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# NOMINATION OF MICHAEL FROMAN

## HEARING

BEFORE THE

## COMMITTEE ON FINANCE
## UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

ON THE

NOMINATION OF

MICHAEL FROMAN, TO BE UNITED STATES TRADE REPRESENTATIVE, WITH THE RANK OF AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY, EXECUTIVE OFFICE OF THE PRESIDENT

JUNE 6, 2013

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# NOMINATION OF MICHAEL FROMAN, TO BE UNITED STATES TRADE REPRESENTATIVE, WITH THE RANK OF AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY, EXECUTIVE OFFICE OF THE PRESIDENT

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**THURSDAY, JUNE 6, 2013**

U.S. SENATE,
COMMITTEE ON FINANCE,
*Washington, DC.*

The hearing was convened, pursuant to notice, at 11:10 a.m., in room SD–215, Dirksen Senate Office Building, Hon. Max Baucus (chairman of the committee) presiding.

Present: Senators Wyden, Schumer, Menendez, Carper, Cardin, Brown, Casey, Hatch, Grassley, Thune, Burr, Isakson, and Portman.

Also present: Democratic Staff: Mac Campbell, General Counsel; Amber Cottle, Staff Director; Chelsea Thomas, Professional Staff Member; Hun Quach, International Trade Analyst; Tiffany Smith, Tax Counsel; Savanna Cochran, Intern; Laurie Dempsey, Detailee; Bruce Hirsh, Chief International Trade Counsel; and Rory Murphy, International Trade Advisor. Republican Staff: Nicholas Wyatt, Tax and Nominations Professional Staff Member; Richard Chovanec, Detailee; Kevin Rosenbaum, Detailee; and Rebecca Nasca, Staff Assistant.

## OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR FROM MONTANA, CHAIRMAN, COMMITTEE ON FINANCE

The CHAIRMAN. The hearing will come to order.

William Shakespeare once said, and I quote him, "Nimble thought can jump both sea and land."

The USTR brings both nimble thought and nimble action to bear on the complex world of trade negotiations and enforcement. And this nimbleness allows them to address the challenges of trade policy across sea and land.

The USTR is lean; it is effective. With fewer than 250 employees, it punches beyond its weight to break down foreign barriers to U.S. goods, services, and intellectual property. And it negotiates the rules of trade that expand commerce, promote growth, and create jobs.

USTR requires leadership that is equally nimble—leadership that can harness USTR's strengths and the strengths of the U.S. Government as a whole. It needs a leader willing to put in the miles to meet with foreign counterparts and drive a hard bargain.

A leader willing to partner with us here in Congress to develop trade policies that work. And a leader willing to put in the hours to understand the challenges facing U.S. businesses, farmers, and ranchers—ranchers like Jim Peterson who are fighting to sell more U.S. beef around the world and are facing unscientific barriers in places like China.

I am pleased that we have such a leader before us today. Michael Froman is the right person for this job. For the past 4 years, he has demonstrated a mastery of trade policy development and implementation.

He understands the small details, and he sees the big picture. He has closed out trade agreements, guided global economic policy, and promoted initiatives that have boosted America's exports by more than 40 percent. And he has skillfully represented the United States at global forums like the G–8 and the G–20. He is more than capable to do the job at hand. We should confirm his nomination, and we should do it quickly.

President Obama has outlined an ambitious trade agenda, one that requires a strong trade representative like Mr. Froman who can hit the ground running. The time is ripe. The United States has an opportunity to share in the rapid growth of the Pacific region and to unlock further economic gains from our already deep ties with Europe.

USTR seeks to complete the Trans-Pacific Partnership negotiations by the end of the year. It will soon be ramping up free trade agreement negotiations with the European Union, and it is hard at work in Geneva on a multilateral services agreement, expanding opportunities for U.S. information technology products and reducing border delays around the world.

These trade policies will make a difference here at home. As a group, the TPP countries are the largest international market for U.S. goods and services. Last year, U.S. exports to current TPP countries totaled nearly $260 billion, representing 40 percent of total U.S. goods exports.

And breaking down trade barriers in TPP countries will make a real difference. Japan relaxed its beef restrictions earlier this year, and our beef sales are almost 50 percent higher. Japan's average agricultural tariffs are more than 20 percent, while ours are only 5 percent. When those tariffs come down, our sales will go up.

And the Transatlantic Trade and Investment Partnership will also stimulate economic growth and job creation. The European Union purchased close to $460 billion in U.S. goods and services last year, supporting 2.4 million American jobs. A comprehensive agreement that tackles long-standing regulatory and agricultural barriers could add even more jobs here at home.

My home State of Montana shows how critical an ambitious trade agenda is to good-paying jobs. Montana's manufacturers, farmers, and ranchers rely upon open markets to create and maintain jobs. In fact, one in six manufacturing jobs in Montana comes from exports. In the last decade, Montana's goods exports to FTA partners have increased by 250 percent. Last year, Montana's wheat growers exported 85 percent of their crop.

Because of the tireless efforts of U.S. trade negotiators, ranchers from Clyde Park can now export American beef to Korea, and farm-

ers from Churchill can export American seed potatoes to Congo. We must fulfill the promise of our ambitious trade agenda. Confirming Mike Froman quickly will be the first step, but we are not done there. The next step will be to pass Trade Promotion Authority and Trade Adjustment Assistance.

With so many trade initiatives moving to completion and getting off the ground, we need TPA now to guide and support USTR. And we need TAA, Trade Adjustment Assistance, to ensure that our workforce remains ready to compete with anyone, anywhere in the world.

I am pleased that the administration supports TPA and worker assistance. Mr. Froman, I look forward to working with you to renew TPA and TAA in the next few months so that we can lay the groundwork for a successful trade agenda. I will continue my efforts to introduce a bipartisan TPA bill this month.

Finally, I would like to emphasize that the USTR must continue to harness the resources and energy of the entire U.S. Government for our trade agenda to be successful. It must continue to be headquartered at the White House, and the U.S. Government must continue to pull together behind USTR's leadership.

The President's ambitious trade agenda will require nimble thought and nimble action. And I am confident that, with Mike Froman at the helm, USTR will meet the ambition that the President has set.

Mr. Froman, members of this committee will probably ask you some tough questions today. That is our right; it is our responsibility.

Over the past several years, you have shown that you are willing to go the extra mile, over land and sea, to get the best deal for U.S. farmers, ranchers, businesses, and workers. And I believe you will serve ably as the next U.S. Trade Representative. I look forward to our discussion.

[The prepared statement of Chairman Baucus appears in the appendix.]

The CHAIRMAN. Senator Hatch?

## OPENING STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR FROM UTAH

Senator HATCH. Well, thank you, Mr. Chairman, and thank you, Mr. Froman, for appearing here today and joining with us. I look forward to hearing your testimony.

However, before talking about trade policy, I want to take a few minutes to talk about the wide disparity between the Obama administration's rhetoric and the actions taken by administration officials.

Now, this has particular relevance to Mr. Froman's nomination.

A few months ago, when the Finance Committee was considering the nomination of Jack Lew to be the Secretary of Treasury, we learned that he had invested in a Cayman Islands hedge fund located in the now infamous Ugland House that so many Democrats have decried as a tax haven.

At the time, we reminded people that, in 2008, while campaigning for President, then-Senator Obama said that the Ugland

House was "either the biggest building in the world or the biggest tax scam in the world."

And throughout the 2012 campaign, President Obama repeatedly attacked Mitt Romney, his opponent, for having funds invested in the Caymans. In making such investments, Governor Romney was, in the words of the Obama campaign, "betting against America." Yet the President had no problem nominating someone who made similar investments to be Treasury Secretary.

As a result of our vetting process, we now have learned that Mr. Froman has actively invested roughly half a million dollars in the exact same hedge fund located at the Ugland House.

Mr. Froman is, in fact, the third Cabinet-level nominee this year to have made use of offshore investments and structures, despite the President's unequivocal condemnation of these types of activities during the campaign. Moreover, the Cayman Islands investment is in a fund that, in turn, has invested in companies that outsource jobs or, using the President's rhetoric, ship jobs to low-wage countries like India.

On top of that, we all remember in early 2009 when President Obama remarked about Wall Street, saying that institutions were "teetering on collapse, and they are asking for taxpayers to help sustain them."

The President also railed against Wall Street bonuses at the time, saying, "That is the height of irresponsibility. It is shameful." Elsewhere, he referred to Wall Street bonuses as "obscene."

Like Secretary Lew, Mr. Froman was employed at Citigroup during much of the financial crisis. In late 2008 and early 2009, American taxpayers provided over $45 billion—with a "b"—in direct assistance to Citigroup and backed hundreds of billions of Citigroup assets. During those same 2 years, Mr. Froman received more than $5 million in bonuses, much of which was paid for work performed when Citi was on the verge of collapse.

Once again, we see a contradiction between the President's rhetoric with regard to Wall Street and his decision to nominate Mr. Froman to be the U.S. Trade Representative.

Now, I do not raise these issues to suggest that Mr. Froman has done something wrong or that he has not complied with our tax laws. I believe he has complied, and he has lived within the law. Instead, I simply want to point out what appears to be hypocrisy on the part of President Obama and this administration.

The President's rhetoric seemed to suggest that offshore investments, investments in outsourcing, and Wall Street bonuses are not simply bad policy, but morally wrong. Yet the same vitriol used to attack the President's political opponents does not seem to apply to his nominees for Cabinet positions.

As I said during the debate over Secretary Lew's nomination, the American people are essentially being told that they should do as the Obama administration says, not as they do. That does not inspire a lot of confidence, to say the least.

That said, I do not believe we should let the administration's contradictory statements distract us from trying to help grow our economy through trade.

Indeed, the U.S. Trade Representative is a vital position. And despite any disagreements I might have with the Obama administra-

tion's rhetoric, I believe this nomination should be considered on its own merits.

Trade is an engine of economic growth. Since the end of World War II, international trade has helped pull millions of people out of poverty, while creating enormous opportunities for growth here in the United States.

Unfortunately, it appears as though U.S. trade policy has been adrift for much of President Obama's first term. The long delay in submitting the trade agreements with Colombia, Panama, and Korea kept U.S. exporters on the sidelines for far too long. And now we see they are working out as very good agreements. And while new and potentially meaningful negotiations have been launched by this administration, not one of them seems close to successful conclusion. Mr. Froman, I am counting on you to straighten that out.

This is due both to a lack of real leadership and the fact that our trade negotiators do not have the tools needed to do their job.

For example, Trade Promotion Authority expired in 2007, as the chairman has pointed out. As a result, our trade negotiators lack the authority necessary to negotiate and conclude new trade agreements. Unfortunately, there has been no real effort by President Obama to secure TPA renewal.

Members of Congress have fought to fix this problem. We pushed for a vote on TPA renewal on the Senate floor 21 months ago. Unfortunately, that effort failed, largely due to lack of support from our Senate Democratic colleagues.

To me, this shows that presidential engagement on TPA renewal is vital. Without the President's active leadership and public support for TPA, it is hard to see how our current efforts to renew Trade Promotion Authority can succeed.

And we must succeed. Today, 95 percent of the world's customers live outside the United States. They account for 92 percent of global economic growth and 80 percent of the world's purchasing power. But the United States is falling behind as we fight for access to these markets.

Fortunately, the U.S. has a number of promising initiatives underway, including the Trans-Pacific Partnership and negotiations with the European Union, both mentioned by our distinguished chairman.

These agreements must be comprehensive, incorporate the highest standards of intellectual property rights protection, and provide meaningful market access for U.S. exporters. In pursuing these initiatives, I hope the administration does not lose sight of the importance of our efforts under the auspices of the World Trade Organization, including expansion of the Information Technology and Government Procurement agreements and conclusion of a robust agreement on Trade in International Services and Trade Facilitation. Each of these represents an important opportunity to further advance trade and grow our economy.

During our March hearing on the President's trade agenda, I called on the President to nominate someone to serve as the United States Trade Representative who has the trade expertise, political savvy, and leadership skills necessary to effectively lead this agency. Our nominee today certainly appears to meet that test, and I

am pleased that you are willing to do this. You have served most recently as Assistant to the President and Deputy National Security Adviser for International Economic Affairs at the White House and in multiple senior economic roles under prior administrations.

I intend to support you, but I did want to raise these issues because of, I think, the hypocrisy involved, certainly during the last election.

Mr. Chairman, I want to thank you for holding this hearing today. I look forward to hearing from Mr. Froman on how he will, if confirmed by the Senate, carry out the duties of the U.S. Trade Representative.

The CHAIRMAN. Thank you, Senator.

[The prepared statement of Senator Hatch appears in the appendix.]

The CHAIRMAN. Mr. Froman, before we begin, it is customary for us to ask the nominees, if they wish, to introduce their family.

Mr. FROMAN. Well, thank you very much, Mr. Chairman and Ranking Member Hatch. It is my pleasure to introduce my wife, Nancy; my children, Benjamin and Sarah; and our caregiver, Gina Rodriguez. I will ask the committee's indulgence. Today is Ben's last day of school, so he may leave the hearing a little early, and we will see how long Sarah lasts. But it is my pleasure to have them here.

The CHAIRMAN. Okay. Ben, Sarah, Nancy, do you mind standing so we can all recognize you? [Applause.]

And good luck, Ben, on your last day. Knock 'em dead, okay? All right.

As you know, Mr. Froman, our usual practice is to have your statement included in the record. If you just could summarize it in about 5 minutes, that would be good.

## STATEMENT OF MICHAEL FROMAN, NOMINATED TO BE UNITED STATES TRADE REPRESENTATIVE, WITH THE RANK OF AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY, EXECUTIVE OFFICE OF THE PRESIDENT, WASHINGTON, DC

Mr. FROMAN. Okay. Thanks, Mr. Chairman, Ranking Member Hatch, and all the members of the committee. Thank you for that kind introduction, and I am humbled by the confidence that President Obama has shown in me by nominating me for this position, and grateful and honored to be considered by this committee.

I want to just thank my family for all the love and support they have given me to make this possibility of service real.

I also want to thank my parents and recognize how much they have meant to me and what they have contributed to me. My mother was an elementary school teacher, a Cub Scout den leader, and an active member of the PTA. My father was an immigrant who fled Hitler's Germany, grew up in Israel, came to the United States to go to school, built a small business, was president of his Rotary Club, and continues to be an important source of guidance and support today.

My parents taught me the value of hard work and education, the importance of giving back to our community, and the privilege to serve and work to improve the wider world. I would not be who I am today, and I certainly would not be here today, without them.

In recent weeks, I have enjoyed candid, substantive discussions with many of you about trade and America's broader economic challenges. There is a long tradition of close cooperation between the Finance Committee and USTR, and that is a tradition I plan to continue, if I am confirmed.

As President Obama has made clear, our number-one goal must be to promote growth, create jobs, and strengthen the middle class. I see USTR's role in that effort to be threefold: first, by opening markets around the world so that we can expand our exports; second, by leveling the playing field so that our people can compete and win in the global economy; and third, by ensuring that our trade rights and trade laws that we have worked so hard for are fully implemented and enforced.

I first had the opportunity to work with USTR as a White House fellow under President George H.W. Bush, then under President Clinton, and over the past 4 years as President Obama's adviser on international economic affairs. It is clear to me that USTR is a very special place.

USTR professionals exemplify the finest traditions of public service. They work hard, they are nimble, they bring intellectual rigor to their mission, and they get things done for the American people. If confirmed, it would be an honor to lead them.

As we speak, USTR staff are busy negotiating the groundbreaking Trans-Pacific Partnership. They are consulting with you on the upcoming negotiations for an unprecedented Transatlantic Trade and Investment Partnership. And, in Geneva, they are working to energize trade liberalization, including on trade facilitation, information technology, and services.

All of these negotiations are designed to strengthen the multilateral, rules-based trading system and press it to achieve its highest possible aspirations. If we can conclude these agreements—and let me be clear, my view is that it is better to accept no agreement than a bad agreement—we will have positioned the United States at the center of a network of agreements creating free trade with 65 percent of the global economy. It is among the most ambitious trade agendas in history.

Trade is also a powerful tool for development, and, if confirmed, I look forward to working with you to renew GSP and AGOA and to finding innovative ways to facilitate trade and regional integration across the developing world.

But trade policy can only work if it is fair, and we are committed to opening markets, but we are equally committed to enforcing our trade rights and trade laws and to helping displaced workers obtain the skills and jobs they need.

American workers are the most productive in the world. They deserve to compete on a level playing field. This administration has made enforcement a top priority: 18 cases brought to date and the creation of the Interagency Trade Enforcement Center to enhance the depth and reach of our enforcement efforts.

As with so many things, that could not have been possible without the support of this committee. Trade policy only fulfills its full potential when it reflects close consultations between the administration, Congress, and a wide range of stakeholders.

In that regard, if confirmed, I will engage with you to renew Trade Promotion Authority. TPA is a critical tool, and I look forward to working with you to craft a bill that achieves our shared goals.

Let me conclude by making clear that, if given the honor of serving as the U.S. Trade Representative, I will do everything in my ability to promote the interests of our workers, farmers, and ranchers; our manufacturers and service providers; our innovators, investors, and consumers.

Thank you again for considering my nomination. I am happy to take your questions.

[The prepared statement of Mr. Froman appears in the appendix.]

The CHAIRMAN. Thank you, Mr. Froman. I have four obligatory questions that we ask of all nominees.

First, is there anything you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. FROMAN. No, sir.

The CHAIRMAN. Do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. FROMAN. No, sir.

The CHAIRMAN. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

Mr. FROMAN. Yes, sir.

The CHAIRMAN. This last we have added recently. Do you commit to provide a prompt response in writing to any questions addressed to you by any Senator of this committee?

Mr. FROMAN. Yes, Senator.

The CHAIRMAN. Thank you.

All right. You have outlined a very ambitious trade agenda, with multiple negotiations going forward. Other countries that we are negotiating with would like to have some confidence that any agreement that you reach, the United States reaches, will be honored. And I am pleased that you personally said you are making Trade Promotion Authority renewal a priority and that you will engage with Congress to get Trade Promotion Authority passed quickly.

Does this mean the President is himself requesting renewal of Trade Promotion Authority?

Mr. FROMAN. Yes, Mr. Chairman.

The CHAIRMAN. So the President is asking for TPA to be renewed?

Mr. FROMAN. Yes.

The CHAIRMAN. Good, because there has been some question about that, and I am glad to hear that clearly stated.

Next is an opportunity for you to clear the air a little bit about your Cayman Islands investments. Would you just tell this committee, describe the fund, how you came to invest in it, taxes paid, money earned, et cetera?

Mr. FROMAN. Thank you, Mr. Chairman. When I was in the private sector, I had the opportunity to participate in an employee program to invest in an international fund. I did not invest in the international fund because of where it was located. I invested in it because it allowed me to diversify my portfolio.

I am no tax expert. My understanding is this is an investment partnership fund where all earnings, all gains or losses, are passed on through a K–1 to the individual investors. I have paid taxes, I have paid every penny of taxes due on that fund, and I am not aware of any tax benefit that I have received by virtue of investment in that fund.

The CHAIRMAN. If there is any legitimate question about your investment in the Caymans, what might it be? Several have raised questions, and, if you could just again tell us that your investment is on the up-and-up, and all taxes were paid and nothing of an illegal nature——

Mr. FROMAN. Well, again, I am no tax expert, and I cannot speak for other activities in the Cayman Islands. All I can say is that, with regard to this kind of fund, all the gains and losses of the investments are passed on to the individual investors through a K–1. I forwarded that K–1 to my accountant and paid taxes, every penny of taxes, due on that investment.

The CHAIRMAN. Could you talk just a little bit about China? There have been a lot of articles lately, and I was particularly struck with the article in the Sunday review section of the *New York Times* about how China is very aggressively investing worldwide, and not only direct investment, but loans. In fact, I remember a figure that Chinese loans last year exceeded World Bank loans for that year. And there are real concerns that the playing field is not level with China, that the United States is more open. The Smithfield investment is an example. They are a pork packing plant, but China does not take one ounce of beef. It does not seem to be too level to me.

What leverage does this country have, what leverage can you as the USTR undertake to help level the playing field? I do not think anybody wants to China-bash, but at the same time, we do not want to be taken advantage of. Could you just help us and indicate to us what your policy would be with respect to China and how we get leverage so we are not just talking, we are actually doing something constructive?

Mr. FROMAN. Well, Mr. Chairman, probably no greater issue is on the trade agenda than our relationship with China, because it cuts across so many different issues. We have engaged with them through all sorts of different mechanisms—bilaterally from the highest level, from the President on down, through the Strategic and Economic Dialogue, through the Joint Commission on Commerce and Trade, through the G–20, through the WTO, through the IMF—to take on the issues that we think, as you say, create an unlevel playing field between us. And we are very focused on making progress wherever we can, both in terms of pushing for further domestic reform in China on issues like liberalization of their exchange rate policy, reform of their financial sector, reform of their state-owned enterprise sector, to ensure that our companies

that are competing against state-owned enterprises around the world have a level playing field in which to operate.

We work also through the enforcement agenda. We have brought several cases against China, eight cases against China, over the last 4 years—from manufacturing to agriculture to services—at the WTO. We brought the only 421 case against China with regard to tires, and we see that sector in the U.S. rebounding and more jobs created there.

So we have to use every tool at our disposal, our bilateral, results-oriented dialogues, international institutions, but also our enforcement mechanisms, where necessary, to ensure that there is a level playing field for our workers, our ranchers, and our farmers.

The CHAIRMAN. Okay. I do not have more time to pursue it right now, but I would urge you, once you are confirmed, to spend more time thinking about this in an effective way, because the playing field is not level, and we have to start standing up for ourselves as a country more than we have in the past. That means leverage. I believe that no country altruistically, out of the goodness of its heart, ever lowers a trade barrier. They do not on their own. They only do it if there is leverage, if they have to. And you are going to have to figure out a way, working with this committee and other relevant committees and other entities, to help figure out what that leverage is—again, in a constructive way, but leverage nevertheless. Because, if we leave this unattended, I think it is going to get worse.

Senator Hatch?

Senator HATCH. Thank you, Mr. Chairman. The distinguished Senator from North Carolina needs to leave, so I will defer to him, and then maybe get my time back later.

Senator BURR. I thank my colleague, and, Mr. Froman, thank you for coming to my office and for the conversation we had there. And I will assure the chair I am only going to ask one question. I think it is an easy question, but I do need a specific answer.

You and I talked at that time about the fact that a poorly negotiated TPP agreement could result in the loss of hundreds of thousands of U.S. jobs in the textile industry or related industries, and specifically, in my State of North Carolina, about 35,000 jobs would be in jeopardy. So, when we talked last month, you said you understood the importance of the TPP's textile provisions for the U.S.

I am going to ask you, if confirmed as the U.S. Trade Representative, will you support the yarn-forward rule of origin to prevent countries that do not participate in the TPP agreement from gaining a back-door entry into the market at the expense of those U.S. companies?

Mr. FROMAN. Well, thank you, Senator, and thank you for your leadership on this issue. And the short answer is "yes," and the longer answer is we have made clear that, with regard to textiles, we would have clear rules of origin with yarn-forward at its center. We also need mechanisms to ensure that there is not transshipment. We need to work with our colleagues at other agencies, including CBP, to make sure that there are enforcement mechanisms to ensure that people are not using other markets to subvert the textile restrictions.

But, yes, the yarn-forward rule is a central part of our approach to textiles.

Senator BURR. Thank you, Mr. Froman.

I would yield Senator Hatch back the balance of his time if he would like it.

Senator HATCH. Well, thank you.

The CHAIRMAN. He can take it all.

Senator HATCH. That would be great.

Let me just say this. As you probably know, USTR is an agency in crisis. The Office of Personnel Management conducts an annual employee survey to evaluate staff satisfaction in Government agencies. A 2012 study found USTR placed last among small agencies in effective leadership, as shown by this chart. It was 29th on that list, which is disturbing to me.

You may well tell me that this is a result of constrained resources, but the downward trend in employee satisfaction has been continuous since 2009, as you can see by this chart from *bestplacestowork.org*. You can see there from those charts, especially in this case, the score is almost half of what it was in 2009, and the steady decline is really concerning to me.

Now, what in your opinion is required to effectively lead the agency? How do you intend to restore staff morale at USTR?

Mr. FROMAN. Well, thank you, Senator Hatch, and I agree with you about the importance of staff morale, and it would be a very high priority of mine, if confirmed, to focus on it.

My experience is that staff tends to have high morale when they feel like they are working on something important and that their work is valued. And I think the trade agenda that we have been discussing this morning and that the President has laid out—with regard to TPP, TTIP, the negotiations going on in Geneva, and several of the other initiatives that the building works on—give it a sense of mission and give us the opportunity to make improvements in morale. Resources are an issue, clearly, but I think the combination of being able to secure adequate resources and focus people on the importance of the mission that they have before them, and the centrality of that mission to the administration's and the country's overall economic agenda, will be an important part of turning around the line on that chart.

Senator HATCH. Well, I have a very high opinion of you. You come well-recommended, and there is no question about your dedicated service, no question about your intelligence, in my eyes. And I am glad to hear today that the President is formally requesting TPA. I think it is about time. I cannot imagine any President not wanting that. I have been calling for this for many months, and your comments today are welcome news, as far as I am concerned.

And I do look forward to the President's active support, and he can make a lot of headway with me if he will get really active in this area, because we are falling way behind. Other countries are moving ahead on trade agreements, and we are not. So we are counting on you being very energetic, and I do not know how you are going to stand to be away from these cute kids you have, and your wife, but you are going to have to do it. And we appreciate your willingness to serve in this capacity.

Mr. FROMAN. Thank you, Senator.

Senator HATCH. Thanks, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Senator Wyden?

Senator WYDEN. Thank you, Mr. Chairman.

I want to pick up on your point, Mr. Chairman, with respect to enforcement as we begin, Mr. Froman. You and I have talked about this, and I believe strongly that the country needs a vigorous, proactive approach to identifying and remedying unfair trade practices. That is what our businesses deserve. That is what our workers deserve.

Now, as you know, our solar industry has exercised its rights to obtain an antidumping CVD order on Chinese solar products. China responded by evading the order and unfairly retaliating against our producers in this global solar supply chain. China acted similarly with respect to a trade case in Europe.

Now, as you and I have talked about, our government cannot resolve this on its own. We have to have really a global settlement. We have to have an opportunity for governments to discuss this, ours and China's and Europe's.

Now, my understanding is, the administration is engaged now with those parties—with China, with Europe—to the goal of forging an agreement that would end the retaliatory Chinese cases and would level the playing field for America's producers.

My understanding is that you support those efforts and that you are one of the leaders in those discussions. Can you just share your views on this?

Mr. FROMAN. Sure. Well, thank you Senator, and thank you for your leadership on this important issue. And it is a critically important issue, because it brings together both the importance of enforcing our trade laws effectively, the importance of seeing the further developments of clean energy, and the importance of leveling the playing field so that our producers of clean energy products can participate in that growing market.

It is one of the reasons that we have been so active over the last few years in bringing cases related to clean energy involvement. We brought a case in the WTO against India's localization policy in the solar area that has kept out our producers. We have brought the first section 301 case in 15 years against China for wind subsidies and got China to agree to drop those wind subsidies. And we have brought a WTO case against China——

Senator WYDEN. Since my time is short, do you support a global settlement here? And are you participating——

Mr. FROMAN. Yes. I think—yes. On the solar issue, in particular, this involves the whole supply chain, as you have said. It involves polysilicon makers, solar panel makers, and solar installers. And, as you said, it involves not just the U.S. but the European market as well. There have been some initial discussions with both Europe and China about how to deal with this on a global basis, and that would be—I would look forward to working with you to determine how to do that in the best way possible.

Senator WYDEN. If you are confirmed, I want you to own those negotiations, because this is a hugely important issue. We have to be able to be producers in the renewable energy field.

Question two is on transparency. As you know, I feel strongly about this. We have talked about it. Particularly we saw, in the PIPA/SOPA* debate with respect to the Internet, how strongly the public feels about this.

If confirmed, will you make sure that the public, in these areas where there is a very significant public interest, gets a clear and updated description of what trade negotiators are seeking to obtain in the negotiations so that we can make this process more transparent in the future?

Mr. FROMAN. Yes, Senator. I think it is critically important that we have very good transparency and very good consultations between the administration, between Congress, between key stakeholders, and with the public at large. As you know, we brief this committee's staff on every proposal before we table it in any negotiation. We get their input and their feedback. We have a robust program of making available to any member of this committee, any member of the Senate, any member of the House, the text of negotiating proposals. And we——

Senator WYDEN. Let us plan to talk about it some more. I would like that to be online so the American people can be a fuller partner in this debate.

Let me ask you about one other question, since my time is short. As you know, genetically engineered wheat was recently discovered in an unexpected location in Oregon. The agriculture authorities have said that the wheat is safe. As you know, an investigation is going on right now. But what I am concerned about is, some of our trading partners, unfortunately, have responded by suggesting sort of, in the meantime, that they are going to discriminate against American wheat imports, and they are going to do it despite a lack of evidence that there is a problem with this genetically engineered wheat in the stream of commerce.

What I would like you to tell us is, if confirmed, will you use all the tools that you have to stand up for America's agricultural exports so that they do not face discriminatory treatment in these foreign markets?

Mr. FROMAN. Yes, Senator.

Senator WYDEN. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thanks, Senator. I appreciate your question about transparency, because there have been articles recently accusing the administration and USTR of not being transparent in trade negotiations, and I think your answer clearly explains that these negotiations are fully transparent with respect to members of Congress and the staff on what is going on. I encourage you to keep that up, because there is nothing worse than the American people thinking something is being hidden. I encourage you to keep that transparency up.

Mr. FROMAN. Absolutely.

The CHAIRMAN. Thank you very much.

Next is Senator Cardin.

Senator CARDIN. Thank you, Mr. Chairman.

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*The Protect Intellectual Property Act and the Stop Online Piracy Act.

Mr. Froman, thank you for your willingness to serve the public. We appreciate it. We thank your family. We know this is a family sacrifice, and we thank you very much for that.

I want to first talk about your position on strong human rights, labor, and environmental standards as we look at expanding trade opportunities. Having stable trading partners is extremely important for us. Good governance is important to have stable trading partners. And we have been able to make advancements on human rights and on environmental and labor standards through trade agreements.

When the last TPA was negotiated, there were certain provisions put into that TPA to guarantee the right to organize, to prohibit child labor standards and forced labor standards. We also have environmental issues and other human rights standards.

I want to know about your willingness to work with us, to use every opportunity we have to expand interests that are important to the United States. We have the attention of other countries when we have trade agreements. At other times, we do not have that attention. Are you prepared to work with us to try to advance these goals?

Mr. FROMAN. Yes, Senator. I think we agree that it is very important that we establish and maintain high standards on issues like labor and environment and IPR, and a number of other issues, through our trade agreements.

I would broaden it out, however, and say we need to pair that with other efforts that we can pursue with these countries, whether it is dialogues around human rights or whether it is through things like the Open Government Partnership, which really focuses on good governance and transparency and anticorruption and accountability. So I very much look forward to working with you on those issues.

Senator CARDIN. And I agree with that, but I would underscore this point. In trade agreements, you have opportunities that are not available at other times, and the other opportunities we have to advance good governance, we need to follow up. But I think we have been able to make tremendous strides for the countries when we have them at the negotiating tables. And particularly, when you look at TPA, you should certainly have the authority, the broadest possible authority, to negotiate on behalf of our country. So I would just urge you to work with us and be open to opportunities where we can advance these goals.

Mr. FROMAN. Thank you, Senator.

Senator CARDIN. I want to talk a little bit about TPA. I was in Asia this past week. I had a chance to talk to some of the countries that are involved in TPP, particularly Japan. But I heard your response to Senator Burr as it relates to the yarn-forward issue, and I appreciate that and certainly support that position.

But let me just point out that there are other issues that are involved here. In Maryland, we have suit manufacturers that are facing very difficult circumstances because of the inverse tariff issues on the importation of wool. There is a Wool Trust Fund that we need to modernize and move forward.

Are you prepared to work with us as we look at these trade agreements to make sure that we have the appropriate programs

in this country, such as the Wool Trust Fund, to deal with fair competition for U.S. manufacturers?

Mr. FROMAN. Yes, Senator. We understand the sensitivity of a number of those issues, and we look forward to working with you on them.

Senator CARDIN. I appreciate that.

I want to talk about one other issue which deals with heavy trucks. We have Volvo/Mack in Maryland, Mack trucks, which makes heavy trucks and is concerned that in the agreements that we have with Colombia and Panama, it is a 5-year schedule for the elimination of the tariffs. Mexico has moved more aggressively. I think it is zero now between Colombia, Panama, and Mexico. The agreements also provide that you can accelerate that reduction of the tariffs to these other countries.

Would you be committed to advancing, the best that we can, the acceleration of these tariffs, which would certainly help U.S. manufacturers?

Mr. FROMAN. My understanding is that there is a process for accelerating tariffs and there is a Federal Register notice now out asking for comments and ideas from industries that would like to see that done. I am happy to look into that, if confirmed.

Senator CARDIN. I should say accelerate tariff eliminations.

Mr. FROMAN. Reductions, yes.

Senator CARDIN. I should make sure we have that clear. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Senator Isakson?

Senator ISAKSON. Thank you, Mr. Chairman.

Congratulations on your nomination, and your record is outstanding. I wish you the best in your service to the country.

