

U.S. Senator Maria Cantwell

Remarks at WCIT Summit

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[[VIDEO](#)]

Lori Otto Punke: [...] note at the beginning that we were able to have Ambassador Marantis and Senator Cantwell talk together. That would have been a home run and I said, “We'll just leave it there. We're going to have one panel, one discussion.” So thank you so much to both of you. Welcome.

And I'd love to just kick it off, jump right in, because I know that the Senator doesn't have a lot of time. So I just want to start with talking about the Trump tariffs, what they mean and what's the strategy.

So I'm going to start with Senator Cantwell. Let's just start a little bit about where we are. I think you've talked about the current state as being chaotic, and what are you hearing from your constituents? What concerns you most about President Trump's economic policy and the approach on tariffs? We're going to dive right in.

Sen. Cantwell: Well, thank you. Thank you for the invite and it's good to be here with all of you this morning, and happy St Patrick's Day. Yeah, I love being here in Seattle.

Yes, I think the panelists we just had talked about it, but yes, I definitely called it a tariff tantrum. I definitely called it tariff chaos. And now it's just simply a trade war. And the consequences to us in the Pacific Northwest, it is really a threat to our ethos. We are one of the most trade-dependent states in the country, and we just see the world differently.

We believe that innovation matters more than the tariffs in a fight to who's going to win in aerospace or agriculture or software or any of these issues. It is like we are in this horse race, but the President wants to put 25 pounds on our horse and make it harder.

And what do we want to do in the Northwest? We like opening markets. We like building alliances. We like innovating our way to success.

So make no mistake about it, one of the states that could see the biggest economic impacts from this is ours. And we have to be very loud about how [going forward on] an alliance approach of building more opportunities is really what we should be doing if we want to win in an economy that changes in the blink of an eye.

Punke: Demetrios, I'm going to ask you, having run a trade policy for President Obama, what do you see as the end game here?

Demetrios Marantis: Well, first, thank you so much for inviting me to be here at WCIT, and it's an honor to be here with you, Senator Cantwell. From the minute you walked into the Senate, you've always been such a commonsense voice on every aspect of trade, from the extent to

which it helps fuel jobs and growth in the United States, but also understanding that there are times where you need things like Trade Adjustment Assistance to help transition workers who may be displaced by trade. So it's an honor to be here with somebody who really understands and is a leading light on these issues.

Sen. Cantwell: He's saying I did lot of geeky work that nobody knows about. But that's ok. I work for you guys, so that's okay,

Marantis: Lori, I think I have very different views on what the end game is here. And I think one of the things that Brian Pomper just said really resonated with me.

I think there's a lot going on right now with tariffs, and it looks like the administration is really trying to extract leverage on, whether it's Canada, Mexico, Colombia, the EU, whoever. But I do think the fundamental reason for this is that the President does believe that tariffs make sense from an economic policy to bring jobs back to the United States.

I don't agree with that, but I do think that is the animating principle. And I think on April 2nd, when we see the proposed reciprocal tariffs come out, I do think that's really the end game, which is surround the United States with a wall of tariffs as a way of bringing back whatever he thinks is going to come back. Again, I don't agree with that, but I think that is the animating principle to his trade policy.

Sen. Cantwell: Well, if I could? Lori, we want you in the discussion, but he and I could probably go a long time, just on this point. And that is when you look at all the complaining he did about the USMCA, you that you would have thought that that free trade agreement would have been decimated. That's what he campaigned on. "I'm getting rid of it."

And then, in reality, we modernized it. I'm glad we modernized it. I'm glad that we made a few changes, particularly in the digital space, to upgrade it. But it was a modernization. It wasn't a major rewrite. It was nothing that he basically claimed that he was going to do.

So what is all this complaining about? What is it really about? And every day, everybody's getting a, this way, that way, what's up, what's down? I know there's probably a lot of lawyers that probably will make a lot of money trying to figure this out and write memos.

But the reality is, when you think about what happened last time, he basically put tariffs on, cost our agriculture and many parts of our economy \$27 billion. He got Republicans to put taxpayers at risk for \$28 billion to make up for that.

And then what happened? What happened? Did we really get any major results from this? No, we didn't get any major results.

