

# COMMERCE, JUSTICE, SCIENCE, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2023

WEDNESDAY, JUNE 22, 2022

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 9:34 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Jeanne Shaheen (Chair) presiding.

Present: Senators Shaheen, Feinstein, Reed, Coons, Manchin, Van Hollen, Moran, Murkowski, Collins, Hagerty, and Braun.

## OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

### OPENING STATEMENT OF HON. JEANNE SHAHEEN

Senator SHAHEEN. Good morning. Welcome to today's Commerce, Justice, Science, and Related Agencies Subcommittee Hearing, to review the activities in fiscal year 2023 funding request of the Office of the U.S. Trade Representative.

We will recognize members in order of appearance, and there will be 5 minutes for questions.

Our witness today is Ambassador Katherine Tai, the United States Trade Representative. Welcome, Ambassador Tai. We are glad you are here, and it is nice to see you again.

As this committee knows, the Office of the U.S. Trade Representative is responsible for developing and coordinating U.S. international trade, commodity, and direct investment policy, and overseeing negotiations with other countries. As the U.S. Trade Representative, Ambassador Tai, is the administration's principal trade advisor, negotiator, and spokesperson on U.S. trade policy.

In order for USTR to succeed this subcommittee must ensure it has sufficient resources to carry out its important mission. To that end, the fiscal year 2022 Omnibus Spending Bill included \$71 million for the Office of the United States Trade Representative, for fiscal year 2023 the administration requests \$76.54 million for USTR.

So we look forward to hearing how you plan to use that money and what your priorities are, Ambassador.

While we consider these priorities it is important to also consider the most pressing trade issues confronting our country. One of those issues is Russia, following Vladimir Putin's illegal invasion of Ukraine, the United States led a broad coalition of allies to swiftly punish Putin and his cronies with crippling sanctions. During to-

day's hearing I would be interested in learning more about your efforts to counter Russia's aggression, especially in light of the recently signed law revoking Russia's permanent normal trade relations status.

Another issue is our trade relationship with China. As you know, China has failed to fulfill obligations outlined in the Phase One Agreement, particularly its purchase commitments under that deal. China also, serially, violates human rights and workers rights despite its assertions to the contrary.

I am interested to hear about the administration's efforts to ensure China lives up to its end of the deal, and your view of the future of the U.S.-China trade relationship. I would also like to learn more about how the administration's recent launch of the Indo-Pacific Economic Framework for Prosperity fits into that relationship.

Another related issue is the tariffs imposed on goods from China under Section 301 of the Trade Act. In fiscal year 2022 Omnibus Spending Bill passed in March, Congress directed USTR to establish and administer an exclusion process for these tariffs.

Now, I can speak to many New Hampshire businesses that can't source goods from outside of China, who are understandably seeking some real relief from tariffs. We look forward to hearing how USTR is working to comply with this congressional directive.

And I just want to close by commending you on your achievements in your first year as U.S. Trade Representative, through your work the United States ended a decades-long civil aircraft trade dispute resulting in lifted tariffs on billions of dollars worth of U.S. exports, ranging from products like cheese to distilled spirits. We also reached deals with the United Kingdom, the European Union, and Japan to remove existing tariffs on steel and aluminum.

And moreover, under the U.S.-Mexico-Canada Agreement, USMCA, USTR has employed the Rapid Response Mechanism to defend workers' rights. I think that is proved that when done right, trade agreements can really foster positive movement on labor and environmental rights, rather than negative ones.

Ambassador Tai, we have a lot to discuss. I thank you for appearing before us today.

And with that, our Ranking Member is just right on cue, for his remarks. But while he is getting ready let me just say I have a statement that I will submit for the record, and that includes some additional comments that I left out; so I will do that, without objection.

Senator SHAHEEN. And if the Ranking Member is ready, I will call on him.

#### OPENING STATEMENT OF SENATOR JERRY MORAN

Senator MORAN. Chair Shaheen, thank you very much. And please know that my tardiness was not related to the moment in which you concluded your opening remarks.

Senator SHAHEEN. And that is okay. I told everybody where you were. So they knew you weren't just playing hooky.

Senator MORAN. Thank you very much. Thanks for covering for me. I appreciate you convening this hearing, and I appreciate you accepting, honoring my request that we have a hearing focused on

trade, and have the Trade Ambassador before us. And so, thank you very much.

And Ambassador Tai, welcome. I appreciate you coming to testify before our subcommittee.

At last year's hearing I stated that you were stepping into your role at USTR at a time in which trade policy and trade enforcement has arguably never been more important. I believe that statement is even more true today, when you consider record-high inflation impacting Americans at the pump, the grocery store, and the pharmacy; supply chain disruptions that continue to ripple through the economy; and China's continued effort to steal American intellectual property, and always be our adversary.

Ambassador, due to inflation the American people are struggling to meet. You have a critical role in helping lead us out of this economic environment, and helping Americans get back on their feet. I am very interested in the enforcement of USMCA, and the Phase One China Trade Deal, as both have significant impacts on my Home State of Kansas.

Kansans benefit from exporting goods and services in a fair trade environment. Given that Mexico, China, and Canada are consistently the top markets for Kansas exports, we must ensure that these trading partners live up to their commitments in USMCA, and in the Phase One Agreement.

I am eager to receive an update from you about the current compliance with these agreements, I support efforts to crack down on unfair trade practices.

I also want to further understand how you are managing a full slate of Section 301 investigations. Congress has directed USTR to "Immediately establish and administer an exclusion process for U.S. businesses", and the inaction of the administration is putting extra burdens on American businesses, and upon their workers.

I look forward to hearing from you how USTR plans to execute an exclusion process, and how you are reviewing expired exclusions to make certain that businesses have the opportunity to petition their government for relief.

As we consider USTR's funding needs for fiscal year 2023, I am looking forward to learning more about President Biden's trade strategy, and priorities, and also better understanding what level of resources USTR requires to perform these growing responsibilities.

I believe the administration's policies have been unclear thus far, and I hope today that you will provide some clarity on trade strategies you are pursuing to benefit Kansas, and all the people of America.

Finally, I am concerned about this administration's failure to pursue and secure new trade agreements. Other countries are securing market opening trade agreements and our absence from large, bilateral, multilateral trade agreements is putting the U.S. at a disadvantage. This includes seeing little or no progress on an agreement with the United Kingdom, and continued unwillingness to join an agreement with our Indo-Pacific partners, such as the Comprehensive and Progressive Trans-Pacific Partnership.

My view is we can't afford to remain on the sidelines as other countries enhance their market access and set rules that may disadvantage U.S. companies and our workers.

Ambassador, thank you. Again, I recognize the challenging circumstances you find yourself in. And I look forward to hearing your testimony today, and hope that we can work productively together to promote free and fair global trade policies that benefit America, its economy, our workers, and our families. Thank you, Ma'am.

Senator SHAHEEN. Thank you, Senator Moran.

Ambassador Tai, the floor is yours.

**STATEMENT OF KATHERINE TAI, AMBASSADOR, U.S. TRADE REPRESENTATIVE**

Ambassador TAI. Well, thank you so much Chair Shaheen, and Ranking Member Moran. It is an honor to be here with you, and the Members of the Subcommittee today.

Thank you for inviting me to discuss President Biden's fiscal year 2023 budget request for the Office of The United States Trade Representative.

Today, I would like to highlight our progress in implementing a worker-centered trade policy that increases American competitiveness abroad, advances the rights of workers, and establishes the United States as a leader in shaping a more resilient form of globalization.

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

The President's budget request for fiscal year 2023 provides \$76.54 million for USTR. This includes \$61.54 million available directly to USTR, and \$15 million allocated through the Trade Enforcement Trust Fund.

This request will help the agency enforce our existing trade agreements, strengthen ties with allies, and advance a trade agenda that supports the middle class, improves labor and environmental standards, and creates an inclusive prosperity.

Enforcement is a critical component of our administration's trade agenda. Manufacturers, farmers, and ranchers do not always get the full benefits of our trade agreements. Workers and communities suffer due to unfairly traded imports. This creates a trust gap with the public, which is why enforcement is needed as part of our worker-centric trade policy.

For example, using the Rapid Response Mechanism in the U.S.-Mexico-Canada Agreement, we asked the Government of Mexico to review whether workers at four facilities in Mexico were denied the rights of free association and collective bargaining. Thanks to the operation of this mechanism, workers at the General Motors facility in Silao, Mexico, voted for a new union that negotiated a better contract, which will provide higher wages, and that is good for American workers.

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

Finally, we are pressing Canada to fulfill its commitment to U.S. dairy farmers and producers, and recently initiated a second set of dispute settlement consultations over Canada's tariff-rate quota restrictions. Canada's actions continue to prevent U.S. dairy producers from receiving the benefits promised in the USMCA. We will not give up until our farmers see those promises delivered.

The next major component of our trade agenda is the realignment of the U.S.-its commitments under the Phase One Agreement. Several rounds of difficult discussions made clear the limits of the PRC's interest in delivering on those obligations.

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

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

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

Last month, I joined President Biden to launch the Indo-Pacific Economic Framework for Prosperity. We are developing high-standard commitments for the digital economy, labor, environment, agriculture, and trade facilitation that promotes resilience and facilitates sustainable economic growth for our workers and for our planet.

We also announced the U.S.-Taiwan Initiative on 21st-Century Trade in June. Under the auspices of the American Institute in Taiwan, and the Taipei Economic and Cultural Representative Office, we are developing concrete ways to strengthen this bilateral trade and investment relationship.

And beyond the Indo-Pacific region, we have stepped up our trade engagement in many other areas, most recently, at the World Trade Organization. During the WTO's 12th Ministerial Conference last week, the United States helped produce breakthroughs on key issues, including: A multilateral agreement to prohibit subsidies for those engaged in illegal, unreported and unregulated fishing; an extension of a moratorium on customs duties, on electronic transmissions, a modification of intellectual property protections for COVID vaccines, for the COVID pandemic, and a ministerial declaration on food insecurity, and a commitment to examine how we can, together, facilitate safe agricultural trade to feed a growing global population.

We are also building on our bilateral engagement with our transatlantic partners. Last year we reached an understanding in the Boeing-Airbus dispute and adopted a framework to resolve the Section 232 steel and aluminum trade disputes that removed or avoided more than \$20 billion in tariffs, all without surrendering our principles and our interests.

Lowering those tensions helped us begin negotiations on a global arrangement with the European Union. This will be the world's first sectoral arrangement on steel and aluminum trade to tackle emissions and non-market excess capacity. We also regained access to the EU market for American shellfish for the first time in a decade, and recently concluded the Second Ministerial Meeting of the U.S.-EU Trade and Technology Council.

Our work to use trade as a collective policy tool to raise standards in the world economy extends to our efforts directed at eliminating the use of forced labor in global supply chains.

On June 21, which was yesterday, the Forced Labor Enforcement Task Force launched its enforcement strategy of the Uyghurs Forced Labor Prevention Act to prohibit the importation of goods produced entirely, or partially, in the Xinxiang Autonomous Region of the PRC, or produced by certain entities.

As you can see, we have an ambitious and important agenda. I look forward to working with the subcommittee to enact our fiscal year 2023 budget request, so that USTR can fulfill this agenda on behalf of the American people. Thank you.

[The statement follows:]

PREPARED STATEMENT OF AMBASSADOR KATHERINE TAI, THE UNITED STATES TRADE REPRESENTATIVE

Good morning, Chair Shaheen, Ranking Member Moran, and Members of the Subcommittee. Thank you for inviting me to discuss President Biden's fiscal year 2023 budget request to support the Office of the United States Trade Representative (USTR).

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

The President's budget request for fiscal year 2023 features \$76.54 million for USTR. This includes \$61.54 million available directly to USTR and \$15 million allocated through the Trade Enforcement Fund.

