

RESPONSES TO QUESTIONS FOR THE RECORD
THE COMMITTEE ON FINANCE
UNITED STATES SENATE

HEARING ON
THE NOMINATION OF ROBERT E. LIGHTHIZER
TO BE
UNITED STATES TRADE REPRESENTATIVE

MARCH 17, 2017

Table of Contents

REPUBLICAN MEMBERS

CHAIRMAN ORRIN HATCH.....	1
SENATOR PAT ROBERTS.....	11
SENATOR MICHAEL ENZI.....	16
SENATOR JOHN CORNYN	18
SENATOR RICHARD BURR	21
SENATOR JOHNNY ISAKSON.....	23
SENATOR PATRICK TOOMEY	27
SENATOR DEAN HELLER.....	29
SENATOR BILL CASSIDY	31

DEMOCRATIC MEMBERS

RANKING MEMBER WYDEN.....	34
SENATOR DEBBIE STABENOW	51
SENATOR MARIA CANTWELL.....	56
SENATOR BILL NELSON	85
SENATOR ROBERT MENENDEZ	89
SENATOR TOM CARPER.....	99
SENATOR SHERROD BROWN.....	101
SENATOR MICHAEL BENNET	108
SENATOR BOB CASEY.....	109
SENATOR MARK WARNER.....	116
SENATOR CLAIRE MCCASKILL.....	120

CHAIRMAN ORRIN HATCH

Question 1

In the Trans-Pacific Partnership negotiations, the Obama Administration excluded the financial services sector from the provision it negotiated on this issue. The omission was very controversial and cost the agreement significant support. After further discussions with Congress and the private sector, the Administration agreed that it would seek to protect the financial services sector from localization requirements in future negotiations.

Mr. Lighthizer, can you assure me that, if you are confirmed, the Administration will treat the financial services sector the same as every other sector when it negotiates data localization provisions in trade agreements?

Answer: I am aware of the concerns raised by U.S. financial services companies regarding the importance of addressing data localization requirements by foreign governments. I understand that U.S. financial services companies engaged extensively with the previous Administration to advocate for an approach that differed from the outcome in the final TPP agreement. If confirmed, I will work to ensure that trade agreement provisions related to localization requirements treat the financial services sector the same as every other sector.

Question 2

Trade Promotion Authority requires U.S. trade negotiators to “achieve the elimination of government measures such as price controls and reference pricing which deny full market access for United States products” and ensure “that the provisions of any trade agreement governing intellectual property rights . . . reflect a standard of protection similar to that found in United States law.” These disciplines are particularly important for the U.S. biopharmaceutical industry, which relies on strong IP protections and faces onerous price controls abroad.

Will you ensure that any new U.S. FTAs meet this TPA standard, raising global standards to those that we use here in the United States?

Answer: I recognize the importance of this issue and the efforts that you have made over the years in working to ensure that U.S. pharmaceutical and biopharmaceutical products receive fair treatment in overseas markets and under the government regulatory reimbursement regimes and reference pricing programs of foreign countries. I also recognize the importance attached by Congress in including this provision as a Priority Negotiating Objective in the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (TPA). If confirmed, I look forward to working with you to achieve these objectives in trade negotiations and in ongoing bilateral efforts with individual countries.

Question 3

Mr. Lighthizer, I fully support the goal of ensuring that workers are treated fairly and that trade agreements do not lower labor standards. However, I am concerned that continued expansion of labor obligations linked to dispute settlement in trade agreements could lead to unintended consequences and undermine continued Congressional support for new trade agreements. For example, the International Labor Organization (ILO) has not hesitated to unjustifiably criticize U.S. labor policies, particularly U.S. agriculture policies and American family farms. Expanding labor obligations could create an opportunity for ILO criticisms to be used as the basis for litigation in trade agreements.

That is why we must ensure that any labor obligation undertaken in our trade agreements does not go beyond those strictly and clearly enshrined in U.S. law. Furthermore, we must ensure that interpretation of those commitments is based on U.S. law and practice, and that we do not allow any trade tribunal to use ILO opinions or analysis as a basis for compliance with our labor obligations.

Mr. Lighthizer, will you commit to me that you will not agree to be bound by any labor commitment which exceeds U.S. law and that you will not allow a tribunal to accord deference to ILO opinions or analysis as a basis for determining compliance with our labor obligations?

Answer: Congress has set out important negotiating objectives regarding labor protections in TPA. If confirmed, I will act aggressively to ensure that any interpretation of our labor commitments is based on U.S. law, rather than international standards. I look forward to consulting closely with you and other Members of Congress with an interest in these issues to seek to ensure that we negotiate provisions in our trade agreements that reflect high-standard protections for workers and are fully consistent with U.S. law.

Question 4

China's leadership continues to pledge that the market will play a greater role in China's economy, yet government actions, including use of China's Anti-Monopoly Law, continue to advance industrial policies at the expense of U.S. companies.

What will be your strategy for addressing China's use of the Anti-Monopoly Law as an industrial policy tool and how will you ensure that China administers its Anti-Monopoly Law in a non-discriminatory and transparent manner?

Answer: If confirmed, I will undertake efforts, in coordination with other U.S. Government agencies, to ensure that China applies its Anti-Monopoly Law in a transparent manner to address legitimate competition-related concerns, not as a guise for industrial policies.

Question 5

Mr. Lighthizer, more than once I have expressed my concern that, despite Russia's serial violations of its WTO commitments, our government has not brought a single dispute against Russia in the World Trade Organization.

Will you promise to fully review Russia's WTO commitments and to take all necessary measures to bring them into compliance, including, where appropriate, taking Russia to dispute settlement at the WTO?

Answer: If confirmed, I will direct USTR staff to review thoroughly Russia's implementation of its World Trade Organization (WTO) obligations and take all necessary measures, including dispute settlement where appropriate, to ensure Russia's compliance.

Question 6

Mr. Lighthizer, it is very important that, pursuant to TPA negotiating objectives, our trade agreements provide for transparency and procedural fairness in reimbursement decisions and that these provisions be subject to dispute settlement. In my view, these are crucial elements which build public trust in national healthcare systems by assuring the public that decisions are based on merit.

Can you commit to me that you will work to ensure that this TPA negotiating objective is met, and that these provisions will be subject to dispute settlement, in our trade agreements?

Answer: I strongly support the inclusion of provisions in U.S. trade agreements providing for transparency and procedural fairness for pharmaceuticals and medical devices under government regulatory reimbursement regimes, and will work to achieve that result. I am aware of the efforts that you have made over many years to ensure the U.S. biopharmaceutical products receive fair treatment in overseas markets, including under foreign government regulatory reimbursement regimes, I also recognize the importance attached by Congress to these issues as reflected in TPA. If confirmed, I look forward to working with you on achieving these objectives in trade negotiations and in ongoing bilateral efforts with individual countries.

Question 7

Canada's creation of a heightened standard for patentable utility for pharmaceutical patents is a serious problem for U.S. innovators. This heightened standard is inconsistent with other countries, and has undermined the ability of U.S. innovators to obtain and enforce patent rights in Canada. It is also inconsistent with Canada's obligations under the World Trade Organization and under NAFTA.

What will you do to ensure Canada’s patentability standards are in line with its international obligations?

Answer: If confirmed, I will place a high priority on ensuring strong intellectual property protection and enforcement by our trading partners. This is necessary for future innovation, and it protects a competitive advantage of the United States in the global market. I look forward to working with you to address your concerns about patent protection in Canada and how best to use all appropriate trade tools to address those concerns.

Question 8

As you know, the Generalized System of Preferences (GSP) program expires this year. This program provides tariff reductions for developing countries and supports manufacturing in the United States. I support renewal of this program, and hope you will as well. At the same time, I do not believe that prior administrations have adequately examined the eligibility criteria to ensure that only countries that comply with the eligibility criteria receive benefits. Your commitment that you will fully review all potentially eligible countries to ensure compliance with the program’s criteria would send a strong signal to Congress that, should the program be renewed, you will use it effectively.

Can you commit to fully reviewing GSP countries to ensure their full compliance with the programs criteria?

Answer: If confirmed as the USTR, I will commit to work with you and the Committee, as well as the interagency and stakeholders, to ensure that GSP countries are fully meeting the GSP statutory eligibility criteria.

Question 9

Technological protection measures, which allow creators to control and manage access to copyrighted works, have enabled creators to offer new and secure streaming and other services that consumers have come to expect. But today, more and more illicit business models are built around circumventing these controls in order to steal this content. Despite international and bilateral trade obligations to prevent the circumvention of such controls, a number of countries fail to provide such protections, whether due to non-existent or inadequate laws or ineffective enforcement.

If confirmed as USTR, how will you help ensure that U.S. trading partners live up to their obligations to prevent such harm to U.S. creators?

Answer: If confirmed, I will place a high priority on ensuring strong intellectual property protection and enforcement by our trading partners. I will use all appropriate trade tools to obtain strong protection for new and emerging technologies and new methods of transmitting and distributing creative content and products embodying intellectual property, including in a manner that facilitates legitimate digital trade.

Question 10

Many industries in the United States are increasingly concerned about a number of activities sponsored by international organizations such as the United Nations and the World Health Organization that propose the use of government action that undermine core U.S. economic interests and appear to raise trade barriers. Last year's U.N. High-Level Panel on Access to Medicines is one regrettable example.

Under your leadership, how would USTR work with other agencies to protect U.S. interests and values at the U.N., and push back against trade-distorting initiatives that undermine U.S. competitiveness?

Answer: If confirmed, I will ensure that USTR works closely with other agencies to stand up for U.S. trade interests in the United Nations, World Health Organization, and other relevant fora, including with respect to the U.N. High-Level Panel on Access to Medicines report.

Question 11

Last month, the WTO Trade Facilitation Agreement entered into force. Its full implementation will bring commercially meaningful benefits for participants and promote good governance that will reduce government corruption at the border. Manufacturers in the United States that rely on export markets, as well as access to global inputs, will notice reduced bureaucratic hurdles and more transparency when their goods cross borders.

As USTR, how will you support the full implementation of this agreement and encourage our trading partners to improve their customs and trade facilitation practices?

Answer: The WTO Trade Facilitation Agreement (TFA) provides new, enforceable rules governing how U.S. goods will be treated as they move through our trading partners' border agencies, reducing trade costs and delays and allowing American goods to compete on a more level playing field. If confirmed as USTR, I will work to ensure that the TFA is implemented by all WTO Members under the timelines in the Agreement, press those WTO Members that have yet to ratify the TFA to do so expediently, and use the TFA Committee to promote full implementation of the Agreement. Further, I will undertake efforts to raise awareness of the TFA within the U.S. Government and among U.S. producers and manufacturers, and will engage with our trading partners on U.S. best practices for achieving full implementation of the Agreement.

Question 12

Mr. Lighthizer, we have seen an increasing number of countries seeking "cultural exceptions" in their trade agreements that would have the effect of barring U.S. audio-visual providers from accessing these markets. At the same time, the U.S. audio visual market is one of the most open in the world.

As USTR considers its trade agreement priorities, if confirmed, how will you help level the playing field for the US audio visual industry?

Answer: Audio-visual services are an important U.S. export and an important source of U.S. jobs. Consumers around the world demand access to U.S. films, video programming, and music delivered to an ever-evolving array of platforms, from cinemas to smart phones. The U.S. market is open to foreign services suppliers and investors in these areas. If confirmed, I look forward to working with the Congress and relevant stakeholders to ensure that our trading partners maintain open markets for U.S. audio-visual services.

Question 13

Concerns have been raised by the U.S. auto industry regarding efforts by the European Union to promote its auto standards abroad at the expense of U.S. auto standards. The core concern is the degree to which the EU supports promotion at international forums, including the United Nations Working Party 29 (WP.29), which operates under the auspices of the United Nations Economic Commission for Europe (UNECE) 1958 agreement. According to industry, the WP.29 forum seeks to develop globally harmonized regulations for motor vehicles, as contemplated by the 1958 agreement, to which the United States is not a party, and the 1998 agreement, which sought to develop Global Technical Regulations (GTRs) for motor vehicles worldwide.

The 1958 agreement, which provides for mutual recognition of auto standards, is largely the means used by the EU to promote its auto standards globally. The 1998 agreement was developed, in part, to allow all other auto-producing economies, like the United States, to participate in the WP.29 activities. Unfortunately, according to industry, the 1998 agreement has fallen well short of expectations - due in large part to the lack of support by the United States.

Development and promotion of U.S. industry standards can be a key tool to help U.S. industry develop markets overseas and expand U.S. exports. For the auto industry the U.S. Department of Transportation National Highway Traffic Safety Administration (NHTSA) International Policy and Harmonization Division and the Environmental Protection Agency's Office of International Activities are key.

Should you be confirmed, can you ensure through your role as the lead official for developing, coordinating, and implementing U.S. international trade policy, that promotion of U.S. standards abroad, including auto standards, will be a priority for your agency?

Answer: I am aware of these concerns and, if confirmed, this set of issues will be an important priority. Increasing the global acceptance of standards used by U.S. manufacturers is important for improving the ability to manufacture products in, and export them from, the United States—and this is especially true for sectors that require large economies of scale, such as the U.S. automotive industry. If confirmed, I look forward to working with U.S. stakeholders to better understand the issue. I will also work with other agencies and use all appropriate tools to promote the acceptance by our trading partners of U.S. automotive standards, and other standards used by U.S. manufacturers.

Question 14

Mr. Lighthizer, WTO procurement rules and the equivalent rules in NAFTA and our other free trade agreements establish reciprocal market access in government procurement and guarantee that U.S. companies have a fair, open, and transparent opportunity to bid on contracts issued by foreign governments. It is important for U.S. companies to be able to compete for these contracts, which are potentially worth billions of dollars each year.

Can you assure me that, if you are confirmed, the Administration will ensure that our trade agreements include strong chapters on government procurement?

Answer: Thank you for the question, Mr. Chairman. I take note of the importance of ensuring that American companies maintain access to the government procurement markets of our trading partners. During negotiations I will intend to seek as favorable treatment for U.S. companies as that accorded to domestic and other foreign goods, services, and suppliers. If confirmed, I commit to work with you on this issue.

Question 15A

I am concerned that many American companies are being subject to antitrust investigations that lack due process protections in an effort to transfer U.S. patented technology to their domestic companies, or to insulate their domestic companies from U.S.-based competition. In particular, foreign governments are using their antitrust authority to diminish U.S. intellectual property rights, including patent licensing. Concerns have been raised in particular about Korean and Chinese antitrust investigations. The use of antitrust as a tool of industrial policy undermines U.S. patent rights, suppresses innovation, and puts U.S. competitiveness in the industry at risk.

Many U.S. trade agreements include important IP and due process protections. If you are confirmed, how will ensure that our trading partners are living up to their end of the bargain to treat our companies fairly, including in competition proceedings?

Answer: Due process protections are critical to ensuring that parties to an investigation have access to the record evidence and can present and respond to relevant arguments. These protections are no less important in relation to competition or intellectual property rights proceedings. If confirmed, I will examine very closely concerns raised in these and other contexts to address any shortcomings with respect to foreign practices and would welcome further engagement with you and others in the coming months.

Question 15B

In reauthorizing Trade Promotion Authority in 2015, Congress made clear that a major objective of U.S. trade negotiations should be “preventing or eliminating discrimination with respect to matters affecting the availability, acquisition, scope, maintenance, use, and enforcement of intellectual property rights.” Many foreign antitrust investigations by China and Korea are directed at forcing U.S. companies to license their U.S. patents on terms favorable to their domestic companies, essentially weakening the value of U.S. patents. The U.S. patent system has been central to U.S. leadership in the global innovation economy, and many innovative companies rely on patent licensing to disseminate and commercialize their inventions.

Can U.S. companies count on the Administration, and your office in particular, if you are confirmed, to ensure that U.S. patent rights are respected abroad?

Answer: Intellectual property-intensive industries make a very substantial contribution to the U.S. economy and U.S. competitiveness, supporting millions of U.S. jobs and a large portion of U.S. merchandise exports. Accordingly, I am concerned by any attempt by foreign countries to weaken the protection and enforcement of intellectual property rights held by U.S. companies. No law should be diverted from its proper focus and used to pursue unrelated industrial policy goals. The concern you raise is one of many that, if confirmed, I will monitor very closely and address through appropriate channels.

Question 16

Over the past several years, there has been an increase in burdensome international regulations which have increased costs for U.S. companies selling in these markets and limited access to growing export markets around the world. These technical barriers have taken the form of testing regulations, certification requirements, local content requirements, inspection procedures and safety standards that are different from international norms in one way or another but have not led to “safer” or more “environmentally friendly” products sold in their respective markets. In fact, often times these technical barriers are put in place with the intent to protect domestic markets from U.S. competition. USTR has proven to be an invaluable resource for U.S. companies to fight these international regulatory burdens and has had many successes at the WTO Technical Barriers to Trade Committee highlighting one of the many valuable roles the WTO plays for U.S. companies.

If confirmed, how would you go about addressing these international regulatory burdens for U.S. companies? What are your thoughts about using WTO to pursue these objectives?

Answer: I am committed to reducing regulatory and other technical barriers, such as discriminatory standards and unnecessary or duplicative testing requirements, in order to increase exports of U.S. manufactured and agricultural goods. If confirmed, I look forward to working with U.S. stakeholders to resolve concerns regarding trade-restrictive or unduly burdensome measures, including through engagement with foreign governments bilaterally, at regional levels, and at the WTO Technical Barriers to Trade Committee.

Question 17

Mr. Lighthizer, a number of U.S. international airlines are concerned about an un-level playing field in the global market for international air transport, due to actions by certain foreign airlines that are owned by their governments.

What can your agency do to ensure that our U.S. international airlines have a fair and equal opportunity to compete in providing international air transport services?

Answer: I understand the importance of this issue, and of ensuring that our international airlines compete on a level playing field across the globe. If confirmed, I will look into this matter and work closely with other involved agencies, such as the State Department and Department of Transportation, to do everything we can to ensure that our international carriers have a fair and equal opportunity to compete.

Question 18

Mr. Lighthizer, the European standardization organizations have been very active in lobbying foreign governments to adopt European standards as international standards, often to the exclusion of American standards.

The European Commission officially endorses this policy, stating on its website: “Each European standard adopted as an international standard represents a possible competitive advantage for European industry.”

As you may know, American products are often manufactured to meet an American standard, not a European standard. This means that when foreign countries outside of Europe adopt a European standard, American companies are effectively blocked from accessing those markets.

Can you assure me that, if you are confirmed, the Administration will address the EU’s policy of promoting European standards as a barrier to market access for American products?

Answer: I believe that increasing the global acceptance of standards used by U.S. manufacturers is important for improving the ability to manufacture products in, and export them from, the United States. If confirmed, I look forward to working with U.S. stakeholders to address this issue with our trading partners. I would plan to use bilateral and multilateral engagement mechanisms to promote the acceptance by our trading partners of standards used by U.S. manufacturers.

Question 19

Mr. Lighthizer, to give you a concrete example of the barriers to market access that arise when a foreign country adopts only European standards, recently the European standardization organizations have been successful in lobbying certain Middle Eastern countries to adopt a European safety standard for footwear. These countries no longer recognize the American safety standard as an acceptable international standard, even though American-made products have been sold in the Middle East for decades.

If you are confirmed, can you assure me that the Administration will take all steps necessary to regain U.S. market access under circumstances such as these?

Answer: I am aware of the concerns facing the footwear industry in the Middle East. If confirmed, I look forward to working with these countries to promote their adoption of standards policies that facilitate trade with the United States. I would plan to use bilateral and multilateral engagement mechanisms to promote the acceptance of standards used by U.S. manufacturers, including those used by the American footwear industry.

Question 20

Investor-state dispute settlement (ISDS) provides crucial protections for US companies that invest overseas to enable them to receive just compensation from expropriation. In the Bipartisan Congressional Trade Priorities and Accountability Act of 2015, protection for U.S. investors is a Principal Negotiating Objective of the United States. This has been a critical part of most U.S. Free Trade Agreements, and has been a part of US international economic policy through Bilateral Investment Treaties for decades.

As USTR, can you affirm that in any negotiations or renegotiations of trade agreements of bilateral investment treaties, that you will reduce or eliminate artificial or trade distorting barriers to foreign investment, and secure for U.S. investors overseas rights that are comparable to those that would be available under U.S. legal principle and practice?

Answer: If confirmed, I will look forward to working closely with the Congress on trade and investment agreements that advance the negotiating objectives set forth in TPA, including the principal negotiating objectives to reduce or eliminate artificial or trade distorting barriers to foreign investment and to secure for U.S. investors rights comparable to those that would be available under U.S. legal principles and practice.

SENATOR PAT ROBERTS

Question 1

Our farmers and ranchers depend on strong trade relationships around the world. Expanding market access and ensuring that our producers remain competitive is critical to our economy. USTR and USDA have a history of working hand in hand to make sure that U.S. agriculture has a seat at the trade table. As the new Administration takes shape, I have been concerned that there are too many cooks in the kitchen when it comes to trade, yet few of them are familiar with the main ingredients. In addition to USTR, the President recently established a new National Trade Council at the White House, as well as increased the trade responsibilities under the Department of Commerce.

As the lead trade negotiator for the United States, how will you work with other agencies, specifically USDA, to make sure that agriculture is a top priority?

Answer: Food and agriculture exports are critical to farm income, and the food processing and beverage manufacturing industries are a top source for U.S. manufacturing jobs in the United States. As I stated at my confirmation hearing, I have a long history working on agriculture issues, and I am committed to prioritize work to expand agricultural exports. USTR historically has worked very closely with trade and technical experts at USDA and other agencies to resolve the full range of agricultural trade issues. If confirmed, I intend to maintain and strengthen that relationship and will work closely with the Secretary of Agriculture to expand agricultural exports as a top priority for this Administration and the United States

Question 2

China is one of the United States' top agricultural markets. However, Kansas wheat farmers championed the recent cases announced by USTR on Chinese subsidies and tariff rate quotas (TRQs), as wheat growers are especially impacted by the seeming failure of China to adhere to their commitments in the WTO.

Kansas ranks as the third highest U.S. state exporter of beef to the global market. Since 2003, the U.S. beef industry has tried to regain access into China. I was pleased that China publicly stated their intentions to lift its ban on U.S. beef, but there is still work needed to hold China to that commitment and restore true access. This access to the Chinese market is critical for my cattlemen back home.

These are just two of the challenges we face in one of our most important export markets. A strong trade policy is clearly about more than free trade agreements.

How will you lead USTR to work with other countries to ensure that barriers to trade are reduced and eliminated?

Answer: I fully understand the importance of enhancing market access around the world for farmers and ranchers in Kansas and all other states. U.S. food and agricultural

exports face a number of unwarranted barriers and trade distortive policies in other countries, including China. For example, I understand that USTR is pursuing dispute settlement procedures on China's domestic support for wheat, corn and rice. Ensuring that our trading partners meet international trade obligations, especially those of the World Trade Organization, is a core foundation for fairer and freer trade. If confirmed, I am committed to the expansion of U.S. agricultural exports through negotiations that create enhanced export opportunities for our farmers and ranchers. Where countries fail to do so, I will aggressively utilize, in cooperation with the Secretary of Agriculture and Administration and Congressional colleagues, all available tools in the WTO, bilateral engagement, and other mechanisms.

Question 3

Agricultural trade is essential to American farmers and ranchers, but expanding market access for our products through new trade agreements is just one piece of the puzzle. The enforcement of existing agreements will ensure that our trading partners are playing by the rules they have agreed to, and that our producers have a level playing field.

Whether dealing with steel in China, dairy products in Canada, or other products, if confirmed as the lead Trade Representative for the U.S., how will you approach enforcement of our agreements with other countries?

Answer: If I am confirmed, I will commit to use all the resources available to USTR, and seek to draw on the significant expertise in other agencies, to enforce fully existing U.S. trade agreements to ensure that our trading partners comply with their international obligations. To compete in an international market, we must ensure that U.S. exports, including agricultural exports, get the same access abroad that we allow imports here in the United States. I would also work to protect U.S. trade remedies laws so that when other countries engage in unfair trade, we have the tools to provide U.S. producers with an effective remedy.

Question 4

Science is important. Basic facts and data should inform policy decisions at home and around the globe. Decisions based on reputable science offer predictability and provide certainty. But, everyone doesn't seem to share this perspective. For example, across the world, international organizations and various individual countries have made policy recommendations and passed laws regarding certain types of foods they view as unhealthy. For instance, the World Health Organization has proposed a tax on sugary drinks and their research agency, the International Agency for Research on Cancer, classified red and processed meat as probably carcinogenic and carcinogenic, respectively.

How can the U.S. government agencies work with USTR and how can USTR work with foreign and international entities to ensure that policy recommendations and laws be science-based?

Answer: If confirmed, I am committed to working with U.S. government agencies to strengthen the process by which the U.S. government engages with international organizations and to develop U.S. positions that support sound science and U.S. interests. I am further committed to stand up against proposals that are not based on science and that threaten to harm the interests of U.S. farmers, ranchers and food manufacturers and to ensure that international organizations respect the boundaries of their respective missions, particularly where public health organizations may become involved with fiscal or trade policy in ways that may harm U.S. interests. In support of these principles, I intend to engage with foreign governments bilaterally, regionally, and in international organizations to ensure that the resources of international organizations are utilized to best meet their scope and mandate, and that policy recommendations and laws are based on sound scientific principles and international standards.

Question 5

Historically, trade agreements have achieved strong support from most in the agriculture industry. Last year, as negotiations were taking place on the Transatlantic Trade and Investment Partnership (T-TIP), there was concern that in an attempt to conclude the negotiations, a final agreement might not include a strong framework for agriculture. I, along with 25 other Senators, sent the previous Administration a letter urging the prioritization of agriculture in a final agreement. Similar concerns have surfaced as the U.S. turns towards negotiated bilateral agreements with countries like Japan that have historically been protective of their agriculture sectors. Farmers and ranchers are witnessing their third year of low commodity prices and need to avail themselves to a free and open marketplace to stay in business and provide jobs in rural America. Leaving agriculture out of a bilateral agreement with Japan, or any other country, would set a dangerous precedent and would be a disservice to rural America.

Can you assure me that the agriculture sector will be a consulted partner and fully included in any efforts to forge a bilateral trade agreement with Japan or any other country?

Answer: I agree that agriculture is a critically important part of our trade agenda and that strong support from the agricultural sector has always been an essential element of a successful negotiation. If confirmed, an ambitious outcome for agriculture will be a central objective in any negotiation we undertake. I am committed to consulting closely with U.S. agricultural stakeholders and agricultural trade advisors, along with this Committee, House Ways and Means and the Senate and House Agriculture Committees, and other interested Members of Congress to ensure that the interests of farmers and ranchers are fully included in our bilateral trade agenda, including any potential negotiation with Japan and other countries of key export interest to U.S. farmers and ranchers.