I have a couple of specific questions of interest to businesses in the United States of America. You know, the Trade Representative has a unique opportunity to right some wrongs. When you start negotiating with people, you have the opportunity to correct some things that have been bad in terms of past practices. And the case of Japan entering the TPP negotiation raises a question of great interest to me.

As you probably know, a number of life insurers in America have been working in Japan under agreements with the Japanese government for years to the tune of $66 billion in terms of investment interest and life insurance. Japan, through the Japan Post Insurance, has become the major competitor with those life insurance companies to the detriment of their business and with preferential advantages granted by the Japanese government.

Will you engage on this issue in the TPP negotiations? Because you said your number-two priority was to level the playing field. In Japan right now, that playing field has been tilted in favor of the government-owned entity, and we need some attention to that matter. Will you commit to that?

Mr. FROMAN. Yes, Senator. And one of the key issues before we agreed to let Japan come into TPP was to address insurance access issues. We reached an agreement up front on part of that issue and also agreed to a parallel negotiation on insurance. So, even beyond

what is in the TPP agreement, we will try to address the particular bilateral issues with Japan in the insurance sector as well.

Senator ISAKSON. Well, thank you very much for that commitment. I appreciate it.

When you were in my office, we talked about my interest in Africa and trips that we have made there, in particular what we did last year where, at the 11th hour, we finally got the third-party fabric extension on the African Growth and Opportunity Act, which comes up for renewal in 2015. We really cannot afford to wait until 2015, until the last minute, to renew the AGOA act.

What are your plans as U.S. Trade Representative to engage on AGOA in terms of timing-wise and in terms of effort?

Mr. FROMAN. Well, Senator, the AGOA Forum meets in August of this year with all the AGOA countries, and, if confirmed, I would like to use that as an opportunity to start a process of looking at AGOA, looking backwards and seeing what has worked, where it could be improved, and then work with this committee—and I appreciate your leadership in particular on this committee and on the Foreign Relations Committee with regards to Africa—to make sure that there is a seamless renewal of AGOA prior to its expiration in 2015.

Senator ISAKSON. Thank you. And, you know, the chairman made reference to China and Africa in his remarks, and this is important in that relationship. Where we can trump China is money, and China's investment for their own benefit is to trump us on trade with the African people, and that is a rich environment for United States products and advanced technology and agricultural products and the like. So Africa is an important part of America's economic prosperity in the future, and I think something, as a Trade Rep, I hope you will focus on.

Lastly, my last question is with regard to the free trade agreement with South Korea and the breakthrough language that caused criminal penalties to be likened to the U.S. criminal penalties in terms of intellectual property theft. Are you familiar with that?

Mr. FROMAN. I am not terribly familiar with that, no.

Senator ISAKSON. Well, one of the biggest problems we have had with, particularly Asia—I do not want to just pick one part of the world—is the theft of intellectual property: going into American movie theaters, recording a movie, and then taking it overseas and marketing it. The South Korean Free Trade Agreement had a breakthrough agreement in there to criminalize that on a parity with United States law. Will you work on doing the same thing as these other agreements come up? Because intellectual property is tremendously important for our business economic growth and industry.

Mr. FROMAN. Well, absolutely, Senator. We very much agree about the importance of intellectual property rights protection, and we want to strengthen those protections around the world, including taking on new issues like cyber-theft as part of that, as part of the trade secrets issue. So, yes, we will very much work on that.

Senator ISAKSON. Well, thank you very much, and best of luck to you in your new position.

Mr. FROMAN. Thank you, Senator.

The CHAIRMAN. Thank you, Senator.

Senator Brown?

Senator BROWN. Thank you, Mr. Chairman.

Mr. Froman, thank you for joining us. I want to talk to you a little bit about "too big to fail" and the Trade Representative's involvement in that. Wall Street and industry-friendly European regulators are now seeking to use any means they can to roll back some of the reforms from Basel III and from what we did with Dodd-Frank, seeking to include these rollbacks in the U.S.-EU ongoing negotiations, the Transatlantic Trade and Investment Partnership negotiations. The European Finance Ministers, my understanding is, want to stop some of the derivatives rules. Earlier this week, the Business Roundtable here advocated that we tie our hands, effectively in some ways, unilaterally disarming ourselves from addressing "too big to fail."

Do we need strong financial rules in these negotiations and to refrain from a race to the bottom?

Mr. FROMAN. Well, first of all, Senator, there is nothing that we are going to do through a trade agreement to weaken our financial regulations, to roll back Dodd-Frank, or to roll back the efforts that the administration and Congress have worked on for the last 4 years to reform our financial regulatory system here and to work through the G–20 and other mechanisms to raise the standards around the world.

With regard to the Transatlantic Trade and Investment Partnership in particular, obviously financial services are a key part of our economic relationship. There are market access issues, and there are regulatory issues. Our view is that market access issues should be part of a trade negotiation.

But after the financial crisis of 2008–09, there was an explosion of activity among regulators, both bilaterally between the U.S. and the EU, but also through the Bank for International Settlements, the Financial Stability Board, and the International Organization of Securities Commissions. And our view is that that work ought to continue parallel, not in the negotiations, but parallel alongside the negotiations, towards the resolution of the issues that those regulators are working on. And, ideally, at the end of this negotiation, we will be able to look and see across the whole U.S.-EU relationship, what progress we have made towards bringing our economies together. But we are not going to, through our trade negotiation, lower our financial regulations.

Senator BROWN. You can assure this committee and this Senate that in these large-scale regional trade agreements, whether it is the U.S.-EU agreement or whether it is the TPP, that we will not—you/we will not—undermine any of the financial regulators: FDIC, the Fed, Treasury, any of them?

Mr. FROMAN. Yes.

Senator BROWN. Okay. Thank you.

Let me ask something else on the U.S.-EU trade agreement. Does an agreement like this, does the Transatlantic Trade and Investment Partnership, need investor-state dispute resolution? I understand the argument for investor-state dealing with countries that have not had the history of the rule of law and the history of investor protections and public enforcement and all of that. But

why do we need an—or do we need an extrajudicial and private enforcement system when U.S. and European property rights are as sophisticated and are so advanced and protected already?

Mr. FROMAN. Well, first of all, Senator, we are still in our 90-day period of consultations. We have not yet launched the negotiations, and we are in the process of taking in input and feedback from members of Congress, stakeholders, and others. And so I think this is a topic worthy of discussion as part of that consultation process.

Our goal in all these agreements is to try to establish the highest possible standards, and new disciplines where appropriate, to raise the overall level of the global trading system. How that gets translated in any particular agreement or in a particular area, I think is an issue that we just need to consult on.

Senator BROWN. Do you think investor-state provisions are fundamentally different in an advanced property rights group of countries like the EU than in a trade agreement we might have signed with a Latin American country?

Mr. FROMAN. Senator, at this point I do not have a position on that, because I would want to think about how—while you are absolutely right there may be different legal regimes in one place or another, I would want to think about what impact including it or not including it might have on our desire to raise the standards overall in the multilateral trading system.

Senator BROWN. Let me ask a question in another direction, Mr. Chairman, if I could. A recent study by the Peterson Institute found that half or more of excess U.S. unemployment, the extent to which current joblessness exceeds the full employment levels in the absence of currency manipulation by foreign governments, they estimate that up to 5 million jobs are lost as a result of that. The National Association of Manufacturers has said it is key the administration spare no effort to see that currencies are market-determined and free of government intervention. Two hundred-plus House members just sent a letter to the President saying—warning against—they were talking about currency disciplines for TPP.

There is significant sentiment on this committee. There are five sponsors—five of the six original sponsors representing both parties are on this committee—of my currency legislation, which passed the Senate overwhelmingly last year. I think there is a great interest in doing something on currency before we move forward on either fast-track or on TPP.

What will you do, what will TPP do, to address the kind of currency manipulation which I think unquestionably violates international rules and has gone unaddressed?

Mr. FROMAN. Well, Senator, first of all, thank you for your consistent leadership on this issue, and this is an issue that is obviously very high on the agenda. It is an example of something we raise with China at every meeting on any level with regard to their currency policy, and continuously push them to move towards more market-oriented exchange rates, to allow adjustments through the exchange rate, and to not engage in competitive devaluation. Obviously, the Treasury Department has the lead on such issues, but, if confirmed, I look forward to working with them and with all of you to determine how best to move forward on that.

With regard to China, there has been some modest progress. When we came into power, came into office, the RMB was pegged. In June 2010, after several discussions we had with the Chinese, they began to let it appreciate. It has appreciated 16 percent in real terms since. It is not fast enough, not far enough. We need to continue to press it at every occasion. And we need to find, at each step along the way, what the most effective way is to make progress, and we are happy to continue to work on that with you.

The CHAIRMAN. Thank you.

Senator Portman?

Senator PORTMAN. Thank you, Mr. Chairman, and thank you, Mr. Froman, for your willingness to step forward and take on this responsibility. You were talking about family earlier, and I thank your family, too, for their sacrifice, because it is not easy. I had three kids under 15 when I had that job, and it does require a lot of travel. But, as Bob Strauss warned me—I went around and talked to all the former USTRs—he said, "Do not confuse travel or motion with movement," meaning you can do a lot without traveling as well. And I am sure you have figured that out in your current job.

You have a great team there. It is a terrific team of committed professionals. I am very concerned about what Senator Hatch laid out, which is a real crisis of morale. You talked about a sense of mission you would try to imbue the agency with. I think that is important.

By the way, it is not just funding, because, when you look at that survey, it goes to leadership, and it goes to mission. And I do think TPA is part of giving them a mission. In other words, without Trade Promotion Authority, which this administration has not asked for until the trade agenda this year, you know, it is kind of difficult to make progress on these issues. In fact, I would argue that, in the 5 years since we have had Trade Promotion Authority, the U.S. has fallen behind substantially. Senator Baucus talked about that earlier, and, as you know, since you and I have talked, it is one of my major concerns that we need to get it done so that we can have the opportunity, not just to work on TPP and this U.S.-EU agreement, but also make more progress on some of these bilateral agreements where we tend to make the most progress on reducing barriers.

So I would ask you, can you give personal assurances to the committee today that you will indeed be involved and engaged in trying to get Trade Promotion Authority through the Congress before the end of this year?

Mr. FROMAN. Senator, absolutely. Again, thank you for your leadership on this issue and your continued support of USTR as an institution. We are ready to engage, and we are ready to work with the committee. We would like to get the TPA done as soon as possible.

Senator PORTMAN. And you will personally engage in that?

Mr. FROMAN. Absolutely.

Senator PORTMAN. My understanding is, although it was in the March report, there has not been a deep engagement.

In terms of Japan, following on the question from my colleague from Ohio, in terms of currency, a broader issue we have is in

terms of autos. And, specifically, the U.S. now exports, as you know, one vehicle to Japan for every 130 vehicles that we import from Japan. And you have probably seen this ad, because it has been in a bunch of the papers. I got it out of *Roll Call* today. But it is about the U.S.'s 0.3-percent market share in Japan. It is not just about small vehicles, by the way. It is broader than that. It is about currency. It is also about non-tariff barriers.

So I would ask you, how will negotiations with Japan, parallel to these TPP talks we are having, address these concerns? What are you willing to do in terms of dealing with this currency issue, which I think is critical? Let me give you some numbers here. Since October of last year, the yen has weakened by nearly 30 percent. It gives about a $6,000 advantage per car to Japanese vehicles. And this is on a $30,000 car. So this is a big deal to the Big Three here in the United States, and they are looking for a level playing field.

Can you tell us what you are doing with regard to this issue and also other non-tariff barriers as you work with Japan on the TPP agreement?

Mr. FROMAN. Well, thank you, Senator. Absolutely. This is an absolutely important issue as part of TPP, and, before we agreed to let Japan join TPP, we engaged in a series of negotiations with them about beef, insurance, and, very importantly, autos. We reached some agreements up front, both with regard to getting increased access to their market, the more than doubling of what is called their Preferential Handling Procedure program for accelerated imports. We also received agreement about how our tariffs would be treated in TPP before they joined. And we agreed on terms of reference for a parallel negotiation on autos, which are to be binding, subject to dispute resolution, and part of the overall TPP process.

And so, we have ongoing work to do with Japan, but we also have the TPP process to allow us to do that.

Senator PORTMAN. Again, we appreciate your assurance today you will be personally involved in that.

With regard to India, quickly, we have a lot of concerns about what is going on today in India, especially their emerging market access barriers and protectionist measures. One is the lack of respect for patents. You have probably followed this somewhat in your current job. Basic intellectual property protections are being set aside. They have invalidated and broken American drug patents, as I say. I think these actions are in disregard of WTO rules. I think they are fundamentally disruptive to innovation, and I think, frankly, it is a major concern, because it could spread.

In Ohio alone, I would tell you our exports to India have shrunk by over 5 percent after years and years of steady growth. So I think there is an issue right now with regard to India. I would ask you, if confirmed, if you would personally engage with India trade issues at what I think is a critical time.

Mr. FROMAN. Absolutely, Senator.

Senator PORTMAN. Mr. Chairman, I see my time is coming to an end. I have a lot of other questions for you, Mr. Froman, and I will supply those to you as questions for the record.

[The questions appear in the appendix.]

Senator PORTMAN. But I just want to say again that I appreciate your stepping up and taking on this job. It is at a critical time. I think there are lots of challenges, but also tremendous opportunities, particularly with the Trade Promotion Authority as a tool you can use to open up foreign markets to our workers and our farmers and our ranchers.

Thank you, Mr. Chairman.

Mr. FROMAN. Thank you, Senator.

The CHAIRMAN. Thank you, Senator.

Mr. Froman, I think that is a good point to end on. Since I have been on this committee, I cannot think of a more important, challenging time for a new USTR than now. The world has become globalized; the challenges are so much greater. The competition is so much greater. The need for more creative, effective action is so much greater. And I would like you to know that you have the full confidence of this committee working with you to accomplish these objectives.

The United States has to work even harder, more creatively, than we have in the past, for our kids and our grandkids, if for nobody else, because we want them to have the life that we Americans have had. It will only happen if we rise to the challenge and work even harder and better than we have in the past.

There are some sub-issues here which have been addressed, which I just wanted to agree with. One is the IP issue that Senator Portman raised. This is becoming more and more of a worldwide problem, with China, India, other countries. And I urge you to think more creatively than your predecessors have. They have done well, but you have to step up and do more. Senator Hatch alluded to it. You are extremely well-qualified, you are extremely bright and intelligent. You have experience, and you are the man for the job, you are the man for the time, and we want to work with you.

And hopefully that will address another issue that has been raised here, correctly, and that is, morale at USTR. I think we can address that morale if we go ahead and follow up on what we have talked about here today. You are going to find a crack team down there. Boy, they just want to really get the job done. And it is up to us to help them do that. It is a self-fulfilling prophecy, you know, a virtuous circle, et cetera.

So we will work with you. Work with us and let us know what needs to be done, and let us just hopefully get you confirmed right away so you can be on the job.

Senator WYDEN. Mr. Chairman, I see Senator Hatch too. After Senator Hatch goes, I had two brief questions additionally, if that would be all right.

The CHAIRMAN. Senator Hatch?

Senator HATCH. Okay. I just have a few questions regarding India that I would like to ask. One of the largest recipients of benefits under the Generalized System of Preferences, if not the largest, is India. Yet India increasingly shuts U.S. companies out of its market through a variety of measures, including restriction of imports of products to force companies to manufacture in India, forcing companies to give their intellectual property to Indian companies to increase local employment, and, of course, engaging in preferential market access policies to give preferences to domestic com-

panies over U.S. companies in the information and communications technology space.

Now, considering that the administration must consider whether India has provided equitable and reasonable market access in determining whether to extend GSP benefits, do you think it is appropriate for India to continue to enjoy GSP benefits when it shuts U.S. companies entirely out of its own markets?

Mr. FROMAN. Well, thank you, Senator Hatch. GSP has multiple purposes. Some is for development. Some U.S. firms rely on the imports from GSP countries under GSP for their production. And so we need to look at multiple facets of GSP looking ahead. And GSP expires at the end of July. I would look forward, if confirmed, to working with the committee to renew GSP. But then I am happy to sit down as well and talk about what reforms might be appropriate to GSP in the future.

Senator HATCH. Do you understand what I am talking about here with regard to India?

Mr. FROMAN. Absolutely. Now, with regard to India specifically, I think there are a number of concerning developments regarding their innovation and investment environment, and you mentioned a number of them, including patents.

Senator HATCH. I am very concerned with the deterioration in the environment for protection of U.S. intellectual property rights and innovation in India. The government of India continues to take actions that make it very difficult for innovative U.S. biopharmaceutical companies to secure and enforce their patents in India. For example, I am very disturbed by India's recent decision to issue a compulsory license for an important medicine on entirely specious grounds. Also, counterfeiting and piracy continue to be rampant in India, and the government's IPR enforcement efforts remain weak.

Now, given that negotiations have not borne fruit, what specific steps would you take as U.S. Trade Representative to bring about improvement in India's anti-IP policies and practices? And should India continue to have access to GSP benefits considering that a factor for consideration is the extent to which India is providing adequate and effective protection of intellectual property rights?

Mr. FROMAN. Well, Senator, I think first we should make sure we are using our enforcement tools where we can to press India to implement IPR protection, and we brought a case, obviously, on localization for solar panels, and we are working with industry to determine how best to address some of the specific issues that you raised.

With regard to GSP, as I said, I think we ought to sit down after renewing GSP to think through what kind of reforms make sense going forward, including how to deal with issues like this.

Senator HATCH. Okay. Well, the United States may enter into a bilateral investment treaty with India. And, in contemplation of such a treaty, would you please let us know, one, how many investment disputes are pending between India and U.S. entities, and, two, whether India has been abiding by its investor-state commitments with other nations as well? Could you do that for us?

Mr. FROMAN. Yes, Senator.

Senator HATCH. If you will do that, I would be very appreciative.

Let me just ask one other question. While the online marketplace is critically important to our U.S. creative industries, it fails to meet its full potential because of rampant online copyright theft. As USTR, what additional steps will you take to address copyright theft in the online space and to foster legitimate online commerce?

Mr. FROMAN. Well, this is a key enforcement priority. We made the so-called Notorious Markets Report part of our Special 301 process. Notorious markets we found in China were two such websites where there was a rampant counterfeit product being sold, and we managed to shut those down. And we wanted to use all of our enforcement tools available to us, including the work of the Interagency Trade Enforcement Center, to put together cases where appropriate, with the consultation of industry, to go after practices like that.

Senator HATCH. All right. Thank you. Let me just ask one other question before my time runs out.

Last February, this administration issued an executive order creating the International Trade Enforcement Center, or ITEC, in large part to improve efficiency in bringing trade enforcement actions. It has been nearly 16 months since ITEC was created, and I was wondering if you would tell us how ITEC has been working and how has its efficiency been improved? Are there any changes you would recommend or make that you think would improve ITEC's effectiveness?

Mr. FROMAN. Well, thank you, Senator. ITEC has gotten off the ground and is doing really quite well. It has detailees from several other agencies—the Department of Commerce, Treasury, Justice, USDA, State, and others. And having subject matter experts, language experts, country experts, all in the same place has allowed it to put together cases that we could not have put together before. I will mention the export base case against China that we have brought in the WTO. They literally had to piece together the puzzle of several hundred provincial regulations that showed a picture of extensive export subsidies for autos and auto parts. And they would not have been able to do that without all those resources working together in one place.

So we are very pleased with the way ITEC has gotten started. That is one of several cases that it has managed to put together. We are grateful to the Department of Commerce and the other agencies for having put up resources and for helping to get it off the ground, and we hope, working with this committee and others going forward, that it enables it to be properly resourced and continues to strengthen it.

Senator HATCH. Well, thank you. I will submit my other questions so you can answer them in writing.

Mr. FROMAN. Thank you.

[The questions appear in the appendix.]

Senator HATCH [presiding]. Senator Carper, you are next, I believe, and then I am not sure who is after you—oh, I think it is Senator Carper, then Senator Casey, then Senator Menendez.

Senator CARPER. Senator Casey? Does that sound right, Senator Casey? I do not want to get in front of you. Okay. Thank you. Thank you, Mr. Chairman.

Well, I have been off in another meeting on immigration reform, and I am happy to be back, and I see that your son Ben and daughter Sarah may have bailed on you?

Mr. FROMAN. Afraid so.

Senator CARPER. How old are they?

Mr. FROMAN. Ben is 11 and Sarah is 2½.

Senator CARPER. My boys are now 24 and 23. When they were 11 or 2½, there is no way they would have even walked in the door. So the fact that they showed up with Nancy and you is, I think, a compliment to them.

Our older boy, when he was about 22, right out of college, was spending some time in India, in New Delhi, working for about a half-year there on clean energy issues and so forth—a really challenging time, but I think ultimately a good experience for him. We got to go over and visit with him and learn a little bit more about the country through him and through our own time there.

A number of my colleagues have already raised the issue of India. I do not want to pile on with respect to India, but, as you are hearing it here today, there are real concerns. They are an important trading partner and a really important nation for us to get along well with, work with, and to be our partner in a lot of ways. Whether the issue is IT, whether the issue is poultry, there are legitimate issues that are being raised here, and we hope you will be very mindful of those.

The other thing I would say—when people ask me, how do we make the economic pie bigger for the United States, I talk about investing in three areas: one of those is to invest in a world-class workforce; the second area is to invest in infrastructure, broadly defined; and the third area is in R&D that can be commercialized and create products and goods and services that can be sold all over the world. And also to have a tax policy that does the same things so we have tax policy working in with our spending policies in those three areas.

Another thing that is really important for us to do, as you know, is to make sure that when we do create those products, technologies, or goods and services, we can actually sell them into markets that in some cases are hard to get into. So the job that you are taking on here, that you have been nominated for—and I am really grateful to you, and I would just say to your wife and your kids, thank you for letting him do this and for sharing him with our country. I was very impressed when I met with your husband, Nancy, and he said, "You think I am smart? You should talk to my wife." But we are grateful for that.

I have a question that relates to enforcement, and I obviously believe, as I think we all do, that trade can be an effective tool to level the playing field so that our businesses can compete in global marketplaces. However, enforcing the rules on the books is essential to fair trade and to competition.

This administration, under the leadership of Ambassador Kirk, took steps to ensure that strong enforcement was a key component to the trade agenda. And I would just say, at a time when the U.S. poultry industry—the reason why I am interested in poultry is, there are 300 chickens for every person who lives in Delaware. I think the same might be true in Maryland and some other States

as well. But it is a big deal for us. But, at a time when the U.S. poultry industry sees key markets close as a result of unscientific non-tariff barriers this year, year after year, can you assure us that the USTR under your direction will continue the important work of enforcing the rules on the books?

Mr. FROMAN. Yes, Senator. Enforcement has been a priority for this administration. We have brought 18 cases to date, including several in the agricultural area, including some in poultry—against India for their avian influenza restriction, against China for some of its inappropriate use of AD/CVD laws against our poultry exports. And we will continue to focus on those as we move ahead.

Senator CARPER. Well, good. And a related question is, at the same time, can you ensure us that you and the folks you would lead will work to address existing barriers for our poultry industry through agreements, particularly the Transatlantic Trade and Investment Partnership that we are working on?

Mr. FROMAN. Yes, Senator. We have made clear to our trading partners that agriculture and SPS issues in particular, the sanitary and phytosanitary standards that are often used as trade barriers, need to be addressed through these agreements. We have made some progress in the run-up to the negotiation through some confidence-building measures, and, as we complete the 90-day consultation period, certainly this will be on the agenda.

Senator CARPER. Good. And one last question. I was here for your testimony before I had to leave, but I want to come back—others may have already asked this question, but, in terms of what we can do to help you and the folks at the Trade Representative Office be more effective, could you provide just a short to-do list, please?

Mr. FROMAN. Well, Senator, thank you for the offer. I think, on many of these issues, whether it is TPP, TTIP, getting TPA, the Geneva negotiations, ensuring that USTR has the support that it needs, we very much look forward to working with this committee. Working very closely between USTR and this committee has been a long tradition, and we plan to continue it.

Senator CARPER. All right. Thanks.

Mr. Chairman, I would just like, for the record, to indicate that I could barely see Mr. Froman's wife's lips move when he spoke, and his assertion that actually she is much smarter than he was probably well borne out. [Laughter.]

But we are grateful to you, Nancy, for sharing him with us and our country. Thank you for your willingness to serve.

Senator HATCH. Thank you.

Senator Casey?

Senator CASEY. Thanks very much, Senator Hatch.

Mr. Froman, thanks for being with us today, and thanks for your willingness to serve. It is a great commitment you are making, and your family, so we appreciate that.

I wanted to ask about two areas. One is on the question of TPP and Japan and our debate about autos. But I wanted to start with a question about competitiveness and intellectual property. We know, we all know, the advantage that we have had for a long period of time now because of our great biopharma industry here, and we rely upon the IP, the intellectual property, that undergirds that

advantage we have. And I know it is of great concern to the administration and, frankly, people in both parties, but there is a real concern that, going forward, we are not going to have the kind of protections that we should have for our own intellectual property.

You have seen numbers like this, and, when it comes to a particular product, sometimes it can cost as much as $1.3 billion of investment on average and 10 to 15 years of work to develop it. So I want to make sure we have as strong a set of protections as possible, and we have, I think, fairly broad-based agreement on as long a term as possible of data exclusivity, a 12-year consensus, I would argue.

I just wanted to ask about your work as Trade Representative upon confirmation. Will you work to make sure that we have those kinds of protections in place for that term of years?

Mr. FROMAN. Senator Casey, I fully agree that our innovation and ingenuity is an absolutely central part of our comparative advantage as a Nation and of our economy, and we need, through our trade agreements, to ensure that we are protecting our intellectual property to the highest possible standard. And through TPP, as one example, we are working to ensure that there are high standards for intellectual property protection, and we have begun that process with our TPP partners of explaining to them what is in U.S. law with regard to data protection and biologics and how it works and why it is in there, and that is part of an ongoing discussion that we are having with them now.

Senator CASEY. I would urge you to embrace, I think, what has been a pretty strong consensus here, and I think throughout the country, on the maximum protection possible. And the second question is one I know that you have addressed, if not directly today, certainly it has been raised, and that is the question of Japan and the auto industry and whether or not, after many years of efforts, we can open up the Japanese auto market. We have had, in my judgment, years of frustration, which I think creates kind of a predicate for skepticism when it comes to TPP and whether or not, with TPP in place, we are going to have the kind of access to the Japanese market as it relates to autos. I wanted to get your views on that, because I think it is a major issue for a lot of people here as it relates to, not just TPP, but broader trade policy.

Mr. FROMAN. Well, Senator, first of all, I do not think there is anybody who cares more about the health of the U.S. auto industry or is invested more in the health of the U.S. auto industry than President Obama and this administration. And certainly the direction that I have received from him is to ensure that what we are doing through TPP gives us the opportunity to protect the gains we have made in the auto industry, in terms of getting it back on its feet, and gives us the opportunity to build on that strength going forward. And that is why we have made autos such a central focus of ours in the run-up to Japan's proposed entry into TPP. It is why we agreed on certain provisions that would give us more immediate access to their market as well as deal with our own tariffs in the context of TPP, on a terms of reference agreement for how to deal with auto issues going forward, including both offensive issues around distribution but also enough defensive measures here as well. So that is very much a part of this overall effort.

Senator CASEY. I am out of time, but I would just, for the record, say there is a lot of skepticism about the ability to open up those markets, and we look forward to working with you on it.

Mr. FROMAN. Thank you.

Senator CASEY. Thank you.

The CHAIRMAN. Thank you, Senator.

Senator Menendez?

Senator MENENDEZ. Thank you, Mr. Chairman.

Mr. Froman, as we had the opportunity to discuss, you are going to hear one consistent issue that I will raise today, and that I will raise upon your confirmation and as you are in the job, and that is intellectual property rights protection. The United States is a global leader in this respect, and, if we create, through the intellectual capacity of our Nation, products, and then they can be subverted worldwide, it is really an undermining of a significant part of our economy.

To the extent that some of us are willing to put votes on trade agreements, it is because we believe that the enforcement provisions that we provide to ensure that the agreement is going to put us on a level playing field will help us compete against anybody in the world, but not if they have disproportionate standards, standards that we live up to but they do not. And, certainly, the impact of our trade agreements in both national security and economic interests, those are my three baskets of concern.

Upstairs I am chairing a Senate Foreign Relations hearing on one of the worst tragedies that we have had in the manufacture of clothing, which is the Rana Plaza tragedy. And I asked representatives, including of the department you would head, how many more lives have to be lost before we act? It is my understanding that there has been a petition before USTR reviewing labor rights issues in Bangladesh since 2007. That is 6 years. And we have seen no real progress.

So I would appreciate hearing how you plan to leverage, should you be confirmed, the positions you have, including with GSP, to encourage countries like Bangladesh and others to improve their safety and worker rights efforts.

Mr. FROMAN. Well, thank you, Senator, and thank you for your leadership on that issue in the other committee as well. The tragic loss of life in Bangladesh is very much high on the agenda. As you note, there is a petition pending before USTR, and my understanding is that USTR intends to act on that over the course of this month, that there currently are interagency discussions about how best to proceed.

So, if confirmed, this is something I very much look forward to delving into and working with you on.

Senator MENENDEZ. Well, my concern is, it has been 6 years. Six years. Maybe had we acted, we would not have seen those people die, because standards would have been raised, conditions would have been improved, labor rights would have been observed. And so, I hope that what we will get from you is, when it is merited, a robust effort and a recommendation—only the President, of course, can make that ultimate decision, but you are going to be in a key position to make a recommendation. And so, I hope you are going to make that type of recommendation.

Secondly, on intellectual property rights, I do not mind piling on as it relates to India, because they are piling on U.S. companies as it relates to their intellectual property rights. And I have been hearing from the pharmaceutical industry, I have been hearing from the high-tech industry, I have been hearing from other industries, about how India's inadequate protection, to put it mildly, and enforcement of intellectual property rights is a real challenge.

For example, in the pharmaceutical industry they say, well, it is really about access. Well, it is not about access, because they could observe the patent and negotiate prices. So it is about protecting their generic industry at the expense of the intellectual property created in the United States to create global medicines that save lives and improve the quality of lives.

So I would like to hear from you how do we, in fact, intend to enforce IP rights? India is only the present example, but there are others, like China. You know, we have a company in New Jersey that produces the scientific manuals for the U.S. and across the world. Their product has been, with impunity, taken by the Chinese.

If countries see no consequences and begin to emulate India's actions on our most innovative sectors, we face serious problems. So what actions can the administration take and you, in your position upon confirmation, to convince, for example, India to ensure that the fruits of American innovation are protected? And what do you plan to do as the Trade Representative?

Mr. FROMAN. Well, thank you, Senator. We are very concerned about the innovation and the investment environment in India at the moment, and you mentioned some of the issues: compulsory licensing, patent issues, preferential market access, localization. These are issues we need to pursue at every opportunity. Secretary Kerry will be there later this month for an interagency strategic dialogue at the highest levels in India. I am sure it will be brought up there. We will have another opportunity in July when some Indian officials are here. And ultimately, as you point out, it comes down to the possibilities of enforcement as well. We have brought cases against India in the WTO, and we have thought that would be the best way to resolve issues. And we are consulting with industry to determine how best to proceed in these cases as well.

Senator MENENDEZ. If I may, Mr. Chairman, one last question.

You are very erudite on these issues. I have no doubt about that. Also, I think you are also very diplomatic in your responses. I want to see a Trade Representative who, at the end of the day, is going to stand up for U.S. intellectual property rights worldwide so that the benefits of the creative abilities of Americans can be preserved worldwide, and they can receive the resources from them them.

So I hope your diplomacy will have limits, because, at the end of the day, we have diplomatically been losing a lot of ground across the globe, and that is not in the interests of U.S. companies, U.S. citizens, and, at the end of the day, our economy.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. Thank you very much, Senator.

Senator Thune?

Senator THUNE. Thank you, Mr. Chairman. I want to thank you and the ranking member for holding this important hearing today.

And, Mr. Froman, thank you for your willingness to come up and answer our questions.

We all know trade is an incredibly important part of our economy and extremely critical when it comes to improving America's competitive position in the world and maintaining a high standard of living. And I know you, I think, have talked about this already, but, in my view, one of the best things that we can do to open new markets would be to successfully conclude the Trans-Pacific Partnership and the other agreements that will follow. But, in order to do that, we need to enact updated TPA, Trade Promotion Authority. And I am heartened by your testimony that this is something you intend to engage with, with the committee, if confirmed—to renew TPA.

I understand that the chairman got a formal request today for that. Is that right? I hope so, because we have been saying for some time this is really important, and there is a lot of rhetoric about it, but until there is a request that comes forward, it is very difficult for us to act. So I hope that is the first order of business.

I want to ask you a question about something that is important to a lot of the agricultural producers in my part of the world, and it has to do with—there was a letter I recently spearheaded to the U.S. Acting Trade Representative, along with 13 other Senators, expressing our strong concerns about the EU's recent decision to impose a 10-percent duty on all imports of ethanol from the United States. American ethanol producers believe that what the EU has done in imposing a countrywide antidumping duty on all U.S. ethanol imports is both unprecedented and unsupported from a legal standpoint, and that it will completely close the EU to American ethanol.

The question is: will you commit, if confirmed, to carefully reviewing the EU's action on ethanol? And will you pursue every available remedy to ensure that U.S. ethanol exporters are treated fairly by the EU?

Mr. FROMAN. Yes, Senator.