And in the meantime, what happens is you lose shelf space. This is the point I disagree with him philosophically. This is really, really a big philosophical difference, I think, in trying to represent our state. Is that, in the meantime, look at apples or lentils, which we lost with India because of reciprocal tariffs. And now we were able to force the apple market back open, but the lentil market, which was also caught up in that is, I mean, it's not recovered. It probably isn't going to recover. So why did we have this trade war and why did we have this fight?

So what I don't think the President understands is how fast change is happening, how much innovation really matters in driving what you're going to do and how you're going to be successful. And if you're in a prolonged trade war for two or three years, how do you know you're not going to have a realignment on other crops and other products besides just lentils? I'm a big lentil fan. We're the lentil capital. We grow the most lentils, but it's a very high fiber, high protein, self-nitrating crop. And it adds a lot of capacity, a lot of food product is now being built off of it.

So now what? Our lentil growers, because he wanted to create a trade war, are now basically out of what was a [\$160] million market in India that they may not get back because he wanted to do what? What did he want to do?

And so I question what the objectives are. I do think those -- I mean, he likes the tool. He's always liked this tool. And I'm saying, "Mr. President, slow down. This tool is going to cause a lot of damage. You're going to lose a lot of farmers. You're going to lose manufacturers. You could hurt our supply chain at a critical moment when we have been growing manufacturing jobs, because we did put the investment in innovation. And if you basically slow down the supply chain at the very moment when the United States is recapturing 700,000 manufacturing jobs, what kind of effect are you going to have on our competitiveness?"

Punke: I'd love to take just a moment, and I'll start with Demetrios on this one, I'd love to just talk a little bit about how we kind of got here. And then I'd love to turn to Senator Cantwell in a little bit on alliances.

But if we look back 15 years ago, I think trade policy, of course, was controversial in some sense, but there was really a bipartisan consensus to move trade forward and ahead. And it seemed that that shifted pretty dramatically in 2016 when you had both the major party candidates, presidential candidates at that time, talking against TPP, etc.

And then you had, Trump won, tariffs, and then you had the Biden administration, who didn't really pull back from that approach, but was incredibly diplomatic. And since then, now Trump has gone much further. So Demetrios, how do you think we sort of lost the bipartisan consensus on international trade policy?

Marantis: I think we lost the narrative. Trade was always about, why should we engage in global trade for the benefit of the US economy, It was part of a larger strategy. Trade suddenly became about just doing trade agreements, and I think we forgot to actually explain how that fits into the overall picture. How is trade complementary to education? How does healthcare affect trade? How does it fit into the overall arc of US competitiveness?

I think the high point, and this is where I think we need to think about rebuilding, I think the high point of trade policy was- and back in 1988 when the US passed the Trade Competitiveness Act of 1988, which was comprehensive. It talked about taxes, it talked about education, it talked about health care, and trade was a component of it. So it was understood that trade was part of what we are doing to stimulate and grow the United States' economy.

We stopped, we forgot that, and we started thinking about trade for the sole purpose of what trading partner can we do a trade agreement with? Not, why are we doing the trade agreement with this partner, and how does that fit into what we're trying to do, overall, for the US economy?

Punke: Senator Cantwell, can you talk to us a little bit about, on that note, global economic opportunity, and why alliances matter?

Sen. Cantwell: Well. Demetrios said it. Although I did have a driver driving around here in Seattle, who was about 23 years old, he was from Bellingham, Washington, and he said, "Senator, everybody knows trade changes culture." And I thought, "There you go." And that has been a big part of our agenda as well.

But there are real economic issues here, and those trade agreements that you mentioned, they took countries that we did agreements with, like Singapore, like Peru, like Chile, we marched through there and turned what were trade deficits into trade surpluses, and grew economic opportunity.

So the question is, in 2019, before COVID hit, the world population, the majority reached middle class. That's a huge economic opportunity. More people to sell to, more opportunities to sell US products to a higher income, growing population around the globe.

And look, this is stuff I got schooled on here in the Northwest. Remember in the 80s, we would go around and everybody's like, "How are you going to grow your business? Here's the map. How are you going to grow your business?" I mean, that's why there were all these exporters in our economy.