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

#### *Enforcement*

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

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

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

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

### *China*

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

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

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

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

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

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

### *Strengthening and Deepening our Trade Relationships*

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

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

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

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

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

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

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

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

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

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

I look forward to working with this subcommittee to enact our fiscal year 2023 budget request so that USTR can fulfill this agenda on behalf of the American people.

Senator SHAHEEN. Thank you very much Ambassador Tai.

I would like to begin with the 301 Tariffs and the exclusion process. I was pleased to have the chance to talk with you a little bit about this on the phone this week, and I think this hearing gives us an opportunity to explore what USTR is thinking with respect to the exclusion process, and how this process is going to move forward.

So, I want to—as I referenced in my opening statement, the 2022 Omnibus Appropriations Bill included a directive for USTR to what I am quoting here, “Immediately establish and administer an exclusion process for U.S. businesses seeking relief from section 301 Tariffs that are active as of the date of enactment of this act.” End quote.

So more than 3 months have passed, and it is not clear what process has been established, and again, as we discussed this is a process that is essential for many of our New Hampshire businesses. I am sure everybody on this subcommittee has examples in their own States of how businesses are affected.

So, can you update us on how USTR is planning to comply with this congressional directive?

Ambassador TAI. Thank you for that question, Senator Shaheen. I appreciate the attention that you and the subcommittee have paid to the tariff exclusion process, and I know the particular leadership that this subcommittee has played in the history of the tariff exclusion process. The purpose of the Section 301 investigation, and associated tariff action is to address China’s unfair trade practices.

The existing tariffs are there to address China’s IP rights abuses, and also forced tech transfer practices. At the same time, we are committed to ensuring that the 301 tariffs support the Biden-Harris administration’s deliberative long-term vision for realigning the U.S. China trade relationship with our priorities.

So let me just say this, I think that you and, in general, our Members of Congress have been extremely articulate and effective in advocating for your constituents in terms of—as Senator Moran mentioned—very challenging economic circumstances that we have all found ourselves in over these past several years.

What I would like to let you know, is that at my office, USTR, we are taking into consideration in the design of the tariff exclusion processes that we have implemented, and the ones that we are looking to implement in the future, all the feedback that we have gained from Congress and our stakeholders including the results of a GAO Report addressing the past administration of the 301 exclusion process.

So, what I would like to convey to you is that we, in the Biden administration, are moving forward with respect to the entire China trade relationship, including the tariffs and the requests for an exclusion process, with a deliberativeness to ensure that any exclusion processes that we implement, and have implemented are fair, transparent, administrable, and give our stakeholders the opportunity to make their case for relief at a very challenging time in our economy, and the world economy.

Senator SHAHEEN. Well, thank you. I appreciate there are a lot of considerations when it comes to tariffs, particularly when we are

looking at the actions of China. But you called what Congress is asking “a request”, it is not a request, Ambassador Tai, it is a directive. And I wonder if you will commit to us and the subcommittee that you are going to comply with this directive, and give us some sort of a timeframe on when you expect that to happen?

Ambassador TAI. Senator Shaheen, on this one I think I would direct you to the President’s comments over the weekend, that with respect to China tariffs, and next steps on actions, they are pending with him right now.

Senator SHAHEEN. So, are you suggesting that the subcommittee needs to refer this issue to the President and ask him when USTR is planning to comply?

Ambassador TAI. I think what I am saying to you, Chair Shaheen, is that these issues are under consideration for a decision as we speak right now.

Senator SHAHEEN. Thank you. Senator Moran.

Senator MORAN. Senator Shaheen, thank you for your highlighting the directive nature of what Congress has told the USTR Ambassador to do. And while it may take a short amount of time in order to accomplish that, we have seen no evidence that the requirement, the directive is being followed.

Ambassador, the pinch of input costs is soaring and very damaging to American agriculture producers. The invasion of Ukraine has only heightened the demand for food production, but tariffs on fertilizer represent an opportunity for you to relieve some of the pressure on the agricultural community. Many of these duties are put in place by the Department of Commerce. Yet USTR can and should play a role, certainly in expanding markets.

But what can you do? I am talking about phosphates from Morocco. This administration placed countervailing duties on fertilizer ingredients coming from Trinidad and Tobago. What can you do to help lower the cost of imported fertilizer components?

Ambassador TAI. Ranking Member Moran, I know how important agricultural production is to the U.S. economy, but also how important our agricultural production is to the world economy, and to food security, frankly. And I am also keenly aware of the exacerbations on global trade and supply that Russia’s decision to invade Ukraine has inflicted on all of us.

With respect to fertilizer trade and supply, and what USTR can do about it, let me say this: I consider Secretary Vilsack, our agriculture secretary, to be one of my most important partners in the administration, and frankly one of my closest friends, personally. We have been working together very closely on food security issues, writ large, but also specifically on the fertilizer pinch that we are all in.

We have been working closely with USDA, both between myself and the Secretary, and also our teams, to encourage feedback from a variety of our stakeholders on USDA’s American-made fertilizer initiative, that provides a \$250 million grant for domestic production of fertilizer.

USTR is also working with the inter-agency to encourage multilateral development banks, the FAO, the Food and Agriculture Organization, and the International Fund for Agricultural Develop-

ment to finance projects to expand fertilizer production, as well as increase the efficient use of fertilizer and precision agriculture.

Both areas where American farmers are, frankly, at the leading and cutting edge of practice in the world, and we will continue to work internally within the administration, and with our allies and partners to find additional ways to mitigate the global fertilizer shortage, and prevent similar shocks in the future.

The additional thought that I would offer you in your description of the pinch that we are in is—and I think that this is an issue that presents itself across the board in many different areas, and I will be glad to highlight them—is one of the biggest challenges that we have right now is how to responsibly and effectively react to, respond to the current economic challenges and shocks that we have, but with an eye to ensuring that we are building towards a future system that is more resilient, that does not throw us back into the crisis that we are encountering today.

Senator MORAN. Ambassador I know Secretary Vilsack well, myself, and I have encouraged him to be a voice for agriculture, for agricultural producers throughout this administration, so I appreciate that you are consulting and working with him, and he is working with you.

But your answer, it seemed to me, was a list of things that we are attempting to do but did not include anything on that list about actually eliminating the tariffs or the countervailing duties that have been imposed on the phosphates, and other fertilizer components that come into the United States.

Ambassador TAI. If I may respond to that specifically, the anti-dumping countervailing duty programs are run out of Commerce. And your specific question is: “What can we do at USTR”, and that was the filter through which I was responding.

Senator MORAN. And so is the answer that you have nothing to do with eliminating those countervailing tariffs and duties at the Department of Commerce?

Ambassador TAI. They are not my programs, but I am happy [speak] with Secretary Vilsack to have those conversations with the Commerce Secretary.

Senator MORAN. Please do. I have had those conversations with the Secretary, myself.

Madam Chair, I don’t think I have the time for another question.

Senator SHAHEEN. Thank you. Senator Coons.

Senator COONS. Thank you, Chair Shaheen, Ranking Member Moran.

Great to be with you, again, Katherine. U.S. Trade Representative Tai, I appreciate your time before our subcommittee, and look forward to working with the Chair to pursue our directives to the administration, and our prerogatives.

I am grateful for the work that you are doing, and your accomplishments. I am particularly encouraged to hear the progress on IUU fishing, your openness to working together on promoting Delaware’s chicken exports, our favorite protein, which for those who have other proteins they really care about, I am happy to go to bat with anyone about why chicken is the low-fat, high protein, low cost, low environmental impact protein that the world needs today.

Senator SHAHEEN. No commercials here; come on.

[Laughter.]

Senator MORAN. Your reputation for bipartisanship, you are exceeding your capabilities here.

Senator COONS. Thank you for what I think was a marathon WTO Ministerial in Geneva, and for your work there. And you know, frankly I have just two quick questions. But I would love to hear what you see as the path forward in our trade relations with China, and in trying to make the WTO relevant and effective in some way.

China, my understanding, has agreed to exclude itself from the TRIPS waiver for COVID vaccines. Is that an enforceable commitment in any way?

Ambassador TAI. We see it as a legally binding commitment that they have made at the WTO, yes.

Senator COONS. And I would be interested in what you see as the path forward for plurilateral and bilateral negotiations. I have a bill with Senator Portman, the Trading System Preservation Act, which would authorize the President to negotiate sector-specific agreements with like-minded partners within the WTO system, an area that I think may be fruitful for work.

And we are introducing today, the Special Relationship Act, Senator Portman and I; that would authorize a bilateral FTA negotiation with the U.K. I understand that market access isn't on the table, in the Indo-Pacific Economic Framework, but I am encouraged that the IPF has been launched. Should we be negotiating to open foreign markets to U.S. producers? And what are your priorities for these negotiations?

Ambassador TAI. Senator Coons, that was a number of issues.

Senator COONS. It was.

Ambassador TAI. Well, I am going to work backwards, because your last question is the one that is freshest in my mind. On the Indo-Pacific Economic Framework it is true that market access is not on the table in these negotiations.

What I would like to say on that is, when we talk about market access in trade terms and trade terminology, we are talking specifically about tariff liberalization, and that is what is not on the table. Nevertheless, in our trade agreements, and our trade arrangements, and everything that we do in trade it is about markets, and it is about how we work together.

So, the Indo-Pacific Economic Framework is about market access. What I would say though is that it is not about tariff liberalization. It is about ensuring and building partnerships, and confidence in each other's markets, through our regulators, through these conversations, and looking at assuring the quality of the access that we have granted to each other, through existing rules on tariffs, but also looking at new sets of rules that frankly go beyond goods trade.

Digital economy issues have not that much to do with tariffs. What is crossing borders, bits and bytes, but also what is crossing borders is a set of values, and a desire to build confidence in how we connect, how we are interconnected in today's economy. So, I think that this is one of the most important initiatives that we have ongoing, and also incredibly important that we are doing it with our partners in the Indo-Pacific region.

Senator COONS. And what do you think might be our path forward in U.S.-China trade negotiations?

Ambassador TAI. That is a question about which I, personally, and my agency spends a lot of our time thinking about, and working on. What I would like to say is that the public debate recently has been very, very fixated on the issue of the tariffs.

What does it mean to remove the tariffs? What does it mean for our leverage? Let me say this, there are a set of challenges that we are facing right now, collectively, in our global economy. We need to look at the tools that we can use to address that. And I know this Committee has spoken with respect to tariff exclusions, and the tariff exclusion process.

I just want to be clear, and put this in context, tariff exclusion is a temporary and targeted relief from existing tariffs, it does not remove the existing tariffs. That is an important distinction that has been lost in the public debate.

But also the other piece of what has been lost in the public debate is, whatever we need to do for ourselves, in this relationship, around the world to get through the set of challenges that we are facing today, we will one day find ourselves on the other side of these challenges, and I think it is very important that what we do now, not undermine the need that we have to make ourselves more competitive, and to defend our economic interests in a global system that, for the past several decades, has eroded our leadership in many, many different areas in the economy.

Senator COONS. Thank you. Thank you, Madam Chair.

Senator SHAHEEN. Thank you Senator Coons. Senator Collins.

Senator COLLINS. Thank you. Good morning, Ambassador. In 2018 China imposed a 25 percent retaliatory tariff on U.S. lobsters, which obviously affects the State of Maine more than any other State in the Nation. Before the tariff China was the second-largest importer of American lobster in the world. During the first month under the new tariffs, however, live lobster exports to China declined by 64 percent.

Now the 2020 Phase One Trade Deal required China to purchase more than \$500 billion of U.S. exports in 2020, and 2021. I worked very closely with your predecessor to make sure that lobster was specifically included in that agreement. According to reports, however, China purchased only \$289 billion worth of exports, nowhere near the \$500 billion figure that was committed to.

Now, what is frustrating to me, is I raise this exact issue with you when you appeared before this subcommittee last April. Then in February of this year I sent you a letter asking you to hold China accountable for the purchase commitments it made under the Phase One Trade Agreement. You did not even respond to my February letter.

