



Committee On Finance

Max Baucus, Ranking Member

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**Opening Statement of U.S. Senator Max Baucus
Mock Markup of the United States-Bahrain Free Trade Agreement
November 9, 2005**

I would like to thank my colleagues for attending today's "mock" markup. This is an important step in the process of considering the legislation to implement the U.S.-Bahrain free trade agreement. Under the fast-track procedures adopted in the Trade Act of 2002, this mock markup is the first and only time the implementing legislation will receive formal, public scrutiny prior to its introduction.

Today's mock mark-up is without a doubt significant, but it marks neither a beginning nor an end. Instead, this agreement is a milestone on a long road of economic partnership.

This road began in 1999 when the United States and Bahrain concluded a bilateral investment treaty that provides important safeguards to investment in both countries.

The road continued in 2002 when Bahrain took steps to initiate labor market reforms. In the Middle East, these reforms were truly groundbreaking and bold, and showed Bahrain's willingness to better serve its workers. Today, Bahraini unions are growing in size, strength, and significance, giving the economy a pillar of respect and productivity, and its workers a voice.

With this FTA, we continue down this road.

Bahrain has agreed to eliminate nearly all of its tariffs on U.S. agriculture exports. Exports of wheat, fruit – and I trust Montana beef – are expected to rise as a result.

Bahrain has also committed to maintain open, transparent, and liberalized markets for goods and services. On the first day of enactment of the U.S.-Bahrain Free Trade Agreement, one-hundred percent of trade in manufactured goods will be duty free. That means that U.S. exports of automobiles and auto parts, medical devices, and air conditioning and refrigeration equipment will continue to grow.

On services, the agreement's commitments are the most robust of any agreement the United States has ever negotiated. And Bahrain has promised American companies doing business in

the Kingdom a regime free of barriers, modern in its regulation, and respectful of intellectual property rights.

We should commend Bahrain for the difficult political decisions they made to secure this agreement. Chief among these was its commitment to forgo any further participation in the Arab League boycott of Israel. While in my view this was a necessary step for any potential FTA partner, we should nonetheless recognize the courage to take what is in some quarters an unpopular step.

This agreement is not without some controversy. During the negotiations, Bahrain committed to make various further changes to its labor laws beyond those it made in 2002, but those changes have yet to be made. I have full confidence that this issue will be addressed, and that the agreement will secure a wide margin of support in the Congress.

I commend Bahrain for what it has accomplished in a few short years, and I applaud the hard-working staff of the U.S. Trade Representative for negotiating a good agreement.

Bahrain is a strong military ally, an enthusiastic economic partner, and the most open economy in the Middle East. The U.S.-Bahrain free trade agreement is a good model for future FTAs in the Middle East. I look forward to offering it my full support.

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