

Aug 13 2018

Hatch Talks Free Trade at World Trade Center Utah Event

SALT LAKE CITY—Today Senator Orrin Hatch (R-UT), Chairman of the Senate Finance Committee, spoke at a thought leader symposium hosted by the Salt Lake Chamber of Commerce and World Trade Center Utah on the issue of international trade.

In his remarks, Hatch spoke about the role free trade has played in Utah's economic development from the time the Utah territory was created in 1850. He spoke about the importance of free trade to Utah today, and the dangers of protectionist trade policies. He also discussed actions he will take if the administration continues to enact trade policies that hurt Utah families.

"If the administration continues with its overreliance on tariffs, especially on our allies, I will work with colleagues on and off the Senate Finance Committee to advance trade legislation to reform presidential trade authority. I have told the president this myself."

The full speech, as prepared for delivery, is below:

It's a great pleasure to join the World Trade Center of Utah and the Salt Lake City Chamber of Commerce today. I'm grateful to be a small part of the Thought Leader Symposium and to discuss big ideas at the Little America Hotel.

Today's gathering of business and community leaders echoes the mission of the World Trade Center Utah: to help Utah companies think, act, and succeed globally. That outward-looking mission – which is at the heart of the Chamber of Commerce – matters not because success in global commerce is an end in itself; it matters because success in the global economy is essential to prosperity at home.

Here in the United States, that message has long been the case. The ability to freely exchange goods and services with people around the world was a key part of our independence. It's revealing that in the Declaration of Independence, among the grievances the Founding Fathers levied against the Crown was, "cutting off our trade with all parts of the world."

The freedom to trade is not a new issue for the American people or, for that matter, Utahns. Since the Utah Territory was created in 1850, the region's economic prosperity has depended upon outward-looking innovation, expansion, and trade.

In the intermountain region of that period, innovation meant replacing a barren desert with the beautiful city we now live in. Expansion meant connecting America's first transcontinental railroad, completed just a few miles north at Promontory Summit. Trade in goods meant exchanging sawmill parts along the Weber River, and trade in services meant fixing wagon wheels along the Salt Lake Valley.

Today, innovation, expansion, and trade remain firmly at the heart of Utah's economic prosperity. If you substitute Silicon Slopes for Salt Lake City, robotics for railroads, 3-D printing for sawmill parts, and artificial intelligence for wagon wheels, you have about the same disruptive dynamics that existed over a century and a half ago.

We live in a time of stunning economic development and technological advances. But as with all great social transitions, there will be difficult and sometimes painful adjustments. In many ways, free and open trade is at the crest of this ongoing transformation.

I make no secret of my support for free markets and free trade. Since the end of the Second World War, our nation has maintained an open market to foreign imports and foreign capital, while promoting free trade and capital flows abroad. Our nation did not become the world's leading economy by chance: much of the reason was the deliberate result of an economic agenda that embraced freer markets and freer trade, setting the stage for the expansion of individual freedom, shared prosperity, and global peace.

Free and open trade is good for the national interest. This seems like common sense, but it requires constant reminding today. We must re-make the case for why trade makes the economy great while finding ways to make trade even better. The alternative to free trade—including protectionist policies such as tariffs—will, over time, cost American jobs, growth, and stability.

So today, I would like to make the case for free trade. In doing so, I would like to concentrate on three straightforward questions: First, why is trade important to Utah? Second, how does trade benefit our nation? And third, what is the current state of US trade policy?

As suspenseful as those questions might be, I will offer my conclusion right away: more trade, not less, profoundly benefits Utahns and the American people. Meanwhile, protectionism not only corrodes our economy, but our global and moral standing.

So, why is trade important to Utah?

Reasonable people can disagree on economic policy, but overall, opening up our market to trade with others has benefitted our state immensely. This point may seem self-evident, but if you need convincing, consider just a few statistics:

International trade, including exports and imports, directly supports almost 353,000 Utah jobs. In other words, nearly one in five jobs in our state are tied to trade. These trade-related jobs grew 2.5 times faster than total employment from 1992 to 2016. Better still, those jobs pay around 16 percent more than jobs unrelated to trade.

