

Baucus Says Trans-Pacific Partnership, Trade Promotion Authority Are Critical to a Job-Creating Trade Agenda

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REMARKS

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At the 50th U.S.-Japan Business Conference

SENATOR BAUCUS - Thank you, Charles and Mr. Yonekura, for having me here and for that kind introduction. I'm happy to see Ambassador Sasae here as well. You've all done great work to strengthen economic ties between the United States and Japan. I appreciate your invitation to speak today at the Business Council's 50th annual conference.

This is an anniversary of sorts for me as well. Fifty years ago, I was a young man from Helena, Montana, determined to explore the world. I set out with nothing but a knapsack on my back and a whole lot of youthful idealism and energy.

That trip took me to places I had only imagined — Turkey, India, Africa and Japan. I will never forget the day I was standing in the Belgian Congo, when all of the sudden I was overcome by just how much the world was changing right before my eyes. For the first time, I realized the world was getting smaller and more interconnected every day, and our success or failure depended on our ability to work together.

I never planned on pursuing a life of public service. But the trip planted a seed in me, and that seed grew into a career of trying to improve the lives of Montanans and strengthen ties between the United States and people around the world. I'm standing here today because of that trip.

So today I would like to begin with an old Japanese proverb: "A seed that is not planted cannot grow."

There is so much wisdom in that proverb, and it carries a great deal of meaning for those of us who fight for the jobs and growth that come from trade. The relationship between two countries – like the United States and Japan, for example – cannot flourish, unless we take a chance and plant a seed for the future.

A few months ago, Ambassador Sasae and I got a good look at what happens when we sow the seeds of opportunity. In September, he joined me in Montana for a statewide economic development tour. One of the businesses we visited was the product of a fruitful partnership between a Japanese pharmaceutical company and a Montana startup.

Takeda Pharmaceutical Company is a leading innovator with roots in Japan that stretch back two centuries. Takeda's CEO, Yasuchika Hasegawa, is with us here today. LigoCyte Pharmaceuticals was a young, fast-growing biotech company in Bozeman, Montana, in need of capital. The two came

together and began their collaboration after a meeting in 2007 at a business summit I host every few years. I'm proud to say, five years later, that meeting grew into a \$60 million partnership.

The new venture, renamed Takeda Vaccines Montana, is developing a vaccine to fight norovirus infections. Norovirus is a major global health problem, tragically resulting in 200,000 deaths a year. And now it's being tackled by a partnership between innovative companies from the U.S. and Japan. That's a free trade success story to be proud of – and one we should repeat.

Trade creates good-paying jobs for American families. It supports more than one in five American jobs today, and those jobs pay 13 to 18 percent more on average than non-trade jobs. We also know that trade creates growth: Nearly a third of our GDP growth since 2009 has come from exports.

At this moment, our negotiators are working to close a trade deal that could transform the entire Asia-Pacific region and be a major force for economic growth for a long time to come.

It's the Trans-Pacific Partnership, commonly referred to as the TPP. It will be a high-standard, 21st century trade agreement. The 12 countries of the TPP cover nearly 40 percent of global GDP. They include some of the fastest growing countries in the region. And the promise of the TPP is not limited to those 12.

The TPP is intended as a "living agreement." Additional countries may join over time, and it can be updated as new trade issues arise. If China or any other country decides it is prepared to live up to the trade agreement's ambition, the TPP members could bring that country on board.

With Japan's entry this summer, the TPP now covers nearly half of U.S. exports and \$1.8 trillion in U.S. goods and services trade. Japan is by far the biggest TPP partner with whom we do not have a trade agreement. That's why the TPP has particular significance for the United States and Japan.

Mike Mansfield – my mentor and a great Montanan who was also the longest-serving U.S. Ambassador to Japan – often described the relationship between our countries as "the most important bilateral relationship in the world, bar none." We have deep ties in terms of both trade and investment, and they stretch back a long way.

But at the same time, the difficulties of our relationship are well-documented. We could fill this room to the ceiling with books on U.S.-Japan trade relations. In fact, some of you may have written a few of them.

The TPP is a chance for a fresh start. In many areas, the more our negotiators talk, the more they find how much we have in common – whether it be on intellectual property rights, investment, services, or digital trade. In other areas, challenges remain – but we should not be discouraged. We should see them as seeds waiting to be planted.

Take agriculture as an example – and not just to belabor the seed metaphor. Japanese leaders will need to make tough political decisions on agriculture. Some in Japan have demanded that several agricultural products be kept off the table. Keeping products off limits is not a pathway to ambition, and Japan, as much as the U.S., has a great deal to gain from an ambitious outcome in the TPP.

For our part, anytime an economy as large as Japan's drops trade barriers, there are bound to be big,

new opportunities. We saw this in February when Japan allowed more U.S. beef imports. I am proud to say much of the U.S. beef headed to Japan today is from Montana. The United States is already on track to increase our beef exports by 50 percent – record levels. But those records will be short-lived, because the TPP will help us set new ones.

So the seeds of opportunity are there. But we've got to plant them for anything to grow, and there's one thing Congress needs to pass before that can happen. What is it? It's trade promotion authority, or TPA. Without it, we cannot reap the benefits of the Trans-Pacific Partnership.

TPA has been the foundation of U.S. trade policy for nearly 50 years. It guarantees that Congress is a full partner in developing and implementing our trade agenda, it ensures that our trading partners have a clear understanding of U.S. priorities, and it provides all sides with the assurance that Congress will approve the deal as long as it meets those priorities. As we might say back in Montana, TPA greases the skids.

We need TPA to bring home trade agreements that work for the United States, and we need it now. Now is the time. We need TPA now because we are looking at the biggest trade agenda in America's history. As we are working to close the TPP, USTR has launched negotiations with Europe. Between the two, at this moment, we are negotiating deals that would cover two thirds of the global economy. On top of that, in Geneva, negotiations are underway to free up worldwide trade in services, knock down customs barriers and cut tariffs on hi-tech products.

All of these negotiations are seeds of opportunity. They promise tremendous growth for America and the rest of the world, and they could support hundreds of thousands of American jobs.

We need TPA now because the world will not wait for us. Since TPA lapsed in July 2007, other countries have negotiated hundreds of agreements. Frankly, many are not up to U.S. standards. If we cannot plant the seeds around us, American companies will lose opportunities, jobs and growth. And the world will lose the chance to set high standards for trade.

We need TPA now because the time has come for Congress to speak on trade. There are fewer and fewer days on the congressional calendar, and the window is closing for us to get this done.

And frankly, I need your help. Everyone in Congress should know how important TPA is. They'll take your calls. Tell them how much it matters to you, and to the people back home who stand to gain from the TPP. If we seize this opportunity, pass TPA and reach agreement on the TPP, we will create tremendous new opportunities for growth and jobs. That's what trade is all about.

I want to thank all of you for having me here today, and for everything you've done in support of the TPP. I mentioned Mike Mansfield a few minutes ago. Charles, as President of the Mansfield Foundation, I'm sure you know that Mike was a man with remarkable foresight. All the way back in 1943, during his first year in Congress, he said, "We must not forget our future lies, in large part, in the Pacific."

There's no question that he was right. Here we are, 70 years later, with the Trans-Pacific Partnership nearing completion. This agreement is going to fortify a relationship between two nations that has defined the global economy over the past half-century, and it's going to bring nations all across the Asia-Pacific region even closer.

You are really helping to plant and nurture the seed. And with just a bit more work, we can see it through together and grow an even stronger future. Thank you again.