



FOR IMMEDIATE RELEASE
October 21, 2011

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BAUCUS PRAISES ENACTMENT OF THREE TRADE AGREEMENT BILLS, JOB TRAINING RENEWAL

Finance Chair Led Congress to Approve FTAs alongside Job-Training Trade Adjustment Assistance Program

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) hailed today’s enactment of legislation to implement the Colombia, Panama and South Korea Free Trade Agreements and renew the job-training Trade Adjustment Assistance (TAA) program as a milestone in the effort to create U.S. jobs, spur economic growth and open lucrative foreign markets to American goods and services. The trade agreements will increase U.S. exports by \$13 billion each year and boost U.S. Gross Domestic Product by more than \$15 billion, creating tens of thousands of jobs in the process. And the TAA extension renews critical assistance and job training opportunities for U.S. workers, and it keeps the U.S. workforce competitive and ready to seize new export opportunities across the world. In addition to the FTAs and TAA extension, the package signed into law today includes extensions of the Generalized System of Preferences (GSP) and the Andean Trade Preference Act (ATPA).

“Approving these agreements, together with a robust TAA extension, represents a major breakthrough in our job-creating trade agenda. With new access to lucrative markets, our farmers, ranchers and businesses will add billions in economic output and create tens of thousands of jobs here at home,” Baucus said. **“This package of trade deals and TAA gives American workers a leg up in the global economy by removing barriers to the world-class products they produce and helping them get the skills they need to compete in the 21st century economy. These agreements put our businesses and workers on a level playing field in Colombia, Panama and Korea, countries that already have open access to American consumers for many of their products.”**

Baucus has long been a champion of the FTAs and TAA, working to ensure their passage through both the [Finance Committee](#) and [Senate](#). He emphasized the importance of passing TAA in tandem with the FTAs at separate committee hearings on each of the [Korea](#), [Colombia](#) and [Panama](#) free trade agreements. Baucus also traveled to Colombia earlier this year and [met with Colombian leaders](#) to advance the pending U.S.-Colombia FTA and identify ways to [boost U.S. exports](#) to Colombia.

Baucus led the Senate [last month](#) in passing a bill extending both TAA and GSP, which lowers costs for U.S. manufacturers and retailers by giving them duty-free access to components they need. And he worked to include in the Colombia FTA implementing legislation to extend ATPA retroactive from February 12, 2011 and through July 31, 2013. ATPA lowers costs for U.S. manufacturers by giving them duty-free access to goods from Colombia and Ecuador and encourages both countries to diversify their economies away from illicit drug production.

A detailed summary of the legislation enacted today is below:

The Colombia, Panama and South Korea Free Trade Agreements, Trade Adjustment Assistance, the Generalized System of Preferences and the Andean Trade Preference Act

The U.S.-Colombia Free Trade Agreement

U.S.-Colombia Trade

- Among South American countries, Colombia is the third-largest destination for U.S. exports and the second-largest market for U.S. agricultural exports.
- The vast majority of Colombian goods typically receive duty-free treatment in the U.S. market, so the FTA will level the playing field for U.S. exporters by removing Colombia's tariffs on U.S. goods.

Creating American Jobs and Improving our Economy

- Enacting the FTA means U.S. exporters will be able to regain market share lost to other countries that have signed FTAs with Colombia, including Brazil, Argentina and Canada.
- The FTA will increase U.S. exports by more than \$1 billion each year and increase U.S. GDP by \$2.5 billion, creating thousands of new jobs here at home.
- More than 80 percent of U.S. exports will immediately gain duty-free access, and the remaining tariffs will be phased out over the next 10 years.
- In addition to boosting manufactured and agricultural exports, the FTA will also provide new access for U.S. service suppliers to Colombia's \$166 billion services market.

Labor Rights

- The FTA includes the strongest labor provisions of any trade agreement in the world, and Colombia agreed to a Labor Action Plan, which one prominent labor group described as "the most important agenda for the labor movement" since Colombia's 1991 Constitution.
- The FTA requires Colombia to adopt and maintain laws to implement five core labor standards: the right to organize; the right to bargain collectively; prohibitions on forced labor; protections for child labor; and freedom from employment discrimination.
- Colombia has met all of the Action Plan's commitments to date to increase protection of labor activists, enforce core labor rights and reduce impunity for perpetrators of violence against union members.

