



Committee On Finance

Max Baucus, Chairman

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**STATEMENT BY CHAIRMAN MAX BAUCUS
SENATE FINANCE COMMITTEE
THE BAUCUS-GRASSLEY COMPROMISE**

I am very proud to be able to stand here today and say that we have reached a compromise ON fast track, Trade Adjustment Assistance, Andean trade, and the Generalized System of Preferences, or GSP.

Last night, my good friend and colleague, Senator Grassley and I - along with the Administration - were able to reach an agreement that I believe will gain very broad bipartisan support. As I have said before, this bill, if passed, will be the first major rewrite of international trade legislation in 14 years. It is an historic opportunity for all of us.

Last week, I outlined the need for fast track and for renewing and expanding the Andean Trade Preferences Act. Those bills are identical to the bills offered last week. Let me outline today the compromise that was reached on Trade Adjustment Assistance.

TRADE ADJUSTMENT ASSISTANCE

I believe that the TAA legislation will be one of the most important bills to be adopted by the Senate this year. This bill makes several changes to the TAA program to make it more effective:

First, it extends the period for which TAA pays out income support from 52 to 74 weeks. This allows TAA recipients to stay in the program long enough to complete training for new jobs.

Second, we expand eligibility for TAA benefits to secondary workers. For example, if an automobile producer is affected by imports, displaced workers in supplier companies - tire and windshield manufacturers, for example - will also be covered. We expect that approximately 65,000 additional workers will be eligible for TAA because of this provision.

Third, we agreed to extend TAA benefits when a U.S. manufacturing plant moves offshore - to any country. In addition, we have codified the provisions covering downstream workers who are currently covered by the NAFTA transitional program.

Fourth, we expand TAA benefits. This legislation authorizes \$300 million for training - nearly tripling the program. The legislation also helps TAA recipients obtain healthcare insurance. Displaced workers will be eligible for an advanceable, refundable tax credit of 70 percent. That money can be used for COBRA or for the purchase of certain state-based group coverage options. In my opinion, this is the most significant bipartisan agreement on health care in many, many years. We also provide interim assistance through the National Emergency Grant program.

Fifth, this legislation provides a special TAA program for family farmers, ranchers, and fishermen.

And finally, this bill creates a pilot program on wage insurance – a concept that has been endorsed by former USTR Carla Hills and Federal Reserve Chairman Alan Greenspan.

GENERALIZED SYSTEM OF PREFERENCES

In addition to agreeing on a much improved and expanded TAA program, we have also agreed to extend the Generalized System of Preferences through the end of 2006. This important legislation extends preferential duty treatment for goods from developing countries. As a part of the deal reached last night, we will update the definition of "core worker rights" in GSP to make it consistent with the ILO's 1998 definition of core worker rights. This is important, of course, because in considering countries' eligibility for GSP benefits, the President must consider whether they are taking steps to protect core worker rights. With the updated definition, the President's evaluation will now encompass countries' compliance with the ILO prohibition on the worst forms of child labor and the ILO prohibition on discrimination with respect to employment and occupation.

CONCLUSION

As I said when I began my remarks, I am very proud of this legislation. But it would not have been possible without the help of many of my colleagues. So let me end with some thanks. First on the TAA bill – Senators Bingaman and Snowe have been instrumental in this process. And on the Andean trade bill, Senator Bob Graham has been a tireless advocate. Let me also thank Senator Daschle for his support through both the Committee process – and as we completed negotiations. And finally, I want to thank two of my colleagues on the Finance Committee, Senator Breaux and Senator Phil Gramm, for their help in reaching consensus on this measure. I look forward to working with all of my colleagues to pass this important legislation.