



For Immediate Release
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**Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding Trade Preference Programs**

In the 1860s, Montana's economy depended on trade among fur trappers, Native Americans, and Europeans. As the discovery of gold and other metals ushered in a new economic era, Montana rethought its trade.

By the late 1800s, the Homestead Act prompted Montanans once again to rethink the economy, as farmers and ranchers began shipping beef and wheat throughout the United States. Today, Montanans export these same products across the globe, along with high-quality manufactured goods and state-of-the-art biotech materials.

With each change in the economic and political landscape, Montanans assessed the situation, adjusted their approach, and thrived in the new economic environment.

Today, we need to assess our trade preference programs, such as the Generalized System of Preferences, the Andean Trade Preferences Act, and the African Growth and Opportunity Act. Congress first developed these programs to help developing countries use trade to integrate into the global economy.

But the world is a different place today than when those programs started. In 1974, when Congress first passed the Generalized System of Preferences, or "GSP," that program had 98 beneficiaries. They included Singapore, Korea, Malaysia, Chile, Mexico, and Taiwan.

Today, some of the first GSP beneficiaries have become global economic powerhouses. The United States has implemented free trade agreements with nine of those countries, including Singapore, Mexico, and Chile. We have concluded trade agreements with Colombia and Peru — beneficiaries of the Andean Trade Preferences Act. And we have free trade agreements in force or concluded with beneficiaries of the original Caribbean Basin Initiative.

So we need to take a good, hard look at our trade preference programs. We must determine whether they reflect the world of 2007. We must rethink and reexamine them to ensure that they continue to promote political stability and sustainable economic growth in developing countries. And we must consider whether we need to adjust to ensure that U.S. businesses and developing economies actually benefit from these programs.

This reevaluation is overdue. We have not had a hearing on our trade preference programs in seven years.

Today we look at our experience, think critically, and ask tough questions.

We must explore what preference programs mean for U.S. businesses. Do they enable companies to stay competitive? Do different expiration dates for multiple programs cause too much uncertainty? Are these programs too difficult to use?

We must examine what these preference programs mean for developing nations, their workers, and the sustainable development of their economies. Who should qualify for these programs? Should we extend these benefits to additional least developed countries? Should we combine the patchwork of our existing programs and harmonize them into a single cohesive preference program?

We must explore how these programs affect our multilateral trade priorities. Do preference programs reward countries that do not need them? Do they undermine multilateral negotiations in the World Trade Organization?

And we must consider timing. We are facing urgent deadlines. The Andean Trade Preference Act will expire at the end of June. Should we renew the program for all four countries? Or do we let these preferences expire?

These are only a few of the questions we must ask. We have a distinguished group of panelists ready to testify and answer these questions. This is our chance to listen to the experts and benefit from their experience. This is our opportunity to look at our programs and be critical of their shortfalls and sober about their potential.

Like Montanans past and present, let us responsibly assess the situation. Let us adjust our approach. And let us see that all parties can thrive in this new economic environment.

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