So I am going to try for the third time to get answers from you. What actions are you taking to hold China accountable to fulfill its U.S. lobster purchase commitments?

And more broadly, what specific actions are you taking to respond to China's dismal purchasing record, its overall performance under the Phase One Trade Agreement?

Ambassador TAI. Senator Collins, let me begin by saying, I am very sorry if I have not responded yet to your February letter. I

will go home, back to my office, and rectify that immediately and let you know that we will do better. And you have my commitment with respect to correspondence with you, your office, and with the Congress in general.

On China's Phase One commitments, specifically with respect to lobster, which I know is very important to you and your constituents in the State of Maine; let me, if you will allow me, put that in the larger context of China's purchase commitments in Phase One, because those are the most public-facing of the commitments that they made in the Phase One Agreement, and the ones that are most easily checked, and visible to everyone who has access to public trade data.

It has been very clear to us that China did not hit its targets in a number of areas, including with respect to lobsters in the Phase One commitments that they made to the United States Government.

We have spent several months, starting in October, having discussions with China around how they are going to fulfill those commitments now that we see that the numbers do not match up. I thought it was well worth having that conversation with China, because I have always perceived, and seen, in my experience with China, that China does care about its international credibility.

What we have seen, however, through these conversations, is that that has not been enough to motivate China to make good on these purchase commitments in particular. That is what is leading us to conclude that it is time to turn the page on the old playbook. We do need to enforce our rights with respect to China, and we do need to defend the interests of our entire economy including our lobster people, lobster men, and lobster women, our manufacturers, our workers, our ranchers, our producers.

And I feel very strongly that we need to take a new and more comprehensive look at enforcing those rights, and defending those interests with respect to China. And that is what we are doing right now at USTR.

Senator COLLINS. I look forward to getting more specificity from you, in writing.

Madam Chair, I know my time has expired, so I would ask unanimous consent that additional questions that I have, one supporting the point that both you and the Ranking Member made on 301 tariffs exclusions, and the other on Softwood Lumber Agreement which is very important, be submitted for the record, and I hope I will get answers.

Senator SHAHEEN. Without objection.

Senator COLLINS. Thank you.

Senator SHAHEEN. Senator Hagerty.

Senator HAGERTY. Thank you, Chair Shaheen, and Ranking Member Moran for holding this hearing. Ambassador Tai, it is good to see you today. I would like to talk with you about the China tariffs that were put in place by the previous administration, and specifically, I would like to talk about the negotiating leverage that those tariffs provide.

I can tell you from personal experience that when those tariffs were imposed on China that it was felt around the world. It demonstrated, particularly to Japan, the third largest economy in the

world, that we were serious about leveling the playing field for American producers. It helped us open significant new markets for American agriculture, and importantly, it allowed us to establish a very high standard digital trade agreement.

Ambassador Tai, I understand that China is not living up to the commitments that it has made under Phase One, you have talked about that at length. My question for you is: Wouldn't removing these tariffs simply encourage more bad behavior? What kind of message would it send to China?

Ambassador TAI. I appreciate that question very much, Senator Hagerty, because at USTR we are responsible for the formulation of American trade policy, and guiding the U.S. economy through challenges, and opportunities that are presented today, but really to set up the American economy for success in the future. The China tariffs are, in my view, a significant piece of leverage, and a trade negotiator never walks away from leverage.

The question for us, and this is something that we have done in the Biden administration, with respect to a number of different Section 301 investigations, and tariff actions is: How do you convert this leverage into a strategic program that will strengthen American competitiveness and defend our interests in a global economy in which China will continue to play?

We need to use our tools more effectively. We need new tools. We need to bring an entirely new approach. And I think that all of those things are built on the back of the tools that we have in our hands right now.

Senator HAGERTY. I certainly think sustaining leverage from the standpoint of a business person, which I have been on my life, is a critical factor here. I hear the argument that it will have an impact on inflation. Look, inflation didn't take off when the tariffs were imposed it stayed, you know, at or below 2 percent when the tariffs were originally imposed. So I think that is a false argument. And I appreciate the fact that you appreciate the leverage that you have, and encourage you to use it.

I would like to turn now to the Indo-Pacific Economic Framework, the so-called "IPEF". You have met with representatives from the 13 countries that participate in the Indo-Pacific Framework, and many experts have argued that the IPEF is too vague, it lacks substance, and perhaps that was the price of convincing more countries to join the framework.

But as you focus on making IPEF more substantive, I urge you to build on the successes of our Nation's prior engagements in Asia. And specifically, I would like to talk about my experience when I was U.S. Ambassador to Japan, as we negotiated the U.S. Japan Digital Trade Agreement. It is comprehensive, it is a high standard agreement that addresses digital barriers, and I think it holds great potential.

So Ambassador Tai, I would like to ask you your thoughts on whether you have considered looking at the U.S.-Japan Digital Trade Agreement, and perhaps using its provisions, parts thereof, that have been fully negotiated, as a standalone sector-specific trade agreement in the region?

Ambassador TAI. Well, Senator Hagerty, thank you so much for sharing your experiences. I think that in this administration we

are picking up on those relationships, and I do agree that there is a lot of energy in this region, and also worldwide, for trade conversations and trade work to be done with respect to the digital economy, how we can work together, how we can formulate rules, how we can establish common understanding to facilitate the growth in this part of our economy.

So, that is absolutely a part of the Indo-Pacific Economic Framework that we are working on. I think what I would like to say with respect to the standalone sectoral approach, however, is that we are actually much more ambitious about what we can accomplish, and what we should accomplish, with respect to our partners in this region.

And so, while digital will be an integral part of what we are bringing to the negotiations and the conversation in the Indo-Pacific, it will not be the only one because digital itself implicates so many aspects of our economy, so many of our stakeholders. It needs to be, itself, a comprehensive and robust approach to digital economic and trade relations.

Senator HAGERTY. I think it will present a good example.

Ambassador TAI. And also be part of a larger package.

Senator HAGERTY. And I look forward to working with you on that. But one last point, I would like to discuss a very worrying development that is occurring in Mexico. And Mexico is one of the United States most important international partners, and it is our closest neighbor to the south. There are many difficult issues that we are trying to deal with Mexico, but our robust economic relationship should provide a firm foundation to strengthen and stabilize our efforts with an eye toward our future relationship there.

But actions over the past year by the government of the current President, Andrés Manuel López Obrador, have weakened that bond, and are threatening the economic ties of our two nations.

Last month, nine of my colleagues joined me to send a letter to President Biden to address the Mexican Government's aggression toward U.S. companies, particularly the arbitrary and punitive actions recently taken against Vulcan Materials. Vulcan Materials is a strategic supplier, particularly to the southeast part of the United States because of how we build our infrastructure.

So Ambassador Tai, we have yet to hear back from President Biden. I know you have weighed in on this topic with the Minister of Economy in Mexico. We can't tolerate our nearest neighbor to the south, basically, nationalizing American companies' assets. It is extremely damaging to our Nation's working relationship. And I hope that you will commit to taking an immediate action to help address these illegal actions.

Ambassador TAI. Senator Hagerty, are you speaking with respect to Mexico's energy policies specifically, or across the board?

Senator HAGERTY. No. I am speaking to the fact that Mexico has nationalized a piece of a mining operation that is responsible for sending aggregate into the Gulf of Mexico, and basically we are dependent on it, not only in Florida, but all the way through the southeast.

Ambassador TAI. Thank you for that clarification. Let me assure you that one message that I hope is conveyed very, very clearly through my participation in this hearing, is the commitment of the

USTR to the enforcement of all of our trading rights. And I want to assure you that my team is working on all aspects of these issues.

And I can assure you that we will not rest. Enforcement is a critical piece, and we are working on the challenges that we have in Mexico.

Senator HAGERTY. Yes. I appreciate. Yes, I appreciate your diligence there.

Ambassador TAI. Thank you.

Senator HAGERTY. I have heard it also strongly from the energy community as well, that this is also an issue for them.

Ambassador TAI. Thank you, Senator Hagerty.

Senator HAGERTY. Thank you.

Senator SHAHEEN. Senator Feinstein would be next, but this is her birthday, so we are going to give her plenty of time to settle in, and get ready, and go to Senator Braun.

Senator BRAUN. Thank you, Madam Chair.

One of the great successes of the Trump administration I think was reorienting Washington's focus on national security, economic threats posed by the Communist—China Communist Party.

The way I look at, in the geopolitical landscape, they are playing with a chessboard, and we seem to be very reactive. Everything I see that they are doing is incrementally building up their military capabilities, but I really think they intend to win economically. Day-by-day, month-by-month, year-by-year, to where when that day comes, when they probably will inevitably be a larger economy than ours, they have certainly become skilled state capitalists, will wonder: Did we make the right moves along the way?

I am concerned that they have the ability, they are patient, I view them as a saving, and investing country, their Road and Belt Program tells you that. I think they are hedging their bets there, as they increasingly do things that make them less than a handshake business partner. I won't repeat all of it, but the intellectual property issue that they seem to go after with impunity, they way over produce, look at our steel industry, they have got half the world's capacity, dump the gluts on the market.

We have got to be careful. Ideally, in a world that works right you have the ability to have free trade, in places where it is not fair and free, we had better be careful.

President Trump's 301 tariffs were successful in bringing the CCP to the table, put real pressure on the Chinese Government. Moving forward, I think they help us reduce reliance on the Chinese market, and by the way, they are a trading economy. We are not, but we accommodate them mostly for our propensity to import, consume, and spend.

All kind of abstract considerations that, to me, they are getting the winning end of the bargain at this point. That is why I am concerned about the one tool, to limit USTR's flexibility with restrictions on 301, that tool there, we can't do that.

Do you agree that the USTR must have the flexibility to design an exclusion process that also maintains sufficient economic pressure to go along with it?

Ambassador TAI. Senator Braun, I absolutely agree with that.

Senator BRAUN. Well, that is great because I think the proof will be in how we practice it. Would you care to elaborate in some detail how you see our relationship with China evolve over the next half-a-decade to a decade, and what your main concerns are, about how they are playing the game, versus how we are reacting to it?

Ambassador TAI. Thank you so much for this opportunity, because I think that this is absolutely the question that we need to focus on with respect to positioning the American economy today for the future, and for future success.

Let me begin by saying this, unless we define the problem there is not going to be a good way for us to assess whether or not we are solving it, whether or not we are being effective. I think that——

Senator BRAUN. Are you doing well at defining it now?

Ambassador TAI. Well, the Section 301 investigation that was launched by the Trump administration that you referenced addressed a very legitimate and deep problem that we have had with Chinese economic practices, which is with respect to intellectual property rights and forced tech transfer practices.

But that is not the sum total of the challenge that we have, and I think that in your comments you have started getting at the contours of the challenge that we have, which is a fundamental economic incompatibility between a very, very market-based economy that we have here in the United States and very strict division between the State and the private sector, and a Chinese economy through which the Chinese State's interests and control and direction extend.

To your point about, you know, it would be great if we could have free trade?

Senator BRAUN. Mm-hmm.

Ambassador TAI. But you have to know who you are competing against. I always come back to the David Ricardo, "Econ 101", where you have comparative advantage. And if you have got, you know, two islands, both of them producing bananas and making boats, but one of them has the conditions for producing bananas, and the other one, say, has more engineers. The logic is that, you know, you should have one focus on making boats, and the other one make bananas. They can trade and everybody is better off.

The problem is that that is not the world that we live in, and especially if you expand out that economic model and you say it is not just two products that our economies make, but let us say there are 25 products that our economies make, and then you look at the theory of comparative advantage, and then you realize the advantages are not always natural.

When you are—when you are working with another economy, even in the simplistic model, where that economy is not—is a state capitalist model, that economy is going to be able to target and take over entire industries and create advantages that the market-based economy doesn't have.