The U.S.-Panama Free Trade Agreement

U.S.-Panama Trade

- Panama has one of the highest growth rates among Latin American nations, and the U.S. is currently its largest supplier of imports.
- Most goods exported from Panama to the U.S. already receive duty-free access, and the FTA will level the playing field for U.S. exporters by removing Panama's tariffs on U.S. goods.

Creating American Jobs and Improving our Economy

- The FTA will guarantee access to Panama's \$20.6 billion services market.
- The FTA will also increase U.S. access to more than \$15 billion in infrastructure projects in Panama, providing new opportunities to infrastructure machinery and equipment manufacturers.
- More than 87 percent of U.S. consumer and industrial exports to Panama will become duty-free immediately, and the remaining tariffs will be eliminated within the next 15 years.

Tax and Labor Issues

- The FTA includes strong language to crack down on tax evasion and money laundering in Panama.
- A new Tax Information Exchange Agreement signed in April brings Panama into compliance with OECD standards that prevent countries from becoming a tax haven.
- Panama also enacted strict new reforms to protect core labor rights.

The U.S.-Korea Free Trade Agreement

U.S.-Korea Trade

- While the U.S. was once South Korea's largest trading partner, it is now the fourth-largest.
- The U.S.-Korea FTA will boost U.S. exports to South Korea by one-third and cut the bilateral trade deficit in half, giving American exporters the opportunity to recover lost market share.

Creating American Jobs and Improving our Economy

- Manufacturing exports will increase by nearly \$10 billion, and services exports will also see sizable gains.
- U.S. agricultural exports like beef, poultry and pork could increase by as much as \$4 billion thanks to decreased tariffs, which also contributes to job creation.

Enhanced Market Access for Autos and Beef

- The Administration has committed to improve access for U.S. beef by creating a fund to promote beef sales in Korea and committing to remove unscientific barriers.
- The U.S.-Korea FTA will help level the playing field for U.S. automakers by eliminating more non-tariff barriers on U.S. autos in Korea.

Trade Adjustment Assistance

Investment in American Workers

- ***Provides \$575 million investment to train workers.*** The legislation authorizes \$575 million for fiscal years 2012 and 2013, and prorates funds for the period beginning October 1, 2013 and ending December 31, 2013, thus ensuring states have ample funding to provide long-term job training.
- ***Gives more flexible training options and up to 130 weeks of training.*** The legislation provides training for up to 117 weeks, giving all workers the opportunity to receive long-term training, and provides an additional 13 weeks of training for workers if the training leads towards the completion of a degree or an industry-recognized credential. The agreement includes various training options, including opportunities for part-time training and pre-layoff training.
- ***Provides accessible wage insurance that works with other benefits.*** For workers who seek quick re-employment, the legislation provides wage insurance – 50 percent of the wage differential between the old job and the new job, up to \$10,000 – to workers 50 years of age or older. The legislation allows workers to switch from trade readjustment allowances (TRAs) to wage insurance payments at any time during their training. The legislation also provides for a worker who completes training and is reemployed to receive reemployment TAA benefits in lieu of TRA benefits for the remainder of the worker's TRA eligibility.

Expansion of Program Eligibility and Opportunities to a Broad Class of American Workers

