going to keep working on it.

On the home shopping, as you know, you worked with us very closely in USMCA. There are provisions, we are going to enforce them. And I am sure that your constituents will come and tell you if they are not being enforced, and you are going to call me, and I am going to go and call my counterpart and say, you know, "We are going to have to get this enforced," and I have every confidence that they will do it.

The issues with China are complicated, right? It is going to take a while to work that out. There are people that have products like that, most of which -- like fireworks, most of which do come from China. And I realize there are issues with that. We have an exclusion process to try to work this thing out. And I apologize --

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from New Jersey, Mr. Pascrell, to inquire.

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

Ambassador Lighthizer, thank you for being here today, and your staff. We have worked closely together. And I would say without apology that you are probably one of the best negotiators that this -- since I have been here, 20-some-odd years -- to represent the

United States of America. You are not the problem.

Here is the problem. Trust is key -- it has been mentioned once before -- to everything we do. And there is, standing -- as every President has looked at it -- article 1, section 8. We -- you -- have to respect the role of Congress in terms of commerce. Article 1, section 8 is pretty darn clear.

I know the White House is eager to finish a new NAFTA. They are trying to drive this thing across the finish line at 100 miles per hour. But the right -- they were last summer, by the way, too. But the real deal, and the right deal for America, needs to come under the speed limit. If Congress can't look over every inch, we are not giving the green light.

I was surprised when the President prematurely sent us the draft statement of administrative action for the new NAFTA. I almost got whiplash when he tried to implement tariffs about 15 minutes later. This erratic behavior does not help build trust. And I am not in the behavioral sciences right now. We will leave that for another time. But I worry that the President will try to jam us with an implementing bill the first chance he gets. I know we have yet to see this bill.

So let me ask you this question. I have a number of questions here. To build trust, will you commit to coming back to our committee before the sending us -- before you send us the draft of the implementing bill, will you commit to do that?

*Ambassador Lighthizer. No.

*Mr. Pascrell. You are not going to.

Enforcement of trade deals, essential to their effectiveness -- without enforcement, an agreement isn't worth the paper it is written on. I have heard you say that yourself.

A broken dispute settlement process that lingers like a fog from the first NAFTA cannot continue. The Congress cannot and will not be fooled again by fake promises. If I

had to list the promises from the first NAFTA, they would go from one side of the room to the other side of the room. If the new NAFTA is approved, it will last beyond this Administration. We need a dispute settlement process that can be sustained for generations. That is one reason why I am skeptical of trusting the proposal to use section 301.

I was dissatisfied with their response in February about declining to use section 301 to hold China accountable for labor or environmental issues. That is the main reason of outsourcing of jobs in America. It has been proven over and over again. There is a litany of data which shows that, if we don't approach that problem, if we don't reverse that problem, these jobs will continue to move. We are fighting ourselves, Mr. Ambassador. If you won't act there, what else will this Administration turn a blind eye to?

So yesterday you told Senator Wyden that you would do whatever it takes to address core enforcement concerns held by many Members. Does this mean you are open to changing the text of the agreement, Mr. Ambassador?

*Ambassador Lighthizer. So I don't think it is necessary to change the text of the agreement to meet the legitimate needs of Members, needs which I agree with.

But, as a general matter, I have a process. The Speaker has given me a process. I am going to work with the Members the Speaker has instructed me to work with. And I am going to come up with a conclusion, and that conclusion will be what it is. And I am going to satisfy those Members, and I am going to do what is necessary to satisfy those members on things that I think are legitimate, which, by the way, 99 percent I agree with them on walking into the room, as you know.

And I am out of time, but I also appreciate working with you this year and last year on this process, Congressman.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from

North Carolina to inquire. Mr. Holding?

*Mr. Holding. Thank you, Mr. Chairman. And, Mr. Chairman, I agree with you that there are a lot of trade issues on the table, and we are exploring a number of them this morning. The -- and I want to agree with my colleagues who have given the ambassador praise for his ability and for his aptly named Lighthizer Brigade, who is behind him there, for their abilities and hard working on these issues.

And I appreciate you have got, you know, a number of countries who want to engage with us. And I really like the standard that you are setting, the -- it is only worth your time if they can present a scenario where it will create more wealth and more opportunity in the United States for us to engage with the Free Trade Agreement.

So a couple that are on the horizon that I really believe are worth your time. First and foremost is the United Kingdom. The President had an outstanding and successful visit to the United Kingdom a few weeks ago. I have talked to a number of my counterparts there, and they all were very pleased with how the meeting, the whole state visit, went.

And out of that state visit, the President sent a clear message that, you know, we are ready and willing to do a Free Trade Agreement with the United Kingdom. And as things are progressing and developing on the political spectrum in the United Kingdom, it looks more and more likely that there will be an opportunity late in the fall, where they exit the EU without some sort of an agreement that binds them to different standards, and trade agreements with the EU that will preclude them from doing a complete agreement with us. I just hope that is on your radar, and there are sufficient members of the Lighthizer Brigade working on that, so we will be able to strike while the iron is hot. By the end of the year get things rolling and, perhaps, be able to effectuate an agreement before the end of this President's term.

So you can just nod in agreement, and not use all that time.

*Ambassador Lighthizer. I am -- let the record reflect that I am nodding in agreement.

[Laughter.]

*Mr. Holding. Thank you. The -- secondly, I think we have great opportunities with India. India is becoming a more and more important partner with the United States on the military front. There are trade opportunities there. The President is going to have the opportunity to meet with Prime Minister Modi at the G-20 summit. And before that, I believe Secretary Pompeo will be in India meeting with Prime Minister Modi before the G-20.

So I hope that you see that there are opportunities in India, and are prepared to, you know, expend the resources and time to talk through the difficulties that we have. You know, there are some trade controversies. And -- but there are great trade opportunities there. So maybe you can expand a little bit further on what you see there as an opportunity.

*Ambassador Lighthizer. Well, thank you, Congressman. First of all, I would say we have spent a lot of time worrying about India. As you say, it is a massive economy, and it is going to only get bigger, and it is a great opportunity for a lot of American farmers and businesses.

Having said that, we have a series of problems with them, things that we have raised with them over a period of months. We did a review of GSP, and the President decided to take the GSP away, because we made literally no headway on the issues over the course of months and months and months. And we are looking at a variety of other unfair actions that may provoke us to take some other kind -- some additional action.

Having said that, they have a new government now. Obviously, it is the same

leader, but a new government. I have a new counterpart, and I will talk to him in the next few days. And my hope, we can jumpstart and make some headway. But India has about the highest tariffs of any country you can imagine in the world. They have very status kind of an economy. It is very heavily regulated. They have created problems in the digital space, in the agriculture space, and regular manufacturing. I mean, in retail, just across the board --

*Mr. Holding. If I could just interject, with the election of a new prime minister there, I believe that he now has more of a mandate and a stronger hand to come and negotiate with us, a stronger hand with trying to address the problems that he knows that he has in his country. So I think the time -- again, you know, they are all coming upon you at one moment, and the Lighthizer Brigade is spread thin. But I believe that there is a commitment within the new government in India to try to address some of the problems that they understand that they have.

I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Illinois, Mr. Davis, to inquire.

*Mr. Davis. Thank you, Mr. Chairman. And thank you very much, Mr. Ambassador.

I certainly agree with the complexity of these issues and the negotiations. But, you know, I was thinking that, overall, in real terms, the average annual Mexican wages are down 2 percent, and the minimum wage is down 14 percent from pre-NAFTA levels, according to data transmitted by the Mexican Government to the OECD. According to analysis by Bank of America Merrill Lynch, the manufacturing wage in Mexico has stagnated since 2003, and is now 40 percent lower than in China. Prior to NAFTA, Mexican automobile wages were five times lower than in the United States. Today, even

as U.S. wages stagnated, Mexican auto wages are nine times lower.

You mentioned secret ballot votes on existing contracts, but what else do we see in the revised NAFTA that would reverse this trend?

Do you have confidence that the text, as is, would raise wages in Mexico? And if not, what requires improvements to achieve these outcomes? Since we know that raising Mexican wages clearly is essential to stopping the race to the bottom that has caused so much damage and so much movement of work opportunities, especially in manufacturing in the United States.

*Ambassador Lighthizer. Well, thank you very much for that question. I think, in many ways, it goes to one of the most important aspects of renegotiating this agreement, and why the President puts so much time on it, and that is the outsourcing, the effect on our losing American jobs.

So what happened is exactly what you said, we entered into NAFTA in 1994, or we passed it in 1994. The expectation was that Mexican wages were going to come up, if you just read everything that was said, and that they were going to become great customers for the United States. And none of that happened. We found ourselves 25 years later, their wages were essentially the same or slightly down from where they were.

A couple of things took place, in my judgment. One, there was a massive devaluation in their currency. And my guess is, if anybody here knew that devaluation was going to happen, they would never have passed NAFTA, just never. It changed the whole nature of the agreement when there was a devaluation.

The second thing is there developed in Mexico this system of protection contracts, where basically a business person shows up, says, "I am going to start a factory," he goes, he sits down with a union leader. We would not recognize these as union leaders the way we do, but a -- technically, a union leader. They work out a contract. There is no workers

involved, they don't have anything do about it. And 20 years later, they are working under that contract with workers who have never said anything about it, no -- have really no input on it at all, and it was negotiated before there were even any workers. So the system is called protection contracts, and it has been very bad for Mexico.

And the current -- it is -- well, they are good for some Mexican businesses, right? And some American businesses, to be honest. But very bad for the workers, and bad for our workers, by extension. So what we have done in this agreement is we -- there is a whole variety of provisions to address this.

And, by the way, this is not all stuff we dreamt up. The previous Mexican government put it in a constitutional amendment, and the current government is very vociferous about enforcing it. But you have labor courts now. I won't go into all the detail, but there used to be a system where you -- literally, you couldn't even get an arbitration on what -- how you were treated badly, if you were a worker. They had real labor -- they are going to have registration of all these contracts.

There is a whole system of government that is set up, and it is one of the things that Members are talking about, "Lighthizer, you got to make sure this happens," and that is legitimate.

But to me, the key is you have a secret ballot vote on getting a union, getting rid of a union, and on collective bargaining agreements, existing and new ones. And if you do that, I think, over a period of time the workers are going to assert themselves. And that -- as long as we insist on enforcement of that, my view is that we will have the needed effect, we will get the promise, and we will help to stop outsourcing.

There are a lot of other provisions. I won't go on about stopping outsourcing in here.

*Mr. Davis. Thank you for --

*Chairman Neal. I thank the gentleman. Let me call upon the gentleman from South Carolina, Mr. Rice, to inquire.

*Mr. Rice. Thank you, Mr. Chairman. Thank you, Ambassador Lighthizer, once again, for appearing before the committee.

You know, the reason I ran for Congress was -- what started me down this path was my sons were graduating from college, and it became readily apparent in 2012 that they did not have the same opportunities that I had when I graduated from college. And I said, you know, maybe I can do something about that. Maybe I can help. And I got a menu of -- I was worried that America was no longer competitive in the world, that we sat on our hands for 30 years and watched our jobs go overseas, and the American middle class did not get a raise and withered on the vine -- smaller, and makes less money, or it did 2 years ago than it did 30 years before.

Now, all that has changed in the last couple of years. We are heading in the right direction.

You know, I had this menu of things we needed to do to make our country competitive again that I got from an economist at Harvard named Michael Porter. I think you know Mr. Porter. And the top thing on his list was tax reform, that our tax code was uncompetitive in the world, and we had to fix that if we expected businesses in America to be able to compete.

The next thing was regulatory reform. You know, we have undertaken a lot of that. And two years ago we were being told we would never see two percent GDP growth again. Now we have got what I call the 3-3-3, 3 percent GDP growth, 3 percent unemployment, and 3 percent wage growth. It is a pretty magical thing. It hasn't happened in a long, long time. This economy is doing great. Finally, the middle class is getting a raise.

But we can't sit on our hands, because other countries are going to continue to compete with us. And the next item on Michael Porter's list was balanced trade agreements. Mr. Porter said 30 years ago we were so far ahead of the rest of the world that we could afford imbalanced trade agreements, but we can't anymore.

And I have told you, Ambassador Lighthizer, over and over again, that one of the things that gives me the most confidence about this Administration is the fact that you have agreed to come on and help us to rebalance these trade agreements so that the American worker at least has a fair shake. Because I think, if the American worker has a fair shake, he can compete with anybody on a level playing field.

After that, on his menu is infrastructure and merit-based immigration, what other countries use to -- they use their immigration system to make themselves more competitive, rather than chain migration that we have right now. All these are things that we need to work on.

We have bipartisan consensus on this trade, I think. You know, as you said earlier, everybody I have spoken to, even the Democrat witnesses that have come up before this panel, have said that this agreement is far superior to the existing NAFTA. And if -- I believe, if we got a vote today, it would pass today. The question is politics, and whether or not the Speaker is going to allow us to have a vote and give Mr. Trump a victory before the election.

So I hope that we choose the benefit of the American worker over politics. That is my sincere hope.

So, again, Mr. Ambassador, I want you to take a message back to President Trump for me. I want you to tell him that I very much applaud his decision to put competent, hard-nosed negotiators like you in charge of re-balancing our trade, so that the American worker has a fair shake. If we can get USMCA done, and the China agreement done, we

can expect to have the 3-3-3 for a long time, for the foreseeable future. If we don't, we can expect it to deteriorate. And you tell the President that South Carolina is behind him. We are rooting for him. Keep charging.

I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentlelady from California, Ms. Sanchez, to inquire.

*Ms. Sanchez. Thank you, Mr. Chairman. Ambassador Lighthizer, I want to hit on a number of topics this morning, so I am going to get right into it.

The key to any trade agreement is enforcement. And unfortunately, our track record on that front has been incredibly poor, particularly with regard to labor provisions.

I was around in Congress for the negotiation of our agreements with Central American countries Colombia and Peru. And in each case the countries made strong promises about the labor reforms they were going to make. And they often even made significant changes to their laws, and they called them "sweeping," and "the best ever," and the -- you know, the "strongest ever." I can't tell you how glowing the terms were about how great their labor laws were going to be, and they even passed some of these really great labor laws.

But 5 and 10 years later, the situations for workers in those countries still remains dangerous and, frankly, unchanged. So I am deeply concerned that we appear to be in the same position today with Mexico. And your assertion that if we just give secret ballot elections to workers, that suddenly all of the labor problems are going to magically correct themselves, I think is a little Pollyannaish.