Question 6

Since 2001, Canada and Mexico have ranked in the top 3 destinations for U.S. agricultural exports. In 2016, the two countries accounted for nearly 30 percent of the value of total U.S. agricultural exports. Additionally, Canada and Mexico have continuously been ranked in the top five destinations for U.S. agricultural exports since NAFTA was signed into law in 1993.

As the Administration moves to potentially renegotiate NAFTA, how will you ensure that that we are building upon what is working well within the agreement, and not making changes that could negatively impact these critical markets?

Answer: For most agricultural sectors, the North American Free Trade Agreement has provided important and growing trade opportunities that benefit America's farmers and ranchers. I fully appreciate the importance of exports, including exports to Canada and Mexico, to support rural income and jobs in the U.S. food and agriculture industry. I also fully appreciate the importance of preserving exports and expanding upon the gains from our current trade agreements. If confirmed, I will strengthen American agriculture through negotiations that create enhanced export opportunities for American farmers and ranchers, while we maintain the current markets that we already have. If confirmed, I will be sure to consult closely with you and other Members of Congress as required by Trade Promotion Authority.

Question 7

Agriculture and food exports rely on science-based food, food production and food safety standards of the Codex Alimentarius--an inter-governmental organization sponsored by the Food and Agriculture Organization and the World Health Organization, and the International Plant Protection Convention (IPPC), both recognized by the World Trade Organization (WTO) as the international food safety standard and plant health setting bodies, respectively. For instance, some WTO member countries block U.S. meat and poultry exports with protectionist measures, even though those products meet Codex standards. When member countries block products meeting both these sets of standards, they seemingly create Sanitary and Phytosanitary (SPS) non-tariff trade barriers.

If confirmed, how will you hold our trading partners in the WTO accountable to their commitment to both the Codex Alimentarius and the IPPC and resolve SPS non-tariff trade barriers in these international markets?

Answer: If confirmed, I am committed to ensuring that our trading partners live up to their international obligations, including their WTO obligation to base their SPS measures on scientific principles, and to base measures on international standards established by Codex, IPPC and the World Organization for Animal Health (OIE), as appropriate. I am committed to hold accountable countries that establish non-science based measures that are inconsistent with international standards and that block imports of safe U.S. agricultural products.

Question 8

Despite efforts to engage with the prior administration, it failed to fully implement a key expansion of the Generalized System of Preferences passed in 2015 that made certain travel goods eligible to apply for duty-free status from all GSP countries. Even with a positive review from the interagency review process, the last administration declined to issue a proclamation fixing this issue before leaving office. These products are no longer made domestically. By only allowing imports from least developed countries and Africa, China has continued to dominate almost 90 percent of the market by quantity and U.S. companies have not been able to expand their sourcing. Maintaining import tariffs on luggage, handbags, backpacks and sports bags from most GSP countries has severely inhibited the ability of companies to utilize this program to lower costs and create American jobs. Additionally, U.S. companies are not able to move sophisticated, high-end packs and sports bags to countries that are not able to make them. U.S. companies need duty-free access from countries such as Indonesia, the Philippines, Thailand, and Sri Lanka.

Will you agree to advise the president that all travel good lines contained in the bipartisan legislation be given duty free from all GSP countries and recommend the issuance of a presidential proclamation in a timely manner?

Answer: I understand there is a great deal of interest by some members of this committee, and travel goods importers, in extending duty-free treatment to the more economically advanced GSP countries for travel goods. If confirmed, I commit to review this issue carefully, consult with this Committee and the Ways and Means Committee, and advise the President accordingly.

Question 9

The United States for decades has shared a strong economic relationship with Taiwan. Last year, Taiwan was the United States' 10th largest trading partner.

If confirmed, are you committed to strengthening our engagement and economic cooperation with Taiwan?

Answer: As you point out, the United States and Taiwan have a longstanding and important trade and investment relationship. If confirmed, I intend to work to strengthen further those trade and investment ties. Recognizing that foreign investment from Taiwan and elsewhere can create more jobs in the United States and increase U.S. economic growth and competitiveness, and increased trade can benefit U.S. agricultural, goods and services trade, I intend to develop a trade and investment policy that promotes a stronger bilateral relationship with Taiwan and examine the prospects of additional negotiations with Taiwan, as well as to address longstanding problems such as market access for beef and pork.

SENATOR MICHAEL ENZI

Question 1

The U.S. soda ash industry is a shining example of U.S. competitiveness in manufacturing. The industry is the most competitive and environmentally friendly in the world due to a unique natural deposit of soda ash material, trona, in Green River, Wyoming. The industry exports over \$1 billion annually, over half of its total output. There were two major developments in 2016 of importance to the U.S. soda ash industry.

First, China's State Council officially recognized that its soda ash industry is in a state of overcapacity. And second, at the November, 2016 U.S.-China Joint Commission on Commerce and Trade (JCCT), in the context of discussions on industrial excess capacity, China agreed to exchange information on soda ash. China's overcapacity in soda ash directly harms the U.S. natural soda ash industry in its struggles to compete in key export markets against low-priced Chinese synthetic soda ash. As USTR, will you plan to hold China to its JCCT commitment to exchange information on its soda ash excess capacity?

Answer: I understand that U.S. soda ash producers are among the cleanest and most efficient producers of this important industrial input, an important U.S. exporting industry, and that they compete head-to-head with Chinese soda ash exports in many third-country markets. If confirmed, I fully intend to hold China to its commitment, at the November 2016 U.S.-China Joint Commission on Commerce and Trade (JCCT), to exchange information on the soda ash industry.

Question 2

What specific steps will you pursue to ensure that China remedies its industrial excess capacity in soda ash?

Answer: If confirmed, I will work to develop effective ways to ensure that China addresses its excess industrial capacity, both as a systemic issue and in relation to specific industries like soda ash. These steps will include working with the soda ash industry to identify and address non-market industrial policies and unfair trade practices that may contribute to excess capacity.

Question 3

Increasing our access for beef into Japan and other Southeast Asian countries is critical. President Trump has withdrawn from the Trans-Pacific Partnership (TPP) and has announced his focus will likely be on bilateral trade agreements with each of those nations. In particular, a bilateral trade deal with Japan is sorely needed as the U.S. beef exports to Japan currently face a 38.5% tariff in the Japanese market for both fresh and frozen beef. Australian frozen beef exports to Japan meanwhile currently face tariffs of 27.5%, which will decline to 19.5% over the next 15 years. Australian fresh beef exports currently face tariffs of 30.5% which will decline to 23.5% over the next 12 years. Australian exporters

clearly have an advantage over U.S. exporters in the Japanese beef market. Can you give us a better understanding of how the Trump administration will pursue opportunities for American beef producers in such bilateral agreements?

Answer: If confirmed, I am committed to the expansion of U.S. beef exports through negotiations that remove tariffs and other barriers that restrict the trade of beef products. I am also committed to ensuring that U.S. trading partners meet international trade obligations, including those of the WTO SPS Agreement, by having regulatory measures based on science and international standards, including for beef.

SENATOR JOHN CORNYN

Question 1

As you know, the U.S. is the world's largest exporter of agricultural and food products. In fact, based on a recent study by Texas A&M University, included in the record, agriculture exports now account for 35 percent of U.S. farm income. Mexico is a key market for these goods.

If confirmed, will you ensure that U.S. agricultural trade will remain globally competitive and secure, particularly with Mexico?

In addition, will expanding agriculture exports be a priority for USTR and this administration? If so, what trade liberalization goals will you strive for and with whom?

Answer: If confirmed, I will maintain a strong focus on U.S. agricultural exports and work to expand exports of all U.S. agricultural products, including to Mexico, to generate increased economic opportunities for America's farmers and ranchers. If confirmed, I will be sure to consult with you and other Members of Congress as the Administration pursues the trade agenda.

Question 2

During the confirmation hearing, you testified that aspects of NAFTA have been beneficial to certain sectors of the U.S. economy and in any renegotiation you would work to ensure those American exports and sales are not lost and those agricultural and other American jobs not be put at risk. Today, significant amounts of Texas cotton as well as U.S. fabrics (also made with Texas cotton), fasteners, threads and other components are exported to Mexico for final assembly and then imported back into the United States as finished garments. Moreover, American companies design, market, and sell these products and employ American workers across the country. These American farm, manufacturing, and brand jobs depend on a stable and vibrant NAFTA textiles and apparel supply chain.

Will you commit to work with the Committee and our NAFTA trading partners to ensure that this supply chain and the American jobs that depend on it will not be disrupted by a NAFTA renegotiation?

Answer: American farmers and businesses play an important role in the North American textile and apparel supply chain. If confirmed, I will work with the Committee and all stakeholders to maximize the U.S. economic benefits and American jobs connected with this supply chain.

Question 3

As part of the last GSP renewal, we also expanded the list of eligible products to travel goods for the first time since the program's creation in 1974. Unfortunately, the Obama Administration failed to follow congressional intent and extend travel goods GSP product

eligibility to all GSP-eligible countries. We understand that Ambassador Froman left a recommendation to his successor recommending that based on further analysis by USTR, GSP travel goods eligibility should be extended to all GSP-eligible countries.

If confirmed, will you commit to granting GSP travel goods eligibility to all GSP-eligible products?

Answer: I understand there is a great deal of interest by you and other Members of this committee, along with stakeholders such as travel goods importers, and foreign countries, in extending duty-free treatment to the more economically advanced GSP countries for travel goods. If confirmed, I commit to carefully review this issue, consult with you and advise the President accordingly.

Question 4

Trade Promotion Authority (TPA) requires U.S. trade negotiators to “achieve the elimination of government measures such as price controls and reference pricing which deny full market access for United States products” and ensure “that the provisions of any trade agreement governing IP rights . . . reflect a standard of protection similar to that found in United States law.”

Will you ensure that any new U.S. FTAs meet this TPA standard, raising global standards to those that we use here in the United States?

Answer: I believe that innovation is the central nervous system of the U.S. economy and the key to our comparative advantage in many sectors. If confirmed, I will seek to use all appropriate trade tools to ensure that U.S. rights holders have a full and fair opportunity to use and profit from their intellectual property rights, and to make sure that the Administration is implementing fully the provisions of TPA. Ensuring strong intellectual property protection and enforcement by our trading partners will be a top trade priority.

Question 5

Transparency and procedural fairness provisions have been crucial to a number of U.S. bilateral agreements. These provisions provide transparency to the process by which the national health care authorities set reimbursement for medical devices. Even though bilateral agreements include transparency and procedural fairness provisions, U.S. companies have signaled a lack of compliance by certain nations when setting reimbursement rates.

Will the Administration work to ensure that provisions such as transparency and procedural fairness that are included in existing bilateral agreements are enforced?

Answer: Vigorous enforcement of all trade agreement provisions is critical to vindicating the rights of American workers and firms and to maintaining public and congressional support for free and fair trade. I am committed to strong enforcement, including with

respect to the transparency and due process provisions that relate to health care reimbursement systems of some of our trading partners.

SENATOR RICHARD BURR

Question 1

The President has stated it is a priority to negotiate bilateral free trade agreements. One of America's greatest allies is the United Kingdom, and the UK is also one of North Carolina's top trading partners. There are many benefits to be had for North Carolina farmers, businesses, and workers by further increasing trade with the UK. As soon as possible, will you make negotiating a free trade agreement with the UK a priority?

Answer: I appreciate your highlighting that North Carolina, like many other states, enjoys a substantial trade relationship with the UK. As you know, until the UK leaves the EU it cannot sign a comprehensive trade agreement and may be limited in the extent to which it can formally conduct trade negotiations. When UK Prime Minister May visited in January, however, she and President Trump expressed an interest in pursuing discussions on how to deepen bilateral trade. If confirmed, I look forward to working with Congress and other stakeholders on our future trade relation with the UK after it withdraws from the EU.

Question 2

Various countries have actively manipulated the values of their currencies to make their exports more competitive and imports into their country more expensive. This has resulted in the loss of thousands of jobs in the United States by making imports from these countries into the United States artificially cheap. In the Bipartisan Congressional Trade Priorities and Accountability Act of 2015, which extended new trade promotion authority, Congress identified currency manipulation as a subject that should be addressed in future trade agreements. Will you commit as USTR to addressing currency manipulation in any future trade agreements or negotiations?

Answer: I understand the importance of this issue and the emphasis Congress has placed on it, including in the TPA negotiating objectives. If confirmed, I will ensure that USTR makes progress, in any trade negotiation, in meeting this objective.

Question 3

As you know, exports are critically important to agriculture. According to the United States Department of Agriculture, North Carolina's agricultural exports in commodities including pork, tobacco, poultry and soybeans exceeded \$4.1 billion in 2014, which is an over 200% increase from 2005. What is your plan to expand agriculture exports?

Answer: If confirmed, I am committed to the expansion of U.S. agricultural exports through negotiations that create enhanced export opportunities for our farmers and ranchers. I will also be committed to ensuring that trading partners meet international trade obligations, including those of the WTO SPS Agreement. When they fail to do so, I will aggressively utilize, in cooperation with Administration and Congressional colleagues, all available tools in the WTO and through other mechanisms.

Question 4

During TPP negotiations, USTR sought to include a provision in the TPP agreement that singled out a particular agricultural export, tobacco, for different treatment under the agreement. Doing so would have set a harmful precedent for future trade agreements and the treatment of other American agricultural exports. If confirmed, can you assure me that you will work to promote all American agriculture exports and not work to undermine certain ones?

Answer: If confirmed, I am committed to treating all U.S. agricultural products equally with respect to any foreign barriers.

Question 5

Last year I joined Senators Hatch, Wyden, Portman, Toomey, and McCaskill in passing legislation to reform the Miscellaneous Tariff Bill process. The process enables companies to receive duty relief when importing items from abroad that are not manufactured in the United States. This is critical for the North Carolina textile industry, biotech industry, as well as other industries. Many of the items imported are inputs that are used in the U.S. manufacturing process, which is why this process boosts U.S. manufacturing and jobs. At times in the past USTR has raised concerns with certain petitions based on supposed negotiating leverage concerns. Will you commit to work with this Committee and the ITC in support of the MTB process in keeping with the legislation as it was enacted by Congress?

Answer: I recognize the importance of the Miscellaneous Tariff Bill process (MTB) for U.S. manufacturers and producers, and I understand that the American Manufacturing Competitiveness Act of 2016 established new procedures for the submission and review of petitions for temporary duty relief. If confirmed, I look forward to working with Congress and the U.S. International Trade Commission as this year's MTB process advances.

SENATOR JOHNNY ISAKSON

Question 1

Georgia is home to the Port of Savannah, the fourth largest container port in the country and second largest on the East Coast, and international trade and commerce is crucial to our economy.

Will you commit to working with me as USTR to ensure that trade policies will support the growth and development of industries whose goods pass through the Port of Savannah?

Answer: The Port of Savannah is a key hub for trade in agriculture and industrial goods, and, if confirmed, I look forward to working with you to expand opportunities for the continued growth of trade in the region and through the port.

Questions 2-4

Would you agree that NAFTA has been a success for American farmers and ranchers?

- **Will you commit to strengthening American agriculture through any renegotiation or reworking of NAFTA so our farmers and ranchers can continue to sell more to Canada and Mexico?**
- **Will you also work with us to tackle longstanding agricultural policies concerns in Canada and Mexico that inhibit the exports of American farmers?**

Answer: I agree that for most agricultural sectors, the North American Free Trade Agreement (NAFTA) has provided important and growing trade opportunities that benefit America's farmers and ranchers. If confirmed, I will strengthen American agriculture through the renegotiations of the NAFTA and work to that create enhanced export opportunities to Mexico and Canada for our farmers and ranchers, while we maintain the current markets that we already have.

Questions 5-7

I think it is important to include services as well as goods in our discussion about trade and trade deficits. Would you agree?

- **The U.S. services trade surplus with Canada was \$27.1 billion in 2015. U.S. exports of services to Canada were an estimated \$57.3 billion in 2015, 6.6% (\$4.0 billion) less than 2014, but 74.8% greater than 2005 levels. It was up roughly 237% from 1993 (pre-NAFTA).**
- **The U.S. services trade surplus with Mexico was \$9.2 billion in 2015. U.S. exports of services to Mexico were an estimated \$30.8 billion in 2015, 2.7% (\$807 million) more than 2014, and 36.7% greater than 2005 levels. It was up roughly 196% from 1993 (pre-NAFTA).**
- **What steps will the Administration take to build on this record of success for U.S. services companies and workers through a renegotiation of NAFTA?**
- **Do you agree that a thriving services economy in the United States also strengthens U.S. manufacturing and agriculture?**

Answer: The U.S. services sector is a key driver of the U.S. economy and also plays a key role in supporting and strengthening U.S. manufacturing and agriculture. The data cited in your question underscores this vital point. Maintaining a vibrant U.S. services sector and expanding U.S. services exports is vital to a healthy economy and a key objective of U.S. trade policy. If confirmed, I look forward to working with you to pursue our services trade priorities.

Question 8

As you may know, Georgia is number three in the country for film production, and films are some of our more high profile exports. Are you aware of the 2012 U.S.-China Film Agreement that followed our winning a case at the WTO?

- **Will you commit to making full compliance of this agreement one of your priorities if confirmed, and ensure that all film exporters' interests - from large studios to independent film makers - are protected?**

Answer: Yes, I am well aware of the 2012 U.S.-China Memorandum of Understanding on films. Under this MOU, the United States and China reached an alternative solution with regard to certain rulings relating to the importation and distribution of theatrical films in a WTO dispute that the United States won. Significantly more U.S. films have been imported and distributed in China since the signing of the MOU, and the revenue received by U.S. film producers has increased substantially. If I am confirmed, I will work to advance the interests of all U.S. film exporters by ensuring China's compliance with the 2012 MOU and by negotiating further meaningful compensation for the United States in this area.

- **How will you prioritize individual sectors when dealing with specific trade issues related to China?**

Answer: There is a series of important issues and sectors in our trade relationship with China. Each issue arises in its own context. Similarly, each presents particular challenges and occasionally opportunities for resolution. I intend to approach each in the manner and using the tools of engagement most likely to yield an effective resolution for American interests. In that regard, I look forward to working with Congress and relevant U.S. industries and stakeholders to address each of these issues.

Question 9

I know we have spent a lot of time focusing on renegotiating NAFTA and doing vigorous enforcement of our existing trade agreements. While I agree with enforcing our current trade agreements and updating them as appropriate, I also believe that the United States should be outward facing and aggressive in cultivating trading relationships and pursuing trade agreements with new trading partners. 95 percent of the world's market is outside of the United States, and we must try to gain ground that we have basically ceded to others by

not having trade agreements. It is one of the reasons why I was so involved in the reauthorization of the African Growth and Opportunity Act. Part of that bill requires the USTR to assess the feasibility of entering into mutually beneficial trade relationships with sub-Saharan African countries.

If confirmed, will you work with me to assess the feasibility of using every trade policy tool we have to grow U.S. market share across the globe?

Answer: If confirmed, I would welcome this opportunity. Georgia is a leading exporting state, with nearly \$36 billion worth of export sales in 2016, including almost \$33 billion worth of manufactured goods, supporting tens of thousands of jobs. It is a large agricultural producer. It is a center of IP and technology, among other things as the generator of over 2500 patents per year and the home of world-recognized university research centers. It is also a global hub for air and maritime cargo, with the logistics industry employment and agricultural exports these industries support. I would hope to work closely with you to design agreements and enforcement priorities that maximize the benefit Georgians draw from these assets worldwide, including in current FTA partners, sub-Saharan African markets, and new markets in other regions.

Question 10

Last month, Rwanda, Chad, Jordan and Oman ratified the WTO's Trade Facilitation Agreement (TFA), bringing it into force. TFA, the first successful multilateral agreement of Doha Round, contains provisions for expediting the movement, release and clearance of goods and it encourages cooperation between WTO members on trade facilitation and customs compliance issues. It also sets the stage for greater investment in trade capacity building in the developing world.

As USTR, what would you do to implement TFA and to encourage U.S. leadership on trade facilitation and trade capacity building issues generally?

Answer: The WTO FTA provides new, enforceable rules governing how U.S. goods will be treated as they move through our trading partner's border agencies, reducing trade costs and delays and allowing American goods to compete on a more level playing field. If confirmed as USTR, I will work to ensure that the TFA is implemented by all WTO Members under the timelines in the Agreement, press those WTO Members that have yet to ratify the TFA to do so expediently, and use the TFA Committee to promote full implementation of the Agreement.

How can USTR work with other U.S. agencies, such as U.S. Agency for International Development, the Overseas Private Investment Corporation and the U.S. Trade and Development Agency, to ensure a whole-of-government approach to strengthen trade facilitation and build trade capacity?

Answer: If confirmed as USTR, I will undertake efforts to raise awareness of the TFA within the U.S. Government and among U.S. producers and manufacturers, and will

engage with our trading partners on U.S. best practices for achieving full implementation of the Agreement, including coordinating U.S. government efforts through the U.S. National Trade Facilitation Committee.

Question 11

As a Senator from a state that is home to one of our major international airlines, I am quite concerned about unfair practices by state-owned airlines. Over the last decade, the Governments of Qatar and the UAE have granted billions of dollars in subsidies to these airlines, helping them to expand their aircraft fleets and take business from U.S. airlines and airlines in other countries. I am also concerned that these subsidies violate our Open Skies agreements and put thousands of well-paying U.S. jobs at risk.

If confirmed, will you assure that you will work to support the interagency process to remedy these unfair practices and restore a level playing field for U.S. airlines?

Answer: I understand the importance of this issue, and of ensuring that our international airlines compete on a level playing field across the globe. If confirmed, I will look into this matter and work closely with other involved agencies, such as the State Department and Department of Transportation, to do everything we can to ensure that our international carriers have a fair and equal opportunity to compete.

SENATOR PATRICK TOOMEY

Question 1

U.S. dairy exporters face significant tariff barriers from Canada and other countries. They also face major non-tariff barriers such as geographical indication (GI) regulations that prevent U.S. exporters from using common food names and threaten intellectual property rights. Do you agree that foreign GI regulations are problematic for U.S. exporters and will you address these regulations in future trade negotiations?

Answer: I understand the importance of this issue to Congress. If confirmed, I will continue to raise strong concerns regarding the impact of the EU's GI policies on market access for U.S. owners of trademarks and U.S. producers and traders using common food names. I would also direct my staff to continue to press the EU to expand market access for U.S. producers into the EU and also work to safeguard third country markets, such as Canada, including through the removal of barriers such as overly broad GI protection for EU products.

Question 2

India has a myriad of non-tariff barriers that infringe upon the intellectual property rights of American firms that do business there. This is particularly true for pharmaceutical companies. Will you examine strengthening intellectual property protections for U.S. companies in India?

Answer: India's protection and enforcement of U.S. Intellectual Property Rights (IPR), including with respect to the pharmaceutical sector, are areas of substantial concern. If confirmed, I intend to address and work closely with the Committee on these issues.

Question 3

For years, I have heard from constituents that Colombia has erected a series of arbitrary regulations designed to limit imports of American heavy duty trucks. Will you monitor Colombia's regulations on imported trucks and take action if they continue to unfairly block U.S. exports?

Answer: I share your concerns about Colombia's restrictive measures with respect to imported trucks, in particular the so-called scrappage requirements. If confirmed, I assure you that I will engage with U.S. stakeholders to address the issues more fully, monitor closely Colombia's actions affecting imported trucks, and engage further with Colombia.

Question 4

Sugar is a vital input for many Pennsylvania food manufacturers. The previous administration severely limited sugar imports from Mexico through a suspension

agreement, which harmed a number of manufacturers. Will you make it a priority in future negotiations to undo this damage and allow greater sugar imports from Mexico?

Answer: USTR has no formal role in the administration of the sugar Suspension Agreements. If confirmed, I will consult with the Secretaries of Commerce and Agriculture, as well as Members of Congress and the range of perspectives in our private sector, including sugar growers, refiners and confectionary producers.

SENATOR DEAN HELLER

Question 1

International travel and tourism are major economic drivers in Nevada. Travel and tourism supports more than 368,000 jobs in Southern Nevada alone. Reno, Lake Tahoe, and Las Vegas are world-renowned destinations that continue to see growth from international travelers. Will you make travel and tourism to the United States a top trade priority if you are confirmed?

Answer: Tourism and travel services are among the most dynamic services sectors in the U.S. economy and also serve to support other major segments of our economy. If confirmed, I look forward to working with you to ensure that promoting tourism and travel-related services is an integral part of the U.S. trade agenda.

Question 2

Many visitors to Nevada come from China, Canada, and Mexico – all countries this Administration plans to have new trade negotiations with. How will you work to ensure that international travel polices to the U.S. are not adversely affected as you discuss other trade issues with those countries?

Answer: As noted above, tourism and travel services are among the most dynamic sectors in the U.S. economy and also serve to support other major segments of our economy. If confirmed, I look forward to working with you to ensure that promoting tourism and travel-related services is an integral part of the U.S. trade agenda.

Question 3

Foreign direct investment in Nevada based projects has grown significantly in recent years. Panasonic in partnership with Tesla are manufacturing commercial high density batteries outside of Reno, Nevada at the new gigafactory. Faraday Future, a new electric car manufacturer with overseas financing, has also committed to building a manufacturing plant in North Las Vegas. How will you ensure that U.S. trade policies will continue to promote foreign direct investments in Nevada?

Answer: Inward and outward investment are critical drivers of U.S. jobs and U.S. economic growth. The United States is the most attractive place in the world to invest. I look forward to working with you and other Members of Congress to use trade and investment policies to promote foreign investment in the United States that creates American jobs and increases U.S. economic growth and competitiveness.

Question 4

Nevada was one of the hardest hit states during the recession. I would like to know what specific trade policies will you be advocating for that will directly help create jobs and increase economic growth in Nevada?

Answer: Nevada is a strong exporting state with nearly \$10 billion worth of exports in 2016, including \$9.3 billion worth of manufactured goods, supporting tens of thousands of jobs; it is a large agricultural producer; and it is a center for IP and scientific research as the generator of over 700 patents per year. I would hope to work closely with you to design agreements and establish enforcement priorities that maximize the benefit Nevadans draw from these assets, by identifying opportunities to grow exports, enforcing IP and other rights, taking advantage of value-added agricultural exports to world markets, fighting unfair trading practices abroad, and so contributing to Nevada's growth and ability to support high-wage jobs.

SENATOR BILL CASSIDY

Question 1

Do you agree that as a result of the 21st Amendment to the U.S. Constitution, matters dealing with alcohol policy, and specifically the regulation of the manufacturing, distribution, transportation and selling of alcohol products, lies within the authority of the states as opposed to the USTR? In keeping with this well-established principle, will you work to ensure that the USTR does not act in a way that weakens the authority of the states with regard to their constitutional rights to regulate alcohol within respective state borders?