Senator THUNE. And are you familiar with that issue?

Mr. FROMAN. I am, and my understanding is that USTR is reviewing the methodology that the EU used in that case, precisely for the reasons you cited.

Senator THUNE. Okay. I wanted to ask one other question, because this is in the news this week. But earlier this week, the President recommended a number of legislative actions to strengthen the enforcement of patents, and these recommendations included reforms to the process by which the ITC issues exclusion orders. We all know that there have been some high-profile ITC decisions recently. Without commenting on any particular decision, the question is: Do you believe that the current ITC process needs reform? And if so, why?

Mr. FROMAN. Senator, I am not an expert in that area, but I am happy to get back to you on it.

Senator THUNE. Okay. I would appreciate it if you could.

[The information appears in the appendix on p. 113.]

Senator THUNE. Do you have any comments on the U.S.-EU trade agreement or TPP?

Mr. FROMAN. Well, on the U.S.-EU trade agreement, we are still in our 90-day consultation phase with Congress and stakeholders. But we think there is great potential there, both to remove barriers, tariff barriers, non-tariff barriers, and to address some of the regulatory and standards issues that create unnecessary costs and obstacles to trade. We spent the last year, year and-a-half, working with the EU to identify what the key outstanding issues are, and we think there is a lot of momentum over there and a lot of political will to address those outstanding issues. So, once we finish the 90 days and they finish their mandate process, if successful, we look forward to launching those negotiations.

Senator THUNE. I would like to just address one other issue, if I could, and that is the importance of protecting trade secrets in trade agreements, particularly as we look to the EU negotiations. As you know, trade secrets, which generally include any confidential business information such as manufacturing processes, are an extremely valuable asset to American companies. Unfortunately, theft of trade secrets, especially by or for foreign entities, has dramatically increased due to greater global competitiveness and increased access to information through the digital infrastructure that drives our information economy. So I am wondering if you could comment on that and what additional steps might be able to be taken to protect American trade secrets.

Mr. FROMAN. Thank you, Senator. It is an important issue. It is sort of the next generation of IPR protection, where you have trade secret theft, and now, of course, cyber-theft as well is one of the tools by which trade secret theft goes on. There is an administration-wide strategy on dealing with trade secret theft, and part of what we are trying to do, through our trade talks and our bilateral dialogues with countries, is ensuring that they have in place the necessary civil and criminal penalties as well so that we can go after these practices. And that will certainly be a focus going forward.

Senator THUNE. All right. I appreciate that.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Senator Wyden?

Senator WYDEN. Thank you very much, Senator Baucus.

Let me ask first a question about footwear and the global value chain. You all are pushing for a 21st-century or next-generation agreement, which certainly sounds constructive to me in a number of chapters. And I also want to see you all, as part of that, avoid some of these outdated provisions that would undermine the momentum needed to reinvigorate the global economy. This requires that we particularly look at the global value chain, research considerations, all of the issues that go to the global value chain that defines the operations of so many brands.

If confirmed, will you make sure that, as part of that process, as part of the Trans-Pacific Partnership negotiations, you look at some of the key areas that relate to this concern, like the rules of origin and the tariffs for consumer goods?

Mr. FROMAN. Yes, Senator, we will look at all those issues.

Senator WYDEN. Good. The other question I had deals once again with the Internet. You know, my view is that the Internet is the

shipping lane of the 21st century. It has enormous benefits to people on a day-to-day basis, but it is also reshaping the manner in which commerce is conducted. But there are not, as of today, any distinct global trade rules that ensure that digital trade does not face protectionist kinds of policies, protectionist discrimination. And there is a lot of concern, for example, about the big win that was won on the PIPA/SOPA issue sort of being unraveled as part of these discussions.

What can you all do to make sure that the digital economy gets the attention it needs to ensure that the Internet is free and open in global markets, particularly for American producers of digital goods and digital services?

Mr. FROMAN. Well, Senator, when we talk about the TPP being a 21st-century agreement and trying to introduce new disciplines for new issues in the global economy, the digital economy is clearly one of those areas, one of those new areas that we have been focusing on. And so in the TPP negotiations, while we are still in the midst of the negotiations, we are seeking the free flow of data; we are seeking disciplines around restrictions that countries might have in terms of where people put their data centers and how this affects cloud computing. So it is very much on the agenda. The e-commerce and the digital economy are very much on the TPP agenda.

Senator WYDEN. One last question. On the TPA renewal question, are you all going to send to us a proposal that represents your views on what TPA is all about? Or how do you envision that unfolding?

Mr. FROMAN. Well, Senator, obviously I will need to consult with USTR and others, if confirmed, but our intention is to engage with this committee and engage with the House Ways and Means Committee as you work through TPA issues.

Senator WYDEN. So you would send the chairman, Chairman Baucus, and Senator Hatch—you would, in effect, send us your statutory negotiating goals so that we can get a sense of what your priorities are?

Mr. FROMAN. I think we will have to work through what form that engagement takes, but we are happy to engage with you.

Senator WYDEN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Senator Brown?

Senator BROWN. Thank you. Thanks very much for this second round, Mr. Chairman, and for sitting through this. And, Mr. Froman, thank you for that too.

We talked on the phone about the issue of state capitalism. State capitalism in the market is distorting behavior of state-owned enterprises, and we know that is an increasing problem in terms of these deeply entrenched state capitalism models, if you will, and the impact of them on U.S. competitiveness. This is a big issue, one that Congress really did not think much about when we considered fast-track 11 years ago and one that we should think about now.

Can you assure me that there will not be backtracking on the whole issue of state-owned enterprises the further we get into TPP negotiations, that we will have strong and forceful rules in the TPP context to address SOEs?

Mr. FROMAN. Yes, Senator, that is certainly what we are seeking. That is one of those new areas, again, of trade that we are trying to address through TPP, putting disciplines on SOEs that compete with private entities, that they must do so on a commercial basis. It is also part of our bilateral dialogue with the Chinese in particular, outside of TPP, obviously, about their SOE reform effort and how important that is to leveling the playing field for our companies.

Senator BROWN. So you are, in an ongoing way, in bilateral investment discussions with China? This is the main part of the agenda, the SOEs?

Mr. FROMAN. Yes, sir.

Senator BROWN. Okay, good. I want to talk to you about the steel industry for a moment. A company called RG Steel, with plants in Ohio, West Virginia, and New York, closed about a year ago. Several thousand people lost jobs. This is an industry, the steel industry is an industry, more than most, operating on very thin margins, 2-, 3-percent profit, partly because of a trade decision made by the administration, ITC, Commerce Department, over the last 3 or 4 years. There's a new steel plant now called Vallourec in Youngstown. There is a $100-million expansion at Lorain Works of U.S. Steel, which I visited with the CEO, Mr. Surma, last week. There is other steel investment.

The problem is the negative business environments. We are seeing that the narrow margins are in large part because of increased imports of steel products resulting from government subsidies and unfair trade practices, often Chinese, sometimes others.

If confirmed, would you file a case at the WTO against China's steel subsidies?

Mr. FROMAN. Well, Senator, I think we need to take a look at the whole set of issues, and I do not know whether there is a case to be brought at the moment or not on that. I would say that we brought a case against China in the steel sector when they put on our grain-oriented electrical steel AD and CVD duties in an inappropriate way, and we won that case. And we are always looking to find mechanisms for dealing with issues of unfair trade practices through our trade enforcement laws.

So it is certainly something the ITEC can look at, and, if there is a case to be brought, they will bring it.

Senator BROWN. Well, thank you. My fear is this: that so often, by the time we go through this process, if we do not act a little more proactively or peremptorily, if that is an adverb, the damage to these businesses—we saw it in the paper industry in southern Ohio and all across paper manufacturing generally, where the damage to the industries was so great, by the time that the wheels of government in trade enforcement could operate, these companies and this industry really had it and probably will never fully recover, and they have not recovered appreciably anyway. So I am hopeful that you will look at this in a bit more proactive, preemptive way as you decide this.

Lastly, I just wanted to make the invitation to you—and I am sure my colleague from Ohio on the Finance Committee, Senator Portman, would like to too—to come out to Ohio and see a steel plant. I think you seeing steel being made, and its importance in

the economy in making things and being a leader in everything from national security to security of families that make steel, would matter so much.

And I would end with this. There is an ArcelorMittal plant in Cleveland which is the first time in world history where 1 person-hour produced 1 ton of steel. It had never happened in world history anywhere, and it happened first in Cleveland, OH. So you have a really efficient domestic steel industry that is under a lot of pressure because of dumping and because of illegal subsidies to Chinese steel.

Mr. FROMAN. I look forward to taking you up on that invitation.

Senator BROWN. Thank you.

The CHAIRMAN. Thank you, Senator.

Mr. Froman, you have heard a lot of concerns here. They generally revolve around unlevel playing fields, intellectual property infringement, state-owned enterprises unfairly taking advantage of U.S. companies, and so forth. My question really is—I know you are going to try to address a lot of this, and other matters that have not arisen. What are the limits on your power to address this? What are the limits? What are the political limits? What are the legal limits? What is preventing you from more forthrightly and aggressively addressing all these issues in a very expeditious way? If you could just categorize what they are, and I am especially interested in potential legal limits. The United States could bring unilateral actions before we joined the WTO. That ability to do so is now severely restricted. Now, there are some who would say that, well, gee, we get a lot out of it. Other countries have joined, and they have those disciplines, although other countries have not fully joined the WTO and participated in those disciplines. I will start first with the legal limits. What can you do and what can you not do?

Mr. FROMAN. Well——

The CHAIRMAN. First of all, what are the limits? If you could do everything—that is where I start out. If you could bring any action on any subject to address all that has been talked about here, what are the limits?

Mr. FROMAN. Well, Mr. Chairman, that is a great question that deserves a more thoughtful answer. I will start today, but it is something that I would love to continue the dialogue with you and others about.

You know, I think we benefit greatly—we, the U.S., benefit greatly—from the rules-based trading system. The WTO may constrain our ability to bring unilateral action, but it constrains everybody else's ability too. And the dispute resolution mechanisms of the WTO have generally been open and fair, and we have aggressively pursued our interests through them.

So I do not know whether we need additional legal authorities than what we currently have. I think we need to be able to get out there with our trading partners to build coalitions with other like-minded countries and to do things that help underscore that. For the global trading system as a whole, it will be better if countries all play by the same rules, and those rules are the sort of rules that undergird the current WTO system. And that is what we need to do bilaterally with the emerging economies, as they arise and

play an increasing role in the global economy. It is what we hope to do through the Transatlantic Trade and Investment Partnership: not only open our markets to each other but work together vis-à-vis the rest of the world to help raise standards in IPR and other areas. So there is a lot to be done in that regard.

The CHAIRMAN. So you do not think you need any more legal authority?

Mr. FROMAN. Well, I am happy to think through that, but I know enough to know that I should not be my own lawyer on this one.

The CHAIRMAN. All right. But I think we need to discuss this, and I urge you to think about it. You know, it is my belief, and I think it is America's belief, it is certainly the belief of members of this committee, we are not simon-pure. We have some trade barriers too. And other countries are not Darth Vader. They do not have black hats. We do not have white hats; they do not have black hats. But I think it is also true the shade of gray of our hat is a lot lighter than the shade of gray of their hats, by and large. And so the playing field is really not level. Do you want other countries to play by the same rules? A lot of countries do not want to do that. They are not rules-based, as much rules-based, as we are as a country.

You know, we are rooted in—our Founding Fathers came over, drafted a durable Constitution and Bill of Rights that are based in justice and fairness and procedure and transparency, and the assumption that democratic countries work with the form of government that we have. That is not true in most other countries. They do not have that same foundation. They do not have that same basis. They come from much different perspectives. Many countries are much less process-oriented, they are much more results-oriented.

The United States is process-oriented. We believe in rules and being fair. That is not true with other countries. And they will not be fair in the U.S. view because that is not where they come from. And the only way to address those issues, in my judgment, is leverage. You have to figure out some way to make them—that is a bad choice of words, but some way so they want to play fair. Or, if they do not, we have to adjust to another world order where justice and fairness may not be the total underpinning, might not be our premise, our assumption, of what we are trying to accomplish here.

I am worried about results very much. We Americans regard ourselves as fair, you know: the right process, judicial process, separation of powers, independent judiciary, et cetera. But we also need results. And the world has changed so dramatically in the last 10, 15, 20 years. With globalization and advances in communications technologies, that has undermined, I think, all institutions. We have to think a lot differently than we have in the past if our kids and grandkids want the same quality of life that we have enjoyed as Americans.

I am very worried about that, and I know you are too. Just so you have a sense here, the Senators are going to ask you follow-up questions in the future, to what degree have you performed in the areas that they have addressed. They do not just want to hear more talk. They do not want you, when they talk to you again about this—and I am one of them—to come back and say, well, gee,

we talked about a lot of this, but we did not do very much about it, and it is not much better really. And that is why I ask the question. What are the limits to your power? What do we need to address so that you have more power, actually, with respect to our trading partners so we can get better results? I just urge you to think very deeply about that.

I will talk to you later. We will have follow-up discussions about this. But I think it is one of the central questions facing this country: economically, how do we make sure that we are not being taken advantage of by some other countries? And how do we make sure that we Americans have an even higher quality of life than we have had in the past?

Mr. FROMAN. Well, I agree completely, and I very much look forward to working with you and your colleagues on that.

The CHAIRMAN. I wish you very well. It is a huge challenge. I sometimes think that only the paranoid survive. And I hope you are paranoid so that you can help America survive.

Thank you very much, Mr. Froman.

Mr. FROMAN. Thank you, Mr. Chairman.

The CHAIRMAN. The hearing is adjourned.

[Whereupon, at 12:55 p.m., the hearing was concluded.]

# APPENDIX

## Additional Material Submitted for the Record

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**Hearing Statement of Senator Max Baucus (D-Mont.)**
**Regarding the Nomination of Mike Froman to be U.S. Trade Representative**
*As prepared for delivery*

William Shakespeare once said, "Nimble thought can jump both sea and land."

The Office of the United States Trade Representative brings both nimble thought and nimble action to bear on the complex world of trade negotiations and enforcement. And this nimbleness allows them to address the challenges of trade policy across sea and land.

USTR is lean and effective. With fewer than 250 employees, it punches beyond its weight to break down foreign barriers to U.S. goods, services and intellectual property. And it negotiates the rules of trade that expand commerce, promote growth and create jobs.

USTR requires leadership that is equally nimble – leadership that can harness USTR's strengths and the strengths of the U.S. government as a whole. It needs a leader willing to put in the miles to meet with foreign counterparts and drive a hard bargain. A leader willing to partner with us here in Congress to develop trade policies that work. A leader willing to put in the hours to understand the challenges facing U.S. businesses, farmers, and ranchers – ranchers like Jim Peterson who are fighting to sell more U.S. beef around the world and are facing unscientific barriers in places like China.

I am pleased that we have such a leader before us today. Mike Froman is the right person for this job. For the past four years, he has demonstrated a mastery of trade policy development and implementation.

He understands the small details and he sees the big picture. He has closed out trade agreements, guided global economic policy and promoted initiatives that have boosted America's exports by more than 40 percent. And he has skillfully represented the United States at global forums like the G8 and the G20. He is more than capable of doing the job at hand. We should confirm his nomination, and we should do so quickly.

President Obama has outlined an ambitious trade agenda, one that requires a strong trade representative like Mr. Froman who can hit the ground running. The time is ripe. The United States has an opportunity to share in the rapid growth of the Pacific region and unlock further economic gains from our already deep ties with Europe.

USTR seeks to complete the Trans-Pacific Partnership negotiations by the end of the year. It will soon be ramping up free trade agreement negotiations with the European Union, and it is hard at work in Geneva on a multilateral services agreement, expanding opportunities for U.S. information technology products and reducing border delays around the world.

These trade policies will make a difference here at home. As a group, the TPP countries are the largest international market for U.S. goods and services. Last year, U.S. exports to current TPP countries totaled nearly $620 billion, representing 40 percent of total U.S. goods exports.

And breaking down trade barriers in TPP countries will make a real difference. Japan relaxed its beef restrictions earlier this year, and our beef sales are almost 50 percent higher. Japan's average agricultural tariffs are more than 20 percent, while ours are only five. When those tariffs come down, our sales will go up.

And the Transatlantic Trade and Investment Partnership will also stimulate economic growth and job creation. The European Union purchased close to $460 billion in U.S. goods and services last year, supporting 2.4 million American jobs. A comprehensive agreement that tackles long-standing regulatory and agricultural barriers could add even more jobs here at home.

My home state of Montana shows how critical an ambitious trade agenda is to good-paying jobs. Montana's manufacturers, farmers and ranchers rely upon open markets to create and maintain jobs. In fact, one in six manufacturing jobs in Montana comes from exports. In the last decade, Montana's goods exports to FTA partners have increased by 248 percent. Last year Montana's wheat growers exported 65 percent of their crop.

Because of the tireless efforts of U.S. trade negotiators, ranchers from Clyde Park can now export American beef to Korea, and farmers from Churchill can export American seed potatoes to Congo. We must fulfill the promise of our ambitious trade agenda. Confirming Mike Froman quickly must be the first step, but we're not done there. The next step must be to pass Trade Promotion Authority and Trade Adjustment Assistance.

With so many trade initiatives moving to completion and getting off the ground, we need TPA now to guide and support USTR. And we need TAA to ensure that our workforce remains ready to compete with anyone, anywhere in the world.

I am pleased that the Administration supports TPA and worker assistance. Mr. Froman, I look forward to working with you to renew TPA and TAA in the next few months, so that we can lay the groundwork for a successful trade agenda. I will continue my efforts to introduce a bipartisan TPA bill this month.

Finally, I'd like to emphasize that the USTR must continue to harness the resources and energy of the entire U.S. government for our trade agenda to be successful. It must continue to be headquartered at the White House, and the U.S. government must continue to pull together behind USTR's leadership.

The President's ambitious trade agenda will require nimble thought and nimble action. And I am confident that with Mike Froman at the helm, USTR will meet the ambition that the President has set. Mr. Froman, Members of this Committee will ask you tough questions today. That is our right and responsibility.

Mr. Froman, over the past several years, you have shown that you are willing to go the extra mile, over land and sea, to get the best deal for U.S. farmers, ranchers, businesses and workers. I believe you will serve ably as the next U.S. Trade Representative. I look forward to our discussion today.

###

*Michael Froman*
*Nominee for United States Trade Representative*
*Opening Statement*
*Senate Finance Committee*
*Confirmation Hearing*
*June 6, 2013*

Mr. Chairman, Ranking Member Hatch and Members of the Committee, thank you for your generous introduction. I am humbled by the confidence President Obama has placed in me in nominating me to be the U.S. Trade Representative, and I am deeply honored to be considered by this Committee.

I'd like to begin by recognizing my wife, Nancy, and my children Benjamin and Sarah, who are here today. I want to thank all of them, and particularly Nancy, for the love and support which has made it possible for me to serve.

I also want to thank my parents and recognize how important they've been to me. My mother was an elementary school teacher, a Cub Scout den leader and an active member of our PTA. My father was an immigrant who fled Hitler's Germany, grew up in Israel, and came to the United States to go to college without much English and just a hundred dollars in his pocket. But he built a small business, was president of his Rotary Club, and continues to be an important source of guidance and support.

My parents taught me the value of hard work and education, the importance of giving back to the community and the privilege to serve and work to improve the wider world. I would not be who I am, nor would I be here today, without them.

In recent weeks, I have enjoyed candid, substantive discussions with you about trade and America's broader economic challenges. There is a long tradition of partnership between the Finance Committee and USTR. It is a tradition I plan to continue if I am confirmed.

As President Obama has made clear, our number one goal must be to promote growth, create jobs and strengthen the middle class. I see USTR's role in contributing to this effort to be threefold.

First, by opening markets around the world so that we can expand our exports. Second, by leveling the playing field so that our people can compete and win in the global economy. And third, by ensuring that the rights and trade laws we have fought so hard for are fully implemented and enforced.

I first had the opportunity to work with USTR as a White House Fellow under President George H.W. Bush, then under President Clinton and over the past four years as President Obama's adviser on international economic affairs. It is clear that USTR is a very special place.

USTR professionals exemplify the finest traditions of public service. They work hard, they're nimble, they bring intellectual rigor to their mission, and they get things done. If confirmed, it would be an honor to lead them.

As we speak, USTR staff are busy negotiating the groundbreaking Trans Pacific Partnership. They are consulting with you on the upcoming negotiations for an unprecedented Transatlantic Trade and Investment Partnership. And, in Geneva, they are working to energize trade liberalization, including on trade facilitation, information technology and services.

All of these negotiations are designed to strengthen the multilateral, rules-based trading system and press it to achieve the highest possible aspirations.

If we can conclude these agreements – and let me be clear, my view is that it is better to accept no agreement than a bad agreement – we will have positioned the United States at the center of a network of agreements creating free trade with 65 percent of the global economy. It is among the most ambitious trade agendas in history.

Trade is also a powerful tool for development. If confirmed, I look forward to working with you to renew GSP and AGOA and to finding innovative ways to facilitate trade and regional integration across the developing world.

Trade policy can only work, however, if it is fair. We are committed to opening markets, and we are equally committed to enforcing our trade rights and trade laws and to helping displaced workers obtain the skills and jobs they need.

American workers are the most productive in the world. They deserve to compete on a level playing field. This Administration has made enforcement a top priority: 18 cases to date and the creation of the Interagency Trade Enforcement Center to enhance the depth and reach of our enforcement efforts.

As with so many things, that could not have happened without your support. Trade policy only fulfills its full potential when it reflects close consultations between the Administration, Congress and a wide range of stakeholders.

In that regard, if confirmed, I will engage with you to renew Trade Promotion Authority. TPA is a critical tool. I look forward to working with you to craft a bill that achieves our shared goals.

Let me conclude by making clear that, if I am given the honor of serving as U.S. Trade Representative, I will do everything in my ability to promote the interests of our workers, farmers and ranchers; our manufacturers and service providers; our innovators, investors and consumers.

Thank you again for considering my nomination. I am happy to answer your questions.

###

# SENATE FINANCE COMMITTEE
# STATEMENT OF INFORMATION REQUESTED OF NOMINEE

## A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names used.)

   Michael Braverman Goodman Froman
   Michael Braverman Froman (8/20/62-9/1/91)

2. Position to which nominated:

   United States Trade Representative

3. Date of nomination: May 6, 2013

4. Address: (List current residence, office, and mailing addresses.)

   Office:

5. Date and place of birth:

   8/20/62; San Rafael, CA

6. Marital status: (Include maiden name of wife or husband's name.)

7. Names and ages of children:

8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)

The Branson School, 9/76-6/80; High School Diploma, 6/80
Princeton University, 9/81-6/85; A.B. Public and International Affairs, 6/85
Oxford University, 9/85-6/88; D.Phil in International Relations, 7/88
Harvard Law School, 9/88-6/91, J.D., 6/91

9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.

Summer Associate, Office of the General Council. U.S. Department of Defense, Washington, DC, 6/89-7/89

Summer Associate, Nishimura & Sanada, Tokyo, Japan, 7/89-8/89

Summer Associate, Office of the Legal Advisor, U.S. Department of State, Washington, DC, 6/90-7/90

Summer Associate, Covington & Burling, Washington, D.C., 7/90-8/90

Summer Associate, Soble International Law, Washington, DC, 6/91-7/91

Stagiare/Intern, Commission of the EC, Brussels, Belgium 10/91-3/92

Liaison, American Bar Association CEELI Program, Tirana, Albania, 3/92-8/92

White House Fellow/Director, Office of Policy Development, The White House, Washington, DC, 9/92-1/93

Director, International Economic Affairs, NEC/NSC, The White House, Washington, DC, 1/93-12/95

Deputy Assistant Secretary for Eurasia and the Middle East, U.S. Department of the Treasury, Washington, DC, 12/95-1/97

Chief of Staff, U.S. Department of the Treasury, Washington, DC, 1/97-7/99

Senior Fellow, Council on Foreign Relations/German Marshall Fund of the United States, Washington, DC, 7/99-11/99

Chief of Staff, Office of the Chairman, Citigroup, New York, NY, 12/99-12/00

Director, Emerging Markets Strategy, Citigroup, New York, NY, 12/00-12/01

President and CEO, CitiInsurance, Citigroup, New York, NY, 12/01-6/05

Managing Director and Head of Strategy and Business Development, Citi Alternative Investments, New York, NY, 7/05-3/06

Managing Director and Chief Operating Officer, Citi Alternative Investments, New York, NY, 3/06-4/07

Managing Director and Head of Infrastructure and Sustainable Development Investments, Citi Alternative Investments, New York, NY, 4/07-1/09

Deputy Assistant to the President and Deputy National Security Advisor for International Economic Affairs, The White House, 1/09-1/12
Assistant to the President and Deputy National Security Advisor for International Economic Affairs, The White House, 1/12-Present

10. Government experience: (List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above.)

Summer Associate, U.S. Department of State, 6/90-7/90
Summer Associate, U.S. Department of Defense, 6/89-7/89
Intern, U.S. Department of State, 6/84-8/84
Intern, U.S. Information Agency, 6/83-8/83

11. Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)

Trustee, The New School (2005-2009)
Member of the Board, National Security Network (2006-2008)

12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)

Council on Foreign Relations (1993-Present)
Bar Associations of New York, Massachusetts and District of Columbia (1991-Present)
Temple Sinai (2011-Present)
JCC in Manhattan (2002-2011)
American Society of International Law (1990-1992)
Princeton Club (1985-1989)
Trilateral Commission (2005-2008)
National Security Network (2006-2008)

13. Political affiliations and activities:

a. List all public offices for which you have been a candidate.

None

b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None

c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $50 or more for the past 10 years.

| | | |
|---|---|---|
| Barack Obama | $2000 | 10/9/12 |
| Hillary Clinton | $1000 | 7/14/08 |
| Senate 2008 | $1000 | 5/5/08 |
| Patrick Murphy | $500 | 3/31/08 |
| Jack Reed | $2300 | 3/3/08 |
| Barack Obama | $300 | 1/24/08 |
| Barack Obama | $2000 | 3/31/07 |
| DSCC | $1000 | 5/25/06 |
| Hillary Clinton | $1000 | 5/9/06 |
| Joe Lieberman | $500 | 5/8/06 |
| DSCC | $1000 | 4/19/06 |
| Hope Fund | $1000 | 2/28/06 |
| Hope Fund | $735 | 2/21/06 |
| Joseph Biden | $1000 | 9/21/05 |
| Hope Fund | $1000 | 6/7/05 |
| David Yassky | $2100 | 6/1/05 |
| Erskine Bowles | $1000 | 10/14/04 |
| Senate 2004 | $1000 | 9/21/04 |
| Brad Carson | $200 | 9/21/04 |
| Barack Obama | $200 | 9/21/04 |
| Barack Obama | $1000 | 6/16/04 |
| Jamie Metzl | $1000 | 6/30/04 |
| Ed Case | $1000 | 6/30/04 |
| Hillary Clinton | $1000 | 5/24/04 |
| Yvette Clarke | $500 | 5/11/04 |
| Brad Carson | $500 | 12/11/03 |
| John Kerry | $2000 | 9/30/03 |
| Charles Schumer | $1000 | 6/3/03 |
| Artur Davis | $1000 | 5/7/03 |

14. Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)

Harry S Truman Scholarship (1983)
Harold Rosenthal International Affairs Fellowship (1984)
Fulbright Scholarship (1985)
SSRC/MacArthur Foundation Fellowship in International Peace and Security (1986-1987)
Harvard College Danforth Certificate of Distinction in Teaching (1991)
Ford Foundation Fellowship in Public International Law (1991)

15. Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)

I have done my best to identify all books, articles, reports or other published materials, including thorough a review of personal files and searches of publicly available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find, or remember. I have located the following:

Promoting Sustainable Economies in the Balkans, Council on Foreign Relations, 2000. (co-author)

"Rebuilding the Balkans," Washington Post, November 20, 1999. (co-author)

"Dayton's Incomplete Peace," Foreign Affairs, Fall 1999. (co-author)

Book Review of Alternative Security: Living Without Nuclear Deterrence, Edited by Burns H. Weston, 86 American Journal of International Law 205, 1992.

Coming to Terms: The Development of the Idea of Detente, St. Martin's Press, 1991.

"Taking Reichs Seriously: German Unification and the Law of State Succession," 104 Harvard Law Review 588, 1990.

"International Trade – The U.S.-EC Hormone Treated Beef Conflict," 30 Harvard International Law Journal 549, 1989.

"France and SDI," Naval War College Review, 1987. (co-author)

"Strategic Implications of SDI for France and West Germany," Royal United Services Institute Journal, 1987. (co-author)

"The Meaning of SDI," Army Quarterly and Defence Journal, 1987. (co-author)

16. Speeches: (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with **two** copies of each formal speech.)

I have done my best to identify all formal speeches relevant to the position,

including thorough a review of personal files and searches of publicly available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find, or remember. I have located the following:

| | |
|---|---|
| 6/8/2011 | CSIS Speech on Energy |
| 7/13/2011 | Trans - Atlantic Policy Network |
| 1/4/2012 | CSIS TPP Speech |
| 5/7/2012 | Transatlantic Week keynote Speech |
| 5/16/2012 | G8 briefing at Brookings |
| 5/18/2012 | Symposium on Food Security |
| 6/12/2012 | US-India Business Council |
| 6/14/2012 | AGOA Speech at State as part of the AGOA Forum |
| 7/11/2012 | JCAP Signing in Tanzania |
| 7/18/2012 | Kenya Chamber of Commerce Speech |
| 7/31/2012 | Center on Global Development Speech on Africa |
| 9/9/2012 | Speech in Egypt on Egypt Economics |
| 9/11/2012 | Speech in Qatar Asset Recovery Forum |
| 9/19/2012 | Global Services Summit Speech |
| 10/23/2012 | US-Russia Business Council Annual Meeting Keynote Speech |
| 1/7/2013 | Ethics and Globalization (PIIE) Remarks on a panel |
| 2/20/2013 | Doing Business in Africa – White House Event |
| 3/16/2013 | German Marshall Fund Panel on US-EU Trade |
| 4/17/2013 | South Sudan Conference |
| 4/18/2013 | Remarks at US Embassy in Ireland on TTIP |
| 4/23/2013 | Naval War College Talk on Economic Security |
| 4/28/2013 | Millennium Challenge Corporation Forum |

17. Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)

I have been involved in international economic affairs, including trade policy, for more than 20 years. As Director of International Economic Affairs at the White House from 1992-1995, I worked closely with USTR on a number of trade matters. At the Treasury Department, I worked on a range of international economic issues as Deputy Assistant Secretary for Eurasia and the Middle East from 1996-1997 and as Chief of Staff from 1997-1999. Since returning to the White House in 2009, I have served as Deputy Assistant to the President and then Assistant to the President and Deputy National Security Advisor for International Economic Affairs, where my responsibilities include the coordination of international trade policy on behalf of the National Security Staff and National Economic Council. Throughout this period I have traveled extensively to meet with senior officials of our major trading partners and have developed strong working relationships that will provide a foundation for advancing the United States' interests in international trade matters.

## B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.

   If confirmed, I will remain an employee of the U.S. government.

2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.

   No.

3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.

   No.

4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.

   Yes.

## C. POTENTIAL CONFLICTS OF INTEREST

1. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

   In connection with the nomination process, I have consulted with the Office of Government Ethics and the U.S. Trade Representative's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with USTR's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

2. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

   In connection with the nomination process, I have consulted with the Office of

Government Ethics and the U.S. Trade Representative's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with USTR's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

3. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.

   I have engaged in no such activity.

4. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with **two** copies of any trust or other agreements.)

   In connection with the nomination process, I have consulted with the Office of Government Ethics and the U.S. Trade Representative's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with USTR's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

5. **Two** copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.

6. The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:

   Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.

   No.

## D. LEGAL AND OTHER MATTERS

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

   No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

   No.

3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

   In 2007, my spouse and I were among several parties sued by a lender who sought to collect on a mortgage owed by the prior owner of our residence. We were promptly dismissed from the lawsuit by agreement with the lender once it was determined that my spouse and I had no liability regarding the claim.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.

   No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

   None to my knowledge.

## E. TESTIFYING BEFORE CONGRESS

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

   Yes.

2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?

   Yes.

**FINANCE COMMITTEE QUESTIONS FOR THE RECORD**

**United States Senate**
**Committee on Finance**

**Hearing on**
**Confirmation of Mr. Michael Froman to be**
**United States Trade Representative**
**June 6, 2013**

**Questions from Chairman Baucus**

**Question 1:**

**Mr. Froman, you have a very ambitious trade agenda before you. To fulfill the promise of that agenda, we need Trade Promotion Authority. With multiple negotiations moving forward, there is no time to waste. That is why I would like to see a bipartisan TPA bill introduced this month. I'm pleased that you are making TPA renewal a priority, and that you will engage with Congress to get TPA done quickly. Can you confirm that the President is formally requesting renewal of Trade Promotion Authority?**

**Answer:** Yes. If confirmed, I will engage with you to renew Trade Promotion Authority. TPA is a critical tool. I look forward to working with you to craft a bill that achieves our shared goals.