Our state exported \$11.6 billion dollars in goods last year, and \$6.3 billion dollars in services the year before. On top of that, 84 percent of all Utah exports came from small and medium-sized businesses. Free Trade Agreement markets account for 27 percent of Utah exports, and in the span from 2007 to 2017, exports from our state to Free Trade Agreement markets increased 75 percent.

Now, some observers might discount such statistics as nothing more than dry numbers. But these are real jobs being performed by real people, and more and more Utah livelihoods are increasingly tied to trade.

Take, for example, Bish's Steel Fabrication. Bish's makes custom industrial equipment right here in Salt Lake City, selling to customers in the United States and around the globe. Bish's has been in business since 1945, but because of the recent metal tariffs, the company is worried about its future.

Utah agriculture is also dependent on trade. In 2015, Utah sent more than \$420 million of agricultural products to foreign markets. From hog farmers to cattle ranchers, expanding Utah's market share abroad is critical to their success at home. Our farmers and ranchers are rightly worried about the fallout from tariffs.

Utah's services sector also relies heavily on open trade. Consider that more than 42,000 Utah workers are employed by foreign-owned companies in the state. We also benefit from the products of open trade. Cheaper foreign imports help keep prices down on everyday goods, from the phones in our pockets to the cars we drive.

That free trade benefits Utah is clear. But how does trade benefit our nation?

This question is especially relevant in light of a rising populist wave that threatens to undermine everything we have achieved as a result of free trade.

Let's take a moment to look at the big picture. In economic terms, we happen to be the strongest nation in the world today. And by most accounts, we just keep getting stronger.

Last week's job report marked unemployment at 3.9 percent, which is down from nearly 10 percent nine years ago. Workers' wages are growing faster than they have in a decade and the economy just grew at its fastest pace in a single quarter since 2014. On top of the 1.5 million jobs created following tax reform – which was no small feat in and of itself – the economy is powering ahead.

But despite having the world's strongest economy, our nation cannot reach its potential without a well-functioning, open trading system. The interdependence of the modern world is not a policy. It's a reality.

Since the end of the Second World War, America has led the way to break down trade barriers and create a rules-based global trading system. Our nation has led unilaterally, through key bilateral relationships, and where appropriate, in multilateral cooperation such as NATO and the World Trade Organization.

The American-led, rules-based system has enabled unprecedented growth, stability, and prosperity. And the results – with a track record running more than 70 years – speak volumes. America today is the world's largest trading nation, largest foreign direct investment source, and largest foreign direct investment destination.

Put another way, America is the world's production and investment platform of choice.

That platform has helped unleash productivity and the creation of jobs. Last year alone, the United States exported \$2.9 trillion dollars in goods and services, which in turn supported 36 million American jobs. You can expect those numbers to grow in the years to come.

Why? Just look at the numbers: 95 percent of the world's consumers and 80 percent of global GDP lie outside our borders. In a world where population and markets are power, where by the middle of this century, the economies of China and India will each be several times the size of Germany's, our nation can ill afford to be isolated.

This might sound a bit old fashioned – just another octogenarian waxing about how America should correctly engage the world. But the argument for free and open trade isn't for light or sentimental reasons. All you have to do is ask a Utah farmer or tech startup to know that trade no longer means simply crossing borders; trade is an interconnected flow of goods, services, investment, people, and ideas along an extended value chain.

The impact of trade goes much further than value chains and economic benefits. Trade also serves as a tool for strengthening partnerships and alliances, and has been an anchor to global peace and stability since 1945.

One example of that service occurred after the Second World War, when the United States provided greater access to Western European countries and Japan than our nation received from them. The idea was to reestablish the health and vigor of these countries through free and open trade, and thereby integrate them into an open, rules-based international order.