Mexico has just passed what appears to be a historic reform of their labor and justice systems. But our committee staff just returned from a fact-finding mission to investigate what the implementation process will look like in the coming years. And while

there is, you know, some reason to be hopeful, reforming their labor system is a massive undertaking that is going to require years to implement, it is going to require significant resources, and it is going to require technical expertise from outside experts. And I am, quite frankly, very concerned that the new NAFTA repeats the same mistake that we keep making over and over again in our trade agreements. It lacks the necessary enforcement tools to ensure that our trading partners are living up to the promises that they made before the agreement enters into force.

Instead of repeating the same mistakes, we need new, creative monitoring and enforcement tools that provide the United States with the leverage to ensure compliance 5 and 10 years down the road, because, as Mr. Pascrell stated, without enforcement the trade agreements are not worth the paper that they are written on.

And so, I am curious to know if you will commit to working with House Democrats on monitoring and enforcement mechanisms that we can write into that agreement.

*Ambassador Lighthizer. Well, thank you, Congresswoman. First of all, I have been called a lot of things, but I have never been called Pollyannaish before, so I will note -
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*Ms. Sanchez. Well, I just did it, so -- and I stand by it.

*Ambassador Lighthizer. And I understand that. I am sure it was meant in the best possible way.

*Ms. Sanchez. No disrespect to how hard you work on negotiating this. But clearly, just giving people access to the ballot for union elections doesn't cure threats of murder, doesn't cure threats of intimidation. These are common practices that go on.

*Ambassador Lighthizer. So there are a variety of other provisions in here. There are specific provisions against violence, for example, which you just mentioned.

The point --

*Ms. Sanchez. Which are not exactly ironclad. I have some concerns with that.
But the question is --

*Ambassador Lighthizer. But we agree that they have never existed in a trade agreement before --

*Ms. Sanchez. Great --

*Ambassador Lighthizer. -- in the history of the world.

*Ms. Sanchez. So they have never existed --

*Ambassador Lighthizer. Can we agree on that?

*Ms. Sanchez. Certainly, but --

*Ambassador Lighthizer. Right.

*Ms. Sanchez. -- can we agree that there is no mechanism for enforcement, as yet?

*Ambassador Lighthizer. Well, in the first place, no, I don't agree with that.

And in the second place, I have a system where I am going to sit down and work with Members, consistent with the way the Speaker has asked me to do it, and to plus-up the enforcement. I have made that very clear. I am happy to do that. I agree with that. I think it requires -- it has always required changes in U.S. law.

*Ms. Sanchez. Okay, then I will take that as a yes, that you are willing to work with us on the monitoring and enforcement mechanisms.

I want to get -- I have several other questions that I want to get to.

I also have significant concerns regarding USTR's stance on CDA 230. That provision, which gives broad immunity to technology platforms from the harms caused by third-party content they distribute and profit from, has become increasingly controversial. In fact, last year Congress amended the law for the first time to exclude sex trafficking claims.

Many policymakers have been talking about other amendments to that law relating

to illegal opioid sales, deepfakes, material support for terrorism, civil rights claims, or discrimination against certain political viewpoints. For over two decades there was no effort to get CDA 230 into U.S. trade agreements. And I would like to know why USTR has made this shift.

I mean, there is this market access claim, but it is hard for me to see how CDA 230 is a trade issue, because general concepts of civil liability are not discriminatory, and U.S. companies are often the dominant service provider in foreign markets that don't have CDA 230. So I really don't see how you can assert some market access reason, and I was wondering if you could provide me with some clarity on that.

*Ambassador Lighthizer. Well, I will do it as briefly as I can, since you are over your time, and I don't want to impose on the rest of the Members.

I would say, number one, there was no effort to put 230 in trade agreements for the past two decades, because 230 didn't exist in the past few decades. This is U.S. law. I didn't write 230, the Congress did, it was signed by the President, number one.

Number two, we think it is that -- there are nowhere near the problems that you see on issues of public morality and the like. We put in specific language to make sure that that was not a problem.

I guess the third thing I would say, just very briefly, is there is a whole updated digital trade chapter that takes care of all of these issues and tries to reflect what is in the laws of the United States. This is thought to be a way that small Internet companies can grow and use their advantages.

*Ms. Sanchez. I thank the chairman for his indulgence, and I yield back.

*Chairman Neal. I thank the gentlelady. After recognizing Mr. Schweikert, we will then proceed for a two-to-one recognition of committee members. Mr. Schweikert is recognized.

*Mr. Schweikert. Thank you, Mr. Chairman. A couple of things. I will just try to go through some of these quickly.

So, Mr. Ambassador, I am still getting inbound concerns from Arizona entrepreneurs and business on ISDS, feeling that they are being put at a disadvantage because Mexican businesses, Canadian businesses would have access to our court system. What can I say to them to make them feel better about the changes in ISDS?

*Ambassador Lighthizer. Well, I guess I don't understand the nature of the problem. If there is actual expropriation, they get the benefit of ISDS. If there is denial of national treatment or MFN, they get the benefit of ISDS.

And one of the biggest advantages the United States has as a country is its legal system. And if they want the benefit of the U.S. legal system, it is very simple. All they have to do is invest in the United States. Everybody the United States gets the benefit --

*Mr. Schweikert. So the response is don't invest in Mexico, invest here. And -- okay.

*Ambassador Lighthizer. No, I am not saying don't invest in Mexico. What I am saying is, when you invest in a country, one of the considerations you have is the political stability in the country.

*Mr. Schweikert. So --

*Ambassador Lighthizer. You factor that in.

*Mr. Schweikert. So we made a policy decision to roll back the protections to encourage you not to do that type of capital investment south of the --

*Ambassador Lighthizer. No, no, I would say the opposite. We made a decision not to subsidize people to outsource their businesses to Mexico and other countries.

*Mr. Schweikert. So, just not give them a mechanism where they -- so force them to have to go through the Mexican court system, which --

*Ambassador Lighthizer. They are not -- in first place, they are making the decision to put their investment in Mexico. I am not making that. I am just saying they ought to consider that.

*Mr. Schweikert. No, no, no. I appreciate --

*Ambassador Lighthizer. Why --

*Mr. Schweikert. No, please understand I appreciate the honesty of the comment. I think it is a little -- not particularly helpful, for being a border state, that actually parts of our manufacturing infrastructure and stuff are on both sides of the border, but it is what it is.

Customs Act, as you know, I have a great interest in *de minimis*. Do you believe we have to do something, actually, in updating the Customs Act? Or will USMCA functionally just be our proxy for adjusting *de minimis* numbers?

*Ambassador Lighthizer. I don't know precisely what you are referring to. I would say this. I find the *de minimis* -- I find it ridiculous, to me, that we have these tiny *de minimis* standards in Mexico and Canada. We negotiated up till the very end, as you know, and finally got them to double what they had. It is still ridiculous to me that we let them bring in things at \$800, and we get to bring in things for \$50 or \$60 into their country. It just strikes me as a crazy imbalance, and I think it adds to the trade deficit. So it is troublesome to me.

*Mr. Schweikert. We are -- I believe, actually, Republicans and Democrats on that one, we were absolutely in support with you.

Another thing, just because I -- and this might be more of a comment for staff. There is a number of us who have had -- both Republicans and Democrats -- conversations how over -- in the future, how do we build a working group, or some mechanisms to help you on a vision that would fix the inequities in the WTO mechanisms, the timelines,

enforcements. Is there a way the U.S. Congress, in a bipartisan fashion, can bolster fixing these bilateral trade enforcement mechanisms?

*Ambassador Lighthizer. Well, yes. Well, thank you for that. As you say, the WTO is, in my judgment, at least, and I think in the President's judgment, is in need of reform. I have worked with a number of Members on it. I continue to do that. If there is some way that the Chairman and the ranking member want to organize some group within the committee, I am happy to do that. I am happy to engage on that. I think it is an important -- really, an important issue. And it is extremely complicated.

*Mr. Schweikert. Mr. Chairman, on that particular -- that might be worthy of a side project for many of us that have demonstrated an interest in that.

Two last things. I know seasonality ends up becoming as much of regions of the United States fussing at each other, and I know some regions may be have been much louder. But please take into consideration a smaller state, population-wise, like Arizona -- but we also have California, Texas -- that seasonality, particularly on tomatoes and things of that nature, as has been reported, would actually hurt our industry, while benefitting others. Just have a level of sensitivity that seasonality makes a lot of our growers very, very nervous.

*Ambassador Lighthizer. I appreciate that. I am aware of that. And I have heard from a lot of those Members in talking --

*Mr. Schweikert. The last thing I will throw out -- and this may be part of the thought experiment -- I know we would love to start to build some type of open trade agreement with an African country. Just, please, in parts of that consideration and thought -- I know you have made a great statement earlier that trade agreements should be about maximizing economic vitality for the United States. I absolutely agree.

But we do have a country like Tunisia, even though technically it is North African,

they were the tip of the spear on sort of, shall we say, the revolution, the only successful country out of the Arab Spring to develop a open constitution, a small country. I think, actually, that should be rewarded.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from New York, Mr. Higgins, to inquire.

*Mr. Higgins. Thank you, Mr. Chairman. The United States economy, Ambassador, is \$21 trillion. It is 70 percent consumption. It is a population of 327 million people. Canada has a population of 37 million people. It is almost a \$2 trillion economy. What the United States and Canada share is that they are both mixed economies, highly integrated, with a high level of respect for worker, worker wages, labor standards, and the environment.

Mexico has a population of 130 million people. It is a \$2.5 trillion dollar economy. Since NAFTA, Mexico's economy grew by a little bit more than one percent a year. The poverty rate is still the same after 25 years. And the minimum wage in Mexico is \$5 a day, a little bit less than \$.63 an hour, assuming an 8-hour work day.

As has been said here before, trade agreements are worthless unless they are explicit and enforceable.

Reading through the North American Free Trade Agreement, the primary goal was the integration of Mexico with the highly-developed, high-wage economies of the United States and Canada. This -- and the North American Free Trade Agreement was referred to as wage convergence.

You are familiar with the Maquiladora factory concept, which was accelerated under NAFTA. It is essentially 3,000 factories that do manufacturing, assembly and export that are owned by U.S., Japanese, and European companies. They employ a million Mexican workers. This has led to a significant increase in pollution and

environmental damage along the northern border of Mexico and the southern border of the United States, costing tens of billions of dollars each year to both governments.

What, if anything, in the new agreement to replace NAFTA is the -- was being done to reform the Maquiladora factories, and the low wages that are being paid there, and the environmental standards that are not being enforced there?

*Chairman Neal. Would you put your mic -- thank you.

*Ambassador Lighthizer. So I certainly agree with your analysis of the problem. We have not seen -- we did not see the promises that were made in NAFTA fulfilled. And we didn't see them in a whole variety of areas.

The Maquiladora process, I believe, was an attempt by Mexico several years ago to try to industrialize, and to try to develop manufacturing by taking advantage of NAFTA. They did -- I would suggest later they tried to do the same thing about 10 years ago on the auto industry, where they tried to do a similar kind of thing.

What is being done to try to correct these problems? I would come back to what I said before: There are a whole lot of very specific labor provisions that are in this agreement. To me, at least, the reason that -- the principal reason that Mexican labor has not benefitted from the -- from NAFTA, and thus had the effect of benefitting us -- because I am looking at it always from the United States' point of view -- is these protection contracts.

All these Maquiladora contracts are -- companies have basic contracts that were entered into by these -- like we would suggest not -- I don't want to call them --

*Mr. Higgins. Yes, thank you --

*Ambassador Lighthizer. -- fake unions, but at least not real progressive unions, like we are used to.

This law basically changes that system. And when we talk about the 700,000

contracts that had to be voted on, many of them are going to be in those factories. And for the first time in their history, these workers are actually going to have to know what their benefits are, what their working conditions are, and vote on a contract. So I am hopeful -- and so are reformers in Mexico -- that this is going to have a real positive impact.

*Mr. Higgins. Just a final thought, quickly. Additionally, there is language in NAFTA that is called trade adjustment assistance. And most people believe that that was inadequately funded. And it basically was to say to the American worker, "through these trade agreements there is going to be disruption that will require re-employment and retraining." Is anything done in the new agreement to bolster the level of funding under trade adjustment assistance?

*Ambassador Lighthizer. I would say, just as a general matter, that is something that I am willing to talk about. I don't have complete control of that area.

Trade adjustment assistance -- I once had one labor union leader tell me years and years ago about trade adjustment assistance. He said, "Well, we don't want a line that -- a spot at the front of the welfare line. What we want is jobs."

And I always thought of trade adjustment assistance in that context, even since back in the 1970s and 1980s. It has a large element of re-training, and the like, so there are a lot of good things about it. But, you know --

*Chairman Neal. I thank the gentleman, and let me recognize the gentlelady from Alabama, Ms. Sewell, to inquire.

*Ms. Sewell. Thank you, Mr. Chairman, and welcome, Mr. Ambassador. I have so many questions for you today, because my constituents are hurting from many of this Administration's trade policies.

The economic pillars of Alabama's 7th congressional district are agriculture, forestry, and manufacturing. But workers in all these sectors are struggling. My farmers

are suffering from the trade war with China, and the auto workers in my district are terrified of the potential tariffs on automobiles and auto parts.

By the way, the section 232 auto report is still being kept a secret from Congress and the American public. I think that we should all know what is in that report. I think that the auto workers in my district deserve to know why the Trump Administration is labeling their jobs as a national security threat. Hopefully, I can follow up with you after this hearing to discuss these issues, because I know today I want to focus on enforcement.

I am a true believer in trade. I believe that trade can both be fair and reasonable to workers, as well as management. But we have to be able to enforce the trade policies.

Last year, Alabama exported \$21.3 billion in goods, accounting for 10 percent of my state's GDP. Thirty-one percent of those exports went to Mexico and Canada. Increased market access was a big economic boost to my district. However, the enforcement provisions in the old NAFTA were totally inadequate. Fortunately, there is a broad, bipartisan consensus around strengthening enforcement in the new agreement to ensure that American workers, farmers, and manufacturers are treated fairly.

Not only do we need a level playing field for our workers, but the American people deserve to know that disputes with our allies can be adjudicated through a structured process that is both equitable and transparent. The old NAFTA agreement failed to meet this standard. To your credit, some improvements have been made to the enforcement language in the new agreement. However, serious issues remain with the state-to-state dispute mechanism, including the panel formation loophole.

