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BAUCUS TOUTS ECONOMIC BENEFITS OF PANAMA FTA FOR U.S. RANCHERS, FARMERS, MANUFACTURERS AT HEARING

Finance Chairman Begins Senate Steps to Advance Panama Trade Agreement, Says Panama's Fast-Growing Market Provides Lucrative Opportunities for U.S. Jobs, Exporters

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) began Senate consideration of the U.S.-Panama Free Trade Agreement (FTA) today, touting the importance of Panama as a fast-growing market for U.S. exports and the opportunities implementation of the FTA would bring for U.S. jobs. Baucus, [who led the fight urging the Administration to send both the Panama and Colombia FTAs to Congress](#), said Congress must pass Trade Adjustment Assistance (TAA) in tandem with the Panama, Colombia and Korea FTAs.

“Panama’s dynamic and growing economy provides lucrative new opportunities for American ranchers, farmers and manufacturers to help them create jobs here at home,” said Baucus. **“This trade agreement will level the playing field for U.S. workers and exporters by eliminating tariffs and easing customs restrictions on U.S. goods, making it easier for our small businesses to grow and create jobs. The agreement will also help U.S. construction firms create jobs by tapping into the massive infrastructure projects in Panama, including an expansion of the Panama Canal, worth more than ten billion dollars. As we move forward with this trade agreement and the Colombia and Korea free trade agreements, we also need to help American workers meet the challenge of global competition by enacting a robust, long-term extension of Trade Adjustment Assistance in tandem with the free trade agreements.”**

Baucus asked the witnesses at today’s hearing how approval of the Panama FTA will benefit U.S. exporters. Last year, the U.S. enjoyed a trade surplus with Panama of \$5.7 billion, the second-largest U.S. trade surplus in the Western Hemisphere. Although Panama is a small market, its growth rate is one of the highest in Latin America, and the United States exports nearly as much to Panama as it does to larger economies such as Argentina and Peru.

The U.S. is currently Panama’s largest supplier of imports. But while Panama’s exports have traditionally enjoyed duty-free access to the U.S. market under our trade preference programs, Panama’s average tariffs on U.S. goods is around eight percent. The FTA will correct this inequity and level the playing field for U.S. exporters by immediately eliminating tariffs on approximately 88 percent of U.S. exports to Panama, with the remaining tariffs phased out over time. Implementation of the trade agreement will also improve customs administration in Panama – a major concern for U.S. small businesses. The agreement will also help U.S. farmers compete with farmers from other countries that already have signed FTAs with Panama, including the five neighboring countries in Central America and Chile.

At the hearing, Baucus touted the groundbreaking, comprehensive labor provisions included in the FTA that he helped negotiate with both Democrats and Republicans in May 2007. These provisions require both parties to protect core international labor rights, including the right to organize and bargain collectively. Those labor rights will be fully enforceable, just like the FTA's commercial provisions, and Panama has already made far-reaching changes to its labor code to comply with the FTA's labor provisions.

Outstanding issues related to labor rights and tax transparency had delayed approval of the FTA since it was signed in 2007. Panama has made significant progress on both fronts, with the Panamanian government's recent ratification of a Tax Information and Exchange Agreement (TIEA) with the U.S. and several labor rights laws enacted in recent months. Implementation of the FTA will further this progress. The TIEA will help combat money laundering and offshore tax evasion.

Baucus also urged Congress to pass TAA in tandem with the pending FTAs with Panama, Colombia and Korea. Baucus has been a longtime champion of the TAA program, which expired on February 13, 2011. Baucus is working with his colleagues in the House and Senate as well as the Administration to pass a package of trade measures including the pending FTAs and a robust, long-term extension of TAA for all eligible groups. In 2009, Baucus led the effort in Congress to pass the most significant expansion and reform of the TAA program, including new performance measures, since it was created in 1962. TAA provides extended income support and job training to workers, firms, ranchers, farmers and communities that experience job loss because of increased imports or factory shifts abroad and also helps prevent layoffs entirely by assisting trade-distressed companies retool and become more competitive.

The Finance Committee has sole jurisdiction over international trade. Watch today's hearing and view witness testimony on the Committee website at <http://finance.senate.gov/hearings>.

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