



Committee On Finance

Max Baucus, Ranking Member

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**Statement of U.S. Senator Max Baucus
United States Senate Finance Committee
Markup of the United States-Central America-Dominican Republic Free Trade Agreement
Implementation Act
and
Markup of the Joint Resolution to Renew Import Restrictions Contained in the
Burmese Freedom and Democracy Act of 2003**

Today we will continue the process of considering legislation to implement the United States-Central America-Dominican Republic Free Trade Agreement.

As my colleagues know, we can offer no amendments today. Our job is to vote on whether to report the bill out of the Finance Committee as the administration presented it.

Frankly, I am disappointed with the way Congress and the administration have handled CAFTA. I'm disappointed that the administration sent this legislation to Congress so quickly, barely a week after the mock markup.

Senators raised many concerns at the informal markup on June 14. Rather than making any meaningful efforts to address these concerns, the administration has chosen to force legislation through Congress. They appear to want to win by the thinnest of margins.

I plan to vote against this legislation. But I continue to believe it would have been entirely possible to win broad support for CAFTA on both sides of the aisle.

This is particularly true with respect to sugar. Secretary Johanns, Ambassador Portman, and others have said they want to find a solution to the sugar industry's concerns with CAFTA. But instead of taking the time to work on this issue in good faith, the administration has rushed ahead with this bill.

Secretary Johanns has offered what he calls a compromise on sugar. But in truth the offer is nothing new. Essentially he has offered to do what the law already requires him to do – to purchase surplus sugar in the U.S. market.

That is no deal. I am disappointed that some may use this thin cloak as cover to vote for a deal that is unambiguously bad for the sugar industry.

The sugar industry has been ready, eager and willing to work with the administration. The sugar industry met with folks from the Office of the United States Trade Representative (USTR) before the CAFTA negotiations began. Unfortunately, USTR did not take sugar industry suggestions into consideration when negotiating the agreement.

After the administration released its draft legislation, the industry remained willing to discuss reasonable solutions. But the administration did not meet with anyone from the sugar

industry until yesterday – after the administration had sent up the final legislation and amendment became impossible under Trade Promotion Authority (TPA) rules.

I cannot understand why some appear so eager to negotiate away important aspects of our sugar program in this small bilateral trade agreement, when other large sugar producing countries are not at the table.

We have rightly refused to negotiate our farm programs in the Free Trade Agreement of the Americas or in any of our other bilateral or regional trade agreements.

Why? Because we would never agree to reduce price supports for wheat, corn, cotton, soybeans, dairy, rice – name your commodity – without being assured that other big producers of those commodities were similarly reducing their price supports.

But that is precisely what we are doing to our farmers who grow sugar. Why are we hanging them out to dry?

I am also disappointed that the legislation sent up by the administration does not include the Trade Adjustment Assistance (TAA) amendment adopted by this Committee at our informal markup.

President Bush likes to say that trade is for everyone. He likes to say that we all share the benefits, including workers. And he claims to care a lot about having a skilled workforce that can keep American businesses competitive in global markets.

This amendment presented the President with the perfect opportunity to put his money where his mouth is. But he chose not to.

I am not ready to take no for an answer. That is why I – along with Senators Wyden and Coleman – introduced a stand-alone bill to extend TAA to service workers. This legislation received 54 votes in the Senate last year. And I plan to keep up the fight until it becomes law.

Finally, I am disappointed with the process through which the bill before us was developed.

Since 1974, there has been a consensus among Congress and the Executive Branch to follow well-known procedures for developing trade bills that Congress considers under fast-track procedures.

Process is technical and seldom generates headlines. But process is important. It permits Congress to discharge its Constitutional responsibility for trade while delegating the actual negotiating of trade agreements to the Executive.

The draft texts that emerged from the mock markups in the Finance and Ways & Means Committees were different. By all rights, we should have held a conference to resolve those differences. But for reasons I cannot explain, we did not.

The failure to hold an informal conference to resolve differences between the Senate and House CAFTA bills is a serious defect in process. By not formally rectifying our differences and sending a consensus draft to the President, the Senate and House simply abdicated their Constitutional roles.

I don't blame Chairman Grassley for this outcome. As always, I appreciate his friendship and his willingness to work with me even when we disagree.

But circumventing the appropriate process on this bill is just one further argument for those who will oppose renewing fast-track trade negotiating authority when it expires in 2007. If we don't respect the role that Congress has to play under fast track, Congress simply won't subject itself to fast track.

The United States has a lot of trade priorities. The Doha Round is entering a critical phase. Congress has begun exploring how to craft a broad national strategy to address trade with China. Many trade enforcement issues require urgent attention.

One rationale for negotiating a series of bilateral agreements was the belief that it would help in developing a common approach on these issues and create a consensus in favor of trade liberalization.

These agreements were to bring us closer together on trade. I am concerned that CAFTA has served only to push us further apart.

After Congress has completed its consideration of CAFTA, we will have to take stock of what has happened and figure out where we go next.

That will include starting to think in earnest about 2007. That year will see a new Farm Bill, potentially a new WTO agreement, and an attempt to renew TPA. It will be a busy year. What we do between now and then will affect all of those priorities.

I look forward to working with Chairman Grassley, Ambassador Portman, and others as we go forward to address these important issues.

Markup of the Joint Resolution to Renew Import Restrictions Contained in the Burmese Freedom and Democracy Act of 2003

I would also like to say a few words about the other matter before us today, a joint resolution to renew unilateral U.S. trade sanctions on Burma.

As I did last year, I plan to support this resolution. But also like last year, I do so with reservations.

When we first passed the unilateral import ban on Burma two years ago, Chairman Grassley and I insisted that Congress – and this Committee – retain its right to monitor and evaluate these trade sanctions. I don't believe we should ever write the Executive a blank check when it comes to trade policy.

It is because of our efforts that we are having this markup today. Last year, I noted that our ban on Burmese imports did not impact the volume of Burma's exports, and that no other country had joined the U.S. ban on Burmese goods.

One year later, the picture is still very much the same. The despicable regime in Burma remains in place, and we remain the sole country to ban imports from Burma.

I have so far seen little indication that our sanctions have forced the ruling military junta in Burma to make any real concessions on the path to democracy. In fact, the State Department reports that systematic human rights violations continue unabated in Burma, including extrajudicial killings, rape, torture and forced labor.

If anything, the ruling military junta has further consolidated its grip on power by ousting the previous Prime Minister, who at least paid lip service to a democratic national reconciliation for Burma, and installing a hard-line general in his place. But I'm willing to sign on for another year to see if any progress can be made.

Next year, the sanctions automatically expire. If we wish to extend them further, we will have to pass new legislation to do so. At that time, we can have a more extensive debate on how best to make progress towards everyone's goal of a free and democratic Burma.

Thank you again, Mr. Chairman, for your leadership in ensuring that the Congress and this Committee have an opportunity to play a role in U.S. sanctions policy.

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