But what is even more concerning to me is your proposed solution to this flaw in the new agreement.

I will tell you right now that the unilateral section 301 tariffs are not a substitute for a strong enforcement mechanism. Just look at the section 301 tariffs currently being used

against China. They have yet to produce any tangible results, and have trapped American workers, manufacturers, farmers, and consumers in a trade war with no end in sight.

Mr. Ambassador, I know that you want a deal that will outlast this Administration and be a landmark, trade agreement for years to come. What if the next Administration is more reluctant to use unilateral 301 tariffs to address disputes? Should we really be leaving enforcement up to the discretion of future Administrations, when we have the opportunity right now to strengthen enforcement in the base agreement? Would you agree with that?

*Ambassador Lighthizer. Well, let me say, first of all, thank you for your comments in terms of the manufacturing in Alabama. I would just note that there is going to be new investments, major investments, announced by Mercedes, Honda, Hyundai, Toyota, and Mazda, all in Alabama. So the auto workers there -- of which there are many, and growing -- ought to be very happy.

*Ms. Sewell. They are happy, sir, but they do -- they really are concerned about the section 232 -- using them -- you know, considering what they do to be a national security threat.

*Ambassador Lighthizer. Well, I --

*Ms. Sewell. And we still are on uncertain ground with that. I mean I know that there has been a six-month reprieve, but where is this Administration with respect to auto tariffs?

*Ambassador Lighthizer. So my suggestion to you is that one of the principal reasons why at least some of this investment is going to Alabama is because of fear of 232 auto tariffs. But --

*Ms. Sewell. How could that be --

*Ambassador Lighthizer. But let me say also --

*Ms. Sewell. -- when all that would do is increase the price to consumers?

*Ambassador Lighthizer. I couldn't -- first of all, I could not be happier to hear your comments about how bad NAFTA has been for Alabama, because I agree with that completely. And I think everything in here is going to make it better for your constituents in agriculture and in manufacturing.

And I know that I am happy that we are going to be working together, because I realize now more than even before how important you realize getting rid of NAFTA and getting the USMCA through is.

So -- and I completely agree on the issue of enforcement, and I won't repeat what I said several times. I am looking forward to working with you and a handful of other people to resolve that issue.

I could not agree -- disagree more on the 301 effect on China. We did nothing --

*Ms. Sewell. I can tell you that a lot of my --

*Ambassador Lighthizer. We did nothing for decades and decades and decades with China.

*Ms. Sewell. All we are seeing is a --

*Ambassador Lighthizer. It was an outrage.

*Ms. Sewell. -- a war on pricing. And the consumers, especially the low-income consumers, really are hurting the worst.

Thank you, Mr. Chairman. I --

*Chairman Neal. I thank the gentlelady. Mr. Schweikert has requested that I include in the record a letter that he has submitted to me, and that is so ordered.

[\[The information follows:\]](#)

*Chairman Neal. And with that, let me recognize the gentlelady from Indiana, Mrs. Walorski, to inquire.

*Mrs. Walorski. Thank you, Mr. Chairman.

Ambassador Lighthizer, great to see you. I have a lot of ground to cover in a short amount of time, so I apologize for speed -- my speed this morning.

First off, I want to thank you, Mr. Ambassador, for all the hard work on the USMCA. The agreement goes a long way to drive exports for farmers and manufacturers in Indiana's second district. It sets a strong standard for the great innovators that call the Hoosier State home, and it levels the playing field for workers to ensure that we don't lose jobs to unfair labor practices abroad.

With the steel and aluminum tariffs lifted on Mexico and Canada, I think it is time for Congress to act. It is time to vote on the USMCA.

Next I want to ask unanimous consent, Mr. Chairman, to insert into our record a letter from over 600 companies and associations, urging a deal with China. This is number one.

[No response.]

*Mrs. Walorski. Mr. Chairman?

*Chairman Neal. Yes?

*Mrs. Walorski. Unanimous consent?

*Chairman Neal. We -- it is -- are there other letters that you would like to have inserted, as well?

*Mrs. Walorski. Number two.

*Chairman Neal. Okay.

*Mrs. Walorski. That is it, just two letters.

*Chairman Neal. So ordered.

[\[The information follows:\]](#)

[\[The information follows:\]](#)

*Mrs. Walorski. Thank you.

Finally, I want to turn my attention to the exclusion process for the section 301 China tariffs.

Mr. Chairman -- well, I already put that in the unanimous consent.

I also want to thank Mr. Kind, as well as Senators Lankford and Coons, that assisted us in these letters.

I have a few questions, and would appreciate being able to get these in.

Mr. Lighthizer, Ambassador, the letter I just mentioned noted the exclusions from lists number one and two the USTR granted are expiring soon. Will you commit to automatically renewing those exclusions that were granted, and that haven't experienced a change in their circumstances? It seems it could be a simple act that could save USTR's limited staff resources and allow you to devote more time to things like evaluating list three requests.

No, you have to put your mic on.

*Ambassador Lighthizer. No, I won't.

*Mrs. Walorski. Okay. I want to voice strong concern that items USTR excluded through the notice and comment period for lists one through three, including things like medical devices were added back onto list four. I have heard from companies already who thought they had escaped the tariffs, but now are distraught to have to go through this whole process and the expense all over again.

It seems like a waste of time for them and time for your staff, too, who have to re-evaluate these petitions. Why were these lists put back on list four?

*Ambassador Lighthizer. So list four, Congresswoman, includes all of the rest of the trade in the United States -- between the United States and China. So we are -- that was the President's direction, and that is what we are looking at.

*Mrs. Walorski. When will the list three exclusion process officially begin?

*Ambassador Lighthizer. So we have the form up now, but the electronic process at the end of the month.

*Mrs. Walorski. If the list four tariffs go into effect, will you commit to establishing an exclusion process consistent with what you have done for lists one, two, and three?

*Ambassador Lighthizer. Yes.

*Mrs. Walorski. And I have spoken with some companies who received -- I have spoken with some companies that have received exclusions from the steel and aluminum tariffs, only to be added to list four, and again have to stare down the potential of the 25 percent tariff.

Another federal agency has already ruled that a product isn't a national security threat and isn't available domestically. Will this factor into your analysis?

*Ambassador Lighthizer. No.

*Mrs. Walorski. I have one more question, Mr. Ambassador, and I so much appreciate you being here.

As you know, Congress raised the U.S. *de minimis* level just a few years ago, and we continue to believe that \$800 is the right level. Rather than lowering our level, should we not be continuing to engage with Canada and Mexico to raise their own?

*Ambassador Lighthizer. Is that the end? Yes. So we engaged quite a bit on it. And, unfortunately, their retail lobbyists are stronger, apparently, than our retail lobbyists.

And so, after months and months and months, and as one of the last items, they made a small move in our direction, but not nearly sufficient. And the imbalance, to me, is very problematic.

And when you say "engage with them," engage with them how? One way to

engage with them is to say, "You get the same thing in the U.S. that we get there." That is one way to engage with them. Now, some Members don't like that, but that is one way to engage with them. Otherwise, I don't know how to engage with them. Call them on the telephone and say, "Please?"

I had -- whenever -- I had a year of doing that. Their retail lobby is just very, very strong.

*Mrs. Walorski. Thank you, Ambassador.

Thank you, Mr. Chairman. I yield back.

*Ms. Sewell. [Presiding] The chair now recognizes the gentlewoman from Washington, Ms. DelBene, for five minutes.

*Ms. DelBene. Thank you, Madam Chair, and thank you, Mr. Ambassador, for being with us today.

First I want to reiterate many of the concerns brought up by my colleagues on the impact of retaliatory tariffs on our farmers. They have been struggling for a long time, and it is critical that we address this issue so that they can continue to have access to markets. It will be hard for them to get some of those back again if this issue is addressed. So I want to make sure that that is a top priority for you.

In particular, speaking of China, earlier this year we discussed reforms to China's digital regime. You told me you are optimistic about securing commitments from China on cloud restrictions. Are you still optimistic about this outcome, or is this one of the areas that China backtracked before talks broke down?

And I just want to kind of add on to that. Beyond cloud issues, what is your realistic assessment of the commitment you will be able to secure from China in the digital trade space? And is this a priority of the President's when he talks to President Xi at the G-20?

*Ambassador Lighthizer. First of all, I appreciate your comments on agriculture and the effect on agricultural retaliatory tariffs. As others have pointed out, the President did remove the steel and aluminum tariffs on Mexico and Canada, and that has gotten rid of a lot of that, and I greatly appreciate it.

I also --

*Ms. DelBene. China, the --

*Ambassador Lighthizer. I --

*Ms. DelBene. The tariffs on China have a big impact on a lot of our farmers, too.

*Ambassador Lighthizer. Well, I also should note that 960 agriculture groups have come out and endorsed passing as soon as possible USMCA. So I think there clearly is in the agricultural community a strong view that this is something that should be done, and done quickly.

Now, in the area of digital cloud services, you know, we will see. I can't -- certainly can't in this hearing talk much about it, although I am happy to have a private conversation with you about it. It is clearly -- the digital space generally are areas where there was a backtracking, for sure. And the actual details of it, I just want to talk to you about it, privately.

*Ms. DelBene. Okay, I look forward to discussing that.

Also, over a year ago the Administration put tariffs on imported steel and aluminum, the 232 tariffs. Many of us had issues with putting tariffs on our allies, but I think we all agree that Chinese over-capacity is a real significant problem. So have we made any progress on securing specific commitments from China to deal with this issue? Are you talking about numerical targets?

Also, have there been any discussions about updating bankruptcy laws to deal with indebted zombie companies and reduce industrial over-capacity?

*Ambassador Lighthizer. So, as you say, industrial over-capacity is a huge problem in China. Nowhere is it a greater problem than it is in the steel industry, although you could go through a variety of other industries, including semi-conductors and others, where they have created similar kinds of problems, or are in the process of creating them.

At this point there clearly is a recognition by the people with whom we deal in China that this is a problem. So we are trying to get specific -- assuming we get started again with our negotiations, and we move forward, it is something that certainly reformers in China realize is something that is in their interest to deal with, and they are trying to come up with ways to deal with it.

And then, of course, in addition, as you know, we have the steel forum, which has had a rather modest effect on actual steel over-capacity.

But this is something that we are talking about, or that is part of these negotiations, and something on which I am hopeful, if we get an agreement -- which is a big if -- that we would make headway on. Because, clearly, reformers in China agree with you that they have to deal with these --

*Ms. DelBene. And aluminum over-capacity.

*Ambassador Lighthizer. Yes, and aluminum. I am sorry, aluminum also, yes.

*Ms. DelBene. And the -- back to farmers again, and what we need to do there, our dairy farmers are essentially shut out of the Chinese market because of retaliatory tariffs.

You talked a little bit about Japan. How quickly do you think you can reach an agreement with Japan?

*Ambassador Lighthizer. So that is a high priority, as I have indicated. I think you were sitting there patiently during my saying there will be -- I had meetings last week, I have meetings again next week on this issue. Our staffs have worked more or less

continuously.

It is a complicated issue. They have a very, very status, structured, protectionist agriculture industry. Generally, on dairy -- as is in most cases, dairy is among the worst in agriculture, in terms of protection.

I am hopeful that we will come to an agreement in the next several weeks. That is my -- that is the -- probably as close as I can come. But it is a high priority, we are working very, very hard on it.

*Ms. DelBene. Thank you, Mr. Ambassador.

I yield back.

*Ms. Sewell. The chair now recognizes Ms. Chu from California.

*Ms. Chu. Ambassador Lighthizer, I am extremely concerned about the impact of this Administration's section 301 tariffs on our country's economy. I know it is hurting many businesses in my Los Angeles district, as you raised the tariffs from 10 to 25 percent.

One of those businesses is iRobot in Pasadena. They are the inventors of the popular Roomba robotic vacuum. And, in fact, they are the only American-owned consumer robotic company. They employ 675 full-time employees in the U.S. in high-paying research and development jobs. But they manufacture the Roomba in China.

Now, they have managed to absorb the cost of the 10 percent tariff. But now, with the tariffs being raised to 25 percent, they will truly be adversely affected in multiple ways. So I urge you to reach a deal soon, and reverse these tariffs ASAP. But at the very least, allow businesses to apply for an exemption.

And, in fact, I would like to submit this testimony for the record in support of that application for exclusion.

In terms of procedures, will USTR be able to meet its June 30th deadline for beginning the waiver process for list three of the section 301 tariffs? And are you

planning to hire more staff members to ensure a timely review of applications?

*Ms. Sewell. Without objection, that letter will be entered into the record.

[\[The information follows:\]](#)

*Ambassador Lighthizer. And I am hopeful on the June 30 deadline. As you say, I believe we will meet it. We are hiring more people, you know, as a -- we are also borrowing people from other agencies. So we are trying to put together the group of people that we need to be able to review these quickly.

As we have noted before, we are a small agency, and we are doing what -- and, as you know, I guess, we are a small agency, and we are borrowing a bunch of people on a temporary basis, and we are also hiring up, and we also have some of these temporary contracts for certain jobs that can be done by people -- so we are taking this very seriously, we are trying very hard to -- we realize that there is a substantial impact on real business, particularly small business. And even aside from the actual cost of the tariffs, just the cash flow is an issue for these people.

*Ms. Chu. Exactly.

*Ambassador Lighthizer. And it is something that we are very concerned about.

*Ms. Chu. Well, let me talk about others hurt by these tariffs. The most recent list of 301 tariffs against China includes a 25 percent tariff on printed materials. This means children's books, textbooks, technical, scientific, and professional books, many of which are created in the U.S. by American authors and illustrators, but are printed on unique paper, exclusively made in China.

I understand that, under the International Emergency Economic Powers Act, that information and informational materials are exempt from these types of restrictions. So how is this tariff justified?

*Ambassador Lighthizer. Well, in the first place, we are not using IEEPA for -- in

the legal authority to put these tariffs in place. We are using section 301. And under section 301 we are permitted to put duties in place. There is no exclusion for paper, or whatever there was under IEEPA. I am not an expert on IEEPA. I know it reasonably well.

In terms of the last group of products, as you know, we have hearings that started -- I guess they start on Monday, and they are going until next Tuesday. And there is a lot of people submitting -- there are, like, 300-and-some witnesses, and there are a lot of people making submissions. And we will consider all that, take it all into account before the President makes a final decision as to whether to put tariffs on -- or at one level -- you know, at what level, or the like.