**Question 2:**

**For the past decade, I have fought hard to make sure our trade deals were good for U.S. agriculture. We've made progress in getting more access for U.S. beef in important markets like Japan, South Korea, and Taiwan, but the work there remains unfinished. And even as a Chinese company bids for a major U.S. pork producer, China remains closed to U.S. beef.**

**How will you make sure our trading partners in Asia and Europe are using sound science in relation to our exports of beef and other agricultural products? In this regard, how will you use the recent good news that the OIE has reclassified U.S. beef with its safest rating?**

**Answer:** The OIE's formal recognition of our negligible risk status for BSE is an important step to expanding U.S. exports of beef and beef products. If confirmed, I will work with USDA to press trading partners to open their markets to U.S. beef based on science and consistent with OIE guidelines for countries with a negligible risk classification.

**Question 3:**

**I continue to be concerned by Chinese policies that cost U.S. jobs. American innovation is the key to job growth in the United States and competitiveness in global markets. But some foreign countries are pursuing policies that create "localization" barriers to trade and misappropriate American innovation for the benefit of their own domestic industries. China, for example, has failed to end the wholesale theft of U.S. intellectual property, and pioneered the use of "localization" requirements to force U.S. companies to turn over their innovation to Chinese companies. Now India and others are using similar "localization" measures. For example, India is requiring U.S. companies to transfer technology to domestic companies or produce locally in order to gain access to its market. We need to be on the offense and fight these unfair "localization" practices.**

**Mr. Froman, how do you plan to engage China, India, and others to stop these practices and prevent their spread? What additional approaches can the United States take in order to stay on the offensive? What leverage do we have and how can we put this leverage to work?**

**Answer:** I understand that USTR and other agencies continue to raise localization barriers bilaterally, at the WTO, and in regional fora. However, the significant increase in number and seriousness of these barriers around the world necessitated a more comprehensive strategy that employs a wider range of tools.

In response, USTR in 2012 established an interagency task force on localization barriers to trade, and is working within that context to develop and execute a more strategic and coordinated approach to stop these practices and prevent this policy direction from being adopted by more countries. This approach includes working with stakeholders in the United States and like-minded trading partners to (1) strengthen the analytical case against localization barriers; (2) multilateralize work to address localization barriers to trade; and (3) promote approaches that offer better ways to stimulate job creation and economic growth. If confirmed, I will continue these coordinated efforts to identify and address localization barriers imposed by our trading partners.

**Question 4:**

**China's state engagement in commercial activity is tilting the global playing field against U.S. businesses. Government support for state-owned enterprises through currency manipulation, preferences and cheap financing give them an unfair advantage. This is true not only in the Chinese market, but in markets around the world, where Chinese SOEs can leverage their advantages to sell products more cheaply and invest strategically. I'm therefore pleased that USTR has been seeking strong disciplines on SOEs in the TPP. There must be a level playing field when SOEs are involved, whether from China or elsewhere. Mr. Froman, will you do your utmost to achieve strong SOE disciplines in the TPP and other trade agreements to achieve the level playing field that we all seek?**

**Answer:** Yes, if confirmed, I will seek strong disciplines on SOEs in TPP that will help level the playing field for American businesses, farmers, ranchers and workers.

**Question 5:**

**Mr. Froman, I sometimes hear claims that USTR's process for negotiating the TPP is not transparent. From where I sit, this doesn't seem to be the case. USTR officials are constantly coming to the Hill to brief staff. And any Senator or Congressman can see negotiating text.**

**Please explain your views on the claims that USTR is not transparent.**

**Answer:** USTR works closely with the public's representatives in Congress to conclude trade and investment agreements that benefit the American people and promote core U.S. values. In the Trans-Pacific Partnership, USTR is engaged in extensive outreach to ensure that all voices are heard in the attempt to find the correct balance of views on complicated and complex trade issues. USTR engages on a daily basis with Members of Congress and Senators and their staffs, not only to ensure the input of the people's representatives into every negotiating position, but also to keep you informed of the substance and progress of the talks. That engagement includes substantive briefings, in person discussion with negotiators, and the sharing of U.S. proposals and negotiating text. If confirmed, I look forward to continuing this close consultation with not only Congress, but with key stakeholders representing business, labor, academic groups, civil society, and the public.

**Question 6:**

**I support the President's 2014 budget request for $56 million for USTR. Unfortunately, USTR's FY13 budget was cut too much. This is harming its ability to do its job and carry out the priorities of this Committee. USTR must have the resources it needs to fulfill its mission of increasing exports and enforcing trade agreements.**

**Mr. Froman, will you commit to fight to ensure that USTR has adequate resources?**

**Answer:** USTR is a small, nimble organization. It is my understanding that recent cuts leading to staff shortages and reduced engagement with our trading partners have raised difficult choices among its negotiating, monitoring, and enforcement priorities. I fully support the President's 2014 budget request and the administration's efforts to replace the sequester with balanced deficit reduction. If confirmed, I will work to ensure that USTR has the resources it needs to fulfill its mission.

**Question 7:**

**As you know, the current Softwood Lumber Agreement is set to expire in 2015. There appears to be interest on both sides of the border to extend the SLA, or some version of it. It is critical that any extension or new deal is a good deal for the U.S. and Montana lumber industry.**

**If confirmed, how will you approach these negotiations with Canada? Can you also provide me assurances that you will work to vigorously enforce any violations by Canada of the agreed-upon terms?**

**Answer:** The SLA was recently extended until mid-October 2015 with the support of domestic lumber producers and continues to provide predictability and stability in this very important sector in the U.S. economy. If confirmed, I will ensure that Canada abides by its obligations under the current SLA, and that the USTR team continues its ongoing communications with Congress, the lumber industry, and all interested stakeholders. These ongoing consultations put the United States in the best position to plan for the expiration of the SLA, and, if confirmed, I will be closely involved in this process.

**Question 8:**

**Improving the movement of goods across our borders has an immediate impact for U.S. companies. It will cut costs and reduce delays for U.S. manufacturers and agricultural producers alike. This is why I introduced S. 622, the Trade Facilitation and Trade Enforcement Act of 2013, with Senator Hatch. My customs reauthorization bill improves trade facilitation by making sure U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement prioritize their trade missions. And it provides new tools and resources to these agencies to improve enforcement and prevent infringing goods from getting into the stream of commerce. Similarly, the Trade Facilitation negotiations in the WTO can have a real impact on the movement of trade around the world. Reaching a successful conclusion on these negotiations will reduce costs and delays at borders across the globe and expand trade. Unfortunately, the negotiations are being held up by the same obstructionism that has plagued the WTO recently. What will you do to break the logjam so we can bring this negotiation to a conclusion? What can and should we do here in the United States to improve trade facilitation and enforcement?**

**Answer:** USTR has been working hard to conclude a strong, binding WTO Trade Facilitation Agreement as part of a package of results for adoption at the Ministerial Conference in Bali in December. The United States has been prepared to work with other WTO Members to include certain provisions on agriculture and development in this package, so long as they clearly can be accomplished and do not upset the fundamental balance of interests on other U.S. priorities, such as market access. We have made it clear that we will only agree to a Bali package that includes a meaningful and enforceable Trade Facilitation Agreement.

A WTO Trade Facilitation Agreement would complement U.S. domestic efforts to promote trade facilitation and customs enforcement here. With the ambitious trade agenda the Administration has announced, USTR will be in a position to take a strong lead in ensuring that U.S. traders have access to the most efficient, cost effective, and transparent border agency approach to international trade, and one that ensures effective enforcement of border measures.

If I am confirmed, USTR will work with relevant agencies to support trade facilitation and enforcement and to ensure effective coordination and communication of efforts across the U.S. government.

## Questions from Senator Hatch

**Question 1:**

**I understand that levies are assessed in a number of EU member states on digital products such as smart phones, tablets, personal computers and other products that store data. So-called "collecting societies" in various EU countries apply these levies, which can be as high as 3.5% and can add as much as $25 on the price of a typical PC. These levies are collected purportedly to compensate content rights holders of copyrighted material that has been subject to private copying.**

**My concern is that these levies are not always transparent, they are not uniformly applied across the EU, and they are sometimes used for purposes other than to compensate content rights holders. Further, they undermine the very spirit of this trade agreement as well as the WTO Information Technology Agreement because they raise the cost for U.S. technology companies and for consumers. Several associations addressed this issue in the Administration's recent solicitation of comments.**

**Can you tell us how you plan to handle this issue in the negotiations? Can the levies be removed, consistent with USTR's objective for the TTIP to "eliminate all tariffs and other duties and charges on trade" as notified to Congress on March 20th?**

**Answer:** As you state, private copying levies are assessed in EU and other markets that permit private copying of copyright-protected content in order to compensate rights holders. In the context of TTIP, USTR will continue to engage with Members of Congress and interested stakeholders as part of the 90-day consultation period and beyond with respect to the EU private copy levy regime in order to advance and defend U.S. interests.

**Question 2:**

**USTR's National Trade Estimate Report on Foreign Trade Barriers has listed India's localization requirement for boric acid exported from the United States every year since 2006.Yet, India continues to stall any satisfactory resolution of the matter, U.S. Government efforts?**

**What can you do to ensure that India takes action to resolve this matter? If India continues its actions will you consider requesting consultations through the World Trade organization?**

**Answer:** I understand that USTR has been working to resolve the challenges to entry of U.S. boric acid into India. If confirmed, I will reinforce those efforts to press India on this issue in bilateral engagement as well as in the WTO, and to explore all available policy tools to ensure India's compliance with its international obligations

**Question 3:**

**Last year as Congress worked toward passing permanent normal trade relations with Russia, the President said: "From day one of its membership in the WTO, Russia will be required to comply with WTO rules on the protection and enforcement of intellectual property rights, including with respect to key rights relied on by U.S. creative and innovative industries." In addition, the Administration assured Congress that additional work to bring Russia into compliance with their WTO commitments would be conducted through a U.S.-Russia IPR Working Group.**

**Has Russia come into compliance with its WTO commitments on IPR? What progress has been made in the IPR Working Group?**

**Answer:** If confirmed, I will continue to monitor Russia's adherence to its WTO commitments through work in the WTO Council for Trade-Related Aspects of Intellectual Property Rights (the TRIPS Council) as well as USTR's ongoing intensive bilateral engagement with Russia on the protection and enforcement of intellectual property rights. On March 26, 2013, USTR convened a meeting of the U.S.-Russia Working Group on Intellectual Property Rights. During that meeting, specific elements of the U.S.-Russia Intellectual Property Rights Action Plan were assessed, including combating copyright piracy on the Internet, enhancing IPR enforcement, and coordinating on IPR legislative reform and other issues. If confirmed, I will continue to ensure consistent attention to, and progress on, these IPR objectives and implementation of the Action Plan, both under the auspices of the Working Group, as well as the WTO, and through other engagement.

**Question 4:**

**The final PNTR legislation for Russia includes important reporting requirements for USTR, firstly, on Russia's implementation of Sanitary and Phytosanitary and Intellectual Property Rights enforcement commitments as well as their progress toward joining and implementing the ITA and GPA Agreements. Under this report, USTR must state areas where Russia is not living up to these commitments. And, secondly, the legislation requires a report on measures taken by USTR and the Department of State to improve rule of law in Russia in support of U.S. investor state relations, including by promoting the claims of U.S. investors in the Yukos Oil Company.**

**Can you please provide a status report on progress made in these areas? Further, can I get your firm commitment these statutory reports will be delivered to the Senate Committee on Finance and House Committee on Ways and Means on time?**

**Answer:** With regard to its commitment to join upon accession the Information Technology Agreement (ITA), Russia has revised its schedule and sent it to the Eurasian Economic Commission for modification of the Customs Union's tariff schedule. To finalize its accession to the ITA, Russia must send the revised schedule to the WTO ITA Commission for approval, and then revise its WTO bound schedule accordingly. If confirmed, I will push to ensure that this process is completed. With regard to the Agreement on Government Procurement (GPA), Russia became an observer to the GPA Committee on May 29. Russia has committed to table an offer on joining the GPA within four years of joining the WTO.

With regard to Russia's commitments concerning sanitary and phytosanitary measures, Russia continues to apply measures on tetracycline and ractopamine residues that are more stringent than international standards, but which do not appear to be supported by risk assessments done in accordance with international standards. If confirmed, I will use all appropriate means to resolve these matters, including, as needed, the full panoply of WTO tools, including dispute settlement, where appropriate.

The Administration is monitoring closely the significant claims brought by Yukos investors from many different countries in international court and arbitration proceedings and expects these decisions to shed light on many of the complex legal issues at stake in this matter.

I understand that the first of the reports called for in the law will be delivered on time later this month to the Senate Committee on Finance and House Committee on Ways and Means. If confirmed, I will work to ensure future reports are delivered on time as well.

**Questions 5:**

**Last year, Taiwan was the 11th-largest U.S. trading partner, with a total amount of trade at $63.2 billion. What can the United States do to further enhance our economic relationship with Taiwan? Do you believe that a free trade agreement with Taiwan or Taiwan's participation in the Trans-Pacific Partnership are viable options?**

**Answer:** The United States and Taiwan have a strong and important bilateral trade and investment relationship. If confirmed, I will seek to enhance further our relations with Taiwan. I believe we should continue to focus on strengthening our economic relationship with Taiwan through our bilateral Trade and Investment Framework Agreement. Regarding participation by Taiwan in the TPP, the TPP is open to all APEC economies—including Taiwan—that can establish their readiness to meet the high standards of the agreement.

**Question 6:**

**On June 4, 2013, the Obama Administration released a set of proposals to change this country's patent system, including proposed changes to the International Trade Commission's Section 337 process. The Section 337 process provides a means for U.S.**

**right holders to stop infringing imports at the border. Although the Senate Finance Committee has jurisdiction over ITC matters, the Administration has failed to consult with this Committee on its legislative proposals before going to the press.**

**(a) When did you become aware that the Administration was contemplating changes in this area and why hasn't the Administration consulted with Congress?**

**(b) If confirmed as USTR, will you commit to consulting with Congress before major legislative proposals on trade policy are announced to the press?**

**Answer:** If confirmed, I will continue USTR's practice of close consultation with Congress on matters of trade policy. While I was not personally involved in the patent process, my understanding is that, in the June 4 announcement, the Administration made clear that it stands ready to work with Congress on these issues crucial to our economy, American jobs, and innovation. If confirmed, I stand ready to work with you on the trade policy aspects of this issue.

**Question 7:**

**Korea has yet to fully implement its free trade agreement with the United States. In particular, the government of Korea continues to use pirated software, which is prohibited under the agreement. Korea has also failed to establish an independent review process to make sure that decisions regarding pricing and reimbursement for medicines and medical devices are fair.**

**What steps would you be prepared to take if you are confirmed to ensure that Korea lives up to its obligations under our FTA?**

**Answer:** On use of unlicensed software by the Government of Korea, I understand that we have achieved significant progress following senior level engagement by USTR and other Administration agencies. If I am confirmed, I will continue USTR's work in ensuring that American intellectual property rights are protected and enforced in Korea and elsewhere.

In addition, I understand that USTR has raised and continues to raise issues related to the implementation of the independent review process with the Korean government. If confirmed, I will work to ensure that the independent review process functions as set forth under the KORUS agreement.

**Question 8:**

**The Andean Trade Preference Act (ATPA) expires on July 31st. Ecuador is the sole remaining beneficiary country under ATPA. Unfortunately, Ecuador continues to take actions that harm United States trade interests.**

**For example, Ecuador has failed to recognize and enforce international arbitration awards favoring U.S. citizens and companies. Ecuador has also substantially raised its fees for patent rights and plant variety protection in a way that discriminates against right holders from the United States. And last November, Ecuador issued a compulsory license for a patented pharmaceutical product developed by a U.S. manufacturer.**

**I don't believe Ecuador's behavior should be rewarded by extending their benefits under the ATPA. In expectation of the expiration of ATPA, I understand that Ecuador has petitioned USTR to expand GSP's coverage to include many of the benefits of the ATPA.**

**Do you believe that Ecuador should be able to circumvent the will of Congress and receive expanded benefits under the GSP program?**

> **Answer:** I understand that of the ten products the government of Ecuador sought to add to the list of products eligible for duty-free treatment under the GSP program this year, only three were accepted for formal review. In addition, the Administration is considering whether to accept a petition to suspend Ecuador's eligibility for GSP benefits based on its alleged failure to recognize and enforce in good faith international arbitral awards. Decisions on those requests are currently pending. If confirmed, I will work with you and others in Congress to re-authorize the GSP program, and apply it in a way that benefits both the United States and our developing country trading partners.

**Question 9:**

**While all agree that the U.S. and EU share robust regulatory, intellectual property, and enforcement systems, there remain significant outstanding issues in the EU, particularly with regard to its treatment of clinical trial data for biopharmaceutical products. The European Medicines Agency's current and proposed policies for disclosing confidential commercial information contained in marketing authorization dossiers appears to violate the EU's international obligations to protect intellectual property and undermines patient privacy, regulatory system integrity, and incentives for biopharmaceutical research and development. As USTR, will you commit to engage with the EU in every available venue to resolve this issue?**

> **Answer:** USTR has engaged intensively on behalf of U.S. stakeholders with the EU on this issue and will continue to do so. USTR's engagement has focused on ensuring that that the EU fully protects such clinical data for biopharmaceutical products consistent with its own law and international commitments, including with respect to intellectual property rights. If confirmed, I will ensure that USTR monitors developments on this issue closely.

**Question 10:**

**In 2009, amid controversy over bonuses paid by firms receiving TARP bailouts, it was reported that you were going to donate your 2008 Citigroup bonus, paid to you in 2009, to charity. You have noted to the Committee that you have already donated a significant**

**portion of your 2008 year-end Citigroup bonus to charity and you continue to donate additional portions to charity.**

**Please list, in dollars, how much of your 2008 bonus you have donated to charity year-by-year.**

**Of your entire $2,250,000 bonus, how much do you intend to give to charity, and what is your time-frame for doing so?**

> **Answer:** I have donated approximately 75 percent of the net proceeds of my 2008 bonus to charity. I intend to contribute the remainder in the next few years. I will work with the Committee staff to provide additional information as appropriate.

**Question 11:**

**You have noted that, regarding your participation in the CVCIGP II U.S. Employee, L.P. (CVCI) fund, "sales or transfers of interests in the fund were generally not permitted except under very limited circumstances such as termination for cause, retirement, disability or death." You have also noted that "My ethics agreement requires that, if confirmed, I will divest my limited partnership interest in CVCI within 90 days following such confirmation."**

**Aside from things like being fired from Citigroup for cause, and the other factors you cite, can you document that there are no other ways for investors in the Cayman Island investment that you are participating in to divest?**

**Have you at any time attempted to sell your interest in CVCI before now, or is the ethics agreement you have entered into the first time you have contemplated selling your interest in CVCI?**

**Is a recommendation from a government ethics official a criterion in the CVCI partnership documents under which divestment can occur and, if so, can you provide such documentation?**

> **Answer:** Terms for sales or transfers of interests in CVCI are identified in the documents I have provided to the committee. I have not attempted to sell my interest in CVCI previously as it has not previously been directed by an ethics official or permissible under the terms of the investment. My understanding is that USTR ethics officials have informed Citi that they are directing divestment and that Citi has agreed to permit it.

**Questions from Senator Rockefeller**

**Question 1:**

**The European Union (EU) is requesting that air services be included in the Transatlantic Trade and Investment Partnership (TTIP) negotiations. Historically, the Department of State (State) and Department of Transportation (DOT) have negotiated aviation transportation agreements. At present, they have negotiated liberalized ("Open Skies") agreements with over 110 countries, including a recent one with the EU that has resulted in substantial benefits for both the EU and the United States. This aviation-specific negotiating framework has worked well, and I believe future aviation services agreements should continue to be handled in this manner. Is the United States Trade Representative (USTR) including air services in the scope of their TTIP negotiations with the EU? If air services are not currently included in the scope of the EU TTIP negotiations, will the USTR notify the Finance Committee and its Members if this changes and does become a topic of TTIP negotiations?**

> **Answer:** We are still in the 90-day consultation period regarding TTIP. Air services have traditionally been covered by Open Skies agreements, not trade agreements. I am aware of the sensitivity around this issue and, if I am confirmed, USTR will remain in close communication with the Finance Committee as the negotiations proceed forward.

**Question 2:**

**There are several important trade negotiations underway, including ones with Asia Pacific countries (Trans-Pacific Partnership) and with Europe (Transatlantic Trade and Investment Partnership) and one focused on services trade (Trade in Services Agreement). These are critical opportunities to modernize trade rules to keep pace with changes in the U.S. economy. One priority is the need for these agreements to break down barriers to U.S. companies selling or using digital products and services—or transferring data to run their operations—across borders. In other words, we need trade rules that take into account our 21st century businesses, like cloud computing, that only operate effectively if data can flow across borders with few restrictions. Will this be a priority for you in these negotiations?**

> **Answer:** I agree that addressing the impediments to trade in digital products and services should be-a top priority for any new trade agreement. If I am confirmed, I will work to include provisions in our FTAs that reflect this priority.

**Question 3:**

**China remains a huge challenge for American businesses. To note one example, the software industry faces a nearly 80% piracy rate in China and also confronts barriers that shut out foreign products from certain parts of the market. In some cases, foreign companies need to transfer technology or IP to access the market. Through the U.S.-China Joint Commission on Commerce and Trade (JCCT) and other negotiations with China,**

**USTR has made important progress reorienting the discussion to focus on results rather than commitments by China. Whether U.S. software companies and other industries with IP-intensive products are selling more in China should be the ultimate measure of whether these negotiations are successful. We urge you to continue to pursue this type of results-oriented trade policy in negotiations with China and with other countries as well.**

**Answer:** Thank you for raising these important concerns. As you indicate, USTR has worked hard to urge China to address its very high software piracy rates and to eliminate measures conditioning market access on the transfer of technology or intellectual property rights to domestically controlled entities. If I am confirmed, I will ensure that USTR continues to press China on all fronts for firm commitments and real progress on these important issues affecting sales of software and other IP-intensive products in China. These efforts will continue to build on China's 2012 Strategic and Economic Dialogue commitment related to increasing the level of sales of legitimate IP-intensive products and services.

## Questions from Senator Wyden

### Question 1:

**During your confirmation hearing, through our discussions, and based upon media accounts, the U.S. government, the EU, and China are in discussions about ways to resolve the trade challenges that originate from China's unfair trade practices in the solar sector. If confirmed, will addressing these pressing challenges remain a priority of yours and of the Administration's? Please provide a status update of these talks.**

**Answer:** With regard to the challenges you raise concerning China and the solar sector, the Administration has reached out to China and the EU to explore a possible negotiated solution and has had some initial discussions about how to deal with these matters on a global basis and with regard to the entire solar sector supply chain. In so doing, we are working to support the three U.S. objectives of (1) ensuring a level playing field for U.S. solar manufacturers and their products by enforcing U.S. trade remedy laws and U.S. rights under the World Trade Organization agreements and (2) accelerating the adoption of renewable energy technologies in the United States and the world, and (3) leveling the playing field so that U.S. clean energy manufacturers can compete and win in this growing market. If confirmed, I will continue to support these efforts. I can assure you that addressing the trade challenges that we face in the solar sector will remain a priority for USTR and that, if confirmed, we USTR will explore all avenues to attempt to address them.

**Question 2:**

**The Obama Administration's track record on trade enforcement is encouraging, but I would like to see a more proactive approach toward identifying and remedying unfair trade practices.**

**The executive branch can more effectively combat unfair trade by working closely with workers and with affected industry. The Steelworkers 301 petition is an example of a good partnership between workers and government, as are those related to combating duty evasion. But the Administration must act on its own to level the playing field when workers and producers cannot. If confirmed, will you commit to an aggressive, proactive approach toward trade enforcement, recognizing that workers and businesses often do not have the capacity or the resources to identify and remedy unfair trade on their own?**

> **Answer:** President Obama has elevated trade enforcement as a top priority for U.S. trade policy. This Administration has brought 18 enforcement actions to date and set up the Interagency Trade Enforcement Center (ITEC), which enhances the capacity to be proactive in bringing enforcement actions. If confirmed, I will ensure that USTR continues to engage in vigilant monitoring and rigorous enforcement of U.S. trade rights to ensure that America's businesses and working families are able to seize all of the job-supporting opportunities available under U.S. trade agreements.

**Question 3:**

**As you know, Chinese producers are finding ways to circumvent and evade the U.S. AD/CVD orders on solar, in addition to other AD/CVD orders. As we discussed privately, you are aware about how Chinese suppliers engage in schemes to transship merchandise and falsify records in order to evade AD/CVD. If confirmed, how will you work to help ensure that Customs and Border Protection and the Department of Commerce more fully enforce the trade remedy laws—will you make a recommendation to the National Economic Council to use its resources and authority to get a handle on this issue and organize a coordinated response among the relevant agencies?**

> **Answer:** If confirmed, I will utilize all of the tools at USTR's disposal to ensure that our strong trade remedy laws are fully enforced and defended at the WTO. This would include enhancing the coordination and enforcement efforts across the U.S. government—whether through mechanisms such as the Interagency Trade Enforcement Center (ITEC) or otherwise—and ensuring that all the relevant agencies are working in the most effective manner to address border enforcement and other the specific enforcement issues, whether in the solar case or others.

**Question 4:**

**As demonstrated by the U.S. and EU solar cases, in addition to many others, instead of addressing the issues underlying the AD/CVD orders, China filed retaliatory cases against**

**U.S. and EU industries. How do you intend to address China's broad strategy of retaliation?**

**Answer:** This Administration has made it a priority to vigorously enforce U.S. trade remedy laws. We have also devoted unprecedented resources to defend U.S. trade remedies when challenged by China and others in the WTO.

With regard to retaliation for legitimate U.S. trade remedy actions, we have mounted swift challenges at the WTO when it has occurred. To date, we have challenged three sets of Chinese AD/CVD orders on imports from the United States: (1) grain-oriented electrical steel (GOES), which we won and which China is obligated to implement by July 31 of this year; (2) chicken broiler products, for which we are awaiting a panel decision this summer; and (3) automobiles, where the first panel meeting is scheduled to take place in the coming weeks. We have confidence in the strength of our legal arguments in the two cases that remain to be decided.

If confirmed, I will ensure that the Administration continues to defend vigorously and proactively the rights of U.S. industry in the trade remedies sphere.

**Question 5:**

**If confirmed, will you maintain any of your current responsibilities, including but not limited to those related to the G-8 and G-20? If so, what responsibilities, in detail, will you retain and how will this impact resource allocation within the office of the U.S. Trade Representative (USTR) and the Executive Office of the President?**

**Answer:** If confirmed, I will no longer serve in my current G-8 or G-20 role.

**Question 6:**

**I and others believe that there needs to be more transparency around trade negotiations, in a variety of areas. Do you agree that there are some topics in trade negotiations, such as around Intellectual Property protection and Investment, where the degree of public interest is far greater than other topics? With respect to these areas of significant public interest, will you commit, if confirmed, to provide the public with a clear, comprehensive, and updated description of what trade negotiators are seeking to obtain on behalf of the American public?**

**Answer:** We are all affected by global trade, and every aspect of a trade agreement has stakeholders whose interests are equally important. The Obama Administration led the TPP countries in putting online a plain-English description of all the Trans-Pacific Partnership's elements as soon as we reached the broad outlines of an agreement, and also put online clear, plain-English descriptions of various proposals of particular interest to the public. If confirmed, I will ensure that USTR continues its efforts to do an even better job in regard to transparency with the American public on U.S. proposals of particular interest in the Trans-Pacific Partnership.

**Question 7:**

**Since President Obama took office in 2009, how many times has the office of the USTR briefed Congress (Members and staff) about the Trans-Pacific Partnership (TPP) negotiations? How many of these briefings were "classified?" Given that the formal U.S. proposals in the TPP negotiations are currently classified, would not any discussion that is led by the USTR on such proposals also be classified? If not, please explain why not. Based upon this assessment, will you seek any changes to the nature of consultations with Congress, should you be confirmed?**

**Answer:** The Trans-Pacific Partnership is a bold initiative through which the Obama Administration is advancing the United States' multifaceted trade and investment interests in the dynamic Asia-Pacific region, and a key element of the Obama Administration strategy to make U.S. engagement in the Asia-Pacific region a top priority. It is my understanding that as a part of this effort, USTR has been consulting closely with this Committee and your colleagues before negotiations even began.

I understand USTR has consulted with the Senate Finance Committee and House Ways and Means Committee hundreds of times since 2010 on the Trans-Pacific Partnership. In the same period, USTR consulted with committees on issues related to their particular jurisdiction, including House Agriculture, Senate Agriculture, House Judiciary, Senate Judiciary, House Financial Services, Senate Banking, House Foreign Affairs, Senate Foreign Relations, House Education and Workforce, Health, Education, Labor, and Pensions, Energy and Public Works, and Energy and Commerce. Further, I understand USTR formally consulted with interested members of Congress, their staffs, interested Congressional caucuses, and Congressional leadership. I hope the often daily communication between USTR and Congressional staffs indicates the premium this administration places on conducting these negotiations in close cooperation with this committee and your colleagues.

I understand that USTR works to provide as much information as possible in these briefings but the level of detail differs from that set out in U.S. proposals. If confirmed, I look forward to working with you and this Committee to discuss further how best USTR can continue its close consultation with Congress.

**Question 8:**

**As you know, Congress established the trade remedy laws—the laws that allow for the application of anti-dumping and countervailing duties—in order to ensure that American producers can be protected from unfair trade. These laws are designed to ensure that domestic producers can exercise their rights despite how doing so may impact the political landscape for Congress or for the President. The integrity of America's trade remedy laws is of paramount importance if the USTR to successfully challenge other countries' unscrupulous application of their AD/CVD laws. China likes to assert, for example, that AD/CVD actions in the U.S. are politically motivated, which is, of course wrong. So let's set the record straight.**

**Do you agree that AD/CVD determinations should be free, and are free, from political influence by the White House?**

**Is it correct that neither you nor your staff, as far as you are aware, attempted to influence (directly or indirectly) any AD/CVD case since President Obama took office in 2009?**

> **Answer:** I agree with you. By statute, the U.S. Department of Commerce and the U.S. International Trade Commission conduct AD/CVD investigations, and do so in a manner that is free of political influence. The U.S. AD/CVD process is open and transparent and provides all interested parties an opportunity to present relevant information and defend their interests.

**Question 9:**

**The U.S. leads the way in innovation-based economic growth—and it must continue to do if is going to sustain strong middle class jobs in Oregon and across the country. Unfortunately, some countries such as India are distorting the trade rules through policies such as forced intellectual property transfer or mandated local production as a condition of market access. I'm deeply concerned about India's trade positions right now, but I also worried that, absent a strong response from the U.S. Government, other countries will replicate India's actions. The U.S. faces similar challenges with other countries such as China. In the case of China, the U.S. utilizes the JCCT and S&ED forums to formally address concerns such as these. How to you propose to strengthen the economic dialogue with India to address economic challenges and also identify opportunities for collaboration? Does the administration need any additional tools that will help improve the economic relationship between the U.S. and India?**

> **Answer:** I understand that over the past two years, USTR has worked with the Government of India to identify steps to strengthen the bilateral trade and investment dialogue. If confirmed, I will reinforce to the Government of India that our bilateral trade and investment dialogue remains critical to our broader bilateral relationship. I also intend to use other mechanisms—from the Strategic Dialogue to the CEO Forum—to reinforce our trade and investment agenda. If confirmed, I will also look forward to working closely with Congress to determine what, if any, additional tools might be required.

**Question 10:**

**In U.S. Intellectual Property law, "Fair Use" is a bedrock principle that enables innovation and the jobs it creates. In my discussions with the office of the USTR over the years, negotiators generally attempt pursue disciplines in trade agreements that are consistent with U.S. law. Unfortunately, Fair Use or similar principles do not yet appear in U.S. free trade agreements. For America's trade policy to fulfill its potential in today's economy, it must ensure that American innovators can compete abroad just as they can at home, and that requires trade policy to promote the same balanced approach to IP protection abroad that is protected domestically.**

**The Trans-Pacific Partnership and the emerging EU-U.S. trade negotiations are key opportunities for the U.S. Government to stand up for the open Internet. If a concluded TPP agreement does not include new language that reflects the balanced approach found in U.S. law and practice that enables the Internet economy to thrive, TPP will represent a profound missed opportunity for the American economy, the jobs it supports, and the Obama Administration's efforts to establish "21st Century" trade agreements that are meaningful to the 21st Century economy.**

**What will you do, if confirmed, to make certain that IP disciplines in TPP and other trade agreements are fully consistent with U.S. law and its balanced approach—will you support Fair Use disciplines in free trade agreements?**

> **Answer:** A robust copyright framework ensures that authors and creators are respected, investments (both intellectual and financial) are promoted, that limitations and exceptions provide an appropriate balance, and that enforcement measures are effective. I support the new approach that USTR has taken to limitations and exceptions in the TPP negotiations; that approach is consistent with both U.S. law and international obligations. If confirmed, I look forward to continuing to engage with the Committee, Congress and stakeholders regarding the appropriate approach to these issues in future trade agreements.

**Question 11:**

**International trade and investment agreements represent an opportunity to level the playing field for American producers. Section 230 of the Communications Decency Act is one pillar of domestic law that enables the Internet economy to thrive—it paved the way for social media and much of the innovation that has occurred since its enactment. The Internet technology industry has advocated that section 230 principles be included in trade agreements in order to ensure that foreign markets are not more hazardous legal environments than the domestic market is. If confirmed, will you take the time to discuss the importance of Section 230 with America's leading Internet companies and consider advancing principles that reflect Section 230 in U.S. free trade agreement negotiations?**

> **Answer:** USTR has been working closely with the Internet technology industry to develop disciplines that will enable the Internet economy to thrive. The issue of Internet intermediary liability is an enormously complex issue, given the multiplicity of regulatory and industry interests involved both domestically and abroad. If confirmed, I will make sure our negotiators continue to work closely with industry to consider how the principles reflected in section 230 could be integrated into our trade agenda.

