



Committee On Finance

Max Baucus, Ranking Member

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Statement of U.S. Senator Max Baucus Mock Markup of the U.S.-Dominican Republic-Central America Free Trade Agreement Implementation Act

This morning's markup is an important step in Congress's consideration of the United States-Central America-Dominican Republic Free Trade Agreement. And this agreement is shaping up to be the biggest trade battle to come before Congress in a decade.

Although the agreement was signed a year ago, under U.S. law, it has no domestic force or effect until Congress enacts implementing legislation. Today our task is to take a hard look at the draft implementing bill for the agreement. The administration has prepared this bill in consultation with Finance Committee staff.

Holding this markup is critical for several reasons. First, it permits Congress to exercise its Constitutional responsibility for trade. We consider today how best to implement trade commitments made by the executive branch under delegated authority.

Second, it makes the fast-track process more responsive to the concerns of Congress and the public. Most importantly, under the fast-track procedures adopted in the Trade Act of 2002, this is the first and only time that members of this committee will have an opportunity to offer amendments to the draft implementing legislation.

Historically, amendments have been common at markups of draft implementing bills. The implementing bills for the agreements with Israel and Canada, the NAFTA, and the Uruguay Round all came out of this process looking different from the way they came in.

In recent years, agreements have been less controversial and amendments correspondingly less common. That may change today. A number of my colleagues have filed amendments that may be offered.

Over the past several weeks, there has been an effort in some administration and business circles to discourage members of this committee from offering amendments at today's markup. To those who delivered this message, I say: You are making a big mistake.

Under the Constitution, Congress has primary responsibility for trade. For practical reasons, Congress has delegated negotiating authority to the executive branch. But the responsibility for shaping and enacting trade law remains a Congressional prerogative. Fast-track procedures are a delicate balance that requires the Congress and the executive branch to work together as equal partners.

Telling Congress not to consider amendments upsets that balance and belittles the role of Congress. It may get an agreement through Congress a little faster. But in the end it only serves to confirm the objections of those who see fast-track as an abdication of Congressional authority.

So to those of my colleagues who have filed amendments, I say: Bring them on. Let's debate them on their merits and see where the process goes.

For myself, I continue to have serious concerns about the CAFTA agreement. I expressed those concerns at the Finance Committee hearing in April and came out without any assurances from the administration that they would try to address those concerns. Two months have gone by, and I am sorry to say that nothing has changed.

Montana is an agricultural state. A good trade deal for Montana is one that – first and foremost – benefits Montana agriculture.

Admittedly, there are some benefits to Montana agriculture in CAFTA – particularly for our wheat producers. But for Montana's sugar beet producers and the state's two beet sugar processing plants, CAFTA offers no benefits – and a serious potential for harm.

The administration likes to say that the new sugar quota under CAFTA is only about a teaspoon a day. Nothing to worry about. But the administration's own study from the International Trade Commission predicts that CAFTA will lead directly to the loss of more than 3,000 jobs in the sugar sector.

Well, Montana's sugar producers don't accept that 3000 sugar jobs is a trivial effect – and neither do I. I am disappointed that the administration is willing to undermine our sugar program by negotiating important aspects of that program in bilateral trade agreements.

The United States has steadfastly refused to negotiate on our farm programs in bilateral and regional agreements. Those negotiations belong in the WTO, where other major agriculture producers like the European Union and Brazil are at the table. The sugar program should not be treated any differently.

A divisive debate over CAFTA bodes poorly for future trade agreements. And it will be on everyone's mind when Trade Promotion Authority must be renewed in 2007.

There may still be time to get this thing right – to make it an agreement that will work for Montana. But only if this administration is willing to try.

In the end, I take a long view. There are a lot of trade priorities awaiting attention. The Doha Round. China. Trade enforcement. And those issues will provide new opportunities to work together.

I really appreciate how supportive Ambassador Zoellick has been of my efforts to improve the way we handle environmental issues in free trade agreements. I look forward to continuing that work with Ambassador Portman as we move forward.

For now, I hope we can have a full debate and a robust process on CAFTA, and then move on. I look forward to working with you, Mr. Chairman, and with the administration to make progress on our trade agenda.

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