*Ms. Chu. Thank you. The last question, I recognize that you have taken the labor provisions of the USMCA further than they have been taken before, but I continue to be concerned about the enforceability of those provisions if it is not in the agreement itself, versus a side letter.

And also, Mexico would face many challenges in seeing these reforms through.

So, Ambassador Lighthizer, to what extent has USTR been engaged with the Department of Labor to ensure they are ready to provide assistance to Mexico?

*Ambassador Lighthizer. So I am happy to do that. I have talked to the Secretary, he is also quite happy to do it. I think it is an important part of capacity-building that we should do down there.

I should also make the point that the labor provisions are in the USMCA, they are not in any side agreement. One of the problems that so many Members had with NAFTA, of course, as you know well, was that these all -- labor and environment were all in side letters, which were basically unenforceable, or enforceable in kind of strange little ways.

So these are part of the agreement, and I certainly will work with the Labor

Department on that.

*Ms. Chu. Thank you. I yield back.

*Ms. Sewell. The chair now recognizes Mr. Smith from Missouri for five minutes.

*Mr. Smith of Missouri. Thank you, Madam Chairwoman.

Ambassador, thank you for being here. We all know you have a very busy schedule advancing the President's trade agenda, which is wide-ranging and very ambitious. We appreciate the updates you have provided to us today.

I first want to thank you and the President for all of your hard work on USMCA. It is a strong trade agreement that will benefit every American. I am hopeful that we will be able to vote on this agreement very soon in the House of Representatives. Every day that we delay American consumers, American farmers, and American businesses lose out on the many benefits of this agreement.

We have seen the ITC report. We know USMCA will be great for our economy. We know it will create thousands of new American jobs. We also know the agreement will bring in key improvements over NAFTA, leading to increased American agriculture exports, and two of our top -- with two of our top trading partners.

The agreement also breaks new ground, including some of the strongest labor and environment provisions of any previous agreement, something I think we can all recognize is a great achievement.

But we don't get those benefits until the agreement is, in fact, in place. There is much work to be done on multiple trade fronts. I look forward to working with you to expand American market access all over the world. But this agreement is currently signed and waiting. The American people are ready for this vote. Canada and Mexico are moving forward, but they will follow our lead when Congress acts.

Congress needs to act.

I know you are as anxious as any of us to see USMCA move forward, but some Members seem to be stuck right now. Democratic Members don't seem willing to accept that Mexico will enforce the labor laws that it agreed to. In fact, we are having another hearing next week on the Trade Subcommittee to discuss the labor reforms Mexico recently signed into law.

You and the President negotiated a strong agreement on labor for workers. At what point do you think we have to allow Mexico, with proper oversight from the United States, to make good on its word, and implement the laws it already passed?

*Ambassador Lighthizer. So, fortunately, Mexico has moved forward. They have passed the law. They have an appropriation process that they will go through in the fall.

It is my hope that we can use the process that the Speaker has outlined to come up with a list of plus-up enforcement items, put them in the implementing bill, and get a vote as soon as possible.

We hear a lot, this comment that, well, this list of obligations is meaningless without enforcement, and that is, of course, true. But the whole exercise is meaningless without enactment. And that also is true. And I think that is the point you are making.

And I certainly agree with you, that delaying this process unduly will cost jobs, and it costs wealth, and it costs farmers their income. So --

*Mr. Smith of Missouri. Thank you, Ambassador. I want to hit on a couple of questions.

So with regard to China, there is a lot of concern among farmers and producers who I represent about loss of market share while we work towards an agreement with China. What assurances can you provide that regaining that market access is part of your ongoing negotiations with China?

*Ambassador Lighthizer. I mean for sure, that is -- getting rid of those retaliatory

tariffs, and also new purchases by the Chinese is an important part of what we are working on. It is something the President focuses on every day.

*Mr. Smith of Missouri. Something else I want to hit on. After promising to open the rice markets in 2001, the U.S. has yet to ship one kernel of rice to China, thanks to trade barriers China has put in place.

China is the largest importer of rice in the world. Can you offer any indication that U.S. rice farmers will have access to a market they were promised nearly 20 years ago in these trade negotiations?

*Ambassador Lighthizer. Well, it certainly is something that we are working on. It is one of the principal issues.

I would also say that, when the Chinese were here in December, they said they were going to buy, as you know well, additional rice. And that -- those purchases never happened, not because of anything that happened in the negotiations, they just literally never happened.

*Mr. Smith of Missouri. Just keep fighting for the U.S. rice producer, and I know that you and the President are.

I also want to hit one other point before my time expires. We know that India provides domestic support for the U.S. cotton industry, and in violation of the World Trade Organization. We have discussed this before in the past.

Last year the U.S. took steps at the WTO to counter that support. What has India's response to that been, and what are our next steps?

*Ambassador Lighthizer. Well, I will be fairly brief, since I am already past the time.

I completely remember our conversation, you are completely right. We did, in fact, notify to the WTO the additional -- we would think -- not permitted subsidies in India.

We have a new government in India, the same prime minister but a new government. And this is something that I expect to engage on with the new trade minister very, very soon.

*Ms. Sewell. The gentleman yields back and the chair now recognizes Mr. Kildee from Michigan.

*Mr. Kildee. Thank you, Madam Chair, and thank you, Ambassador Lighthizer, for being here. It is always good to have you here at the committee.

As I mentioned, and as we have spoken, I represent Flint, Michigan, a community that was steeped in the auto industry, gave birth to the UAW, and helped build the middle class, and has gone through pretty significant changes, many of those changes traceable to changes in the economy, in part as a result of globalization, and very much exacerbated by, as we all have agreed, the failures that we experienced under NAFTA.

The difficulty that we have is that, at the time that NAFTA was enacted -- and I know it was a dramatically different deal than what has been negotiated, but there were promises made that things would change, that things would change for Mexican labor conditions, Mexican workers would be lifted up, that the American worker would be protected because of that. And, of course, we know that the history certainly did not bear that out.

The reason I mention that -- again, acknowledging this is a different deal -- is that, for many of us, this is not a question of being sold on the idea that this is a better deal -- you can read the language and see that it is clearly better -- but having more comfort on this very important point that you were just addressing, that there will be rigorous enforcement.

So, while Mexico changes its law, there is a lot of questions about whether they will fully fund the new regime that will be required to implement and enforce this agreement. And I am interested in the notion that there would be some additional overlays -- independent monitoring, for example, of Mexican labor conditions. And there is a lot of

details that need to be worked out.

I don't necessarily want to ask you to respond to a specific proposal, but the underlying intent, for example, of Brown-Wyden might be a starting point to work on this issue. And I wonder if you might be willing to commit to work with myself and others who are interested in this area to ensure that enforcement will be done in such a way that won't hurt the auto workers that I represent that feel like they are just getting their feet under them as we are trying to rebuild a strong U.S. auto industry.

Is that something you would be willing to work with us on?

*Ambassador Lighthizer. I absolutely will commit to that. I have enjoyed working with you very much on this. As you know, the effect of this NAFTA on auto workers is one of our principal motivators. We have to turn that around.

It is one of the things we -- I don't want to take up all your time talking about it, but I have enjoyed working with you on that. You are a strong spokesman for that point of view. I completely agree with you. I will continue to work on it.

And I think the auto workers, both the ones in Michigan, but also the ones that are in the southern tier, where the acting chair -- is that the right term? Whatever the acting chair is -- are the biggest single beneficiaries of this agreement, and they were the ones who were punished the most by the -- particularly your constituents, by the existing NAFTA.

And this is going to be a binary choice at some point. You go with this horrible agreement, everyone knows it is horrible, or you go with an agreement that is either spectacular, or just really, really good.

*Mr. Kildee. Yes, and it will be a binary choice at one point, and that does distinguish it from some past decisions that we have made. But our issue is making sure that it is the best binary choice that we can possibly have.

And I wonder if you can just comment quickly on two things, and then I have one

more point.

The four-year implementation schedule or program or plan in Mexico, how realistic do you feel like that is, given the magnitude of the changes that need to take place?

And secondly, do you think -- and again, this relates to the magnitude of the problem -- will the Mexican Government act to commit the resources, the financial resources it will take for implementation?

And if you could just quickly answer, because I have one other quick question that I would like to pose.

*Ambassador Lighthizer. So the answer to me is -- I think four years is aggressive. It is something that we insisted on at the request and advocacy of the -- of organized labor. So it was the American unions that wanted that. The Mexicans wanted six years. We took four years because we were going along with organized labor.

*Mr. Kildee. Thank you.

*Ambassador Lighthizer. And it is aggressive, but doable. And they think it is doable, and I think they will do it.

*Mr. Kildee. Thank you. And then, just quickly changing gears, I wonder if you could just comment quickly on -- regarding China. As you and I have discussed, we need to address China's blocking of polysilicon coming from the U.S. to support manufacturers of polysilicon and getting access to that Chinese market. I know it is a difficult issue, but it is one that is really important to the people that I represent.

Can you comment on that? Can we be more forceful, I suppose, in dealing with China on this issue of polysilicon?

*Ambassador Lighthizer. So it is clearly an issue we have talked to them about. You know the issue very well. An unfair trade case was brought against the -- our polysilicon industry. We believe it was retaliation for something totally unrelated. We

think it was unfair. But this is clearly an issue that is within the -- these negotiations that we have raised and will continue to raise.

*Chairman Neal. [Presiding] Thank you. I thank the gentleman. Let me recognize the gentlelady from Wisconsin, Ms. Moore, to inquire.

*Ms. Moore. Thank you so much, Mr. Chairman.

And Mr. Ambassador, thank you for your indulgence. I have had a lot of other responsibilities, so forgive me if I ask some questions that -- of material you have already covered.

In terms of NAFTA 2.0, I am wondering about the sort of protecting capital versus workers, the allegations that these -- that this agreement doesn't move far enough in the direction of creating additional incentives for firms to move their operations to Mexico and take advantage of the low wages and permissive regulations.

*Ambassador Lighthizer. So I'm not going to say it's perfect, but this was among our principal objectives, and we did a whole variety of things to try to stop this outsourcing, you would call it -- I would call it outsourcing -- of jobs down to Mexico. And I think we've made an enormous amount of progress in this area.

*Ms. Moore. Well, obviously, that's the case. But you know, they talk about a loophole whereas U.S. oil and gas, for example, this particular industry, can still contractually sue the Mexican government directly under those rules. And so I am -- and there is no incentive or no effort to really close that particular loophole for that industry.

Was there a reason why we are retaining loopholes for certain industries?

*Ambassador Lighthizer. So on this issue of ISDS, it's a difficult issue. It's a difficult issue and one on which a variety of members have very strong views. We thought that ISDS was a source of outsourcing and there were other issues that we thought needed to be corrected.

I think we struck a good balance. We improved the situation from your perspective but probably not as far as you want to go. If you say, "How would I distinguish the oil and gas industry from other industries," I would say it's, to me, that allowing ISDS that would incentivize moving a factory to Mexico is something that I think is a mistake and is bad, as in a subsidy, but that doesn't apply to a natural resource where the industry has to go there. I mean, there's no way they --

*Ms. Moore. Mr. Ambassador, let me move on here. You've waxed on about the increase in the GNP and the lowering of unemployment and how wonderfully things are ticking along, but many economists say that these are short-term, they're small gains, they're temporary, and that they are unsustainable for the long term, and that we can always talk about how we've had an increase in GNP. But like 85, 86 percent of that benefit just goes to the wealthiest people and not really to workers, that any increase in wages is marginal.

What would you say to that?

*Ambassador Lighthizer. I would say those economists are crazy. There's no truth to that at all.

*Ms. Moore. Oh, really?

*Ambassador Lighthizer. I just think they're crazy.

*Ms. Moore. Call me crazy. It was 84 percent of this last tax cut, for example, went to the 1 percent.

*Ambassador Lighthizer. Well, but this is -- I mean, I think this trade agreement is different. I'm not --

*Ms. Moore. Oh, no. I mean it might not be. Can I ask you a question? And I've brought this up with you before, Mr. Ambassador, about juvenile furniture that's made in China. Really for new parents, I am wondering why we are not excluding that from our

-- I want to put that in the record, Mr. Chairman, a Roll Call article.

*Chairman Neal. So ordered.

[\[The information follows:\]](#)

*Ms. Moore. To talk about -- I would love, Mr. Ambassador, for you to continue in my last couple of seconds to lean into looking at juvenile furniture as one of the things we really need to prevent Sudden Infant Death Syndrome, keeping children safe.

And right now that -- the cost-effective way to do that is to make sure that there aren't tariffs -- I'm sort of throwing that in -- that there aren't tariffs that will interfere with the transportation of those products.

*Ambassador Lighthizer. Well, I'm not much of an expert on child chair safety, but I think -- first of all, we'll certainly look at the exclusion request. We have a process. We're happy to do that.

And secondly, juvenile chairs and other things can be made in a variety of areas.

*Chairman Neal. I thank the gentleman.

*Ms. Moore. Okay, thank you so much, Mr. --

*Ambassador Lighthizer. Thank you.

*Chairman Neal. I thank the gentlelady. Let me recognize the gentleman from Illinois, Mr. LaHood, to inquire.

*Mr. LaHood. Thank you, Mr. Chairman, and thank you, Ambassador Lighthizer, for being here. And I just want to say thank you for your responsiveness to us here in Congress and your attention both in a bipartisan way with Democrats and Republicans and your entire team that you have behind you. You've been great to work with.

And as we think about USMCA and getting this clock started, that is what we're waiting on. And you've been looking at this for the last year and working on it, and frankly, it concerns me a little bit that we haven't started the clock yet and that Speaker

Pelosi hasn't brought this forth yet. And I worry every week that goes by that we're losing time, and frankly, I'm losing patience with not getting this going.

If you put politics aside and you look at USMCA, this is good for workers, this is good for jobs, and it's good for the long-term economy of this country. So I am hopeful that all of that goodwill that you have engaged with the Speaker and the Democrats will pay off and we can get that clock started here to get USMCA across the finish line.

Secondly, I want to compliment you on being a superb negotiator and really being a zealot for America when it comes to China, when it comes to USMCA, and when it comes to our trade agreements that are on the horizon with Japan and the EU. You've been superb in that manner.