That is the fundamental challenge that we have, and unless we start focusing on identifying that as the problem, and thinking through how we address it, I think that we condemn ourselves to repeating cycles of experiences that we have had from steel and aluminum, to solar. Right now, the Chinese Government, the PRC,

is looking very closely at semiconductors, and a number of other strategic industrial areas that are going to be critical for our future, and our future competitiveness.

And so, from me to you, my answer is, we need to be keeping our eye on the ball on this bigger picture, and with respect to all of the economic challenges and the pinches that we and Americans are experiencing right now, it is our responsibility to do what we can to provide that relief.

But I will just be very, very clear, with respect to tariffs and trade tools, we can impact the design of our competition, and we can impact the competitiveness of our economy in the medium and the long term. With respect to short-term challenges, there is a limit to what we can do with respect to, especially inflation.

Senator BRAUN. I agree. Thank you.

Senator SHAHEEN. Thank you, Senator Braun.

Senator BRAUN. The long run is always the bigger consideration, and it is tough to navigate correctly through the short run. But it sounds like you got a handle on it. Thank you.

Senator SHAHEEN. Thank you, Senator Braun. Senator Feinstein.

Senator FEINSTEIN. Thank you very much. I am really delighted to welcome you here. And I wanted to talk a little bit about China and China trade. When I became Mayor of San Francisco one of the first things I did was develop what was called a "sister city relationship" with Shanghai.

And over the years we had some 50 different trade efforts, ongoing, leading from San Francisco and other areas in California, and I think, particularly when Jan Zeman (ph.) became President that was sort of a heyday for us.

So the relationship has always been a very positive and good one. You have said that the United States must enforce terms of the Phase One Agreement, and you have outlined principles for a multilateral trade approach to China, and the discussions with China are taking place.

It would be really helpful for me to hear more of the detail about what concrete steps are being taken to move this relationship forward. I say this as a Californian. We believe it is the Century of the Pacific, and that these relationships are extraordinarily important.

Ambassador TAI. Thank you so much, Senator Feinstein. And let me add my congratulations to Chair Shaheen, on the occasion of your birthday.

Again, the U.S.-China relationship, as I have said before, because it is true, is one of profound consequence. We are the two largest economies in the world, and how we relate to each other affects—

Senator SHAHEEN. Ambassador Tai.

Ambassador TAI. Yes.

Senator SHAHEEN. Can we ask you to put the mic a little closer. Thank you.

Ambassador TAI. Absolutely. How we relate to each other affects not just workers and businesses, communities, businesses large and small in our own economies, but how we relate to each other impacts the entire world. And that is very, very clear for all of us to see.

And so, in terms of the realignment that we talk about in the Biden administration that we know that the United States needs to have with China in trade and economics, it means that the status quo and the way things have been cannot—cannot continue.

In order to be able to compete, in order for our workers and our businesses to have an opportunity to thrive, we need to fundamentally adjust how we relate to each other, and we need to expand the set of tools that we use, we need to expand the way that we use our tools—

Senator FEINSTEIN. May I be so rude as to interrupt you. How would you do this? That is the question. And what parts of the government? Because it has seemed to me that over the years that China works very differently than the United States does; and you really start with personal relationships, and then you build them into business relationships, which is sort of contrary to how we trade. But that is what I have learned in my interaction as Mayor of San Francisco and trying to build trade for California.

Ambassador TAI. You are absolutely correct. Personal relationships, whether they are in the U.S. Congress or they are in international economic relations, do define possibility. I will share with you that over the course of the past, almost year-and-a-half of my time in my position, that I think that the U.S.-China relationship has really suffered from the COVID pandemic, and policies that the Chinese Government has taken with respect to managing COVID.

There have been very, very few in-person interactions between members of our administration, and the members of the Chinese government. I think that those conversations are very, very important, but what I also want to make clear is that in those conversations we, as the United States, have to be extremely clear and extremely clear-eyed, and unrelenting about our interests.

We do not need to get emotional about the challenges that we have, but it is absolutely incumbent upon us to be as tough as we need to be in order to navigate a future where the United States, and China are economies in this world that need to be able to compete on fair terms.

Senator FEINSTEIN. Thank you. Thank you.

Senator SHAHEEN. Thank you, Senator Feinstein. Senator Murkowski?

Senator MURKOWSKI. Thank you, Madam Chair.

Ambassador Tai, welcome, good to see you. I am looking forward to your visit to Alaska next week. And in that vein, I wanted to broaden the discussion here, obviously a great deal of focus on China, where we are with the Section 301 tariffs. Our reality, though, is that China is now importing 50 percent more seafood than it did in 2017.

Unfortunately, China is sourcing this seafood from other nations. Our producers are not fairly able to access the growing market due to tariffs—you understand, above everyone, the background on this.

In 2020 and 2021, China's seafood purchases of U.S. seafood product were down—44 and 38 percent respectively, relative to the 2017 baseline. So you are going to be North next week, you are going to be talking with folks in the resource sector, but particularly those in the seafood sector. You will have an opportunity to

go out and be on the ground, and see what it really means to these local and regional economies.

So the question that I would ask you this morning is, what are you going to share with them, in terms of what efforts this administration is making to help address these tariffs that have been so, so harmful to the U.S. seafood industry, and more specifically, to the Alaska industry?

And as you respond to this question, recognize that beyond China the reduction of trade barriers to seafood markets in Japan, the European Union, and the U.K., these are all also priorities for us. So can you speak to the Alaska seafood issues, and the tariffs that that folks have been operating under for far too long?

Ambassador TAI. Well, thank you Senator Murkowski. And I am also looking forward to the trip to Alaska, which follows on the invitation you extended me at this hearing last year. I have never been to Alaska before. But even more, the reason why I am looking forward to this is precisely to have the types of conversations that you have just outlined are awaiting me in your home State. Every time I travel out into the United States, especially places I have never been before, and have these conversations, I learned something new.

And I will just share with you. In mid-April, I made a trip out to Oregon and the Oregon Coast and met with some fishermen at Senator Wyden's invitation. Senator Merkley was there as well. Those conversations really helped to inform me, with respect to the real world, the real impact on real members of our communities, in the WTO fisheries subsidies negotiations that we just had last week, and how important it is to engage in establishing rules for ensuring that in fisheries, that we have a sustainable approach, and we have fair parameters for the world's fishermen to engage in.

Senator MURKOWSKI. Let me let me go ahead and interrupt, because I have one more question that I want to ask. You will get an earful. You will get an earful, and you will see it for yourself, and our hope and the reason for the invitation, not only for myself, but Senator Sullivan, is so that we can see action in this area.

I wanted to shift just very briefly here with regards to Arctic, and our friends in the Arctic, most notably Iceland. Iceland is a great friend of ours. We have got good strong relationships through Arctic strategy, and transatlantic relations. U.S. is the fifth largest import and export market for Iceland.

Iceland has made tremendous gains in its renewable energy sector, we have got a—we have got a great relationship again. China, a non-arctic Nation on the other side of the globe, has recently signed a free trade agreement with Iceland. The people in Iceland are saying: Why not us? Why not us? You run risks I think when we discourage countries from doing business with autocracies, whether it is China and Russia. But then we don't offer them any viable alternatives.

We say we will be there for you, but we are not going to enter into the free trade agreement. Your comments to why this has not been addressed, at least in a significant way. I know the ask has been out there for some time because I have been part of those dis-

cussions, so any update that you might have on an Iceland Free Trade Agreement?

Ambassador TAI. So unquestionably, Iceland is an important trading partner. In fact, I met my Icelandic counterpart in Geneva last week at the WTO. I think that all the reasons that you have raised in terms of enhancing our collaboration with Iceland economically are entirely valid. And Iceland, is an FTA country, so with respect to our build and rebuild of our relationship with the EU, that those do have positive implications for our relationship with Iceland as well.

I am ready and willing to show up and to engage with all of our partners. I take your point on the strategic aspects. I guess what I would say with respect to what you have just presented to me, is that the fact that Iceland has just signed a free trade agreement with China will make us thoughtful about how we—the parameters of the kinds of collaborations that we build with Iceland, to ensure that.

And I think this is very true in terms of our approach the Indo-Pacific as well, to ensure that what we are doing is providing our partners with choice, with more choices. It is providing us with more choices as well, but it is not entangling us further into a version of globalized supply chains that is going to undermine our ability to build for more resilience.

And I think that with respect to China and the Chinese market, and this goes back to your fishermen as well, we have seen China use its leverage, with respect to its market, to push countries on politically—political and sovereign decisions that China has found that it doesn't like. We are a very, very large economy, and we experience it differently, but this is the version of that coercion that we experience. It is not coercive, but it is very painful.

I think that this is absolutely something that we are focused on addressing in the U.S.-China relationship, which is the reliability and confidence that we have in each other, and to the extent that we don't have it, all of the collaborations that we need to have with our other partners and allies to ensure that we provide each other with resilience.

Senator FEINSTEIN. I appreciate that. I know that it would mean a great deal to Iceland, and it doesn't take much from us. So I look forward to exploring these conversations further.

Thank you, Madam Chair.

Senator SHAHEEN. Thank you, Senator Murkowski. Senator Reed.

Senator REED. Thank you very much, Madam Chair.

I know you will enjoy Alaska because I have been to Alaska with Senator Murkowski, and it was terrific. I just want to warn you though, the way they measure things in Alaska, it is how many times bigger it is than Rhode Island. So just be prepared for that, okay.

[Laughter.]

Senator REED. I just came from the Banking Committee Hearing with Chairman Powell, the Federal Reserve. You know, we are facing an issue of inflation which is significant with multiple causes, but one that everyone admits to is the supply chain, and normally

with a task force in place. Can you tell us what progress we are making on rearranging our supply chain?

And just one other comment is that we build and took for granted a global supply chain built on efficiency and speed without sustainability, or the ability to reconnect quickly. With the pandemic, that has been broken, and I don't know if that will be put together again. But what are you doing in the task force on supply chain?

Ambassador TAI. Senator Reed, thank you for this question. I wish that I also were able to visit Chairman Powell's hearing, because I know how much inflation is impacting our economy, and our people, and how concerning it really is. And I agree with you.

I think that with respect to supply chains, the bottlenecks, the disruptions that we have had these last couple years that they have been a significant disrupter in our economies. And significantly eroded our confidence, and "our", I mean collectively, our American and worldwide confidence in the global economic system, which is why working towards a version of globalization that is built for beyond efficiency, resilience and sustainability is our guiding principle in terms of our engagements with all of our partners in our initiatives that are ongoing right now.

Let me say this on supply chains in particular. I had a really eye-opening conversation with a CEO and Chairman earlier at the early parts of this year, who is in the banking industry, and we were talking supply chains, and he said to me, "You know, as I have been looking at the supply chain challenges, what strikes me is that I would never have designed these supply chains to look like this." And at the time I didn't quite understand what he meant by that, and I thought about it through the lens of a banker, and what has struck me is, what I think is an important perspective, which is our supply chains have not taken into account risk.

They have been all about efficiency, and in terms of what we can contribute from trade, to building supply chains that are more resilient I think a key part of this is incorporating into our work on trade beyond tariff liberalization, is how we can incentivize countries and more specifically, our firms to calculate in the risk of their supply chain design, as they make their business decisions.

And this is one of the key issue areas that we are raising with our trading partners and all the initiatives we have going on right now.

Senator REED. I think that is a sensible approach. Can you give us any sense of tangible progress in this regard, of rationalizing the supply chains, as you say, make it more robust and resilient?

Ambassador TAI. USTR is tasked with heading the supply chain task force on an inter-agency basis. We have a list of all the work that we have done over the course of the last year, which I won't go into, and I will refer you to our website and let you know that it is there. But I think that the most important work is yet to come and has really got to be on an international basis.