Answer: If confirmed, I will ensure that USTR does not take positions that undermine the authority of U.S. states to regulate alcohol.

Question 2

Duty drawbacks can occur when goods that were imported into the United States, and had a duty collected, are later exported. Duty drawback was one of the first laws passed by Congress and one of the few WTO sanctioned incentives left to encourage exporting.

Current NAFTA rules significantly diminish the benefits provided by duty deferral programs and drawback regulations for a large category of goods exported to Mexico or Canada. NAFTA rules often lead to an additional duty payment in the United States that would not apply to identical shipments made outside of the NAFTA territory.

Answer: I am aware of the concerns about NAFTA's provisions on duty drawback. If confirmed, I will examine this issue and will be interested in further hearing your perspectives.

Question 3

The United States and Taiwan have a strong and important bilateral trade and investment relationship. Taiwan is currently our 9th largest goods trading partner with \$67 billion in total traded goods in the 2015 calendar year, our 7th largest importer of US agricultural goods, and an important player in the global IT industry. Given recent events, how will your views specifically influence the One China Policy and what can the United States do to grow economic relations with Taiwan? Do you believe that a free trade agreement with Taiwan or Taiwan's participation in a future trade agreement are viable options?

There are currently 4,338 jobs in Louisiana supported by Taiwan. Do you have any plans to incentivize Taiwan to further invest in the United States?

Answer: As the President stated last month following his phone call with China's President Xi Jinping, the Administration will honor the United States' longstanding One China Policy.

As you point out, the United States and Taiwan have a longstanding and important trade and investment relationship. If confirmed, I intend to work to strengthen further those trade and investment ties. Recognizing that foreign investment from Taiwan and elsewhere can create more jobs in the United States and increase U.S. economic growth and competitiveness, I intend to develop a trade and investment policy that promotes foreign investment into the United States that advances these objectives. If confirmed, I will examine the prospects of additional negotiations with Taiwan.

Question 4

You may recall when we met that we discussed the Seafood Import Monitoring Program finalized by NOAA last year. When we met, the rule was still under review by the previous Administration. When finalized, my staff was told that USTR expressed concerns over national treatment of the domestic aquaculture shrimp industry, resulting in an indefinite stay for the implementation of shrimp in to this program. Shrimp was to encompass two-thirds of the volume and value of the seafood identified in the program. Protecting US interests is important to me and my state.

How do you plan to assist Gulf Coast industries comprised of small and medium sized business that are harmed by unfair trade, like the shrimp, crawfish and crab industries?

Answer: Improving the competitiveness of small and medium sized businesses, including domestic seafood producers, is a key priority of this Administration. If confirmed, I will pursue all avenues to support this objective, including through trade negotiations, enforcement of our existing trade agreements, and application of our trade remedy laws. I look forward to consulting closely with Congress and industry on these important issues.

How will your trade office work with other government agencies such as U.S. Customs and FDA to ensure that we are not adversely impacting these industries by not enforcing our own health and safety standards on imported goods?

Answer: If confirmed, I will work to ensure the competitiveness of U.S. industries, including through trade negotiations, enforcement of our existing trade agreements, and application of our trade remedy laws. I will work closely with other U.S. agencies to support the implementation and enforcement of U.S. laws and regulations, including U.S. health and safety standards, governing the import of fish and fisheries products in order to ensure a level playing field for our fishing sector.

How will you address WTO threats or challenges from countries that import seafood to the United States such as China, Vietnam or Chile?

Answer: If confirmed, I will aggressively defend U.S. regulations at the WTO and through our bilateral or regional engagements, including FTAs.

Question 5

As you likely know, the Jones Act, among other things, requires US domestic waterborne commerce to be carried on vessels that are built and registered in the United States. The Jones Act also requires such vessels to be predominantly owned and crewed by US citizens. USTR, in its role to expand market access for American goods and services, must, at times, engage on issues involving the Jones Act.

According to a study done a few years ago, Louisiana has more than 54,000 jobs connected to the maritime industry, contributing more than \$11 billion to the state's economy. The study also showed our state ranked first in maritime jobs per capita and is one of top states for shipbuilding.

Because of the importance of the Jones Act to Louisiana's maritime industry, can you please share what your position is on the Jones Act and how that statute will influence trade agreements the United States enters?

Answer: I understand the importance that you and other Members of Congress place on this issue. I agree that the Jones Act is crucial to ensuring the retention and growth of a robust U.S. maritime industry, which is critical to the national security of the United States. If confirmed, I intend to consult closely with Congress on any Jones Act-related issues and ensure that our position in trade negotiations does not undermine our ability to enforce the statute.

RANKING MEMBER WYDEN

Trade Enforcement

Question 1

This Committee has been focused on trade enforcement in recent years. In the last Congress, we passed a robust package of new trade enforcement tools, including the ENFORCE Act, which created a new process requiring Customs and Border Protection to take swift action on allegations that duties on unfairly traded goods are being evaded.

In addition, we enacted new directives requiring USTR to focus on fighting foreign trade barriers that have the greatest impact on U.S. jobs and growth. The law contains new requirements for Congressional consultations and reporting to ensure that USTR takes Congress's views into account when it sets enforcement priorities and follows through on those priorities with action. You will be the first USTR to implement these new tools.

Do you commit to follow the law and provide Congress with robust consultations and reporting -- within the timeframes specified by law -- to ensure that enforcement efforts are directed at the most critical problems facing U.S. workers, businesses, and farmers?

Answer: The 2015 Act that contained the ENFORCE Act provided important new tools to USTR, Customs and Border Patrol and Commerce to improve the enforcement of Antidumping and Countervailing Duties and other measures. I am aware of the months and years of effort it took to pass that law and believe that it will provide important benefits to American workers, farmers, ranchers and businesses, particularly those that rely on effective administration of border measures. If confirmed, I look forward to working with the other agencies to implement the law fully and vigorously and to following all the requirements set out in the law regarding stronger and better consultations with Congress concerning enforcement priorities. The input, ideas and advice of the Senate Finance and House Ways and Means Committees, as well as others, will be critical in developing the enforcement priorities of my office.

Question 2

According to the President's Trade Policy Agenda released earlier this month, one of the Administration's key trade policy objectives is "strictly enforcing U.S. trade laws to prevent the U.S. market from being distorted by dumped and/or subsidized imports that harm domestic industries and workers." We need a proactive government response to dumped and subsidized imports – only by tackling the issue of unfairly traded imports will many US industries be able to recover. How can USTR work together with other agencies and the governments of other countries to strengthen enforcement of trade remedy laws and compliance with antidumping and countervailing duty orders?

Answer: I have spent much of my professional life working to ensure the strong and effective implementation of American trade remedy laws and am strongly committed to their vigorous enforcement in the years ahead. As your question states, effective

enforcement of these laws is an essential and indispensable element of a strong and effective trade policy for all Americans. If confirmed, I plan to coordinate closely with other government agencies in the strongest possible defense of U.S. law in the WTO, and to strengthen our collaboration with other like-minded WTO Members.

Question 3

You have said in the past that there are insufficient resources dedicated to trade enforcement in the U.S. government. Many Members have sought to substantially increase trade enforcement resources including at USTR. Yet the President announced a hiring freeze that appears to apply to trade enforcers at a range of agencies, including the Department of Commerce, USTR, U.S. Customs and Border Protection, the Department of Interior’s Fish and Wildlife Service, and the Department of Labor. I am particularly concerned about the timing of the freeze because several of these agencies are implementing new enforcement tools included in the Trade Facilitation and Trade Enforcement Act of 2015, and as a result have been tasked with even more extensive trade enforcement responsibilities.

Do you think that USTR currently has sufficient resources for trade enforcement? If confirmed, how would you strengthen resources dedicated to trade enforcement in light of the hiring freeze?

Answer: The President has made clear that trade policy negotiations and litigation are a top priority of the Administration. Trade policy plays a critical part in every aspect of the economy and is essential to fulfilling the Administration’s goal of accelerating economic growth and improving U.S. standards of living. USTR’s previous budget requests were based on the old status quo. Instead, President Trump places trade execution and enforcement at the top of his “America-first” trade policy.

I’m not in the Administration and thus cannot speak on its behalf, but, in my personal view, we need more resources for USTR and with whatever we have we’ll do the best job we can do.

USTR’s capabilities must grow to execute the President’s new strategy. Increased resources are necessary to reinforce USTR’s statutory obligations to (1) monitor compliance by foreign governments with trade policy commitments to the United States, detect violations as quickly as possible and take swift and successful actions to enforce U.S. rights and at the same time, (2) vigorously and successfully defend the ability of the United States to exercise its rights to ensure fair trade in the U.S. market, and, (3) take action under U.S. law to advance U.S. economic interests. If confirmed, I will work to ensure that USTR has the resources it needs to fulfill its mission.

Sufficient resources are vital to a robust trade enforcement strategy. Many of the problems faced by US exporters in foreign markets are hard to address due to lack of transparency or because they are legally or factually complex, requiring significant attorney, investigatory, analytical, or translation resources. If confirmed, I will commit to

use all the resources available to USTR, and seek to draw on the significant expertise in other agencies, to enforce U.S. trading rights fully and ensure that our trading partners comply with their international obligations.

Global Overcapacity

Question 4

Foreign government subsidies and other market-distorting policies have led to global overcapacity in a range of products, including aluminum, solar, and steel. The OECD has been trying to address this issue in the steel sector and has formed a “Global Forum” on excess capacity. Yet, to date, results have been disappointing. What specific steps should the United States take to obtain concrete results in the reduction of global steel, aluminum, and solar capacity?

Answer: If confirmed, I will conduct a review of all available tools to address serious overcapacity problems in steel and other sectors, work to address the root causes of those problems, and continue to work closely with other leading steel producing countries in the Global Forum on Steel Excess Capacity and other contexts. Those tools include our trade remedy laws, WTO litigation, negotiations, and other mechanisms under U.S. law.

If confirmed, I also will examine how we might use our existing bilateral dialogues to press China to fix its unfair trade practices and vast excess capacity problem in many industrial sectors. I will vigorously enforce and defend our trade remedy laws, and aggressively utilize all available tools in the WTO and other mechanisms to combat distortive trade practices.

Market Economy Status

Question 5

China claims that its protocol of accession to the WTO requires all countries to treat it as a market economy in antidumping investigations. The previous Administration concluded that the United States is under no such obligation. Under the criteria applied by the Commerce Department, China is clearly not a market economy. Will you continue the position of the previous Administration and defend the right of the United States to treat China as a non market economy? What specific steps would you take to ensure that our major trading partners, including the EU and Canada, support the position of the United States at the WTO regarding the interpretation of our international obligations?

Answer: I disagree with China’s claim that the change in its Protocol of Accession requires WTO Members to treat China as a market economy in antidumping proceedings. If confirmed, I can assure you that USTR will vigorously defend the right of WTO Members to use the strongest tools possible to counteract injurious Chinese dumping. This includes building a coalition of allies to defend this fundamental position at the

WTO. I look forward to discussing with you the best way to work with the EU and other like-minded countries to defend the plain and clear language of China's Protocol of Accession.

Hardwood Plywood

Question 6

For the hardwood industry, exports are extremely important to a significant number of companies that create jobs in rural areas. Approximately 40% of all hardwood lumber production is now exported, totaling \$2.4 billion in 2016. The U.S. also enjoys a healthy trade surplus of \$1.3 billion in hardwood lumber, up from \$1.1 billion in 2015. At the same time, the hardwood engineered flooring and plywood veneer industry has been harmed by subsidized imports, particularly from China, that compete unfairly with U.S. products. How will you advise the Administration to ensure that trade policies both support exports while at the same time addressing unfair trade practices?

Answer: I appreciate the importance of hardwood production in the United States, as well as the success of U.S. producers in developing important and growing export markets. If confirmed, I will work with our industry and you to expand overseas market access for American hardwood and plywood exports, address unfair trading practices such as subsidization, and work with industry and other stakeholders to identify effective ways to address unfair trade practices in the U.S. market, including by use of our trade remedy laws.

Wine

Question 7

USTR initiated a WTO case with Canada on January 18 over measures affecting the sale of wine in grocery stores in British Columbia. The U.S. wine industry is facing a host of discriminatory measures in Canada that adversely affect exports and job opportunities in the United States. If confirmed, and if Canada fails to eliminate the WTO inconsistent measures, will you proceed expeditiously to litigate the WTO case? And will you work to address other trade-distorting policies in Canadian provinces that make U.S. wines more difficult to obtain and more expensive than Canadian-made products?

Answer: I am aware that the United States requested consultations with Canada on its facially discriminatory distribution and sales measure that discriminates against our wine producers and exports. If confirmed, I will seek an immediate briefing by USTR staff on the content of the consultations that were held with Canada last month and what the most effective next steps are to address this problem. I look forward to looking carefully at other provincial measures that may be harming our wine exports. I have long believed that the United States should vigorously enforce our trade agreements. If confirmed, I

will work to address these unfair barriers to U.S. exports, including these facially discriminatory restrictions on exports of U.S. wine to Canada.

Solar

Question 8

The U.S. solar manufacturing industry, like the steel and aluminum industries, has been plagued by massive subsidies provided by China to its industry, which have contributed to significant overcapacity, as well as dumping by foreign producers. As a result, the U.S. solar industry has been repeatedly injured by dumped and subsidized imports. The industry brought two sets of antidumping and countervailing duty cases in 2011-2012 and in 2014-2015. Despite victories in these cases, dozens of U.S. producers were forced to close, declare bankruptcy, or lay off workers. USTR was engaged in an effort to resolve the solar dispute, as well as China's retaliatory cases on U.S. imports of polysilicon. If confirmed, will you commit to continuing to work for a favorable outcome for the U.S. solar manufacturing industry and its workers? If negotiations prove unsuccessful, what specific steps should the United States take to address China's distortive and harmful trade practices?

Answer: I am aware of the longstanding complaint of the U.S. solar panel industry, validated repeatedly by the determinations of the U.S. Department of Commerce and the U.S. International Trade Commission (ITC), that China has been dumping and selling subsidized solar panels into the U.S. market, causing injury to our industry and workers. This unfair trade practice was targeted at an important and growing U.S. industry. Worse even, once the United States acted to apply its WTO-consistent remedy, China retaliated by bringing its own antidumping duty case of questionable merit against producers of U.S. polysilicon. I can assure you that, if I am confirmed, USTR will reinvigorate its efforts with our industry in all areas to address the trade challenges that we face in the solar sector.

Aluminum

Question 9

I have raised serious concerns about efforts by China to undermine American aluminum producers through massive subsidies that distort world market prices, circumvention of trade remedies decisions, and acquisitions of U.S. producers that raise national security concerns. The United States has brought a case before the WTO, arguing that Chinese government support of the aluminum industry has caused serious prejudice to the United States. This is one of the most effective ways of responding to broad-based efforts by foreign governments to tilt the competitive field in favor of their companies.

If confirmed, will you expeditiously move this case forward at the WTO, and be willing to bring similar cases for other industries where the facts warrant it?

Answer: I am aware of the complaint filed that was filed in the WTO on Chinese aluminum subsidies. Broad-based efforts, such as this one by the Chinese government to tilt the competitive field in favor of its companies using artificial, non-market mechanisms to advantage its producers is a serious problem that hurts U.S. workers and businesses. If confirmed, I will seek to attack unfair trade practices such as these as effectively as possible, using all appropriate tools.

Wheat

Question 10

In Oregon and across the country, wheatgrowers depend on access to international markets to export product overseas and create job opportunities in rural communities. The previous Administration brought several important WTO cases related to agriculture, including two cases against China for its provision of market support for products including wheat in excess of its WTO commitments and its failure to implement its commitments with respect to tariff rate quotas. If confirmed, would you continue to prioritize these disputes?

Answer: I am aware of the pending matters that the United States has brought to the WTO involving the massive amounts by which China has exceeded its Aggregate Measure of Support and its WTO-inconsistent administration of its Tariff-Rate Quota for wheat, rice and corn. If I am confirmed, enforcement of fundamental U.S. rights such as these with respect to agricultural exports will remain a priority. I understand the serious concerns at issue with respect to these disputes, and look forward to discussing them further with you and the staff at USTR.

Peru Forestry

Question 11

For years, I have been raising serious concerns regarding Peru's implementation of commitments in the Forestry Annex to the U.S.-Peru trade agreement and massive shipments of illegally harvested timber destined for the United States. To address this challenge, USTR initiated a first-ever verification using special procedures in that agreement, which identified several shortcomings in Peru's forest management system that have contributed to trade in illegally harvested timber. Despite these steps, in recent months, Peru has appeared no closer to addressing the serious concerns identified than it was before the verification began. What specific steps will you take to ensure that Peru adheres to its obligations in the trade agreement and that trade in illegally harvested timber is stopped?

Answer: I am aware of your longstanding interest in and efforts to advance implementation and then enforcement of the forestry commitments that Peru undertook in its free trade agreement with the United States. These commitments important and far-reaching and have taken great effort over a number of years to pursue. If confirmed, I am fully committed to ensuring that Peru implements fully its obligations under the Forestry Annex. I look forward to working with you and other Members, as well as our stakeholders, to ensure that we achieve that goal and to determine the most appropriate next steps.

Transparency

Question 12

Getting more transparency in our trade policy has been a top priority for me. Ordinary Americans need to know what our trade policymakers are up to, so that they can ask informed questions at town halls and help ensure that their interests are represented by America's trade agenda. Transparency is critical both in trade enforcement as well as negotiations for new agreements. The trade bills Congress passed last year include a host of new requirements to raise the bar when it comes to transparency. If confirmed, I expect you to consult closely with Congress and follow to the letter the new transparency and consultations requirements Congress established as part of the Trade Promotion Authority bill we passed in 2015 and the enforcement bill in 2016. Will you commit to do that?

What specific steps will you take to improve transparency and consultations with the public? In addition, will you allow cleared advisors to have timely access to the proposals made by our trading partners during negotiations to ensure that you are getting the best possible advice?

Answer: One of the most important areas in which we need to do better is in reaching out to, listening to and communicating with the full range of stakeholders in the United States.

I understand the importance that you and Congress place on these issues. If confirmed, I will ensure that USTR follows the TPA requirements related to transparency in any potential trade agreement negotiation. I will also look forward to discussing with you ways to ensure that USTR fully understands and takes into account the views of a broad cross-section of stakeholders, including labor, environmental organizations, and public health groups, during the course of any trade negotiation. My view is that we can do more in this area to ensure that as we formulate and execute our trade policy, we receive fulsome input and have a broad and vigorous dialogue with the full range of stakeholders in our country.

Digital Trade

Question 13

The last Administration made significant strides in addressing barriers to trade in services, particularly services that are reliant on digital trade. It pushed for new, 21st century disciplines both in TPP and in negotiations for a plurilateral Trade in Services Agreement (TiSA). Those new disciplines include obligations that prevent our trading partners from requiring data to be stored in their country and restricting cross-border data flows, as well as commitments on related services, such as electronic payments. Such restrictions break the Internet into country-sized pieces, inhibiting the free-flow of information as well as commerce. Do you view addressing data localization and cross-border data flows as a for the United States as a priority? Will you commit to continuing the policy of pursuing strong commitments on all services, including digital trade in U.S. trade negotiations?

Answer: The U.S. services sector is highly innovative and a key driver of the U.S. economy. Maintaining a vibrant U.S. services sector and expanding U.S. services exports, including in those areas of core U.S. strength, such as the Internet sector, is vital to a healthy economy and a key objective of U.S. trade policy. Addressing barriers to digital trade, such as restrictions on cross-border data flows and other data localization requirements by foreign governments, can help achieve those objectives. If confirmed, I look forward to working with you to pursue our services and digital trade priorities.

Question 14

The United States leads the world in the Internet economy -- and that is in part due to the United States having some of the most innovation-friendly laws and policies in the world. For example, Congress enacted core protections like Section 230 of Communications Act (enabling Internet platforms to serve as commercial marketplaces), and pursued strong and balanced copyright policy like the Digital Millennium Copyright Act and fair use, and promoted open data policies. Many U.S. services are now under threat overseas due to market access barriers and protectionist and less innovation-friendly legal and regulatory frameworks. In 2014, nine out of the top ten global Internet properties were made in the USA. Today, only six of those leading brands are US-based, and they are engaged in fierce competition with China and other countries for access to nearly 200 markets and 3.4 billion Internet users across the world.

How do you plan to stop other countries from blocking or discriminating against U.S. services and adopting policies that inhibit innovative Internet businesses to ensure that the United States continues to lead the world this sector?

Answer: Maintaining a vibrant U.S. services sector and expanding U.S. services exports, including in those areas of core U.S. strength, such as the Internet sector, is vital to a healthy economy and a key objective of U.S. trade policy. Addressing barriers to digital trade, including policies that discriminate against U.S. digital services, can help achieve that objective. If confirmed, I look forward to working with you to pursue this objective.

Question 15

I am deeply concerned that U.S. companies face the most uneven of playing fields in China. Increasingly, Chinese regulation is making it difficult or even impossible for U.S. cloud services companies to operate in China. Meanwhile, Chinese cloud service providers can operate in the United States today without similar regulatory restrictions. U.S. cloud service providers are strong catalysts for economic and jobs growth, and it is unacceptable to think that they could be locked out of China entirely. Can you promise that you will prioritize this issue in your discussions with Chinese officials and underscore that China must stop discriminating against U.S. cloud service providers?

Answer: I recognize that U.S. leadership in the technology sector, particularly in cloud computing, is a national strength and a source of our international competitiveness. I agree that our trade policy should work to ensure that U.S. companies in this sector can thrive globally, including in China, where I recognize that barriers have been severe and contrast sharply with the open market in the United States. If confirmed, I will look forward to working with you on these issues, and I will make seeking progress in reducing barriers to U.S. companies in this sector, including in China, a priority.

Question 16

The Obama Administration requested that the U.S. International Trade Commission conduct three investigations under section 332(g) of the Tariff Act of 1930 regarding the value of new digital technologies for U.S. firms and the impact of barriers to digital trade on U.S. firms' competitiveness in international markets. It is critical that the United States have a full understanding of the digital trade landscape to inform its position in trade negotiations and to identify major trade barriers in the digital sector that impact manufacturers as well as the services sector and small businesses. Will you commit to making these reports public so that policymakers and the public can use them to inform views and priorities in the new economy?

Answer: I agree that the Internet is “the shipping lane for 21st century goods and services” and the digital economy is critical to the ability of the United States to compete in the 21st century global economy. I support the request made to the ITC to conduct the three investigations relating to digital trade. If confirmed, I will work closely with you and other Senators and members to set priorities concerning the digital trade and investment matters, and discussing with you, if I am confirmed, ways to share to the maximum extent possible the three ITC studies requested.

Trade and Environment

Question 17

You have said that climate legislation, such as a carbon tax with a border adjustment that ensures neutral and equal application of regulatory requirements to imports, could be enacted consistently with our WTO obligations. Do you continue to hold that view?

Answer: If I am confirmed as USTR, I will not have responsibility for climate policy. That will be a question for the Congress and appropriate Administration officials. However, I do believe that our WTO obligations do not preclude us from achieving our environmental policy goals in a manner consistent with true market-based competition.

Trade and Labor

Question 18

You have mentioned the importance of labor commitments in trade agreements and the need for tougher enforcement of those commitments. The Obama Administration obtained enforceable labor standards in TPP as well as enforceable implementation plans, setting out specific requirements that countries must meet in order to comply with their TPP obligations. Those implementation plans were an important tool to ensure that trading partners made the changes to their domestic law necessary to fulfill their commitments.

If confirmed, and should you pursue new negotiations with the parties to TPP, would you seek both enforceable labor standards as well as enforceable action plans to address shortcomings in our trading partners' labor regimes?

Answer: Labor protections are important negotiating objectives that Congress has set out in TPA. If confirmed, I look forward to consulting closely with you and other Members of Congress and stakeholders with an interest in these issues as we seek to negotiate trade agreements that reflect high-standard protections for our workers and to ensure a level playing field for American workers and businesses.

USTR Role

Question 19

There are a number of people at the White House that have been given responsibility for trade policy, including the President's advisor for international negotiations and the new National Trade Council. In addition, the President has at times suggested that the Secretary of Commerce will have lead responsibility for renegotiating NAFTA.

Could you please explain the role that each of these individuals would play in trade negotiations, mindful of the statutory responsibility of the USTR to have primary

responsibility for developing United States trade policy and to serve as the principal spokesperson on trade?

Answer: As I stated during my testimony, if confirmed as USTR, I fully expect to have the full statutory authority over trade policy, including serving as the President's principal spokesperson on trade, as intended by Congress.

In my experience with previous Administrations, there are almost always, several sources of influence over trade policy, and it is the Trade Representative's job to balance these interests and sort it out. I have a very good relationship with Secretary Ross and others in the White House and expect to enjoy a fully collaborative relationship with each.

Currency

Question 20

The President repeatedly stated on the campaign trail that he would instruct his Treasury Secretary to name China a currency manipulator on “Day 1”, but has yet to do so. Do you share the President’s view that China should be named a currency manipulator? As the USTR, what advice would you give the President on the implications of naming China a currency manipulator today?

Answer: If confirmed, I will work with other Administration officials, including at the Department of the Treasury, to develop an effective approach for addressing the problem of currency manipulation. In the past, it has been my judgment that China was a substantial currency manipulator. I think we've lost a lot of jobs in the United States because of it. And, it's not just China. There are other countries that have done it. As for today, the lead responsibility for determining whether China is a currency manipulator falls to the Department of the Treasury.

Question 21

Currency manipulation by U.S. trading partners is a serious trade barrier facing our manufacturers, and this Committee has spent a lot of time grappling with the problem. Last Congress, two bills --the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (TPA 2015) and the Trade Facilitation and Trade Enforcement Act of 2015 -- that contained provisions addressing currency manipulation were signed into law. In TPA 2015, Congress identified currency manipulation as a subject that should be addressed in future trade agreements.

Will you commit as USTR to addressing currency manipulation as a part of any future trade agreements, including any renegotiation of NAFTA?

Answer: I understand the importance that you and Congress place on this issue. I have also been long concerned about the potential for currency manipulation and misaligned

currency to affect international trade flows. If confirmed, I will make every effort to satisfy the TPA priority negotiating objective and will work with you and Congress to determine the best means to address this longstanding issue.

NAFTA

Question 22

When Secretary Mnuchin was before this Committee for his confirmation hearing, he indicated that the outcomes in TPP would be a starting point for a NAFTA renegotiation. Do you share that view? Are the benefits in TPP a floor for what the Administration should seek to achieve in the new negotiations it contemplates with Canada and Mexico? What specific improvements over TPP do you think the Administration seek in any NAFTA renegotiation discussions?

