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BICAMERAL AGREEMENT ADDRESSES TAXES, TRADE, HEALTH
Legislation unveiled today renews tax cuts, fixes Medicare fee schedule for docs

Washington, DC – U.S. Senators Chuck Grassley (R-Iowa) and Max Baucus (D-Mont.) today struck an agreement with the House of Representatives on bipartisan, bicameral legislation to extend expired and expiring tax, health, trade, and other provisions. The legislation will also eliminate an expected cut in Medicare's payments to physicians in 2007. Grassley and Baucus, the Chairman and Ranking Democrat on the Senate Finance Committee, had unveiled their own legislation yesterday to address expiring provisions. It is expected that the House will take up the new bicameral bill late today.

"This is a good agreement," Grassley said. **"It continues tax relief without interruption. It stabilizes access to doctors for Medicare beneficiaries. It moves Medicare toward linking payment with quality and preserves Medicare beneficiaries' access to rehabilitative therapy. It gives new access to farmers including those in Iowa to the growing Vietnamese market. These are things that need to get done. It's good to see them moving forward."**

"This is not a perfect bill, but it renews tax cuts Americans need right now, like the college tuition deduction, and makes sure that Medicare and Medicaid patients will have access to care next year. It makes certain that more U.S.-made goods will get into Vietnam's markets as well," said Baucus. **"Next year we need to tackle expiring tax cuts earlier, so Americans won't have to wonder whether Congress will come through. We must also finish a job that this bill leaves undone, and cover shortfalls in the State Children's Health Insurance Program."**

TRADE

Trade provisions in the Senate-House legislation include:

Generalized System of Preferences (GSP): The GSP program, which expires at the end of 2006, offers developing countries duty-free access to the U.S. market for certain exports. This bill extends the program for two years, but allows the President to limit the availability of GSP benefits for super-competitive products – i.e. those products for which the aggregate annual import value is greater than \$180 million or that constitute more than 75 percent of total U.S. imports of such product.

Andean Trade Preference Act (ATPA): The ATPA program offers the four Andean countries – Colombia, Peru, Ecuador, and Bolivia – duty-free access to the U.S. market for a variety of products. The program expires at the end of this year. This bill provides a straight six-month extension of the program, followed by an additional six-month extension for a beneficiary country if the United States and that country both complete their legislative processes to approve a free trade agreement.

African Growth Opportunity Act (AGOA): The AGOA program offers sub-Saharan countries duty-free access to the U.S. market. The "third country fabric provision" of AGOA, which expires in October 2007, allows beneficiary countries to keep AGOA benefits on certain apparel made with fabric from countries other than the United States or African countries. This bill extends the "third country fabric" provision until 2012. Also, in order to remove disincentives to investment in fabric production in Africa, the package creates an "abundant supply" exception to eligibility under the third country fabric provision with respect to fabrics and yarns that are available in commercial quantities from African suppliers.

Permanent Normal Trade Relations (PNTR) for Vietnam: Vietnam has committed to open its markets to more U.S. goods as part of its accession to the World Trade Organization (WTO). This bill would grant permanent normal trade relations (PNTR) status to Vietnam, allowing the U.S. to take full advantage of Vietnam's WTO commitments. The bill also establishes a process for the Administration to examine whether Vietnam has maintained any prohibited subsidies to its textile and apparel industry in violation of the terms of its WTO accession.

Miscellaneous Tariff Bill (MTB): The miscellaneous tariff bill offers temporary duty reductions on a variety of items not manufactured in the United States. The MTB also provides for a very limited number of reliquidations of entries in cases of government error. Non-controversial miscellaneous tariff items passed by the House, but not included in the pension bill earlier this year, are included in the bill.

Haitian Hemispheric Opportunity through Partnership Encouragement ("HOPE") Act: The bill provides new rules of origin for duty-free apparel imports from Haiti. Haiti may only receive benefits under this Act if it meets certain political, economic, and labor criteria, and textile and apparel transshipment enforcement requirements.

Modifications to the tariff schedule. The bill extends the 15-day window for implementation of changes to the Harmonized Tariff Schedule of the United States (HTSUS) to 30 days, to help businesses incorporate tariff changes into their systems.

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