How do we connect our economies together, and how do we, in a very, very clear-eyed way, identify the things that we have to do to correct for a set of supply chains and a version of globalization that is built only for efficiency right now? And so just let you know that whether it is in the Indo-Pacific, whether it is our initiative with Taiwan, the initiative that—on the future of Atlantic Trade

that we have going on with the United Kingdom, the EU Trade And Technology Council, and all of these different arrangements, we are laser-focused on this issue of our supply chain resilience.

Senator REED. Thank you very much.

Thank you, Madam Chair.

Senator SHAHEEN. Thank you Senator Reed. Senator Van Hollen.

Senator VAN HOLLEN. Thank you. Thank you Madam Chair. And it is great to see you Ambassador Tai.

I want to turn to the recently announced U.S.-Taiwan Initiative on 21st Century Trade. If you could just quickly identify the top priorities that you expect to come out of that agreement, and tangible changes in terms of trade with Taiwan that you hope to see?

Ambassador TAI. Certainly. Thank you, Senator Van Hollen. And I appreciate your interest in this particular relationship and this issue.

In our announcement kicking off this particular initiative we identified 11 areas where our initiative will be focused, seven of those areas are the same or similar to the ones that we have announced in the Indo-Pacific Economic Framework. Those go to the digital economy, and digital trade, labor, environment, trade facilitation, science-based and evidence-based regulatory practices, when it comes to trade for agricultural products. In the category of the additional areas where we will be focused with Taiwan in our initiative, I think that they are a very interesting set of conversations around non-market economy challenges that we share, State-owned enterprises. And the other two, I am going to have to look at my notes, but they are also on our website.

But I think that they are particularly relevant and consistent with what I just said to Senator Reed. They are looking at how we can work together with our partners on building resilience, sustainability, and then the other piece that is really critical to us is inclusiveness as we build out into an economic recovery. How do we bring as many in the world in our own communities as we can into prosperity?

Senator VAN HOLLEN. Well, Thank you Madam Ambassador. As you know, there was some concern including shared by many in the Senate that Taiwan was not part of the Indo-Pacific Economic Framework, but I am glad that you have developed this initiative, and look forward to working with you on both those fronts.

So on another committee, the Senate Foreign Relations Committee, I chair the Subcommittee on Africa, and interested in what you, at USTR, are doing with respect to U.S. trade and investment in Africa, which in my view is good for U.S. businesses, good for U.S. workers, good for partners in the region. And I think it is worth noting that in the next 30 years the population of the entire Continent is expected to double, and one-quarter of the world will live in Africa by the year 2050.

So it seems to me that we need to really keep our eye on the ball here, and do better than we have. Obviously some of our chief adversaries and competitors like China are very much engaged in Africa. What are you doing at USTR? And are you working with the Prosper Africa Initiative folks to make sure that we combine our resources in a smart way?

Ambassador TAI. Absolutely, USTR is an active participant in the Prosper Africa efforts within the administration. And I agree with everything you have said, Senator Van Hollen, about the opportunities, and frankly the necessity of the United States to amp up our engagement with Africa, for all the reasons you have listed. And also, I think one of the most interesting, and awesome, frankly, data points is also the number of young people that are in Africa.

And that goes to the growing population that the youth of the world are largely in Africa, and this is really about our collective future. Let me say this with respect to U.S. Africa Trade. AGOA is a foundational trade program that we have had with the African Continent. It expires in 2025, and there have been a lot of conversations with my African counterparts around what is going to happen to AGOA after 2025. I know that there are a lot of leaders, thought leaders on this issue within the U.S. Congress, and I will let you know that USTR is engaging and stands ready to engage across the board, on what a vision is for AGOA going forward.

But I will also let you know, it is my—it is my view that AGOA is not enough. AGOA has been around for a long time, and I think AGOA can do better. But also, I will just share with you in the context of the World Trade Organization, 12th Ministerial Conference that just concluded last week, that with respect to the Intellectual Property Rule changes that were made for COVID vaccines, for a limited period of time, to address the covid pandemic that I found most powerful.

My African counterparts who asked the United States to lean in and get that effort across the finish line because it is going to, in their view, allow the African Continent a foothold into a very important supply chain, that they do not have access to. And I think that it is through new efforts, and new initiatives also, that we have got to push ourselves to think about how we can be a better partner to the entire African Continent.

Senator VAN HOLLEN. Well, thank you, madam Ambassador. I look forward to continuing the conversation about AGOA and updating it, upgrading it. As I am sure, you know, about 90 percent of our non-energy imports under AGOA, in 2020, came from just five countries. And you know, clearly we have got to expand the benefits of AGOA, along with engaging with Africa on the African Continental Free Trade Area and see what kind of mutual benefits we can draw. So I look forward to continuing that conversation.

Thank you, Madam Chair.

Senator SHAHEEN. Thank you, Senator Van Hollen.

Ambassador Tai, I think I, and I think Senator Moran also, we have a couple more questions. So we would like to do another round with you.

And I would like to go back to Russia. And I think that the actions that you and the President engaged in leading up to Russia's War in Ukraine have been very important in helping to unite the allies, and present a united front, and being able to put in place a series of sanctions that, while they are taking some time, they are having a real impact.

In April, Congress passed a bill revoking Russia's permanent normal trade relations status. This law gives you additional au-

thority to sanction Russia in other ways. I wonder if you can give us some insights into what you are thinking, and how you might be using this authority.

Ambassador TAI. Chair Shaheen, I want to begin by thanking you and the entire U.S. Congress for speaking with such conviction, and resolution on the issue of Russia. Earlier this year, the United States Government being able to respond with one voice; was incredibly powerful, and enabled us to take a real leadership role in responding to Russia's aggression in Ukraine.

As a result of the bill that Congress passed, and that the President signed into law earlier this spring, the United States has, with respect to trade, suspended permanent normal trade relations with Russia, and that means that we have imposed non-MFN tariffs on imports from Russia, and that action alone has increased tariff rates on over 75 percent of U.S. imports from Russia.

We are continuing to engage in the administration through our conversations with other partners and allies to look at how we can use this new authority to impose additional consequences on imports from Russia. I think what I would really also like to note here that we have talked a lot about tariffs in the course of this particular hearing, and I just want to note that I think about tariffs a bit like—tariffs are like two-by-fours, they can be used for lots of different purposes.

With respect to Russia, these tariffs are punishment. We are using these two-by-fours as a kind of a weapon, but in other areas, right, our tariffs are used to build platforms. They are used as weapons to level the playing field. They are used as encouragement to create enforcement and incentivize compliance.

So, in this particular area, you know, I also feel that it is important, from the USTR perspective, to note that these tariffs we are using in a particular way which is appropriate, and which is focused on changing Russia's behaviors.

Senator SHAHEEN. Well, thank you. I certainly agree with that, and agree with your sentiment that it has been very important for Congress to be united in responding to Russia's unprovoked war. And it has sent an important signal not just to Russia but to our other adversaries who are really looking closely at what we are doing here, and how we are responding.

I want to—so just to follow up, so then I would urge you to think about every way possible, as you say; that we can penalize Russia for what they are doing. And if you see ways in which this subcommittee can be helpful with that, or that Congress can do more, I hope you will share that with us.

You mentioned in your opening remarks the importance of the legislation that is currently in the Committee of Conference, whether it is America COMPETES, or the U.S. Innovation and Competition Act. So much of the discussion at this hearing has been about China, and the threat that China poses. Can you talk about—I mean, one of the motivating—the main motivator behind that legislation, I think, is to try and level the playing field for the United States with China.

Can you talk about what it will mean if we are not able to bring that legislation across the finish line; and what kind of a disadvantage that will put the United States at against China?

Ambassador TAI. I would be delighted to, Chair Shaheen. With respect to realigning our relationship with China, there is a set of—there is both defense and offense that we have to play, and frankly, when I look at tariffs, I see the tariffs mostly as defense. But if our goal, with respect to China—and frankly every other non-market economy that our businesses, and our workers have to compete with—defense isn't enough, we have also got to play offense.

And I think that in terms of what is in the conversation around the Bipartisan Innovation Act—it goes by many names—it is a combination of defensive tools and offensive tools. And what I mean by “offensive tools” are those are the tools to really invest in ourselves to give our industry, and our workers the boost to take their talents, and resources, and assets, and allow them to shine in a competitive field, that we have not considered fair in a very long time, and which is really critical to our success in the future.

So, the way I look at what is before our Members of Congress right now, in this conference, is really things that we need to do that are necessary, but by themselves not sufficient for putting the American economy on the strongest footing possible. And I think that there is a lot more work for us to be doing together, the administration and Congress. And I am committed to doing that work with all of you.

General SCOBEE. Well, thank you. I appreciate that. And hope that all of the conferees will hear that statement today. Senator Manchin?

Senator MANCHIN. Thank you. Thank you Madam Chair.

And thank you for being here, and doing the job that you do, and we are very hopeful in your accomplishments.

Let me just ask the question here. I have got two of them. The State-backed companies that are circumventing U.S. trade laws, by a variety of methods including transshipment and dumping. Transshipment of goods through third countries to evade anti-dumping duties undermines the integrity of our trade laws, and puts domestic manufacturers at risk from unfairly traded products; in a nutshell, what happens.

And I was just at a little company in West Virginia that makes a lot of products for the solar industry, and they are now competing with dumping parts, and they know it is coming from China, but it is coming through different vessels, if you will.

So I applaud yours, and Secretary Raimondo's inclusion of annual audits of steel producers owned by and operated by Chinese parent companies. And the recently struck trade agreement with the U.K. And I encourage you to continue to pursue the audits in any future trade agreements. So given its inclusion in the recent U.K. Trade Agreement, how likely is it that you all will pursue similar audit provisions, whether it be for steel or other products, and future trade deals?

Ambassador TAI. Well Senator Manchin, I am always delighted to talk about U.S. manufacturing, and how we can make the American economy create more opportunities, and be a rosier place for our manufacturing.

Senator MANCHIN. We are just asking for a level playing field.

Ambassador TAI. A level playing field, absolutely. Your specific question goes to our interest in incorporating audit provisions in our arrangements with our trading partners, to ensure that the playing field remains level.

Senator MANCHIN. I think basically——

Ambassador TAI. I am very interested in this issue of audits. And I am interested in expanding it beyond anti-dumping and counter-vailing——

Senator MANCHIN. When you have a U.S. company identifies that they know they are getting dumped on, and all they are asking for is an audit from the country—and look, just pick an Indonesian country anywhere, pick one, and we know it is being funneled through China, to have that audit show that they didn't—they don't have the production facilities, they can't do it there, so they have to be funneling from somewhere else. I think we could determine that pretty easily. And then classify them for anti-dumping.

Ambassador TAI. I think that audits and verification go to the heart of the integrity of our trade tools. And I agree with you entirely.

Senator MANCHIN. Okay. The other one is the relationship between U.S. and China, I know we have been talking a lot about that, has been tumultuous over the years. I think basically we probably had progress by 2019 having a trade deal with them, but then with COVID coming up and China failed on a number of their purchase agreements, and while it is important to note that the initial phase occurred during the pandemic, they have made no efforts to reassure the United States they are committed to making good on the terms that they agreed to.

So given the 2020 Phase One Trade Agreement between us and China, ultimately did not produce its desired outcomes, what avenues are being explored right now to ensure that fairness, in any future trade agreements between China and ourselves?

Ambassador TAI. This is absolutely one of the most important questions that we are grappling with right now, and one of the most important issues to determine what our economic future looks like in this globalized economy.

Senator Manchin, I have talked quite a bit about China. Last October I gave a speech about the Biden administration's approach to the U.S.-China trade relationship. We spent several months focused on China's performance under the Phase One Agreement, and as we turned the corner into 2022, and we were able to look at full-year trade data for 2020 and 2021. We absolutely saw gaps between the purchase commitment levels, in particular, that China had committed to, and also where the purchases actually were.