Answer: I believe that in negotiating a new trade agreement we should learn from, and build on, earlier negotiated trade agreements. In the case of NAFTA and TPP, there is much in TPP that goes well beyond NAFTA. So, in a renegotiation of NAFTA, we should consider incorporating those provisions as well as improving areas where we may be able to go beyond TPP. In determining what those areas are and what to prioritize, I look forward to working with you, other Members of Congress, and stakeholders.

Question 23

Canadian subsidies to softwood lumber have been a top concern for me for years and are the subject of new trade cases before Commerce and the International Trade Commission. Canada has in the past used special procedures included in Chapter 19 of NAFTA to force U.S. trade agencies to weaken trade remedies decisions on softwood lumber. The Trump Administration seems to want to renegotiate NAFTA, but have also suggested that they merely intend to “tweak” the agreement as to Canada. What are your views on NAFTA Chapter 19? If confirmed, and if the Administration initiates negotiations with Canada with respect to NAFTA, will you commit to working to address longstanding concerns with Chapter 19?

Answer: The review of disputes pursuant to trade remedy laws contained in Chapter 19 of NAFTA is an area that has raised concerns among Members of Congress and U.S. industry. Should I be confirmed, I certainly would want to work with you and U.S. industry regarding your concerns on Chapter 19.

Question 24

I have long said that NAFTA is in need of an upgrade. The Trump Administration has indicated that it would like to renegotiate NAFTA,. In doing so it is important to address longstanding concerns with Canada, including those affecting U.S. dairy producers, but also important to ensure that benefits for American workers and farmers are not lost. Can

you assure me that any NAFTA discussions will not move backward in terms of our existing opportunities for exports to those countries, including for dairy products? How do you plan to use these discussions to tackle deeply entrenched areas where there are in fact serious concerns – such as with the various types of barriers our dairy exports to Canada continue to face?

Answer: I understand that Canada maintains strict limits on imports of dairy products, through its supply management program and other non-tariff barriers. If confirmed, I will consult with you on the most appropriate way to address this matter. If confirmed, I will work to achieve the expansion of U.S. agricultural exports, including dairy products, through negotiations with our trading partners that create enhanced export opportunities while we maintain the current markets that we already have.

Question 25

Canada and Mexico made new commitments on digital trade in the TPP, these commitments are significant because the free flow of information across borders is important not only to brick and U.S. technology firms, but increasingly to businesses of all sizes and types. Another aspect of the digital revolution we are experiencing is the power it has unleashed for very small businesses. If you have an internet connection, you can now find customers abroad and become an exporter --- a prospect that was unthinkable for small businesses 15 or 20 years ago. We need to encourage this commerce that is becoming a larger share of U.S. exports. One barrier is the red tape that other countries impose on imports, that make it hard for very small businesses to efficiently export. In the United States, we have a \$800 *de minimis* threshold to exempt imports from duties and many formalities of importation. Canada's threshold is 20 Canadian dollars. This is a huge barrier for our small businesses.

Will you demand that Canada increase its *de minimis* threshold as part of any NAFTA renegotiation, and will you use any other opportunity to raise this with them?

Answer: If confirmed, I will consult with Congress and domestic stakeholders to develop a strategy that seeks to address concerns with Canada's low *de minimis* level. I believe that increasing Canada's *de minimis* level could be a significant issue in our overall bilateral trade engagement with Canada, as well as in our engagement with Canada in multilateral trade forums.

Asia-Pacific

Question 26

The Trump Administration withdrew from the proposed Trans-Pacific Partnership agreement negotiated by the Obama Administration. Several countries in the Asia-Pacific that were party to that agreement are now considering ways to deepen trade ties in the absence of U.S. engagement in the region. In the absence of TPP, what specific steps will

you take to ensure that U.S. workers, farmers and manufacturers have the same opportunity to compete in countries such as Japan and Vietnam as workers, farmers and manufacturers in Europe, Australia, Canada, and other countries that have concluded or are in the process of negotiating trade agreements with those countries?

Answer: The Trump Administration intends to play a strong leadership role in the Asia Pacific, including through the active negotiation of bilateral trade agreements and other trade initiatives aimed at ensuring that U.S. workers, farmers, ranchers and businesses have a fair opportunity to compete in these markets. If confirmed, I look forward to working closely with you and Congress to increase U.S. economic growth, foster job creation in the United States, promote reciprocity with our trading partners, and enhance U.S. competitiveness in the Asia-Pacific region and globally.

TTIP

Question 27

The European Union is the top export markets for the United States. At the same time, U.S. businesses and farmers face significant barriers to the EU market. The Obama Administration had launched TTIP negotiations with the EU to those barriers our exporters - where I believe we could be even more successful.

Do you support continuing those negotiations? What alternative would you suggest to address trade barriers in the EU?

Answer: I agree with you about the importance of the EU as an export market for the United States. I understand that the T-TIP negotiations sought to reduce or eliminate barriers to U.S. exports in the EU, and that, while the United States made progress toward that goal, a number of difficult issues could not be resolved. I would look forward, if I am confirmed, to consulting with you and with other members of the Committee on whether, when, and how to proceed with a trade agreement with Europe. It is our impression, though, that upcoming elections in France, Germany, and other EU member states will, in any case, make it difficult for the EU to resume comprehensive trade negotiations until at least the end of this year. In the meantime, we would be open to exploring ways to address barriers to U.S. exports and to expand trade with the EU and its member states. As I said during my confirmation hearing, we also want to look for opportunities to strengthen cooperation with the European Commission and with EU member state governments on global trade issues of common concern, including the non-economic expansion of production capacity around the world in critical sectors such as steel, aluminum and solar panels.

Border Adjustable Tax

Question 28

When you testified before the Ways and Means Subcommittee on Trade in 2007 you spoke at length about the unfairness of the tax rebates that countries are granting under their VAT systems of taxation. You said that you would tell those countries that if the inequity is not corrected by an agreement within 18 months, than the U.S. would “start countervailing against people who rebate their taxes when they ship to the United States.” The Ways and Means Committee Republicans recently proposed that the United States adopt a border adjustment of its own, with a rebate on exports. If we were to do so, is it your view that our exports would be countervailable by other countries?

Answer: The WTO rules for indirect taxes and direct taxes differ greatly. This raises fundamental issues for WTO Members that may rely more on direct taxes rather than indirect taxes for revenue. For decades, Congress has identified correcting this imbalance as a negotiating objective of the United States. If the imbalance were to be fixed, rebate of direct taxes would not be countervailable under WTO rules. I am very much aware of the issue and take it very seriously. If confirmed, I look forward to working with you as to the most appropriate approach to address this issue.

Services

Question 29

Services accounted for 30 percent of U.S. exports in 2014, supporting 4.6 million jobs. We are by far the largest services exporter in the world, with exports of \$710 billion dollars in 2014 and a trade surplus in services of \$233 billion. And, our robust service sector is critical to supporting the manufacturing sector and small businesses. This success comes despite the fact that there are many barriers in overseas markets; we could be doing even more. Negotiations for the Trade in Services Agreement have made significant progress to pull down these barriers. Do you agree that pursuing Trade in Services Agreement (TiSA) negotiations at the WTO would serve U.S. interests in lowering barriers in trade in services? What plans do you have to capitalize on U.S. leadership in services and make sure that markets are open to services exports?

Answer: The U.S. services sector is highly innovative and a key driver of the U.S. economy. Maintaining a vibrant U.S. services sector and expanding U.S. services exports is vital to a healthy economy and a key objective of U.S. trade policy. If confirmed, I look forward to working with you to pursue our services trade priorities.

Geographical Indications

Question 30

There is a growing set of strategies that our competitors use to shut us out of foreign markets. For example, the EU is very aggressive in pursuing the misuse of geographical indications in third countries to impede competition from the United States. They do this through international fora, as well as in their trade agreements and other arrangements with countries around the world, hoping to lock U.S. food products out of those markets. The last Administration made it a point to work to aggressively combat these types of threats created by government policy to U.S. exports. If confirmed, how will you work to create a level playing field for our companies so that their food products can reach consumers around the world?

Answer: I understand that the United States and the EU have long-standing differences over the scope and level of intellectual property rights protection for geographical indications (GIs). If confirmed, I will continue to raise strong concerns regarding the impact of the EU's GI policies on market access for U.S. owners of trademarks and U.S. producers and traders using common food names. I would also direct my staff to continue to press the EU to expand market access for U.S. producers into the EU and also work to safeguard third country markets, including through the removal of barriers such as overly broad GI protection for EU products.

Israel

Question 31

The Trade Facilitation and Trade Enforcement Act of 2015 tasked negotiators of proposed trade agreements with other countries regarding commercial partnerships with discouraging actions by those countries that prejudice or discourage commercial activity solely between the United States and Israel; discouraging politically motivated boycotts of, divestments from, and sanctions against, Israel and seeking the elimination of politically motivated nontariff trade barriers; and seeking the elimination of state-sponsored unsanctioned foreign boycotts of Israel, or compliance with the Arab League Boycott of Israel. Do you commit to pursuing the goals set out by Congress in this provision in the conduct of trade negotiations?

Answer: If I am confirmed, I will follow the position of the Administration to oppose strongly and actively boycotts or similar efforts targeted against the State of Israel, and I will ensure that USTR follows the guidance provided by Congress, including the principle negotiating objective contained in TPA, in any potential trade negotiation.

Generalized System of Preferences (GSP)

Question 32

Last year, Chairman Hatch and I, along with many colleagues on both sides of the aisle, wrote Ambassador Froman urging him to follow congressional intent and request the President designate travel goods as duty-free for all GSP eligible countries. The Obama administration deferred a final decision on this matter, and it will now be up to the current administration to make the designation. As USTR, will you recommend to the President that the GSP program, with appropriate consideration due to domestic production, should allow for duty-free imports of designated travel goods from all GSP eligible countries?

Answer: I understand there is a great deal of interest by some members of this committee, and travel goods importers, in extending duty-free treatment to the more economically advanced GSP countries for travel goods. If confirmed, I commit to carefully review this issue, consult with you and with the Committee and the Ways and Means Committee, and advise the President accordingly.

Question 33

The Government of Tanzania is currently engaging in actions that appear to violate the rights of U.S. investors and impede U.S. trade and investment in that country. If you are confirmed, will USTR take steps to impose consequences on Tanzania and other countries that engage in similar activities? For example, would you be open to considering whether Tanzania's actions provide a basis for suspending its eligibility under the Generalized System of Preferences?

Answer: If confirmed, I will commit to work with you and the Committee, as well as the interagency and stakeholders, to ensure that foreign governments treat the United States, U.S. investors, and U.S. exports fairly and comply with their legal obligations. As part of this commitment, I look forward to working to ensure that GSP and AGOA beneficiary countries are meeting the GSP and AGOA statutory eligibility criteria.

SENATOR DEBBIE STABENOW

Question 1

China and other countries like Japan have a long history of manipulating their currencies, hurting American workers and manufacturers. Some reports indicate as many as 5 million jobs, many of which are manufacturing jobs, have been lost due to currency manipulation and other unfair barriers and practices.

How will you successfully deal with countries such as China and Japan that have a long history of manipulating their currencies?

What tools would you use to stop our trading partners from subsidizing their exports and violating their agreements?

Answer: If confirmed, I will work with other Administration officials to develop effective approaches to address the problem of currency manipulation. I will also support strict enforcement of our trade remedy laws to deal with unfair trade.

Question 2

I have called for prioritizing currency manipulation in our trade negotiations. I have already spoken to Secretary Mnuchin about this and he said he supports the inclusion of strong enforcement provisions in our trade agreements.

Will you commit to supporting and negotiating the inclusion of strong and enforceable currency provisions in future trade agreements?

Will you commit to including currency provisions in a future NAFTA renegotiation?

Answer: As indicated in my response to the above question, I am committed to developing effective approaches to address the problem of currency manipulation. If confirmed, I will work with other Administration officials, including Secretary Mnuchin, to develop the best possible enforcement tools.

Question 3

Agriculture is Michigan's second largest industry, and agricultural exports support about 24,000 jobs in my state. As this administration considers reopening discussions around NAFTA, I'm concerned that the aspects of the agreement which have largely been working well - which includes agriculture - may be targeted in order to make changes in other areas. Additionally, certain agricultural industries are still facing some challenges with our NAFTA trading partners, including longstanding trade barriers with Canada for our dairy producers and market access issues in Mexico for our potato growers.

Will you commit to working with me to ensure that any renegotiation of NAFTA works for our farmers – both in preserving the gains agriculture has seen under the agreement and in addressing some of these ongoing trade barriers?

Answer: If confirmed, I will strengthen American agriculture through negotiations that create enhanced export opportunities for our farmers and ranchers, while we maintain the current markets that we already have. If confirmed, I will also work with you and other Members of Congress to resolve barriers to U.S. agricultural exports and to ensure that trading partners meet international trade obligations.

Question 4

In December 2015, in the face of threats of trade retaliation from Canada and Mexico, Congress repealed Country-of-Origin Labeling (COOL) for certain beef and pork products. Congress did this to comply with a conclusive WTO ruling against COOL and therefore to remove the threat of trade retaliation. Even so, Canada and Mexico have not officially withdrawn the case, leaving American producers and businesses wondering when they can move on from this difficult, hard fought dispute. Will you commit to raising this issue with Canada and Mexico and bringing the case to a close?

Answer: If confirmed, I will be committed to working with Canada and Mexico to formally terminate this dispute.

Question 5

Until 2002, the U.S. was a net exporter of cherries. Now, over 40% of our tart cherry consumption is made up of imports, primarily from Turkey, Poland and Hungary. In particular, subsidized production and exports from Turkey are threatening to put our domestic cherry producers out of business.

Will you commit to working with me and meeting with farmer and industry representatives to discuss this issue and pursue options to address their concerns?

Answer: If confirmed, I look forward to working with you, cherry producers and industry representatives on this issue.

Question 6

Japan's auto market is the world's third largest after China and the United States. However, Japan's auto market is also the most closed among developed countries. Imports from the United States and around the world only account for a fraction of Japan's passenger car market. At the same time, Japanese domestic automakers export millions of vehicles to open markets around the world, including the United States.

How do you see USTR's role in the U.S.-Japan economic dialogue and what do you see as the main U.S. priorities?

Answer: I share your serious concern with respect to the large imbalance in our auto trade with Japan. If confirmed, I will utilize all opportunities to address barriers to U.S. autos as well as barriers to other U.S. goods and services exports to Japan, and look forward to working closely with you and others in Congress to aggressively address priority U.S. market access concerns.

How will you secure policy reforms that will remove Japan's non-tariff barriers and achieve access to Japan's closed auto market?

Answer: Removing non-tariff barriers facing U.S. auto exports to the Japanese market requires comprehensive, sustained engagement. If confirmed, I pledge to work closely with you and with U.S. stakeholders by placing a high priority on our engagement with Japan to identify and remove the multiple barriers and enable U.S. manufacturers finally to have the opportunity to compete on a level playing field.

Question 7

Given our long-standing trade problems with China, I do not believe they deserve market economy status at the WTO and I have serious concerns about China's pursuit to change this designation. I am also concerned the EU will consider changing its previous position on China's market economy status.

Will you work with the EU and our other allies to maintain China's non-market economy status?

Answer: Many WTO Members, including the European Union (EU), currently apply a non-market economy methodology to China in antidumping proceedings. If confirmed, I commit to doing everything I can to persuade these Members to work with the United States in strongly defending our right to continue to apply a non-market economy methodology to China at the WTO.

Question 8

The steel industry is a critical economic driver in Michigan, employing more than 7,000 jobs and supporting nearly 50,000 additional jobs. As you know, the steel industry is facing a crisis because of global overcapacity.

How can we press China and other countries on the problem of steel overcapacity?

How can we work with our allies to combat this serious problem?

Answer: If confirmed, I will conduct a review of all the available tools to address the serious overcapacity problems in steel and other sectors, work to address also the root

causes of those problems, and continue to work closely with other leading steel producing countries in the Global Forum on Steel Excess Capacity and other contexts.

I also will examine how we might use our existing bilateral dialogues to press China to fix its unfair trade practices and vast excess capacity problem in many industrial sectors.

Meanwhile, if confirmed I will vigorously defend our trade remedy laws, and aggressively utilize all available tools in the WTO and under other mechanisms to deter and address Chinese government subsidies and other forms of industrial policy and government support that provide artificial, non-market advantages to Chinese firms, including state-owned enterprises, in the steel sector.

Question 9

You have spent many years fighting for strong action against foreign subsidies in the steel sector and their harm on American workers and businesses. Aviation workers in Michigan and across the country are currently facing a related issue. The U.S is party to over 100 “Open Skies” agreements. However some countries in the Middle East provide subsidies to their state-owned airlines, creating competitiveness concerns that put our U.S. aviation jobs at risk.

If you are confirmed, will you actively work to remedy these subsidies and level the playing field?

Answer: I understand the importance of this issue, and of ensuring that our international airlines compete on a level playing field across the globe. If confirmed, I will look into this matter and work closely with other involved agencies, such as the State Department and Department of Transportation, to do everything we can to ensure that our international carriers have a fair and equal opportunity to compete.

Question 10

I am very concerned about the offshoring of U.S. jobs. NAFTA’s weak and unenforceable labor and environmental side agreement has contributed to this offshoring.

Will you commit to negotiating stronger labor and environmental standards in a NAFTA renegotiation?

If yes, will you commit to including these commitments in the main text of the agreement?

Answer: I share your concern about the enforcement of labor and environmental laws by trading partners, which is important to ensure a level playing field for U.S. workers, ranchers, farmers and businesses. The NAFTA does not incorporate advances made in later agreements and addresses labor and environment issues only in side agreements. If confirmed, I commit to work closely with you, other Members of Congress and stakeholders to ensure that the NAFTA is updated in ways that comply with TPA

objectives for labor and environment, including by placing enforceable labor and environment commitments in the main text of the agreement.

Question 11

I am concerned about transparency in our trade negotiations, particularly the inability for the public and public interest groups to provide input on negotiated texts that are often kept hidden.

Are you satisfied with the current advisory system for our trade agreements?

Would you support including public interest groups such as labor, environmental, and public health groups to assist in advising and helping shape U.S. proposals and rules under negotiation?

Answer: One of the most important areas in which we need to do better is in reaching out to, listening to and communicating with the full range of stakeholders in the United States.

I understand the importance that you and Congress place on these issues. If confirmed, I will ensure that USTR follows the TPA requirements related to transparency in any potential trade agreement negotiation. I will also look forward to discussing with you ways to ensure that USTR fully understands and takes into account the views of a broad cross-section of stakeholders, including labor, environmental organizations, and public health groups, during the course of any trade negotiation. My view is that we can do more in this area to ensure that as we formulate and execute our trade policy, we receive fulsome input and have a broad and vigorous dialogue with the full range of stakeholders in our country.

Question 12

The American film and television industry supports over two million jobs across the country. In Michigan, the industry supports more than 31,000 jobs and 2,450 small businesses. A big part of the industry's trade surplus is revenue from online distribution that depends on copyright protections.

What will you do as USTR to protect U.S. copyrights?

Answer: If confirmed, I would seek to use all appropriate trade tools to ensure that U.S. rights holders have a full and fair opportunity to use and profit from their intellectual property rights. Ensuring strong intellectual property protection and enforcement by our trading partners would be a top trade priority.

SENATOR MARIA CANTWELL

(Patents/Innovation/IP)

Question 1

America leads the world in biomedical research and discovery. But weak intellectual property protections and a growing array of localization barriers abroad are threatening innovative medicine exports and the many jobs they support here at home. China has never lived up to the intellectual property commitments it made to the United States and other WTO members 15 years ago. Despite free trade agreements, U.S. inventors can't get and keep patents in Australia, Canada, Colombia and other countries. India and Indonesia enjoy one-way duty-free access to our market under GSP, but don't provide a level playing field for products made in the USA.

If confirmed, what will you do to ensure American innovations and jobs are valued and protected in overseas markets?

Answer: I agree that we need to do more to enforce the IPR provisions of our trade agreements. If confirmed, I will seek to use all appropriate trade tools to ensure that U.S. rights holders have a full and fair opportunity to use and profit from their intellectual property rights. Ensuring strong intellectual property protection and enforcement by our trading partners will be a top trade priority.

Question 2

Intellectual property is crucial to the well-being of our economy. More money is spent on R&D in the U.S. than in any other country in the world. In fact, 30% of the American workforce is employed directly or indirectly in IP-intensive industries. But in order to continue accelerating the pace of innovation in our economy, our trading partners must all play by the same rules with respect to market access and protecting intellectual property.

How can the United States use new and existing trade agreements, including enforcement tools, to ensure U.S. businesses benefit from strong intellectual property protections and greater access to global markets?

Answer: I believe that innovation is the central nervous system of the U.S. economy and the key to our comparative advantage in many sectors. If confirmed, I will seek to use all appropriate trade tools to ensure that U.S. rights holders have a full and fair opportunity to use and profit from their intellectual property rights. Ensuring strong intellectual property protection and enforcement by our trading partners will be a top trade priority.

Question 3

We have seen a disturbing trend in recent years whereby some of our trading partners have ignored their international commitments, particularly with respect to intellectual property protection, either by failing to fully implement agreements or by flouting the rules in order to give their businesses an unfair advantage. These decisions are short-sighted and ultimately discourage innovation, investment and job growth.

What can your agency do to ensure our trading partners are enforcing existing commitments and deter countries from weakening such standards in their own IP regimes?

Answer: I believe that innovation is the central nervous system of the U.S. economy. If confirmed, I will seek to use all appropriate trade tools to ensure that U.S. rights holders have a full and fair opportunity to use and profit from their intellectual property rights. Ensuring strong intellectual property protection and enforcement by our trading partners will be a top trade priority.

Question 4

IP and innovation drive productivity, employment, and economic growth, particularly for industries like U.S. biopharmaceutical industry, which supports approximately 4 million U.S. jobs.

In your view, how does the monitoring and enforcement of trade agreements impact the sustainability and growth of IP-intensive industries such as the biopharmaceutical sector?

Answer: If confirmed, I will seek to use all appropriate trade tools to ensure that U.S. rights holders have a full and fair opportunity to use and profit from their intellectual property rights. As the global trading system expands, monitoring and enforcement becomes increasingly important, especially with respect to IP-intensive industries. American intellectual property must be respected and monitoring and enforcement of our existing trade agreements are key to this effort. Ensuring strong intellectual property protection and enforcement by our trading partners will be a top trade priority.

Question 5

What should the Administration be doing to stand up for free and fair trade and strong protections for the intellectual property rights that drive U.S. economic growth and a U.S. comparative advantage in global trade?

Answer: If confirmed, I will seek to use all appropriate trade tools to ensure that U.S. rights holders have a full and fair opportunity to use and profit from their intellectual property rights. Ensuring strong intellectual property protection and enforcement by our trading partners will be a top trade priority.

Question 6

Thanks to U.S. ingenuity and stewardship, the internet has powered U.S. trade, opened up new foreign market opportunities for U.S. small and medium sized businesses, spread American values, and spurred U.S. innovation in all sectors. At home, the internet is a crucial U.S. industry as online services are a fundamental enabler of the economy, generating 6% of GDP.

Online services and ongoing U.S. innovation rely on the balanced approach to copyright enshrined in U.S. law -- including both strong copyright protections and robust copyright limitations and exceptions like fair use and safe harbors. These core U.S. concepts are critical to U.S. Internet innovation and enable machine learning, artificial intelligence, e-commerce platforms, consumer electronics, and many other technologies.

How will you make sure that the U.S. approach to copyright in trade agreements is serving all U.S. stakeholders and U.S. interests?

Answer: I understand the importance that Congress places on this issue. If confirmed, I will ensure that USTR makes progress, in any trade negotiation, in advancing U.S. priorities in this area. I look forward to working with you and all interested stakeholders to address these specific issues.

(Lumber/Timber)

Question 7

The forestry sector represents a vital part of our economy in Washington State. The sector supports some thirty thousand jobs and almost two billion dollars of annual payroll in many communities that depend on this industry for their survival. The U.S. forestry industry is highly competitive, but it cannot compete, survive, or grow under the constant barrage of unfairly traded and subsidized Canadian softwood lumber.

Can you assure me that you will work closely with my office and the U.S. industry to bring about an effective and sustainable new Softwood Lumber Agreement?

Answer: Ensuring that U.S. softwood lumber producers can compete on a level playing field against the negative effects of subsidized Canadian softwood lumber imports is an important priority for the Trump Administration. If confirmed, I will direct USTR to continue its close engagement with this important industry that provides good jobs across America.

Question 8

Do you agree that such an agreement must remain purely a bilateral agreement, and cannot be thrown into the mix of a NAFTA re-negotiation?

Answer: I understand that there can be no softwood lumber agreement without the participation of our softwood lumber industry. If confirmed, I commit to working with your office, our softwood lumber industry, and other stakeholders should U.S. producers seek a new agreement. I understand the importance of both the content and the form of any such agreement and will also work closely with you and U.S. industry to address those concerns.

(Tech/Digital Trade)

Question 9

Members of the Finance Committee from both sides of the aisle are champions of advancing a digital agenda in US trade policy, particularly as part of the services agenda. It was clear by the addition of objectives in the new trade promotion authority legislation on data flows and combating barriers like data localization in the 2015 TPA objectives. I am interested in understanding how you are going to drive this part of the agenda for US interests, particularly given the challenges of digital protectionism that we are facing around the world from China to the EU.

Answer: I recognize the importance of the digital economy to American jobs, prosperity and security, and U.S companies' unique competitive advantages in this area. If confirmed, I look forward to working closely with the Congress on fulfilling objectives set out in TPA, including with respect to digital trade.

Question 10

I was heartened to hear from Secretary Ross, in his response to a question for the record asked at his confirmation hearing, that this Administration recognizes the importance of the digital economy to American jobs, prosperity and security.

One of the principal negotiating objectives of the United States laid down in the bipartisan Trade Promotion Act is “to ensure that governments refrain from implementing trade-related measures that impede digital trade in goods and services, [or] restrict cross-border data flows”.

Mr. Lighthizer, as U.S. Trade Representative, what steps will you take to achieve the TPA's digital trade goals?

Answer: Like Secretary Ross, I recognize the importance of the digital economy to American jobs, prosperity and security, and U.S companies' unique competitive advantages in this area. If confirmed, I look forward to working closely with the Congress on fulfilling objectives set out in TPA, including with respect to digital trade.

Question 11

The US has always been a leader in promoting a rules-based system, and there was good work done in the FTAs and the TPP on digital issues which have been important building blocks for agreements. Now, however, it seems that the new Administration is sending signals that we want to abdicate that leadership.

