2026 TRADE AGENDA HEARING STATEMENT

Thank you Chairman Smith and Ranking Member Neal. It is good to be here today. It has been a busy year and so I'm looking forward to discussing how President Trump's trade policy is bearing fruit for American workers.

As you know, President Trump inherited the largest trade deficit in human history—$1.2 trillion annually. Between 2020 and 2024, the last year of the Biden Administration, the U.S. trade deficit in goods increased by over 40 percent. The trade deficit worsened every year by an average of nearly 8 percent during that period.

The result was a trade and production picture that was moving in the wrong direction for American workers.

Business sentiment for manufacturing had cratered wallowing at negative 6 or 7 percent for much of President Biden's last two years in office. After an initial recovery from the COVID-19 crisis, manufacturing jobs under President Biden dropped from 12.903 million in January 2023 to 12.673 million in January 2025 – a loss of 230,000 jobs in just two years.

Our supply chain risks also grew as critical production remained reliant on foreign sources or moved offshore. With the loss of domestic production, especially for food, prices remained high—consider that in just four years, President Trump's first term agricultural trade surplus had been replaced by the largest agricultural trade deficit in U.S. history.

These circumstances arising from our trade deficit, and more broadly our current account deficit, represent a national emergency.

And it is an emergency that Congress has recognized for decades. In the 1988 Omnibus Trade and Competitiveness Act, Congress made clear that:

"The principal negotiating objective of the United States regarding current account surpluses is to develop rules to address large and persistent global current account imbalances of countries, including imbalances which threaten the stability of the international trading system, by imposing greater responsibility on such countries to undertake policy changes aimed at restoring current account equilibrium, including expedited implementation of trade agreements where feasible and appropriate."

This is exactly what the President has done. In response to our growing trade and current account deficits, in just one year, a combination of tariffs and deals has helped drive a reversal in these trends. Since the introduction of the President's reciprocal trade program in April 2025 through February 2026 (the latest available data), the U.S. trade deficit in goods decreased by 24 percent compared with the same period a year earlier. Instead of an average annual 8 percent increase in the trade deficit in goods seen during the Biden era, in 2025 under President Trump, the rate of increase in the U.S. goods trade deficit has slowed significantly to only 2 percent.

A large part of this decrease is attributable to reduced dependence on China. Our trade deficit in goods with China fell to $202 billion in 2025—the lowest it has been since 2004. And China's share of total U.S. imports fell to about 9 percent, the lowest it has been since China joined the World Trade Organization (WTO) in 2001.

A reduction in our trade deficit, and overall import dependence, has benefited manufacturing and agricultural producers alike, while also supporting competitive U.S. service exports.

The President's program has driven manufacturing business sentiment well above the low levels seen during the Biden Administration. Real manufacturing worker pay has increased by $2,400 in one year under President Trump after falling $830 over the course of President Biden's four years in office.

Moreover, manufacturing productivity surged by 2.4 percent in the last quarter of 2025 compared to the same period in 2024 and manufacturing wages increased by 4.7 percent. In other words, the average American manufacturing worker is producing more goods and getting paid more to do so. There are nearly 440,000 manufacturing job openings in the United States, providing opportunity for Americans to transfer from unemployment or underemployment to higher-paying jobs in the manufacturing sector.

On the strength of these demand signals for American manufacturing labor, President Trump's policies have slowed and now reversed the trend of manufacturing job losses that prevailed under the Biden Administration, with the first quarter of 2026 showing positive manufacturing job gains.

Manufacturing jobs don't appear overnight with the imposition of tariffs. New capacity must first be constructed. That's why orders for capital goods used for production are skyrocketing during President Trump's second term, exceeding $4 billion each month of the fourth quarter of 2025. These are levels not seen since before China's entry into the WTO and are additional indicators of a surge in manufacturing in the United States.

Our agricultural community is one of the largest beneficiaries of these policies, with double-digit growth in exports in 2025 for key commodities like corn and dairy. Notably, the trade deficit in agricultural goods which had grown to $6.2 billion per month by the end of President Biden's term was slashed to an average of less than $1 billion for the last five months—beating expectations. The agricultural trade deficit is slated to fall even more this year as American farmers and ranchers take advantage of the new agreements on reciprocal trade deals brokered by President Trump. America is rebuilding its agricultural trade position, and we are better off for it.

Service providers have also benefited from new market access. In 2025, the U.S. services trade surplus reached a record high of $339.5 billion. In all of our trade deals, we ask partners not to adopt or maintain measures that discriminate against U.S. services or service suppliers, and to address existing barriers to our services exports. Additionally, in our trade negotiations and at the WTO, the United States is pushing for permanent duty-free treatment for electronic transmissions so that American digital and service exporters can compete on fair terms globally.

The basis of this program is the National Trade Estimate, a big book of the unfair trade practices faced by U.S. workers and businesses. For 40 years, this report was merely compiled by staff, put in a drawer, and largely forgotten. But last year, USTR put the National Trade Estimate to good use to negotiate the Agreements on Reciprocal Trade and knock down as many of these barriers as possible.

We have negotiated these substantive agreements in a very short period of time. Since 1985, the United States has negotiated only 14 free trade agreements. In the last year alone, we have concluded 9 Agreements on Reciprocal Trade and we have entered 9 additional framework deals that lay the groundwork for further market-opening arrangements, providing U.S. producers with increased access to some of the biggest economies in the world.

These deals are helping to rebalance our trade because they result in increased tariffs on trading partner exports to reduce excessive import dependence and support domestic reshoring, while also expanding market access for U.S. exporters.

The terms of these trade agreements are simple: each trading partner agrees that the United States can impose a certain level of tariffs in furtherance of its rebalancing and reshoring goals while simultaneously reducing its long-standing tariff and non-tariff barriers against U.S. exports. It is no coincidence that following this blitz of deal-making, U.S. exports reached $302 billion in January 2026 and $315 billion in February 2026—the highest monthly export figures in U.S. history.

Less dependence on foreign countries, expanded exports, and increased prospects for American manufacturing and jobs is exactly what the President's trade policy is supposed to do. Policymakers should be encouraging these trends instead of opposing the tariffs and deals that make them possible. It is frustrating that many in Congress are pushing so hard to go back to the stagnant, status quo Biden era of trade– with no enforcement actions, no trade deals, plummeting manufacturing jobs, and an exploding trade deficit – or even farther to a hyperglobalized world characterized by rampant offshoring and the loss of American manufacturing primacy.

The trade policy of the last thirty-odd years was not kind to American workers. It suppressed wages. It unnecessarily pitted industrial manufacturers against farmers. It celebrated China export dominance as a global good. It jeopardized our national security.

The entry of China into the WTO in 2001 cost this nation millions of jobs and tens of thousands of factories. And one recent study found that the negative health outcomes for workers that lost their jobs due to NAFTA outweighed any welfare gains associated with that trade deal.

As we move from the damaging trade policies of the past toward a global system of reciprocal and balanced trade, my team and I regularly are consulting with this Committee, its staff, and other Members of Congress. We have held over a thousand briefings with Members of Congress and their staff since the beginning of the Trump Administration on every aspect of USTR's work. And we intend to continue these robust consultations.

I hope that today we can have an honest conversation about the need for, and value of, this new direction of trade policy -- something that has been years in the making and is well overdue.