Let me just say this also. In the speech that I gave in October, we also reviewed our approach to the China Trade and Economic Relationship over the course of the past several administrations. And it is very, very clear certainly to me at this point that it is time for us to turn the page on the playbook that we have had with China, which has been a combination of negotiating agreements on one hand——

Senator MANCHIN. Do you have enforcement mechanisms; any enforcement mechanisms available to you all to be used with this agreement?

Ambassador TAI. Absolutely, we do.

Senator MANCHIN. Are you all going to use them?

Ambassador TAI. Yes.

Senator MANCHIN. Okay. And let me ask you on the first question too, both of them. Is there something that we need to do to help you basically, you know, tighten down on some of this, because they are just running amok playing us, just playing us really. And it is a shame.

We keep talking about, and I will tell you my biggest peeve right now is the whole thing with the EVs, the batteries, chips, and all the different things, rare earth minerals processing, anodes, cathodes everything that we need. And if we are ever going to get this industry up and running and be self-sufficient in North America, then we have to make sure that they can't dump on us.

And right now we are about ready to put our whole eggs in one basket, thinking EV is the way to go, and we are going to be absolutely so taken advantage of, to the point where we are going to be held hostage by the foreign supply chain that China has the grip on. I just, I just can't believe that we are even thinking about going down that path. And I am gonna do everything I can to stop it, because I think it is stupid, because we are not able to protect our investments in the country.

Because if Jerry Moran in Kansas wants to start a new company, and he is up and running, and they start dumping, he can't compete. He can't go out and get financing, he has no—you know, the markets aren't going to basically respond to him. And we just—we are just held at a disadvantage because of the economy that we have, and the way we administer our economy. But we depend on you all to crack hard and crack them down as tight as you can.

We talk about border adjustment. I don't know if you have talked about that, Madam Chair; if you all talked about border adjustments. The reason that we have Democrats and Republicans talking about border adjustment, we think that is the only level playing field we might have. They are not paying attention to any of the agreements they sign, and we have no penalties to them.

But at border adjustment we would have that product coming in and we proved it came from a country, but it really came from China, via other countries. So that is my frustration.

I am sorry to vent. I thank you for giving me a chance to do that.

Senator SHAHEEN. Thank you, Senator Manchin.

Ambassador Tai, would you like to briefly respond to Senator Manchin?

Ambassador TAI. Senator Manchin, you began that by asking what you can do, and to help, and I think that what you have just conveyed is absolutely, I want to let you know, loud and clear, and well received by me sitting in this chair.

Senator SHAHEEN. Thank you very much. Senator Moran.

Senator MORAN. Chair, thank you.

In this setting, and with the Secretary of Commerce, both the Chair and I, and other Members of the Committee have had ongoing conversations about lumber particularly as they relate to home building, home prices, we are still absent this agreement with Canada. Can you provide me an update on any progress that has been

made in a long-term resolution of this issue with Canada on softwood lumber?

Ambassador TAI. Yes. Senator Moran, I would be happy to provide you with an update. I talk lumber almost every single time I have seen my Canadian counterpart, and I have seen her quite a bit in these last several months. I have indicated that we are open and interested in addressing lumber through another agreement which we had in place several years ago, that requires the Canadian Government to be willing to address the fundamental challenges that we have with respect to an unlevel playing field for our industry, with respect to how they govern their harvesting and their industry, which has the impact of subsidies, for our competitors.

When and if Canadian industry and the Canadian government are ready to address those issues, we stand ready and willing to enter into negotiations to see if we can, once again, come to some kind of an agreement with Canada.

Senator MORAN. Leverage has been a theme of the conversations this morning. Is there leverage with Canada in that regard to induce them to do so?

Ambassador TAI. Senator Moran, I like the way you think. And I would be happy to have a follow-up conversation with you around how we might examine that question.

Senator MORAN. All right, thank you. One of the more recent developments in home building, and in home ownership has developed as a result of the lack of grain-oriented electric steel needed to build transformers. And so there is a shortage in Kansas, and I assume the country in getting the transformer necessary to build a new home or to have a new home, have a connection with utilities.

I know that we increased tariffs on imported steel, I know there was a Department of Commerce investigation that subsequently found no corresponding increase in domestic manufacturing to meet U.S. demand; this type of steel remains under Section 232 Tariffs. Any thoughts of what USTR can do to solve this problem of lack of transformers?

Ambassador TAI. Senator Moran, let me go back to USTR and check the facts, because I have had two sets of conversations on grain-oriented electric steel of late. One is around the need to access more of them, or more of this type of steel for transformers. The other one goes to some of your colleagues here in the Senate, and then also in the house who represents States and districts where there is one lone producer in the United States left.

Senator MORAN. And producing the transformers—

Ambassador TAI. And in my mind the fact is that GOES is not subject to 232. But let me come back to you with better facts.

Senator MORAN. Okay.

Ambassador TAI. Let me just say this—these conversations really break my heart because, they are similar to the conversations we have on solar. We litigated several cases at the WTO against China on their approach to cornering the market on grain-oriented electric steel, and our loss of our own industry. And what I find time and time again, is whether it is with respect to GOES, or solar, that once we have lost the better part of our industry, we find our-

selves totally over a barrel, domestically, and also with our other trading partners around how we can—how we can have reliable access to these types of industrial products, where we have confidence in their integrity.

And so let me just say this bottom line is: let me go back to USTR and do some homework and follow up with you.

Senator MORAN. Finally, again, on this conversation of tariffs being utilized as leverage, it seems to me that if we are creating a circumstance in which we want and have leverage, the result would be that we would be negotiating additional trade agreements, bilateral, multilateral. But the administration has not requested trade promotion authority. That is one thing. What new agreements, trade agreements is the administration pursuing that then justifies the use of tariffs to be leveraged?

Ambassador TAI. I think that in terms of the China tariffs, that is with respect to leverage vis-à-vis China.

Senator MORAN. Mm-hmm.

Ambassador TAI. And it has been a very long time since we have looked at negotiating what I would call a traditional trade liberalizing agreement with China. I think the last effort that we had was the Bilateral Investment Treaty. And that was way back in 2015 and 2016, and I don't think this may be when they come out of the woodwork. I don't think anyone has asked me to re-engage with that particular issue.

At USTR I had an agency that is built for two things, and it is on a spectrum. These two activities are not mutually exclusive. One is trade negotiations, and the other one is trade enforcement. And so, we have every interest, and we are actively pursuing negotiations every single day, and enforcing every single day.

Your question about TPA, I am happy to engage in the conversation with Congress. And this is the larger issue around how we orient U.S. trade policies in negotiations separate from the enforcement side, to further our national interests. And I think that our focus right now really is on sustainability and resilience.

That means a modification; and a course correction for the approach that we have taken in the past. In particular, around trade liberalization; and I think it is an important conversation to have, and I would like to let you know that I am happy to engage in it with the Congress.

My main point being, however, that we have got to bring new thinking to how we think about trade agreements, and trade agreement negotiations. We have to take into effect the really painful experiences that we have had these couple of years, and figure out how we do things differently to remain connected with the rest of the world, in a way that is good for the American economy, and that is built for resilience in the long term.

Senator MORAN. I appreciate your answer. I am not going to ask more questions, Chair.

[Laughter.]

Senator MORAN. I appreciate your answer, and I would highlight, at least from my take, I like that you put on par with negotiations of agreements, enforcement of agreements, it seems to me for a long time we celebrate. We do the high five when the agreement

is signed, but when the results don't occur there seems to be less than adequate follow-through. So I appreciate that.

I also think that you were segmenting China and leverage in a different way than other trading, or potential trading partners, around the globe. And I think that is a—an appositive, and it is a necessary attitude to have with China.

And finally, I would say that the WTO is broken, its appellate body, it seems to me, no longer really function—membership so broad that agreements appear impossible. And I would just encourage the—trying to fix those problems but as equally important trying to find friendly countries around the world to institute smaller successes than appears to me we would get in work with WTO.

Does that make sense? Did I say anything that doesn't make sense? That was a question.

Senator SHAHEEN. No. No further questions, Senator Moran.

Senator MORAN. Well, I don't know that I want the answer, but—

Ambassador TAI. All of it makes sense.

Senator SHAHEEN. Oh. Thank you, Senator Moran. And actually you have made a very good argument for why we need to fund USTR's budget, right, Ambassador Tai.

#### ADDITIONAL COMMITTEE QUESTIONS

Senator SHAHEEN. If there are no further questions this morning, Senators have until June 29 to submit additional questions for the official hearing record, and we would request the agency's responses within 30 days.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

#### QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

##### QUESTIONS SUBMITTED TO AMBASSADOR KATHERINE TAI, U.S. TRADE REPRESENTATIVE

*Question 1.* As you may know, I opposed the former president's escalatory trade wars. The costs of the tariffs we put into place on many countries have been paid almost exclusively by U.S. families and businesses. I also believe they strained our international relationships and were not part of a thoughtful strategy.

I realize that the Biden Administration inherited these tariffs, and I thank you for having reduced them in some cases. I also recognize that imposing tariffs can be useful in certain cases. China, for instance, has engaged in numerous unfair trade practices and we should be serious about trying to change its behavior.

—Ambassador Tai, when and how does the Administration believe tariffs should be used, and when are other tools more appropriate? What are we asking our trade partners to do in exchange for reducing or eliminating current tariffs? How specifically do you assess whether or not tariffs are achieving our desired goals?

*Answer.* Tariffs are a legitimate tool in the trade toolbox. The Biden-Harris Administration is continually reviewing the China Section 301 tariffs; this process is a key part of the Administration's deliberative, long-term vision for realigning the U.S.-China trade relationship around our priorities and making trade work for American workers and businesses, which have been unfairly targeted by China's non-market policies and practices. As part of our review, we have initiated and completed two separate exclusion processes—one on COVID-related products, and one addressed to over 500 previously-extended but expired exclusions. In the latter process, we reinstated exclusions where American workers, farmers, and domestic producers would benefit. The statutory 4-year review also provides an opportunity to

assess the tariffs. Furthermore, we are continuing to consider additional modifications and exclusions processes, as warranted.

*Question 2.* As you know, China is the world's second-largest economy and is likely to someday surpass U.S. GDP. While it is a lucrative market for many U.S. companies, China has also engaged in many unfair trade practices, including intellectual property theft, heavy subsidization of key industries, and preferential treatment for state-run businesses.

The Biden Administration inherited numerous tariffs on imports from China, along with the "Phase One" trade agreement. China has not fulfilled its end of that agreement, including promised purchases of U.S. agricultural products, which of course are important to California. You have said that the U.S. must enforce the terms of the Phase One agreement and outlined principles for a multilateral approach to fair trade with China. You also have said that discussions with China are taking place, but it would be helpful to me to hear more details about what concrete steps are being taken to move this relationship forward.

—Ambassador Tai, what specific steps has the Administration asked China to take to improve trade relations with the U.S.? What specific negotiations with China have taken place or are planned? What has been China's response, and what is China asking of us?

*Answer.* In October 2021, we launched a direct dialogue with China regarding China's failure to fulfill the purchase commitments made in the U.S.-China Economic and Trade Agreement, commonly referred to as the "Phase One Agreement." We are also engaging in technical level discussions with China regarding its incomplete implementation of its agriculture and intellectual property-related commitments. We also have been raising our concerns relating to China's harmful non-market policies and practices that were left unaddressed by the Phase One Agreement, particularly China's state-directed industrial targeting, which has had devastating impact on American workers and businesses as well as on our allies and partners.

While we continue to keep the door open to conversations with China, including on its Phase One Agreement commitments, we also need to acknowledge the Phase One Agreement's limitations, which did not focus on some of China's most harmful practices, namely economic coercion and non-market practices. Going forward, our strategies will also include vigorously defending our values and economic interests from the negative impacts of China's unfair, non-market policies and practices. At the same time, we are not solely relying on bilateral engagement. We are actively reaching out to and enhancing our engagement with like-minded trading partners, both directly and through multilateral institutions, as we seek to develop and execute joint or coordinated strategies for addressing the unique challenges posed by China.