How do you intend to pursue these issues given the opportunities that are already available as the WTO prepares for the December ministerial and looks to add e/commerce to its agenda, or in APEC, where Vietnam has signaled digital trade will be a centerpiece of its year, or as others work to fill the vacuum that is evident in the Trade in Services Agreement negotiations that were underway in Geneva at the end of the last Administration?

Answer: I do not believe that it is correct to characterize the Administration as abdicating leadership in this space. The President has made it very clear that he intends to promote American leadership in the Asia-Pacific through many channels, including by pursuing bilateral FTA's with our key TPP partners. I support that approach. If confirmed, I look forward to working with the Congress to find ways to strengthen the rules-based trade system as it applies to digital issues in all relevant fora.

Question 12

I want to encourage you to use every opportunity, particularly when it comes to writing new rules for 21st century trade. We must not cede the field to China or the EU. The United States needs to guide these multilateral and plurilateral efforts to forge consensus on this important issue, it is central to our competitiveness, and will have a bearing on our bilateral successes as well.

For Washington State, services are a huge part of the economy employing 2.4 million people and accounting for \$26.1 billion in exports in 2014. Services sector activity in my state covers everything from information communication technology services, to logistics, distribution to professional services. Services are critical enablers for other parts of the economy as well making a significant contribution to manufacturing and ensuring that our agricultural products remain competitive in global markets. Data flows are part of the digital infrastructure our farmers, manufacturers, and ranchers all need.

The TPA bill recognized the importance of digital trade to the US economy by designating “digital trade in goods and services and cross-border data flows” as a principal trade negotiating objective. This section of TPA directs US trade negotiators to ensure our trade agreements prevent countries from taking actions that “impede digital trade in goods and services, restrict cross-border data flows, or require local storage or processing of data.” Congress made this a principal trade negotiating objective since cross-border trade in data has become central to the US economy. Countless American companies, whether they are selling a digital good or service, or managing customer or employee data, need to transfer data across borders to do business in foreign markets and through that create jobs at

home. Yet we continue to see many foreign markets – from Europe, to Asia to Latin American - imposing data localization and other barriers to digital trade that unfairly harm US companies.

Can you assure us that, consistent with TPA, addressing digital trade barriers will be a top priority for USTR in negotiations for new agreements, or updates to existing ones?

Answer: Yes. Digital trade provides enormous value to the U.S. economy, and U.S. companies face significant challenges when foreign governments impose restrictions on digital trade. If confirmed, I look forward to working closely with the Congress on fulfilling objectives set out in TPA, including with respect to digital trade.

Question 13

The U.S. has had great success in the Internet economy -- and that is in part due to the U.S. having some of the most innovation-friendly laws and policies in the world. For example, Congress enacted core protections like Section 230 of Communications Act (enabling Internet platforms to serve as commercial marketplaces), and pursued strong and balanced copyright policy like the Digital Millennium Copyright Act and fair use, and promoted open data policies.

But now, many U.S. services are under threat overseas, due to market access barriers and less innovation-friendly regulatory frameworks. In 2014, nine out of the top ten global Internet properties were made in the USA. Today, only six of those leading brands are US-based, and they are engaged in fierce competition with China and other countries for access to nearly 200 markets and 3.4 billion Internet users across the world.

How would you use trade policies to stop other countries from blocking or discriminating against U.S. services, and ensure that the U.S. continues to lead the world in innovation?

Answer: The U.S. services sector is highly innovative and a key driver of the U.S. economy. Maintaining a vibrant U.S. services sector and expanding U.S. services exports, including in those areas of core U.S. strength, such as the Internet economy, is vital to a healthy economy and a key objective of U.S. trade policy. If confirmed, I look forward to working with you to pursue our services trade priorities.

Question 14

The digital economy is critical to powering U.S. exports in virtually every industry -- from manufacturing to agriculture -- and has also enabled U.S. small and medium sized businesses to grow by selling to new markets that were out of reach in the past. And in Trade Promotion Authority, the Congress recognized the importance of digital economy to U.S. trade, and identified cross-border data flows and anti-data-localization as core negotiating objectives. The U.S. currently has a \$159 billion trade surplus when it comes to digitally deliverable services.

What steps would you take to preserve and grow that digital trade surplus?

Answer: If confirmed, I would consider a range of actions to support this key area of U.S. competitiveness. For example, I would look to enforce existing rules that apply to the digital economy; and where such rules need to be strengthened or extended, I look forward to working with Congress to find ways to strengthen the rules-based trade system as it applies to digital issues, including as set out in TPA.

Question 15

What would you do to promote open digital trade policies globally, and to support the TPA objectives on data flows and local server prohibitions?

Answer: If confirmed, I would look forward to working with Congress to identify ways to promote open digital trade policies globally, including through implementation of the relevant negotiating objectives set out in TPA as we negotiate new FTAs.

(Free Trade Agreements/TPP/NAFTA)

Question 16

Transparency has been a significant impediment to Congress and stakeholders having a real voice in our trade negotiations and providing the input that's envisioned under the law.

What specific steps will you take to improve transparency and consultations?

Answer: I am aware of the importance of the issue of transparency in U.S. trade negotiations to you, others on the Finance Committee, and many others in Congress, and of the way in which that issue arose in the drafting and passage of TPA. As a foundation for understanding current and future trade negotiations, I believe it is important to communicate clearly to the American public, to Congress, and to stakeholders the impact of U.S. trade agreements so that each can make an informed judgment about the strengths and shortcomings of any agreement. Furthermore, we should communicate clearly the specific objectives of the Administration with respect to all aspects of U.S. trade policy, negotiations, and enforcement. If confirmed, I will work with Congress and stakeholders to improve the transparency of the trade negotiating process further.

Question 17

Will you allow cleared advisors to have timely access to the proposals made by our trading partners during negotiations to ensure that you are getting the best possible advice?

Answer: I believe that transparency and inclusiveness in trade negotiations is important to achieve the best possible deal. If confirmed, I will ensure that USTR follows the TPA

requirements related to transparency in any potential trade agreement negotiation. I also look forward to discussing with Congress ways to ensure that USTR fully understands, and takes into account, the views of all stakeholders during the course of a trade negotiation.

Question 18

Past administrations, both Republican and Democratic, have been less than robust in their efforts to enforce labor obligations in U.S. FTAs.

What is your estimation of U.S. successes and failures in this area and what would be your priorities in this area?

Answer: In my opinion, previous administrations, of both parties, have not adequately enforced obligations in U.S. FTAs on several issues. This is not a problem specific to labor obligations. Yet there are serious consequences. When trading partners fail to enforce labor laws and do not uphold high-standard protections for workers, it can create a competitive disadvantage for U.S. workers, farmers, ranchers, and businesses. If confirmed, I will work closely with you, other Members of Congress, and stakeholders with an interest in working to ensure that trading partners are acting consistently with their labor obligations in U.S. FTAs.

Question 19

I am fully on board with the President's assessment that trade agreements need to do much better at strengthening manufacturing and agriculture. Strength in both is indispensable to our economic health future. At the same time, services now account for fully 70 percent of our economy and we are exceptionally competitive in a broad range of services from banking and insurance, to hospitality and express delivery to software and data analytics.

What do you think are the key elements of a 21st Century trade agreement, and what elements are missing from our current agreements?

Answer: When designing these agreements, I fully intend to take advantage of USTR's statutory role to balance varying interests from across the economy, government, and public. But each agreement requires its own approach. For example, in the renegotiation of NAFTA, it will be important, in my opinion, to add a chapter on digital trade. If confirmed, I look forward to engaging with you on these issues and others.

Question 20

Since 1974, U.S. trade negotiators have used a system of official trade "advisors" to influence the content of trade deals. According to the Washington Post, approximately 85 percent of these more than 500 advisors explicitly represent corporations. The mostly corporate advisors get privileged access to U.S. trade proposals and are invited to suggest

changes before they are proposed by U.S. trade negotiators while the public is barred from seeing, much less commenting on, proposed trade rules.

Do you agree that it is problematic for a select group of primarily corporate elites to have special access to shape US trade proposals that are not generally available to American workers and those impacted by our flawed trade deals?

Answer: It is important that USTR's Trade Advisory Committees represent all types of stakeholders to ensure that USTR benefits fully from a diverse set of viewpoints in considering the positions it takes in negotiations. If confirmed, I will work to ensure that USTR's Trade Advisory Committees are appropriately constituted in order to achieve this goal.

Question 21

If so, would you work to replace that advisory system with a new process that invites the American public to help shape U.S. proposals for trade agreements and give input on negotiated texts?

Answer: In 2015 Congress passed TPA and reaffirmed the importance of the advisory system. By direction of Congress, the committees must broadly represent the American economy. I agree with the approach of Congress and if confirmed, I look forward to discussing additional means for ensuring public input into U.S. trade negotiations.

Question 22

Not only is our trade negotiation process dominated by corporations, but proposals for trade deals and negotiated texts are kept hidden from the public. The proposals and negotiated texts for the TPP, for example, were kept secret for over seven years of negotiations. This forced labor unions, public health groups, environmental organizations, and the public to rely on leaked texts in order to have an idea of the trade rules under negotiation.

Would you support having all proposals and negotiated texts published online in a timely fashion so the workers and the broader public that will be impacted by these agreements have a full understanding of what is being negotiated?

Answer: I believe that transparency and inclusiveness in trade negotiations are important to achieve the best possible deal. If confirmed, I will ensure that USTR follows the TPA requirements related to transparency in any potential trade agreement negotiation. I also look forward to discussing with Congress ways to ensure that USTR fully understands and takes into account the views of all stakeholders during the course of a trade negotiation.

Question 23

Would you condition the participation of the U.S. in future trade negotiations on agreement by all involved countries to that same standard?

Answer: I believe that transparency and inclusiveness in trade negotiations is important to achieve the best possible deal. If confirmed, I will seek to ensure that our negotiating partners agree to provide opportunities for public engagement and transparency in the course of negotiations.

Question 24

There are several trade negotiations underway that follow the same flawed model of the now defunct TPP. These include the Trade in Services Agreement, or TISA, the Transatlantic Trade and Investment Partnership, or TTIP, and the US China Bilateral Investment Treaty. Each of these agreements would serve to enrich multinational corporations at the expense of working people and the environment.

If confirmed as USTR, would you commit to cease negotiations on each of these three corporate trade agreements?

Answer: If confirmed, I will carefully review all previous negotiations, and look forward to consulting with you and other Members of the Committee on how best to proceed. With respect to T-TIP at least, it appears that upcoming elections in France, Germany, and other EU member states will, in any case, make it difficult for the EU to resume comprehensive trade negotiations until at least the end of this year. In the meantime, we would be open to exploring ways to address barriers to U.S. exports and to expand trade with the EU and its member states.

Question 25

Section 301 of the Trade Act of 1974 gives USTR broad powers to take action against foreign countries if they deny the United States the benefit of trade agreements or have policies or practices that restrict or burden U.S. commerce. However, in recent years USTR has been reluctant to use this authority.

What are your views on the proper use of Section 301?

Answer: If confirmed, I am committed to using all available tools, including Section 301, where appropriate, to address unfair foreign trade practices and to open markets for U.S. exports.

Question 26

Will you use Section 301 to respond to the actions, policies, and practices of foreign countries that negatively affect the economy of the United States?

Answer: As noted in response to the prior question, if confirmed, I am committed to using all available tools, including Section 301, where appropriate, to address unfair foreign trade practices and to open markets for U.S. exports.

Question 27

Other countries are increasingly using safeguards measures against imports, but the United States has not imposed relief under Section 201 in more than 15 years.

Do you support greater use of safeguards cases to address global surges of imports that are causing serious injury to U.S. industries?

Answer: If confirmed, I will work with USTR staff and with other agencies to evaluate the most suitable response, including the use of Section 201 where appropriate, for addressing each particular situation where imports are harming U.S. workers and businesses.

Question 28

Will you advise the President to use his authority to “self-initiate” cases under Section 201 where you have information showing that import surges are causing serious injury to a domestic industry?

Answer: If confirmed, I will work with USTR staff and with other agencies to evaluate the most suitable response, including the use of Section 201 where appropriate, for addressing each particular situation where imports are harming U.S. workers and businesses. If self-initiation is appropriate, I will recommend its use.

Question 29

President Trump has pointed out that, whenever the United States concludes a trade agreement, we always seem to end up seeing more imports come in, and more jobs go out. Part of the problem is that the United States is willing to remove all of our barriers, while asking other countries to dismantle only some of theirs. For example, we give their imports duty-free treatment, but they are still allowed to impose tariffs on imports from the United States.

Do you agree that true reciprocity should be a requirement for all concessions in trade agreements, so that what we receive is at least as much as what we give up?

Answer: I agree that reciprocity is a key goal for our trade agreements, and that we should be negotiating agreements in which the United States gets at least as much as we concede.

Question 30

Past administrations, both Republican and Democratic, have been less than robust in their efforts to enforce labor obligations in U.S. FTAs.

What is your estimation of U.S. successes and failures in this area and what would be your priorities in this area?

Answer: When trading partners fail to enforce labor laws and do not uphold high-standard protections for workers, it can create a competitive disadvantage for U.S. workers, farmers, ranchers and businesses. If confirmed, I will work closely with you, other Members of Congress and stakeholders with an interest in directing our enforcement efforts to ensure that trading partners live up to their labor obligations in U.S. FTAs.

Question 31

Mr. Lighthizer, the President has made it clear he prefers to pursue bilateral trade deals with individual countries over multilateral agreements, such as the Trans Pacific Partnership. The President decided to withdraw from the TPP agreement, but my constituents in Washington State still have great interest in developing a trade relationship with many of the countries that were party to that agreement. With that in mind:

Can you tell me whether there are current plans to prioritize negotiations with any of those TPP countries?

Answer: If confirmed, I will work with the Department of Commerce, the White House and other interested agencies to review carefully the best way to proceed with respect to trade negotiations with TPP countries, and look forward to consulting with you and other Members of the Committee on how best to proceed.

Question 32

Have you developed any overall criteria for deciding which countries the Administration does plan to pursue negotiations with?

Answer: If confirmed, I will work with the Department of Commerce, the White House and other interested agencies to review carefully the best way to proceed with respect to trade negotiations with TPP countries, and look forward to consulting with you and other Members of the Committee on how best to proceed.

Question 33

Has the Administration already developed a priority list of countries that it would like to open up negotiations with first?

Answer: If confirmed, I will work with the Department of Commerce, the White House and other interested agencies to review carefully the best way to proceed with respect to trade negotiations with TPP countries, and look forward to consulting with you and other Members of the Committee on how best to proceed..

Question 34

Mexico is the number one export market for Washington apples and pears. It is generally around a 10 million box market for apples valued at \$150-\$180 million per year. In the 2015/2016 season, more than 9.7 million boxes of apples, representing 8 percent of the total crop and nearly 30 percent of exports, were sent to Mexico. For pears, more than 2.4 million boxes, representing more than 56 percent of exports and 13 percent of the total crop, went to Mexico.

Under your leadership, what assurance can you provide that USTR will protect the current NAFTA duty-free access for apples and pears and reassure Washington state tree-fruit growers that the NAFTA benefits obtained to this most important market will be maintained?

Answer: If confirmed, I am committed to not only maintaining U.S. agricultural exports, but also expanding exports of all U.S. agricultural product, including apples and pears to Mexico, to generate increased economic opportunities for America's farmers and ranchers.

NAFTA renegotiation

The Trump administration has committed to renegotiate NAFTA. I would like you to answer yes or no to the following questions on NAFTA renegotiation.

Question 35

NAFTA's investor-state dispute settlement (ISDS) system has empowered multinational corporations like ExxonMobil to bypass domestic courts, turn to private tribunals, and demand taxpayer compensation for policies that affect the value of their investment. The policies that they have challenged include bans on toxic chemicals, court rulings that support access to affordable medicines, and protections for our climate. Corporations have used NAFTA's investment rules to extract more than \$370 million from governments in such cases. Pending NAFTA claims total more than \$35 billion.

If confirmed as USTR, would you eliminate broad investment rules and the investor-state dispute settlement system from NAFTA? Yes or No.

Answer: I look forward to working with the Congress on the investment-related elements to be pursued in future U.S. trade agreements, consistent with the negotiating objectives set forth in the 2015 Trade Promotion Authority legislation.

Question 36

NAFTA's weak and unenforceable environmental and labor side agreements facilitated the offshoring of jobs so that corporations could exploit lower environmental and labor standards in another country. If confirmed as USTR, would you renegotiate NAFTA to require each participating country to adopt, maintain, and implement policies to fulfill important international environmental and labor agreements, including the Paris climate agreement and core ILO conventions? Yes or No.

Follow-up if yes: Would you ensure these commitments are included in the core text of the agreement and made enforceable via an independent dispute settlement process in which trade sanctions are used to correct violations?

Answer: If confirmed, I commit to work closely with you, other Members of Congress, and stakeholders to ensure that the NAFTA is updated in ways that comply with TPA objectives for labor and environment, including by placing enforceable labor and environment commitments in the main text of the agreement.

Question 37

NAFTA limits Canada's ability to restrict production of fossil fuels and allows regulations to promote renewable energy to be challenged.

If confirmed as USTR, would you eliminate NAFTA's energy chapter and narrow rules that can be used against clean energy policies? Yes or no.

Answer: NAFTA was negotiated in the early 1990s and certain provisions may need to be updated. If confirmed, I will conduct a review of the NAFTA provisions pertaining to all aspects of energy goods, services, and investment.

Question 38

NAFTA allows corporations to shift production to a country with lower climate standards, which can spur job offshoring and "carbon leakage." To prevent this race to the bottom, and encourage greater climate action from high-emissions trading partners, each country could be required to impose a border tax on imported goods made with significant climate pollution.

If confirmed as USTR, would you renegotiate NAFTA to penalize imported goods made with high climate emissions? Yes or no.

Answer: If confirmed, I look forward to working with you, other Members of Congress, and stakeholders as we update and improve the NAFTA to meet the environmental objectives in TPA.

Question 39

NAFTA's procurement rules limit governments' ability to prioritize job creation, labor rights, or environmental standards in purchasing decisions. For example, these rules threaten the use of "green purchasing" requirements that ensure government contracts support renewable energy, energy efficiency, and sustainable goods.

If confirmed as USTR, would you eliminate the existing procurement chapter and consider new rules that would require signatory governments to include a preference for goods and services with low environmental impacts in procurement decisions? Yes or no.

Answer: I recognize the importance of procurement policy in promoting the conservation of natural resources and the protection of the environment. If confirmed, I commit to work with you on these issues.

Foreign Countries

Question 40

In the 1980's when you were deputy USTR, much of trade policy was focused on Japan, and breaking open that market, and developing new trade rules on in key areas like intellectual property and services. Today, some of the most challenging barriers are created through stifling regulations. These include policies around security and privacy and cross border data flows, and may others.

What do you see as the biggest foreign regulatory polices today that impede American exports, and what do you plan to do to eliminate them?

Answer: Trade and investment policy provide important tools to address foreign regulatory practices that impede U.S. exports. I agree that U.S companies face significant challenges when foreign governments impose restrictions on digital trade, including in the areas you have cited. Given our companies' global leadership in these areas, addressing barriers such as restrictions on cross-border data flows and other data localization requirements by foreign governments will be a priority and will benefit the U.S. economy. If confirmed, I would look to enforce existing rules that apply to the digital economy; and where such rules need to be strengthened or extended, I would look forward to working with Congress to find ways to strengthen the global trading system as it applies to digital issues, including as set out in TPA.

Question 41

The Peru free trade agreement was the first ever U.S. agreement to have an environment chapter subject to the same enforcement mechanism as the commercial terms of the pact. This enforcement mechanism applied to an "Annex on Forest Sector Governance" that included detailed obligations that Peru must undertake to stop illegal logging and the

illegal timber trade. Despite these rules, the government of Peru in 2014 found that that 78 percent of Peru’s wood slated for export was harvested illegally. In October 2015, Peru’s forestry oversight agency found that wood slated for export had been logged illegally in 94 percent of 144 surveyed logging operations.

For years, there has been clear evidence that Peru is consistently violating its commitments in this agreement, yet USTR has never sought to enforce the deal by initiating a dispute against Peru, despite requests from environmental organizations to do so.

Given the widely documented evidence of systematic illegal logging in violation of rules in the forest sector annex of the US Peru free trade agreement, would you initiate a dispute against Peru within your first six months if confirmed as the next USTR?

Answer: If confirmed, I am fully committed to ensuring that Peru lives up to its commitments under the Peru FTA, including the Forest Sector Annex to the FTA, and that our other trading partners live up to their obligations under our existing agreements. I look forward to working with you and other Members, as well as other stakeholders, to determine appropriate next steps with respect to Peru.

Question 42

The U.S. has used the WTO to challenge the solar policies of India, which has prompted India to launch a similar WTO challenge against parallel renewable energy policies in eight U.S. states. At issue are the buy local policies that the U.S., India, and many other countries use to create local clean energy jobs. Outdated trade rules should not be used against these policy tools that help us transition to renewable energy while creating jobs.

Moreover, the U.S. has more to lose than to gain in these two WTO challenges. The U.S. renewable energy programs challenged by India are worth more than \$150 million while U.S. solar exports to India total less than \$10 million. Indeed, India’s buy local policies primarily hurt solar firms in China, not U.S. firms, which account for less than 1 percent of India’s solar imports. If we lose this case at the WTO, which trade experts have deemed likely, we stand to lose far more jobs than we stand to gain via India losing its case.

Given the need to create local clean energy jobs, and the fact that these dueling WTO cases threaten a net loss of U.S. jobs, would you work to reach a settlement with India to drop both cases?

Answer: I share your interest in creating manufacturing jobs, including in the solar sector. If confirmed, I will work to ensure that our solar manufacturers, and companies in the supply chain, can compete and win on a more level playing field in this important and growing market.

Question 43

As you know, there was some good work that done in the TPP context that I hope we don't lose, specifically with respect to improvements in Vietnam. For the first time, in the context of the TPP negotiations, Vietnam committed to adopt and maintain in its laws, regulations and practices the rights stated in the International Labour Organization's (ILO) 998 Declaration on Fundamental Principles and Rights at Work, including freedom of association, the right to organize and collective bargaining, and elimination of forced labor, child labor and workplace discrimination. This was a major accomplishment due in large measure to the U.S. being a key leader in the TPP talks.

Can you commit to work with me and others to prioritize a bilateral agreement with Vietnam that ensures these achievements are not lost?

Answer: If confirmed, I will work closely with you, other Members of Congress and stakeholders with an interest in promoting high-standard labor protections in Vietnam, and other key trading partners in the region.

(China)

Question 44

I think that for too long our trade policies have focused too much on rules and commitments, and not enough on results. I was taught that end of the day results are what count. As an example, we have had a series of commitments from China to open its markets, protect intellectual property and end discriminatory policies. Yet these problems persist.

What will you do to focus our China policy on results and not just promises?

Answer: I agree that China should respect its commitments to the United States. If confirmed, I will work with other Administration officials and Congress to review U.S. trade policy toward China, and ensure that the commitments China makes actually have real results that secure significantly increased market access for U.S. firms and fully protect U.S. intellectual property.

Question 45

I know that you share my concern that U.S. companies face the most uneven of playing fields in China. Increasingly, Chinese regulation is making it difficult or even impossible for U.S. cloud services companies to operate in China—likely in violation of World Trade Organization (WTO) commitments. Meanwhile, Chinese cloud service providers can operate in the United States today without similar regulatory restrictions. U.S. cloud service providers are strong catalysts for economic and jobs growth around the world, and it is unacceptable to think that they could be locked out of China entirely.

Can you promise that you will prioritize this issue in your discussions with Chinese officials and underscore that China must live up to its international commitments and stop discriminating against U.S. cloud service providers?

Answer: I recognize that U.S. leadership in the technology sector, particularly in cloud computing, is a national strength and a source of our international competitiveness. I agree that our trade policy should work to ensure that U.S. companies in this sector can thrive globally, including in China, where I recognize that barriers have been severe and contrast sharply with the open market in the United States. If confirmed, I will make seeking progress in reducing barriers to U.S. companies in this sector, including in China, a priority.

Question 46

China claims that its protocol of accession to the WTO requires all countries to treat it as a market economy in antidumping investigations. The U.S. government has concluded that the United States is under no such obligation. Under the criteria applied by the Commerce Department, China is clearly not a market economy. As you are well aware, this is one of the most important issues facing American manufacturing, as well as the manufacturing sectors of the EU, Canada, and Mexico, among others.

Will you oppose market economy status for China?

Answer: I share your views about the importance of this issue and disagree with China's claim that the change in its Accession Protocol requires the United States and other WTO Members to treat China as a market economy in antidumping proceedings. If confirmed, I can assure you that USTR will vigorously defend the right of the United States to use the strongest tools possible to counteract injurious Chinese dumping.

Question 47

With China now challenging the U.S. position on this issue at the WTO, what will you do to defend our nation's right to continue to treat China as a non-market economy?

Answer: If I am confirmed, USTR will vigorously defend our right to use the strongest tools possible to counteract injurious Chinese dumping, including by treating China as a non-market economy in antidumping proceedings.

Question 48

What can USTR do to persuade our major trading partners, including the EU and Canada, to also oppose the grant of market economy status to China and to join us in the WTO case?

Answer: Many WTO Members continue to treat China as a non-market economy in antidumping proceedings. If confirmed, I commit to doing everything I can to persuade these Members to join the United States in defending all WTO Members' right to continue to apply a non-market economy methodology to China at the WTO.

Question 49

At the time China joined the WTO in 2001, the assumption was that it would become a full-fledged market economy, and that the government's role in the economy would shrink significantly. Instead, exactly the opposite has happened. The government continues to own or control a substantial part of the economy, and to intervene to help specific industries and companies. This has given Chinese products a huge, and unfair, advantage in international trade. Simply put, China is not playing by the rules that underlie the international trading system.

Will you commit to using your authority under Section 301 or other provisions of law to respond to the unfair advantages the Chinese government has given Chinese companies and products in international trade?

Answer: If confirmed, I am committed to using all available tools, including Section 301, where appropriate, to address China's unfair foreign trade practices.

Question 50

Would you be willing to consider a broad-based WTO challenge to China's distortive trade practices on the grounds that China has not complied with its WTO obligations, including the obligations to allow the market to set prices and to operate state-owned enterprises on a commercial basis?

Answer: Distortive Chinese trade practices across multiple sectors and deriving from the lack of market disciplines in much of China's economy are a significant concern. If confirmed, I will seek to combat these practices as effectively as possible, using all appropriate instruments.

Question 51

China claims that its protocol of accession to the WTO requires all countries to treat it as a market economy in antidumping investigations. The U.S. government has concluded that the United States is under no such obligation. Under the criteria applied by the Commerce Department, China is clearly not a market economy. As you are well aware, this is one of the most important issues facing American manufacturing, as well as the manufacturing sectors of the EU, Canada, and Mexico, among others.