And frankly, when I look at where things are at with China, I want to ask you some specific questions on that. I would initially say I'm not generally a fan of tariffs. Tariffs, to me, are taxes. They're taxes on consumers. They're taxes on businesses. I have an ag district that's the eighth largest ag district in the country, and my farmers don't necessarily like tariffs.

But I'll tell you what they also don't like. They don't like the fact that China has been ripping us off for 25 years. And most of my farmers, they're Americans first and they're farmers second.

And we look about where we're at with China right now and where this Administration is, and I applaud you on being tough with China, because long-term when we look at technology -- and I've heard you say this before -- technology is the future of the world. And we lead the world in technology, and China wants to beat us, and they're doing everything possible to do that.

And when I look at our trade stance with China and where we're at, as we look at what happened with the breakdown in the negotiations with China, it appeared to me and

many of us we were making progress in your negotiations with Liu He and also with Secretary Mnuchin, and then it broke down. And it appears that the Chinese maybe reneged on some of their promises, came back with a lot of edits and changes that caused things to go south.

I was wondering whether you can comment on what went wrong at the end of the negotiations. And secondly, does that change our negotiating policy moving forward, and are those fault lines repairable?

*Ambassador Lighthizer. First of all, thank you very much, Congressman, for your kind statements about me and my team and the President's trade policies. As I said before, we have a bad situation, and the President is just not going to tolerate it. So we're going to make changes, and I think the President has done that across the board.

And to the shock of all the members, I'll say the President will say to me every now and then, "Bob, we just have to do something. We're not doing anything in trade." And I'm saying, "Okay, Mr. President."

On what happened in the China talks, it's more or less speculation right now. My speculation is that some forces in China decided that they had gone too far, the negotiators had gone too far, went out beyond their mandate. I don't know whether that's true or not. I'm just speculating on that.

The issues that we talked about -- first of all, I have trust and complete good faith in the people that I'm dealing with. They're tough, professional negotiators. And -- but they're professional. I don't have any question that they're doing what they believe their mandate is.

The issues haven't changed. The issues are the same issues. They have to be resolved. The President is never going to agree to any agreement that doesn't deal with these issues of technology transfer and IP protection and the whole stuff right down the line

in agriculture and other issues.

And my hope is we can get back on track. I think it's in their interest. I think it's in our interest. And hopefully, the politics over there will line up in a way that allows that to happen.

*Mr. LaHood. And just as a follow-up, what are your expectations for the G20 summit next week? And then secondly, what are your plan for additional tariffs if talks continue to stall?

*Ambassador Lighthizer. So if they're stalled we have a process ongoing. In a couple of weeks, we'll have the legal authority, we believe. We will have done the process. The President will, at that point, make a decision as to whether he wants to put them in place. We'll keep everyone informed. And he'll also decide on which specific products and on what the amount is. We're looking at up to 25 percent.

So in terms of the G20, we're hopeful.

*Chairman Neal. Thank you. Let me recognize the gentleman from Pennsylvania, Mr. Boyle, to inquire.

*Mr. Boyle. Thank you, Mr. Chairman. And first, I just want to echo the comments that my colleague from Illinois made about you and your staff and your bipartisan approach. I do appreciate it and appreciate your public service.

In the only five minutes that I'm allotted, I'm going to attempt to hit three different issues, so kind of around-the-world in five minutes, so please bear with me.

The first is just overall approach. We are just under 5 percent of the world's population, so clearly, to remain the number one economy in the world we need to trade. But of course, those -- that trading needs to be done on fair terms.

And so to give you an idea of where I am coming from, and more importantly where my constituents are coming from, in Philadelphia, for more than 50 years, we had a

very famous Nabisco plant on Roosevelt Boulevard. It was in a largely residential area. It was the only multistory building. It made all the assorted Nabisco products that you would be familiar with -- Oreo cookies, Chips Ahoy. You could smell the cookies from miles away.

This plant, importantly, was profitable. This was not one of these companies that had to go out of business and understandably liquidate or move. A highly profitable company owned later by Mondelez, they decided to close that plant, lay off 325 workers, including neighbors of mine, who had good, family-sustaining jobs, and they shipped those jobs to a brand-new plant they built in Mexico. They did the same thing to their plant in Chicago.

And at the time, I believe candidate Trump picked up on that. I talked about it on the House floor, railed against it, unfortunately to no avail, and now those plants in my district in Philadelphia and Chicago are closed and you have those jobs in Mexico, where they pay approximately \$2.35 an hour.

Is there anything in the new NAFTA 2.0 or USMCA that will in any way prohibit or discourage companies from making that sort of behavior or that sort of a decision?

*Ambassador Lighthizer. So I would say first -- and I'll try to be as brief as I can to respect your time. I would say in the first place these are the kinds of cases that drive us crazy, that have driven the President crazy, literally since 30 years before he ran for president. And I would say in terms of this happening again, I'd say there is a number of things in here, because this is the cutting edge of what we have to discourage.

Now, there's always going to be the wage thing, right? But so we talked about in some sectors the rules of origin will have a big impact, the labor provisions will have a big impact, because it'll change the nature of the relationship between labor and employment down there.

This issue of ISDS, which we just talked about, was, in my judgment, at least in my judgment, a subsidy for people to move down there. So there are -- and the environmental provisions will -- in some industries will have a discouraging effect or impact.

So this was a primary objective, and it was a consideration literally in every single part of this that we discussed.

*Mr. Boyle. So let me ask, so that's a perfect segue into a conversation on enforcement, because when I was first elected to the state legislature over a decade ago I thought I had an agreement with someone; and a wise, 30-year veteran let me know there's a difference between a promise and an agreement, and that difference is the extent to which it can be enforced.

So specifically on enforcement, could you explain why the Administration seems to still be skeptical about having a binding dispute settlement mechanism?

*Ambassador Lighthizer. So I would say first of all, I want to -- I'm going to say what I've said many times. It's very brief. I'm going to work -- I want to work this out. I want to do it quickly. I think it could do it in an afternoon with the group that the Speaker has identified.

So we believe the thing has to be enforceable for sure, so what you're talking about is panel blocking. All right. So the question is: Do you want to have the right in a rare circumstances where someone challenges something of particular importance to you, not on a regular basis but it's of particular importance to you, do you want to have the right to block that panel if you have another way to still enforce your own rights? That's what we are trying to find that balance.

So the question is: What's the risk that, for example, you're going to have a problem with a challenge to the trade laws? We have a challenge to the trade laws under the WTO. The trade laws are fundamental to all these workers that we're all talking about,

getting laws against unfair trade. And the question is do you -- that's the balance that I'm trying to strike here.

But I want to work it out with the members. I want members to be happy. If members say no, I don't care about that balance, then I'll consider that.

*Mr. Boyle. Well, the other two I'll follow up with you. I'm out of time, so the other two I'll follow up. Thank you.

*Chairman Neal. Thank you, Ambassador. We all want the members to be happy. Thank you.

Let me recognize the gentleman from Virginia, Mr. Beyer.

*Mr. Beyer. Mr. Chairman, thank you very much. And Ambassador, thank you for working diligently to try to come to some good trade agreements. I confess I've been extraordinarily frustrated, sad, by this President's approach to tariffs.

You have said -- I just looked at what happened to steel. Production went up 5 percent last year. The steel industry created 200 new jobs, 200. So they ramped their production at highly efficient mini-mills with the electric arc furnaces that employ very few workers. So what happens is the steel companies made a lot greater profits, but the impact on American workers is negligible.

And you said the President gets very frustrated with unfair trade practices around the world. "It drives him crazy," quote/unquote. So he has a temper tantrum and basically reacts with tariffs that hurt us more than he hurts the people that we're trying to punish. It reminds me of the child that gets so frustrated that he starts destroying his own toys because he doesn't know what else to do.

So were you involved in the President's decision to levy the anti-refugee tariffs on Mexican products escalating from 5 percent to a possible 25 percent?

*Ambassador Lighthizer. Let me say, first of all, that I disagree with almost

everything you just said, which won't surprise you at all. I've never seen the President have a temper tantrum or anything remotely like that. And I think the steel and aluminum program has been wildly successful and has saved -- saved thousands of jobs and created thousands of additional jobs.

So I don't agree with you on any of that, and I certainly think tariffs are a tool which can be very -- which can be very useful and in many cases have been useful and successfully used. And I think they've changed the nature, for example, of our relationship to China, which was on a -- which was heading right down the rathole, and now at least we have an opportunity to turn that around.

So in terms of the President's decision to put tariffs on Mexico in the case that there isn't some solution to the immigration problem, that's not specifically in my area of expertise. I'm not an immigration person.

*Mr. Beyer. But shouldn't we as a committee with jurisdiction over trade policy find it disconcerting that our U.S. Trade Representative didn't have input into those decisions?

*Ambassador Lighthizer. Well, I didn't say I didn't have input. I was certainly involved in the meetings. I'm just saying I'm not an immigration person. I don't know enough about that. It's just not my area.

I do know that if you are sitting here and you're the President of the United States and you think there is a legitimate national security threat, you think there's a huge, huge problem -- I don't want to go through the numbers. You probably know them better than I do. But if you see that, you have to do something. The President came to that conclusion. He had to do something.

*Mr. Beyer. Is there anything in --

*Ambassador Lighthizer. And it worked out, so I don't know why people are so

upset.

*Mr. Beyer. Is there anything in the new NAFTA or any implementing language that you're considering that would constrain those authorities or limit the President's to impose non-trade-related tariffs on one of our closest trading partners?

*Ambassador Lighthizer. Well --

*Mr. Beyer. And just a yes or no answer if possible.

*Ambassador Lighthizer. I'm sorry. Well, but it's one of those things that can't really be quite yes-or-no answered because there -- you can always take national security actions in every trade agreement. Everybody reserves that. No one is ever going to be in a position where they say if my national security is at threat, I'm going to let a trade agreement overrule my national security interests. So there's always that.

But as a general matter, there is a restraint on what you can do with respect to tariffs and regulations and a lot of other things, all of which are in this agreement. I don't know if that answers your question.

*Mr. Beyer. Not really. But --

*Ambassador Lighthizer. I'm happy to expound on it if you'd like.

*Mr. Beyer. Okay. Mr. Ambassador, when the allies in the business community come and talk to us about USMCA, they say the best part of it is the benefits of certainty. When the ITC did its report, they chalked up the lion's share of the economic benefits to certainty. Today you mentioned certainty a number of times as the major benefit of the USMCA.

But if the President hasn't ruled out imposing those broad, punitive, non-trade-related tariffs on Mexico, which would be devastating for both the U.S. and Mexican economies, and oh by the way might lead to increases in migration, what's the point of a new NAFTA, because everybody is living under the gun of the President's whims? How

do you have any certainty if he can just come right back with these tariffs?

*Ambassador Lighthizer. So let me say two things. First of all, there is this national security exclusion which we've talked about, but I always am so impressed with people that are so worried about certainty in business and NAFTA. We signed this thing nine months ago. I'm prepared to come to certainty, have a vote, come to conclusions, sit down with a handful of members and come to a conclusion and have a vote in the United States Congress. I mean, I agree completely with your sense that we need absolute certainty in this. The best way to get certainty is to pass this thing as soon as possible.

*Mr. Beyer. I must yield back, but thank you, sir.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Ohio, Dr. Wenstrup, to inquire.

*Mr. Wenstrup. Thank you very much, Mr. Chairman, and thank you, Ambassador, for being here today. I appreciate it. You know, we've heard a lot of talk about enforcement of labor agreements, and it seems to me the first step in that is what you have already tried to do, which is to agree to it, have it signed, and have it in the USMCA as it is, as opposed to a side agreement. And so you've taken the first step, in my opinion.

And I want to applaud you for your willingness to talk to this committee and to the panel to come up with ways to enhance enforcement, because I think it's important. But in my mind, you've taken the first step that doesn't exist today, and so thank you for that.

I want to echo some of the things -- concern for our farmers, and I've certainly got that in Ohio. And I think that one of the questions I have is to what extent do you think the USMCA will relieve some of the burdens that they are facing right now before we get into China? In other words, if we get this taken care of with Canada and Mexico, what -- how much advantage will that give to them, relieve some of the burdens they are enduring right now?

*Ambassador Lighthizer. So I think it will have a huge effect, and I think it's a strong argument for passing it as soon as possible. Mexico and Canada are number one and two -- and it varies sometimes -- of your agricultural export markets. I mean, this is whatever the number is, it's \$35 or \$36 billion worth of agricultural sales.

We've taken the -- we got the ITC report, which supports what I say. We've taken the step to get rid of the steel and aluminum tariffs on Mexico and Canada. We've gotten rid of the retaliatory tariffs. Now we need the certainty so that our farmers can move forward on this. It's extremely important.

*Mr. Wenstrup. Well, I couldn't agree with you more. And I'd like to just talk and have you engage in a little bit too, but the difference between dealing with Mexico and Canada and dealing with China, and it's a completely different situation, in my opinion, from a national security standpoint.

We have certain tools in our chest -- diplomacy and military and what we can do economically. What we have been seeing from China over the last several years is their expansion around the world and into space and in other areas, and they're really doing it on our dime, in my opinion. They have been able to do a tremendous amount of things. If you look at what's going on in the South China Sea, their influence and how they're trying to engage in Africa, surrounding countries, dangling little shiny objects and doing all that, and I say they're doing that on our dime.

And so we have to be tough on them in the long term because it's more than just getting a good trade agreement; it's our national security as well. And I'd like for you to comment on that if you can.

*Ambassador Lighthizer. Well, I certainly agree with that. I think we're all going to benefit by passing USMCA and getting back to all these great provisions that are going to lead to more jobs and more agricultural sales in the United States. They're going to

help Mexico and Canada too, and that's great for North America.

China is different. In the case of China, we do have other considerations. Number one and number two, if you're concerned about trade, if you're concerned about trade deficit, which I am and which, of course, the President is, an enormous part of that problem is China, and it's not basic economics. It's not economics. It's all these unfair trade practices.

And what we're really looking at is what kind of a future are we giving to our kids. In the case of Canada and Mexico, we have that on course, and that's great. But with respect to China, it's literally a question of what kind of an economy we're going to give to our kids, what kind of a future they're going to have.

*Mr. Wenstrup. And where is our place in the world. Do you see any opportunities for other countries to step up where China has been dominant, maybe in other areas of trade with -- either from Taiwan or the Philippines or even Vietnam? Can they fill some of the gaps if China is starting to struggle or left out?

