



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Statement of U.S. Senator Chuck Grassley regarding S.2027
the United States-Bahrain Free Trade Agreement Implementation Act
Tuesday, December 13, 2005

Mr. President, I rise in strong support of S. 2027, the United States-Bahrain Free Trade Agreement Implementation Act.

This legislation is not only good for the U.S. economy it will also promote free trade, democracy, and economic stability in the Middle East. On top of that, it will cement our ties with Bahrain, our strong ally in the region.

This trade agreement is a clear win for the U.S. economy. Upon entry into force of the Agreement, Bahrain will immediately eliminate 100 percent of its duties on imports of U.S. consumer and industrial products.

U.S. farmers will also benefit. On day one of the Agreement, Bahrain will grant duty-free access on 98 percent of its tariff lines that apply to U.S. agricultural and food products. Duties with respect to the remaining 2 percent will be phased out over 10 years.

This is solid market access for U.S. farmers and manufacturers.

U.S. service providers will also gain from this Agreement. Bahrain will provide substantial market access across its entire services regime. The service provisions of the Agreement are based upon a "negative list" approach, which means that all service sectors are covered unless specifically excluded.

Bahrain is already a major center for service providers in the Middle East, and the government recognizes that its services sector can become even stronger through economic liberalization. Because of this agreement, as the region develops, so will opportunities for U.S. exporters.

While it's important to note how the United States-Bahrain Free Trade Agreement will benefit the U.S. economy in the aggregate, it's even more important to point out how it will benefit individual U.S. companies and their workers.

For me, I didn't have to look far to find Iowans who stand to gain from this Agreement.

For example, the HNI Corporation of Muscatine, Iowa, looks forward to the implementation of this trade agreement. HNI is the second largest manufacturer of office furniture in North America, and it is specifically targeting the Bahraini market for increased

sales. So HNI's employees in Iowa, as well as in other states, will benefit from Senate passage of this trade agreement.

Workers at Lennox's residential heating and cooling products factory in Marshalltown, Iowa, also stand to gain from this Agreement. Lennox has a strong interest in increasing its sales in Bahrain. Like HNI, Lennox has a presence in many states, so its employees throughout the country—and not only its Marshalltown workers—will benefit from implementation of this Agreement.

Smaller businesses throughout the United States also stand to benefit from this trade agreement. One such company, the Midamar Corporation, is located in Cedar Rapids, Iowa.

The Midamar Corporation supplies halal foods and foodservice equipment to restaurants, hotels, and distributors throughout the world. This company was started in 1972 by Cedar Rapids native Bill Aossey. When Bill returned to Iowa after serving in the Peace Corps and traveling throughout the Middle East, he came up with the idea of starting a company dedicated to exporting Iowa products.

Well, some 33 years later, Bill has a lot to show for his hard work. He employs some 30 Iowans, and the Midamar Corporation is a clear success. I visited Midamar's facility last August, and I can report that Bill and his employees are very enthusiastic about their prospects once our trade agreement with Bahrain is implemented.

Aside from the immediate benefits to U.S. exporters to Bahrain, this Agreement's impact will eventually spread beyond Bahrain. The United States is currently promoting trade liberalization and economic growth in other countries in the Middle East, and this Agreement will serve as a template for other free trade agreements being negotiated in the region.

So the solid gains for U.S. farmers, workers, manufacturers, and service providers found in this Agreement may be replicated in other free trade agreements in the region. This has already happened with Oman.

The United States recently concluded a free trade agreement with Oman that was based largely upon our Agreement with Bahrain. So the benefits to the HNI Corporation, Lennox, and the Midamar Corporation that I've identified will be multiplied as other Arab countries adopt free trade agreements with the United States that are based largely upon that of Bahrain.

This is all part of a broader goal. In May 2003, President Bush proposed a plan of graduated steps for Middle Eastern nations to increase trade and investment with the United States and others in the world economy, culminating with the establishment of a Middle East Free Trade Area by the year 2013.

The importance of this vision was brought home on July 22, 2004, when the report of the 9/11 Commission was released. That report contains, as one of its key recommendations, that a "comprehensive U.S. strategy to counter terrorism should include economic policies that encourage development, more open societies, and opportunities for people to improve the lives of their families and to enhance prospects for their children's future."

Our trade agreement with Bahrain is an important achievement in that effort, and joins previously concluded bilateral trade agreements between the United States and Israel, Jordan, and Morocco.

The Agreement with Bahrain is an important part of a broader effort to encourage development, more open societies, and opportunities for people to improve the lives of their families and to enhance prospects for their children's future, throughout the Middle East.

Finally, I note that S. 2027 was favorably reported out of the Finance Committee by a unanimous vote. So this bill, and this trade agreement enjoys broad bipartisan support.

For all these reasons, Mr. President, I urge my colleagues to support S. 2027, a bill to implement the United States-Bahrain Free Trade Agreement. I yield the floor.