So now the question is, did that just go out the window? No, it didn't go out the window. In an Information Age economy, it is more imperative than ever to build alliances. Change is going to happen more rapidly, and the more people that you can be in alliance with to get your supply chain, to get your products, to work in collaboration, and open the door for those alliances, that is going to be the meal ticket, not a recession caused by tariffs.

So I'm advocating right now for, "You want to counter China? I want to counter China on issues." So I said, "Okay, what if the five most sophisticated democracies and technology countries like the United States, like India, you could pick a European partner, you could pick others, but what if we said, these are the rules for technology: You can't have a government backdoor. You have to respect privacy. You have to do these things. And no one in the world, Japan should be one of those partners, no one in the world should buy technology from companies that do not meet those standards."

All of a sudden, there would be a very large world community countering China, instead of us spending taxpayer dollars to rip out Huawei. And that is what we have to get to. We have to build those alliances that have only worked for us, hmm, I don't know, 250 years, but build alliances, and then use those alliances to create the kind of economic clout.

Now, maybe this President isn't alliance building, isn't in his day to day agenda. But I'm telling you, that is absolutely what we need to be doing. And when you look at those trading partners

that we built, actually the Bush administration built, those trading partners built by the Bush administration are the foundation, because now we see the numbers of those agricultural products, I see a lot of agriculture faces in the audience today, but those are opportunities to now look differently.

Okay, what else is happening? The President wants to talk about Panama. He wants to talk about Greenland. Well, the Chinese have had a forward position. So they've been in Panama, they've been in South America. They're opening the door. So why aren't we doing free trade agreements?

We know now that these countries we did the deal with have grown into a very large trading bloc for the United States of America. So the point is, what is it that we want to do? And the last thing I would say about alliances is just -- well, no, I'll stop there.

But I'm just a huge fan of trying to counter this narrative that somehow tariffs that usually last about three years before you resolve the trade dispute are somehow -- do you think, any sector that you guys are in, somebody raise their hand if you think that you can wait three years for your next competitive move. Does anybody think that?

No, I can see a lot of people shaking their head. No, you can't! Not in this kind of economy, you can't wait three years to figure out whether this is going to work or not.

Punke: I'd love to just talk -- I appreciate what Senator Cantwell said about that, and how do we move forward with trade. And if we set aside, I know this seems hard right now, but if we sort of set aside what's possible and not possible with President Trump, I wonder if we could just up-level the conversation.

I mean, Demetrios, what should US trade policy be right now? What would you be thinking about? Because I think Senator Cantwell was just talking about partnerships with our key allies and other things. How do you think about it right now? And what would you do, if not tariffs, how do you push back against unfair trade practices? I think that's kind of a two part there for you.

Marantis: Yeah, I think there are two things. I think there's the politics, and then I think there's the negotiation. I mean, politically again, we have to really reconnect trade to how it benefits jobs, how exports are good for the economy, etc. But putting that aside, I think what Senator Cantwell said about technology applies very much to trade agreements, too.

The system is broken. I mean, the WTO is broken, the international trading system as we have known it for the last 50 years is broken. How do we repair it? We start with our friends, and we build a like-minded coalition, which is in a sense what TPP endeavored to be, but something where we can start reforming the rules with our friends, and start there.

We're not going to solve the China conundrum overnight, but if we start with a small group of like-minded trading partners and build, others will come, and we'll be able to reform the rules that haven't quite worked and have caused the angst about international trade that I think people are feeling now.

Punke: And what about, just on tariffs, what's the best way to push back against unfair trade practices? Because I do feel like we're losing the narrative on that right now. And one of the things that concerns me, just speaking from a WCIT perspective, is the one thing that I think is really resonating with people is this idea of reciprocal tariffs; "Oh, that seems fair," like, well, "If they, then la da da." So I'm just curious how you would kind of approach that.

Marantis: I think we made the perfect the enemy of the good. And I think that there are instances where you really do have to stand up and be very, very strong when a trading partner is not abiding by rules. And the whole point of WTO dispute settlement was to do that, but it just didn't work.

And if there are ways, whether it's through export control, sanctions, or even tariffs, to punish an offending country for breaking the rules. I think we need to be aggressive.

However, at the same time, we need to be building the new regime, the new rules, of how do we deal with the challenges that are in the international trading system today.