**Question 12:**

**If confirmed, will you do a top-to-bottom review of how resources at the office of the USTR are allocated and determine whether they are correctly prioritized given the growing importance of addressing digital trade issues? If so, will you report your assessment to me, in writing, within 90 days of your confirmation?**

**Answer:** If I am confirmed, ensuring that USTR's resources are being properly prioritized and reflect our evolving economy will be an important focus of my efforts as USTR. I will be pleased to engage with you as I work through USTR's priorities.

**Question 13:**

**The Internet represents the shipping lane of the 21st Century. The U.S. proposal to establish binding disciplines on cross-border data flows within the TPP negotiations is significant and important and I have long encouraged it. Will you make obtaining this proposal in TPP a priority and how will you seek similar disciplines elsewhere?**

**Answer:** Obtaining strong disciplines relating to cross-border data flow is and will continue to be a priority in TPP. If I am confirmed, I will seek to include these kinds of disciplines-in new trade-agreements as well.

**Question 14:**

**During President Obama's first term, the Administration made clear that protection of intellectual property (IP) was at the top of the United States' economic agenda and a priority for U.S.-China bilateral engagement. USTR did a terrific job in leading the interagency effort here, and I know that you worked closely with the team to convey this message to your counterparts in China. IP protection remains essential to the U.S. economy. What's your plan for continuing to engage the Chinese authorities on the question of IP, ensuring that the debate on trade secret theft complements rather than sidetracks the other IP issues like software legalization and your strategy for avoiding a slow-down in efforts due to a change in China's Leadership?**

**Answer:** The Administration continues to be committed to working with all of America's trading partners, including China, to secure adequate and effective intellectual property protection wherever American goods and services are sold. If I am confirmed, I will work to protect American IPR in China, and to reduce the export of infringing products made in China. This effort will include the entire range of IP issues, including protection of trade secrets, patents, copyright protection of software, films, music, and books, trademark matters, as well as newer concerns like the IP-related aspects of China's indigenous innovation policies and cyber theft. If I am confirmed, I will work through a variety of mechanisms—including results-oriented dialogue on IPR protection and enforcement, the annual Special 301 Report, and enforcing international rules—to protect American intellectual property and market access through the WTO. The Administration

will continue to pursue this strategy in close coordination with other relevant U.S. agencies, stakeholders, trading partners and Congress.

**Question 15:**

**For the past several years Congress pressed the Administration to focus on a results-oriented strategy to address the problems that U.S. industry is facing by China's lack of enforcement of IP, including in the area of computer software. The USTR was encouraged to establish objective, measurable benchmarks that would show success in reducing IP infringement in China. What's your view on such metrics and are there commonly-recognized mechanisms for which you will advocate that will provide information that shows whether China is improving its IP regime or not? If so, what are they and will you advance them?**

**Answer:** The Administration has worked hard to improve protection of IPR in China, and to reduce the export of infringing products made in China, through a variety of mechanisms—including results-oriented dialogue on IPR protection and enforcement, the annual Special 301 Report and the notorious markets report. In response to our efforts over the past four years, China has taken certain steps to set up mechanisms that can curb the problem of software piracy, and we are pressing to see concrete progress on the ground.

With respect to metrics specifically, China committed, in the 2012 Strategic and Economic Dialogue to "creat[ing] an environment … where[..] the level of sales of legitimate IP-intensive products and services increases, reflecting economic growth and in line with the two countries' status as globally significant producers and consumers." USTR has been working with rights holders to obtain the information necessary to ascertain whether this metric is being met. If confirmed, I will continue to work to ensure compliance with the important commitments on IPR that China has made and make further progress.

**Question 16:**

**The Generalized System of Preferences (GSP) is up for renewal this year. As you know, when Congress established GSP it put into statute eligibility criteria. The adherence to these criteria is the reciprocity that the U.S. obtains in exchange for the trade preference that GSP provides. The criteria are important to America's economic, political, and development priorities. I have come to learn that the USTR does not have a practice of systematically examining whether countries are meeting the statutory criteria that Congress put into the law, with the exception of when the Administration is petitioned to conduct a review. Do you think it acceptable that the USTR cannot currently determine whether GSP beneficiary countries meet the eligibility criteria found in the law? If not, what do you suggest to remedy this situation? Should GSP be renewed, as is, if USTR is incapable of determining whether GSP beneficiaries meet the conditions that Congress established?**

**Answer:** As I understand it, USTR conducts extensive activities to review beneficiary countries' compliance with the GSP statutory eligibility criteria. These activities, carried out in coordination with other agencies, include hearings, solicitations of comments from the public, and active engagement with foreign governments and domestic stakeholders. If confirmed, I would be pleased to discuss with you whether there are ways to improve the GSP review process.

## Questions from Senator Schumer

**Question 1:**

**Despite the tremendous proximity advantage New York has to the Canadian dairy market, our industry has been blocked from selling product there. Extremely high Canadian dairy tariffs and onerous regulations have frustrated those interested in providing fluid milk, Greek Yogurt, cheese and other high-quality dairy products that New York is known for. How can we ensure that we use the opportunity TPP is providing to us to finally fully open the Canadian dairy market to our products?**

**Answer:** If confirmed, I will seek to achieve a comprehensive market access package in TPP, as President Obama, Prime Minister Harper, and the other TPP Leaders agreed. I will consult closely with you and other Members of Congress on how best to eliminate the tariff and non-tariff barriers our dairy producers face in the Canadian market.

**Question 2:**

**China continually pegs their currency against the value of foreign currencies, including the U.S. dollar, instead of letting it float, meaning its value is not determined by the free market, but by the whims of the Chinese government. The ripple effects of this action are being felt around the world –and forced to compete with China, the world's second largest economy, countries across the Pacific such as Japan have followed suit in manipulating the value of their currencies.**

**The Trans-Pacific Partnership is considered to be the blueprint for 21st century transpacific trade—not just for the countries negotiating the agreement, but for the entire region. Especially giving China's recent hints that they are considering joining the agreement; will you push for the inclusion of a strong prohibition on currency manipulation in TPP?**

**Answer:** We recognize the importance you and many other Members of Congress attach to currency issues. The Treasury Department has the lead on currency issues, but I can assure you that the Administration is giving careful consideration to the potential benefits and risks of seeking new negotiating objectives for the TPP, recognizing that the negotiating goals that we have set for the TPP are ambitious and appropriately so in order to achieve a high-standard 21st century trade agreement.

**Question from Senator Stabenow**

**Question 1:**

**The Great Lakes are home to a robust marine transportation system. This movement of cargo by U.S.-flag vessels is critical to our economy, as it creates new jobs and supports domestic manufacturing. Past administrations have resisted intense pressure from foreign nations to compromise our maritime programs in trade agreements, recognizing the potential adverse impacts on our national security and economic interests. As U.S. Trade Representative, how would you continue to ensure that the United States can build and maintain a U.S.-flag fleet in future trade agreements?**

**Answer:** I understand the interest in and recognize the sensitivity of the issue and if confirmed, will consult closely with you on this matter.

**Questions from Senator Cantwell**

**Question 1:**

**Mr. Froman, I am very concerned about the current solar trade war going on between United States, China and the European Union. Promoting the development and use of solar energy and clean energy technologies has been one of my priorities and a priority for this administration. As you know, as a result of U.S. investigations into China's solar subsidies, the Chinese Ministry of Commerce launched a retaliatory review resulting in China announcing its intention to impose antidumping and countervailing duties (AD/CVD) on U.S. and EU polysilicon imports to China. In the case of the EU, the Chinese government indicated it would make a decision on its AD/CVD once the EU announced the tariffs it would apply to Chinese solar panel imports. This week, the EU trade commissioner said that the EU would impose a preliminary import tariff of 11.8% on solar panels from China. I think this decision bodes well for achieving a resolution of the U.S. polysilicon case, which would severely impact my Washington State constituents if not resolved.**

**Because polysilicon contributes a large portion of the value in the solar supply chain, I encourage the Administration to continue working with their Chinese and EU counterparts to reach a negotiated solution that is mutually beneficial to the solar industry in the U.S., the EU and China. I understand that China plans to make a decision against U.S. polysilicon in the coming weeks; consequently it will be important for the Office of the United States Trade Representative to engage with China to ensure U.S. clean energy manufacturers are not unduly harmed. To that end, is the Administration actively engaging in these negotiations? How do you see these negotiations moving ahead? Given the recent developments, will you give this matter the urgent attention that it deserves?**

**Answer:** If I am confirmed, USTR will continue to work with our industry and our trading partners to explore ways to resolve a range of concerns relating to trade-related practices in the global solar industry. Specifically, we will work to support the dual U.S. objectives of (1) ensuring a level playing field for U.S. solar manufacturers and their products by enforcing U.S. trade remedy laws and U.S. rights under the World Trade Organization agreements, (2) accelerating the adoption of renewable energy technologies in the United States and the world, and (3) leveling the playing field so that U.S. clean energy manufacturers can compete and win in this growing market. I assure you that this is an urgent matter and that if confirmed, USTR will explore all avenues to attempt to address this matter.

**Question 2:**

**Mr. Froman, I appreciate the Administration's commitment to expanding trade opportunities for U.S. businesses including our nations' farms and ranches. Exports play a critical role in Washington's agriculture sector, leading to more jobs and a healthier economy. Through the President's and your leadership we are actively engaged in multilateral and bilateral negotiations that can dramatically expand U.S. exports.**

**However, as a part of expanding new trade opportunities, it is equally important to ensure that our current trading partners live up to existing agreements and adhere to science-based protocols, especially as it relates to Sanitary and Phytosanitary (SPS) disputes. The World Trade Organization SPS Agreement is an important tool in promoting that principle, but it needs to be strengthened to address the size and scope of the barriers facing U.S. exports.**

**If confirmed, can you please explain how you intend to strengthen the SPS requirements in the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership and ensure that our partners adhere to these principles, which provide greater predictability to trade in a scientific and risk-based manner?**

**I am particularly interested to know your response on enforcement given the longstanding effort of the U.S. to obtain full market access for U.S. fresh potatoes to Mexico. I appreciate your past efforts and the efforts of USTR and U.S. Department of Agriculture Animal and Plant Health Inspection Service to resolve this important issue. Can you provide me with any insight on the current status of those discussions? Additionally, how, as USTR Ambassador, you will work to ensure this is finally resolved?**

**Answer:** The United States is a strong supporter of the WTO SPS Agreement. If confirmed, when significant SPS problems arise that cannot be resolved bilaterally with other WTO Members, I will look to dispute settlement in the WTO, as needed.

In the negotiations of the Trans-Pacific Partnership (TPP), the United States is looking to build upon the rights and obligations that TPP countries already have under the SPS Agreement and to elaborate on how TPP Parties will adopt and implement SPS measures. The SPS Chapter also aims to improve cooperation amongst the Parties on SPS matters. I

understand that USTR also has been working to craft a new mechanism that aims to resolve SPS matters expeditiously, which is critical for U.S. agricultural exporters.

With regard to TTIP, we are still in the 90-day consultation period, but the U.S.-EU High Level Working Group on Jobs and Growth concluded in its final report that the Trans-Atlantic Trade and Investment Partnership negotiations would seek to negotiate an ambitious WTO-plus chapter, which, among other things, would seek to ensure that SPS measures are based on science and would create an ongoing mechanism that would guide cooperation on addressing SPS issues as they arise. In parallel with the negotiations, I understand that USTR plans to work with the EU to address existing unwarranted SPS barriers.

Prior to joining the TPP negotiations, Mexico reaffirmed its commitment to science-based SPS decisions, in line with the high standards of the TPP SPS Chapter. Along with USDA, USTR has urged Mexico to move towards a science-based SPS regime for U.S. potatoes. As a part of that effort, USDA has been providing Mexico with significant scientific information to support our requests for expanded access for U.S. potatoes with controls for several pests that are of quarantine concern to Mexico. Mexico is currently in the middle of its regulatory process to consider expanding access for U.S. potatoes. If confirmed, I will be sure to continue working along with USDA to ensure that Mexico's final regulations for U.S. potatoes are based on science.

**Question 3:**

**As you know, Trade Promotion Authority (TPA) sets out the goals for future trade negotiations. While TPA has expired, the Administration has indicated that it is negotiating as if the 2002 TPA law were still in place. That being the case—the TPA objective for Intellectual Property is to obtain a standard of protection similar to that found in U.S. law. Current U.S. law regarding data-protection for biologics is clearly set at twelve years. So, consistent with TPA and current U.S. law, will the Administration table twelve years of data protection for biologics as a part of these negotiations?**

**Answer:** You are correct that one of the 2002 TPA law objectives for IPR is that the United States seek a level of protection in our free trade agreements (FTAs) similar to that in U.S. law. Biologic drugs are a vital area of pharmaceutical innovation, now and in the future. With regard to data protection for biologics, my understanding is that the United States has explained our system, including the 12 years of protection related to biologics and we're in the process of a thorough discussion with our trading partners on that issue. If confirmed, I will ensure that my staff stays in close touch with you as the negotiations continue on this important issue.

**Question 4:**

**Trade is an essential component of the economy of Washington State, with nearly one in every three jobs directly supported by international commerce. It is particularly**

**important to the high-tech industry, and Washington is home to many global leaders in this vibrant sector.**

**By lowering tariffs on a wide range of tech products, the WTO's Information Technology Agreement (ITA) has helped facilitate domestic job creation and growth in the U.S. tech sector and U.S. economy over the past decade and a half. In fact, from 1996 to 2008, total global trade in ITA products has increased more than 10 percent annually, from $1.2 trillion to $4 trillion.**

**While technological innovation has continued to grow, the list of products covered by the agreement has not been updated. As I understand it, trade negotiators have begun to meet monthly in Geneva to expand this agreement. If confirmed, do you intend to make this a high priority at USTR and within the Administration to ensure expansion of the ITA is completed by the end of this summer? What concrete steps will you take to get these important negotiations across the finish line?**

> **Answer:** ITA expansion is a trade policy priority for this Administration. The ITA expansion negotiations are proceeding on an aggressive schedule with monthly meetings taking place in Geneva through July. APEC Trade Ministers, at a recent meeting in Indonesia, called for completion of negotiations on a list of technology goods proposed for duty elimination under the ITA by mid-2013. If confirmed as the U.S. Trade Representative, I will ensure that USTR continues to engage intensively in the ITA negotiations in Geneva to meet this objective.
>
> But to be clear, the substance of the negotiation will drive the timeline. A successful outcome must be commercially significant, and must include key U.S. export priorities, such as advanced semiconductors, medical technologies, and software media, among others.

**Question 5:**

**Inadequate intellectual property rights protection is a long-standing issue between the United States and India. However, I am concerned by the more aggressive actions the Indian government has taken over the last year and the spill-over effect to third-countries that may result. Intellectual property right protection is essential to U.S. innovation and domestic production. How do you plan to engage with India to ensure that U.S. companies innovations and patents are protected?**

> **Answer:** I share your concern regarding the deteriorating innovation climate in India, including recent actions with respect to patents which have only heightened those concerns. If confirmed, I intend to work closely with other agencies, Congress and stakeholders as we consider appropriate actions to take in response. I expect that such a response will include engaging bilaterally with India to explore policies of concern as they relate to its international commitments, and to discuss alternative and more effective approaches to achieving India's domestic policy objectives. This could include

engagement in the WTO and other multilateral fora, and could be in coordination with like-minded trading partners.

## Questions from Senator Nelson

**Question 1:**

**In 2011, we enacted a free trade agreement with South Korea. The agreement eliminated Korea's 54-percent tariff on frozen concentrated orange juice, while phasing-out the tariffs on fresh grapefruit and freshly-squeezed orange juice over 5 years. These changes present a significant opportunity for our citrus growers. But that opportunity will vanish if South Korea fails to properly implement the agreement and accept USDA's country-of-origin certification for U.S. citrus. What will you do to ensure our citrus growers are benefitting from the agreement with Korea?**

**Answer:** I understand that USTR is aware of the issue related to country-of-origin verifications initiated by Korea and has raised ~~its~~ concerns with Korea. If I am confirmed, I will work with USDA and the U.S. Embassy in Seoul to address the matter to ensure that our producers and exporters have continued access to the opportunities and benefits to which they are entitled under the KORUS agreement.

**Question 2:**

**Some industry leaders argue that Japan will never allow them to compete on an equal footing with domestic producers because of the way they regulate high-tech industries and the allowance of anticompetitive cartels between suppliers and customers. If finalized, how could a Trans-Pacific Partnership agreement help high-tech U.S. companies overcome these types of barriers in places like Japan?**

**Answer:** Japan's participation in the TPP negotiations provides an important opportunity for U.S. high technology exports. Over the past year, USTR has consulted closely with Japan to ensure it understands well the high standards under negotiation in the TPP, including in the information technology sector. USTR has also addressed priority non-tariff measures that affect the high technology sector in its parallel bilateral negotiations with Japan. If confirmed, I look forward to working closely with the U.S. industry and workers, as well as with the Congress, to secure real market-opening outcomes in Japan.

**Question 3:**

**Keeping in mind how U.S. law balances the protection of intellectual property rights with the fair use of content and the fair competition of legacy products, what role should current U.S. law play in determining the treatment of intellectual property in future trade**

**agreements? Do you believe negotiators should be given latitude to diverge from current law?**

**Answer:** A robust copyright framework ensures that authors and creators are respected, investments (both intellectual and financial) are promoted, that limitations and exceptions provide an appropriate balance, and that enforcement measures are effective. I support the new approach that USTR has taken to limitations and exceptions in the TPP negotiations; that approach is consistent with both U.S. law and international obligations. If confirmed, I look forward to continuing to engage with the Committee, Congress and stakeholders regarding the appropriate approach to these issues in future trade agreements.

## Questions from Senator Menendez

**Question 1:**

**The inclusion of Japan in the Trans-Pacific Partnership negotiations has caused some consternation among companies and workers in many of our most important economic sectors, most notably automobiles. U.S. companies and workers look at our history of trade discussions with Japan and are skeptical about the Administration's ability to gain increased market access to Japan's notoriously closed economy. Japan is a strong ally and we have an important economic relationship, and it there are good economic and geopolitical arguments for including Japan—the world's third-largest economy—in a trade arrangement with Pacific Rim countries. Nevertheless, there is great concern over how successful the Administration will be in negotiating with Japan and similar countries with tightly controlled markets, without watering down the Trans-Pacific Partnership.**

- **With regards to the challenges ahead in working with Japan to open up the automotive and insurance sectors and address non-tariff measures, please elaborate on how USTR, under your leadership, intends to stick to the high-standards established so far, and avoid a replay of GATT and the WTO, where TPP risks becoming over-extended and weakened by incorporating countries that historically have resisted opening their markets.**

- **The domestic auto sector is extremely concerned about the inclusion of Japan in the TPP, given its traditionally closed auto sector and the U.S. Government's failure over decades to convince Japan to open up this sector to foreign competition, while at the same time allowing Japanese auto manufacturers to make substantial inroads into the U.S. car and truck markets. Why is this time different, when we have not succeeded in the last 30 years? How does the Administration plan to address the auto-specific trade imbalances with Japan, and how does USTR plan to address Japanese auto-related non-tariff barriers?**

**Answer:** I share your serious concerns with respect to Japan's automotive market. That is why, this time, USTR negotiated upfront commitments to achieve greater market access and level the playing field for U.S. automakers, and why USTR established a process for dealing with non-tariff barriers to Japan's auto market which will lead to binding commitments subject to dispute resolution. The TPP and the parallel bilateral automotive negotiations provide an important opportunity to level the playing field in this important sector for U.S. workers and firms. USTR is currently in a 90-day consultation period with Congress and other stakeholders about Japan's participation in TPP negotiations. If confirmed I will work closely with you to achieve strong results in this critical sector, as well as with respect to Japan's non-tariff barriers and in other key sectors such as insurance.

**Question 2:**

**The domestic auto sector is not the only industry with concerns about seemingly unfair competition from a specific TPP partner. The U.S. domestic textile and apparel industries are extremely concerned that inclusion of Vietnam in the TPP will undercut domestic industry and also threaten the productive trading relationships that have developed with other countries with which we have signed Free Trade Agreements, particularly if the Administration does not adhere to the yarn-forward rule of origin that is standard in other FTAs.**

- **Will Vietnam agree to the yarn-forward rule-of-origin in order to join the TPP? Has the Administration assessed the impact on both domestic textile/apparel industry, and that of our trading partners (such as CAFTA member and AGOA beneficiaries) of including Vietnam in the TPP, both with a yarn-forward rule-of-origin and without? How will USTR under your leadership navigate these complex issues in a way that avoids unfairly undermining our domestic workers and industry?**

  **Answer:** If confirmed, I am committed to pursuing "yarn forward" rules of origin for all TPP countries, including Vietnam. If confirmed, I also will review the impact of our textile commitments in the TPP Agreement on other trading partners, including the CAFTA countries and AGOA beneficiaries, and consult closely with you and other Members of Congress to ensure that our trade agreements support American jobs.

**Question 3:**

**I am increasingly concerned about the impact that TPP could have on countries with which we already have free trade agreements, and in which we have significant geo-strategic interests. There are real concerns among many of our trading partners—for example in Latin America—that TPP could undermine the trading relationships they have developed with the United States. We have broad interests with these countries, extending well beyond our economic/commercial interests, and we need to keep these in mind when engaging in new trade negotiations.**

- **I am interested in your assessment of the possible impact the TPP could have on our free trade partners, and what actions will you or can you take as Trade Representative**

**to mitigate the negative effects? How do we ensure that future trade deals build on and do not compete against our existing agreements?**

**Answer:** The relationships we have developed through our free trade agreements are important for commercial and broader reasons. If confirmed, I am committed to ensuring that our new trade agreements, including TPP, serve to build on our existing relationships with trading partners in Latin America and other regions in a way that serves to enhance U.S. interests.

**Question 4:**

**On multiple occasions I have raised with the Administration the issue of regulatory protection of biologics in the context of ensuring that the TPP is truly a 21st century trade agreement with the highest standards of protection for intellectual property. Ideally many of us in Congress would like to see a TPP agreement that builds on the strong IP protections in the Korea-U.S. Free Trade Agreement, ensuring our nation remains the leading innovator of biopharmaceutical products. Such a level of protection enjoy strong bipartisan support from Congress, as our highly innovative biopharmaceutical industry—as well as the broader high-tech industry—supports millions of high-quality jobs, including hundreds of thousands in my own state of New Jersey. It is my understanding that negotiations on the pharmaceutical intellectual property text are still ongoing.**

- **Given that U.S. law provides for 12 years of protection, what priority will you place on ensuring that an equivalent level of protection is adhered to in the TPP agreement, and eventually in the Transatlantic Trade and Investment Agreement with the European Union? What opposition is USTR facing among our negotiating partners? What is the level of data protection for biologics provided under the domestic laws of our TPP negotiating partners? What level of protection is allowed for under European law and what are the prospects for achieving a high-level of data protection for biologics in the TTIP?**

  **Answer:** Biologic drugs are a vital area of pharmaceutical innovation, now and in the future. With regard to data protection for biologics in TPP, my understanding is that the United States has explained our system, including the 12 years of protection related to biologics, with our trading partners. With respect to TTIP, EU law provides strong and generally comparable data protection for biologics relative to U.S. law. I understand that USTR continues to engage with Members of Congress and interested stakeholders as part of the 90-day consultation period and beyond on the treatment of data protection for biologics in the TTIP. If confirmed, I will consult closely with you on this important issue.

**Question 5:**

**With regards to the recent launch of negotiations with the European Union on a Transatlantic Trade and Investment Partnership, the decision to launch these talks was reportedly based on recommendations made by a high-level working group, led by former**

**United States Trade Representative Ambassador Ronald Kirk and his European Union counterpart, EU Trade Commissioner Karel De Gucht. USTR has reported that this Working Group found that a deal eliminating tariffs and streamlining regulations would benefit both the United States and European Union.**

- **Can you elaborate on that statement? Specifically, what do the results of the studies that the Working Group performed say about the areas of greatest benefit to each side? Is the principal benefit derived from increased efficiencies, or do both sides have significant areas of comparative advantage that we will see growth in specific sectors? If so, can you give examples?**

**I am hearing that each side is considering excluding certain sectors from the negotiation. I understand the EU would like to exclude audio visual services and is seeking special protection for agriculture. I also understand that Treasury would like to exclude financial services regulatory cooperation from the agreement. Administration officials have indicated that financial services regulatory issues are important but should be reserved for existing dialogues. However, the TTIP could offer an opportunity to establish strong bilateral regulatory cooperation, without watering down existing U.S. regulations.**

- **Is the Administration considering the inclusion of financial services regulatory cooperation in the agreement?**

  **Answer:** We are still in the 90-day consultation period regarding TTIP. I share the belief that a high-standard, ambitious, and comprehensive TTIP agreement will generate the greatest economic benefit for both economies. If confirmed, I will seek the broadest possible agreement.

**Question 6:**

**It is my understanding that the European Union is seeking to include air services in the TTIP negotiations. Historically the Department of State and Department of Transportation have negotiated aviation transportation agreements, and they have negotiated liberalized ("Open Skies") agreements with over 110 countries including a recent one with the EU. This aviation-specific negotiating framework has worked well.**

- **What is the EU's argument for including air services in these negotiations and what are their ultimate objectives? Given the unique nature of the U.S. aviation industry and the integral part our air carriers play in our national defense, does USTR intend to inform EU negotiators publicly that air services agreements will not be part of TTIP negotiations?**

  **Answer:** We are still in the 90-day consultation period regarding TTIP. Air services have traditionally been covered by Open Skies agreements. I am aware of the sensitivity around this issue and if I am confirmed, USTR will remain in close consultation with the Finance Committee on these issues as the negotiations proceed forward.

Question 7:

**During your confirmation hearing I noted that I have been hearing recently from the pharmaceutical industry—and other American high-tech companies—about their grave concerns over India's inadequate protection for and enforcement of intellectual property rights. India is an important ally, but I am very troubled by the Indian government's seeming disregard for American companies. Moreover, if other countries see there are no consequences to violating the intellectual property rights of American countries, and begin to emulate India's actions, our most innovative sectors could face increasing difficulties, potentially impacting American exports and jobs.**

- **Please elaborate on your response during the hearing on what specific actions you as USTR will take to ensure the Administration is doing everything possible to convince India to cease this apparent policy of developing its industrial base by taking unfair advantage of the hard-earned innovation of American companies and workers? You mentioned that it was likely that this issue would come up during the upcoming visit to India of Secretary of State Kerry. Can you confirm this, and what will be the Secretary's approach? What is the Administration's position on whether India's actions, particularly those taken against international pharmaceutical companies since early 2012, are consistent with or violate India's commitments under the WTO? The United States has sought dispute settlement consultations with India under the WTO over solar products. Is the Administration planning to take similar action with regards to the pharmaceutical industry?**

  **Answer:** I share your concerns regarding the deteriorating innovation climate in India, including recent actions with respect to patents. If confirmed, I intend to work closely with other agencies and with Congress as we consider appropriate actions to take in response. I expect that such a response will include engaging bilaterally with India to explore policies of concern as they relate to international commitments, and to discuss alternative and more effective approaches to achieve India's domestic policy objectives. This could also include engagement in the WTO and other multilateral fora. I can also confirm that such concerns will be highlighted in connection with Secretary Kerry's participation in the U.S.-India Strategic Dialogue later this month. USTR continues to work closely with the State Department as part of that effort.

Question 8:

**The Ukraine became the first country since 2005 to be designated a Priority Foreign Country (PFC) by USTR in this year's Special 301 report, due to its disregard for protecting U.S. intellectual property, particularly copyrighted works. One stark example is software, where studies indicate that the piracy rate is 84%! [*Shadow Market: 2011 BSA Global Software Piracy Study*, May 2012] USTR specifically cited the rampant use of pirated software by the Ukrainian government itself as one of the reasons for its PFC designation. While Ukraine is by no means the only country with a poor regime for protecting intellectual property, the PFC designation reflects the utter lack of responsiveness by the Ukrainian government to this issue. The U.S. government has been**

**pressing the Ukrainians on this issue for a long time, including signing an IPR Action Plan with the Ukrainian government in 2010. But this has led to little progress. The IPR Action Plan has not been implemented in any meaningful way.**

- **What will you as Trade Representative do to ensure that this issue gets the attention it needs from the Ukrainian government?**

  **Answer:** USTR has initiated a section 301 investigation of Ukraine's practices that were the basis for its designation as a Priority Foreign Country under Special 301. These deficiencies include the use of pirated software by Ukrainian government agencies. If confirmed, once the investigation is completed, I will determine what action is called for under section 301 to resolve these deficiencies and, more generally, will work to ensure that our trading partners respect and enforce intellectual property rights.

**Question 9:**

**Expired Trade Promotion Authority included language allowing for entering into a free trade agreement with a "foreign country." U.S. policy, consistent with our one China policy, the three Joint Communiques, and the Taiwan Relations Act, considers Taiwan's status as unresolved.**

- **Would the version of Trade Promotion Authority passed by Congress in the Trade Act of 2002 have applied to a free trade agreement between the U.S. and Taiwan? If you do not believe that this version of TPA would have permitted the President to enter into negotiations for an FTA with Taiwan, would the provisions of the Taiwan Relations Act allow him to do so?**

  **Answer:** The United States and Taiwan have a strong and important bilateral trade and investment relationship. If confirmed, I will seek to enhance further our relations with Taiwan. I believe we should continue to focus on strengthening our economic relationship with Taiwan through our bilateral Trade and Investment Framework Agreement. With regard to renewing TPA, I am prepared to work with you and other Members of Congress in crafting a mutually satisfactory bill.

**Question 10:**

**During your confirmation hearing, I mentioned the simultaneous Senate Foreign Relations hearing on Labor Conditions in Bangladesh, which I was chairing, and I expressed my grave concerns over the egregious safety violations and lack of worker rights that contributed to the tragedy on April 24 with the collapse of the Rana Plaza building in Dhaka. This was the deadliest disaster in the history of the garment industry and should serve as a wakeup call for all of us. USTR has been reviewing labor rights issues in Bangladesh under the current petition since 2007, but these concerns go back several decades. Bangladesh does not seem to have made substantial progress in ensuring labor conditions improve.**

- **You acknowledged during the hearing that the Administration is at a critical decision point on whether to continue Bangladesh's eligibility under the Generalized System of Preferences Program, and I appreciate your statement of willingness to work closely with me on this issue in the future. Absent significant improvements to labor conditions and worker safety, now may be the time for the Administration to consider suspending Bangladesh's GSP benefits. When does USTR plan to make and announce its decision? I would also appreciate your thoughts on what other leverage mechanisms, aside from GSP, the Administration has to encourage Bangladesh to improve its legal, regulatory, and enforcement regime related to labor conditions and worker rights, and what actions will you as Trade Representative take to achieve this outcome?**

  **Answer:** I was appalled by the horrific loss of life in the recent tragedies in Bangladesh, including the April 2013 Rana Plaza building collapse. These tragedies and their underlying causes underscore the serious problems in Bangladesh related to worker rights and safe working conditions. The Administration has been concerned about the worker rights situation in Bangladesh for some time, including issues related to worker safety, and has conveyed those concerns on numerous occasions to the highest levels of the Government of Bangladesh. These concerns, as you note, are also the subject of an ongoing review under the Generalized System of Preferences (GSP) program. The Administration will announce next steps in the GSP review by the end of June, and all options are being considered, including possible withdrawal, suspension or limitation of Bangladesh's GSP benefits. Whatever decision is taken, the Administration will continue to work closely with the Government of Bangladesh and other stakeholders to address our concerns and work to improve the ability of workers in Bangladesh to exercise their rights and work in safe factories. The U.S Government through the Departments of Labor and State and the U.S. Agency for International Development is also providing technical assistance related to labor issues to Bangladesh. In addition, the United States has a deep and extensive bilateral relationship with Bangladesh that provides us many avenues to continue our engagement with the government.

**Question 11:**

**USTR notes in its 2013 Trade Policy Agenda that the United States will continue to pursue bilateral means to ensure full implementation of and compliance with all provisions of the Colombia and Panama Trade Promotion Agreements. I am happy to see that the United States is monitoring labor issues in both Panama and Colombia and, specifically, working closely with the Colombian government under the Action Plan Related to Labor Rights to protect union members, end impunity, and improve worker rights. Challenges remain, however. According to Colombia's National Labor School, threats against trade unionists continue to rise, while government funding for protection dropped 30% between 2011 and 2012. Furthermore, my understanding is that not even 10% of all murders of union leaders result in a conviction.**

- **In the context of these ongoing challenges, what is the Administration's perspective on the Labor Rights Action Plan with Colombia, which was implemented prior to entry into force of the FTA? Is it able to fulfill the role intended? Are we seeing positive**

**results? How will USTR, under your leadership, use the Action plan to help the Colombian government address these continuing threats to workers and unions?**

**Answer:** While the Colombian government has taken numerous important steps to advance labor rights in Colombia in fulfillment of the Action Plan, many challenges remain. If confirmed, I will ensure that the Obama Administration continues to work closely with the Colombian government to make progress in this area, including on the issues you raised.

