



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Senator Chuck Grassley  
Senate Finance Committee Consultative Consideration of  
the U.S.-Bahrain Free Trade Agreement Implementation Act  
Wednesday, November 9, 2005

Today the committee will be reviewing, and making informal recommendations on, proposed legislation to implement the U.S.-Bahrain Free Trade Agreement. Before we begin with the technical review of the proposed bill, let me say a few words about the agreement. The U.S.-Bahrain Free Trade Agreement will benefit U.S. farmers, workers, manufacturers, and service industries. Under this Agreement, 100 percent of trade between the United States and Bahrain in industrial and consumer products will become duty-free immediately. Bahrain will grant duty-free access on day one of the Agreement for 98 percent of U.S. tariff lines, and tariffs on the remaining 2 percent of agricultural tariff lines will be phased out over ten years. Bahrain will also provide significant market access for U.S. service providers.

I realize that Bahrain is not a large market, but the U.S.-Bahrain Free Trade Agreement will indeed result in real benefits for Americans, including Iowans. The HNI Corporation, an office furniture manufacturer based in Muscatine, Iowa, looks forward to increased business in Bahrain on account of this Agreement. Lennox, which manufactures residential heating and cooling products in Marshalltown, Iowa, has a strong interest in the Bahrain market and anticipates growing sales there following the implementation of the Agreement. A small Iowa company that supplies halal foods and food service equipment to restaurants, hotels, and distributors worldwide – the Midamar Corporation of Cedar Rapids – also stands to gain from this Agreement.

Importantly, the U.S.-Bahrain Free Trade Agreement will serve as a model for other trade agreements that the United States will negotiate in the Middle East. In this way, the U.S.-Bahrain Free Trade Agreement will ultimately lead to even further liberalization in the region. Thus, the benefits that the HNI Corporation, Lennox, and the Midamar Corporation, and other U.S. businesses will receive from this agreement will be multiplied as other Arab countries adopt agreements that will be modeled in large part upon our Agreement with Bahrain. Now, today the Committee will be reviewing legislation designed to implement this trade agreement. The Committee's informal consideration of the legislation is part of the consultative process envisioned in Trade Promotion Authority. It is an informal act that is not required as part of Trade Promotion Authority. Still, I think it is important to review the bill in a public forum, provide an opportunity to comment on the bill, and propose potential legislative changes.

What the committee has before it is a modified chairman's mark. The modification includes language in the proposed Statement of Administrative Action recognizing the efforts of Bahrain to dismantle its primary boycott of Israel. The modification notes that the Administration intends to monitor and report on the efforts of Bahrain to dismantle this boycott as part of its annual National Trade Estimates Report. I applaud Bahrain for taking these steps -- the Arab League boycott of Israel is clearly a discriminatory trade practice that has no place in a modern economy. I understand the Administration intends to closely monitor these efforts and that they have agreed to include the modified language as part of the final Statement of Administrative Action which will soon be sent to the Congress. At this point, we will hear from our Ranking Member, Senator Baucus.