*Ambassador Lighthizer. So you have seen a lot of that. I'm sure that's something that the Chinese are following more closely than we are, but there certainly are a variety of other countries that have been the beneficiaries of plants moving out of China because of this uncertainty that Congressman Beyer was so -- was raising.

And I would say this, and I think this is important: Another beneficiary of that is Mexico. Mexico is a great spot to put those plants, and that's why this is going to be good for Mexico. If it's good for Mexico, it's far more likely to be good for us.

So I think you do -- you are seeing that happening. There are a variety of beneficiaries, and one of them is Mexico.

*Mr. Wenstrup. Well, thank you for expounding on that. I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from

Illinois, Mr. Schneider, to inquire.

*Mr. Schneider. Thank you, Chairman. And Ambassador, thank you again for joining us today but also for your work in reaching out to us, and openness and candor is greatly appreciated.

The last time you were here I shared a specific example of a company in my district that was having firsthand experience with China's what I'll call dodgy trade practices, and I had asked what reforms you are pursuing and what outcomes you had secured in your negotiations from China.

Three and a half months later, I have the same question. We'll start there because I haven't seen the progress. In fact, at least for many of these companies, the situation has gotten worse. Instead, the President continues to issue tariffs by tweets, creating massive uncertainty, as you've said earlier, that that uncertainty is creating challenges for U.S. businesses. Increasingly a challenging environment for business to plan, to look to the future, to grow.

I would like to submit for the record an article in yesterday's New York Times, "Global Economic Growth is Already Slowing. The U.S. Trade War is Making it Worse."

*Chairman Neal. Without objection, so ordered.

[\[The information follows:\]](#)

*Mr. Schneider. And just to reference from this, the article quotes the chairman of Cummins, who says in his own case that the cost from tariffs has exceeded the benefits of the 2017 corporate tax cut. He says, and this is a quote, "The tariffs that are now in place - the tariffs that are in place now and which may be in place for some time are a significant burden on U.S. businesses and farms," end quote. And the article then goes on to say, "Data increasingly suggest trade tensions are weighing on economic confidence, globally and in the United States." And without objection, I'd like to submit this for the record.

So we have this tit-for-tat trade war with China causing pain to American businesses, big and small, and let me be clear. The pain that is incurred is passed on to the American consumer.

The President will occasionally acknowledge his tariffs are hurting people, and that's why, for example, he has proposed \$16 billion to aid farmers struggling from his reckless policies, trade policies. But he definitely would not acknowledge it -- acknowledge who's paying the price. In fact, in his recent ABC interview he said, quote, "Out of the billions of dollars that China is paying, I'm taking 16 billion out to give farmers because that's what they've lost because of China. And I'm making it up. I'm taking it. It all comes out of tariffs that I'm collecting."

Ambassador Lighthizer, my question is: Do you know what the President is referring to here? Are the costs of tariffs paid by China or by U.S. consumers?

*Ambassador Lighthizer. So let me make a couple of comments, if I could, about some of the things you said, just so they don't stand.

I don't believe for a second that what we are doing with China is having a negative -- a largely negative effect on economic growth. The reality is the U.S. is growing faster, almost by two times, than any other G7 country. But the economy in a lot of countries is slowing down, and it doesn't have anything to do, in my judgment, with what we're doing.

The question we have with China is: Are you willing to either -- your choices are either to do -- in my judgment, either to do what we're doing or to just take the status quo and say we're going to have conversation. We had that for 20 years, Congressman. You and I have talked about that. We had 20 years of that, and literally the trade deficit went up and up, and we lost more and more technology. So it was the worst thing for the United States. We could not continue to go down in that direction, in my judgment.

Now, if you have a different view than this, it all looks different, right? If your

view is --

*Mr. Schneider. And I'll be clear. China is a bad actor. We need to hold them to account. We need to work to change their behaviors. But the question is that tariffs -- are China paying the tariffs, or is it the U.S. businesses and consumers that are paying the tariffs?

*Ambassador Lighthizer. Well, I would say, first of all, it's a complicated question. The first thing is it depends on what products you pick. With respect to some products, clearly the Chinese are paying and not U.S. consumers.

The second thing is if China devalues their currency, which they have, then they're making a decision to pay those tariffs and spread it across.

Number three, in many cases they absorb the tariffs specifically to maintain market share.

Number four, in many cases they end up subsidizing the sales in the United States for a whole variety of economic reasons, in which case China pays for those things. So it is far more complicated.

The other thing is, other countries come in and substitute for China, in which case the products -- even the price of the products do not even go up. So I do not buy this idea. And I realize that these economists have this hidebound notion that U.S. customers pay for all of this. I do not buy it at all.

*Mr. Schneider. And I am just -- I have 10 seconds. I am going to reclaim my time. And we can continue the debate, but I do want to submit for the record, one of my concerns is the Administration's policies towards Israel.

The Administration has not granted an exemption to Israel, one of our strongest allies, on the tariffs. I hope we can make the progress to do that. And we will continue to talk about USMCA and how we can deal with timing of that.

*Ambassador Lighthizer. Well, I will call you on the Israeli thing.

*Mr. Schneider. Okay.

*Chairman Neal. Based on the gentleman's request to have those documents included in the record, so ordered.

[\[The documents referred to by Mr. Schneider follow:\]](#)

*Chairman Neal. And with that, let me recognize Mr. Suozzi.

*Mr. Suozzi. Okay. Thank you, Mr. Chairman. Ambassador, thank you so much for being here today. I want to reiterate my support for your efforts vis-a-vis China.

China is cheating. China has a plan for world domination economically, technologically, in space, militarily, over the next 30 years. And they treat their own people awfully, as manifest with the Uyghurs and with the Tibetan Buddhists, the protests we see in Hong Kong. So I just want to reiterate my support for what you are doing vis-a-vis China.

My focus really today is about the USMCA, the new NAFTA, and about enforcement. Enforcement, enforcement, enforcement. Wages, wages, wages. We have heard a lot of talk today about the improving economy. The economy in America has improved dramatically since the 1980s. The Dow Jones has gone up 1200 percent. The GDP since the 1980s has gone up 600 percent.

But people's wages have not gone up. People's wages have gone up less than 20 percent while you have seen 1200 percent in the Dow Jones, 600 percent in the GDP. And as one of my colleagues said earlier, the middle class needs a raise.

So we want people in America to make more money. We want to have a lot of other things that we want in America, and we are competing against countries where they do not have those things. So there has been some things negotiated in this agreement to try and get Mexico to do a better job regarding paying their workers, and they have had

some labor reforms; on April 30th, Mexico passed their labor reform legislation that requires them to overhaul their current labor system, replacing the structurally biased conciliation and arbitration boards with labor courts; requiring all collective bargaining agreements to be subject to free, secret, and personal vote by workers; to fix the “recuento” system for union elections, which are a subject of prolonged delays of as much as years.

The problem is enforcement. How do we know they are going to do all these different things? And this Administration has said that in order to try and enforce these agreements -- not by correcting some of the flaws from the first NAFTA, but instead they want to rely on the executive authorities under Section 301 of the Trade Act to impose tariffs and trade actions.

I find it hard to believe that after negotiating this monumental agreement, after going through all these efforts, making an agreement with another Nation, we are going to open up an agreement because somebody is violating a labor rule at a particular company, and we are going to impose tariffs on the country. I just do not think that is realistic.

So I think we need to have more stringent labor enforcement requirements. And you said you could negotiate this in a half hour with the people that have been assigned by the Speaker.

*Ambassador Lighthizer. I said half day, but --

*Mr. Suozzi. Half day. Okay. Half day.

*Ambassador Lighthizer. -- with still the same.

*Mr. Suozzi. So the labor advisory committee, who are folks that work with you from different labor representatives, have indicated there could be specific labor and specific enforcement provisions, such as an independent secretariat who would bring labor cases to courts, or more specific certification requirements that would ensure that trade agreement rules are abided by.

Do you like that idea? Do you think that is a good idea? Would you support something like that?

*Ambassador Lighthizer. I mean, I do not have that in front of me. I do not know the details. There are labor courts in Mexico. That is part of the -- I mean, that is part of their reform. They did pass that. So --

*Mr. Suozzi. But this is the idea of creating an independent secretariat who would bring labor cases to courts.

*Ambassador Lighthizer. No. I do not think that makes any sense at all.

*Mr. Suozzi. Okay. So Senator Brown and Senator Wyden have crafted a proposal that would increase enforcement personnel, promote capacity-building, and join initiatives to recognize labor rights in America, and then allow the U.S. and Mexican Governments to work together to audit and inspect facilities for compliance and then directly deny preferential tariff treatment for companies when they are found in violation.

Do you like that idea?

*Ambassador Lighthizer. There are a lot of -- that is a complicated proposal. I have talked to them about it. And there are a lot of things I like about it, and I think they will all be discussed with the leadership group.

*Mr. Suozzi. Are you open to reopening the agreement or drafting the implementing bill to include these enforcement mechanisms?

*Ambassador Lighthizer. No. I do not think we want to reopen the agreement.

*Mr. Suozzi. Do you think that there are mechanisms in place, or could be put in place, that would say, listen, we see this company is violating labor rules that we think are standards that should be abided to? We see that they are breaking the rules. Could we stop the goods at the border if we wanted to stop them?

*Ambassador Lighthizer. So it depends on what rule is being -- if it is forced

labor, yes. We have laws that can deal with that. If there is --

*Mr. Suozzi. We heard earlier today about violence, or people trying to break up elections using violence, or not letting a union form. How can we stop the goods at the borders, for example, if a company is doing that?

*Ambassador Lighthizer. So there are two things, Congressman, to think about. One is, are you denying them the benefit of NAFTA? All right? The second question is, are you stopping the product from coming into the border? Those are very different ideas.

The idea of stopping them at the border is not even something that is being talked about in the Brown-Wyden bill. That is other than in the forced labor kind of context. So what we are really talking about is denying the benefit of NAFTA. And the question is, how do you determine whether there is a violation? Some things are black and white and some things are not, but --

*Mr. Suozzi. I have to yield back my time. I am specifically not only referring to Brown-Wyden, though, but anything that you would support to try and block goods as a vehicle by enforcing. But my time is --

*Chairman Neal. I thank the gentleman.

With that, let me recognize the gentleman from Kansas, Mr. Estes, to inquire.

*Mr. Estes. Thank you, Mr. Chairman. And thank you, Ambassador Lighthizer, for being here today, and actually, for all of the work that you have been doing over the last few years to help make this process better for the country and, in general, for the world, just by having good trade.

As the representative from the air capital of the world and the breadbasket of America, trade is really important in Kansas. And like many States, Kansas's top two trading partners are Mexico and Canada. In fact, trade with Canada and Mexico is roughly \$4.9 billion and supports about 110,000 jobs in our State.

And that just underscores how important NAFTA is for our country. The USMCA's major focus is on how we make sure manufacturing wages improve, help make sure we have new access for American agriculture, sets unprecedented standards for areas like digital trade and supports American innovation through intellectual property provisions. And every day we delay the vote on USMCA, our country loses jobs and economic growth.

Unfortunately, we are a little behind the curve. Mexico and Canada have already started that process. And I am hopeful that after your testimony today, my colleagues, both on the committee and in Congress itself, will join the bipartisan group of ranchers and farmers and workers and manufacturers who are urging us to ratify USMCA.

As you have mentioned already, I too understand the need to make sure that USMCA is enforceable, not just on environmental and labor provisions but actually on all the provisions. I believe the USMCA can work as a strong standard for trade negotiations moving forward, just adding to the importance of making sure that we get this agreement done.

So as the negotiations continue, I will look forward to making sure that any trade deals open up more markets for Kansas farmers and manufacturers and set clear, enforceable benchmarks that will benefit our economy and American jobs in the future.

As I mentioned, Ambassador, USMCA is just one trade area that you and the Administration are focusing on. And I recognize that Mexico and Canada are Kansas's two biggest trading partners. But the third one is close behind, in Japan. Can you talk a little bit about how a Japanese trade deal will be beneficial for U.S. agriculture -- beef, ethanol, some of those products that we produce in our State?

*Ambassador Lighthizer. I would be happy to, Congressman. Japan is right now a pretty good market for the United States, but it ought to be much better. They import a

lot of products from places other than the United States. One of the points that I make to them all the time is if you look at their trade balance, they basically have a surplus with the world about equal to what their surplus is with the United States, which is another way of saying that all their deficits, Japanese deficits, with the world are basically offset by benefits of trade with the United States.

And if that is the case, we are their best customer. And if you are their best customer, you cannot treat your best customer worse than you treat people from all these other countries in Europe and all the other TPP countries. So that basically is the argument we have made.

And the principal thing we are trying to do on a fast-track basis -- or on an early basis; I do not want to use the term "fast-track" any more -- on an early basis is to get agriculture access equal to what the Japanese have given to the TPP, the other 10 countries that they have there, and to Europe.

And it is quite detailed. It is very, very, very complicated, as you know because you are an agriculture expert. It is these TRQs and all that sort of thing. There are huge benefits for beef. There are huge benefits for pork. There are huge benefits for dairy products. There is just a lot of stuff in there that we are working our way through. And I am hopeful that we will make headway on that.

But we realize how important it is. And if we do not do it now, we will not only -- we are actually going to move backwards. Right? We are going to be worse off because we are going to lose market share to these other people.

*Mr. Estes. Thank you. One of the things I wanted to mention is we have talked some about the digital services tax and some of the things that countries like France and some others are looking at. I understand USTR is contemplating investigations into unilateral digital tax measures from France and some of these other countries.

Can you comment briefly, or is there a quick answer, or is that something --

*Ambassador Lighthizer. So I think the digital -- yes. I think we ought to take an action against the digital tax if someone puts that in place. That is just one person's view.

*Chairman Neal. I thank the gentleman.

Let me call upon the gentleman from Pennsylvania, Mr. Evans, to inquire.

*Mr. Evans. Thank you, Mr. Chairman.

Mr. Ambassador, as you know, I am all about finding out which tools in the toolbox can we use to fight poverty. Trade is an important tool that I will call a poverty-buster. Trade needs to fight poverty by creating economic growth, providing jobs, and generating revenue.

In my home city of Philadelphia, trade exports support over 185,000 jobs, generating about 8.2 percent or \$31 billion of Philadelphia metropolitan annually. That being said, I believe it is important that any trade agreement that the U.S. takes firmly protects our priority and is competitive in the global market.

