Written Testimony by Ambassador Katherine Tai
Senate Appropriations Subcommittee on Commerce, Justice, Science, and Related Agencies
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Good morning, Chair Shaheen, Ranking Member Moran, and Members of the Subcommittee. Thank you for inviting me to discuss President Biden's FY23 Budget Request to support the Office of the United States Trade Representative (USTR).

Before I begin, I want to be clear that Congress is our constitutional partner on trade and close collaboration is critical to developing successful trade policy.

The President's Budget Request for Fiscal Year 2023 features $76.54 million for USTR. This includes $61.54 million available directly to USTR and $15 million allocated through the Trade Enforcement Fund.

This request will help the agency enforce our existing trade agreements, strengthen ties with allies and partners, and advance President Biden's new approach to trade policy that supports the middle class, improves labor and environmental standards and creates inclusive prosperity and new opportunities for our workers, farmers and businesses.

Enforcement

Our Administration is committed to enforcement as a critical component of our trade agenda. Manufacturers, farmers and ranchers do not always get the full benefits of access to new markets and too many workers and communities suffer due to unfairly traded imports. This has created a trust gap with the public and is why enforcement is a key component of our worker-centered trade policy.

For example, using the Rapid Response Mechanism in the United States – Mexico – Canada Agreement, we asked the Government of Mexico to review whether workers at four facilities in Mexico were denied the rights of free association and collective bargaining. Thanks to the operation of this mechanism, workers at the Silao GM facility voted for a new union that negotiated a better contract, which will pay workers a higher wage.

Our enforcement efforts have also helped protect the environment. We initiated consultations with Mexico designed to prevent illegal, unreported, and unregulated fishing. We also reached an agreement with Vietnam to keep illegally harvested or traded timber out of the global supply chain.

Finally, we continue to press Canada to fulfill its commitment to U.S. dairy farmers and producers, and recently initiated a second set of dispute settlement consultations over its tariff-rate quota restrictions. Canada's actions are preventing U.S. dairy producers from receiving the market access benefits promised in the USMCA and we will not let up.

China

The next major component of our trade agenda is the realignment of the U.S. – China trade relationship.

In October, I announced a new strategy to re-align our engagement with the PRC, which would begin with direct discussions with its leaders.

We pressed the PRC to live up to its commitments under the "Phase One Agreement." Several rounds of difficult discussions made clear the limits of the PRC's interest in delivering fully on those obligations.

This has become part of a pattern. The United States has repeatedly sought and obtained commitments from China, only to find that lasting change remains elusive.

That is why we need to turn the page on the old playbook. The PRC's non-market industrial policies unfairly target U.S. workers, businesses, and key sectors. We have to use all available tools, and develop new tools, to defend our economic interests and values.

President Biden also recognizes that our ability to defend against unfair PRC economic practices requires that market economies act in concert to confront policies and practices that are fundamentally at odds with the modern global trading system. That is why we have also brought a renewed focus to engagement with our partners and allies, who also are negatively impacted by the PRC's unfair trade and economic practices.

Strengthening and Deepening our Trade Relationships

Beyond this cooperation, we are deepening our engagement with key trading partners through new and existing bilateral, plurilateral and multilateral agreements and arrangements.

Look no further than our renewed engagement with the Indo-Pacific.

I was proud to join President Biden last month to launch the Indo-Pacific Economic Framework (IPEF) for Prosperity. USTR is leading the discussions on IPEF's trade pillar

I recently held a productive meeting with our 13 partners in Paris to discuss our vision and priorities for this pillar. We are beginning to develop high-standard commitments across several areas including the digital economy, labor, environment, agriculture, and trade facilitation that support our larger goals of promoting resilience and facilitating sustainable and inclusive economic growth that benefits our workers and our planet.

We also announced the U.S.-Taiwan Initiative on 21st-Century Trade earlier this month, under the auspices of the American Institute in Taiwan (AIT) and the Taipei Economic and Cultural Representative Office (TECRO), to develop concrete ways to strengthen our trade and investment relationship with Taiwan and advance our mutual economic priorities.

Beyond the Indo-Pacific region, we have stepped up our bilateral and multilateral engagement at the G7, G20, OECD, Summit of the Americas, and, most recently, at the World Trade Organization.

We also continue to build on our bilateral engagement with our Transatlantic partners. In the last year, we reached an understanding in the Boeing-Airbus dispute and adopted a framework to resolve the Section 232 steel and aluminum trade disputes that removed or avoided more than $20 billion in tariffs – without surrendering our principles and interests.

Lowering those tensions helped pave the way for us to begin negotiations on a global arrangement with the EU. While our discussions are still ongoing, this will be the world's first sectoral arrangement on steel and aluminum trade to tackle both emissions and non-market excess capacity. We also regained access to the EU market for American shellfish for the first time in a decade, and just recently concluded the second ministerial meeting of the US-EU Trade and Technology Council.

Our work to use trade as a collective policy tool to raise standards in the world economy extends to our efforts directed at eliminating the use of forced labor in global supply chains. We are doing our own part to set the pace of this important work. On June 21, the Forced Labor Enforcement Task Force launched its enforcement strategy of the Uyghur Forced Labor Prevention Act in order to prohibit the importation of goods produced entirely or partially in the Xinjiang Autonomous Region of the PRC or produced by certain entities.

The U.S. Customs and Border Protection, in coordination with USTR, has issued withhold release orders in 35 instances over the years that flag products coming from the PRC produced partially or entirely with forced labor. This includes 11 active WROs on products from Xinjiang.

I look forward to working with this subcommittee to enact our FY 2023 Budget Request so that USTR can fulfill this agenda on behalf of the American people.