Right now, this administration is doing one without doing the other, and is doing one very aggressively without really even thinking of the other. And you need to have a balance, you need to have a policy that opens markets but at the same time punishes violators.

Punke: Thank you. And Senator Cantwell, I know that you are still, I believe, an advocate for multilateral trade agreements. I just wanted to get your thoughts as to, again, I sort of opened up my framing of my question as saying, suspend what is possible in this moment.

But just sort of thinking bigger picture, more strategic down the road. How are you sort of thinking about those multilateral trade agreements or bilateral trade agreements. What would be your approach on support for trade agreements?

Sen. Cantwell: Well, I'm thinking about one thing. We're on the Pacific in the era of the Pacific, and we know how to do trade. And the president of the United States needs to listen to the Pacific Northwest.

And our suggestion to him is, spend as much time on the innovation side of the equation as you're spending on the tariff side of the equation. And if you do that, chances are we'll come out ahead.

But what does this tariff - if you replay the 2017, 2018 tariffs, and you basically say, we got literally next to nothing. We spent \$28 billion bailing out farmers. And then, now, you ask yourself, what are we going to get?

I'll tell you what I care most about right now, is that there's a 42,000-plane market, 42,000-plane demand over the next 10 years. And so when I think about this, I think, well, how are we going to win that opportunity? We have a lot of jobs here, but it really affects the whole United States economy.

So if we have a demand for 42,000 planes, and if you think about that at \$55 million a plane, that has a lot of effect on trade deficits, doesn't it? That could move the trade deficit -if his issue is

the trade deficit. If his issue is the trade deficit, then Mr. President, put pedal to the metal on some of your biggest economic opportunities and make sure you win there.

But right now, I know what they're going to do, they're going to put tariffs on -- and I think somebody, maybe it was the Seattle Times or an analyst said, that it's going to cost [the aerospace industry \$4.5] billion in higher aluminum and steel expenses.

So why would we take the biggest export of the United States and put it at risk, when in reality, it's like the USMCA. He complained more than the change that he actually brought.

So I don't know if he just likes, as Cleve was saying, he likes the tool of tariffs, he likes it. Okay, please don't like it so much, Mr. President! You're hurting manufacturers and growers and the Northwest economy at a time when the world is smaller, more connected than ever, and the competition is greater. Please spend more time thinking about that, so that we can win.

And when he says, I want to tariff chips, that he wants to take the semiconductor sector that we just got major investment in to bring the supply chain back to the United States, and now he thinks that he can just put tariffs on that, and somehow it's magically going to grow the ecosystem that we started to lose. I just disagree.

And so I just hope that we can shape this discussion with him. I've definitely had this conversation with the Treasury Secretary, for sure, for sure. And I think the conversation has to -- I'm going to work with my colleagues on both sides of the aisle to get them to say, this is an Article One responsibility. This isn't the President. This is very specific, foreign commerce! It's the Congress's responsibility. So let's speak up, let's speak out, and let's try to get some input here that really is our jurisdiction, and say that we don't want a replay of 2017. I don't. I personally don't.

Punke: I was just going to talk a little bit about the congressional role in trade policy. And I think it's fair to say over the decades, I don't mean recently -- well, I think maybe last week as well, Congress has ceded a bit of authority on international trade policy.

Can you guys talk about the appropriate role of Congress in trade policy? I'll let either one of you take the question.

Sen. Cantwell: This is why Demetrios is here because he can be very scholarly on this point.

Marantis: So I worked in both the Senate and in the administration. And there is a dual role on trade, where there's room for both.

What has happened recently, and I'm so happy, Senator Cantwell, to hear what you just said, Congress has completely abdicated its role on trade. It has Article One authorities to regulate foreign commerce. Where has Congress been?

When I worked for President Obama, we spent every single day with members of Congress to make sure that whatever we did, we were doing it jointly. Because as the United States, we're more powerful as negotiators when Congress and the administration have locked hands, and the

trading partner knows that Congress is not going to be happy with this if we go in this route. That has completely stopped, and it drives me bonkers.

And so I do think that one of the key things over the course of the next year, hopefully, is Senator Cantwell and others will start to claw back what is actually, properly, under the U.S. Constitution, Congress's authority over trade policy.

The administration is, I don't want to say running amok, because that may be too much, but they are overstepping their constitutional bounds in this area, and it's time for Congress to really rein them in.

