



# Committee On Finance

Max Baucus, Chairman

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**Statement of Senator Max Baucus  
Trade Subcommittee Hearing on The Andean Trade Preferences Act  
August 3, 2001**

Today, the Committee hears testimony on the Andean Trade Preferences Act (ATPA). The ATPA was put in place in 1991 as an incentive to eradicate illicit drug production in the Andean countries. Under the program, many exports from Colombia, Peru, Ecuador and Bolivia receive duty-free treatment upon import into the United States.

ATPA has resulted in important benefits for key sectors of these economies. In 1999, the Andean countries exported \$9.8 billion in goods to the United States, of which \$1.8 billion qualified for ATPA benefits. Products that have benefitted from the program include cut flowers from Colombia, copper from Peru, jewelry from Bolivia, and certain fish products from Ecuador. Additionally, according to a recent report by the U.S. International Trade Commission, the ATPA "indirectly provides new sources of employment for workers that may otherwise turn to illicit crop-producing activities." I hope that the witnesses today will provide a clear picture of the impact ATPA has had on the beneficiary countries as well as on the United States.

Later this year, the ATPA program will expire. I believe that support for renewing the program is strong. The harder question is whether and how to enhance it. In the ten years since the ATPA was enacted, United States trade policy has evolved quite substantially. We entered into the North American Free Trade Agreement, lowering (and eventually eliminating) tariffs on goods imported from Mexico and Canada. We enhanced the Caribbean Basin Initiative, extending duty-free treatment to new categories of products – most importantly, apparel articles – imported from the Caribbean and Central America. We enacted a preferential trade program for the countries of Sub-Saharan Africa, also according duty-free treatment to apparel products from that region.

All of these changes necessarily have intensified the competition faced by products exported from the Andean countries. This is particularly so in the area of textile and apparel products. I support renewal of the ATPA. Further, I believe that to level the playing field for the Andean countries, we should consider enhancing the program in some fashion. At the same time, we must be sensitive to the concerns of industries in the United States that

compete with imports from the Andean countries. The ITC has identified increasing Andean competition with U.S. production in the asparagus and cut flowers sectors. Others have expressed the concern that according duty-free treatment to Andean apparel products could displace U.S. production of such products.

I am committed to working to find the right balance here, and I hope that today's hearing will assist us in the endeavor.