Mr. Ambassador, how do you, or the policies that have been laid out with the President's 2019 trade policy agenda, protect and promote the ability for trade to continue to be the poverty-buster for the United States?

*Chairman Neal. Would you turn on your microphone?

*Ambassador Lighthizer. First of all, I agree with you completely. My basic view is that if we have fair trade, if we do not have these impediments, if we do not have these imbedded unfair tariffs -- I would say unfair tariffs -- that we have agreed to around the world, that we are going to see an enormous explosion in the U.S. economy. And we are going to see more manufacturing, more agriculture.

Personally, in terms of busting poverty -- this is just my own perspective -- I think it is manufacturing jobs more than any single thing that has the most direct effect right where

the rubber meets the road. And if you look at what has happened since the last election, we have created 5.8 million jobs. But mostly importantly to me, at least, we have created half a million manufacturing jobs.

These are the jobs that take people from high school to the middle class. And that is what we have to -- when you say trade being poverty-busting, that is what it means to me. It means you are taking people out of high school, you are putting them in a manufacturing job where they are making 20 bucks an hour or more all in, that changes their life. Their kids are different. Their family is different.

And I think when you see the opposite side of it, where does the poverty come from? You are losing manufacturing jobs. You have hollowed-out cities. You have hollowed-out small towns now, which we never had before. You have crack cocaine and you have fentanyl, and all these bad things are coming from that. In my judgment, at least, not entirely, but a good part of it is losing those basic jobs.

And if you can get those -- and they were not lost because of economics. That is the problem. And if you get those jobs back, you will turn the cycle around. And that really is one of the motivations we have.

*Mr. Evans. Mr. Ambassador, I am obviously very proud to be here on the Ways and Means Committee. But I am also vice chair of the Small Business Committee. And as you know, trade is critical, important to provide growth and opportunity for small businesses.

In your testimony, you mentioned securing new markets, access for farmers in dozens of countries around the globe. Can you elaborate on what this new market access looks like? And what will it work to support securing more access to our Nation's small businesses?

*Ambassador Lighthizer. So I would say, first of all, one of the most important

things we do when we think about small businesses and the economic vitality of small businesses is improvements in digital trade. There is an enormous amount of benefit to digital trade from small manufacturers, small companies, retail sellers who can now reach four, five, six, seven, eight, 10 times the amount of customers that they could before.

So this is something that we have stressed all over the world. There is an international -- there is a WTO process that we are going through trying to put new rules in place. The United States has a real economic advantage in this area. We have the best technology. We have the best companies in this area right now. So it is an area that is very helpful.

We also have -- in most of our trade agreements we have these small and medium-sized enterprise provisions, where we go through and try to -- they are not always binding, but they are ways to try to encourage other economies as well as our own economy to make sure that we are not discriminating against small and medium-sized enterprises.

But I would say, number one, if we have less fair trade, if we have more exports, it is going to help everyone, and particularly it is going to help small business.

*Mr. Evans. Thank you, Mr. Chairman.

*Chairman Neal. I thank the gentleman.

Let me recognize the gentleman from California, Mr. Panetta, to inquire.

*Mr. Panetta. Thank you, Mr. Chairman, Ranking Member Brady.

Mr. Ambassador, thank you very much once again for being here, as you consistently have been for the past -- my 6 months here on this committee as well as this term in Congress. As I mentioned the other day in the hearing with Ambassador Doud, I do find you a pleasant presence here on Capitol Hill, and I hope that you continue to be, especially working through these issues when it comes to USMCA.

Obviously, as you have heard, though, there are some issues that need to be

addressed. And I think both sides, Democrats and Republicans, want to work through them and get to yes when it comes to USMCA.

In my area, as you know, on the Central Coast of California, it is all about agriculture. And that is why NAFTA has benefitted. My fresh fruit and vegetable producers there on the Central Coast, especially with its trade with Canada and Mexico as well as its investments in Mexico and then taking some of that money that they have earned and put it back into our area on the Central Coast.

So NAFTA has definitely been a big benefit, and I appreciate the improvements that have been made in the USMCA when it comes to agriculture, especially benefitting my producers.

Obviously, the improved sanitary/phytosanitary measures, treating biotechnologies using to do that, ending discrimination on certain wine products up in Canada, but most importantly, I think now, the USMCA could obviously, as you have heard and as you know, provide certainty to our farmers, who have really been taking it in the shins lately, be it with the markets, be it with Mother Nature, be it with the lack of immigration reform, and also just based on the fact that these tariffs that have been imposed have hurt them, people in agriculture, as you know well.

But there has also been some pretty good labor and environmental chapters that have been imposed in USMCA -- the Mexico annex, and it has led to positive change in the Mexican labor laws. But the issue is whether or not, as you have heard over and over, it is all about enforcement.

Now, recently we have had a representative from AFL-CIO come up and talk about certain recommendations such as having an independent labor secretariat, more specification when it comes to acceptable work conditions, requirements to prosecute when there is worker violence, as well as protections for the recruited migrant workers, some of

those workers who come to my district up there and help our agricultural industry.

And so I guess -- and in what you said earlier; you talked to Congressman Pascrell up there -- when he talked and when you said that you do not believe that changing the text of the agreement is necessary, and that you would work with the working group you have mentioned and come up with a conclusion of how to proceed.

I guess moving beyond that, should those changes be requested that require additional commitments from our trading partners and not just to our own domestic implementation of legislation, are you willing to take those proposals to Canada and Mexico, update the labor annex, or possibly do a side deal? How do you want to go about it after something is agreed to here?

*Ambassador Lighthizer. First of all, Congressman, thank you for your comments. I appreciate that. I think we have clearly made an enormous improvement in this bill, and I just -- every time I talk to I know you and others, I always think to myself, at some point you are going to have to decide whether there is this horrible agreement that you think is so bad that you have campaigned against it since you were in high school -- although I was not in high school; you were in high school -- and/or this improvement.

I keep saying to myself, you cannot -- at some point you have got to say, okay. Fine. We are just going to get rid of the uncertainty. We are going to just vote for the improvement and not say, ah, but we can even make it better and better and better. So that is a little bit of venting and frustration on your time. I apologize for that.

When we come to a final agreement with these people -- the Speaker's group, I will call them -- when we come to that, we will figure out a way to do it. I think the vast majority of the stuff can be dealt with in U.S. law. I have always had the view you are far better off changing positive U.S. law to enforce this.

For example, if you change U.S. law and you say, you have to come forward with --

someone who comes forward with a complaint that there is an obligation to take that complaint to the binational panel, and if you do not, you have to explain why you did not to the Ways and Means Committee. There are things like that that can be done.

But I do not want to fool anybody. In the final analysis, enforcement is about people. And if you have people that do not want enforcement, and if the Ways and Means Committee does not force the people to enforce it, it is not going to be enforced.

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

*Chairman Neal. I thank the gentleman.

Let me recognize the gentleman from Texas, Mr. Arrington, to inquire.

*Mr. Arrington. Thank you, Mr. Chairman.

Mr. Ambassador, thank you for your hard work, for your patience through this process, and your persistence. I can appreciate your venting. We have had 7 months to look this deal over. There is never going to be a perfect deal. But this deal is substantially better in every way, from the 170,000 jobs, to the overall economic impact, to the worker not only in the U.S. but in our partner Nations, including Mexico.

What happens if we do not pass this with respect to the new labor provisions that are not just a sidecar deal, like it was in NAFTA, but actually part of the core of the USMCA agreement? If we do not pass this, for heaven's sake, what happens to all those provisions that the labor union reps who lined this panel here spoke with glowing sentiment about, even praised you for your great work in substantially improving the position of the worker -- what happens to those, Mr. Ambassador, if we fail to pass USMCA?

*Ambassador Lighthizer. See, I think that is just so important. That is the fundamental question. It would be great to have perfection. And by the way, we would not even all agree on what perfection was. But notionally, if you did -- but right now we are going to have a catastrophe if this does not pass.

You are not going to have labor enforcement. You are going to have economic -- I mean, there are tens of millions of jobs at stake. And I would say, finally, just so I can shut up so you can talk more during your time, I would say it is going to have a bad effect with respect to our relations with China and everyone else if we are in a position where we literally cannot pass this agreement. What does it say about our resolve to have a fair trading system?

*Mr. Arrington. I have heard some of my colleagues express concern on behalf of the farmer, and I do not want this to be misunderstood as bragging because I am from Texas and bragging is a sport there. But we do produce more ag product out of Texas. We trade more ag product than any State in the Union.

We have 250,000 farms in the great State of Texas, three times more than the next State on that list. And I think I have got a pretty good pulse on the farmer. And the farmer has legitimate concerns. Times are tough. They have got some stiff headwinds. You know the last several years they have seen a reduction in 50 percent of their income. You know and sympathize, as does our President, with the current plight of the farmer and all that they are having to endure.

But let's be clear. The farmer knows exactly what is going on and how China has taken us for a ride for decades. And nobody has experienced the adverse effects of that like our farmers. Our farmers are fair and tough and strong, and they want somebody fair, tough, and strong to negotiate for them like this President and like you, Mr. Lighthizer.

And they understand that there is never going to be a good time to renegotiate a deal with China to hit reset and hold them accountable for all of their unjust and unscrupulous behavior. America is the only country that can do that. You know that; I know that.

And you know that they are one of the greatest existential threats to the future of

this country and the world. And the farmer knows that this President is fighting for them and for this great country, and they know there will be some pain between here and there.

And I continue to be vexed by the question of, what is the end game? What is the end game? The end game is a fair, equitable, and balanced trade deal with a partner we can trust. Period. And that is exactly what this President understands. It is what he is doggedly committed to. And I appreciate the fact that for such a time as this, for such an issue as this, we have a President like Donald J. Trump.

And so I think I can speak for my farmers. We appreciate -- they are also gracious people, Mr. Lighthizer, and they want to say thank you to this President for the trade assistance, for the tariff mitigation, the MFP coming through Mr. Perdue's agency. We need to give them enough relief to allow them to give the President enough runway to get to a real deal -- not window dressing, a real deal.

Thank you, Mr. Chairman. I yield back.

*Chairman Neal. I thank the gentleman.

Let me recognize the gentlelady from Florida, Mrs. Murphy, to inquire.

*Ms. Murphy. Thank you, Mr. Ambassador, for coming to speak to us today. I believe our country has benefitted from freer and fairer trade, both as an economic matter and a security matter, and trade creates many jobs in my home State of Florida. However, continuous and what seem to be never-ending tariffs imposed by the Trump Administration are causing significant damage to our economy.

Despite the President's constant claim to the contrary, it is U.S. companies and U.S. customers that pay taxes on imports. The tariff list is long -- 232 national security tariffs on steel and aluminum, retaliatory tariffs, the threat of auto tariffs. And then there is China -- 25 percent tariffs on \$250 billion of Chinese imports, Chinese retaliation, potential 25 percent tariffs on the remaining \$300 billion of Chinese imports whose products are

mostly customer goods, including toys, computers, school supplies, products, when their prices increased, it will really be noticed back at home at those kitchen tables across my district. And the negotiations seem to have stalled. But our constituents are still paying the price for this trade war.

And then there is Mexico. Only a couple weeks ago the President threatened to impose tariffs on one of our closest allies for something completely unrelated to trade, putting U.S. jobs at risk. So when is this going to stop?

Mr. Chairman, I would like to enter into the record a letter from the Consumer Technology Association highlighting the negative impact of tariffs on the economy.

*Chairman Neal. So ordered.

[\[The information follows:\]](#)

*Ms. Murphy. In none of these cases has the Administration consulted in a meaningful way with Congress prior to imposing the tariffs, and in many cases, the tariff actions have been opposed by Members of Congress on a bipartisan basis.

As a result, this week I will introduce legislation, companion to a Senate bill, to enhance the role of Congress in decisions by the Administration to impose tariffs for national security reasons and non-national security reasons to ensure that this Congress and future Congresses have a say in trade policy decisions that affect small businesses, farmers, and families across the country.

My first comment is related to the new NAFTA. Mr. Ambassador, I have really appreciated the outreach you have been doing. But I want to state for the record that Mexico's unfair practices have severely harmed our seasonal fruit and vegetable sectors in Florida, something that you and I have talked a lot about. And I look forward to working with you to find a solution to ensure that all seasonal producers in Florida have access to effective enforcement tools that my friends in the Western States have.

Mr. Ambassador, the last time you were here, I told you about the plight of David, who owns an electronics firm in Orlando. He was hit with 10 percent tariffs for List 3, and in response, you said that the stronger dollar would offset these costs.

Well, now these products are facing a 25 percent tariff, and he is not a farmer so he is not receiving any of the subsidies to blunt the impact. He does not know whether or not his company will be able to survive this. What do you think I should tell him?

*Ambassador Lighthizer. Well, I guess I do not know precisely which products he has or what the tariff situation on it is. I do not know enough about his business. I would say, first of all, we have an exclusion process, and we have an obligation to try to do the most we can to try to reduce the effect of these actions on David and other people in that position.

But one has to start one's analysis, I believe, at least, with whether or not we have a problem. If you do not believe we have a problem with China, if you do not think that is a problem, then none of this makes any sense.

*Ms. Murphy. Ambassador Lighthizer, I do not believe that anybody disagrees with you that we have a problem with China. But the problem for David is that we have entered into this trade war, and for him there is no end in sight. And you know that for businesses, predictability is key to their ability to continue to work and employ workers in our community.

It does not look like this negotiation is progressing forward. How long does he have to hang on? Why is it that some industries get assistance to hold on whereas others do not? I think my point here is that as you move forward with -- if we are moving forward with these negotiations, that you understand the human and economic cost in every one of our districts of this policy. And everybody is just hoping and praying that we get to an end at some point. But that does not help them in their day-to-day management of their

businesses.

My final question for you is, in yesterday's Senate hearing you said that you still believed it was the right decision to withdraw from TPP. But in this hearing earlier today, you pointed to Japan being in TPP with other countries as the reason that the U.S. is disadvantaged. How do you square that?

*Ambassador Lighthizer. Well, that is quite easy, and it is going to take more than 8 seconds, unfortunately.

So number one, why was TPP a bad idea? Let me give you an example. You could make a car under TPP 45 percent in Vietnam, 65 percent or 55 percent in China, and bring it into the United States. What effect is that going to have on the U.S. auto industry?