Will you oppose market economy status for China?

Answer: I share your views about the importance of this issue and disagree with China's claim that the change in its Accession Protocol requires the United States to treat China as a market economy in antidumping proceedings. If confirmed, I can assure you that USTR will vigorously defend the plain and clear right of the United States to use the strongest tools possible to counteract injurious Chinese dumping.

Question 52

With China now challenging the U.S. position on this issue at the WTO, what will you do to defend our nation's right to continue to treat China as a non-market economy?

Answer: If I am confirmed, USTR will vigorously defend our right to use the strongest tools possible to counteract injurious Chinese dumping, including by treating China as a non-market economy in antidumping proceedings as provided for in China's Protocol of Accession to the WTO.

Question 53

What can USTR do to persuade our major trading partners, including the EU and Canada, to also oppose the grant of market economy status to China and to join us in the WTO case?

Answer: Many WTO Members continue to treat China as a non-market economy in antidumping proceedings. If confirmed, I commit to doing everything I can to persuade these Members to join the United States in defending all WTO Members' right to continue to apply a non-market economy methodology to China at the WTO.

(Agriculture)

Question 54

The markets in Asia are critically important to Washington state growers of apples, cherries and pears. For example, in 2016, 66 percent of cherry export shipments went to countries in the Asia Pacific region of the world. Our tree-fruit growers could benefit from free trade agreements with Vietnam, Japan, Thailand, and China.

President Trump has indicated that under his Administration the U.S. will negotiate bilateral trade agreements rather than multilateral ones.

How will you make decisions regarding the countries to prioritize for bilateral negotiations and are Vietnam, Japan and Thailand on the list of priorities?

Answer: If confirmed, I will work with the Department of Commerce, the White House and other interested agencies to review carefully the best way to proceed with respect to

trade negotiations with TPP countries, and look forward to consulting with you and other Members of the Committee on how best to proceed.

Question 55

In 2016 fry exports to Japan were over \$200 million dollars. The tariff under TPP of 8.5% would have been eliminated.

“The U.S. had brokered a deal with Japan to remove millions of dollars of tariffs, unnecessary trade quotas, and phytosanitary barriers on a wide variety of agricultural export goods including grains, apples, beef, dairy products & potatoes to just name a few from my state. I understand and appreciate your past knowledge of how trade agreements are formed and that not every agreement can have the best desirable outcome. But the window of prosperity is closing for Washington farms and the U.S. needs an aggressive trade agenda.

With a flurry of news reports indicating farm families might be short-changed regarding the Administrations trade agenda.

How will you work to assure rural voters that bilateral trade with Japan will focus on “good deals” and will not damage existing trade relations, but to enhance all agricultural trade. When can we expect the Administration to formally begin bilateral trade negotiations with Japan?

Answer: I am committed to the expansion of U.S. agricultural exports through negotiations that create enhanced export opportunities for our farmers and ranchers. If confirmed, I will be sure to consult with you and other Members of Congress, as required by TPA, to pursue a robust bilateral trade agenda, including with respect to any potential negotiation with Japan.

Question 56

Global markets are critical for Washington state – this is the case for all major sectors of my state’s economy, including agriculture. But Washington’s companies also have a deep interest in ensuring that our trading partners play by the rules as well.

How do we both preserve existing sales to key markets, such as the large & vitally important dairy export market in Mexico, while also fixing trade situations that have proven over the years to be deeply entrenched?

Answer: If confirmed, I am committed to the expansion of U.S. dairy exports through negotiations that create enhanced export opportunities for our farmers and ranchers, while we maintain the current markets that we already have. I will also be committed to working to resolve barriers to U.S. agricultural exports and to ensure that trading partners meet international trade obligations.

Question 57

An example of the latter that will harm both bilateral trade and global milk powder trade is Canada's new Class 7 dairy pricing program introduced last month. How do you plan to use NAFTA and bilateral enforcement discussions to tackle problems like we have with Canada on dairy?

Answer: I understand that Canada's supply management program for dairy is of high concern to you, other Members of Congress, and the U.S. dairy industry. If confirmed, I will examine the details of the issue and consult with you on the most appropriate way to address this matter.

(Aerospace/Airbus)

Question 58

I want to ensure that you are aware of an ongoing dispute between the U.S. and the European Union (EU) regarding illegal aircraft subsidies. Last September the World Trade Organization (WTO) ruled that European governments had not removed the harm caused to America's aerospace sector by \$17 billion dollars of illegal subsidies and found that the Europeans have dispensed an additional \$5 billion dollars in illegal subsidies for the development of the Airbus A350 wide body aircraft. That brings the total of illegal European subsidies for Airbus to \$22 billion dollars.

In fact, the original WTO panel concluded: "It is in our view clear that Airbus would have been unable to bring to the market the Large Commercial Aircraft (LCA) that it launched but for the specific subsidies it received from the European Communities and the governments of France, Germany, Spain and the United Kingdom." This company—that the WTO found would not have existed but for these huge government subsidies—drove McDonnell Douglas and Lockheed out of the commercial aircraft business, taking with them thousands of American jobs.

Government subsidies to Airbus continue to destroy American jobs. As you may know, Boeing manufactures the vast majority of its commercial aircraft in my home state of Washington. And, the export of these aircraft support high-skilled jobs in Washington State and throughout the country.

According to the Commerce Department: "In 2015, the U.S. aerospace industry contributed \$144.1 billion in export sales to the U.S. economy. The industry's positive trade balance of \$82.5 billion that year was the largest trade surplus of any manufacturing industry, supporting high-wage jobs for hundreds of thousands of American workers."

It is imperative that U.S. companies compete with overseas rivals on a level playing field. If confirmed, will you press the Europeans to stop massively subsidizing Airbus aircraft?

Answer: If confirmed, I will make the elimination of European subsidies to Airbus and ensuring a level playing field for Boeing and U.S. aircraft industry jobs and suppliers a top priority.

(Apparel Industry/Tariffs)

Question 59

Innovative, highly technical apparel footwear and equipment are often grouped together with more readymade, mass-market products in the Harmonized Tariff Schedule (HTS). This can be particularly problematic when you negotiate rules of origin and duty phase-outs in free trade agreements (FTAs) at the 8-digit level of the Harmonized Tariff Schedule. As a result, import sensitive and non-import sensitive products can be lumped together despite the fact that there could be vast differences in construction, design and end use.

For this reason, in the past FTA negotiations, outdoor companies urged the administration to negotiate “breakouts” for innovative outdoor products like apparel and footwear. USTR has been inconsistent in its approach to negotiating at the 8-digit versus 10-digit level. In textiles and apparel USTR has often negotiated provisions at the 10-digit or even creating breakouts at the sub-10-digit level to address market issues when the classification system is imperfect. This was done in TPP. Yet, USTR continually refused to create breakouts to accommodate disparate products that by chance are classified in the same HTS sub-heading. Failure to differentiate between import sensitive and non-import sensitive products is a tremendous lost opportunity and best, and harmful to US companies at worst.

As the administration pursues bilateral FTAs, will you support measures like “breakouts” to differentiate between import sensitive and non-import sensitive products?

Answer: If confirmed, I look forward to consulting extensively with Congress and interested stakeholders on U.S. objectives for free trade agreement negotiations, and I would be open to considering any proposed approaches that maximize benefits for U.S. companies.

Question 60

The outdoor recreation economy generates \$646 billion in consumer spending nationwide and supports 6.1 million American jobs. In my home state of Washington alone, the outdoor industry generates \$22.5 billion and supports 226,600 jobs.

I understand the administration is committed to incentivizing domestic manufacturing and the re-shoring of American jobs. And there is a growing enthusiasm for “Made in the USA” products in the outdoor industry. Yet, many outdoor products – most apparel, footwear and soft-goods equipment – are import dependent and face import tariffs on average of about 14 percent and as high as 40 percent. That is not going to change. Simply

put, the infrastructure, training and personnel to produce the innovative, highly-technical outdoor products outdoor consumers expect exists abroad, particularly in the countries of Asia and the South-Pacific region. These supply chains have been developed over decades and cannot easily be changed.

How will the administration address import tariffs on products where there is no viable domestic production and no certainty that these supply chains will return to the US?

Answer: As the Administration considers policies to strengthen U.S. competitiveness, support more jobs, and promote U.S. manufacturing, I expect that it will take into account the circumstances that have led to the internationalization of the supply chains for some products.

Question 61

The Miscellaneous Tariff Bill (MTB) is an important tool initiated by Congress to provide duty relief to companies that import products not produced in the United States. The last MTB expired on December 31, 2012 and included many finished products including specific footwear. You may not realize it, but, the United States imports almost 99% of its footwear, while the research, design, marketing, and some of the high-tech component manufacturing is done without our borders. In 2016, \$25.7 billion worth of footwear was imported into the country, with US companies paying \$2.8 to get it across the border, making the averages duty rate 11%. This compares to an average consumer good is only taxed at 1.3%.

Footwear companies face up to a 67.5% with most outdoor footwear dutiable at 37.5%. In the past, the footwear industry had tremendous success from the 17 previously enacted duty suspensions, saving more than \$51 million total during the 6 years the MTB provisions were in place. Duty savings allow companies to innovate and provide better, more cost-effective products to consumers.

Answer: I recognize the importance of Miscellaneous Tariff Bills for U.S. manufacturers, producers, and importers. I understand that the American Manufacturing Competitiveness Act of 2016 established new procedures for the submission and review of petitions for temporary duty relief, and the Administration has been working diligently under those new procedures.

Question 62

Can you confirm that the Administration supports the Miscellaneous Tariff Bill, and understands the importance of including certain footwear?

Answer: I recognize the importance of Miscellaneous Tariff Bills for U.S. manufacturers, producers, and importers. I understand that the American Manufacturing Competitiveness Act of 2016 established new procedures for the submission and review

of petitions for temporary duty relief, and the Administration has been working diligently under those new procedures.

(Disputes)

Question 63

U.S. trade agreements commonly include broad rights for multinational corporations and rules that empower these firms to directly sue governments, in private trade tribunals, over policies to protect our environment, our workers, the health of our communities, and more.

This system has empowered multinational investors to launch more than 700 challenges against the policies of more than 100 sovereign governments in unaccountable tribunals. While many policies are at risk from this system, environmental policies are particularly threatened. In fact, about one of every four new ISDS cases in the last five years has targeted policies affecting oil and gas extraction, mining, or fossil fuel power generation.

Do you agree that this system of corporate tribunals has no place in our trade agreements?

Answer: Investor-State dispute settlement is a mechanism in many U.S. trade and investment agreements that permits qualifying investors to pursue arbitration against a government to obtain monetary compensation to remedy the breach of certain legal obligations. The Administration will be undertaking a review of the dispute settlement and other enforcement tools in U.S. trade and investment agreements, including Investor-State dispute settlement. If confirmed, I will look forward to consulting with the Congress on these issues and proceeding in a manner that is consistent with the negotiating objectives set forth in the 2015 Trade Promotion Authority legislation.

Question 64

If so, then would you commit to renegotiate existing trade agreements to remove broad investor rights, including investor-state dispute settlement, and to not include any system in future trade agreements in which corporations can directly challenge government policies in private trade tribunals?

Answer: If confirmed, I look forward to working with Congress on the investment-related elements to be pursued in U.S. trade agreements, consistent with the negotiating objectives set forth in the TPA.

(Trade Trust Fund)

Question 65

Last Congress, Congress passed H.R. 644, the Trade Facilitation and Trade Enforcement Act of 2015, which included a Trade Enforcement Trust Fund I authored to be used exclusively for the enforcement of our existing and pending Free Trade Agreements. The United States Trade Representative will administer this funding, in consultation with the other relevant agencies responsible for enforcing our trade agreements. In addition to enforcing our agreements, this funding can be used for capacity building efforts in FTA partner countries to help them meet their commitments, both before and those agreement enter into force, as well as respond to petitions under Section 302 of the Trade Act of 1974.

As trade agreements have evolved to more accurately reflect international commerce, they've become more complex. This complexity limits our ability to simultaneously oversee, implement, and enforce these agreements. For example, in 2014, the Government Accountability Office was asked to audit the implementation and enforcement of the labor provisions of our Free Trade Agreements. This audit found that since 2008, the Department of Labor had resolved only a single complaint out of five that had been filed, and that the relevant agencies responsible for enforcing these provisions suffered from consistent staffing and resource constraints.

Unfortunately, Congress has not yet appropriated any funding for this Trust Fund.

Do you believe the resources we currently provide to trade enforcement are adequate to the scope of our mission?

Answer: I'm not in the Administration. In my personal view, we need more resources for USTR and with whatever we have we'll do the best job we can do.

The President has made clear that trade policy negotiations and litigation are a top priority of the Administration. Trade policy plays a critical part in every aspect of the economy and is essential to fulfilling the Administration's goal of accelerating economic growth and improving U.S. standards of living. USTR's previous budget requests were based on the old status quo. Instead, President Trump places trade execution and enforcement at the top of his "America-first" trade policy.

USTR's capabilities must grow to execute the President's new strategy. Increased resources are necessary to reinforce USTR's statutory obligations to (1) monitor compliance by foreign governments with trade policy commitments to the United States, detect violations as quickly as possible and take swift and successful actions to enforce U.S. rights and at the same time, (2) vigorously and successfully defend the ability of the United States to exercise its rights to ensure fair trade in the U.S. market, and, (3) take action under U.S. law to advance U.S. economic interests. If confirmed, I will work to ensure that USTR has the resources it needs to fulfill its mission.

Sufficient resources are vital to a robust trade enforcement strategy. Many of the problems faced by US exporters in foreign markets are hard to address due to lack of transparency or because they are legally or factually complex, requiring significant attorney, investigatory, analytical, or translation resources. If confirmed, I will commit to use all the resources available to USTR, and seek to draw on the significant expertise in other agencies, to enforce U.S. trading rights fully and ensure that our trading partners comply with their international obligations.

Question 66

Would you support full funding for the trade enforcement trust fund?

Answer: The trade enforcement trust fund is an important tool that USTR can use to ensure that our trade agreements are adequately enforced across the globe. I support having adequate resources for this trust fund.

Question 67

What priorities would this funding be used for?

Answer: If I am confirmed, robust enforcement of WTO and FTA obligations will be a top priority. To compete in an international market, we must ensure that U.S. exports have the same access and ability to compete on a level playing field abroad that we allow imports here in the United States. Many of the problems faced by U.S. exporters in foreign markets are hard to address due to lack of transparency or because the obstacles and foreign practices are legally or factually complex, requiring significant attorney, forensic and investigatory, analytical, or translation resources. Under these circumstances, the fund could be used to support ever more complex litigation preparation that USTR has had to undertake in recent years in order to take on the most difficult and important foreign barriers and marshal the evidence to prevail. The fund could also be used to support USTR's work protecting U.S. trade remedies from international challenges so that when other countries engage in unfair trade, we have the tools to ensure that U.S. workers and producers can achieve effective redress from those unfair and injurious trade practices.

Question 68

Should this funding be mandatory or subject to annual appropriations?

Answer: This is a subject that, if confirmed, I will look forward to discussing with you and with colleagues in the Administration.

(Steel)

Question 69

As you know, there is currently a global glut in steelmaking capacity. Foreign government subsidies and other market-distorting policies have led to this overcapacity, estimated by the Organization for Economic Cooperation and Development (OECD) to be more than seven times the U.S. raw steel production. The world simply has too much capacity for the amount of steel it needs. The same is true of a number of other products as well, including aluminum and solar panels. The OECD has been trying to address this issue in the steel sector and has formed a “Global Forum” on excess capacity. But, so far all the dialogues, commissions, consultations, and rounds of talks have led to very little action, with no tangible results.

What can the United States do to obtain concrete results in the reduction of global steel, aluminum, and solar capacity? What steps will you take to bring the country’s most responsible for the overcapacity to the negotiating table?

Answer: If confirmed, I will conduct a review of all available tools to address serious overcapacity problems in steel industry and other sectors, work to address the root causes of those problems, and continue to work closely with other leading steel producing countries in the Global Forum on Steel Excess Capacity and other contexts.

If confirmed, I also will examine how we might use our existing bilateral dialogues to press China to fix its unfair trade practices and vast excess capacity problem in many industrial sectors.

Question 70

If China is unwilling to reduce capacity voluntarily, what steps would you take in response?

Answer: If confirmed, I will work to find effective solutions to reduce excess capacity through dialogue, negotiations, vigorous enforcement of WTO rights and U.S. trade remedies, and any other effective means. I also will work with the Department of Commerce, Customs and Border Protection, and other agencies to ensure that we enforce our trade remedy laws and measures effectively at the U.S. border, and I will actively defend our trade remedies against challenges by China and other WTO Members.

(State-Owned Enterprises)

Question 71

The increasing role of state-owned enterprises (“SOEs”) in global commerce is a serious concern for U.S. manufacturers and exporters. These SOEs are subsidized by their home

governments and often do not operate based on market principles, which introduces market distortions that harm workers and private companies competing in those markets. Many of these SOEs are looking to invest in the U.S. market. Such inbound SOE investment could harm U.S. economic competitiveness and national security if left unaddressed.

What steps should the U.S. Government, and USTR in particular, take to address the potential market-distorting effects of SOE investment in global markets, including the U.S. market?

Answer: I understand that the investment activities of foreign SOEs have raised many concerns for U.S. businesses. If confirmed, I will work with Congress and stakeholders to ensure that future trade agreements include strong rules to address concerns associated with SOE investment.

Question 72

Would you support international negotiations with the aim of ensuring rules regarding SOEs?

Answer: I agree that disciplines on SOEs are important to ensure a level playing field with our trading partners. If confirmed, I will work with Congress and stakeholders to ensure that future trade agreements include strong rules that address unfair competition from SOEs.

Question 73

Are there additional regulatory tools that we should consider to ensure that SOE investment in the United States is conducted on a commercial basis and does not cause market distortions?

Answer: If confirmed, I will work with the Congress, stakeholders, and other U.S. government agencies to consider all appropriate ways of addressing concerns about SOE investment in the United States.

SENATOR BILL NELSON

Question 1

For some time now, Mexico has been flooding the U.S. with subsidized agriculture, including bell peppers, tomatoes, strawberries, blueberries, and sugar. It's particularly harmful to growers in Florida, because for a lot of these items, Florida is the only place in the U.S. that can grow them during the winter. Our trade laws don't generally account for seasonal differences in trade practices, making it hard for Florida growers to file a trade case. What are some specific ways you could renegotiate the North American Free Trade Agreement (NAFTA) to make it work better for our growers and account for seasonal differences in agricultural markets?

Answer: I recognize the unique seasonality and perishability of fresh fruits and vegetables. As we look to modernize the North American Free Trade Agreement, TPA specifies several negotiating objectives to address practices that adversely affect trade and to improve import relief mechanisms for seasonal products, such as fresh fruits and vegetables. If confirmed, I will consult with you, other Members of Congress, and Florida growers to address these objectives and the concerns you have raised.

Question 2

If confirmed, would you commit to meet with Florida growers as soon as possible to work on a long-term solution to the problem of subsidized dumping of agriculture from Mexico?

Answer: I certainly know the importance of Florida's fruit and vegetable industry. If confirmed, I will consult with you, other Members of Congress, and Florida growers on your concerns.

Question 3

In many ways, when a country exploits its workers or environment to gain a trade advantage, it is just as unfair as if it had manipulated its currency—only more harmful to the people and areas being exploited. What are your thoughts on using our trade agreements to make sure countries don't try to gain a competitive edge by putting vulnerable people, endangered species, or sensitive ecosystems at risk?

Answer: Labor and environment protections are important negotiating objectives that Congress has set out in TPA. If confirmed, I look forward to consulting closely with you and other Members of Congress with an interest in using our trade agreements and enforcement efforts to promote high-standard protections for workers and the environment to ensure a level playing field for American workers and businesses consistent with TPA objectives.

Question 4

If confirmed, would you commit to push for trade agreements that include provisions to combat unsafe working conditions, unsanctioned logging and wildlife trafficking, and the mistreatment of marine life—including sharks and sea turtles?

Answer: Labor and environment protections are important negotiating objectives that Congress has set out in TPA. If confirmed, I look forward to consulting closely with you and other Members of Congress with an interest in these issues as we seek to negotiate trade agreements that reflect high-standard protections for our workers and our environment to ensure a level playing field for American workers and businesses consistent with TPA objectives.

Question 5

What are some specific ways you would like to change the World Trade Organization (WTO)?

Answer: The baseline of WTO rules remains important to the effective functioning of the rules-based multilateral trading system, and the WTO standing committee system does important work to ensure full implementation of these rules. However, I have serious concerns with the over-reach of the WTO dispute settlement system and would like to confer with Congress on ideas for changes in that area. With the notable exception of the Trade Facilitation Agreement, we have also seen a paralysis in the negotiating arm of the WTO. If confirmed, I look forward to working with Congress on ways in which we can ensure negotiations mandate at the WTO that best promote U.S. exports and creates American jobs.

Question 6

Were you involved in developing the General Agreement on Tariffs and Trade (GATT), which is now the WTO? If so, what lessons did you learn from the development of the GATT?

Answer: The General Agreement on Tariffs and Trade has been in place since 1947 and has served as the baseline for the rules of global trade since that time. Both during my time at the Senate Finance Committee and as a Deputy United States Trade Representative during the Reagan Administration, I have been committed to ensuring that this rules based trading system serves American interests. I look forward to applying lessons learned over the decades to working with Congress and moving U.S. trade policy in a direction that positively affects U.S. manufacturers, farmers, service providers, and workers.

Question 7

What sort of exceptions to copyright protection would you allow for in a trade agreement? Would the exceptions be enumerated in the agreement, or would you give our trade partners broad discretion to determine appropriate exceptions?

Answer: I understand the importance that Congress places on this issue. If confirmed, I will ensure that USTR makes progress, in any trade negotiation, in meeting all of the objectives outlined in TPA. I look forward to working with you and all interested stakeholders to address these specific issues.

Question 8

If confirmed, what would you do to improve copyright standards globally, and particularly in Asia?

Answer: If confirmed, I will use all available trade tools to ensure that our trading partners, including our partners in Asia, adequately and effectively enforce copyright protection, to ensure that U.S. rights holders have a full and fair opportunity to use and profit from their intellectual property rights.

Question 9

How would you bring more transparency to U.S. trade negotiations?

Answer: I am aware of the importance of the issue of transparency in U.S. trade negotiations to you, others on the Finance Committee, and many others in Congress, and of the way in which that issue arose in the drafting and passage of TPA. As a foundation for understanding current and future trade negotiations, I believe it is important to communicate clearly to the American public, to Congress, and to stakeholders the impact of U.S. trade agreements so that each can make an informed judgment about the strengths and shortcomings of any agreement. Furthermore, we should communicate clearly the specific objectives of the Administration with respect to all aspects of U.S. trade policy, negotiations, and enforcement. If confirmed, I will work with Congress and stakeholders to improve the transparency of the trade negotiating process further.

Question 10

If confirmed, before beginning negotiations on NAFTA, or any other trade agreement, would you commit to publicly releasing the U.S.'s official position on each chapter of the agreement? Would you also brief members of the Senate Finance Committee or Senate Advisory Group on Negotiations (SAGON) on the Administration's specific objectives for each chapter of the agreement?

Answer: If confirmed, I look forward to working with this Committee, the House Ways and Means Committee, Members of Congress, and the Senate and House Advisory Groups on Negotiations—SAGON and HAGON—as established under TPA to consult closely on other trade agreement negotiations. I would also welcome a further discussion of the question of public release of the U.S. position on each proposed chapter.

Question 11

Do you believe the United States should negotiate free trade agreements with developing nations, or should we only negotiate with advanced economies with similar traditions and standards? If so, why? If not, why not?

Answer: We intend to work closely with you to decide on appropriate trade agreement partner countries. The United States should be open to any negotiation that meets core U.S. goals such as expanding economic opportunity for Americans and creating a more level international playing field. Countries joining the United States in FTAs, at whatever level of development, should be expected to comply with the high standards that Congress and the President have set out for such agreements.

SENATOR ROBERT MENENDEZ

Cuba

Question 1

I've been an outspoken opponent of the new policy toward Cuba initiated by President Obama, and I remained concerned that that policy will remain in place under President Trump. Opening up further trade with Cuba is likely to enrich the military and Castro allies at the expense of the Cuban people. Since the announcement of the change in American policy toward Cuba two years ago, the Castro regime has only grown stronger. It has continued its policies of repression, has continued to jail the Ladies in White, has continued to suppress the freedom of expression, and the promotion of anything resembling democracy.

What are your thoughts on Cuba, and do you anticipate any liberalization of our trade relationship with Cuba?

Answer: The President has stated publicly that he has directed a review of U.S. policy toward Cuba, including with respect to issues of human rights and economic and political liberalization. If confirmed, I look forward to working with you and other Members, as well as our stakeholders, to determine appropriate next steps with respect to Cuba in the context of that policy review.

Question 2

You were a critic of liberalizing trade with China. You rightly pointed out that increasing trade with China was unlikely to result in its government behaving in a more democratic, rules-based fashion.

Why should we expect a different result from Cuba?

Answer: The President has stated publicly that he has directed a review of U.S. policy toward Cuba, including with respect to issues of human rights and economic and political liberalization. If confirmed, I look forward to working with you and other Members, as well as our stakeholders, to determine appropriate next steps with respect to Cuba in the context of that policy review.

President's Conflicts of Interest

Question 3

If confirmed, you will be handling international trade negotiations that will impact every facet of our economy, and in doing so, you will have to balance an range of different, and often competing, interests including those of workers, manufacturers, farmers, and innovators. The deals you negotiate may impact these groups differently – some will gain,

some might not be affected, and yes, some might lose. But as this Administration begins its trade negotiations, I am very concerned about possible conflicts of interest with our trade policy that may arise from our President's overseas business arrangements. We know that the President owns assets in several countries. We also suspect that he has taken loans from foreign entities. But because he hasn't released his tax returns, we still don't know the full extent of his holdings and the details of any foreign loans. The recent news about the Trump Organization receiving new trademarks in China only underscores this point. One could imagine a situation where you, if confirmed, are negotiating an agreement on intellectual property with a country in which the President's business is trying to obtain trademarks, potentially presenting a conflict between what is in the financial interest of the President versus the economic interests of the American people at large. Without a public disclosure of the President's business relationships how can you and the American people know that your negotiations with other countries will not benefit the President at the expense of ordinary Americans?

Answer: The President has spoken very clearly that we need the strongest possible trade agreements, and stronger ones than we have negotiated in the past, to stand up for Americans in every area of trade. From my experience, the President is completely committed to the America First agenda, and working together, we have a reasonable likelihood that we can change the paradigm and make things better for all Americans. I've never seen any hint in any way to the contrary.