This was not a gesture to purely reflect goodwill; it also helped set the path for many of these countries to become close allies with America. This past Fourth of July, in my meeting with Chancellor Merkel, we discussed this shared history, and how free and open trade has been – and remains – a fulcrum point to the special transatlantic relationship.

To be sure, not all have witnessed the horrors of the Second World War or have seen how the United States has helped shape the world since then. But we all have the responsibility of learning from the past, of how we as Americans helped shape world events, and how those events, in turn, shaped who we are today.

Indeed, our nation's long embrace of free markets and free trade tremendously advanced not just our economy, but also our leadership and influence around the world.

With that in mind, where does US trade policy stand today?

I wish to begin by saying that I am one of the president's strongest supporters in most matters. I have been steadfast in working with President Trump on our shared economic agenda, especially passage of the most important piece of tax reform in a generation.

Tax reform is already providing significant relief to families and businesses—both large and small. Businesses across the country are now more globally competitive and are investing in their workforces through wage hikes, bonuses, and increased 401(k) contributions that benefit Utah workers, families, and communities.

But the roaring economy that we worked together to build for American workers and businesses is at risk because of the administration's recent actions regarding tariff policy. Tariffs against our allies and partners in Europe, Canada, Mexico, and around the world are harming American farmers and manufacturers, and raising costs for the nation's families. If this continues, our economy will suffer.

I have long advocated for implementing enforceable international rules that level that playing field for American businesses, innovators, and entrepreneurs, and I have consistently fought to protect US intellectual property rights around the globe. But the recent actions on tariffs will harm, rather than protect, the American people.

The administration has implemented or threatened tariffs on more than \$660 billion dollars of US imports. Plain and simple, tariffs are taxes on American businesses and consumers. These actions put American families and businesses at risk, and threaten to undermine the success of tax reform. Furthermore, they close off international markets that Utah farmers, ranchers, and businesses depend on.

I have heard from businesses across the state hurt by the imposition of steel and aluminum tariffs. Bish's Steel Fabrication, which I mentioned earlier, is but one example among many. Utah manufacturers are struggling with higher steel and aluminum costs and, as a result, are struggling to compete against their global competitors.

Utah farmers and ranchers are hurting less from the administration's metal tariffs, and more from the retaliatory tariffs and trade actions that countries have imposed in return.

I have also been hearing from US car manufacturers, who share deep concerns about the consequences of raising tariffs on cars, trucks, and automotive parts. Such tariffs would not just hit Utah car dealerships and auto-part businesses, but would hurt Utah consumers, the US economy, and our international alliances.

Some of my colleagues have been pressing the need for legislation to restrict the trade authorities that Congress has delegated to the president. I'm sympathetic to their efforts. If the administration continues with its overreliance on tariffs, especially on our allies, I will work with colleagues on and off the Senate Finance Committee to advance trade legislation to reform presidential trade authority. I have told the president this myself.

To be clear: I want the president to hold our trading partners accountable. I want him to negotiate

strong deals that help U.S. workers and businesses compete around the globe. And I agree with the president that we have to confront the real challenges posed by China.

That's why I have recommended that the president engage in negotiations with China using a targeted strategy to address their unfair trade practices. While those efforts are underway, the administration should not impose further tariffs on our allies and partners, particularly on autos and auto parts. This approach would enable the president to safeguard the economic growth we have worked so hard to achieve, and also give him a stronger negotiating position with China. Such an approach also strengthens our nation's alliances that are of vital strategic interest.

To conclude: more trade, not less, benefits Utahns and the American people. Meanwhile, protectionism not only corrodes our economy, but our global and moral standing as well.

We must not lose sight of the values, policies, and institutions which have wrought immense progress. For the American economy to compete and lead, our nation must embrace trade policies that are free, fair, and open.

I am confident that significant trade gains can be made to the benefit of the working men and women of America, and I will continue do everything in my capacity as your senator to advance those goals.

By so doing, we can help Utah companies think, act, and succeed globally to help bring prosperity for all.

###