



Committee On Finance

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Senate Finance Subcommittee on International Trade Hearing on the Status of the Free Trade Area of the Americas

Two years ago, I traveled to Quebec City to attend the Third Summit of the Americas. What I saw there was something with great promise: a trade agreement involving 34 countries all working together toward a single undertaking of economic development and cooperation, 34 neighbors strengthening ties and relationships with the goal of shared prosperity.

I also saw that we had a long way to go to achieve this goal. Now, two years later, it appears we still have a long way to go. Diverging goals for agriculture divide participating countries. So do concerns over labor and the environment. This is disappointing.

When President Clinton launched the initiative to create a hemispheric agreement, he envisioned a market of nearly 800 million consumers stretching from the Arctic Circle to the Straits of Magellan. An agreement of this magnitude offers tremendous opportunities for American farmers, companies, and workers, and it could be a significant boon to the U.S. economy.

Wheat farmers in Montana could benefit greatly from expanded trade with Latin America. So, too, would American workers and companies in a variety of sectors, including services, hi-tech, and manufacturing.

Nevertheless, the slow pace of progress in the negotiations illuminates several crucial problems – some of them within the immediate purview of the FTAA, some of them outside of it – but all of them bearing directly on prospects for successful and fair trade within the hemisphere.

The first concern involves pressure from Brazil and others to address U.S. farm programs within the FTAA, rather than at the WTO. I think everyone here recognizes the danger if we were to give in to this pressure. U.S. domestic supports do not exist in a vacuum, nor would any changes we might make to them simply to conform to a regional agreement. Our farm supports exist, in great part, as a counterweight to the far, far higher supports enjoyed by farmers in Europe and other places, outside our hemisphere. Domestic

supports can only be addressed in the broad, multilateral context of the WTO. Addressing them in any other context would not only be counterproductive, but also terribly unfair to U.S. farmers.

A second problem impeding our progress towards hemispheric free trade is the reluctance of some of our negotiating partners to recognize that labor rights and environmental standards have just as much of an effect on the economics of trade as do standards, technical barriers, and intellectual property rights. We need to engage constructively on trade-related labor and environmental issues in order to move the whole process forward.

The long, and growing, list of agricultural disputes we now have with one of our closest hemispheric partners, Mexico, is the third concern. One of the major disputes, in sweetener trade, is pushing into its seventh year without resolution. The list of disputes also includes beef, pork, poultry, rice, and apples. Now, Mexico is considering an effort to rescind the progress of NAFTA in other commodities like dry beans and white corn. Unfortunately, the effect of these disputes is to erode the confidence of farmers – major supporters of trade – in the benefits of trade liberalization.

Finally, I would be remiss if I did not mention Cuba. Cuba, of course, is not a part of the FTAA. Cuba, in fact, is not even a part of this Administration's trade agenda.

From Chile to Central America, from Australia to Morocco, the U.S. is pushing forward with an aggressive strategy to engage virtually the entire world - except, that is, with Cuba, a country that lies less than 90 miles off our shore. This is a mistake.

We must forge ahead with a new strategy for Cuba and figure out a meaningful way to bring the Cuban people into our world of ideas and development. The first step needs to be through contact and engagement. Last week, eight colleagues and I introduced legislation to lift the restrictions on travel between our two countries. Tomorrow, our colleagues in the House are expected to introduce a companion bill. I have asked Majority Leader Frist for floor time to debate this important legislation. We cannot afford to ignore the failures of current U.S. policy towards Cuba any longer.

If we are to push forward on greater integration with Latin America - and we should - we must work hard to ensure that all of the Americas and its nearly 800 million people benefit from the growth and prosperity such integration will bring.

Earlier this year, countries began submitting their first round of market access offers. The U.S. put forth an aggressive proposal. I understand Brazil has still not yet completed their submissions. I hope this is a delay that will soon be rectified.

If we are to make real progress at the Miami Ministerial in November, every country must take these negotiations seriously. Two years ago, in Quebec City, countries agreed to conclude negotiations by January 2005. That deadline is now only twenty months away. It is time to get to work. I look forward to hearing from our witnesses today to find out how we can do this.