Question 4

And without a full public disclosure, how can you be sure that the person you're negotiating with doesn't know more about the President's business dealings than you do?

Answer: The President has spoken very clearly that we need the strongest possible trade agreements, and stronger ones than we have negotiated in the past, to stand up for Americans in every area of trade. From my experience, the President is completely committed to the America First agenda, and working together, we have a reasonable likelihood that we can change the paradigm and make things better for all Americans. I've never seen any hint in any way to the contrary

Mexico

Question 5

NAFTA renegotiation could present an important opportunity to strengthen labor standards, defend U.S. intellectual property, protect the environment, and raise wages across the continent. But if done poorly, it could catastrophically disrupt businesses in New Jersey and across the country. As you know, our economic integration is deep and mutually beneficial. Canada and Mexico are our first- and second-largest export markets, and our three countries share important cultural, economic, and security ties. Maintaining strong, productive relationships with these countries is critical to our national interest. I

hope you will keep these aspects in mind as you begin to renegotiate the deal, and that you, the President, and the entire Administration conduct the negotiations in a way that minimizes collateral economic and political damage.

What will the administration seek to achieve in these negotiations? Will those objectives be made public?

How will you address the concerns of companies that have built complex value chains based on the assumption that NAFTA will remain intact?

Answer: I understand that a renegotiation of the NAFTA being considered by the President would be conducted pursuant to Trade Promotion Authority (TPA). TPA outlines a number of objectives that the United States should seek in any new trade negotiations, as well as requirements for consultations with Congress, with the private sector, and with other U.S. stakeholders and the public on those objectives and throughout the negotiating process.

Regarding current trade flows, NAFTA has been in place for more than two decades and many of our workers, farmers, ranchers and businesses have expanded exports to Canada and Mexico under the agreement, as well as formed supply chains and other business relationships. If confirmed, I am committed to maintaining U.S. exports of goods and services, and will use the opportunity of renegotiating the NAFTA as a way to seek changes that will expand U.S. exports to Mexico and Canada and generate increased economic opportunities for the United States.

Question 6

Mexico has made some progress towards improving its labor law regime—though the states need to ratify the constitutional changes made. Still, even if the labor law reforms are eventually put into practice, they may not raise wages in a meaningful way for quite some time. In fact, the wage gap between the U.S. and Mexico is wider now than pre-NAFTA. Do you view this as a trade problem and do you have plans to address this issue within the administration?

Answer: I am aware that Mexico is pursuing significant labor reforms. If those reforms are successfully implemented, they could lead to better working conditions for many Mexican workers. If confirmed, I will work with you and other Members of Congress as we renegotiate and modernize the NAFTA, and closely monitor Mexico's efforts to enhance its system of labor protections, as part of our examination of all aspects of the U.S. trade relationship with Mexico.

Labor Provisions in Trade Agreements

Question 7

President Trump made trade enforcement a major component of his campaign. As you know, the Department of Labor has primary responsibility in enforcing the labor provisions of our free trade agreements. In early January, DOL found that Colombia was out of compliance with the terms of the US-Colombia Trade Promotion Agreement and decided to initiate consultations with the Colombian government. I've been a strong supporter of increased U.S. engagement with Colombia, but at the same time I remain concerned about the lack of progress in Colombia's labor environment and the persistent violence against trade unionists in that country.

How will you prioritize the enforcement of labor provisions of our trade agreements and what will you do differently from past administrations to ensure that other countries live up to their obligations so that American workers aren't undercut by unjust dilutions of labor rights?

On Colombia specifically, do you support the Obama Administration's decision to enter into consultations with Colombia under the terms specified in our free trade agreement? One of the major problems with enforcement of labor provisions is that often these kinds of consultations drag out without any improvement in the underlying situation. At what point would you recommend moving toward dispute settlement to resolve the dispute with Colombia?

Answer: I appreciate your longstanding interest in and involvement in promoting our bilateral relationship with Colombia. Labor protections are important negotiating objectives that Congress has set out in TPA. If confirmed, I look forward to consulting closely with you and other Members of Congress with an interest in using our trade agreements and enforcement efforts to promote high-standard protections for workers in Colombia and other key trading partners as a way to ensure a level playing field for American workers and businesses.

Question 8

Ambassador Lighthizer, you and other Administration officials have written and spoken about how China undermines American manufacturing through its lax labor and environmental standards.

Are improved and enforceable environmental and labor standards going to be a priority for the administration in the NAFTA renegotiation and future trade deals?

What specific provisions are you looking to include? Will they go beyond what was in TPP?

Answer: If confirmed, I look forward to working with you, other Members of Congress, and stakeholders as we renegotiate and modernize the NAFTA, as well as in our negotiation of other future trade deals. In particular, if confirmed, I look forward to discussing ways in which we can strengthen labor and environmental provisions to meet the objectives in TPA and improve our efforts to seek to ensure that our trading partners

adopt and maintain labor and environmental standards in ways that also help level the playing field for American workers and businesses.

Trade Enforcement

Question 9

Ambassador Lighthizer, one of my longstanding concerns when it comes to trade is that once the deals are negotiated, many of the provisions are not thoroughly enforced. As you know from a letter many of us sent to the President, the federal hiring freeze will compound the resource constraints faced by USTR and Customs and Border Protection when it comes to trade enforcement.

What actions can we expect in the near future that will prove that this administration is serious about holding our trading partners accountable for their trade obligations?

Answer: If confirmed, I will be a strong advocate for resources at USTR and, as I have been throughout my professional career, a strong advocate for enforcing U.S. trade laws and trade agreements. Sufficient resources are vital to a robust trade enforcement strategy. Many of the problems faced by U.S. exporters in foreign markets are hard to address due to lack of transparency or because they are legally or factually complex, requiring significant attorney, forensic investigatory, analytical, or translation resources. If confirmed, I will commit to use all the resources available to USTR, and seek to draw on the significant expertise in other agencies, to enforce fully U.S. trading rights and ensure that our trading partners comply with their international obligations.

Counterfeit imports from China has been a major concern for me and my constituents. What will you do to ensure that trade enforcement specialists are thoroughly investigating this issue and catching counterfeit goods before they enter our market?

Answer: Counterfeit imports not only harm the commercial viability and goodwill of U.S. companies, but mislead and pose health and safety risks to consumers. If confirmed, I will draw on all relevant trade policy tools, including the Special 301 report, to engage with countries that fail to effectively combat counterfeit operations. If confirmed, I will also make monitoring and enforcement of trade obligations related to intellectual property a priority. In particular, I will work more closely than ever before with with CBP and Commerce to develop and execute strategies to enforce U.S. law at our borders and ports of entry.

China – Currency and Bilateral Investment Treaty

Question 10

China has had a decades-long pattern of manipulating their currency, stealing our intellectual property, dumping products onto world markets, and systematically skirting

their trade obligations. Leveling the playing field for American workers by taking aggressive action to stop China from gaming the international trading regime was a key theme of the President’s campaign, and I hope the administration will follow through on that promise. And I’m sure that we all remember President Trump saying countless times that he would label China a currency manipulator on day one.

If confirmed, what are you as USTR going to do to ensure that countries stop manipulating their currency? In my opinion, just labeling countries a currency manipulator isn’t enough – we need to consider measures that raise the costs of engaging in currency manipulation in the first place.

Is the Administration going to continue the bilateral investment treaty negotiations with China? Will you pursue another type of trade agreement with China?

Answer: The Administration places a high priority on utilizing a broad range of tools to ensure that China treats the United States, U.S. exports, and U.S. companies fairly with respect to trade and investment. We will be reviewing the full range of potential tools, including the U.S.-China bilateral investment treaty negotiations, to assess the best path for the Administration to achieve this objective. If confirmed, I look forward to consulting with the Congress on these priority issues.

China – Market Economy Status

Question 11

China wants market economy status at the WTO. Given the continued trade-related problems we have with China, I don’t think they deserve that status and I know President Trump has said he agrees. However, I’m concerned that the EU is considering changing its past position and is considering supporting granting market economy status.

What are your thoughts on granting China market economy status?

How will you work with the EU and other allies to defend the view that China is a non-market economy?

How else do you think we can work with the EU to push back on some of China’s market-distorting policies?

Answer: I disagree with China’s claim that the change in its Protocol of Accession requires WTO Members to treat China as a market economy in antidumping proceedings. If confirmed, I can assure you that USTR will do everything it can to defend the right of the WTO Members to use the strongest tools possible to counteract injurious Chinese dumping. This includes building a coalition of allies to defend our position at the WTO. I look forward to discussing with you the best way to work with the EU to defend the U.S. position on the Protocol and on China’s continued intervention in its market, a practice which is harming producers both in the United States and the EU.

Trade Deficits

Question 12

You and several other Administration officials have said the reducing bilateral trade deficits will be one of the main objectives of any new trade agreement.

Do you believe we should institute a test that any new trade agreement must lead to an increase in a certain number of jobs, or a certain amount of GDP or wage growth? And if not, the U.S. should retain the right to withdraw from the agreement?

Answer: The aim of trade agreements is to achieve benefits for the United States, including boosting economic growth, increasing more productive, higher paying jobs (typical of the export industries), and raising family living standards. If confirmed, I look forward to working closely with members of Congress to ensure these benefits for workers, farmers and ranchers, and businesses of all sizes. The United States, as a sovereign nation, retains the right to withdraw from any agreement, trade or otherwise.

Taiwan

Question 13

The United States for decades has benefited from a strong economic relationship with Taiwan. Taiwan is currently our 10th largest trading partner, 7th largest importer of US agricultural goods, and an important player in the global IT industry. The Government of Taiwan has expressed a strong interest to increase its economic and trade ties with the US through a mutually beneficial bilateral trade agreement, or some other method of economic integration.

Are you committed to strengthening our engagement with Taiwan and deepening our bilateral economic cooperation?

Would you consider prioritizing negotiations with Taiwan to create a better environment for investment and trade?

Answer: As you point out, the United States and Taiwan have a longstanding and important trade and investment relationship. If confirmed, I intend to work to strengthen further those trade and investment ties. Recognizing that foreign investment from Taiwan and elsewhere can create more jobs in the United States and increase U.S. economic growth and competitiveness, and increased trade can benefit U.S. agricultural, goods and services trade, I intend to develop a trade and investment policy that promotes a stronger bilateral relationship with Taiwan and examine the prospects of additional negotiations with Taiwan, as well as addressing longstanding trade concerns such as market access for beef and pork.

Soda Ash

Question 14

The U.S. soda ash industry is a shining example of U.S. competitiveness in manufacturing. The industry is the most competitive in the world due to unique deposits of the soda ash material, trona, in the U.S. The industry exports over \$1 billion annually, over half of its total output. However, like with the steel and aluminum industries, overcapacity and export incentives in China have undercut U.S. soda ash producers competing in key export markets.

As USTR, will you plan to hold China to its JCCT commitment to exchange information on its soda ash excess capacity?

Answer: I understand that U.S. soda ash producers are among the cleanest and most efficient producers of this important industrial input, an important U.S. exporting industry, and that they compete head-to-head with Chinese soda ash exports in many third-country markets. If confirmed, I fully intend to hold China to its commitment, at the November 2016 U.S.-China Joint Commission on Commerce and Trade (JCCT), to exchange information on the soda ash industry.

What specific steps might you pursue to ensure that China remedies its industrial excess capacity in sectors beyond the steel and aluminum industries, including soda ash?

Answer: If confirmed, I will work to develop effective ways to ensure that China addresses its excess industrial capacity, both as a systemic issue and in relation to specific industries. This will include working with the soda ash industry to identify and address unfair trade practices that may contribute to excess capacity.

Intellectual Property – International Organizations

Question 15

The United States has long promoted a fair, stable, and rules-based international system through organizations such as the United Nations and its sub-agencies, to promote U.S. national and economic interests and values around the world. Yet, manufacturers in the United States are seeing a rising tide of activities sponsored by these organizations – such as the disappointing findings with regard to intellectual property found in last year's U.N. High-Level Panel on Access to Medicines – that undermine core U.S. economic interests, values, and leadership. Such recommendations and related activities matter, particularly when they are adopted by national governments to the detriment of companies and workers here in the United States.

How would you address this issue in dialogue with international organizations like the United Nations and World Health Organization?

Answer: If confirmed, USTR will work closely with other agencies to stand up for U.S. trade interests in the United Nations, World Health Organization, and other relevant fora, including with respect to the U.N. High-Level Panel on Access to Medicines report.

Australia-U.S. Free Trade Agreement

Question 16

Ambassador Lighthizer, as you are well aware, Australia is an important trading partner of the United States. Although the AUSFTA has been in place since 2005, various American companies and investors are finding the investment stability afforded by the treaty eroding. For example, a constituent has contacted me about regarding a concerning action in New South Wales which the Australia government has failed to address. As a result, U.S. investors in an Australian natural resources company have incurred losses without any recourse, which undermines the spirit of economic goodwill between the two countries. Legislation authorizing an expropriation indemnified all of those involved and specifically denied compensation for any innocent party.

Mr. Lighthizer, will you commit to pressing the Australian government to resolve this matter so investors like my constituents will have a fair and transparent opportunity to make the case for restitution?

Answer: Thank you for bringing this matter to my attention. If confirmed, I will direct my staff to look closely into this case as part of our ongoing review of investment issues.

NAFTA Investor State Dispute Settlement

Question 17

Ambassador Lighthizer, as you know from your experience advancing the interests of US corporations abroad, where a US investor in Canada is denied “fair and equitable treatment” under NAFTA, the recourse for the US investor is to file a claim with an international arbitration panel. In certain cases, after a NAFTA arbitration panel decides in favor of a US investor against Canada, the Canadian Government has resorted to its own domestic courts to strike down the decision. In one example, Bilcon, an aggregates company owned by the Clayton Group of New Jersey, won its case before a NAFTA arbitration panel, and now must fight the Canadian Government in the Canadian courts to preserve its victory.

Mr. Lighthizer, as USTR, would you commit to work with me and your Canadian counterparts to find a just resolution of this issue?

Answer: If confirmed, I will look forward to looking into this matter and, more generally, to working with you to ensure that foreign governments treat the United States, U.S. investors, and U.S. exports fairly with respect to trade and investment, and that these governments comply with their obligations under U.S. trade and investment agreements.

How will you seek to improve upon the arbitration provisions of NAFTA?

Answer: If confirmed, I will look forward to working with the Congress on the investment-related elements to be pursued in U.S. trade agreements, consistent with the negotiating objectives set forth in the 2015 Trade Promotion Authority legislation. I will bear in mind the TPA objectives' specific guidance on potential improvements in key areas, such as enhancing transparency and eliminating frivolous claims.

SENATOR TOM CARPER

Question 1

I was a big supporter of the Trans-Pacific Partnership (TPP). I was, however, disappointed that the TPP agreement excluded the financial services sector from the prohibition on data localization requirements. That exclusion was contrary to the direction that Congress gave the Administration in our trade promotion authority legislation.

Can you assure me and the other Members of the Committee that, if you are confirmed, you will follow the requirements of TPA by ensuring that the financial services sector is treated the same as every other sector when it negotiates future provisions on this issue?

Answer: I am aware of the concerns raised by U.S. financial services companies regarding the importance of addressing data localization requirements by foreign governments. I understand that U.S. financial services companies engaged extensively with the previous Administration to advocate for an approach that differed from the outcome in the final TPP agreement. If confirmed, I look forward to working with this Committee on this matter.

Question 2

I understand the State Bank of Vietnam is considering a proposal that would put U.S. payments companies at a competitive disadvantage relative to Vietnam-based competitors. This proposal goes directly against the commitment Vietnam made with regard to electronic payments in TPP. How will you ensure our former TPP partners like Vietnam follow through on the constructive commitments they made as part of the TPP negotiations?

More broadly, can you tell us how the Administration intends to prevent TPP countries from backing away from commitments that create valuable export opportunities for American businesses?

Answer: If confirmed, I will direct my staff to review the proposal by the State Bank of Vietnam closely. Regarding how the Administration intends to ensure export opportunities for U.S. companies in TPP countries, including the constructive commitments they made as part of that agreement, in withdrawing from TPP the Administration expressed a desire consider pursuing bilateral FTAs with them. As I stated during my testimony, the TPP included several policies that I believe would be relevant to subsequent negotiations. If confirmed, as we develop our agenda for engaging with TPP countries, I will work closely with you and your staff to ensure that we approach those engagements in a productive manner.

Question 3

I know that you share my concern that U.S. companies face a very uneven playing field in China. Increasingly, Chinese regulation is making it difficult or even impossible for U.S. cloud services companies to operate in China—likely in violation of World Trade Organization (WTO) commitments. Meanwhile, Chinese cloud service providers can operate in the United States today without similar regulatory restrictions.

The U.S. cloud service industry supports thousands of American jobs and is growing strongly, and it is very troubling to think that they could be locked out of China entirely. Will you raise this issue in your discussions with Chinese officials and underscore that China must live up to its international commitments and stop discriminating against U.S. cloud service providers?

Answer: I recognize that U.S. leadership in the technology sector, particularly in cloud computing, is a national strength and a source of our international competitiveness. I agree that our trade policy should work to ensure that U.S. companies in this sector can thrive globally, including in China, where I recognize that barriers have been severe and contrast sharply with the open market in the United States. If confirmed, I will make seeking progress in reducing barriers to U.S. companies in this sector, including in China, a priority.

Question 4

A great deal of progress was made on core obligations and sector specific issues in the multi-country Trade in Services Agreement (TiSA; pronounced *TEE-sa*) negotiations and TiSA participants are looking to the U.S. to continue that progress and produce a high standard agreement. If confirmed, what are your plans to ensure that the TiSA negotiations do not fall by the wayside?

Answer: The U.S. services sector is highly innovative and a key driver of the U.S. economy. Maintaining a vibrant U.S. services sector and expanding U.S. services exports is vital to a healthy economy and a key objective of U.S. trade policy. If confirmed, I look forward to working with you to pursue this objective.

SENATOR SHERROD BROWN

Question 1

A recent report published by the Alliance for American Manufacturing found that the WTO ruled against U.S. trade remedy laws 38 times since 1995. That's five times the number of these decisions as against any other member. Do you agree that the WTO has overreached its authority by striking down provisions of U.S. trade laws?

Answer: Yes, I am concerned with the problem of WTO overreach. I believe that it is critical that WTO panels and the Appellate Body apply WTO rules as written and not "add to or diminish the rights and obligations" of the United States or other WTO Members. I am concerned that certain cases involve over-reaching by the WTO panels and the Appellate Body. If confirmed, I look forward to consulting closely with the Committee on ideas for ensuring that the WTO dispute settlement system operates as intended.

Question 2

In your testimony, you mentioned that we need to sit down with other WTO member countries to find new tools at the WTO to deal with a country like China and its industrial policies. What are some of the changes you think we should make to the WTO dispute settlement process or the new tools the WTO should establish so the body more effectively targets unfair trade practices instead of legitimate U.S. trade laws?

Answer: U.S. trade laws, which are expressly sanctioned by the WTO agreements, are typically used in response to unfair trade practices by other countries. A key question is how we can respond most effectively to those practices so that they are less likely to cause the harm and dislocation that they do, while also preserving fully the ability of U.S. workers and businesses to use WTO-sanctioned trade remedy laws to address the consequences of those unfair trade practices. If confirmed, I look forward to working closely with the Committee and the Ways and Means Committee on these issues, and continue to work with like-minded WTO Members.

Question 3

In your testimony you stated that you believe we need to make it less economical for China to violate its trade obligations. What specific steps would you take to make it less economically viable for China's state-owned enterprises in both the steel and aluminum sector to continue to operate independent of market considerations?

Are you committed to addressing the problem of aluminum overcapacity across the supply chain through all available means, including WTO litigation?

Answer: If confirmed, I will vigorously enforce and defend our trade remedy laws, and aggressively utilize all available tools in the WTO and other mechanisms to deter

Chinese government subsidies and other support that artificially lower costs to Chinese firms, including State Owned Enterprises (SOEs), in the steel, aluminum, and other sectors. I will also engage China bilaterally and work with other economies to encourage China to move away from policies that contribute to excess capacity and distort markets including subsidies and raw material export restrictions.

Question 4

In your testimony you stated that the U.S. should bring more cases at the WTO. Would you consider bringing a broad case against China for its distortive trade practices across multiple sectors?

Answer: Distortive trade practices across multiple sectors is a significant concern. If confirmed, I will seek to combat distortive trade practices as effectively as possible, using all appropriate instruments.

Question 5

Would you consider renegotiating China's WTO Accession Protocol if China continues to violate its WTO commitments and other efforts to get China to live up to its obligations are unsuccessful?

Answer: I understand the importance of working on difficult trade issues to get trading partners to live up to their trade obligations. If confirmed, I intend to make China's compliance with all of its WTO obligations, including those in China's Protocol of Accession, a top priority, as I stated during my confirmation hearing. Where China fails to do so, I will also aggressively utilize, in cooperation with others in the Administration, and in consultation with Members of Congress, all available tools in the WTO and other mechanisms.

Question 6

Will you advise President Trump to take unilateral trade action against our trading partners if that is needed to give U.S. companies and their workers a level playing field? Specifically, will you commit to using your authority under Section 301 or other provisions of law to respond to the unfair advantages the Chinese government has given Chinese companies and products in international trade?

Answer: If confirmed, I am committed to using all available tools, including Section 301 where appropriate, to address unfair foreign trade practices of the Government of China.

Question 7

What do you believe should be the objectives of auto rules of origin in our trade agreements? Will you commit to discussing improvements to the NAFTA auto rules of origin during the NAFTA renegotiations?

Answer: I believe the objectives of rules of origin for automotive goods are to provide incentives for producers to source goods and materials here in the United States. These rules should support good jobs in the United States, rather than provide benefits for producers to outsource production and send jobs to other countries. If confirmed, I look forward to examining this issue closely to see where and how we can better meet these objectives.

Question 8

If you undertake bilateral trade negotiations, do you expect to use the TPP agreement as a template?

Answer: As I noted during my testimony, I would hope that we could take TPP and improve upon what was negotiated there. If confirmed, I look forward to working with Congress and other stakeholders to identify those areas where the TPP outcomes can be improved.

Question 9

Do you believe strong and enforceable currency provisions should be included in FTAs? If so, do you believe they should be subject to dispute settlement mechanisms in the agreements?

Answer: I have also long been concerned about the problem of currency manipulation. If confirmed, I will work with you and other Members of Congress, as well as with other Administration officials, to determine the best means to address this important issue.

Question 10

I strongly supported the inclusion of state-owned enterprises disciplines in the Trans-Pacific Partnership. Unfortunately, those provisions were drafted in a way to exclude many SOEs that should be subject to these disciplines, for example state-controlled enterprises that are not majority-owned by the state. Will you commit to including provisions on state-owned enterprises in any trade agreements that you negotiate? And will you commit to working with the Committee to ensure such disciplines are meaningful tools?

Answer: I agree that disciplines on SOEs are important to ensure a level playing field with our trading partners. If confirmed, I commit to working with Congress and

stakeholders to ensure that future trade agreements include strong rules that address unfair competition from SOEs.

Question 11

You have made public comments about the need to address the U.S. trade deficit. One way to reduce the U.S. trade deficit is to prevent U.S.-based production from moving overseas. Corporations often point to lower labor and environmental costs in U.S. trading partner countries as reasons for moving production offshore. Will you commit to strengthening labor and environmental standards in NAFTA to prevent more U.S. factories from offshoring to Mexico? Specifically, will you commit to negotiating improvements to Mexico's labor laws, including its laws protecting the right to organize and bargaining collectively, as part of the NAFTA renegotiations?

Answer: If confirmed, I look forward to working with you, other Members of Congress, and stakeholders as we update and improve the NAFTA. In particular I look forward to discussing ways in which we can strengthen labor and environmental provisions to meet the objectives in TPA and to seek to ensure our trading partners adopt and maintain labor and environmental standards in ways that also help level the playing field for American workers and businesses.

Question 12

Enforcement of labor obligations in U.S. FTAs has been inadequate. USTR has brought only one labor enforcement case, against Guatemala in 2008, and nine years later it is still unresolved. What would be your priorities for demonstrating improved compliance by trading partners and more effective oversight and enforcement by the U.S. government in this area?

Answer: When trading partners fail to enforce labor laws and do not uphold high-standard protections for workers, it can create a competitive disadvantage for U.S. workers, farmers, ranchers, and businesses. If confirmed, I will work closely with you, other Members of Congress, and stakeholders with an interest in directing our enforcement efforts to ensure that trading partners live up to their labor obligations in U.S. FTAs.

Question 13

The practice of systemic illegal logging has been well-documented in Peru, yet USTR has not initiated a dispute for these violations. Will you commit to fully enforcing the environmental obligations of the Peru FTA, including bringing a dispute against Peru?

Answer: If confirmed, I am fully committed to ensuring that Peru and our other trading partners live up to their obligations under our existing agreements. I look forward to working with you and other Members, as well as other stakeholders, to determine appropriate next steps with respect to Peru.

Question 14

Investment provisions in FTAs have provided legal protections for corporations to move productions offshore. What suggestions do you have for reforming trade and investment rules to prevent further offshoring?

Answer: The United States is the most attractive place in the world to invest. The Administration is committed to creating conditions that make it even more attractive for companies to establish and maintain production activity in the United States. If confirmed, I will ensure USTR staff reviews provisions of U.S. FTAs that can help to advance this goal, in line with the negotiating objectives established in TPA.

Question 15

Do you believe the U.S. should negotiate investment treaties with countries, even if they have persistently violated their existing trade obligations?

Answer: The Administration places a high priority on utilizing a broad range of tools to ensure that foreign governments treat the United States, U.S. exports, and U.S. companies fairly with respect to trade and investment, and that foreign governments comply with existing trade obligations. If confirmed, I will work closely with you and your staff to determine with which countries to negotiate. I look forward to your input on this issue.

Question 16

Commercial aviation traffic rights have traditionally been negotiated through bilateral Air Transport, or "Open Skies" Agreements, which are jointly overseen by subject-matter experts at the Departments of State and Transportation. This Open Skies system has been successful in liberalizing international aviation markets in a way that increases competition and promotes growth opportunities for U.S. airlines, while protecting labor rights. In recent years, however, there has been steady pressure from foreign negotiators to include aviation services in FTAs. Including aviation services in FTAs would be unprecedented and is unnecessary.

Will you oppose efforts by the EU or other foreign entities to include aviation services as part of broader trade negotiations?

Answer: Aviation traffic rights have traditionally been covered by Open Skies agreements, not trade agreements. I am aware of the sensitivity around this issue and, if confirmed, USTR will remain in close communication with Congress should our trading partners seek to include the negotiation of these rights as part of broader trade negotiations with this administration.

Question 17

How will you work to make U.S. trade negotiations more transparent and inclusive?

