



# Committee On Finance

Max Baucus, Ranking Member

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## NEWS RELEASE

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For Immediate Release  
Monday, July 11, 2005

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### **Speech of Senator Max Baucus: Big Sky Round of U.S. - Thailand Free Trade Agreement Negotiations**

**(GREAT FALLS, MT)** U.S. Senator Max Baucus delivered the following speech to welcome U.S. and Thai negotiators to Great Falls, Montana for the fourth round of the U.S.-Thailand Free Trade Agreement negotiations.

The speech follows:

Sawadee-khap. Welcome to the Big Sky Round in the Big Sky state of Montana. I am proud that Montana is hosting these negotiations. I am proud that you have the opportunity to see Montana's beautiful mountains and rivers and sky. I am proud that you have the opportunity to see and meet Montana's world-class cattle ranchers, grain and sugarbeet producers, other agricultural producers, and manufacturers. And I am proud that you have the opportunity to experience first-hand how Montana contributes to international trade.

Very special thanks to Peggy Beltrone and the entire Montana Host Committee for organizing these negotiations. I can tell it's going to be a great week.

#### **THE EAGLE AND THE LOTUS FLOWER**

There is someone else who I would like to remember this morning. And that is Edmund Roberts. In February 1833, Edmund Roberts arrived in Bangkok aboard the frigate *U.S.S. Peacock*. As emissary from President Andrew Jackson, his mission was to conclude the very first commercial agreement ever between the United States and an Asian country.

What wonders Edmund Roberts must have seen as he sailed up the Chao Phraya River on his way to meet with King Rama III. He must have delighted at the sight of the glittering towers of the Grand Palace. He must have marveled at the soaring spires of Wat Arun.

And on March 20, 1833, Edmund Roberts and his Siamese counterpart signed the Treaty of Amity and Commerce. Roberts sealed his signature with an eagle. King Rama's representative sealed his signature with a lotus flower. What an auspicious beginning!

In the 172 years since, the Eagle and the Lotus Flower have stood side-by-side.

- We stood side-by-side in the U.S. Civil War, when Siam's King Mongkut offered President Lincoln elephants to use to fight the war.

- We stood side-by-side on the battlefields of World War I.
- We stood side-by-side during the long years of war in Vietnam.
- We stood side-by-side in Iraq. Americans are deeply thankful for Thailand's contribution and sacrifice of its troops.
- And we have stood side-by-side in building a prosperous and stable Southeast Asia.

### **U.S.-THAILAND FTA: BUILDING A FUTURE ON A SUCCESSFUL PAST**

Today, the U.S. and Thai Chief Negotiators – Barbara Weisel and Ambassador Nit – are building upon the foundation that Edmund Roberts, President Jackson, and King Rama III established so many years ago. A free trade agreement between our two nations represents the next logical step in our long journey of friendship, cooperation, and trade.

A free trade agreement between our two countries makes sense. Trade relations between our two countries are solid and growing. Thailand is already American's 19<sup>th</sup> largest trading partner and the 16<sup>th</sup> largest market for American agricultural products.

Last year alone, two-way trade between the United States and Thailand was more than \$23.3 billion. In the past year, U.S. exports of wheat and grains nearly doubled – to almost \$100 million in 2004. Montana's exports to Thailand are also going gangbuster. They have increased by almost 3 times between 2003 and 2004. And by April 2005, Montana's exports to Thailand were already 2.5 times more than they were in all of 2004.

A free trade agreement promises to expand this trade even more, particularly in those areas that Montana cares most about. Let me use agriculture as an example.

Currently, U.S. agricultural exporters face tariffs in Thailand that average 35 percent. That's high compared with an average 7 percent tariff on agricultural goods coming into the United States. Certain consumer-ready products – such as meat and dairy – face tariffs ranging from 40 to 60 percent.

Yet, despite these high tariffs, agriculture trade with Thailand is already booming. Just imagine how much U.S.-Thai agriculture trade could increase if these tariffs are reduced to zero under a free trade agreement. Some estimate that a reduction in Thailand's trade barriers would boost U.S. agricultural exports by \$300 million a year.