- ***Provides TAA benefits to services sector workers and firms.*** The legislation clarifies that workers and firms that supply services – including call centers, computer programmers, software designers – are eligible for TAA. The legislation also makes secondary workers – those whose jobs are affected when a company they supply closes – in the services sector eligible to receive TAA.
- ***Covers workers whose firms shift production to non-FTA partner countries.*** The legislation covers workers whose firms shift production to any country, including China or India, not just countries with which the United States has entered into a free trade agreement.
- ***Provides TAA coverage for U.S. suppliers of component parts.*** The legislation allows workers at firms supplying component parts to other firms to be eligible for TAA without requiring the firm that buys the component parts to be TAA certified. It also allows firms that supply component parts to foreign customers to petition for TAA benefits if their customers switch to component parts made outside the United States.
- ***Ensures automatic eligibility for workers suffering from unfair trade and import surges.*** Unfair foreign subsidies, dumping of foreign goods, and unexpected import surges can injure U.S. industries and cause jobs in those industries to be affected. The legislation ensures that workers in such industries will be automatically eligible to receive TAA benefits if their layoffs occurred within one year before or after an affirmative injury determination by the International Trade Commission.

Providing Affordable Health Coverage

- ***Improving the affordability and availability of health coverage.*** The Health Coverage Tax Credit program provides health insurance benefits to TAA-eligible workers and retirees covered by pension plans taken over by Pension Benefit Guaranty Corporation who have lost their

employer-sponsored coverage. The legislation subsidizes 72.5 percent of the cost of the health care premium, provides workers with retroactive payments to help cover the up-front costs of obtaining health coverage, and provides coverage for the worker's spouse and dependents. It also provides \$150 million in grant funding to help states improve the availability of health insurance options and to help TAA eligible workers and retirees cover their monthly health premium costs.

Service and Outreach to Workers in Transition

- ***Provides eligibility protections for Americans on active duty military service.*** The legislation allows a worker called up for active duty military or full-time National Guard service to restart their TAA enrollment process after completing such service.
- ***Clarifies enrollment deadlines and ensures fairness.*** The legislation requires workers to enroll in training within 26 weeks after layoff or certification, whichever is later. It allows the Secretary to grant TAA benefits to workers who are disqualified due to state error. And the legislation ensures that workers who win administrative and judicial appeals are not penalized for missing important deadlines during such appeals.
- ***Provides funding to help state caseworkers counsel TAA clients.*** The legislation includes a requirement that not less than five percent of the training funds allocated to states be used for case management services, allowing states to provide proper assessment, career counseling, and other case management services.

Help for Small Businesses and Farmers

- ***Provides assistance to small businesses.*** The TAA for Firms program helps small businesses adjust to foreign competition and create new jobs by providing assistance to improve their competitiveness. The legislation authorizes \$16 million for the program and expands the program's reach by allowing firms to show a decline in sales or production over one, two, or three years instead of the current one year allowed.
- ***Provides benefits and technical assistance to farmers and fishermen.*** The legislation provides targeted training to farmers and fishermen and clarifies that fishermen and aquaculture producers may receive TAA benefits whether they are competing against farmed or wild-caught fish or seafood imports. Producers who complete the training phases become eligible for up to \$12,000 in seed money to use their new skills and implement a business plan. The TAA for Farmers and Fisherman Program is authorized at \$90 million.

Streamlined Programs and Improved Accountability

- ***Consolidates and streamlines administrative program costs.*** The legislation consolidates administration, case management, job search, and relocation funding under the \$575 million cap on training funds. The legislation eliminates separate funding streams, while allowing states more flexibility to use a portion of the training funds for administration and case management costs. States must prioritize these funds for training and case management, but administrative costs are capped at 10 percent of the funds. States can also use these funds to pay for 90 percent of the cost of job search and relocation, up to \$1,250.
- ***Improves program accountability.*** The legislation includes more than 30 new performance metrics and accountability measures across all TAA programs.

Generalized System of Preferences

Extending GSP

- GSP provides duty-free access to the U.S. market for 4,800 products from 129 developing countries. GSP expired December 31, 2010. The legislation extends GSP through July 31, 2013 and provides for retroactive application of duty-free treatment for eligible goods that entered after expiration of the program on December 31, 2010.

Andean Trade Preference Act

Extending ATPA

- ATPA lowers costs for U.S. manufacturers by giving them duty-free access to goods from Colombia and Ecuador and encourages both countries to diversify their economies away from illicit drug production. ATPA expired on February 12, 2011. The legislation extends ATPA retroactively from February 12, 2011 and through July 31, 2013.

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