As part of this effort, we are prepared to use whatever trade tools we have that may be necessary to protect U.S. interests. That includes working with Congress to develop new trade tools that take into account the realities of what trade looks like today.

*Question 3.* Earlier this year, you said that while free trade agreements are in the U.S. toolbox for negotiating trade relations, they are "a very 20th century tool." Since opening markets and the principle of free trade have been a central feature of U.S. trade policy for decades, I'd be interested in hearing a bit more from you on that issue.

—Ambassador Tai, your earlier statement implies that free trade agreements are in some way outdated. In what sense do you believe they have become so? And given that you said that free trade agreements should still be a tool in our toolbox, in which circumstances do you think they would make sense?

*Answer.* The Biden Administration is using our trade tools to create new opportunities for American agriculture, including using our existing Trade and Investment Framework Agreements (TIFAs) and Free Trade Agreements (FTAs) to eliminate tariff and non-tariff barriers to U.S. agricultural products. Last year, we secured a number of wins that will provide more certainty for U.S. farmers, ranchers, and food producers around the country, including: removal of retaliatory tariffs due to resolution of the EU aircraft dispute and a historic agreement on steel aluminum; removal or aversion of tariffs due to agreements with four European trading partners on Digital Services Taxes; new access to the Indian market for U.S. pork following the U.S. India Trade Policy Forum; favorable outcomes on products such as pork, beef, rice, wheat, corn and grape juice in negotiations with the United Kingdom and the EU on tariff rate quotas resulting from Brexit; Vietnam's approval of pending biotech events following TIFA engagement; MFN duty reductions in Vietnam for

corn, wheat, and frozen pork; and regaining access to the EU market for our shellfish producers. We are also committed to strong enforcement of our agreements, as our recent win on Canada dairy illustrates, to promote predictability and level the playing field in agricultural trade.

*Question 4.* As you know, Trade Promotion Authority, legislation that Congress has previously passed several times to make it easier for the Administration to negotiate trade agreements, expired on July 1, 2021.

A number of members of Congress have said that they would like to renew Trade Promotion Authority. You have said Congress should renew Trade Promotion Authority, but with an updated set of priorities. However, there has been little indication that the Administration considers renewing it to be a priority.

—Ambassador Tai, do you believe that Congress should renew Trade Promotion Authority? If so, how do you think it should look different than previous Trade Promotion Authority that Congress has passed? What actions has the Administration taken to move forward on legislation to renew it? If you do not want to renew Trade Promotion Authority, why not?

*Answer.* There are strong views on both sides of the Trade Promotion Authority issue, and I look forward to working with Congress should you decide to advance TPA legislation.

*Question 5.* In the past month, the Administration has introduced its frameworks for trade in the Pacific Rim and South Asia and for North and South America.

I thank the Administration for moving forward with trade relations in these regions that are critical to California's economy. And, I agree with the principles that the Administration has enumerated, including clean energy and infrastructure, strengthening our supply chains, and fighting corruption.

However, one principle notably missing from these frameworks is increasing access to markets, which is a priority for many U.S. producers to secure in other countries, and also what many countries want most from the United States.

—Ambassador Tai, is the Administration willing to negotiate market access with other countries despite it not being included in its trade frameworks? If so, why was it not included as a pillar in these frameworks?

*Answer.* This Administration takes a strategic approach when engaging our partners worldwide. As each partner is different, we have and will continue utilizing all our trade policy tools to come up with innovative arrangements, whether in the context of a large trade arrangement or through other formats that would secure market access and provide the greatest economically meaningful outcomes for the United States.

President Biden recently announced the launch of an Indo-Pacific Economic Framework (IPEF) to promote inclusive growth for U.S. workers and businesses and support our competitiveness going forward. USTR is leading IPEF's trade pillar, where we are pursuing high-standard commitments. While the Administration is not currently considering tariff liberalization, IPEF will enhance market access for American exporters by knocking down regulatory barriers and establishing rules that facilitate market access.

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#### QUESTIONS SUBMITTED BY SENATOR CHRISTOPHER COONS

*Question 1.* The WTO Ministerial decision on TRIPS states: "No later than 6 months from the date of this Decision, Members will decide on its extension to cover the production and supply of COVID-19 diagnostics and therapeutics." In light of the Administration's position that any waiver should deal only with vaccines, will USTR engage in these negotiations?

*Answer.* In the interest of achieving consensus across the 164 Members of the WTO, Members focused on securing an outcome with respect to COVID-19 vaccines, with the potential to expand to COVID-19 diagnostics and therapeutics within 6 months. We are starting our domestic consultations on whether to extend the Decision to cover the production and supply of COVID-19 diagnostics and therapeutics and look forward to continuing to engage with Congress and all relevant stakeholders on this topic.

*Question 2.* In October, you announced a reengagement with the PRC on trade; in your testimony, you noted "several rounds of difficult discussions" with the PRC following that announcement and stated that the United States must "turn the page on the old playbook" with respect to its engagement with the PRC on trade issues.

What will be USTR's strategy for engagement with the PRC on trade, going forward?

*Answer.* In October 2021, we launched a direct dialogue with China regarding China's failure to fulfill the purchase commitments made in the U.S.-China Economic and Trade Agreement, commonly referred to as the "Phase One Agreement." We also have been raising our concerns relating to China's harmful non-market policies and practices that were left unaddressed by the Phase One Agreement, particularly China's state-directed industrial targeting, which has had a devastating impact on American workers and businesses as well as on our allies and partners.

While we continue to keep the door open to conversations with China, including on its Phase One Agreement commitments, we also need to acknowledge the Phase One Agreement's limitations, which did not focus on some of China's most harmful practices, namely economic coercion and non-market practices. Going forward, our strategies will also include vigorously defending our values and economic interests from the negative impacts of China's unfair, non-market policies and practices. At the same time, we are not solely relying on bilateral engagement. We are actively reaching out to and enhancing our engagement with like-minded trading partners, both directly and through multilateral institutions, as we seek to develop and execute joint or coordinated strategies for addressing the unique challenges posed by China.

As part of this effort, we are prepared to use whatever trade tools we have that may be necessary to protect U.S. interests. That includes working with Congress to develop new trade tools that take into account the realities of what trade looks like today.

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#### QUESTIONS SUBMITTED BY SENATOR JERRY MORAN

*Question 1.* Given that current vaccine supply already exceeds demand, how will agreeing to waive US intellectual property lead to higher vaccination rates?

*Answer.* The WTO Ministerial Decision on the TRIPS Agreement is one part of a holistic approach to getting as many safe and effective COVID-19 vaccines to as many people around the world as possible. The Biden-Harris Administration continues to work with the private sector and all possible partners to expand sustainable vaccine and critical medical supplies manufacturing and distribution around the world, an important component of strengthening our global health security. The uncertainty around the virus, including variants, means that the pandemic is not over. The goal of this Decision is to facilitate production among WTO Members who do not have that ability and to diversify vaccine production. The Decision could help some developing country Members, such as South Africa, on such efforts. Developing distributed manufacturing capacities will foster regional self-sufficiency on vaccine production.

*Question 2.* The United States has never in its history agreed to such a broad waiver of intellectual property. What does USTR see as the costs of this waiver and how did you weigh them in arriving at the decision to consent to the IP waiver?

*Answer.* During a previous global health crisis—the HIV/AIDS crisis in 2002—WTO Members agreed to a waiver in connection with the implementation of paragraph 6 of the Doha Declaration on TRIPS and Public Health. The pandemic is another global health crisis that calls for WTO Members to respond. The Administration believes strongly in intellectual property protections, but in service of ending this pandemic, supported a waiver of those protections for COVID-19 vaccines.

*Question 3.* In agreeing to the TRIPS IP waiver, WTO agreed to consider in 6 months whether to extend the IP waiver to therapeutics used to treat COVID.

- Will USTR support this broader waiver?
- What factors will USTR weigh in reaching a decision?
- Is USTR concerned that the prospect of a future waiver, even if it's not enacted, could have a significant chilling effect on investment into new COVID therapeutics that could potentially save lives and improve health outcomes?

*Answer.* We are starting our domestic consultations on whether to extend the Decision to cover the production and supply of COVID-19 diagnostics and therapeutics and look forward to continuing to engage with Congress and all relevant stakeholders on this topic.

## QUESTIONS SUBMITTED BY SENATOR SUSAN COLLINS

*Question 1.* Since the Softwood Lumber Agreement expired in 2015, the U.S. and Canada have been locked in a trade dispute that has resulted in the U.S. imposing both countervailing and antidumping duties on Canadian softwood lumber imports. These tariffs are very harmful to Maine businesses, many of which work closely with Canadian sawmills right across the border. High lumber prices also affect the availability of affordable housing for millions of Americans. We need long-term certainty and stability in the softwood lumber market, and particularly amid rampant inflation.

In November 2017, Canada appealed the Commerce Department's original determination to impose duties on Canadian lumber. NAFTA rules that apply to this appeal require that a panel be established and reach a final decision within 315 days of the appeal being made. It has now been over four and a half years, or almost 1,700 days, since Canada requested this review and yet a panel has not been established.

—Ambassador Tai, when will the panel be established so that it can reach a decision, which is long overdue?

—Do you plan to meet with your Canadian counterparts to negotiate a new Softwood Lumber Agreement?

*Answer.* USTR is engaged with our Canadian counterparts regarding the important task of composing panels. The United States has proposed candidates to complete NAFTA panel composition, but Canada has not acted on our proposals.

I continue to discuss softwood lumber with my Canadian counterpart in every meeting. The United States is open to resolving our differences with Canada over softwood lumber, but it would require Canada to address its policies that create an uneven playing field for the U.S. industry. Unfortunately, to date, Canada has not been willing to address these concerns adequately.

*Question 2.* As you know, Section 301 tariff exclusions for imports from China expired in December 2020. In March of this year, USTR announced that it would reinstate 352 exclusions that were previously granted, and that these reinstated product exclusions would apply retroactively to October 12, 2021 and extend through December 31, 2022.

One Maine company, Hussey Seating, located in North Berwick, is a family-owned business that designs, manufactures, and sells spectator seating systems around the world. I appreciate that USTR granted all three of Hussey Seating's product exclusion requests, at my urging. Making these product exclusions permanent, however, would provide much more certainty to Hussey and other companies that rely on certain imports.

—Has the USTR given any consideration to making these Section 301 product exclusions permanent, rather than going through the lengthy and uncertain process of assessing and extending them again?

—I understand that the USTR does not currently have a process in place to accept new exclusion requests. Is the USTR considering restarting a process to permit businesses to apply for exclusions?

*Answer.* The Biden-Harris Administration is continually reviewing the China Section 301 tariffs; this process is a key part of the Administration's deliberative, long-term vision for realigning the U.S.-China trade relationship around our priorities and making trade work for American workers and businesses. The statutory 4-year review also provides an opportunity to assess the tariffs.

In addition, we are continuing to consider additional modifications and exclusions processes, as warranted.

## QUESTIONS SUBMITTED BY SENATOR JOHN BOOZMAN

*Question 1.* What is USTR doing to ensure the second dispute initiated under USMCA on Canada's dairy tariff rate quota administration will result in a different outcome than the first dispute, including measurable increases in US access?

*Answer.* We are carefully considering next steps to ensure that the United States gets the full benefit of the market access for American dairy workers, farmers, and exporters that Canada committed to under the USMCA.

*Question 2.* Are you aware, higher energy costs, supply chain disruptions, Russia's invasion of Ukraine along with other geopolitical tensions, and additional duties on imported fertilizers have resulted in significant price increases on fertilizer and other agricultural inputs for U.S. producers. A recent report by economists at the

Agricultural and Food Policy Center (AFPC) at Texas A&M University found nitrogen prices alone have increased 133 percent in the last year. What actions have you taken to help alleviate the surging global prices for fertilizer and other agricultural inputs? What actions are you taking to engage China to restore its exports of phosphate and urea in the global marketplace?

