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Contact:

Dan Virkstis (Baucus)
Jill Gerber (Grassley)
(202) 224-4515

BAUCUS, GRASSLEY APPLAUD ONE-YEAR EXTENSION OF TRADE PREFERENCE PROGRAMS

Finance Leaders Underscore Importance of Upcoming Reform

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Chuck Grassley (R-Iowa) today commended Senate passage, by unanimous consent, of a one-year extension of the Generalized System of Preferences (GSP) and Andean Trade Preference Act (ATPA). The extension ensures these vital programs remain in place while Congress engages in preference program reform next year. Today's Senate action follows passage of the extension on December 14 by the House of Representatives.

"Today's extension of preference programs provides certainty for the American companies who rely on these imports and the more than 130 developing countries who depend on the programs to help spur sustainable economic growth and alleviate poverty," Baucus said. **"Still, Senator Grassley and I continue to pursue meaningful preference program reform and will be watching the implementation of these programs carefully to ensure countries abide by the programs' strict eligibility criteria in order to qualify for benefits."**

"I support Senate passage of this legislation," Grassley said. **"It's a compromise among the chairmen and ranking members of the Senate Finance and House Ways and Means committees. The extension will allow enough time for Congress to enact preference reform legislation next year. Also, the legislation ensures that the Administration will report to Congress on whether the government of Ecuador's actions are inconsistent with the eligibility criteria under the Andean Trade Preference Act. I'll continue to work with my colleagues to achieve meaningful reform of U.S. trade preference programs next year."**

The measure passed today by the Senate, H.R. 4284, also requires the office of the United States Trade Representative (USTR) to evaluate the compliance of ATPA beneficiary countries with the program's eligibility criteria and to submit a report on the results of that evaluation to Congress by June 30, 2010.

Originally established in 1974, GSP provides duty-free access to the U.S. market for a variety of products from over 130 developing and least developed countries. In 2008, \$31.7 billion in imports entered the United States duty free under GSP. ATPA, which Congress established in 1991 to encourage Andean countries to diversify their economies away from illicit drug production, provides Colombia, Peru, and Ecuador with additional duty-free benefits. In 2008, over \$17.2 billion in imports entered the U.S. market duty free under ATPA.

Senators Baucus and Grassley remain committed to reforming U.S. trade preference programs and improving the programs to help alleviate poverty in least developed countries by facilitating sustainable economic growth. As part of their reform efforts, the Senators plan to examine key elements of the programs, including their duration, eligibility criteria, product coverage, graduation, rules of origin and enforceability. Reform legislation is expected to be introduced next year.

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