



**Prepared Remarks of U.S. Senator Chuck Grassley of Iowa
Ranking Member of the Committee on Finance
U.S.-Colombia Trade Agreement
The Brookings Institution – Monday, May 12, 2008**

Good afternoon. I'm glad to be here to discuss the merits of the U.S.-Colombia trade promotion agreement.

It's an appropriate day to hold this event. Saturday marked the one-year anniversary of the May 10th bipartisan trade deal between the Administration and the Democratic leadership in Congress. The May 10th deal was supposed to have paved the way for votes on our pending trade agreements at the time, including Colombia.

It hasn't worked out that way. An entire year has gone by. Congress has managed to vote on only one of our four pending trade agreements. That was Peru, passed last December.

Our agreement with Colombia remains in limbo. The Finance Committee and the Ways and Means Committee have yet to even hold hearings on the Colombia trade agreement.

Given this total absence of progress, and with time running out to ensure a vote this year under statutory trade promotion authority procedures, the Administration concluded that there was no other option but to submit the Colombia trade agreement for congressional approval. Which the Administration did on April 8th.

Instead of engaging the Administration under the ample time lines of trade promotion authority, the House of Representatives voted to strip the statutory deadline for a vote on the implementing legislation.

If the Colombia agreement was in limbo before the President submitted it to Congress, the action taken by the House has put it into cold storage.

That vote was a big mistake.

It was a mistake from a global standpoint. It sends a negative message to our trading partners. They'll question whether the United States can be trusted to deliver on its

promises. We may find it harder to negotiate new trade agreements in the future. The House vote was also a big mistake from the standpoint of our bilateral relationship with Colombia, an important ally that deserves better.

It was a big mistake from the standpoint of our exporters and workers, who were looking forward to the chance to compete on a level playing field.

If you don't want to take my word for it, just open a newspaper. Thirty-nine of the top 50 newspapers in the United States have published editorials in favor of the Colombia agreement. The other 11 haven't expressed an opinion. Not a single editorial said the House did the right thing.

The Colombia trade agreement deserves an up-or-down vote.

The challenge I face as the Ranking Member of the Senate Finance Committee, and as a supporter of this trade agreement, is to figure out how to remove it from cold storage, so that it sees the light of day in Congress.

To start, I think we need to remind ourselves of the significance of this trade agreement to our economic and national security interests.

I'll discuss the economic reasons for supporting the Colombia trade agreement and defer to Senator Bond, who is the Vice Chairman of the Senate Intelligence Committee, on the national security interests at stake.

The economic case for implementing the Colombia trade agreement is straightforward. Colombia is a beneficiary of two of our unilateral trade preference programs: the Andean Trade Preference Act, and the Generalized System of Preferences. That has translated into decades of duty-free access to the U.S. market for the vast majority of Colombia's exports.

Meanwhile, less than three percent of our exports to Colombia -- and not a single U.S. agriculture export -- get the benefit of duty free treatment. U.S. exporters face Colombian tariffs as high as 35 percent for non-agricultural goods, and even higher tariffs for many agricultural products.

The Colombia trade agreement would eliminate this disparity. It would level the playing field for American workers. This agreement is all about being fair.

The United States International Trade Commission has estimated that leveling the playing field will increase our exports to Colombia by \$1.1 billion per year. That's just as a result of eliminating duties on goods. That's good for American farmers, manufacturers, and service suppliers. We only get those benefits if we act. If we don't act, the benefits will go to Europe and Canada instead, because Colombia is negotiating trade agreements with them, too. Their exporters will get a leg up in the Colombian market at our expense.

Last year, U.S. exports accounted for more than 40 percent of our total economic growth. We should be doing everything we can to grow our exports even more, particularly in light of the recent slowdown in our domestic economy.

That's what we did last December, when the Senate voted by the wide margin of 77 to 18 in favor of the Peru trade agreement. The Colombia trade agreement is very much like the Peru agreement, and the Colombian market is bigger than Peru's. If it made sense, as it did, to approve the Peru agreement, it makes even more economic sense to approve our agreement with Colombia.

It also makes sense from the standpoint of our national security interests. Too often, we only measure trade in economic terms. But there's more value to an agreement than just the dollars and cents.

One concern about the pending agreement is violence within Colombia against labor unionists. Violence has been a serious problem in Colombia, including violence against union leaders. Colombia and President Uribe are not ignoring this issue. Colombia has made massive strides in its fight against anti-union violence.

I've yet to hear a convincing reason why voting down the Colombia agreement, or refusing to vote on it, will help to reduce violence against labor leaders. The opposite is more likely the case. To help Colombia reduce violence, we should help economic growth and new opportunities in the legitimate economy with a trade agreement.

Another concern is that we shouldn't vote on the Colombia trade agreement until we've reformed our trade adjustment assistance program. I support that goal, and I'm engaged in discussions with the Chairman Baucus to do just that. I've agreed to work with him to advance his priority, which I also have an interest in advancing.

But my top priority is implementing the Colombia trade agreement, and I expect to see a vote on that legislation as well. I think Congress can address both priorities this year. I think Congress can meet both responsibilities this year. It may surprise some people, but Congress can walk and chew gum at the same time.

The only way we'll accomplish these important objectives is if we work together in a bipartisan manner. That's the example that Chairman Baucus and I are trying to set. That's what the House and Senate leadership need to do, as well, if any progress is to be made this year on these economic and national security interests.

Colombia is too important an ally. The U.S. relationship with Colombia is important. Colombia is a friend. Congressional leaders, especially in the House, should rethink how we treat our friends. Thank you.