

# The United States Senate Committee on Finance

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## Hatch Statement at Finance Hearing Considering Trade and Pension Nominations

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement during a committee hearing considering nominations for the Office of the United States Trade Representative and the Pension Benefit Guaranty Corporation:

*Today we have before the committee two nominees: Marisa Lago, who has been nominated to serve as Deputy United States Trade Representative, and Thomas Reeder, who has been nominated to be the Director of the Pension Benefit Guaranty Corporation, or PBGC.*

*I want to welcome both nominees to the committee and commend them both for their willingness to serve.*

*Ms. Lago, if confirmed, you will be working during one of the most active periods for U.S. trade policy in recent history. After meeting with you, I believe you are a fine nominee and I feel confident that you are qualified to complete all the tasks that lie ahead.*

*I understand from USTR that you will not be responsible for any of the on-going trade negotiations. I find it strange that the administration does not empower its Deputy U.S. Trade Representatives, positions that have been created by statute and are confirmed by the Senate, to manage trade negotiations. However, that is a decision that the President has apparently made and I do not believe it should impact your nomination.*

*However, as we conduct this nomination hearing, negotiations to conclude the Trans-Pacific Partnership are underway. I want to take a few minutes to outline my expectations for a strong TPP agreement, with five key components that I believe are necessary to win sufficient support for the agreement in the Senate.*

*First, strong intellectual property rights protections are a critically important objective. Intellectual property is the backbone of*

*our modern economy, impacting large and small businesses across America.*

*In my home state of Utah, for example, half a million jobs and 67 percent of our exports are directly connected to intellectual property.*

*That is why the TPA law recently passed by Congress and signed by President Obama requires that trade agreements meet the high standards for IP protections found in U.S. law. I fully expect the TPP to reflect these standards, including twelve years of regulatory data protection for biologics, strong copyright and trademark protections, prevention of trade secrets theft, and transparency and procedural fairness for reimbursement decisions relating to medical devices and pharmaceuticals.*

*Second, we need to ensure that U.S. investors receive the same basic protections that we give to investors – foreign and domestic – here at home. This includes maintaining strong investor-state dispute settlement provisions that do not exempt products or industries from coverage.*

*Third, TPP must provide real and comprehensive market access opportunities for U.S. exporters. That means significant reduction, and ultimately elimination, of tariffs on U.S. exports of goods, services, and, of course, agricultural products.*

*Several parties to TPP are resisting our efforts to open agricultural markets. Let me be clear: If our TPP partners – like Japan and Canada – are not willing to open their markets to our exports, the final agreement will never receive sufficient support in Congress.*

*Fourth, TPP must also reflect the priorities set forth in our TPA law regarding digital trade. This includes ensuring foreign governments do not impede cross-border data flows and eliminating forced localization requirements. These commitments should apply broadly to all sectors, including financial services and public telecommunications.*

*Finally, an increasingly difficult problem our exporters face is unfair competition from state-owned enterprises. I want American businesses to be able to compete anywhere in the world. It is essential for TPP to ensure that state-owned enterprises – including those owned by sovereign wealth funds – act on a commercial basis.*

*I expect that the administration will reach a TPP agreement that meets these and other high standards outlined in our TPA law. Of course, if it falls short, Congress retains the right to reject the agreement or remove the expedited procedures, a right I will readily embrace if necessary.*

*So, as you can see, Ms. Lago, there are a lot of issues on USTR's plate. I trust you will do your best to see that the objectives I outlined are met.*

*Now, I'd like to take a few minutes to talk about Thomas Reeder.*

*For those that don't know, Mr. Reeder is a veteran of this committee and worked for Chairman Baucus.*

*Welcome back, Mr. Reeder.*

*If confirmed, you will serve during one of the most challenging periods the PBGC has ever faced. As you know, this agency was established by the Employee Retirement Income Security Act of 1974 to insure the pensions owed to employees under private defined-benefit plans. In the 40 years it has been in existence, the PBGC has become a very important agency, insuring pensions for more than 1.5 million participants in nearly 4,700 failed single-employer and multiemployer plans.*

*For example, the PBGC made \$5.6 billion in payments in FY 2014 alone.*

*But, in some ways, this understates the challenges faced by the PBGC, particularly when we're talking about multiemployer pension plans.*

*Last year, reports indicated that the deficits in PBGC's single-employer pension insurance program were projected to drop from more than \$27 billion to just over \$7 billion in 2023. However, the story for the multiemployer program was altogether different, as those deficits are projected to increase from around \$8 billion to nearly \$50 billion over the next decade.*

*Late last year, as part of the so-called Cromnibus, at the request of multiemployer pension plan managers, employers who contribute to multiemployer pension plans, and many unions representing employees, Congress passed the Multiemployer Pension Reform Act. This new law gives pension plan trustees the power, in extreme cases and pursuant to regulations published by the Treasury, to reduce benefits in order to avoid plan insolvency and increased future reductions.*

*So, as I have said before, this is a sobering moment for the pension system. And beyond the hardship some retirees inevitably will experience, it highlights both the challenge of delivering on the promise of lifetime retirement income and the stakes for retirees if the system fails.*

*So, Mr. Reeder, if confirmed, you will have your work cut out for you.*

*Once again, I want to welcome both of our nominees today and I look forward to their testimony.*

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