



# Committee On Finance

Max Baucus, Chairman

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## STATEMENT OF SENATOR MAX BAUCUS

Markup of Andean Trade Preference Act and Trade Adjustment Assistance

November 29, 2001

Perhaps because the Congress has passed only limited trade legislation over the last five years, there are a number of concepts that have matured into sound legislative proposals this year.

Two of these proposals are the subject of today's markup: an expansion the Trade Adjustment Assistance program and an expansion of the Andean Trade Preference Act.

Both pieces of legislation were introduced by members of this Committee. Senator Bingaman is the sponsor of S. 1209, the Trade Adjustment Assistance expansion program. Ten members of the Committee, including myself, and fourteen other Senators have co-sponsored the legislation.

Senator Graham introduced S. 525 to expand the Andean Trade Preference Act. Four other members of the Committee, as well as eleven other Senators, have co-sponsored this legislation.

Both pieces of legislation were the topic of Finance Committee hearings earlier this year. Both also form the basis of the Chairman's marks on these topics to be considered today. It is my hope that we can report both pieces of legislation favorably today for Senate action later this year or early next year.

I should also note that straight extensions of both TAA and ATPA were included in the economic stimulus bill. I hope these will be signed into law this year on some vehicle to avoid a lapse in the existing programs while legislative action proceeds on the expansions.

I take considerable personal pride in the expansion of TAA that we are considering today. Throughout the year, my staff and I have worked closely with Senator Bingaman, Senator Daschle, Senator Snowe, Senator Kerry, and many other Senators to improve this legislation.

In my opinion, the limited nature of the current Trade Adjustment Assistance program is the great weakness of U.S. trade policy. Since World War II, the United States has led the way in forging new global and regional trade agreements. In just the last ten years, the United States has been instrumental in creating both the World Trade Organization (WTO) and the North American Free Trade Agreement.

Unfortunately, while opening the U.S. market through both trade agreements and through unilateral programs, like ATPA and the Generalized System of Preferences, the U.S. government has done comparatively little to address the needs of workers that may lose their jobs because of new imports or because companies leave the United States. TAA simply pales when compared to the comprehensive worker adjustment programs our allies in Europe and Japan have pursued.

I have always favored freer trade and I continue to favor it today, but we must be willing to forthrightly address the problems of workers, farmers, and companies that lose because of trade. That is what TAA is all about.

The bill before us improves TAA in a number of ways:

- It consolidates the current TAA and NAFTA-TAA programs to ensure that workers get the same benefits – regardless of where the imports they compete with originate, and regardless of what foreign country their plant moves to;
- It extends income support for workers in TAA from 52 weeks to 78 weeks to give workers the opportunity to take meaningful training programs;
- It provides access to the COBRA health program for TAA recipients to ensure that they and their families have health coverage while they participate in TAA. On this issue – health care coverage for displaced workers – Senators will note that this is also being debated in the context of the stimulus package. Since that debate continues, I have asked my colleagues not to reopen the issue of COBRA and related healthcare topics in this markup. I appreciate their cooperation and I respect their differing views on this issue. I also assure them that once a resolution of the COBRA issue is achieved, I expect to try to apply a comparable approach to TAA during floor debate or in later conference action.
- Next, taking a recommendation made by Senators Grassley and Conrad, S. 1209 extends TAA to farmers;
- Building in similar recommendations from Senators Snowe and Kerry, we extend TAA to fishermen;
- Finally, the program begins an experiment with wage insurance as an alternative strategy for reemploying displaced workers.

As one might expect, these improvements in TAA do not come for free. The legislation before us would substantially expand the current TAA program. CBO is still working on a final score – but the initial estimate is an increase of approximately \$800 million per year.

To put this in perspective, however, the U.S. currently spends only one-third (1/3) as much as Germany on worker adjustment programs, despite having an economy nearly four times as large. Indeed, our current funding levels are roughly comparable to those of Finland, a nation that the United States dwarfs in terms of both economy and population! The expansion of TAA will start to rectify this situation, though our funding levels will continue to remain much lower than the rest of the developed world.

Considering that the manufacturing sector - the sector hardest hit by trade and globalization - has lost more than a million jobs since June of 2000 – and over 230,000 in just the last two months – this expansion becomes even more essential. Moreover, by the time this proposal goes to the Senate floor, it is my intent to fully offset the cost under Senate budget rules primarily by extending the current Customs User Fees.

The Administration has also expressed an interest in TAA. They have recently produced a short proposal for some changes in the existing program. The legislation before the Committee incorporates many of the Administration's suggested improvements, including shortening the processing time for applications and improving interagency cooperation. Unfortunately, the Administration has not been willing to devote any new resources to the TAA program, which means their proposal cannot cover the major improvements in this bill.

The Committee will also take up today a Chairman's mark based upon S. 525 – an expansion of the Andean Trade Preference Act. This program provides important trade benefits to the countries of the Andean region -- Colombia, Peru, Bolivia, and Ecuador.

Senator Graham's legislation seeks to extend benefits similar to those that the Congress last year granted to the countries of the Caribbean Basin through an expansion of the Caribbean Basin Initiative. The hope is that by encouraging legitimate economic activities in the Andean countries as alternatives to illegal drug production our war on drugs has a better chance of succeeding.

I have supported this program and will continue to support it, but I do have some concerns regarding the extension of program benefits to tuna and some other items, which I plan to address as the legislative process continues.

I also understand that some Members of the Committee may be intending to offer an amendment to grant the President fast track on one of these two vehicles today. I would strongly urge my colleagues not to pursue this option. As I have made clear on a number of occasions, I favor an extension of fast track, provided it addresses issues like labor and the environment and protection of U.S. trade laws.

I was heartened a few weeks ago to see Ways and Means Committee Chairman Thomas join with several of his Democratic colleagues on a version of fast track that I believe is the first step toward a compromise that could win passage of fast track. This legislation, however, has not yet passed the House, and there is significant doubt as to whether it can.

With House passage so uncertain – and given that the House has twice before rejected fast track – I see no reason to waste the time of this Committee and the whole Senate on an issue that may simply not be able to pass the House.

As I have said many times, if the House acts on a bill similar to the current Thomas-Dooley bill, I will quickly mark it up in the Senate Finance Committee. But until that time, I do not believe consideration of fast track legislation is a good use of Senate time.

The House of Representatives has already acted on companion versions of the legislation we are marking up today. A more ambitious expansion of ATPA has already passed the House and been sent to the Senate. We will begin the markup today by substituting the mark for the House bill.

The House Ways and Means Committee has also passed a less ambitious two-year extension of TAA that is now pending on the House calendar. I should also note that yesterday, Representatives Ken Bentsen and Anna Eschoo introduced TAA legislation similar to what we are considering today. I thank them for their efforts and for their leadership. I hope that Senate floor action and conference with the House can be completed on both measures in the coming months.