Sen. Cantwell: Well, I'm glad to hear a lawyer say that, because that's exactly what we think. And I do think that there is bipartisan focus on that.

The question is, how fast will they be willing to act and how far will they be willing to go when there's retribution from the President on little things like closing offices in your state and things like that.

But this is really an important issue. It really is about America's competitiveness. And I do believe that Americans, at a time when there's unbelievable innovation, have what it takes to compete in a global market. But we have to do these things to grow capacity.

And I was going to say, the geeky things that you would never hear about, that no one would ever write about, that Demetrios is talking about, was we, with the USMCA, we built capacity, helping the Mexican government build more capacity.

And people are like, well, why do you have to do that? Why do you have to do that? Well, listen, when judges ride a bus to work. Really? You think that's a good idea? You think a judge is going to make any hard decisions about trade issues if they're riding a bus to work? No, they're not. You have to worry about security.

We also, in a previous deal, got more lawyers hired at USTR. Why? Well, if so many of the deals were basically on enforcement, but we had like five lawyers at USTR, how were we ever going to enforce trade agreements?

So trade -- and I think that those trade agreements that I mentioned that came in the Bush administration, actually grew trade two or three points as a percentage of GDP. The Obama administration had a goal of doubling exports in five years, and they basically said, "Oh well, we came short."

I said, "You made 70% of the goal. Double down and do it again."

So what we really need Americans to understand is that one of our biggest economic opportunities lies outside the United States. That's what we have to convince people of. We know this in the Pacific Northwest, we know this because people in this room, that's what you do every day. You figure out how to sell to those markets.

And so if we want to help grow our GDP in the future -- and okay, what if we don't? What if we just sit on our hands to do nothing, what happens then? You think nobody else does an alliance?

You don't think the French get mad and actually go to China and actually develop a manufactured plane that might actually help China catch up on aviation manufacturing? Is that what we want? No.

And so let's get back to this global perspective about economic opportunity, open up markets instead. Let's get the members of the Senate, at least on my side, I see [Representative] Adam [Smith] walked in, let's get people saying that we want markets opened up, that that is one of the priorities here, and that we definitely don't want to have a prolonged trade war.

Punke: I think I'll just close it out with one final question.

Given the importance of China to the Washington state, Oregon, and Idaho markets, just wanted to get your thinking on how -- last administration, we talked a lot about strategic competition, and now it feels like the relationship with U.S.-China is increasingly more fraught. Just wanted to get your thoughts about strategic competition, how do we think about that market? How do we think about that issue for Washington State?

Demetrius: From my perspective, it's very hard to know that what the direction of travel is going to be. Now that we have 20% tariffs on China, are we beginning a trade war? Is this going to escalate, or is this sort of an opening salvo in a negotiation of a phase two trade agreement between the US and China?

If I were sitting here in Washington state, and I were thinking about my priorities as exporting to China, I would think long and hard about what exactly do you want in China because there may be an opportunity soon, should the winds blow in the direction of negotiating another agreement with China. What's not working right now? Where has China not lived up to its phase one commitments, particularly in agriculture, and get that list and get it to Senator Cantwell, so she can pressure the administration to make sure that if there's an agreement with China, that Washington state's interests are very much front and center there.

Sen. Cantwell: Well, and that is kind of what was proposed in 2017 and 2018, but do you really want to live by that? He's already showing the retribution that he is willing to do now. And so is that really going to be fair? Is he really going to have a list, or is it going to be like a frenemies list, right?

And so I would just say this: we've been trading with China before Lewis and Clark showed up, and we're not going to stop. The question is, how do we get a better handle, how do we get a better upper hand.

I definitely believe in a cooperation model, where we're competing and cooperating, competing on certain things, cooperating on others. I already mentioned the technology NATO. The biggest issue we have right now with China is on technology. Not that we don't want to open up their markets to some of our agricultural products, we do, but the biggest issue that we can counter them on, on a worldwide basis right now, is to say that people shouldn't be buying their technology. You shouldn't. Not if it has a government back door. And the louder that we, Japan, India, Europe, the Middle East can be about that, the better for all of us. That might bring about a better result.

Punke: Thank you both so much. Incredibly insightful. Appreciate your time.