Thailand also stands to gain tremendously from a free trade agreement. For Thailand, a free trade agreement will lock in preferential access to the world's most important market. An agreement will provide benefits for Thailand's key exports – rice, fruits and vegetables, textiles, and industrial equipment. A free trade agreement will also stimulate more U.S. investment in Thailand, which will help improve the competitiveness of Thailand's economy compared to its neighbors.

There are sensitive issues of course. None more so for Montanans than sugar. Thailand is a major exporter of sugar, and Thai sugar imports could upset the U.S. sugar program.

I know the negotiators understand that, especially given our experience with CAFTA, and I am confident that a resolution can be found to satisfy the concerns of Montana sugarbeet growers.

## **PERCEPTIONS OF TRADE**

I have a long record supporting trade. Trade opens new markets for our agriculture, manufactured goods, and services. Trade generates good-paying jobs. And, as consumers, it gives us all more choices at lower prices.

But understandably some Americans are concerned about trade. While the benefits of trade are diffuse, the dislocations can be very concentrated.

It is difficult to appreciate that tariff reductions since World War II have increased U.S. national income by \$1 trillion a year. And it is not widely known that trade is now worth 25 percent of our national output compared to 10 percent in the 1950s.

The recent direction of U.S. trade policy has made it more difficult to convince Americans that trade is good and to build support across the country for trade agreements.

It is difficult to generate enthusiasm for new trade agreements when we are not doing enough to enforce the ones that are already on the books.

And it is difficult to muster grassroots support for new trade agreements when we are not doing enough to take care of the workers and industries that trade leaves behind.

## **TRADE POLICY AND THAILAND**

In other words, concluding trade agreements presents an incredibly difficult challenge. A free trade agreement with Thailand has the potential to rise to this challenge.

A comprehensive free trade agreement with our 19<sup>th</sup> largest trading partner has the potential to be a model for the 21<sup>st</sup> Century trade agreements that we should be negotiating.

We must realize this potential. That's the hard part. The U.S. and Thai negotiators who are in Great Falls this week have a tough job hammering out a comprehensive agreement that must cover issues as disparate as agricultural tariffs, financial services, intellectual property, labor, the environment, and dispute settlement.

The negotiators will also have a tough job dealing with each other's sensitivities. But that's what negotiations are all about. Give and take. We should not shrink from dealing with these issues. Instead, I encourage you to roll up our sleeves and tackle them head on.

## **TRADE AND PUBLIC SERVICE**

Sitting amongst us today is an amazing group of public servants. Our trade negotiators are among the best and most dedicated government officials that you will find anywhere. They work day and night – weekdays and weekends – to open markets, to spur competition, and to make sure that trade works for all of us.

It may seem glamorous to get on planes and fly off to foreign countries to negotiate trade agreements. But it is not. It is a thankless task that requires a tremendous amount of personal sacrifice and dedication. Too often we in the Congress take that for granted.

Barbara, my deepest thanks to you and your team for all of the hard work that you do. You make us extremely proud. You remind us of the idealism and professionalism that make our government and our country the envy of the world.

Edmund Roberts's eagle and King Rama III's lotus flower have marked a path for you to follow. It was visionary path, not unlike the path Lewis and Clark blazed through Montana 200 years ago.

I invited you to Montana for these negotiations because I know from many years of experience that the fresh air, blue skies, and mountains of Montana can work wonders to make even the most difficult tasks seem easy.

So, breathe in our fresh air, enjoy our blue skies and mountains, and go negotiate an agreement that we can all support and be proud of.

Unfortunately, I have to leave for the airport very soon. But before I go, let me take a minute to recognize the very distinguished people sitting with me:

- Montana's Governor Brian Schweitzer,
- Thailand's Vice Minister of Finance and Foreign Affairs Virachai, who is the Advisor to the Thai delegation,
- Thailand's Ambassador to the United States Kasit,
- Thailand's Chief Negotiator Ambassador Nit,
- the U.S. Chief Negotiator Barbara Weisel,
- and of course Peggy Beltrone.

And now, I have the honor of introducing the next speaker, Ambassador Kasit. Mr. Ambassador, thank you for the important contribution that you have made to the U.S.-Thai friendship. Since you assumed your post in 2004, you have admirably addressed many difficult challenges and a horrible national tragedy. With typical Thai demeanor, you have given new meaning to the phrase "grace under fire". I look forward to our continued work together.

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