This is just an example. It did not deal with currency stuff. It did not -- from top to bottom, it was just plain a bad agreement. Now, were there agriculture advantages? Yes, there were some. And what we want to do is obtain those in our negotiations with Japan.

Does that more or less square that for you? I am happy to talk to you offline about it.

*Chairman Neal. I thank the gentlelady for her inquiry and thank the Ambassador for his response.

And with that, let me recognize the gentleman from Nevada, Mr. Horsford, to inquire.

*Mr. Horsford. Thank you very much, Mr. Chairman. I will get right to it.

Thank you, Mr. Lighthizer, for being back with us. I also want to echo my colleagues' sentiments expressing the need that there are many of us that are trying to get to yes. I am a little concerned with today's hearing and the tone by some of my colleagues on the other side that are making this more partisan than it needs to be.

Every time that you have spoken to us, you have said that this needs to be nonpartisan and it needs to be about the workers and American businesses, not an individual or a partisan agenda. And I hope that we can work towards that goal.

I want to bring up three points. One is on the Trump tariff taxes, which in Nevada, 39,000 jobs are dependent upon Nevada exports, over \$37 million of these trade taxes on Mexican goods and products would cost Nevada customers and businesses, again, an additional \$37 million from everything from vegetables to fuels to alcohol.

I want to ask you specifically how I respond to my constituents about why we are even going down this route. I am glad to see that the President has stepped back from that. But why are we even bringing those proposals forward?

Secondly, I want to ask about the digital services tax, the fact that France has drafted a digital services tax, which would disproportionately affect U.S. technology exporters and could potentially be double taxation.

Third, I want to ask about the trade adjustment assistance program. I asked you about this in our caucus meeting when you briefed us, and you indicated your team was going to get us some information. There are no provisions in USMCA regarding TAA, and this is the program that directly supports workers. And I would like to know what the plan is there.

And finally, I am concerned about the sunset clause and the fact that it has some automatic renewal provisions that could go around congressional authority and approval.

So could you speak to those four points for me, please?

*Ambassador Lighthizer. Sure, Congressman. Thank you.

So first of all, on the issue of tariffs and Mexico and the immigration policy, my hope is that those issues are resolved. There was a serious problem there. I am hoping that we are in a good place on that, and I have every expectation that we are.

On the digital tax, I agree with you completely. I think it is a tax that is geared towards hitting American companies disproportionately. I think it is something the United States has got to take strong action on. And I am happy to continue to work with you and others on that.

It is something on which we have to have some debate within the Administration. As you know, there was a talk about doing at an EU-wide basis. There was some objection to that. That still may happen. It looks like the French are very close to putting in place such a tax, and I believe the United States should respond very strongly to that. And I believe the President will respond strongly to that.

So on the issue of TAA, as you say, it is a separate issue. It is a separate program. All these issues are related to the extent Members have a broader perspective. I made this comment before; you were not in the room.

I am sympathetic to the objectives of TAA. Obviously, people who are disadvantaged because of a trade agreement, you need retraining and at some point you need payment. There used to be more payments back in the old days. But I can remember being told in the past that what we really have to do is figure out a way to get these people jobs, not trade adjustment assistance.

*Mr. Horsford. If I could, though, I come out of workforce development. It is about skills, not jobs. And we know before they even get displaced that they need better skills. And we need investment in the TAA to achieve that, and for us not to include it in any trade agreements is an oversight, in my view.

*Ambassador Lighthizer. Okay. And then on the issue of sunset, I guess I did not quite understand the point. We have a sunset provision in here. Most trade agreements, for reasons that do not make any sense to me, are eternal, and this one is temporal, although it is complicated how it works. So if there is any usurpation of congressional prerogatives

in trade agreements, it would be, I would suggest, in all the others and less in this one.

*Mr. Horsford. So if I could, Mr. Chairman, just to clarify, you will come back for approval with any sunset clause? It does not take the congressional oversight, accountability, or approval process?

*Ambassador Lighthizer. Well, there will be -- no. There will be no coming back. That is how trade agreements work. It is kind of a crazy thing, but they kind of become -- they are just eternal. We just pass these things, and then they go on forever and ever and ever.

What this one does is it has a process which, as you know, every 6 years you will have a review and see whether or not this is something you want to extend. And if it is not, then it will expire in a certain period of time after that. But this -- I would suggest that this is like an extremely important idea, exactly consistent with where you are coming from. And it is an innovate way to do exactly what you want to do. And I want to sit down and talk to you about it --

*Chairman Neal. I thank the gentleman.

*Ambassador Lighthizer. -- because I think this is right in your sweet spot, the way we did this.

*Chairman Neal. Thank you, Mr. Ambassador.

Let me recognize the gentleman from Georgia, Dr. Ferguson, to inquire.

*Mr. Ferguson. Thank you, Mr. Chairman. And Ambassador, thank you for your time today and thank you for your hard work on this issue.

There was a comment one of my colleagues made earlier about hoping that you would take into account the human and economic impact of decisions regarding tariffs and trade. Sir, I want to thank you for doing just that, recognizing that for a community like mine that lost tens of thousands of textile jobs following the NAFTA trade agreement that

is seen -- that for far too long had seen job losses and manufacturing to China and other areas around the world.

Understanding the impacts of bad trade deals on the human and economic conditions in communities all across this country, I want to thank you for recognizing that and fighting to make sure that the men and women in our communities have opportunities at great careers in manufacturing jobs that are so vitally important to our small towns and our communities. So thank you. I want to thank you for that.

I also want to thank you for creating the sense of urgency that I know that we all share. I agree with my colleague from Nevada that this should be something that we view as good for America, not a partisan conversation, because every single district across this country is impacted by this trade agreement. And getting this across the finish line sooner rather than later is important.

All of the goals that we want as America are advanced, if not all the way, certainly in a meaningful way by advancing this more quickly. So thank you for helping to create the sense of urgency on this because we would like to get this agreement into consideration as soon as possible.

So one of the areas that I really like in this agreement is the stronger intellectual property protections. And I think that that is something that is very positive for this area. And one particular conversation that we have had many times here on prescription drug pricing, and one of the things that I would like for you to address is the fact -- talk about how this agreement does not create any change to U.S. law. It simply brings the Mexican and Canadian laws in alignment with ours or closer to where ours are.

Could you speak to that for just a minute?

*Ambassador Lighthizer. Thank you, Congressman. I would be happy to do that. I would also like to thank you for your comments about me and my staff. And your point

about where we worry about tariffs' effect on someone, we really have to think about the effective on all these people's lives that are destroyed because they lost their jobs, not because they -- they were told for 100 years they had stupid bosses and they were lazy and they lost all these jobs.

And the reality is, in many cases, just like the other side of what Mr. Evans was saying, the reality is, a lot of these people are just plain victims of bad economic policy and bad trade policy in the United States. And reversing that by itself is worthwhile.

So I just think that is so important. There are a lot more people that have lost their jobs because of unfair activity by China than because of anything to do with tariffs from now until the beginning of the world.

So on this issue of data protection and IP protection for pharmaceuticals, I think the crucial thing to remember is what you said. And that is, we do not change U.S. law. The Congress changes U.S. law; we are not changing U.S. law. The Congress decided you should have 12 years for biologics and there are only 8 in this agreement. The Congress set up what the intellectual property protection is in pharmaceuticals as well as in biologics.

What we are trying to do and what we were asked to do under the TPA is to get the rest of the world to adopt our standards. That is what we have tried to do. That is all we do. There is nothing in here that in any way is going to have any negative impact on drug prices in the United States.

*Mr. Ferguson. Mr. Ambassador, one of the big arguments that we are making for better trade agreements with China is the intellectual property theft. If we fail to adopt USMCA, would we not have concerns about loss of intellectual property under the current agreement or with the lack of protections that we have?

*Ambassador Lighthizer. Well, if we do not pass this agreement, all of these plus ups in digital economy and in intellectual property and you can go -- agriculture and all of

them are all going to disappear. People tend to focus on the issue of biologics and data protection, but there are also a whole lot of other things.

There is an extension of the copyright term. There is full national treatment for copyright and related kinds of issues. There is a 15-year protection for industrial designs. There are criminal and civil penalties for camcording, for stealing the -- it is a lot of real serious issues that are out here that are also addressed, all of which will disappear.

*Chairman Neal. I thank the gentleman.

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

*Chairman Neal. Thank you.

Let me call upon the gentleman from California, Mr. Gomez, to inquire.

*Mr. Gomez. Thank you, Mr. Chairman.

Ambassador Lighthizer, first let me thank you for meeting with me last week. You have been more engaging than I think anybody in this Administration has been on a particular issue. You set up a meeting with me, not even knowing that I would be one of the eight individuals selected by the Speaker to negotiate on this trade deal. So I want to say thank you just for the engagement. It has been impressive.

But I also want to emphasize a point on the timing. And I heard some frustration from you on your part that you have been negotiating with Congress for over 9 months. But I do not think that tells the whole story because in the 9 months since the Democrats won, we had over 100 brand-new Members of Congress who got sworn in in January.

And one of the things that I -- when I got here as a freshman in 2017 in July, people would tell me, "Oh, we voted on this before." And I would have to remind them, "You voted on it before. All right? You do not speak for me and you do not speak for the constituents that I ended up getting elected by to represent."

So I know the Administration wants to work on this immediately. I think we are

moving fast ahead. But also I just want to just share some statistics. And you probably already know this because one of the things -- the minute I got assigned to this committee or this working group, you have to know where the votes are.

And out of the Democratic caucus, we have 134 Members who have no recorded vote on FTAs. That includes myself. 134 Members with no recorded votes. You have 16 who have voted for all the previous FTAs in the past. And you have 45 that have voted for less than 50 percent of the FTAs in the past. So we needed to have a lot more outreach.

And that is what I want to emphasize, is that these Members have not given the time to really think about some of this stuff when it comes to the USMCA. That is because we had the longest shutdown in U.S. history, government shutdown, that put everything behind -- committee assignments, staffing up, you name the different things when it comes to building up Members' offices. So they have had a lot. And I would not say that is any of their fault.

Additionally, April 19th was the date when I received the USITC report on USMCA. And as you know, that is an important report to assess the likely impact of the agreement. And USTR projected that it will provide over 76,000 new auto jobs over the next 5 years. The ITC report says 28,000. There is some discrepancy in that, so I want to figure that out. We can discuss that.

Also, Mexico, you are right. The agreement that Mexico has made on some of these labor reforms could be huge. Could be. But that depends if it is enforceable and if it is verifiable and if we can make sure that they are living up to their commitment.

So I want to say that we hear you. There is an urgency, but there are a lot of Members that still need to have a conversation so that they are brought along. And I know that no one here, including myself or the chairman or the Speaker, is going to slow-walk

this agreement. And we are going to be working diligently to make sure that we address all the issues.

And before I run out of time, I want to turn your attention to a separate matter that was brought forward once people found I was working on some trade issues. One issue that cannot be overlooked is the \$52 billion in subsidies received by Middle East airlines and Italy. The Administration signed agreements with the UAE and Qatar over a year ago to force them to be more transparent, stop flying freedom flights, and play by the rules of engagement. This is a bipartisan issue.

Mr. Ambassador, can you remind the President of the bipartisanship, that we want to see the full enforcement of our open skies agreements? And then at the same time, we also have seen that it has been having an impact not only across the country but at LAX, which I cover, which I actually fly out of. So we would love for you to remind the President, let's enforce our open skies agreements. Just --

*Ambassador Lighthizer. The answer is yes. I will tell the President.

*Mr. Gomez. Good. Thank you. Easy. Wow, see? The most engaging representative from the Administration.

But I look forward to having this conversation. I just wanted to emphasize we do have some work to do. But I think that we can get there if it is an understanding that it cannot be rushed because if it is rushed, it can fall apart.

*Ambassador Lighthizer. I appreciate that. The only thing I would say on the other side is at some point -- and this is what scares so many people -- at some point you are going to get into funding season. And when funding season comes, people are not going to be voting based on the merits anymore. And that is what scares people.

But thank you for your comments, too --

*Chairman Neal. Thank you.

*Ambassador Lighthizer. -- and I do look forward to working with you, not just in this context but in the years ahead.

*Mr. Gomez. Thank you so much.

*Chairman Neal. Mr. Ambassador, let me thank you for joining us today. Please be advised that members have two weeks to submit written questions to be answered later in writing. Those questions and your answers will be made part of the formal hearing record.

And with that, the Committee stands adjourned.

[Whereupon, at 1:20 p.m., the Committee was adjourned.]

[Questions for the record follow:]

[From Chairman Neal to Ambassador Lighthizer](#)

[From Trade Subcommittee Chairman Blumenauer to Ambassador Lighthizer](#)

[From Rep. Ferguson to Ambassador Lighthizer](#)

[From Rep. Higgins to Ambassador Lighthizer](#)

[From Rep. Holding to Ambassador Lighthizer](#)

[From Rep. Kildee to Ambassador Lighthizer](#)

[From Rep. LaHood to Ambassador Lighthizer](#)

[From Rep. Lewis to Ambassador Lighthizer](#)

[From Rep. Panetta to Ambassador Lighthizer](#)

[From Rep. Pascrell to Ambassador Lighthizer](#)

[From Rep. Reed to Ambassador Lighthizer](#)

[Third question received as incomplete from the Congressman's office. No response from Ambassador Lighthizer as of August 21, 2019.]

[From Rep. Sánchez to Ambassador Lighthizer](#)

[From Rep. Schneider to Ambassador Lighthizer](#)

[From Rep. Schweikert to Ambassador Lighthizer](#)

[\[Submission for the record to accompany the Congressman's second question\]](#)

[From Rep. Smith \(MO\) to Ambassador Lighthizer](#)

[From Rep. Walorski to Ambassador Lighthizer](#)

[Submissions for the record follow:]

[First Submission from the Hon. Kevin Brady](#)

[Second Submission from the Hon. Kevin Brady](#)

[Submission from the Hon. Kevin Brady and the Hon. Vern Buchanan](#)

[Submission from the American Farm Bureau Federation](#)

[Submission from the Center for Fiscal Equity](#)

[Submission from the Florida and Georgia Congressional Delegations](#)

[Submission from the Flexible Packaging Association](#)

[Submission from the National Stewardship Action Council](#)

[Submission from the National Taxpayers Union](#)

[Submission from the Rail Security Alliance](#)

[Submission from TechNet](#)