



## US Trade Policy: Questions from Congress

Linda Schmid,<sup>1</sup> July 21, 2014

The US House Ways and Means Committee held a hearing July 17 on US trade policy and the World Trade Organization (WTO). Deputy US Trade Representative Michael Punke testified.<sup>1</sup> The exchange demonstrated Congressional interest in expanding trade and enforcing agreements.

Congressional representatives were interested in the Trade in Services Agreement (TiSA). In the US, private services represent 69% of gross domestic product (GDP) but only 30% of exports.<sup>2</sup> Congressman Paulsen of Minnesota asked how the TiSA would expand exports of health services. This is a growing and valuable service export of the United States. US exports of health related services to international visitors grew steadily from \$2.5 billion in 2008 to \$3.1 billion in 2012, according to the United Nations Service Trade Statistics Database.<sup>3</sup> A comprehensive TiSA would expand US service exports to the 22 other countries involved in the negotiations including: Australia, Canada, Chile, Chinese Taipei, Colombia, Costa Rica, European Union (representing its 28 Member States), Hong Kong, Iceland, Israel, Japan, Liechtenstein, Mexico, New Zealand, Norway, Pakistan, Panama, Paraguay, Peru, Republic of Korea, Switzerland, and Turkey.<sup>4</sup> The Agreement would set a high standard for rules and disciplines governing trade in services with parties representing 70% of global trade in services.

Congressional representatives were interested in the implementation of the Trade Facilitation Agreement (TFA) under the WTO. The Agreement focuses on import and export procedures, such as, publication and availability of import/export information, the opportunity to comment on laws and regulations, as well as measures to enhance impartiality, nondiscrimination and transparency in customs agencies. The TFA has the potential to reduce excessive trade and logistical costs associated with opaque and outdated customs practices. Congressman Boustany of Louisiana asked about the conflicting signals from India and some African nations on fulfilling the preliminary requirements of the TFA by the July 31<sup>st</sup> deadline. India would like to tie implementation of the TFA to WTO discussions on food security measures; similarly, some African nations are requesting technical assistance to fulfill TFA obligations.<sup>5</sup> TFA implementation is important to the credibility of the WTO as a negotiating forum of 160 members.

Congressional representatives articulated their constituents' interests in trade negotiations and enforcement of WTO obligations. Ranking Member Rangel of New York suggested the need for a greater degree of transparency in trade negotiations. Congressman Neal of Massachusetts focused on the Transatlantic Trade and Investment Partnership with Europe (TTIP). He advised the US should ensure the Partnership provides "interested parties" the opportunity to comment on regulatory proposals in the EU consistent with US practice. Congresswoman Jenkins of Kansas urged eliminating nonscientific, trade restrictions on agricultural products. Congressman Kind of Wisconsin asked about discussions on geographic indications and considered the EU's tolerance of "German Feta" and "French Gruyère."

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<sup>1</sup> <http://www.ustr.gov/about-us/press-office/speeches/transcripts/2014/July/Testimony-Deputy-USTR-Punke-Before-House-Ways-Means-Committee-Trade>

<sup>2</sup> International Trade Administration, US Trade in Services: Cross-Border Services Trade and Services Supplied through Affiliates, October 29, 2013 <http://www.trade.gov>

<sup>3</sup> <http://unstats.un.org/unsd/servicetrade/default.aspx>

<sup>4</sup> <http://www.dfat.gov.au/trade/negotiations/services/trade-in-services-agreement.html>

<sup>5</sup> Jamie Smyth, Bali deal appears fragile, warns South Africa, Financial Times, July 21, 2014. <http://www.ft.com/home/us>

Congressman Larson of Connecticut emphasized enforcement of trade obligations under the WTO. At the conclusion of the hearing, Congressional representatives acknowledged the importance of passing bipartisan Trade Promotion Authority legislation to support US leadership in the WTO, TTIP, and the plurilaterals on services, environmental goods, and information technology products.

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