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Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding the U.S.-Panama Free Trade Agreement
As prepared for delivery

In 1987, Ronald Reagan said, “We can look forward to the day when the free flow of trade, from the southern reaches of Tierra del Fuego to the northern outposts of the Arctic Circle, unites the people of the Western Hemisphere in a bond of mutually beneficial exchange.”

Today, as we consider the U.S.-Panama Free Trade Agreement, we are on the cusp of realizing this vision.

Once Congress approves the free trade agreements with Panama and Colombia, it will be possible to travel from Tierra del Fuego at the southernmost tip of South America up to the Arctic Circle entirely through nations that have FTAs with the United States.

This route will take a traveler from Chile, to Peru, to Colombia and then on to Panama. From there, the traveler can choose several routes through Central America, continue through Mexico and across the United States and Canada. This linkage, which has been two decades in the making, is a remarkable achievement.

The economic implications of this linkage will be comparable to the opening of the Panama Canal. The United States and our FTA partners account for two-thirds of the Western Hemisphere’s population and more than 85 percent of its GDP. Over 85 percent of our trade within the hemisphere is with our FTA partners.

Once the FTA is implemented, Panama’s dynamic economy will provide lucrative new opportunities for American farmers, ranchers, and businesses.

This trade agreement will level the playing field for American exporters. Under our trade preference programs, Panama has traditionally exported nearly all of its goods to the United States duty free. The FTA will give American exporters the same duty-free access to Panama.

The 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 my home state of Montana, as well as poultry, soybeans and other foods.

The FTA will also provide new opportunities for U.S. construction firms. Panama is pursuing massive infrastructure projects, including a \$5 billion expansion of the Panama Canal. And Panama is launching energy and transportation projects, including a new subway system worth another \$5 billion.

The implementation of the Panama FTA will help American firms tap into these exciting and profitable economic opportunities.

The FTA also includes groundbreaking, comprehensive labor provisions that we negotiated with both Democrats and Republicans in May 2007. These provisions require both parties to protect core international labor rights, including the right to organize and bargain collectively.

Those labor rights will be fully enforceable, just like the FTA's commercial provisions, and Panama has already made far-reaching changes to its labor code to comply with the FTA's labor provisions.

Panama has also signed a Tax Information and Exchange Agreement with the United States, which will help us combat money laundering and offshore tax evasion. Concerns about these issues had long stalled the FTA, so it is great news that Panama has not only completed and signed the Tax Agreement, but ratified and implemented it as well.

Panama has done its part. Now we must do our part. We must approve the U.S.-Panama Free Trade Agreement.

As we move forward with this agreement, we must be mindful of the bipartisan cooperation that has made it possible to expand free trade from Tierra del Fuego to the Arctic Circle. Trade Adjustment Assistance has been the cornerstone of that cooperation.

TAA retrains American workers who have lost jobs due to trade because imports have increased or factories have moved overseas, and TAA helps workers take advantage of the new opportunities that trade creates. That is why a long-term reauthorization of a robust TAA program must move in tandem with our pending trade agreements with Panama, Colombia and Korea.

So let us realize the vision of free trade connecting the people of the Western Hemisphere, from Tierra del Fuego to the Arctic Circle, let us approve the U.S.-Panama FTA, let us reauthorize TAA and let us move forward united in a spirit of bipartisan cooperation.

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