



For Immediate Release
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**Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding the U.S.-Panama Trade Promotion Agreement**

We are here today to discuss our trade agreement with Panama, a country at the crossroads of the world. Panama links the Americas — North and South — with a land bridge that ties together two continents. Panama also links the world — East and West — with a canal that has changed the course of global trade.

Our trade agreement with Panama also puts all of us — this Committee, this administration, and this country — at a crossroads.

This agreement provides an opportunity for this Committee to build on its past work of creating jobs through exports. It provides an opportunity for the new administration to demonstrate its support for an outward-looking trade agenda. And it provides an opportunity for the kind of export-driven economic growth that our country desperately needs.

I urge the administration not to hesitate too long at this crossroads. I urge them to move forward with this agreement.

This agreement includes the comprehensive labor provisions that I helped to negotiate with Democrats and Republicans in May 2007. And the current Panamanian government has agreed to far-reaching changes to its labor code to comply with those provisions.

But the current Panamanian government leaves office in a few short weeks. And it is not clear that the next government will go as far. If we wait much longer, we may end up with a worse deal.

The Panama agreement also provides new opportunities for American farmers, ranchers, and businesses. Panama already exports most of its goods to the United States duty-free under our trade preference programs. This trade agreement will level the playing field. It would provide the same duty-free treatment to our industrial and agriculture exports to Panama.

This agreement will, for example, immediately eliminate all duties on more than half of our agricultural exports to Panama. That includes high-quality American beef from states like Montana.

And these exports won't get tied up in unscientific trade barriers that have frustrated us in other markets. Panama has appropriately recognized the U.S. food safety and inspection system for U.S. meat and poultry as equivalent to its own.

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This agreement will also immediately eliminate tariffs on 80 percent of U.S. industrial exports to Panama. Panama has begun a significant expansion of the Panama Canal, and it will need more construction and other heavy equipment to finish the job. Under this agreement, U.S. equipment manufacturers like Caterpillar will get a leg up over their competitors.

I would be remiss if I did not also mention Panama's tax laws and practices. I share the goal of the G-20 leaders, the OECD, the administration, and this Committee that tax havens must be shut down. I have introduced legislation that would improve the IRS's ability to detect and deter offshore tax evasion. My interest in moving the trade agreement does not diminish my desire to address offshore tax abuse in Panama and other countries, and to move tax legislation as well.

I understand that Panama is prepared to address these issues, and has made clear that it intends to do so by working both with the U.S. government and through the OECD process.

I want to see rapid progress on tax issues in Panama. But I also believe that we can and should move ahead on our trade agreement right now.

Starting any ambitious initiative — whether it's a new trade agenda or a new waterway — begins with a first step. The first step of the Panama Canal's construction in 1880, as well as the first step of its expansion in 2007, was marked by the detonation of earth-shaking explosions. I hope that we can begin the process of considering the U.S.-Panama trade agreement with considerably less drama.

Let us instead break ground with an open and honest hearing of the facts. Then let us engineer the best path forward. And let us help to move this U.S.-Panama trade agreement down the path.

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