*Answer.* USTR has been working closely with USDA on various food security issues. USDA is making \$500 million available through a new grant program this summer to support independent, innovative and sustainable American fertilizer production to supply American farmers. The new program will increase competition in a concentrated market; create good-paying jobs at home while reducing the reliance on potentially unstable or inconsistent foreign supplies; and improve upon fertilizer production methods to jump start the next generation of fertilizers produced here in the United States.

USTR is also working with the interagency to encourage multilateral development banks, the Food and Agriculture Organization, and the International Fund for Agricultural Development to finance projects to expand fertilizer production, as well as increase the efficient use of fertilizer and precision agriculture throughout the world to lessen the global dependence on Russia. We will continue to work internally within the administration and with our allies and partners to find additional ways to resolve the global fertilizer shortage and prevent similar shocks in the future.

*Question 3.* The Phase 1 Economic and Trade Agreement requires the trajectory of Chinese imports of U.S. products to continue beyond 2021, what actions are you taking to ensure China continues to meet the purchasing goals set forth in the agreement?

*Answer.* It is apparent that China did not fully implement its Phase One Agreement purchase commitments, and we have been discussing with our Chinese counterparts how China plans to rectify the purchase shortfalls. We continue to consult with China on this and other trade matters, and all options remain on the table in dealing with China's compliance failures. We also need to acknowledge the limitations of the Phase One Agreement and past approaches to dealing with China. We are prepared to use all available tools, and by exploring possible new tools as necessary, to defend our economic interests in the face of China's unfair policies and practices. We are also working more closely with like-minded trading partners on issues of shared concern and new potential strategies.

*Question 4.* Thank you for your work in protecting U.S. farmers at the WTO-standing strong against India's ploys to expand their agricultural subsidies and public stockholding programs. As you know, rice is an important commodity in Arkansas and our farmers have been operating at a competitive disadvantage to India for years because of their trade distorting policies. Myself and 17 colleagues sent you a letter to this effect in December 2021. Can you commit to taking action to address India's behaviors and hold them accountable at the WTO?

*Answer.* I share your concerns regarding India's domestic support policies and am committed to holding our trading partners accountable to their international trade commitments. I also appreciate the reference to your letter of December 2021, which highlights that U.S. agricultural producers and exporters, particularly in the rice and wheat industries, are disadvantaged as a result of Indian domestic support policies.

India is a notable competitor for U.S. farmers, including Arkansas rice farmers, in third-country markets, and its agricultural policies impact our ability to export grains and other products both to India and globally. USTR and USDA staff are closely reviewing India's domestic support measures, and we are considering all options to ensure that U.S. exports can compete on a level playing field. In addition, the United States is working closely with a sizeable and growing coalition of World Trade Organization (WTO) Members in Geneva who share our concerns regarding India's domestic support policies. In May, the United States and other concerned WTO Members initiated technical consultations with India under the Bali Decision on Public Stockholding for Food Security Purposes.

Additionally, at the 12th Ministerial Conference of the WTO in June, I am pleased that we were able to uphold important WTO commitments on agriculture by standing up to India's demands that its public stockholding programs be exempted permanently from WTO limits on trade-distorting agricultural subsidies.

*Question 5.* Can you elaborate on USTR's China strategy? Does USTR plan any tariff relief, and will USTR initiate a new 301 investigation into Chinese subsidies?

*Answer.* A major component of the Biden-Harris Administration's trade agenda is the realignment of the U.S.-China trade relationship. Since last year, we have

launched a direct dialogue with China, and have pressed China to live up to its commitments under the Phase One Agreement. We have also raised concerns regarding China's state-directed, non-market policies and practices that were not addressed in the Phase One Agreement. Several rounds of difficult discussions made clear the limits of China's interest in delivering on those obligations. And that is why it is time for us to turn the page on the old playbook. China's non-market policies and practices unfairly target U.S. workers, businesses and key sectors. We have to use all available tools and develop new tools to defend our economic interests and values. President Biden recognizes that market economies must act in concert to confront policies that are fundamentally at odds with the modern trading system. And that is why we have also brought a renewed focus to engagement with our partners and allies, who also are negatively impacted by China's unfair trade and economic practices.

The Administration is continually reviewing the China Section 301 tariffs, as a key part of our deliberative, long-term vision for realigning the U.S.-China trade relationship around our priorities. As part of this process, in March, we reinstated exclusions where American workers, farmers, and domestic producers would benefit. The statutory 4-year review also provides an opportunity to assess the tariffs. We are continuing to consider additional exclusions processes and modifications, as warranted.

*Question 6.* As you know, the Administration has launched a number of non-trade, trade agreements, including IPEF, TCC, and Latam. How does USTR intend to link these together? That is, if you are focusing on trade facilitation in all three, are there best practices that should be common to all three?

*Answer.* We are developing a worker-centered trade policy that benefits U.S. workers and consumers, and ensures that U.S. companies can continue to innovate and create new economic opportunities both in the United States and abroad. Our initiatives are linked by a common goal of trade arrangements that include high standard commitments in the areas of labor, environmental sustainability, transparency and good regulatory practices, and trade facilitation. This Administration takes a strategic approach when engaging our partners worldwide. As each partner is different, we have and will continue utilizing all our trade policy tools to come up with innovative arrangements, whether in the context of a large trade arrangement or through other formats that would secure market access and provide the greatest economically meaningful outcomes for the United States. We look forward to continued close coordination with Congress on these initiatives.

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#### QUESTIONS SUBMITTED BY SENATOR SHELLEY MOORE CAPITO

*Question 1.* I brought up this question last year during the fiscal year 2022 hearing. However, I still have concerns surrounding Jingye Group, a Chinese steel and iron manufacturer, had purchased British Steel—a steel manufacturer with facilities across the UK and Europe. As we continue to place focus on China's trade practices, I worry that acquisitions such as these could lead to the circumvention of U.S. trade law. My staff has reached out to USTR more than a few times to get a better understanding how the quotas and auditing process will work under the new agreement without receiving a sufficient response.

- Are the quotas in the Trade Rate Quotas (TRQs) with the EU and the one being negotiated with the U.K. divided out by Harmonized Tariff Schedule (HTS) code or is it just a lump sum of all steel tonnage?
- Can you elaborate on how the “melted & poured” requirement in the EU deal will be policed? What penalties will be levied for breaking the rules of the agreement?
- Will the results of the annual audits under the U.S. and U.K. be published for review?

*Answer.* The U.S. announcement of actions on EU imports under Section 232 provides that the aggregate annual import volume under the steel TRQ is set at 3.3MMT under 54 product categories (HTS codes for these product categories are listed in Annex 1 of the U.S. announcement <https://ustr.gov/sites/default/files/files/Statements/US%20232%20EU%20Statement.pdf>). This annual volume is allocated by product category on an EU member state basis in line with the 2015–2017 historical period.

The U.S. announcement of actions on UK imports under Section 232 provides that the aggregate annual import volume under the steel TRQ is set at 0.5 MMT under 54 product categories (HTS codes for these product categories are listed in Annex

1 of the U.S. announcement <https://www.commerce.gov/sites/default/files/2022-03/UK232-US-Statement.pdf>). This annual volume is allocated by product category in line with the 2018–2019 historical period. The U.S. Customs and Border Protection, in consultation with the Department of Commerce, administers the TRQ.

With regard to the annual audit, the U.S.-UK joint statement provides that, upon completion, the results of the annual audits will be made available to the United States. The statement also provides that the United States will protect any audit properly identified as containing proprietary information from public disclosure to the extent permitted by U.S. law.

Additional information on the administration of the TRQ or the annual audit may best be obtained from the Department of Commerce.

*Question 2.* As part of the Phase One Agreement with China, Chinese leaders committed to buying an additional \$200 billion worth of American goods and services over 2017 levels by the end of 2021. However, analysis<sup>1</sup> of the trade data published in March 2022 founds that China only bought 57 percent of the U.S. exports they committed to make by the end of 2021.

—Do you anticipate whether there will be a phase two of the agreement?

—Will there be an effort taken by USTR to enforce China's compliance with the energy provisions that are part of the Phase One Agreement?

*Answer.* It is apparent that China did not fully implement its Phase One Agreement purchase commitments, and we have been discussing with our Chinese counterparts how China plans to rectify the purchase shortfalls. We additionally continue to press China to implement other commitments of Phase One, including those relating to agriculture and intellectual property. We continue to consult with China on these and other trade matters, and all options remain on the table in dealing with China's compliance failures. We also need to acknowledge the limitations of the Phase One Agreement and past approaches to dealing with China. We are expanding our strategies beyond exclusively pressing China for change or for compliance with past commitments. We are prepared to use all available tools, and by exploring possible new tools as necessary, to defend our economic interests in the face of China's unfair policies and practices. We are also working more closely with like-minded trading partners on issues of shared concern and new potential strategies.

*Question 3.* As a result of the pandemic and indefinite work from home policies, many Americans are considering the option to move to rural areas, like my state of West Virginia. However, lumber prices have more than tripled since last spring and are further increased by tariffs on Canadian softwood lumber.

—Is your team working on a new softwood lumber agreement with Canada?

—Will you make this a priority?

*Answer.* I understand your concerns about spikes in lumber prices over the past year and a half, which have been followed by a downward trend due to changes in supply and demand as our economy recovers from the pandemic.

I continue to discuss softwood lumber with my Canadian counterpart in every meeting. The United States is open to resolving our differences with Canada over softwood lumber, but it would require Canada to address its policies that create an uneven playing field for the U.S. industry. Unfortunately, to date, Canada has not been willing to address these concerns adequately.

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#### QUESTIONS SUBMITTED BY SENATOR JOHN KENNEDY

*Question 1.* Thank you for your work in protecting U.S. farmers last week at the WTO—standing strong against India's ploys to expand their agricultural subsidies and public stockholding programs. As you know, rice is an important commodity in Louisiana and our farmers have been operating at a competitive disadvantage to India for years because of their trade distorting policies. Myself and 17 colleagues sent you a letter to this effect in December. Can you commit to taking action to address India's behaviors and hold them accountable at the WTO?

*Answer.* I share your concerns regarding India's domestic support policies and am committed to holding our trading partners accountable to their international trade commitments. I also appreciate the reference to your letter of December 2021, which highlights that U.S. agricultural producers and exporters, particularly in the rice

<sup>1</sup> <https://www.piie.com/blogs/realtime-economic-issues-watch/china-bought-none-extra-200-billion-us-exports-trumps-trade>.

and wheat industries, are disadvantaged as a result of Indian domestic support policies.

India is a notable competitor for U.S. farmers, including Louisiana rice farmers, in third-country markets, and its agricultural policies impact our ability to export grains and other products both to India and globally. USTR and USDA staff are closely reviewing India's domestic support measures, and we are considering all options to ensure that U.S. exports can compete on a level playing field. In addition, the United States is working closely with a sizeable and growing coalition of World Trade Organization (WTO) Members in Geneva who share our concerns regarding India's domestic support policies. In May, the United States and other concerned WTO Members initiated technical consultations with India under the Bali Decision on Public Stockholding for Food Security Purposes.

Additionally, at the 12th Ministerial Conference of the WTO in June, I am pleased that we were able to uphold important WTO commitments on agriculture by standing up to India's demands that its public stockholding programs be exempted permanently from WTO limits on trade-distorting agricultural subsidies.

#### SUBCOMMITTEE RECESS

Senator SHAHEEN. So thank you very much, Ambassador Tai. This hearing stands in—subcommittee stands in recess until the call of the Chair.

[Whereupon, at 11:12 a.m., Wednesday, June 22, the subcommittee was recessed, to reconvene subject to the call of the Chair.]