Answer: I believe that transparency and inclusiveness in trade negotiations is important to get the best possible deal. If confirmed, I will ensure that USTR follows the TPA requirements related to transparency in any potential trade agreement negotiation. I also look forward to discussing with Congress ways to ensure that USTR understands fully, and takes into account, the views of all stakeholders during the course of a trade negotiation.

Question 18

Will you commit to making all U.S. tabled FTA proposals public? Will you commit to releasing to the public draft, consolidated FTA text after negotiating rounds?

Answer: If confirmed, I look forward to discussing with Congress the best way to ensure that USTR obtains public input during the course of a trade negotiation.

Question 19

According to the Washington Post, approximately 85 percent of the official trade advisors represent corporations. How will you ensure the Trade Advisory Committees members are not disproportionately representative of corporations and more representative of the U.S. public?

Answer: It is important that USTR's Trade Advisory Committees represent all types of stakeholders to ensure that USTR fully benefits from a diverse set of viewpoints in considering the positions it takes in negotiations. If confirmed, I will work to ensure that USTR's Trade Advisory Committees are appropriately constituted in order to achieve this goal.

Question 20

The GAO recently published a report titled "Government Procurement: United States Reported Opening More Opportunities to Foreign Firms Than Other Countries, but Better Data Are Needed" (GAO-17-168), which concluded that the U.S. opened up more of its domestic government procurement opportunities to foreign competition than the next five largest trade agreement partners combined. Given the report's findings, will you commit to reevaluating U.S. procurement obligations under the Agreement on Government Procurement and any new trade agreements you negotiate?

Answer: Thank you for this question. I hear your concerns about the recently released GAO report on government procurement that raises many important questions ranging from the gaps in U.S. and international procurement statistics to the comparative value of procurement market access in our trade agreements. I understand the importance of this

issue, and if confirmed, I commit to working with you as we prepare a trade agenda that expands trade opportunities for U.S. suppliers.

SENATOR MICHAEL BENNET

Question 1

In November 2015, the Department of Treasury and 11 countries adopted a Declaration to address unfair currency practices. This Declaration aimed to address the principal negotiating objectives on currency included in the Trade Priorities and Accountability Act of 2015. This Declaration was intended to stand beside the Trans-Pacific Partnership Agreement (TPP).

- a. Does the Trump administration support the terms of that Declaration?**
- b. How does withdrawal from TPP affect commitments made by the U.S. government?**
- c. Will the Trump administration adhere to the transparency and reporting commitments made in the Declaration?**

Answer: I understand the importance that you and Congress as a whole place on the issue of unfair currency practices. I have also long been concerned about the potential for currency manipulation and misaligned currency to affect international trade flows. If confirmed, I will work with you and Congress, along with the Treasury Department and others in the Administration, to determine the best means to address this longstanding issue.

SENATOR BOB CASEY

Question 1

Mr. Lighthizer, do you agree that adopting or maintaining lax labor and environmental standards is not a legitimate way for governments to manufacture a competitive advantage for their exporters?

Answer: Labor and environment protections are important negotiating objectives that Congress has set out in TPA. If confirmed, I look forward to consulting closely with you and other Members of Congress with an interest in using our trade agreements and enforcement efforts to promote high-standard protections for workers and the environment to ensure a level playing field for American workers and businesses.

Question 2

According to the American Iron and Steel Institute, the steel industry employs about 19,000 people in Pennsylvania, and is one of Pennsylvania's biggest economic drivers.¹ The steel and aluminum industries are facing a crisis because of global overcapacity, stemming from China. This glut in supply has cost American jobs and driven prices down. The steel industry is bringing trade cases, but more aggressive enforcement of U.S. trade laws is necessary to curb these practices. Countries that don't make things don't last for very long. To that end, preservation of our manufacturing base is not just an economic imperative; it is vital to our national security. We must take definitive steps to address the market failures, and unfair trade practices that put our domestic producers at a significant disadvantage in the global marketplace.

- a. Can you please share what actions you intend to take to press China and other countries on overcapacity?**
- b. Please discuss how you will work with our allies, including the EU, on taking collective action on this issue.**

Answer: If confirmed, I will conduct a review of all available tools to address serious overcapacity problems in the steel industry and other sectors, work to address the root causes of those problems, and continue to work closely with other leading steel producing countries in the Global Forum on Steel Excess Capacity and other contexts. I will also examine how we might use our existing bilateral dialogues to press China to fix its unfair trade practices and vast excess capacity problem in many industrial sectors.

Question 3

What initial steps do you intend to take to address Mexico's lax enforcement of labor and environmental standards?

¹ <https://www.steel.org/~media/Files/AISI/Public%20Policy/Member%20Map/2016/Pennsylvania.pdf?la=en>

Answer: When trading partners fail to enforce labor and environmental laws, it can create a competitive disadvantage for U.S. workers, farmers, ranchers and businesses. If confirmed, I will work closely with you, other Members of Congress and stakeholders to ensure that trading partners like Mexico live up to their obligations to effectively enforce their labor and environmental laws. I also look forward to working with you, other Members of Congress, and stakeholders as we update and improve on the NAFTA. That process provides an opportunity to improve our trading partners' labor and environmental standards in ways that also help level the playing field for American businesses.

Question 4

With respect to labor standards in our trade agreements, where do you think we have executed appropriate enforcement of labor obligations? What are your priorities in this area of enforcement?

Answer: When trading partners fail to enforce labor laws and do not uphold high-standard protections for workers, it can create a competitive disadvantage for U.S. workers, farmers, ranchers, and businesses. If confirmed, I will work closely with you, other Members of Congress, and stakeholders with an interest in targeting our enforcement efforts to ensure that trading partners are acting consistently with their labor obligations in U.S. FTAs.

Question 5

With respect to uncompetitive market concentration of products or production, please discuss how you hope to work with the Department of Justice's antitrust division to evaluate the impact on prices in the United States, and where appropriate, develop remedies.

Answer: If confirmed, look forward to discussing with you what appropriate role USTR may have in this area.

Question 6

In your opinion, are the current funding and staffing levels at USTR sufficient to execute a robust trade and enforcement agenda that helps American businesses grow and gain market access?

Answer: I'm not in the Administration. In my personal view, we need more resources for USTR and with whatever we have we'll do the best job we can do.

The President has made clear that trade policy negotiations and litigation are a top priority of the Administration. Trade policy plays a critical part in every aspect of the economy and is essential to fulfilling the Administration's goal of accelerating economic growth and improving U.S. standards of living. USTR's previous budget requests were

based on the old status quo. Instead, President Trump places trade execution and enforcement at the top of his “America-first” trade policy.

USTR’s capabilities must grow to execute the President’s new strategy. Increased resources are necessary to reinforce USTR’s statutory obligations to (1) monitor compliance by foreign governments with trade policy commitments to the United States, detect violations as quickly as possible and take swift and successful actions to enforce U.S. rights and at the same time, (2) vigorously and successfully defend the ability of the United States to exercise its rights to ensure fair trade in the U.S. market, and, (3) take action under U.S. law to advance U.S. economic interests. If confirmed, I will work to ensure that USTR has the resources it needs to fulfill its mission.

Sufficient resources are vital to a robust trade enforcement strategy. Many of the problems faced by US exporters in foreign markets are hard to address due to lack of transparency or because they are legally or factually complex, requiring significant attorney, investigatory, analytical, or translation resources. If confirmed, I will commit to use all the resources available to USTR, and seek to draw on the significant expertise in other agencies, to enforce U.S. trading rights fully and ensure that our trading partners comply with their international obligations.

Question 7

Do you intend to self-initiate trade cases when the situation calls for it? If so, do you believe the current funding and staffing levels at USTR are sufficient to execute this agenda?

Answer: If confirmed, I am committed to using all available statutory authorities, including possible self-initiation, where appropriate, to address unfair foreign trade practices and to open markets for U.S. exports.

Question 8

On February 10, I wrote a letter to the President discussing key areas where American workers have been disadvantaged by trade agreements, this includes investor-state dispute settlement (ISDS) provisions. In practice, ISDS has provided some foreign companies greater legal protection than US employers.

Do you support the inclusion of Investor State Dispute Settlement (ISDS) in its current form in future trade agreements?

Answer: If confirmed, I will look forward to working with the Congress on the investment-related elements to be pursued in future U.S. trade agreements, consistent with the negotiating objectives set forth in the 2015 Trade Promotion Authority legislation.

How would you amend ISDS to ensure no special legal protection is afforded to offshoring jobs?

Answer: If confirmed, in negotiating trade agreements I will bear closely in mind the negotiating objectives established on this point by the Congress in the 2015 Trade Promotion Authority legislation.

Question 9

What steps do you intend to build on, and initiate, to protect US intellectual property from both coercive appropriation, and conventional and cyber-enabled economic espionage?

Answer: If confirmed, I will seek to use all appropriate trade tools to ensure that U.S. rights holders have a full and fair opportunity to use and profit from their intellectual property rights. Ensuring strong intellectual property protection, including against coercive appropriation and cyber-enabled economic espionage, and enforcement by our trading partners of their intellectual property obligations will be a top trade priority.

Question 10

Please describe where you see the WTO dispute settlement process as deficient and outline how you would work to make the process fairer.

Answer: USTR actively enforces WTO rules to ensure that U.S. producers, workers, ranchers, and farmers are able to achieve the market access to which they are entitled. USTR uses dispute settlement, as necessary, among other tools to achieve that goal. But to maintain U.S. confidence in the WTO, it is critical that WTO panels and the Appellate Body apply WTO rules as written and do not "add to or diminish the rights and obligations" of the United States or other WTO Members. If confirmed, I look forward to consulting closely with you, this Committee and the Ways and Means Committee, on ideas to ensure the WTO dispute settlement system operates as intended, and as approved by Congress in 1994.

Question 11

Trade is critically important to the agricultural economy. Canada and Mexico are major export markets for the U.S. dairy sector, which is a significant industry in my state. I am concerned about recent changes in Canadian policies that are displacing U.S. exports to that country. I am equally concerned with recent press reports that Mexico, which takes nearly a third of U.S. dairy exports, has stepped up trade talks with the European Union and New Zealand.

- a. How will you ensure that Canada abides by the terms of NAFTA with respect to dairy trade?**
- b. What will you do to ensure that U.S. dairy producers continue to have strong access to the Mexican market?**
- c. Should the Administration initiate a NAFTA renegotiation, will dairy access be a priority?**

Answer: I understand that Canada's supply management program for dairy is of high concern to you, other Members of Congress, and the U.S. dairy industry. If confirmed, I will examine the details of the issue and consult with you on the most appropriate way to address this matter. If confirmed, I will be committed to the expansion of U.S. dairy exports through negotiations that create enhanced export opportunities for our dairy producers, while we maintain the current markets that we already have.

Question 12

If confirmed, will you leverage the eligibility criteria found in AGOA to promote human rights and discourage anti-LGBT policies in sub-Saharan Africa, as the Obama Administration did?

Answer: If confirmed, I will commit to work with you to ensure that AGOA beneficiary countries adhere to all of AGOA's eligibility criteria, including with respect to human rights.

Question 13

The USTR monitors and reports on whether trading partners adhere to eligibility criteria consistent with their receipt of trade preferences. This is an opportunity to promote cooperation in combating terrorism and terrorist finance, an area where both interagency and international collaboration is critical.

- a. How do you view your role within our national security apparatus in aiding efforts to combat terrorism, terrorist finance and trade based-money laundering?**
- b. Will you ensure that countries are closely evaluated to promote adherence to the statutory eligibility requirements found in trade preference programs or other obligations they may have taken on?**
- c. There are well documented links between the sale of counterfeits and illegally taken resources (such wildlife and timber) to transnational criminal organizations and designated terrorist organizations. If USTR identifies trade or trafficking in counterfeits and illegally taken resources, will you be sure it alerts other appropriate agencies and encourages them to take appropriate actions to fully enforce U.S. law and advance U.S. interests?**

Answer: Fighting terrorism is a key priority of this Administration. Our trade preferences programs such as AGOA, GSP, and the Nepal Preference Program can play an important role by requiring the beneficiary countries to support the U.S. effort in combating terrorism. If confirmed, I commit to work with you and the Committee, along with the Ways and Means Committee, as well as other agencies and stakeholders, to ensure that beneficiary countries continue to meet the statutory eligibility criteria of these programs, including the criteria related to combating terrorism and adequate and effective protection of intellectual property rights. If confirmed, I also commit to coordinating with other agencies, as appropriate, on issues related to counterfeits and illegally taken natural resources.

Question 14

Since the President has refused to disclose his taxes, we have no way of knowing where he has business interests or to whom he owes debts. However, it appears he has advocated for the elimination of a provision within the tax code from which he could directly benefit, to the tune of over \$30 million dollars, for one past tax-year, alone. Further, Mr. Trump did not disclose, nor does anyone have the information to ascertain, how he would currently benefit when he asserted his support for the elimination of this particular provision.

- a. Do you think it is appropriate for the President to sign an affidavit affirming he has no financial interests in a trade agreement prior to negotiations being initiated?**
- b. How would you respond to and evaluate a direct request from the President concerning specific provisions within a trade agreement?**

Answer: In all my conversations with the President, he speaks very strongly on enforcement and getting the best possible deals for American workers, farmers, ranchers and businesses. The President is completely committed to the America First agenda, and working together, we have a reasonable likelihood that we can change the paradigm and make things better for all of our workers and farmers. I've never seen any hint in any way to the contrary.

Question 15

Counterfeits and theft of intellectual property not only threaten US economic competitiveness, they can be a threat to consumer health and safety and to national security. The Pennsylvania defense industrial base helps ensure that our warfighters have the most innovative, most effective equipment and technology to ensure that they are never in a fair fight, as General Odierno used to say. I am concerned about the impact that counterfeiting has on the defense supply chain. China accounts for the lion's share of counterfeits seizures – with 52 percent by value coming from the Chinese mainland and 35 percent by value from Hong Kong. US Agencies continue to take steps to curb counterfeits from entering the United States, including through Custom's Operation Chain Reaction, which addressed counterfeit circuits made in China.

- a. How do you hope to work with Customs, the Department of Defense, and the State Department to combat counterfeits and identify vulnerabilities in our supply chain?**

Answer: I am deeply concerned about the issues of counterfeiting and piracy in China, including as to integrated circuits and the impacts of these practices on the U.S. economy, U.S. jobs, and the threats that these practices pose to health and safety and national security. If confirmed, I will use all relevant trade policy tools, including the Special 301 report and the new procedures provided under the Trade Facilitation and Trade Enforcement Act of 2016 to spotlight and address this continuing problem. I look forward to engaging with other agencies in the government and to consulting with Members of Congress on this important issue going forward.

b. How will you respond to countries that show themselves to habitually foster counterfeiters?

Answer: The President has spoken very clearly that we need the strongest possible trade agreements, and stronger ones than we have negotiated in the past, to stand up for Americans in every area of trade. From my experience, the President is completely committed to the America First agenda, and working together, we have a reasonable likelihood that we can change the paradigm and make things better for all Americans . I've never seen any hint in any way to the contrary.

SENATOR MARK WARNER

Question 1

Two of the three largest export markets for Virginia are America's immediate neighbors to the north and south. So I have a few questions for you with respect to NAFTA.

The Administration has announced its intent to focus on bilateral, rather than multilateral, trade agreements. The President has also called for renegotiating NAFTA. How does the intention to focus on bilateral agreements affect a renegotiation of NAFTA, which is multilateral?

Answer: As you note, Canada and Mexico are our largest export markets, and the NAFTA is one of our oldest agreements, two reasons the President has made a renegotiation of the NAFTA a priority. However, while I am not currently in the Administration, I understand the Administration has taken no decision on the structure of a renegotiated agreement. Should I be confirmed, I look forward to consulting with you on that topic.

Question 2

You have stated that the U.S. has "chronic deficits" with Mexico – in 2016, Virginia had a \$300 million trade surplus with Mexico and a \$1 billion trade surplus with Canada. Can you assure me that any renegotiation of NAFTA will not worsen any individual state's net trade, or specifically, my state's net trade position? How will you do so?

Answer: In updating the NAFTA, we will seek to improve our trade relationship with Canada and Mexico in order to secure the greatest possible benefits for U.S. workers farmers, ranchers, and businesses. If confirmed, I look forward to working with you on how best to meet the needs of your state as we renegotiate the NAFTA.

Question 3

As the Administration formulates a plan for renegotiating NAFTA, what priority will it place on intellectual property protection, including in the pharmaceutical space, where 28 U.S. drug patents have been invalidated by Canada in recent years?

Answer: If confirmed, I will place a high priority on ensuring strong intellectual property protection and enforcement by our trading partners. This is necessary for future innovation, and it preserves a competitive advantage of the United States in the global market. I look forward to working with you to address your concerns about patent protection in Canada and how to best use all appropriate trade tools to address those concerns.

Question 4

When he was campaigning, Mr. Trump espoused vile rhetoric towards Mexico and Mexicans. He also pledged to build a wall, and even threatened to send troops to Mexico recently. All of that rhetoric has consequences, including for Americans. You must be aware that the Mexican peso has dropped 20% since Mr. Trump's election in November.

This makes U.S. exports to Mexico 20% more expensive, harming U.S. manufacturers and workers. As U.S. Trade Representative, will you work to ratchet down the racist and offensive rhetoric from the Administration towards our ally Mexico?

Answer: Mexico is our third largest trading partner. I look forward to working with the Government of Mexico to renegotiate and bring the NAFTA into the 21st Century. Furthermore, I look forward to working with Mexico to achieve shared goals with respect to ensuring a level playing field for products and services made in the United States and Mexico, respectively.

Question 5

Currency manipulation is a real issue, but we need to be careful to use real facts, rather than the alternative facts that the Administration is so fond of. The President campaigned on a promise to designate China as a currency manipulator. The Treasury Department, however, has not done so, probably because the data currently shows – and has shown for a while – China is not artificially holding down its currency. Making false designations based on the President's prejudices may set off a global trade war that will harm our economy. To the extent that you are consulted by Treasury on currency manipulator designations, will you support an objective analysis?

Answer: If confirmed, I will work with other Administration officials, including at the Department of the Treasury, to develop an effective approach for addressing the problem of currency manipulation.

Question 6

Last month, the Wall Street Journal reported that "Trump officials have asked employees at the Commerce Department and Office of the U.S. Trade Representative to calculate U.S. trade flows in a way that exaggerates the overall U.S. trade deficit, overstates deficits with countries like Mexico, and even creates the illusion of deficits where none exist." I don't know whether to call this "alternative facts," or just making stuff up, but it is concerning. Will you pledge to this Committee that, if confirmed, you will not manipulate trade statistics, or engage in what the Wall Street Journal called "fuzzy math?"

Answer: If confirmed, I will ensure that USTR relies on data related to flows of exports, imports, and other matters from the United States' professional statistical agencies, including Census, Bureau of Economic Analysis, and others, that provide the most complete and accurate picture of these matters.

Question 7

As you know, China offers extensive state support for domestic industries. For example, China has announced more than \$150 billion in government projects to create a domestic semiconductor market, which distorts global markets and results in oversupply, imperiling American manufacturers. As U.S. Trade Representative, what tools will you use to address this concern?

Answer: Semiconductors are one of the top five U.S. export sectors, and they are critical to advancing innovation in virtually all sectors of the U.S. economy, from automobiles to cell phones to medical devices. The Chinese government has launched an initiative to develop an indigenous, self-contained semiconductor industry—an initiative calling for government-directed funding in the tens of billions of dollars, with some estimates of over \$150 billion, as your question notes. If confirmed, I will work to address this challenge and to identify and implement the most effective policies to combat the market-distorting impacts of China’s semiconductor fund.

Question 8

Similarly, China employs other trade barriers that make it difficult for U.S. cloud services companies to operate in China, likely in violation of WTO commitments. Meanwhile, Chinese cloud service providers can operate in the United States today without similar regulatory restrictions. This imbalance is inherently unfair and threatens to jeopardize one of America’s critical areas of growth in the technology sector. Will you pledge to this Committee that, if confirmed, you will make this a priority in your discussions with Chinese officials?

Answer: I recognize that U.S. leadership in the technology sector, particularly in cloud computing, is a national strength and a source of our international competitiveness. I agree that our trade policy should work to ensure that U.S. companies in this sector can thrive globally, including in China, where I recognize that barriers have been severe and contrast sharply with the open market in the United States. If confirmed, I will make seeking progress in reducing barriers to U.S. companies in this sector, including in China, a priority.

Question 9

One of the key reasons I supported President Obama’s pivot towards Asia and his pursuit of TPP was because strengthening economic integration leads to stronger national security relationships, increases our ability to improve human rights and labor and environmental standards, and boosts American “soft power.” Now that this Administration has abrogated TPP, China’s economic might in East and Southeast Asia will grow. How will you, as USTR, address that to benefit American workers and exporters?

Answer: The Administration intends to maintain its leadership in the region

through active engagement with countries in the Asia Pacific. The Administration has also indicated it is considering pursuing bilateral FTAs with those countries. If confirmed, I will work to press China to provide a level playing field for U.S. exporters. In addition, I will consult closely with you and other Members of Congress on how best to maintain U.S. leadership in the region.

Question 10

American farmers often face major barriers in attempting to export products to foreign markets. Prominent examples have included bone-in beef to South Korea and Japan, or poultry to China, under spurious sanitary or phytosanitary conditions. Will you continue the fight that previous U.S. trade representatives engaged in to break down those trade restrictions for U.S. agricultural products?

Answer: If confirmed, I am committed to tear down unwarranted sanitary and phytosanitary barriers to U.S. agriculture exports, including for U.S. beef and poultry. Ensuring that countries have regulations that are based on scientific principles and international standards is critical to the expansion of agricultural exports and the improvement of rural incomes.

Question 11

How can the United States use new and existing trade agreements, including enforcement tools, to ensure U.S. businesses benefit from strong intellectual property protections and greater access to global markets?

Answer: If confirmed, I would seek to use all appropriate trade tools to ensure that U.S. rights holders have a full and fair opportunity to use and profit from their intellectual property rights. Ensuring strong intellectual property protection and enforcement by our trading partners will be a top trade priority.

Question 12

There has not been a successful sustained safeguard action that has not run afoul of the World Trade Organization (WTO). Knowing that WTO Safeguard actions provided for in the GATT article XIX (19) are available to the U.S., how will USTR approach safeguard actions if deemed necessary and how will you ensure the U.S. sustains a case at the WTO?

Answer: If confirmed, I will work with USTR staff and with other agencies to evaluate the most suitable response, including the use of our safeguard laws where appropriate, for addressing each particular situation where imports are harming U.S. workers and businesses. I will also take all possible steps to defend any safeguard action at the WTO.

SENATOR CLAIRE MCCASKILL

Question 1

Missouri is a major state exporter, with nearly \$14 billion in exports in 2016. More than 60 percent of Missouri's exports were to the state's top two trading partners, Canada and Mexico. The Administration has announced that it will soon renegotiate NAFTA. What specific steps will you take as the U.S. Trade Ambassador to improve this trade agreement without putting the manufacturers and farmers in Missouri at risk of losing market access with these trading partners?

Answer: I understand that NAFTA has been in place for a long time and that many of our workers, farmers, and firms have expanded exports to Canada and Mexico under the agreement. If confirmed, I am committed to maintaining U.S. exports of goods and services from Missouri and our other states, and will use the opportunity of renegotiating NAFTA as a way to seek changes that will expand U.S. exports to Mexico and Canada and generate increased economic opportunities for America's workers, farmers, ranchers and businesses.

Question 2

China's state-owned enterprises invested \$45 billion in the United States during 2016. Are you willing to use regulatory tools to ensure that SOE investment in the United States does not distort our markets or threaten our economic security?

Answer: If confirmed, I will look forward to working with the Congress, stakeholders and other U.S. government agencies to consider appropriate ways of addressing concerns about Chinese SOE investment in the United States.

Question 3

China negotiated 14 Free Trade Agreements since 2002, and is closing in on the completion of the Regional Comprehensive Economic Partnership, a 16-country agreement that includes India and Japan. What is the Administration's plan to expand our market access in the Pacific Rim and how does the Administration intend to combat the influence of China in that region?

Answer: The Trump Administration intends to play a strong leadership role in the Asia Pacific, including through the active negotiation of bilateral free trade agreements and other trade initiatives aimed at ensuring that U.S. workers, farmers, and manufacturers have a fair opportunity to compete in these markets. If confirmed, I look forward to working closely with Congress to increase U.S. economic growth, foster job creation in the United States, promote reciprocity with our trading partners, and enhance U.S. competitiveness in the Asia-Pacific region and globally.

Question 4

There is a global glut in steelmaking capacity caused by foreign government subsidies and other market-distorting policies. China's surplus capacity for steel production is greater than the entire steel production of the US, the EU and Japan combined. The OECD has attempted to address this challenge through a global forum, however, there has been little action or results. What steps will you take to address the need to reduce global steel capacity?

Answer: If confirmed, I will conduct a review of all available tools to address serious overcapacity problems in steel and other sectors, work to address the root causes of those problems, and continue to work closely with other leading steel producing countries in the Global Forum on Steel Excess Capacity and other contexts.

If confirmed, I also will examine how we might use our existing bilateral dialogues to press China to fix its unfair trade practices and vast excess capacity problem in many industrial sectors. I will vigorously enforce and defend our trade remedy laws, and aggressively utilize all available tools in the WTO and other mechanisms to combat distortive trade practices.

Question 5

Do you think the computable general equilibrium model used by the International Trade Commission provides the most accurate prediction of all the possible risks and benefits of new trade deals? Do you support making changes to the model to better account for investment, wage, and regulatory impact?

Answer: Computable general equilibrium (CGE) models are one of many tools widely used to assess trade agreements. Other tools include econometric models, partial equilibrium models, as well as qualitative assessments. CGE and other models can and should be improved over time, consistent with maintaining the greatest possible confidence in the outcomes, as the model becomes able to incorporate additional features of trade agreements such as services, investment, rules of origin, and logistical efficiency. If confirmed, I will ask USTR's office of Trade Policy and Economics to work with the ITC to ensure that the models it is using to assess new trade deals and in other contexts are as strong as possible.

Question 6

The Trade Promotion Authority includes the protection of cross-border data flows and opposition to data localization laws as core negotiating objectives for future US free trade agreements. As the U.S. Trade Representative, what will you do to support these Congressional objectives for data flows and local server prohibitions?

Answer: Digital trade provides enormous value to the U.S. economy, and U.S. companies are uniquely competitive in this area. I recognize the significant challenges for U.S.

firms when foreign governments impose restrictions on the ability to transfer data across borders or require data to be stored locally. If confirmed, I will look forward to working with the Congress to identify ways to promote open digital trade policies globally, including through implementation of specific objectives set out in TPA.