## Question from Senator Carper

**Question 1:**

**I have heard from many stakeholders who indicate that a comprehensive Transatlantic Trade and Investment Partnership with the EU represents enormous opportunities for U.S. manufacturers, farms, and service providers. These opportunities not only exist by way of eliminating tariff and non-tariff barriers to trade, but in the form of enhanced regulatory cooperation as well. I am concerned there is some discussion to exclude financial services from the regulatory dialogue and miss an opportunity to improve the working relationship between regulatory bodies that would be mutually beneficial. As you know, we have been working over the past several years to enact comprehensive regulatory reform in the financial services industry, aimed at protecting U.S. taxpayers and consumers from another financial crisis. It is important that we implement these regulations in a meaningful way, so that we enhance a robust regulatory system that allows firms big and small, global or community-based to compete in the marketplace. However, as the law is being implemented, we have seen that many of the rules our regulators are working on, have cross-border implications and are instances where greater cooperation and dialogue between regulators could result in a more efficient and effective implementation of regulations, without weakening their intent. I think it is important that we pursue a comprehensive agreement that maximizes our export opportunities. Will you seek a comprehensive agreement or will the United State and the EU be taking things off the table before negotiations have even begun?**

**Answer:** I believe that a high-standard, ambitious, and comprehensive TTIP agreement will generate the most economic benefit for the U.S. and EU economies. If confirmed, I will seek the broadest possible agreement.

## Questions from Senator Brown

**Question 1:**

**The "May 10th bipartisan trade deal" reached between the Bush Administration and the bipartisan leadership of the Senate Finance Committee and the House Ways and Means Committee provided for improved labor, environmental, intellectual property, government procurement, services, and investment provisions in free trade agreements. These provisions became part of the trade agreements signed with Peru, Colombia, Panama, and South Korea.**

**I am concerned we are moving backwards from the good steps forward made when Congress and the Bush Administration committed to the May 10th 2007 New Trade Policy. I understand USTR is still considering how to address the issue of access to medicines in the context of the Trans-Pacific Partnership negotiations.**

**Will you ensure that a proposal is tabled that is consistent with the May 10th agreement on IP and access to medicines? When will USTR submit a revised proposal on this issue?**

> **Answer:** TPP is intended to set high standards and introduce new disciplines. Our objective is to protect innovation and ensure access to medicines. We believe we can do both, as May 10th agreement did. If confirmed, I also look forward to consulting closely with you and other Members of Congress with an interest in this issue to consider how best to proceed in the TPP negotiations with these objectives in mind.

**Question 2:**

**I am concerned that there is too much of a focus on increasing exports versus decreasing imports. President Bush nearly doubled exports in the 5 years between 2002 and 2007, and in the process we got the worst trade deficit in the world, because imports grew faster. Net trade is one of the four components of GDP. In 2011, Bureau of Economic Affairs data demonstrate that our trade deficit shaved 4% off GDP. If we had balanced trade, our economy would have been a whopping 4% bigger.**

**Do you agree that net trade is the important measure rather than increased two way trade? Will you, as USTR, make the fundamental goal to balance U.S. trade flows rather than merely pursue more trade agreements?**

> **Answer:** I share your concern with the trade deficit, which is why the rebalancing of the global economy is so important and a core objective of the G-20. These macroeconomic factors affect the growth rates of our overall exports and imports and underlie the current trade deficit. The benefit of free trade agreements is to open markets and to support more and better paying jobs. If confirmed, my goal will be to promote economic growth, create jobs, and strengthen the middle class here at home by opening more markets for exports of U.S. products and services and ensuring that our producers, workers, farmers and ranchers have a level playing field on which to compete.

**Question 3:**

**I wrote recently to Ambassador Marantis regarding the importance of "yarn forward" rules-of-origin. Senators Cardin, Menendez, Casey, and Durbin joined me, and I know Senators Schumer and Burr have raised this, as well.**

**I'm concerned that USTR is developing a "short supply" list of products that would allow competitors in TPP member countries to use inputs from non-TPP countries, namely China, while receiving the benefits of exporting to the U.S. market.**

**Parkdale Mills in Cleveland employs cotton pads and other materials that are used in apparel, and employs some 500 workers. Parkdale's CEO, Andy Warlick, and President Dan Nation, were in Peru last month for the TPP round specifically to monitor USTR on this issue.**

**Can you assure me as USTR you will not undermine the "yarn forward" rules that have supported thousands of jobs, including in Ohio?**

> **Answer:** If confirmed, I am committed to pursuing "yarn forward" rules of origin for all TPP countries, making sure our manufacturers can provide fibers, yarns, fabrics and apparel to the TPP region and to insuring that the benefits of access to the U.S. market accrue to our TPP partners. I understand that USTR is also working on a short supply list that will allow use of certain yarns and fabrics from outside the TPP countries provided that yarns and fabrics are not commercially available from TPP countries, including, of course, the United States. I believe that this approach will allow textile and apparel manufacturers from TPP countries, including the United States, to manufacture more products that will qualify for duty preference.

**Question 4:**

**Since 2010, Mexico's National Water Commission ("NWC" or "Conagua") has arbitrarily withheld recertification of piping products manufactured by Advance Drainage Solutions, an Ohio company. At the time of de-certification, ADS fully complied with all relevant Mexican standards and should have received a certificate of compliance upon request. Since that time, ADS has poured significant resources into regaining its certification—including filing (and winning) cases against Conagua in the Mexican courts.**

**In June 2012, at the behest of USTR and Mexico's Ministry of Economy, Conagua finally agreed to review and recertify ADS pipes under a provision of Mexican law known as NOM-001, paragraph 5. This provision permits certification for pipe made to standards utilized by a NAFTA trading partner. On April 16, 2013, nearly nine months after ADS submitted its paragraph 5 application, Conagua rejected ADS's application, and now demands that ADS file for certification under a completely different part of Mexican law. Conagua's persistent efforts to deny ADS certification appear to violate trade commitments made by Mexico to the United States under the WTO and NAFTA.**

**In instances where a trading partner, such as Mexico, refuses to comply with trade obligations, how can USTR provide assistance in resolving these disputes and eliminating trade barriers? Additionally, if certain countries refuse to abide by existing commitments, how can their negotiation of new obligations with USTR be taken seriously?**

> **Answer:** If I am confirmed, USTR will continue its work to resolve and prevent trade concerns with Mexico arising from standards-related measures. I understand that a range of mechanisms exists to address these issues, including World Trade Organization (WTO) and NAFTA, and that new disciplines are being negotiated in the TPP.

**Question 5:**

**I am concerned that USTR seems willing to negotiate in the context of trade agreements on issues such as tobacco, which is an important public health issue for our country. We cannot allow the Administration's urge to conclude trade agreements to undermine the authority of our own regulators whose sole job is to safeguarding the public health of Americans. How do you plan to handle this matter going forward?**

> **Answer:** If confirmed, I will work with other agencies to ensure that the handling of tobacco in TPP is consistent with our trade policy objectives while preserving our ability to implement appropriate public health measures.

**Question 6:**

**It is my understanding the Colombia Action Plan Related to Labor Rights, agreed to as part of the U.S.-Colombia FTA, is not working as expected and that right now Colombian workers are experiencing violations of their rights, including being denied the right to organize. I believe complaints have been made to the Colombia government, but the Colombian government appears very slow in investigating and addressing these concerns.**

**What is your plan for resolving this issue in 2013? Has the Department of Labor official assigned to the U.S. Embassy in Bogota been helpful in working with the Colombian government on these issues? Is the Colombian government responding to our concerns? Do more resources need to be devoted to this work?**

> **Answer:** While the Colombian government has taken numerous important steps to advance labor rights in Colombia in fulfillment of the Action Plan, many challenges remain. If confirmed, I will ensure that the Obama Administration continues to work closely with the Colombian government to make progress in this area, including on the issues you raised about the sufficiency of labor law enforcement and the adequacy of the resources made available.

**Question 7:**

**What more can you share regarding the status of negotiations with the Chinese government related to export subsidies provided to Chinese export bases, and specifically**

**auto and auto parts industries? American auto and auto parts workers have proven the ability to overcome challenges and compete on a global scale, but such export subsidies, prohibited by the WTO, harm U.S. competitiveness. Will the United States soon ask the WTO dispute body to formally review this matter?**

**Answer:** USTR launched a WTO dispute against China in September 2012 challenging what appear to be export subsidies that China provides to auto and auto parts enterprises located in designated areas called "export bases" in China. USTR held formal consultations with China in Geneva in November 2012, and currently the two sides are actively engaged in further discussions exploring the most effective way to resolve U.S. concerns.

This is the fourth prohibited subsidies dispute the United States has initiated against China. The previous disputes were resolved through the repeal, modification, or withdrawal of China's measures without further litigation. Export contingent subsidies are unequivocally prohibited by WTO rules and, if confirmed, I will work to ensure that we vigorously challenge China's use of them, as well as push China more broadly to eliminate its reliance on these policies.

**Question 8:**

**One of the most troubling aspects of the developing trade negotiations with the Asia-Pacific region and Europe are efforts to weaken our Buy America laws. It is my understanding that Canada tabled a proposal during the Singapore round of TPP talks that aims to ensure that projects carried out by sub-federal entities with money provided by the central government will be open to competition from firms within TPP countries. Along similar lines, it has been reported that in the upcoming negotiations with the European Union, under TTIP, that the EU may also call for increased access to government procurement by the U.S. government. The position of the U.S. government has been to deal with this issue through the WTO Government Procurement Agreement (GPA).**

**If confirmed as the U.S. Trade Representative, will you commit to standing behind the current Buy America laws and oppose any efforts by our trading partners, either through TTP, TTIP or at the WTO, to undermine these important laws?**

**Answer:** The Administration launched the TPP negotiations with the objective of achieving a high-standard trade agreement aimed at economic integration across the Asia-Pacific region, which includes many of the fastest growing markets for U.S. goods and services, as well as important suppliers of U.S. consumer goods. If confirmed, I will work diligently to ensure an ambitious outcome in TPP that ensures a result in this area that takes account of the multiple U.S. interests, including U.S. consumers and domestic produces.

**Question 9:**

**I and others have been appalled by the recent tragedies in Bangladesh, particularly because such loss of life could be easily avoided. I greatly appreciate the fact that some U.S. companies, such as PVH and Abercrombie and Fitch have signed on to the Accord for Fire Safety in Bangladesh and I have written to other U.S. manufacturers urging them to sign on as well. In my letter to the Administration, I noted that this issue has impact on the review of GSP that is currently being conducted by USTR. Should such blatant disregard for worker safety and worker rights be a reason for the United States to at least suspend if not withdraw GSP treatment for Bangladeshi products? How else would you approach this issue?**

**Answer:** I was appalled by the horrific loss of life in the recent tragedies in Bangladesh, including the April 2013 Rana Plaza building collapse. These tragedies and their underlying causes underscore the serious problems in Bangladesh related to worker rights and safe working conditions. The Administration has been concerned about the worker rights situation in Bangladesh for some time, including issues related to worker safety, and has conveyed those concerns on numerous occasions to the highest levels of the Government of Bangladesh. These concerns, as you note, are also the subject of an ongoing review under the Generalized System of Preferences (GSP) program. The Administration will announce next steps in the GSP review by the end of June, and all options are being considered, including possible withdrawal, suspension or limitation of Bangladesh's GSP benefits.

**Question 10:**

**We have seen in the recent tragedy in Bangladesh how the developing nations' responses to global pressures to be a low-cost producer can harm working conditions, constrain worker rights, and keep down wages, thereby hurting workers and impeding the development of a middle class market for U.S. exports in these countries. Given the importance of ensuring the enforcement of labor standards especially in developing nations such as TPP partners Vietnam and Malaysia—what is USTR doing to ensure that TPP will achieve a high standard with respect to enforceable labor standards in the TPP?**

**Answer:** If confirmed, I will: seek to ensure that USTR maintains and builds upon previous trade agreements in order to ensure that TPP addresses the 21st-century challenges that our workers and businesses face in the Asia-Pacific; pursue a strong labor chapter in TPP that ensures respect for internationally recognized labor rights and effective enforcement of labor law, and that is subject to dispute settlement and trade sanctions; and work to ensure that all TPP parties, regardless of level of development, must provide ~~to~~ the same high level of labor protections.

**Question 11:**

**Haiti, on behalf of the world's Least Developed Countries, comprised of 12 percent of the world's population but accounting for less than two percent of world GDP, has submitted a**

**proposal to the World Trade Organization's TRIPS Council requesting an unconditional extension of the transition period for the implementation of the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement until they graduate from LDC status. The existing waiver runs out this month and this extension request is allowable under WTO rules.**

**Over half of the population of the least developed countries lives on less than $1.25 per day. These families face serious health challenges, including health risks associated with poverty, an increasing health burden from non-communicable diseases on top of communicable disease problems, and inadequate resources to provide prevention, treatment and care.**

**It has been reported that U.S. negotiators have been pushing to weaken the least developed counties proposal for an extension. Implementation of TRIPS rules in the lower developed countries can drive up medicine prices and hinder to access quality, affordable treatments, with devastating health impacts. As USTR, will you support the LDC proposal to extend indefinitely the transition period at the WTO?**

> **Answer:** The United States strongly supports an extension of the transition period for least-developed countries to apply provisions of the WTO TRIPS Agreement. I understand that, following extensive discussions and proposals from LDCs, developed countries, and other members, USTR is optimistic that all WTO members, including LDCs, are likely to reach consensus on an appropriate extension at the upcoming TRIPS Council meeting on June 11-12, 2013. If confirmed as USTR, I will support the expected consensus decision of all WTO members on this matter.

**Question 12:**

**The Obama administration has overseen the highly successful restructuring of the domestic auto industry, saving nearly 1 million jobs directly and leading to the commitment by the Big 3 automakers to create tens of thousands of new American jobs in the future. I am concerned that including Japan in the TPP FTA—which would effectively subsidize the Japanese direct competitors to the domestic automakers, who may decrease their employment of American workers—runs counter to the industry's recovery. Do you share this concern and how have you weighed the enormous risk of damaging the domestic auto industry relative to possible economic gains in these other sectors?**

**Currently, approximately $52 billion (or about 70%) of the U.S bilateral trade deficit with Japan is in automotive goods. Past agreements with Japan to give U.S. automakers access to the Japanese market haven not been successful. The Japanese automotive companies control more than 94% of the domestic Japanese market—Japan is the most closed of any auto market in the OECD despite the fact that Japanese auto tariffs are at 0%?**

**What happens if Japan's import penetration rate remains around 6% (where it is now, and the lowest of any OECD country) when the tariff phase-out begins? Are you going to build into the TPP agreement any mechanism to ensure that we do not begin to provide tariff**

**relief for Japanese autos unless and until Japan demonstrates that it has truly begun to open its market?**

> **Answer:** I share your serious concerns with respect to Japan's automotive market. The TPP and the parallel bilateral automotive negotiations provide an important opportunity to level the playing field in this important sector for U.S. workers and firms. Japan recognizes that to become a Party to TPP it will need to make meaningful changes affecting the automotive sector. If confirmed, I will work closely with you to achieve strong results in this critical sector.

**Question 13:**

**The Great Lakes is home to a very vibrant marine transportation system and the domestic movement of cargo by those U.S.-flag vessels not only creates jobs but also supports the manufacturing heartland of our country. Many of the largest vessels, the "footers" were built in Ohio and today our state has two shipyards involved in their repair. One of the largest operators of lakers is based in Ohio and our steel, construction and power industries depend on the raw materials they move. The American-flag fleet is alive and well on the Great Lakes and should remain so for generations to come. Every Administration has resisted intense pressure from foreign nations to compromise our maritime programs in trade agreements, recognizing the potential adverse impacts on our U.S. national, homeland and economic securities.**

**Can you assure me, that as U.S. Trade Representative, you will continue the precedent set by prior Administrations and ensure that the U.S. can build and maintain a U.S.-flag fleet in forthcoming trade agreements?"**

> **Answer:** I recognize the sensitivity of the issue and if confirmed, will consult closely with you on this matter.

**Question 14:**

**Congress established the trade advisory committee system under the Trade Act of 1974 to coordinate and consult effectively with Congress and a wide range of stakeholders. Many in Congress (including several Members of this Committee) believe that much can be done to enhance the depth, frequency, and quality of our consultations with USTR.**

**There are 16 Industry Trade Advisory Committees which are to be, "insofar as is practicable, be representative of all industry, labor, agricultural, or service interests (including small business interests) in the sector or functional areas concerned." It is my understanding that labor unions are not represented on any of them, despite the fact that the 16 ITACs represent several industrial sectors where unions represent workers, including aerospace, automotive equipment, chemicals, energy, steel, textiles, and others.**

**As USTR, would you support including representatives from labor unions on ITACs?**

**Answer:** The Trade Advisory System was created by the Trade Act of 1974 (Trade Act) to provide advice and guidance on the U.S. trade policy agenda and negotiating objectives.

USTR has worked to update and streamline the Trade Advisory Committees to reflect the 21st century economy, increasing the representation of services and technology sectors. USTR increased the representation of labor on the Advisory Committee for Trade Policy Negotiations (ACTPN) and expanded the size of the Labor Advisory Committee (LAC) to increase the number of unions represented. The ACTPN, a tier-one, Presidentially-appointed committee, includes four prominent labor leaders. The LAC membership consists of 22 labor organizations and represents a broad range of viewpoints from that sector. We recognize that labor unions bring a perspective on areas of concern that may not be adequately addressed by industry. If confirmed, I will continue to support the active and meaningful participation of labor unions in the advisory committees.

## Questions from Senator Casey

**Question 1:**

**A set of rules of origin, correctly developed and implemented, can enhance production and employment opportunities among the TPP signatory nations or, if structured poorly, can undermine our nation's goals and jeopardize jobs and production here at home. I believe we need strong rules in this area, particularly in the auto sector, to provide direct incentives to grow the domestic auto supply chain, which will benefit American workers and manufacturers.**

**As USTR do you believe the NAFTA standard on autos of 62.5 percent should be the starting point and the original approach in NAFTA of increasing the percentage over time should be part of any TPP deal involving rules of origin for the auto sector?**

**Answer:** I believe the basis for any TPP deal on autos should be strong and enforceable rules of origin that expand auto manufacturing opportunities for the United States and ensure that only products that genuinely qualify for preferential treatment receive the benefits from the Agreement. If confirmed, I will work to make sure that the TPP meets these goals and, will consult with Congress and consider the rules of origin in previous U.S. FTAs, including NAFTA, in developing a proposal.

**Question 2:**

**Currency manipulation by our trading partners is hugely impactful on growth, job creation and strengthening the middle class. A recent study by the Peterson Institute for International Economics finds that "[h]alf or more of excess U.S. unemployment—the extent to which current joblessness exceeds the full employment level—is attributable to**

**currency manipulation by foreign governments." According to the Peterson Institute, this amounts to "1 million to 5 million job losses."**

**As we negotiate massive trade agreements, shouldn't there be tough currency disciplines to directly address this issue?**

> **Answer:** The Treasury Department has the lead on currency issues, but I can assure you that the Administration is giving careful consideration to the potential benefits and risks of seeking new negotiating objectives for the TPP, recognizing that the negotiating goals that we have set for the TPP are ambitious and appropriately so in order to achieve a high-standard 21st century trade agreement, and other ongoing trade negotiations.

**Question 3:**

**Over 1,200 UAW workers build trucks in a Mack Truck plant in Allentown, Pennsylvania. These trucks are sold in the United States and around the world, including Colombia where they face high tariffs. I understand that these Mack trucks are at a real disadvantage against those built in Mexico, which are then exported to Colombia duty-free.**

**I understand USTR has commenced a process to eliminate the Colombian tariff on truck exports to level the playing field for U.S. workers. What precisely are the steps in that process? What can we do to speed it up?**

> **Answer:** I understand USTR is working with U.S. industry in order to make a proposal to Colombia to accelerate the elimination of tariffs on a range of products, including trucks. If confirmed, I will ensure that USTR continues to pursue an agreement with Colombia on accelerated tariff elimination.

**Question 4:**

**The European Union is requesting that air services be included in TTIP negotiations. Historically, the Department of State and the Department of Transportation have negotiated aviation transportation agreements. In total, these agencies have negotiated liberalized ("Open Skies") agreements with over 110 countries, including a recent one with the EU. It seems that this aviation-specific negotiating framework has worked well.**

**Will USTR inform EU negotiators publicly that air services agreements will not be part of TTIP negotiations?"**

> **Answer:** We are still in the 90-day consultation period regarding TTIP. Air services have traditionally been covered by Open Skies agreements I am aware of the sensitivity around this issue and if I am confirmed, USTR will remain in close consultation with the Finance Committee on these issues as the negotiations proceed forward.

**Question 5:**

**I have heard from two major U.S. industries recently—bio/pharma and information technology- that they have major concerns about discriminatory practices by India in the area of IP protection and IT procurement.**

**What has the Administration's engagement with India been to date on these issues and what has been the Indian response?**

> **Answer:** India's manufacturing and IP policies are our top priority in USTR's bilateral engagement. USTR has pressed its concerns in a variety of bilateral fora, including the Trade Policy Forum, Energy Dialogue, and the Information and Communications Technology Dialogue, and has joined other trading partners in highlighting these issues in multilateral fora such as the WTO. Where appropriate, as in the case of India's solar local content requirements, USTR has enforced U.S. rights through WTO dispute settlement. These actions underscore the importance of ongoing efforts to explore alternative and more effective approaches to achieve India's domestic policy objectives.

**Question 6:**

**In an effort to delay price competition for prescription drugs, a notice has been filed under Chapter 11 of NAFTA to overturn settled patent law as it relates to pharmaceutical patents in Canada. While I think IP should be protected from expropriation in trade agreements, I do not believe that protecting IP from expropriation means that a company has the right to assert IP rights when there is no valid patent under a nation's neutral, non-discriminatory standards.**

**Does NAFTA guarantee a right to a patent in circumstance where the patent claim would not exist under the domestic law of a NAFTA signatory?**

> **Answer:** Under the NAFTA, I understand that each government must make patents available for inventions in all fields of technology, provided that the inventions are new, useful, and non-obvious. If confirmed, I would be pleased to discuss further your questions about the scope of this provision.

**Questions from Senator Grassley**

**Question 1:**

**As I told you in our visit in my office, if you are confirmed, I will be happy to work with you to open markets and remove barriers for U.S. farmers and businesses.**

**During our meeting, I also provided you with a letter myself, Senator Stabenow, and 24 other Senators sent to Ambassador Marantis asking that USTR raise the priority of resolving regulatory barriers for biotech seeds.**

**American farmers have adopted biotechnology seeds to increase production as they help feed this world. They need to be able to get their products to market, and they need to have the confidence they can adopt the technology available to them without fear our trading partners will erect barriers.**

**I would ask that a copy of that letter be included in the record of today's hearing.**

**As you probably know, Ambassador Marantis has responded to the letter, but I would like to hear your thoughts on the subject. How does USTR intend to work with trading partners to improve market access for U.S. crops derived from biotechnology?**

> **Answer:** I agree that agricultural biotechnology is a critical tool to helping farmers produce enough food to feed the increasing world population. If confirmed, I will continue the work of USTR to promote science-based, predictable and transparent regulatory regimes in trade agreement negotiations and through other means in bilateral, multilateral, and other fora, such as in APEC. In addition, USTR, together with USDA and the State Department, will continue to work with like-minded countries to remove unwarranted barriers to U.S. exports of agricultural biotechnology products.

**Question 2:**

**In regards specifically to the European Union (EU), can you commit to me that if the U.S. and EU move forward with a formal trade agreement negotiation, USTR will work to remove the regulatory barriers to U.S. biotechnology derived seeds?**

> **Answer:** We are still in the 90-day consultation period regarding TTIP. If I am confirmed, I will seek to address our continuing concerns to promote a timely, predictable and science-based EU regulatory approval system to normalize trade in agricultural biotechnology products, including seed, through potential negotiations with the EU on a comprehensive trade agreement.

**Question 3:**

**What steps do you plan to take to remove the barriers our trading partners, such as Russia and Taiwan, have put in place against U.S. beef and pork over the use of ractopamine?**

> **Answer:** With the establishment in 2012 of an international standard for the safe use of ractopamine, the United States is pressing other countries to adopt those standards, and some countries have undertaken regulatory procedures to do so. If confirmed, I will work to press to remove unwarranted restrictions against U.S. meat exports, based on use of ractopamine, and to ensure that SPS measures are based on science, including a risk assessment in accordance with international standards.

**Question 4:**

**In addition to the ractopamine issue, Russia has erected all sorts of unjustifiable barriers to U.S. beef, pork, and dairy products. If confirmed, what are the steps you plan to take to resolve these issues so U.S. farmers don't have to deal with these unjustifiable barriers to the Russian market?**

**Answer:** As a WTO Member, Russia is required to implement the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, and the commitments in its Working Party Report. These commitments include harmonization of SPS measures with international standards, basing measures on science, conducting risk assessments in accordance with international standards, and implementing the mechanism for recognizing the equivalence of WTO Members' SPS measures. Russia's membership in the WTO gives us additional tools, including the use of WTO dispute settlement where appropriate, to address unwarranted SPS barriers and gives us more effective means to address and challenge unwarranted SPS measures. If confirmed, I will use all appropriate means, including the full panoply of WTO tools, to push Russia to remove its unwarranted restrictions against U.S. meat exports, and for Russia to base its SPS measures on science.

**Question 5:**

**The European Commission has recently imposed a country-wide anti-dumping duty on all U.S. origin ethanol even though anti-dumping decisions require a more individualized rate than a broad blanket approach. This step by the EU essentially shuts U.S. ethanol producers out of the EU market. This is an unprecedented and unreasonable position by the EU. This issue needs to be raised at the WTO. If confirmed, do you plan on challenging the EU over this matter at the WTO?**

**Answer:** I understand that the respective staffs at USTR and the U.S. Department of Commerce have followed this matter from its inception. Well before the European Commission issued its final decision, U.S. government officials repeatedly expressed concerns to the European Commission regarding how it conducted the investigation and the methodology it applied. The United States continues to raise these issues in the context of our bilateral discussions, as well as in the relevant WTO fora. The Administration is committed to vigorously enforcing U.S trade rights, and ensuring that WTO members live up to their obligations. I understand that both USTR and Commerce are currently evaluating the European Commission's final decision and its methodology and are working with the U.S. ethanol producers to consider next steps. If confirmed, I look forward to continuing a dialogue on this issue and exploring the best course of action to address this issue for our ethanol producers.

**Question 6:**

**Mr. Froman, I want to be clear here. If the President is going to set standards on what he says are "tax scams," he should apply the same standard to his friends as he does to his opponents.**

**On May 4, 2009, the President called Ugland House "the largest tax scam in the world." Just months before, in February 2009, the President appointed you Deputy National Security Advisor for International Economic Affairs.**

**Your financial disclosures indicate you have nearly $500,000 invested in the Cayman Islands at the Ugland House.**

**What questions did the White House ask about your Caymans Islands investments in 2009? Were concerns raised about your participation in what the President later called "the largest tax scam in the world"?**

**If so, can you tell us who raised concerns and what questions they asked?**

> **Answer:** My investment in CVCI was reviewed by ethics officials in the White House Counsel's Office in 2009 and I was not directed to divest it. CVCI is a private investment fund with an international focus. I did not decide to invest in it because of its location but rather to diversify my investments and to increase my investment in international emerging markets. I received IRS Form K-1s for this investment and have paid all taxes due. I am not aware of any tax benefit that I received by reason of CVCI's location. My holdings in CVCI have been reflected on my financial disclosure forms from 2009 to the present. Pursuant to my ethics agreement, if confirmed, I will divest my interest in CVCI within 90 days of such confirmation.

**Question 7:**

**I understand that as part of your employment with Citigroup you were vested in three carried interest plans you submitted to the Finance Committee, upon leaving for the Administration in 2009, Citigroup paid you $2 million to waive your rights in two of these partnerships "and in recognition of [your] service to Citi in various capacities since 1999."**

**What prompted you to waive your rights to these plans in return for a substantial payment from Citi? Did someone in the Administration recommend you take this action?**

**Do you know what your interest in the "carry plans" were valued at when you waived your rights?**

**What percentage of the $2 million was based on the value of the carried interest plans and what percentage was in recognition of your 10 years of service?**

**In figuring the amount paid to you by Citigroup, was any consideration given to the fact you would be subject to ordinary income tax rates of 35% instead of the capital gains rate of 15%?**

**You had a third carried interest that you transferred to your wife. Why was it decided this third carried interest would be transferred to your wife instead of being sold to Citi?**

> **Answer:** At the time that I joined the Administration, I consulted with ethics officials and followed their advice in determining how to address my various investments. I waived my carried interests in the India Infrastructure fund and the Sustainable Development Investment fund. The value of these interests and the amount paid in recognition of my service to Citi was determined by management at Citi. I do not recall receiving any consideration due to tax rates. I transferred my interest in the Citi Infrastructure Investments Carried Interest plan to my spouse based upon the advice of White House ethics officials. There is no other carried interest or Citi fund held in my wife's name. I disclosed the carried interests on my public financial disclosure forms and paid ordinary income taxes on the payment I received from Citi.

**Question 8:**

**On January 16, 2009, Citigroup announced losses of $18.7 billion. The same day, Citigroup received $301 billion federal bailout through loan guarantees on its toxic mortgage assets. Around the same time, you accepted a bonus from Citigroup for over $2 million for work you performed in 2008.**

**Were you aware that Citigroup was about to receive a multibillion-dollar federal guarantee when you accepted your bonus?**

**Can you explain why it is morally acceptable to take more than $2 million out of a company that was functionally insolvent and about to receive billions of dollars in taxpayer support?**

**In response to a written question submitted to you during your Finance Committee review, you indicated that you donated "a significant portion of the net proceeds" from the bonus you received in 2009 to charity. Could you clarify what you mean by "a significant amount"?**

> **Answer:** I was aware of the impact of the financial crisis on Citi and the TARP investment. I was awarded a bonus for 2008 by the senior management of Citi based upon my individual performance consistent with the practice at the time. I decided in 2009 to donate the net proceeds of this bonus to charity, and, to date, have already donated approximately 75 percent of those proceeds to charity.

**Question 9:**

**The protection of intellectual property rights is a key component to boosting global economies and creating innovative industries and jobs. Countries are able to produce this economic momentum by implementing measures to strengthen their intellectual property laws and improve intellectual property enforcement. However, a number of countries have consistently failed to enhance their intellectual property regimes and protect intellectual property rights, including Russia, China, Brazil and India.**

a. **What leverage points would you support as U.S. Trade Representative to bring about improvement in these countries anti-intellectual property policies and practices?**

b. **In your opinion, should countries like India, Russia and Brazil, that have preferential access to U.S. markets under the Generalized System of Preferences (GSP) continue to enjoy such GSP benefits if they shut U.S. companies out of their markets by undermining U.S. intellectual property rights?**

**Answer:** a. If confirmed, I will make the protection and enforcement of intellectual property rights a top priority. Opportunities and leverage points to advance this goal include our trade agreement negotiations, e.g., the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership; the annual Special 301 review (including the Report, action plans, the notorious markets review, and country-specific reviews); bilateral engagement, including IP working groups, with numerous trading partners; monitoring the implementation of our Free Trade Agreements and other agreements; ongoing work in the WTO and other international organizations; and, formal dispute settlement.

b. I understand that "providing adequate and effective protection of intellectual property rights" is one of the statutory criteria for beneficiary countries' eligibility for trade benefits under the GSP program and that there are several ongoing country practice reviews on the basis of this criterion. If confirmed, I will continue to uphold the use of this GSP eligibility criterion to press beneficiary countries to improve their protection of intellectual property rights.

**Question 10:**

**I'd like to ask you about how the International Trade Commission, which enforces trade law, is addressing certain infringement cases filed at the ITC under section 337 of the Tariff Act. As you know, section 337 is designed to protect domestic industry from abusive trade practices by foreign countries and companies importing foreign goods. Recently, companies known as patent assertion entities have been using the ITC as an alternative means to bring legal action against American companies. Because as a U.S. trade body, the ITC has only one remedy—an injunction that stops the importation of goods—these patent assertion entities have a big hammer to force American job creators to pay large settlements in order to avoid halting the sale of entire product lines, regardless of the**

**merits of the case. In district court, these patent assertion entities have to prove certain factors set forth by the U.S. Supreme Court in the 2006 *eBay* case before getting an injunction.**

**a. Do you believe that patent assertion entities should have to abide by the district court *eBay* standards at the ITC if they want to get injunctive relief? Do you believe that the ITC and federal courts should share similar standards of review for injunctive relief?**

**Answer:** On June 4, the White House identified legislative recommendations and executive actions to "improve incentives for future innovation in high tech patents, a key driver of economic growth and good paying American jobs." The announcement identified challenges posed by patent assertion entities and several proposed reforms bearing on the U.S. International Trade Commission (ITC). In particular, the Administration supports changes to the ITC standard to "better align" it with district court eBay standards. If confirmed, I stand ready to work with Congress and other agencies in support of the White House initiatives. These issues are crucial to our economy, American jobs, and innovation.

## Questions from Senator Crapo

**Question 1:**

**U.S. stakeholders have consistently advocated for substantive enforcement tools to avoid reliance on ineffective WTO-based dispute-resolution procedures. The USTR's proposed "consultative mechanism" in the TPP talks has few adherents in the stakeholder community. They believe it does not materially differ from the shortcomings in the current WTO process. In your opinion, is an enforcement mechanism a key to a successfully negotiated trade agreement?**

**Answer:** Addressing unwarranted SPS barriers that our farmers and ranchers face is an important objective for the Administration. If confirmed, I will seek to ensure that the TPP agreement provides us with an avenue for quick and effective resolution of disputes related to SPS issues.

