



Committee On Finance

Max Baucus, Ranking Member

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Baucus Lauds Important Progress in Addressing Environmental Issues in the Central America Free Trade Agreement, Notes Outstanding Concerns

(WASHINGTON, D.C.) U.S. Senator Max Baucus, ranking member of the Senate Finance Committee, which has responsibility for free trade agreements, today released the following statement, praising the ongoing efforts to strengthen environmental provisions in the United States-Central America Free Trade Agreement (CAFTA). Text of the CAFTA agreement was publicly released this afternoon.

“I have long been an advocate of trade agreements that open markets, level the playing field, and create new opportunities for American farmers, workers, and businesses. Experience shows that what works to achieve those goals can be different for different countries. In other words, with Free Trade Agreements (FTA), one size does not fit all.

In the case of the CAFTA, we are breaking new ground. We are negotiating with countries whose levels of economic and political development differ significantly from the United States’ other FTA partners. One area where this is particularly apparent is environmental standards. Environmental laws and enforcement mechanisms are not yet well developed in many of the CAFTA countries. That means the same environmental provisions that worked in our recent agreements with Singapore and Chile aren’t enough for the CAFTA. We need to do more.

For the last several months, I have been working with the Administration, the environmental community, business, and the CAFTA governments to craft a package of measures to strengthen the environmental provisions in the CAFTA over those in prior agreements. I am pleased to say that progress is being made.

One of my priorities has been to create a citizen submission process in the CAFTA. This kind of process, which has been used successfully under the North American Free Trade Agreement (NAFTA), would allow individuals and environmental groups to directly challenge the failure of any CAFTA government to effectively enforce its environmental laws and seek a detailed, factual report from an independent expert body.

I am pleased to see that, as a result of my proposal, the CAFTA now contains a citizen submission process modeled on the NAFTA. I worked hard to ensure that the CAFTA citizen submission process contains several important improvements over the NAFTA procedure: it narrows the grounds on which submissions can be rejected; permits a submission to go forward based on the request of any single party; and provides for recommendations on how to address problems identified in the factual report through the Environmental Cooperation Agreement.

Although the formal negotiations for the CAFTA are now completed, much work remains to be done before the agreement comes before Congress. We need to identify an independent and

expert institution to serve as the secretariat for the citizen submission process. My proposal for the CAFTA also addresses a number of other areas. We need to strengthen the agreement's provisions on multilateral environmental agreements and corporate stewardship. We need to sketch out the details of the appellate mechanism for investor-to-state disputes that is mandated in the Trade Act of 2002 – not just promise to think about it later. We also need to improve the capacity building and cooperation provisions for environment and labor by providing for coordinated long-term planning, benchmarking of progress toward planning goals, and objective monitoring, and by creating a stable and dedicated source of funding for cooperative activities.

Like many Members of Congress, I want to make a decision about the CAFTA based on the complete package. At this point, too much remains unresolved to make a full assessment of the agreement. I am very pleased that the Administration was able to finalize an agreement with Costa Rica, the region's largest market. That said, negotiations are not yet completed with the Dominican Republic. And, while the CAFTA text has just been made public, there are still some details that need to be finalized. More broadly, we need to be sure as we prepare to consider the CAFTA that all the commitments made in the Trade Act of 2002 – including Trade Adjustment Assistance – are being fulfilled.

I am optimistic that we can address all these issues prior to Congressional consideration of CAFTA implementing legislation, but it will take hard work. I remain committed to working with the Administration and our trading partners to make the CAFTA a strong and forward-leaning agreement that can garner broad Congressional support."

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