

OPENING STATEMENT OF JOHN MCCAIN, RANKING MEMBER  
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION  
FULL COMMITTEE HEARING  
ARE TRADE AGREEMENTS REALLY INVESTMENT AGREEMENTS?

AUGUST 1, 2001

- Thank you, Mr. Chairman – once again, I would like to commend you for continuing the dialogue on this important topic. While the members of this Committee may not always agree on trade-related issues, I believe we all benefit from this discussion. Thank you for your perseverance on this matter.
- As we move toward a global economy, with countries increasingly interlinked, trade agreements have ascended to center stage, and the United States cannot afford to wait in the wings.
- I realize that critics of trade agreements and U.S. investment abroad fear the exportation of American jobs, and the abuse of nations with cheap labor and low environmental standards. Sceptics will always find examples to support their arguments.
- The reality, however is that trade agreements enable domestic expansion, reduce foreign barriers to U.S. products and industries, and ensure that the United States remains competitive in the international marketplace. U.S. foreign direct investment abroad flows to developed economies, rather than underdeveloped. Economic expansion, maintenance of global stability, enhanced security, and improved multilateral relationships are merely a few of the numerous benefits of foreign trade.
- Whether we like it or not, we live in a global economy -- and today, U.S. businesses, workers, and consumers rely on the global economy for jobs, markets in which to sell goods and services, and affordable products to consume. Today one in every three acres of U.S. farmland is planted for export, and more than 12 million U.S. jobs now depend on trade.
- NAFTA provides an excellent example of the benefits of trade. Together, the Uruguay Round trade agreement and NAFTA increased U.S. national income by \$40 to \$60 billion a year. From the time of NAFTA's implementation until very recently, the United States experienced the longest peacetime economic expansion in history. Unemployment fell from 7% to 4%. The U.S. gross domestic product grew by more than \$2 trillion. And real family income in the U.S. rose by an average of \$2,500. Since the signing of NAFTA, trade between the United States and Mexico has tripled. As of 1999, the U.S. Chamber of Commerce estimates that NAFTA was responsible for the creation of more than 685,000 new export-related jobs in the United States.

- Mexico also experienced substantial economic benefits from NAFTA. Since implementation, Mexico's GDP has increased at an average rate of 3.7% a year. Foreign direct investment has improved the lives of Mexican workers who now earn 48% more than the average national wage from their work in foreign-owned subsidiaries. NAFTA sparked a Mexican export boom, credited with the creation of 3.5 million jobs since August of 1995.
- The expansion of free trade also promotes democratic values such as transparency, rule of law, protection of private property, and freedom of the press. NAFTA, for example, I strongly believe, can be credited in part for Mexico's successful transition to democracy after 70 years of one-party rule.
- I would like to applaud Secretary Evans for his efforts to expand trade and economic cooperation abroad, particularly in his efforts to promote trade negotiating authority. Although part of a new administration, Secretary Evans is well versed in the issues surrounding the trade debate, and I look forward to hearing his perspective.
- This is not a new debate. In fact it goes back to the founding of this nation, and will undoubtedly continue. Time and time again we as a nation are faced with the choice of engaging in global affairs, or retreating within our own borders. I believe that as a country we must be globally engaged, and commit ourselves to the expansion of free trade.
- I hope that as a result of this hearing, we will all come away with a better understanding of the greater issues involved.