**Question 2:**

**The U.S.-EU High-Level Working Group Report recommendations, which the Administration endorses, calls on building upon:**

> **"the key principles of the World Trade Organization (WTO) SPS Agreement, including with the requirements that each side's SPS measures be based on science and on international standards or scientific risk assessments, applied only to the extent necessary to protect human, animal,**

**or plant life or health, and developed in a transparent manner, without undue delay."**

**Do you agree that the standards for any TPP agreement cannot be any less rigorous? Will this Administration sign a TPP agreement that does not ensure compliance with WTO SPS Agreement standards?**

**Answer:** In TPP and our negotiations with the EU, obtaining a strong chapter on sanitary and phytosanitary (SPS) measures is critical for ensuring that SPS measures do not act as unwarranted barriers to U.S. food and agricultural exports. If confirmed, I am committed to reaching agreement on SPS chapters in TPP and TTIP that build on and affirm the WTO SPS Agreement, promoting science-based decision-making that benefits U.S. farmers and ranchers.

**Question 3:**

**As a condition to acceding to the TPP talks, Mexico and the United States executed a Letter of Intent by which Mexico agreed to lower its non-tariff barriers on beef and potato imports. Mexico has not yet fulfilled its commitment on potatoes. According to the USTR and USDA, the draft regulations released by Mexico in November 2012 violate the spirit and substance of Mexico's commitment. The USTR and USDA submitted comments on January 21 objecting to the draft regulation. However, the lack of timeliness requirements in Mexico's regulatory process does not ensure timely or satisfactory resolution. Since the January 21 submissions deadline, what material progress can USTR demonstrable in addressing Mexican market access limits on U.S. fresh potatoes?**

**Answer:** Prior to joining the Trans-Pacific Partnership negotiations, Mexico reaffirmed its commitment to science-based sanitary and phytosanitary (SPS) decisions, in line with the high standards of the proposed TPP SPS Chapter. The Administration has urged Mexico to move towards a science-based SPS regime for U.S. potatoes. As a part of that effort, USDA has been providing Mexico with significant scientific information to support our requests for expanded access for U.S. potatoes with controls for several pests that are of quarantine concern to Mexico. Mexico is currently in the middle of its regulatory process to consider expanding access for U.S. potatoes. If confirmed, I will continue working with USDA to ensure that Mexico's final regulations for U.S. potatoes are based on science.

**Question 4:**

**What material steps are being taken to address Russia's backsliding on IPR protections and beef imports?**

**Answer:** If confirmed, I will make IPR protection a top priority, which includes supporting USTR's ongoing intensive bilateral engagement with Russia on the protection and enforcement of intellectual property rights. On December 20, 2012, the United States and Russia signed an Intellectual Property Rights Action Plan to improve IPR

protection and enforcement. The Plan identifies a broad range of IPR priorities, including combating copyright piracy on the Internet, enhancing IPR enforcement, and coordinating on IPR legislative reform and other issues. While the bilateral dialogue under this action plan has been positive, and engagement through the IPR Working Group continues, if confirmed, I will continue to push Russia for additional progress in this bilateral forum as well as in the WTO. As regards beef exports to Russia, with the establishment in 2012 of an international standard for the safe use of ractopamine, as a top priority, the United States is pressing Russia to adopt those standards. If confirmed, I will work closely with U.S. stakeholders and not exclude any effective approaches, including by using one or more of the full range of WTO tools, to push Russia to remove its unwarranted restrictions against U.S. meat exports and for Russia to base its SPS measures on science.

**Question 5:**

**What lessons has USTR learned from the Softwood Lumber Agreement and past implementation of Canadian obligations in the agreement? What steps is USTR, working with USITC and in light of the extension of the agreement, taking both with respect to enforcement and improving Canadian compliance?**

**Answer:** Strong leadership by USTR and close coordination with the interagency team, the Congress and domestic stakeholders has ensured that the 2006 Softwood Lumber Agreement (SLA) provides a level playing field for U.S. softwood lumber producers to compete. These steps have included enforcement by the Obama Administration of two arbitral decisions under the SLA. Today, USTR leads an interagency team of experts who devote significant time and resources exclusively to the enforcement and implementation of this Agreement. If confirmed, I will continue to require that Canada lives up to its obligations under the SLA and will draw upon all available expertise, to ensure that the SLA operates in the best interest of the United States.

**Question 6:**

**China remains closed to U.S. beef imports. China is potentially a $200 million market for U.S. beef. Ongoing and high-level U.S. negotiating teams have long worked to reopen the only country still completely closed to U.S. beef. What is USTR doing to re-open this market to U.S. beef and when should we expect more progress with China?**

**Answer:** Achieving full market access for U.S. beef and beef products in China remains a top priority for the Administration. If confirmed, I will work with USDA to reopen China's beef market fully in a commercially viable manner that is based on science and is consistent with international guidelines. USTR and USDA met most recently with Chinese officials in December 2012 to continue technical discussions on opening the Chinese market. With the OIE granting the United States negligible risk status for BSE on May 31, 2013, USDA and USTR will be seeking to meet with Chinese officials to seek to resolve remaining issues.

**Question 7:**

**Recent years have seen increased actions by trade preference program countries to undercut the value of existing intellectual property patents held by U.S. companies. What steps can USTR take to ensure our trading partners honor the patent rights of U.S. exporters?**

**Answer:** I am committed to the appropriate use of the full range of U.S. trade policy and enforcement tools, including preference programs, to advance the protection and enforcement of intellectual property rights. If confirmed, I look forward to working with you on this issue.

**Question 8:**

**With which countries currently party to a Trade and Investment Framework Agreement do you believe the U.S. can launch formal negotiations in the coming year?**

**Answer:** My understanding is that USTR is evaluating on an ongoing basis its Trade and Investment Agreements with other countries for appropriate opportunities to engage in more formal discussions regarding the negotiation of a variety of agreements at its disposal. At present I am not aware of any countries ready to move to formal negotiations, but if confirmed, I will continue evaluating which of our TIFA partners are prepared for more formal discussions, and where they make economic and policy sense for the United States to pursue.

**Questions from Senator Enzi**

**Question 1:**

**The United States is the largest exporter of soda ash in the world. The KORUS Free Trade Agreement was a significant achievement in reducing tariffs on U.S. soda ash exports to South Korea. However, there are significant opportunities for additional gains in market access for soda ash to Asia. What opportunities and challenges do you see in securing similar duty reductions for U.S. soda ash exports to Japan, China and Taiwan?**

**Answer:** In the TPP negotiations, I understand that USTR is aiming for rapid elimination of tariffs on a broad range of industrial goods. With the potential addition of Japan, three key Asia-Pacific markets for soda ash—Japan, Malaysia, and Vietnam—will be covered under the TPP. The TPP agreement should therefore provide important new market access opportunities for U.S. exporters of soda ash.

While Taiwan and China are not part of U.S. FTA negotiations at this time, I understand that USTR has engaged with Taiwan to support U.S. exporters' and Taiwanese importers' efforts to petition Taiwan to reduce its soda ash duties.

In terms of challenges, China's large and highly-polluting soda ash industry is dominated by state-owned enterprises. Excess capacity in China has led to increased Chinese exports that compete with U.S. soda ash exports in Asia and elsewhere. I understand that USTR has raised soda ash industry concerns with China, and if confirmed, I will continue to seek solutions that increase market access for U.S. soda ash in Asian and other markets.

**Question 2:**

**The U.S. Department of Agriculture published its newest rule modifying the implementation of the Country of Origin Labeling (COOL) law on May 24, 2013. I was pleased that this rule was developed with the intention of ensuring that the United States remains compliant with its trade obligations. However, should the amended COOL rule be challenged, what efforts will the Office of the U.S. Trade Representative take to ensure that the COOL statute is implemented as Congress intended in statute?**

**Answer:** The Administration is confident that USDA's new final rule brings the COOL requirements into compliance with the World Trade Organization (WTO) ruling, and in a manner that is also consistent with U.S. law. Should Canada or Mexico decide to pursue further litigation at the WTO, I will, if confirmed, ensure that USTR vigorously defends the rule so that retailers continue to provide origin information to allow their customers to make informed purchasing decisions, as Congress intended.

**Question 3:**

**The government of India is engaged in a pattern of discrimination designed to benefit its domestic corporations at the expense of manufacturing and jobs in America. While Indian products get preferential access to the U.S. market, India is blocking our exports by disregarding basic property rights and requiring local production of everything from computer equipment to solar cells and other manufactured goods. This is no way for one of the world's biggest economies to treat its second largest export trading partner. It sets an unfortunate example other countries are sure to follow.**

**What is the USTR doing to address this pattern of discrimination, specifically with respect to India but also as a wider threat to American jobs and exports?**

**Answer:** Addressing India's discriminatory manufacturing policies is a priority in USTR's bilateral engagement. USTR has pressed its concerns in a variety of bilateral fora, including the Trade Policy Forum, Energy Dialogue, and the Information and Communications Technology Dialogue, and has joined other trading partners in highlighting this issue in multilateral fora such as the WTO. Where appropriate, as in the case of India's solar local content requirements, USTR is enforcing U.S. rights through WTO dispute settlement. This is supported by and consistent with the work of the interagency task force on localization barriers to trade, established by USTR in 2012, to further develop and execute a more strategic and coordinated approach to stop these types

of practices and prevent this policy direction from being adopted by more countries. If confirmed, I will continue to pursue solutions to these discriminatory practices.

**Question 4:**

**If confirmed, what will you do as USTR to secure real and timely results for manufacturers in America and to ensure India complies with its international obligations?**

**Answer:** If confirmed, I will redouble USTR's engagement with India on a range of issues that affect U.S. manufacturers' ability to compete effectively, seek to identify additional opportunities for discouraging India from pursuing measures such as its localization provisions in the solar energy sector, and actively support USTR's commitment to making use of all available policy tools, including dispute settlement as appropriate, to ensure India's compliance with its international obligations.

**Question 5:**

**I am concerned about the "balanced" approach (i.e., additional revenues and spending cuts) that the President states is necessary to get our fiscal house in order and U.S. businesses have faced an increasing number of trade-related barriers in India—from restrictions on FDI, to local content requirements, to government-sanctioned expropriation of valuable U.S. intellectual property. It's my understanding that the U.S.-India Trade Policy Forum, chaired by the United States Trade Representative and India's Minister of Commerce and Industry, is a longstanding bilateral dialogue that exists to address such trade and investment issues. While USTR has used this forum to address these, or similar issues, in past meetings, there doesn't appear to have been any meaningful progress on behalf of U.S. interests.**

**When was the last time the U.S.-India Trade Policy Forum met?**

**Answer:** The United States is using a variety of tools to pursue its commercial interests in the context of the U.S.-India bilateral relationship. The U.S.-India Trade Policy Forum last met at the ministerial level in late 2010. I understand that USTR has maintained engagement with India in recent years through numerous visits by officials of both governments, including visits by senior officials and ministerial level exchanges held multiple times each year in Washington and on the margins of other international meetings. I understand that USTR is conducting a series of expert-level engagements on the full range of trade policy issues in the coming months that it expects will help to lay a solid foundation for a fruitful ministerial-level session. If confirmed, I will ensure that USTR continues to use these types of engagements and works to reenergize the U.S.-India Trade Policy Forum.

**Question 6:**

**If confirmed, how do you plan to ensure that these meetings are productive for the U.S. in that they meaningfully address some of India's more egregious policies that are harming U.S. workers, innovators and other job creators?**

**Answer:** If confirmed, I will reinforce to the Government of India that our bilateral trade and investment dialogue remains critical to our broader bilateral relationship, and that more regular meetings at the staff level and at senior levels will be necessary for that dialogue to work. I will also reinforce sustained USTR engagement to support India's ongoing efforts to explore alternative and more effective approaches to achieve India's domestic policy objectives.

**Question 7:**

**Thanks to our country's dominance in shale development, the U.S. is being called the "Saudi Arabia of natural gas." We are already reaping benefits at home, and we are poised to play a pivotal strategic role on the world stage too—lessening our trade deficit at the same time—by using some of our vast natural gas resources to help our friends overseas through exports. There are several top-notch projects ready now, and they are willing to start construction as soon as the Administration gives the go-ahead.**

**However, there was a two-year lapse between the first export application approval in 2011 and the second one on May 17. I hear that approvals may start moving faster now, but the Administration needs to act ASAP. Otherwise the customers will cut their deals in competing markets. Please tell us the status of the process, and what you think would be the geopolitical implications if we lost the race to other natural gas producers.**

**Answers:** As you know, the U.S. Department of Energy (DOE) licenses LNG exports under Section 3 of the 1938 Natural Gas Act. Licenses for exports to FTA partners that provide national treatment for trade in natural gas are deemed to be in the public interest; for non-FTA partners, DOE is to grant application unless it is not in the public interest to do so. My understanding is that DOE has a number of applications before it and is considering them on a case-by-case basis.

**Question 8:**

**Canadian provisions for the protection of intellectual property for biopharmaceutical products are out of line with global best practices and woefully insufficient to protect incentives for investments in innovations that drive American jobs and growth. Canadian regulators have created a discriminatory right of appeal that allows Canadian pharmaceutical manufacturers to appeal an adverse decision on a challenge to a U.S. innovator's biopharmaceutical patent but denies a similar right of appeal to the U.S. innovator. Further, Canada's heightened standard for patentable utility for biopharmaceutical products is contrary to global best practices and violates its international commitments.**

**That American innovators should face significant intellectual property challenges in one of our largest trading partners, a developed country with whom we share a border is unacceptable. Yet Canada's intellectual property system is well known across all American IP-intensive sectors for weak IP protections and enforcement. Indeed, Canada fell well below all other developed countries measured in the Global Intellectual Property Center's 2012 International IP index. Canada should not be allowed to serve as an example for other countries to flout their IP obligations.**

**As USTR, how will you work to ensure that Canada eliminates discriminatory market access barriers and conforms to its international commitments with respect to the intellectual property protections it affords U.S. innovative biopharmaceutical companies?**

> **Answer:** While I understand that USTR has commented on recent notable improvements with respect to Canada in its Special 301 report, I also understand that USTR has had longstanding concerns on IP issues with Canada more generally. If confirmed, I will ensure that USTR continues to work with representatives of the affected companies and industries to find possible solutions, and to engage with the Government of Canada on these issues.

**Question 9:**

**A number of concerns have also been raised regarding the treatment of U.S. pharmaceutical patents in India. Weak IP protections, disregarding U.S. patents, and discriminatory enforcement practices have all been identified as parts of this problem. As USTR, how will you work to ensure that India eliminates discriminatory market access barriers and conforms to its international commitments with respect to the intellectual property protections? How will you work to ensure that India will properly respect and enforce U.S. patent rights for pharmaceutical and biological products?**

> **Answer:** I share your concerns regarding the deteriorating innovation climate in India, including recent actions with respect to patents. If confirmed, I intend to work closely with other agencies and with Congress as we consider appropriate actions to take in response. I expect that such a response will include engaging bilaterally with India to explore policies of concern as they relate to international commitments, and to discuss alternative and more effective approaches to achieve India's domestic policy objectives. This could also include engagement in the WTO and other multilateral fora.

## Questions from Senator Cornyn

**Question 1:**

**As you may know, a notice has been filed under Chapter 11 of NAFTA to overturn settled patent law as it relates to pharmaceutical patents in Canada. The essence of the claim is**

**that a court judgment finding a patent to be invalid violates the IP protections in NAFTA. I think IP should be protected from expropriation in trade agreements. I do not believe that protecting IP from expropriation means that a company has the right to assert IP rights when there is no valid patent under a nation's neutral, non-discriminatory standards. Do you agree that NAFTA does not guarantee a right to a patent when the patent claim fails under the substantive law of a NAFTA signatory applied in a neutral manner?**

> **Answer:** Under the NAFTA, I understand that each government must make patents available for inventions in all fields of technology, provided that the inventions are new, useful, and non-obvious. If confirmed, I would be pleased to discuss further your questions about the scope of this provision.

**Question 2:**

**I am concerned that if NAFTA is held to overrule any nation's domestic patent law applied in a neutral and non-discriminatory manner, then careful balances struck in U.S. patent law may be at risk. If the Canadian NAFTA challenge succeeds, does it not mean that foreign companies are empowered to attack patent decisions issued by U.S. courts in accordance with U.S. law?**

> **Answer:** I understand that the notice in question alleges an inconsistency between Canadian law and the requirements of Chapter 17 of NAFTA, and that the outcomes of cases are cited only as evidence of Canadian law. The issue, as I understand it, is whether Canada's law is consistent with its obligations which include provisions on patentability, rather than particular court decisions. As this matter is proposed for arbitration, it is not appropriate to offer an opinion on whether this situation could constitute an expropriation.

**Question 3:**

**If this matter proceeds, will you commit to publicly defending the principle that NAFTA protects IP but does not guarantee the right to obtain a patent when a patent would not otherwise be recognized under domestic law?**

> **Answer:** Under the NAFTA, I understand that each government must make patents available for inventions in all fields of technology, provided that the inventions are new, useful, and non-obvious. If confirmed, I would be pleased to discuss further your questions about the scope of this provision.

**Question 4:**

**The motion picture and television industry is responsible for 123,423 jobs in Texas, including indirect jobs, and $4.4 billion in total wages. Copyright is an economic driver with nearly 5.1 million U.S. workers employed in the U.S. copyright industries. As USTR,**

**can you assure me that protecting intellectual property rights will be a priority, and will you build on the success of the U.S.-Korea FTA, ensuring that the TPP includes the IP provisions at least as robust as those found in the Korea agreement?**

**Answer:** If confirmed as USTR, I will make the protection and enforcement of intellectual property rights, including copyright, a top priority. I understand that in the TPP, USTR is seeking IPR protection and enforcement provisions comparable to those of the KORUS FTA and our other existing free trade agreements in the region, as well as new provisions to deal with emerging issues, such as misappropriation of trade secrets. If confirmed, I will continue those efforts.

**Question 5:**

**I signed onto a letter to the Administration a little over a year ago signaling that the current law on the duration of exclusivity for biologic drugs which provides for a 12-year term of regulatory data protection should serve as the baseline for the administration's objectives in negotiations. Can you commit to strong protections in negotiations for intellectual property rights consistent with domestic law?**

**Answer:** Biologic drugs are a vital area of pharmaceutical innovation, now and in the future. In the TPP, with regard to data protection for biologics, my understanding is that the United States has begun to explain what is in U.S. law and how our system works, including the 12 years of protection related to biologics, with our trading partners. If confirmed, I will ensure to consult closely with you on this important issue.

**Question 6:**

**In response to a question from my colleague Senator Brown at our June 6th hearing, you said that U.S.-EU financial services regulatory discussions would be held on a "parallel track" to the actual TTIP negotiations, continuing through existing dialogues. While I agree that U.S. regulatory standards should not be weakened in a way that would compromise the integrity of our financial system, we must have a productive process for discussing and cooperating on key regulatory issues given the global nature of the financial services business. I am concerned by recent news that existing U.S.-EU dialogues on financial regulatory reform show little sign of harmonization, and that the "parallel track" you outline would liken to the status quo, and ultimately exclusion to the negotiation. This might lead to missed opportunities through the TTIP to enhance and improve upon current regulatory cooperation and potentially open ourselves up to demands from the EU for separate discussions on areas of sensitivity for them. If the purpose of the TTIP negotiation is to enhance regulatory cooperation between the U.S. and EU, what is the reason for a parallel track? Also, due to the lack of harmonization, can you ensure accountability and progress in financial services regulatory cooperation?**

**Answer:** One of USTR's top goals in TTIP will be to address "behind-the-border" barriers to trade and investment in certain sectors. This can be accomplished through

provisions that reduce unnecessary regulatory costs while simultaneously meeting our legitimate regulatory objectives and maintaining high levels of health, safety, environmental, and consumer protection. There is an ongoing robust agenda with ambitious deadlines on regulatory and prudential cooperation in the financial sector—both bilaterally under the Financial Markets Regulatory Dialogue, and under the auspices of the G-20 rubric and international standards setting and other bodies such as the Financial Stability Board, the Basel Committee on Banking Supervision, and the International Organization of Securities Commissions. I expect that these processes will continue to make progress in the near term, including by raising international standards to the levels that our financial regulators are now implementing so as to help provide a level playing field globally for U.S. firms.

**Question 7:**

**China maintains a massive cotton reserve, which is now equivalent to 40% of annual world production, by providing domestic subsidies at levels well above prevailing world prices. This has a tremendous impact on world markets. Under your leadership, will the Administration be willing to insist on modifications to China's internal supports, the reserve, and TRQ administration?**

**Answer:** I understand that USTR and the U.S. Department of Agriculture are closely monitoring China's cotton programs and policies. If confirmed, I will be sure to continue this work to ensure that China abides by its WTO commitments.

**Question 8:**

**U.S. Agriculture exports face not only tariff barriers, but non-tariff barriers as well. Can you ensure that sanitary and phytosanitary (SPS) provisions in the current agreements will help break down these barriers to our agricultural exports?**

**Answer:** Addressing unwarranted SPS barriers that our farmers and ranchers face has been an important objective for the Administration. In 2009, the Administration announced a special initiative to address SPS barriers through a high profile annual report and heightened efforts throughout the year to address these serious problems. If confirmed, I will seek to ensure that our trade negotiations and agreements help break down unwarranted SPS barriers.

**Question 9:**

**In 1991, the United States and Argentina entered into a bilateral investment treaty (BIT) that protects investors against the unlawful expropriation of foreign investments and relies on the International Center for Settlement of Investment Disputes (ICSID) for investor-state dispute settlement. This treaty is part of a significant network of bilateral investment treaties and free trade agreements that provide a stable regulatory environment for U.S. investors abroad. Azurix, a Houston, Texas based company, had invested in a water concession in the Province of Buenos Aires before the government of Argentina effectively**

**expropriated the investment. Azurix sought relief before an ICSID dispute resolution panel, but Argentina has refused to pay an August 2009 award which is now worth $242 million. If Argentina faces no negative consequences for breaching the terms of the U.S.-Argentina BIT, other countries may also ignore their obligations under U.S. BITs or the ICSID Convention. What can the U.S. Government do to mitigate this threat and maintain a stable investment environment for U.S. companies investing abroad? What remedies are available for companies such as Azurix and the other investors with ICSID awards against Argentina, if the Government of Argentina continues to refuse to comply with its obligations?**

**Answer:** Enforcing U.S. rights under trade and investment agreements is a top priority for this Administration. The United States is committed to ensuring that foreign governments respect and comply with their international legal obligations under U.S. bilateral investment treaties (BITs) and the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention). The United States has repeatedly raised Argentina's failure to comply with final and enforceable BIT and ICSID awards with Argentine Government officials at the highest levels and will continue to do so. In March 2012, the President suspended Argentina's eligibility for trade benefits under the Generalized System of Preferences (GSP) based on the Argentine Government's failure to act in good faith in recognizing as binding or in enforcing ICSID arbitral awards. As a result of the GSP suspension, Argentina lost duty-free access to the United States for approximately $500 million worth of its goods. Argentina's failure to comply with outstanding arbitral awards is also one of the factors that has led the U.S. Government publicly to oppose the issuance of multilateral development bank loans to Argentina. If I am confirmed, USTR will continue to work to ensure that Argentina complies with its BIT and ICSID obligations.

**Question 10:**

**Another issue that I want to flag for you is the incredibly high tariff on footwear. It totals $1.6 Billion per year and is the number one source of tariffs received by the U.S. government across industries. The reason I raise this with you is that as the Administration attempts to negotiate a permanent free trade agreement through the Trans-Pacific Partnership (TPP) it will be the first time the U.S. has negotiated with one of the key footwear manufacturing nations (Vietnam) and so it is appropriate to raise the issue in this negotiation. This Agreement has the potential to permanently end all footwear import taxes from TPP partners on day one of implementation. Approximately 99 percent of the footwear sold in the U.S. is imported and when you consider that the tax on low-value shoes can be as high as 67 percent, you can see how quickly and meaningfully this hits consumers' pockets. Unfortunately, previously negotiated trade agreements have not done much to alleviate this burden. What is USTR doing to ensure the TPP actually lowers duties on imported footwear, thereby eliminating this tax burden on American consumers?**

**Answer:** The Administration launched the TPP negotiations with the objective of achieving a high-standard trade agreement aimed at economic integration across the Asia-Pacific region, which includes many of the fastest growing markets for U.S. goods

and services, as well as important suppliers of U.S. consumer goods. If confirmed, I will work diligently to ensure an ambitious outcome in TPP that achieves a result in this area that takes account of the multiple U.S. interests, including U.S. consumers and domestic producers.

**Question 11:**

**I signed onto a letter to the Administration a little over one year ago signaling that it is time for the U.S. to adopt a modern and more flexible approach to apparel rules. Despite that letter and others, we've seen very little change in the U.S. negotiating position on apparel. I believe success in the TPP will be through expanding trade and investment opportunities in all sectors. How do you define success for apparel in the TPP, and do you support more commercially meaningful and flexible rules for apparel that are aligned with rules for all other products?**

**Answer:** I know that you and other Members of Congress have a strong interest in this sector. I am committed to consulting closely with you to find the appropriate balance between the divergent views of different stakeholders on this issue and to ensuring that the approach we take in TPP best supports American jobs.

**Question 12:**

**As USTR will you dedicate staff to expanding U.S. health care trade? Also, can you commit to work with the health care sector to eliminate current barriers to health care products and services?**

**Answer:** I understand that USTR is working in various fora—such as the TPP negotiations, the WTO, and APEC—to attempt to address both tariff and non-tariff barriers and ensure better market access opportunities for U.S. exporters of healthcare products and services. I also understand that USTR is using the tools of U.S. trade policy to advance the protection and enforcement of IP rights in the healthcare sector and to promote transparency and procedural fairness in foreign government decisions affecting market access for healthcare technologies. If confirmed, I will continue to work to address barriers in this sector.

**Questions from Senator Thune**

**Question 1:**

**As our agricultural exporters know all too well, it is often unjustified SPS barriers that pose some of the greatest hurdles to expanding U.S. agricultural exports. As such, including WTO-plus obligations should also be part of the transatlantic trade negotiations, given the pervasive SPS challenges the U.S. faces in that market. However, in order to ensure these commitments are meaningful, they must be enforceable so we can hold our**

**trading partners to account. Do you share my view that SPS obligations should be subject to legal recourse? How do you view USTR's role in the ongoing inter-agency discussions surrounding enforceability of WTO-plus SPS commitments?**

**Answer:** We are still in the 90-day consultation period regarding TTIP. Addressing unwarranted sanitary and phytosanitary (SPS) barriers that our farmers and ranchers face will be an important objective for the Administration in negotiations on the Transatlantic Trade and Investment Partnership (TTIP). In any trade negotiation, USTR provides critical leadership to develop unified Administration policies and negotiating positions. If confirmed, I will seek to ensure that TTIP negotiations provide us with an effective avenue to resolve SPS issues.

**Question 2:**

**I am concerned that Chinese approvals of U.S. agricultural biotech products appear to have stalled. In fact, some of our agricultural biotech companies are calling this a "de facto moratorium" by China. Do you believe that China is ignoring their WTO obligations to review agricultural biotech products without undue delay in a science-based manner? How do you intend to address this concerns if approved as U.S. Trade Representative?**

**Answer:** I understand that USTR has raised concerns regarding China's regulatory approval system for agricultural biotechnology products in a number of high-level exchanges with Chinese trade and agriculture officials. If confirmed, I will continue to work in coordination with the U.S. Department of Agriculture to ensure that China's regulatory approval system works in a timely fashion and makes decisions based on science.

**Question 3:**

**As you know, some countries are trying to build strategic industries by requiring domestic content and/or indigenous intellectual property in order for certain products to be eligible for sale to that country's government, or in some cases in the private sector. How does USTR plans to address this practice? Is the U.S.-EU trade agreement an opportunity to develop a strong standard in this area?**

**Answer:** Conditioning market access on domestic content or the use of locally-owned or developed intellectual property not only hurts intellectual property rights holders but also creates obstacles to innovation in the country in question. I understand that, in numerous fora, USTR has called attention to the damage caused by such policies and successfully obtained valuable commitments to respect intellectual property rights and the voluntary transfer of technology without government pressure or interference, including by APEC Leaders, and in the S&ED and JCCT dialogues with China. The United States has also initiated formal dispute settlement, when warranted. Addressing this issue is also part of the work of the Administration-wide task force, led by USTR, that is developing a more coordinated and strategic approach to localization barriers to trade. In the context of TTIP, I understand that USTR continues to engage with Members of Congress and

interested stakeholders as part of the 90-day consultation period. The TTIP negotiations offer an important opportunity to advance shared U.S. and EU objectives regarding strong IPR protection and enforcement in key third country markets, including those where such industrial policies are adversely affecting U.S. exporters, innovators and creators. If confirmed, I will ensure that USTR continues to engage with Members of Congress and interested stakeholders to identify ways in which the United States and the EU can enhance our current coordination to address this disturbing trend.

**Question 4:**

**I have heard from a number of U.S. businesses that are increasingly concerned about efforts by India to promote their economic growth by distorting global trade rules and forcing investment to occur in India. Some of these policies include forced intellectual property transfer or mandated local production. These types of policies, and the potential of other countries replicating India's actions, threaten to inflect great harm on the U.S. economy. How do you propose to address India's actions to ensure that U.S. businesses are competing on a level playing field in the Indian market?**

**Answer:** Addressing such policies is a priority in USTR's bilateral engagement with India. USTR has pressed its concerns in a variety of bilateral fora, including the Trade Policy Forum, Energy Dialogue, and the Information and Communications Technology Dialogue, and has joined other trading partners in highlighting this issue in multilateral fora such as the WTO. Where appropriate, as in the case of India's solar local content requirements, USTR is enforcing U.S. rights through WTO dispute settlement. This is supported by and consistent with the work of the interagency task force on localization barriers to trade, established by USTR in 2012 to further develop and execute a more strategic and coordinated approach to stop these types of practices and prevent this policy direction from being adopted by more countries. If confirmed, I will redouble USTR's engagement with India on these issues, seek to identify additional opportunities for discouraging India from pursuing such measures, and actively reinforce USTR's commitment to making use of all available policy tools, including dispute settlement as appropriate, to ensure India's compliance with international obligations.

**Question 5:**

**The Internet is revolutionizing global commerce across all sectors of the economy. I believe that now is the time to modernize U.S. trade policy to reflect the importance of the Internet to our global economy. What role do you see trade policy playing to further cross-border information flows and the digital economy?**

**Answer:** Obtaining strong disciplines relating to cross-border data flow is and will continue to be a priority in TPP. If I am confirmed, I will seek to include these kinds of disciplines-in new trade-agreements as well.

**Question 6:**

**U.S. copyright industries increasingly depend on access to overseas markets, with $134 billion annually in revenue coming from overseas markets. As U.S. Trade Representative, what will you do to support the U.S. copyright industries' access to overseas markets? What more can USTR do to address copyright theft in the online space and foster legitimate online commerce?**

**Answer:** If confirmed as USTR, I will make the protection and enforcement of intellectual property rights, including copyright, a top priority. I look forward to taking full advantage of several opportunities and leverage points to further advance this goal, including our trade negotiations, e.g., TPP and TTIP; the annual Special 301 review (including the Report, action plans, the notorious markets review, and country-specific reviews); bilateral engagement, including IP working groups with numerous trading partners; monitoring the implementation of our Free Trade Agreements and other agreements; preference program reviews; and efforts in the WTO and other international organizations. The United States has also initiated formal dispute settlement, when warranted.

**Question 7:**

**The White House recently released a series of recommendations related to patent issues, including reforms to the ITC process for issuing exclusion orders. Do you support the White House recommendations in this area and, if so, why?**

**Answer:** On June 4, the White House identified legislative recommendations and executive actions to "improve incentives for future innovation in high tech patents, a key driver of economic growth and good paying American jobs." Several of the measures are specific to the U.S. International Trade Commission. If confirmed, I stand ready to work with Congress and other Administration agencies in support of the White House initiatives. These issues are crucial to our economy, American jobs, and innovation.

**Question 8:**

**I joined with a number of my Senate colleagues last year in sending a letter to the Administration expressing the view that it is time for the U.S. to adopt a modern and more flexible approach to apparel rules. Despite that letter and others, I am aware of very little change in the U.S. negotiating position on apparel. How do you define success for apparel in the TPP, and do you support more commercially meaningful and flexible rules for apparel that are aligned with the rules for all other products?**

**Answer:** I know that you and other Members of Congress have a strong interest in this sector. I am committed to consulting closely with you to find the appropriate balance between the divergent views of different stakeholders on this issue and to ensuring that the approach we take in TPP best supports American jobs.

**Question 9:**

**Last year Taiwan was the 11th largest U.S. trading partner, with total trade of $63.2 billion. Does the Administration ultimately envision a free trade agreement between the U.S. and Taiwan? What is the Administration's view on Taiwan's eventual participation in the TPP?**

**Answer:** The United States and Taiwan have a strong and important bilateral trade and investment relationship. If confirmed, I will seek to enhance further our relations with Taiwan. I believe we should continue to focus on strengthening our economic relationship with Taiwan through our bilateral Trade and Investment Framework Agreement. Regarding participation by Taiwan in the TPP, the TPP is open to all APEC economies—including Taiwan—that can establish their readiness to meet the high standards of the agreement.

