



# Committee On Finance

Max Baucus, Ranking Member

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## U.S. SENATE FINANCE COMMITTEE REVIEW OF U.S.-SINGAPORE AND U.S.-CHILE FREE TRADE AGREEMENT IMPLEMENTATION ACTS

I am pleased to be here this afternoon as we consider legislation to implement our Free Trade Agreements with Singapore and Chile. What a difference a year makes. One year ago this week, we were getting ready to head into conference on the Trade Act of 2002. Our success last year passing that landmark legislation makes today possible.

After the renewal of fast-track authority, the Bush Administration completed the Singapore and Chile negotiations begun by the Clinton Administration. These are the first agreements to be held to the new and progressive standards included in last year's Trade Act.

By and large, I think the two agreements stack up fairly well against the negotiating objectives set out by Congress. They set a new standard in many areas. Just this month, for example, Chile issued a decree granting reciprocal recognition of U.S. meat inspections. With this important development, Montana's world-class ranchers now have the access to Chile's growing market that they deserve. The agreement will also eliminate the ten percent tariff that puts American wheat growers at an artificial disadvantage when competing with Canadian growers for sales in Chile.

Does that mean we now have the perfect text for every future agreement? No. There is always room for improvement in trade agreements. There is no one-size-fits-all solution – whether you are talking about agriculture, intellectual property, environmental standards, or services. But these are issues for another day.

Last month we held a hearing to consider the Singapore and Chile Agreements in some detail. Although the President has already signed both agreements, under U.S. law they have no domestic force or effect until Congress enacts implementing legislation.

Today our task is to take a hard look at draft implementing bills for the two Agreements that have been prepared by the Administration in consultation with Committee staff. Today's markup is not required by the Trade Act. But it is something the Finance Committee has traditionally done each time it considers implementing legislation for a trade agreement under fast-track procedures.

Holding this markup is critical. It makes the fast-track process transparent. Although there are no amendments today, it is the only time Committee Members can offer amendments. I want to commend Senator Grassley for honoring this tradition and – equally important -- for opening today's markup to the public. I think it sets the right tone for how we will consider the many future trade agreements now being negotiated.

The two bills before us today are very similar to each other and to the Implementation Acts for NAFTA and the U.S.-Jordan Agreement. They are narrowly tailored to include only what is necessary or appropriate to implement the agreements. Where there are differences between the two bills, they reflect different negotiated outcomes in the two agreements.

I have worked hard to make sure these draft bills meet two criteria. First, I want to make sure the bills accurately reflect the agreements. Second, the bills need to preserve the prerogatives of Congress and this Committee over trade policy.

One of my main concerns in the Singapore bill has been implementation of the Integrated Sourcing Initiative. I have worked to make sure the bill narrowly reflects the purpose of the ISI and does not provide unintended benefits to third countries. The bill achieves that goal by assuring that Congress will have a vote before the list of ISI products can be expanded. I want to thank USTR and Chairman Grassley for working with me to come up with language that does the job.

Another concern – in both bills – has been the role of Customs. A few months ago, Chairman Grassley and I came to a temporary agreement with the Administration on how to divide authority over Customs between the Departments of Treasury and Homeland Security.

A process is in place to review the initial division of labor in the coming year. So it is critical that nothing in these bills changes the current division or supersedes the review process. Again – I appreciate the willingness of Chairman Grassley and the Administration to work with me on this issue.

Finally, I had some concerns about whether the ISI could create a loophole in our economic sanctions and global safeguard laws. I appreciate the Administration's willingness to think creatively and come up with language in the Statement of Administrative Action that will help avoid potential problems.

I look forward to a strong vote here today on these draft bills. I stand ready to work with Chairman Grassley, our colleagues in the House, and the Administration to complete the fast-track process on these bills as quickly as possible.

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