

**Wally  
Herger**  
Congressman

**2nd District - California**



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## **Herger Discusses Strength of Economy, Trade with Treasury Secretary Snow and U.S. Trade Representative Portman**

(Washington, D.C.) - Congressman Herger (CA-02) today discussed the state of our nation's economy and the importance of free and fair trade with United States Treasury Secretary John Snow and United States Trade Representative Rob Portman, who testified before the House Ways and Means Committee regarding President Bush's fiscal year 2007 budget. Herger inquired about the Administration's proposal to extend and expand the small business expensing provision, legislation Herger has pushed in recent years. He also inquired about ongoing trade negotiations to improve California agricultural products' access to international markets. The following are Herger's comments regarding the strength of our economy, and transcripts of his discussions with Secretary Snow and Ambassador Portman.

"Our nation's economic expansion remains vibrant and firmly on the right track," Herger stated. "Since tax relief took effect in 2001 and 2003, our economy has generated millions of new jobs, seen consistent and strong growth, and demonstrated tremendous resiliency in the face of natural disaster and continuing terrorists' threats. Rather than raising taxes on American families and small businesses, we must continue the pro growth policies that have been crucial to this expansion."

Positive economic indicators include the following:

- Over 2 million new jobs were created in 2005, and nearly 5 million have been created since enactment of tax relief in 2003
- The unemployment rate in January was 4.7%, its lowest level since July 2001
- The economy expanded at a solid 3.5% rate during 2005.
- Federal tax receipts increased 14.5% in 2005, the largest increase in 24 years
- Retail sales surged 2.2% in January, the best showing since December 1999
- The DOW Jones Industrial Average has increased by over 2,400 points (28%) since January 2003, indicating our investment markets are growing stronger

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Herger continued, "I commend President Bush for proposing to increase the amount of new investments a small business can 'write off' or expense. Small businesses are the backbone of our economy, representing more than half of all jobs and economic output. Expensing helps encourage new small business investment and innovation, spur economic growth, and create new jobs. I strongly support the Administration's proposal, and will soon introduce legislation that is consistent with it."

Herger concluded, "I also commend Ambassador Portman and the Administration for their commitment to leveling the playing field to allow more American products to be traded abroad. Free and fair trade helps our nation's economy by promoting innovation and competition, and fosters positive relations with other countries. I will continue to support free and fair trade agreements that further open international markets to California products."

The following are transcripts of Congressman Herger's discussions with Secretary Snow and Ambassador Portman:

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**House Committee on Ways and Means**  
**Hearing Re: President's Fiscal Year 2007 Budget, February 15, 2006**  
**Witness - Secretary of Treasury John Snow**

**Congressman Herger** -

*"Secretary Snow, like many here, I firmly believe Congress should act to permanently extend the tax relief of 2001 and 2003.*

*"Tax relief has helped to rebound from the economic slowdown of a few years ago, has stimulated growth and created a record number of jobs - 4.7 million new jobs (has stimulated growth (sic)) since 2003 - has also contributed to the 14.5 percent increase in federal receipts - the largest increase in almost a quarter century.*

*"One of the confirmations of these numbers has been a report - issued by the National Federation of Independent Businesses - that expanded section 179 expensing, where small businesses are able to deduct up to 100,000 (dollars) of investment in machinery and equipment, authority is helping small businesses grow.*

*"I'd like you to take a moment to elaborate on the President's proposal to double the amount a small business can currently expense, and make this amount permanent. Specifically, what benefit will this assurance be to American small business?"*

**Secretary Snow** -

*"Congressman, thanks for the opportunity to address that. Small business are really the engine of job creation in America. They create 2 out of 3 new jobs. We saw that when the expensing under (section) 179 was expanded from 25,000 to 100,000 (dollars) that a lot of investment was made. It really spurred investment, because it improved the return on investment; it lowered the costs of investment. The evidence on that is very clear. And what we're saying is for small business since it worked at going from 25 to 100 (thousand dollars), its' going to work even more raising it to 200,000 (dollars).*

*"We want to continue to have small business lead the job creation parade in America, make investments, create jobs, and grow and expand. And this is designed to do that. I think it's one of the strengths of America--our vibrant small business sector."*

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**House Committee on Ways and Means**  
**Hearing Re: President's Fiscal Year 2007 Budget, February 15, 2006**  
**Witness - United States Trade Representative Rob Portman**

**Congressman Herger -**

*"Thank you, Mr. Chairman. Mr. ambassador, it's great to have you with us. Thank you for the outstanding job that you're doing in an area that is so crucially important to not only the economy, the entire United States, but particularly to (sic) importance to our agricultural communities that I represent.*