**Questions from Senator Burr**

**Question 1:**

**Over the past year, the government of India has taken a series of actions that have violated the patent rights of U.S. companies and undermined global intellectual property regimes. If left unaddressed, these actions will continue to cause significant economic harm to companies doing business in India and also have the potential to be copied by countries around the world, harming U.S. jobs and exports globally. If confirmed, what actions will you take within the first 90 days to deal with this significant issue?**

**Answer:** I share your concerns regarding the deteriorating innovation climate in India, including recent actions with respect to patents. If confirmed, I intend to work closely with other agencies and with Congress as we consider appropriate actions to take in response. I expect that such a response will include engaging bilaterally with India to explore policies of concern as they relate to international commitments, and to discuss alternative and more effective approaches to achieve India's domestic policy objectives. This could include engagement in the WTO and other multilateral fora.

**Question 2:**

**India has also adopted export policies on cotton ranging from quota restrictions to licensing arrangements to complete bans, and these policies have caused significant disruption in world cotton markets. Will the Administration consider all possible options to address these trade-distorting policies?**

**Answer:** I understand that USTR has pressed India on those of its export policies, such as export restrictions, that distort global cotton markets. If confirmed, I will reinforce USTR's ongoing efforts to engage India actively on these policies, both bilaterally and

multilaterally including at the WTO, to ensure that the Administration makes full use of all available policy tools.

**Question 3:**

**Last year, USTR proposed including a new exception in the Trans-Pacific Partnership which would treat tobacco differently than every other product. Not only would this proposal harm tobacco producers in my home state of North Carolina and undermine the goal of having a comprehensive trade agreement, but it would set a dangerous precedent for the treatment of other products in future free trade agreements. The proposal has been opposed by USTR Ambassadors from both Republican and Democratic administrations and by numerous business and trade organizations. If confirmed, will you assure me that you will not seek to implement this proposal?**

**Answer:** If confirmed, I will work to ensure that handling of tobacco in TPP is consistent with our trade policy objectives while preserving our ability to implement appropriate public health measures.

**Question 4:**

**The U.S.-Colombia Trade Promotion Agreement provides that the United States and Colombia may agree to accelerate tariff reductions on items in the agreement. Please know that I fully support the acceleration of tariff reductions on U.S. exports of straight trucks to Colombia. I see no reason why we cannot get the tariff acceleration done this year and create another success under this trade agreement. Will you promise me you will try to accomplish this goal within the next few months to give U.S. exports better access into this emerging market?**

**Answer:** I understand USTR is working with U.S. industry in order to make a proposal to Colombia to accelerate the elimination of tariffs on a range of products, including trucks. If confirmed, I will ensure that USTR continues to pursue an agreement with Colombia on accelerated tariff elimination.

**Question 5:**

**The European Union committed under the 2009 U.S./EU Banana Agreement not to return to discriminatory and restrictive banana tariff rate quotas and licenses. In 2012, however, the EU enacted new legislation requiring licenses and quantitative limits on banana imports from certain Latin American countries. Please explain how these new requirements will be administered in the EU and affected Latin American countries, whether the requirements will discriminate against or restrict U.S. interests in practice, and what steps USTR is taking to maintain its case rights until it can ensure full compliance with the 2009 Agreement.**

**Answer:** In 2012, the EU and Latin American countries announced they had settled their Bananas disputes. The EU and Central American countries also entered into an FTA, and

USTR has sought to clarify with the European Commission and the governments of Central American bananas exporting countries how the banana-related requirements under that FTA will be implemented. If confirmed, I will continue to stress that implementing measures under that FTA should not place new burdens on U.S. firms.

**Question 6:**

**Japan's entry into Trans-Pacific Partnership makes it the single most important trade negotiation ever for U.S. pork. A successful TPP negotiation that includes Japan could result in the creation of thousands of U.S. pork industry jobs. However, Prime Minister Abe's Liberal Democratic Party (LDP) has expressed concern that Japan's participation in TPP would negatively impact Japanese agriculture and would like to exclude pork and certain other agriculture products from the agreement. What will you do to guarantee the inclusion of pork in negotiations and that all tariffs are eliminated as soon as possible?**

**Answer:** In a joint statement issued by both governments on February 22, Japan confirmed that should it participate in the TPP negotiations, it would subject all goods, including pork, to negotiation and would join others in achieving a comprehensive, high-standard agreement. Japan is well aware of the expectations of the current TPP partners regarding the TPP's comprehensive trade objectives.

**Question 7:**

**Trade Promotion Authority sets out the goals for future trade negotiations. While TPA has expired, the Administration has indicated that it is negotiating as if the 2002 TPA law were still in place. That being the case, the TPA objective for intellectual property is to obtain a standard of protection similar to that found in U.S. law. Current U.S. law regarding data-protection for biologics is clearly set at 12 years. So—consistent with TPA and current U.S. law—will the Administration table 12 years of data protection for biologics as a part of these negotiations?**

**Answer:** You are correct that one of the 2002 TPA law objectives for IPR is that the United States seek a level of protection in our free trade agreements (FTAs) similar to that in U.S. law. Biologic drugs are a vital area of pharmaceutical innovation, now and in the future. With regard to data protection for biologics, my understanding is that the United States has explained and continues to discuss our system with our trading partners, including the 12 years of protection related to biologics. If confirmed, I will ensure that my staff stays in close touch with you as the negotiations continue on this important issue.

**Question 8:**

**Due to foreign government subsidies, dumping, and other market-distorting behavior, we are seeing steel imports surge into the U.S. market from less efficient foreign producers. The steel surge is impeding the domestic steel industry's full recovery from the recession and is costing jobs. As USTR, what immediate steps will you take to stem the current steel**

**import surge and to address the underlying market-distorting behavior of our trading partners? What measures will you take to ensure that China and other countries do not continue to provide massive subsidies to their steel industries and do not continue to build excess steel capacity without regard to market forces?**

A. **Answer:** This Administration takes your concerns about the global steel capacity situation very seriously. USTR and the U.S. Department of Commerce have been working, within the bounds of our laws, international rules and limited government resources, to address actively foreign government policies that contribute to global excess capacity, to enforce U.S. trade remedy laws and utilize U.S. trade rights under the WTO, including for example, successfully challenging China's manipulation of exports of raw materials critical to the U.S. steel industry. If confirmed, I intend to continue these important efforts.

Over the past year, USTR and the U.S. Department of Commerce have raised concerns with China about deteriorating global steel market conditions and Chinese excess steelmaking capacity and have urged China to avoid policies such as subsidies and raw materials policies that support excess capacity in China. USTR and Commerce are also working with like-minded countries such as Canada, Mexico and the European Union to address common steel trade concerns. For example, USTR and the U.S. Department of Commerce are working with these trade partners to raise the profile of excess capacity concerns at the next meeting of the OECD Steel Committee meeting on July 1 and 2, where participation of all the world's major steel producing economies, including China, Russia and India, is expected.

This Administration has also made it a priority to enforce vigorously U.S. trade remedy laws. In 2010, the U.S. Department of Commerce announced a series of administrative steps to improve and strengthen the administration of the AD/CVD laws, particularly as they relate to imports from non-market economies. The implementation of those steps is nearly complete. In addition, Commerce recently extended the Steel Import Monitoring and Analysis program, which was slated to end in March 2013. The Administration has also devoted unprecedented resources to the defense of U.S. trade remedy determinations when challenged by China and others in the WTO.

If confirmed, I will continue these intensive efforts, and I would be pleased to discuss this issue with you in the future.

**Question 9:**

**A growing number of countries are manipulating their currencies—a practice which provides foreign exporters with an artificial advantage in international trade and makes it much more difficult for American producers to compete at home and abroad. For more than a decade, the United States has been urging China to end its policy of keeping the RMB undervalued. Now, many other countries, including Japan, are intervening in exchange markets, with adverse impacts on U.S. exports and jobs. This week, I joined five other Senators in introducing the Currency Exchange Rate Oversight Reform Act of 2013**

**to address currency manipulation. Are you committed to working with other countries and using both the WTO and the TPP to address government intervention in currency policies?**

**Answer:** We recognize the importance you and many other Members of Congress attach to currency issues. The Treasury Department has the lead on currency issues, but I can assure you that the Administration is giving careful consideration to the potential benefits and risks of seeking new negotiating objectives for the TPP, recognizing that the negotiating goals that we have set for the TPP are ambitious and appropriately so in order to achieve a high-standard 21st century trade agreement. With regard to the WTO, the United States has welcomed the discussion on the important topic of the relationship between exchange rates and trade, and where the Administration has emphasized the importance of market-determined exchange rates in supporting growth and trade.

**Question 10:**

**I am pleased that the Administration, in its notification to Congress on the Transatlantic Trade and Investment Partnership, said that this is to be a "comprehensive trade and investment agreement." In a February 2013 press briefing on the TTIP agreement, you also stated that the "intent is to negotiate a comprehensive agreement, tariffs and non-tariff barriers, and very importantly, looking at the regulatory barriers and the barriers that our different standards pose to further integration of our economy." Do I have your assurance that in negotiating on this agreement, you will be including negotiations on both agriculture and financial services?**

**Answer:** I believe that a high-standard, ambitious, and comprehensive TTIP agreement will generate the most economic benefit for the U.S. and EU economies. If confirmed, I will seek the broadest possible agreement.

## Questions from Senator Isakson

**Question 1:**

**How do you plan to move forward with the regional TIFAs with both the East African Community (EAC) and the Economic Community of West African States (ECOWAS)?**

**Answer:** I understand that USTR is pursuing an ambitious Trade and Investment Partnership (TIP) with the East African Community (EAC), and that as part of the TIP, the Administration and the EAC intend to explore negotiating an investment treaty and a trade facilitation agreement, as well as pursuing continued trade capacity building assistance and a commercial dialogue. I believe that this Partnership should help to advance U.S. economic relations with the EAC and its Members and if confirmed, I will work to advance work on the TIP.

Regarding ECOWAS, I understand that USTR is currently negotiating a U.S.-Economic Community of West African States (ECOWAS) Trade and Investment Framework Agreement (TIFA). If confirmed, I will work to complete the TIFA so that it can serve as a tool for enhancing trade and investment relations with ECOWAS and its Member States.

**Question 2:**

**Do you foresee engaging in trade talks with the South African Development Community (SADC) or perhaps on a bi-lateral basis with South Africa?**

**Answer:** The United States currently has no free trade agreements (FTAs) with any of the countries in sub-Saharan Africa. I understand that given sub-Saharan Africa's specific circumstances, including its generally low levels of economic, administrative, and regulatory development, many countries in the region have not been willing or able to enact the types of policies and reforms that would be required for a comprehensive, high- standard FTA with the United States. In view of the near-term challenges of completing FTAs with sub-Saharan African partners, the Administration has pursued alternative means of strengthening our trade and investment relationships with key African partners, including trade and investment framework agreements (TIFAs), bilateral investment treaties (BITs), and the EAC Trade and Investment Partnership (TIP).

If confirmed, I will continue to use TIFAs, BITs, and the TIP to expand market access, strengthen the links between trade and economic development strategies, encourage greater foreign investment, and promote regional economic integration and growth. I plan to use these mechanisms to help transition from U.S.-Africa trade and investment relationships based on one-way trade preferences to deeper, more reciprocal partnerships, including between U.S. and African businesses.

The Administration will continue to explore the potential for trade and investment agreements with sub-Saharan African countries, including South Africa and those in SADC. In further exploring such agreements with sub-Saharan African countries, the Administration will consult closely with Congress and with other constituencies, including the business community.

Regarding South Africa specifically, I understand that the United States signed an amended TIFA with South Africa in 2012. If confirmed, I plan on using the South Africa TIFA to discuss, resolve, and cooperate on a wide-range of bilateral trade and investment issues. I would also plan to use the regional U.S.-SACU Trade, Investment, and Development Cooperative Agreement, under which the Administration has worked with South Africa and its other SACU Member-State partners (Botswana, Lesotho, Namibia, and Swaziland).

**Question 3:**

**South Africa has placed antidumping duties on imports of frozen bone-in chicken pieces from the United States for over 12 years, effectively pricing U.S. poultry out of the market in South Africa, and allowing others such as Brazil to gain market share. As USTR, how would you pursue market access in South Africa for U.S. poultry producers?**

**Answer:** I appreciate the importance of this issue to the U.S. poultry industry and believe it essential to press for our industry's access to the South African market. For example, if confirmed I will ensure that USTR continues to monitor closely the ongoing South African domestic litigation challenging the antidumping duty order. In the last year, South African courts have already found serious faults with the continued existence of the order. I believe USTR should continue to use these developments to press South African authorities to take corrective action.

I would also note that it is critical that USTR maintain sustained engagement on this issue in our existing mechanisms, such as in our Trade and Investment Framework Agreement with South Africa and in the relevant WTO Committees. If I am confirmed, I will ensure that USTR will continue to raise this issue frequently and maintain vigilance until we obtain a positive outcome for our poultry industry.

**Question 4:**

**Do you believe AGOA's renewal presents opportunities for the U.S. to make progress on issues related to South African barriers to trade such as the antidumping measures on poultry?**

**Answer:** Some are raising questions about the fairness of providing duty-free access to the U.S. market for an advanced country like South Africa when some U.S. products, including poultry, face restricted or diminished market access. If confirmed, I will ensure that in our discussions with sub-Saharan African countries, including South Africa, USTR will continue to use AGOA as a tool to support the efforts of African countries undertaking economic, political, and social reforms, including trade liberalization. Because AGOA provides an important incentive for countries to undertake such reforms, USTR should continue to discuss issues that inhibit trade such as the South African antidumping duties on U.S. poultry.

**Question 5:**

**Due to its unique political status, Taiwan's integration into the global economy is somewhat handicapped and its economic dependence on the People's Republic of China has increased in recent years. Do you believe that Taiwan's participation in the Trans-Pacific Partnership (TPP) would be an effective counterweight to this trend? Is the Administration supportive of Taiwan's participation in the TPP?**

**Answer:** The United States and Taiwan have a strong and important bilateral trade and investment relationship. If confirmed, I will seek to enhance further our relations with Taiwan. I believe we should continue to focus on strengthening our economic relationship with Taiwan through our bilateral Trade and Investment Framework Agreement.

**Question 6:**

**The United States restricts foreign ownership of domestic airlines to 25 percent. This restriction has been in place since 1926 for both national security and safety reasons. As both U.S. and EU flag carriers face increased competition from Gulf and Chinese airlines, the European Commission has indicated it would begin a review of EU restrictions and also seek a relaxation of the U.S. ownership restrictions. Generally, do you have a view of whether the ownership restrictions on U.S. airlines should be loosened?**

**Answer:** Air services have traditionally been covered by Open Skies agreements, not trade agreements. The issues you raise, surrounding ownership restrictions and competition, are complex and raise various sensitivities. If I am confirmed, USTR will remain in close consultations with the Finance Committee on these issues

**Question 7:**

**One of the concerns that I hear from a number of my constituents is that this issue will come up in the context of TTIP. As you know, both DOT and State have conducted negotiations on any bilateral agreements relating to the airline industry, because they have both the historical knowledge and the technical expertise of the industry needed to ensure a fair agreement. Do you think, should this issue come up, that USTR should be the lead negotiator on this topic or would you defer to DOT and State to negotiate this important provision?**

**Answer:** We are still in the 90-day consultation period regarding TTIP. Although USTR will be the lead negotiator on TTIP, the agency has a close working relationship with the Departments of Transportation (DOT) and State, and will involve them directly in any discussion of this topic. Air services and ownership issues have traditionally been covered by Open Skies agreements, not trade agreements. If I am confirmed, USTR will remain in close communication with the Finance Committee as the negotiations proceed.

**Question 8:**

**U.S. carriers increasingly face competition from state-owned enterprises. Emirates, for example, is owned by the government of Dubai. Etihad is owned by the government of Abu Dhabi. Both carriers have ambitious and aggressive expansion plans, and enjoy funding from their very wealthy governments. U.S. carriers, however, are not government funded. In terms of leveling the playing field, what policies will you pursue to allow for U.S. flag carriers to compete head to head with carriers like Emirates and Etihad?**

**Answer:** The Administration supports efforts to level the playing field for U.S. airlines, including through supporting the efforts of the Departments of State and Transportation in the negotiation and implementation of robust Open Skies Agreements.

**Questions from Senator Portman**

**Question 1:**

**Since the implementation of the U.S.-Australia FTA, Australia has been one of the top ten destinations for U.S. pork exports valued at $209 million in 2012. Pork is the top U.S. agriculture export to Australia. However, the U.S. only has partial access in Australia. What will USTR do to eliminate Australia's non-science-based SPS barriers?**

**Answer:** Addressing bilateral sanitary and phytosanitary (SPS) issues is a top priority for the Administration, and, if confirmed, I will work with USDA to address Australia's unwarranted restrictions on imports of U.S. pork products.

**Question 2:**

**The proposed Transatlantic agreement has the potential to create enormous export opportunities for U.S. manufacturers, farmers and small businesses, which means more jobs in places like Ohio. However, I am concerned that the some are already seeking to exclude certain sectors from the agreement. The Europeans are seeking to exclude audio visual products and some agriculture goods while some in the United States would like to exclude financial services. I think it is important that everything be on the table and that we pursue a comprehensive agreement that will maximize our export opportunities. Will you seek a comprehensive agreement or will we be taking things off the table even before the negotiations have officially begun?**

**Answer:** We are still in the 90-day consultation period regarding TTIP. I believe that a high-standard, ambitious, and comprehensive TTIP agreement, as outlined in the U.S.-EU High Level Working Group on Jobs and Growth's Final Report, will generate the greatest economic benefit for the U.S. and EU economies. If confirmed, I will seek the broadest possible agreement.

**Question 3:**

**The U.S. Departments of Defense and Energy and the European Commission have identified more than a dozen materials that have been identified as critical or strategic to national security, clean energy and the economy. These key materials drive leading-edge technologies and future innovations. Favorable access to these critical materials provides a technological advantage to the U.S. and its European Union trading partners. Yet our EU trading partners continue to impose unnecessary supply and regulatory restrictions, which jeopardize use of these critical materials and stifle innovation. The interests of the EU**

**should be aligned with the U.S. for a supportive critical materials policy. Will you as the U.S. Trade Representative raise to a high priority the necessity of including a favorable critical materials policy in the negotiations with the EU?**

**Answer:** The United States is working cooperatively with the EU on both DOE-led and other projects to enhance diversity and security of the supply of raw materials critical to high-tech, clean energy and other applications. For example, USTR has worked closely together with the EU and other countries such as Japan and Mexico to challenge at the WTO China's export restrictions on rare earths and other critical materials.

We are still in the midst of the 90-day consultation period for TTIP. That said, if confirmed, I will work to ensure that barriers to trade and efficient use of critical materials in our two economies are identified and reduced or eliminated through the negotiation of high-level disciplines or other appropriate means.

**Question 4:**

**Access to reliable supplies of raw materials is critical to U.S. steel manufacturers and other U.S. industries. USTR's recent efforts to challenge China's restrictions on exports of steelmaking raw materials and rare earths at the WTO are commendable. However, many other countries—including Russia, India and Ukraine—continue to impose restrictions on raw materials, including export taxes on materials that are essential to manufacturing. What does USTR intend to do about countries that restrict exports of raw materials, to the detriment of U.S. manufacturing industries and their workers?**

**Answer:** I understand that USTR has been active in addressing export restraints on raw materials, including those used in steelmaking. Under WTO rules, prohibitions and restrictions on export, such as export bans and quotas, are generally prohibited. While export taxes are generally permitted, USTR negotiated commitments to reduce or eliminate export taxes on key raw materials such as steel scrap in the WTO accessions protocols of Russia, Ukraine and Vietnam. Where countries have either imposed or proposed other export restrictions on steelmaking raw materials, I understand USTR has engaged with those countries through dialogue and has, in the case of Russia, successfully discouraged the imposition of new export restraints on steel scrap. USTR has also raised concerns with India about its export taxes on iron ore, and with Ukraine on what appear to be new export restrictions on steel scrap.

USTR also seeks immediate elimination of all export duties in free trade agreement negotiations, including TPP.

In addition, through the OECD, the United States is working with the EU, Japan and other like-minded countries to raise awareness of the detrimental impact of export restrictions and to explore policy alternatives for conservation efforts that recognize the interdependent nature of trade in raw materials.

If confirmed, I will support continuation of these efforts to remove restrictions and enforce U.S. trade rights through WTO dispute settlement, if necessary.

**Question 5:**

**As you may know, USTR has been working with my office, Sen. Brown and the Mexican government to address persistent market access problems in Mexico facing Advanced Drainage Systems, an Ohio-based producer of a certain type of corrugated pipe (corrugated high-density polyethylene pipe). Given Mexico's obligations under the WTO and NAFTA, what steps can USTR take to resolve this and other persistent non-tariff barriers to trade, such as those being imposed by Mexico's National Water Commission? Moreover, what steps can USTR take to ensure that future agreements with Mexico and other trading partners avoid unnecessarily barriers to trade?**

**Answer:** If I am confirmed, USTR will continue its work to resolve and prevent trade concerns with Mexico arising from standards-related measures. I understand that a range of mechanisms exists to address these issues, including World Trade Organization (WTO) and NAFTA, and that new disciplines are being negotiated in the TPP.

**Question 6:**

**The U.S. health care sector holds enormous potential for global growth. Yet this sector—which is enormously important to Ohio—continues to face many trade barriers all around the world. Will you commit to work with the health care sector to eliminate current barriers to the open global flow of world-class health care products and services?**

**Answer:** I understand that USTR is working in various fora—such as the TPP negotiations, the WTO, and APEC—to attempt to address both tariff and non-tariff barriers and ensure better market access opportunities for U.S. exporters of healthcare products and services. I also understand that USTR is using the tools of U.S. trade policy to advance the protection and enforcement of IP rights in the healthcare sector and to promote transparency and procedural fairness in government decisions affecting market access for healthcare technologies. If confirmed, I will continue to work to address barriers in this sector.

**Question 7:**

**As you may know, USTR has been working with my office, Sen. Brown and an Ohio company that works with liquid crystal polymers (LCP) and is seeking inclusion in the Information Technology Agreement (ITA). Do you consider conclusion of ITA expansion this year a high priority for the Administration? Will your negotiators continue to advocate for the inclusion of LCPs in the ITA expansion talks?**

**Answer:** ITA expansion is a trade policy priority for this Administration. The ITA expansion negotiations are proceeding on an aggressive schedule with monthly meetings taking place in Geneva through July. APEC Trade Ministers, at a recent meeting in

Indonesia, called for completion of negotiations on a list of technology goods proposed for duty elimination under the ITA by mid-2013. If confirmed, I will ensure that USTR continues to engage intensively in the ITA negotiations in Geneva to meet this objective.

USTR is advocating for the inclusion of key U.S. export priorities—including liquid crystal polymers—in the negotiated product list. As we work to advance U.S. economic interests in the ITA expansion negotiations, we will continue to consult intensively with Congress and members of the U.S. business community.

**Question 8:**

**The United States is the most competitive supplier of services in the world, but foreign barriers and discrimination prevent our firms from reaching their potential for creating new American jobs. The rules for international trade in services were written over twenty years ago. They have not kept up with rapid advances with the Internet, cloud computing, international express delivery, and the phenomenon of supply chains. There is an urgent need for our trade agreements to reflect today's technological and business realities. If confirmed as USTR, will you pledge to make it a priority in all our trade negotiations to bring our trading partners' commitments in services up to 21st century standards?**

**Answer:** I recognize that significant changes have taken place in the global market for services since the first services trade agreement was concluded almost 20 years ago. USTR has been working hard to ensure that our trade agreements adapt to address new challenges that are emerging as a result. These efforts can be seen in all of our recent bilateral trade agreements, as well as in the ongoing TPP and newly launched Trade in Services Agreement (TISA) negotiations, where USTR is pursuing state of the art provisions on services, telecommunications, e-commerce and other areas that support trade in services. If confirmed, I will indeed make it a priority to continue these efforts and build upon them in future agreements.

**Questions from Senator Toomey**

**Question 1:**

**I authored a bipartisan, bicameral congressional letter last year asking USTR to begin negotiations to remove the very high tariff on U.S. truck exports to Colombia. I want to level the playing field for my constituent Mack Trucks, whose exports to Colombia compete with Mexican exports that face no tariff. I believe USTR could complete the process and have the tariff eliminated in a matter of just a few months. Will you actively pursue eliminating this tariff and help increase American exports to Colombia?**

**Answer:** I understand USTR is working with U.S. industry in order to make a proposal to Colombia to accelerate the elimination of tariffs on a range of products, including trucks.

If confirmed, I will ensure that USTR continues to pursue an agreement with Colombia on accelerated tariff elimination.

**Question 2:**

**I understand that there has been a serious deterioration of intellectual property protection in India over the past few years. This includes the revocation of well-established pharmaceutical patents, lack of enforcement on infringed patents, and the threat of compulsory licensing for biotech and pharmaceutical products. This seems like a very aggressive trend by India to target some of our most innovative companies. What tools does USTR have to address India's actions and how is the Office of USTR prepared to utilize them?**

**Answer:** I share your concerns regarding the deteriorating innovation climate in India, including recent actions with respect to patents. If confirmed, I intend to work closely with other agencies and with Congress as we consider appropriate actions to take in response. I expect that such a response will include engaging bilaterally with India to explore policies of concern as they relate to international commitments and to discuss alternative and more effective approaches to achieve India's domestic policy objectives. This could also include engagement in the WTO and other multilateral fora.

**Question 3:**

**A notice of intent to arbitrate was filed under NAFTA to require Canada to recognize a patent even though their judicial system found that no patent should be granted under Canadian law. In your opinion, does NAFTA ever require a nation to issue a patent when that patent claim fails to abide by a nation's substantive law that is applied in a neutral manner?**

**Answer:** Under the NAFTA, I understand that each government must make patents available for inventions in all fields of technology, provided that the inventions are new, useful, and non-obvious. If confirmed, I would be pleased to discuss further your questions about the scope of this provision.

## STATEMENT OF HON. ORRIN G. HATCH, RANKING MEMBER U.S. SENATE COMMITTEE ON FINANCE HEARING OF JUNE 6, 2013 NOMINATION OF MICHAEL FROMAN TO BE UNITED STATES TRADE REPRESENTATIVE

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today issued the following statement during a Senate Finance Committee hearing considering the nomination of Michael Froman to serve as U.S. Trade Representative:

*I look forward to hearing Mr. Froman's testimony and finding out more about his qualifications for this very important position.*

*However, before talking about trade policy, I want to take a few minutes to talk about the wide disparity between the Obama Administration's rhetoric and the actions taken by administration officials.*

*This has particular relevance to Mr. Froman's nomination.*

*A few months ago, when the Finance Committee was considering the nomination of Jack Lew to be the Secretary of the Treasury, we learned that he had invested in a Cayman Islands hedge fund located in the now infamous Ugland House that so many Democrats have decried as a tax haven.*

*At the time, we reminded people that, in 2008, while campaigning for President, then-Senator Obama said that the Ugland House was "either the biggest building in the world or the biggest tax scam in the world."*

*And, throughout the 2012 campaign, President Obama repeatedly attacked Mitt Romney for having funds invested in the Caymans. In making such investments, Governor Romney was, in the words of the Obama Campaign, betting against America.*

*Yet, the President had no problem nominating someone who made similar investments to be Treasury Secretary.*

*As a result of our vetting process, we have now learned that Mr. Froman has actively invested roughly half a million dollars in the exact same hedge fund located at the Ugland House.*

*Mr. Froman is, in fact, the third cabinet-level nominee this year to have made use of offshore investments and structures, despite the President's unequivocal condemnation of these types of activities during the campaign. Moreover, the Cayman Island investment is in a fund that, in turn, has invested in companies that outsource jobs, or, using the President's rhetoric, ship jobs to low-wage countries like India.*

*On top of that, we all remember in early 2009 when President Obama remarked about Wall Street, saying that institutions were "teetering on collapse and they are asking for taxpayers to help sustain them..."*

*The President also railed against Wall Street bonuses at the time, saying: "That is the height of irresponsibility. It is shameful." Elsewhere, he referred to Wall Street bonuses as "obscene."*

*Like Secretary Lew, Mr. Froman was employed at Citigroup during much of the financial crisis.*

*In late 2008 and early 2009, American taxpayers provided over $45 billion in direct assistance to Citigroup and backed hundreds of billions of Citigroup assets. During those same two years, Mr. Froman received more than $5 million in bonuses, much of which was paid for work performed when Citi was on the verge of collapse.*

*Once again, we see a contradiction between the President's rhetoric with regard to Wall Street and his decision to nominate Mr. Froman to be the U.S. Trade Representative.*

*Now, I don't raise these issues to suggest that Mr. Froman has done something wrong or that he has not complied with our tax laws. Instead, I simply want to point out what appears to be hypocrisy on the part of President Obama and his administration.*

*The President's rhetoric seemed to suggest that offshore investments, investments in outsourcing, and Wall Street bonuses are not simply bad policy, but morally wrong. Yet, the same vitriol used to attack the President's political opponents does not seem to apply to his nominees for cabinet positions.*

*As I said during the debate over Secretary Lew's nomination, the American people are essentially being told that they should do as the Obama Administration says, not as they do. That doesn't inspire a lot of confidence, to say the least.*

*That said, I do not believe we should let the administration's contradictory statements distract us from trying to help grow our economy through trade.*

*Indeed, the U.S. Trade Representative is a vital position. And, despite any disagreements I might have with the Obama Administration's rhetoric, I believe this nomination should be considered on its own merits.*

*Trade is an engine of economic growth.*

*Since the end of World War II, international trade has helped pull millions of people out of poverty while creating enormous opportunities for growth here in the United States.*

*Today, the United States is the world's largest trading nation, with exports of goods and services exceeding $2 trillion a year.*

*The story is no different in my home state of Utah, where international trade and growing exports help us maintain one of the lowest unemployment rates in the nation.*

*As we move into the 21st century, the U.S. economy will need to continue to grow and create new jobs through trade in order to maintain its position as the most dynamic and competitive economy in the world.*

*Unfortunately, it appears as though U.S. trade policy has been adrift for much of President Obama's first term.*

*The long delay in submitting the trade agreements with Colombia, Panama and Korea kept U.S. exporters on the sidelines for far too long. And, while new and potentially meaningful negotiations have been launched by this administration, not one of them seems close to successful conclusion.*

*This is due both to a lack of real leadership and the fact that our trade negotiators don't have the tools needed to do their job.*

*One problem is a simple lack of resources caused, in part, by USTR's decision to create the Interagency Trade Enforcement Center, or ITEC, without strong congressional consultation or authorization. By doing so, USTR committed a large portion of its funds to infrastructure development, with no corresponding budget increase. Coupled with recent across- the- board budget cuts throughout the federal government, this act placed USTR and its employees under severe budget constraints. Congress is working hard to help rectify that situation, urging the White House to use its authority to spread the ITEC burden among other involved agencies, but to date no action has been taken.*

*Furthermore, Trade Promotion Authority expired in 2007.*

*As a result, our trade negotiators lack the authority necessary to negotiate and conclude new trade agreements. Unfortunately, there has been no real effort by President Obama to secure TPA renewal.*

*Members of Congress have fought to fix this problem. We pushed for a vote on TPA renewal on the Senate floor twenty-one months ago. Unfortunately, that effort failed, largely due to lack of support from our Senate Democratic colleagues.*

*To me, this shows that Presidential engagement on TPA renewal is vital. Without the President's active leadership and public support for TPA, it is hard to see how our current efforts to renew TPA can succeed.*

*And we must succeed.*

*Today, ninety-five percent of the world's customers live outside the United States. They account for 92 percent of global economic growth and 80 percent of the world's purchasing power. But the United States is falling behind as we fight for access to these markets.*

*Since taking office in 2009, President Obama has only sent Bush-era free trade agreements with South Korea, Colombia and Panama to Congress in 2011, and is currently negotiating two others. We simply cannot afford to sit by while other countries write the rules of trade to the detriment of our workers and our economy.*

*Fortunately, the U.S. has a number of promising initiatives underway, including the Trans-Pacific Partnership and negotiations with the European Union.*

*These agreements must be comprehensive, incorporate the highest standards of intellectual property rights protection, and provide meaningful market access for U.S. exporters. We need to do all we can to promote and protect our innovative industries, including by pursuing twelve years of data exclusivity for biologics in agreements such as the Transpacific Partnership.*

*In pursuing these initiatives, I hope the Administration does not lose sight of the importance of our efforts under the auspices of the World Trade Organization, including expansion of the Information Technology and Government Procurement agreements and conclusion of a robust agreement on Trade in International Services and Trade Facilitation. Each of these represents an important opportunity to further advance trade and grow our economy.*

*During our March hearing on the President's trade agenda, I called on the President to nominate someone to serve as the United States Trade Representative who has the trade expertise, political savvy, and leadership skills necessary to effectively lead the agency. Our nominee today certainly appears to meet that test, having served most recently as Assistant to the President and Deputy National Security Advisor for International Economic Affairs at the White House and in multiple senior economic roles under prior administrations.*

*Mr. Chairman, thank you for holding this hearing today. I look forward to hearing from Mr. Froman on how he will, if confirmed by the Senate, carry out the duties of the U.S. Trade Representative.*

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