*"With over \$27 billion in farm value and 250 commodities, California leads the nation in agricultural production.*

*"According to a November 2005 report by the University of California Agricultural Issues Center (at UC Davis), in 2004, for the first time, California had agricultural exports totaling over \$8 billion, much of which originated in my home district, including almonds, dairy, rice, beef, dried plums, peaches, just to name a few.*

*"Understandably, of primary importance to our region is the improvement of global market access for California agriculture, whether through bilateral trade agreements or the continuing Doha round negotiations.*

*"For example, through the recently announced US-Korea (Free Trade Agreement) FTA, we have a real opportunity to expand market access for California agriculture - 4% of the state's total in 2004 - through reduced tariffs and liberalized import policies. Of course there are still obstacles to overcome, such as the reluctance of the Koreans to discuss rice market access.*

*"Mr. ambassador, could you maybe discuss this problem we're having with Korea concerning the rice, and some of the other crops that face higher applied tariffs, such as our tree nuts?"*

**Ambassador Portman -**

*"Thank you, Mr. Herger, and let me thank you for your strong support of our agricultural export interests. You've been a leader on that in the FTAs, but also in Doha.*

*"I think with regard to almonds, you're looking at about 70% of the product in your area now being exported, if I'm not mistaken. So it's a huge interest among so many of the growers. Most of those products you named in your district, by the way, receive little or no subsidy. So for them, what they're looking for is a level playing field out there where they can compete fairly. And it's not fair now. The average tariff is 62% globally in*

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*agriculture. Our tariffs in this country on average are at 12%. I don't it's unfair for us to ask for that. And I think we can do it through bilateral, regional, and multilateral efforts. And I look forward to working with you continually on that.*

*"With regard to Korea, you're right, it's a huge opportunity for us. It's our seventh biggest trading partner, but I believe it's now our fifth biggest agriculture market. And the potential is enormous, because they have significant barriers in place. Even though it's a big market already, significant barriers in place. So there is a lot of potential for California agriculture and agriculture around this country.*

*"We, as you know, in our FTAs, require a comprehensive agreement. We have the gold standard in free trade agreements. I know sometimes they get controversial here in the halls of Congress, but I will tell you around the world people look at our FTAs as being the most comprehensive, the most difficult, frankly, because they require the most market access.*

*"With regard to Korea, we didn't launch this FTA without Korea acknowledging that and understanding that. And that means it covers agriculture. And you know, we haven't gotten to the point of negotiating yet, because we have the agreement up here on the Hill, and we have to wait a certain number of days, ninety days, before we can start the intense negotiations. But we are poised to do that, including with our agriculture negotiator.*

*I want to take this opportunity, if I could, Mr. Herger, to introduce Dick Crowder, who you already know. Mr. Crowder is our new agriculture negotiator as of a couple months ago. Through the Senate process, he's confirmed. He's an ambassador. He negotiates for us. He got back from Europe just yesterday. He was the chief negotiator for the United States back during the Uruguay round when this function was actually at the Department of Agriculture. He's got a lot of experience in the private sector. And we're delighted to have him on board.*

*And he's tough. And he focuses on exactly what you're talking about. He'll be very involved in this Korean FTA. In fact, he's made some comments about the Korea FTA, which has been picked up by the media in Korea and here. And the comments he's made have been basically the obvious one, which is that we have comprehensive agreements, that include agriculture, and that it's going to have to be dealt with, including rice."*

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**Congressman Herger** -

*"Thank you. Would you mind commenting on beef, and restoring access to beef to Korea?"*

**Ambassador Portman** -

*"Well, as I said earlier, we've made some great progress just in the last couple of months on beef. We hope to make some more progress in the next couple of months with regard to a number of different countries. Japan was a step forward and then a step back. We're hoping to be able to restore that market soon after what I'm sure will be a very comprehensive and objective report by the Department of Agriculture."*

*"With regard to Korea, before we launched the FTA there was a decision made on the basis of science in Korea to expand the U.S. beef market there."*

*"For the boneless product, boneless beef is our largest export and it is an important accomplishment for our cattlemen. It was for cattle 30 months and younger, which is the international standard. We were very pleased with that."*

*"What we are still seeking though, after commending our Korean trade partners for this opening, is that the bone-in product, including short ribs, also be included. We believe that the science supports our position strongly. We believe that even the more recent decisions that have been made here in the United States with regard to certifying the bone-in product support our position. And we believe that the international standards support the position that we have taken. So we're hopeful that through the process of additional discussions and focus on science and focus on the international standards we'll be able to open the market even further in Korea."*

*"But we are very pleased that prior to the launch of the FTA we were able to get a significant opening with regard to the boneless product."*

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