Support H.R. 6517, As Amended

MISCELLANEOUS TARIFF BILL PROVISIONS (MTB). The MTB temporarily suspends or reduces for three years, duties on over 290 products, most of which are inputs or components for products manufactured here in the United States. Duty-free entry of these inputs reduces U.S. manufacturers' costs, and thereby can promote their competeviness. Today's bill is the second grouping of duty suspension bills introduced in this Congress. The first, H.R. 4380, the U.S. Manufacturing Enhancement Act of 2010, passed the House of Representatives last July by a vote of 378-43 and was enacted into law in August. Provisions included in the legislation undergo an extremely thorough vetting process to ensure the benefits do not come at the expense of domestic manufacturers. During the process, the House Committee on Ways and Means and the Senate Finance Committee, the Administration, and the independent U.S. International Trade Commission thoroughly review each tariff relief request to ensure there is no opposition from domestic manufacturers of like or competitive products. Cost: $115 million.

EXTENSION OF THE TRADE ADJUSTMENT ASSISTANCE (TAA) PROGRAMS THROUGH JUNE 30, 2012. The Trade Expansion Act of 1962 created the TAA program to assist workers laid off as a result of international trade by helping them retrain and acquire skills needed to compete in the global environment. The Trade and Globalization Adjustment Assistance Act of 2009, which was enacted as part of the American Recovery and Reinvestment Act of 2009, made significant improvements to the TAA for Workers program. Specifically, the legislation made service sector workers eligible for the program, expanded access for manufacturing and secondary workers, significantly increased training funding and promoted incumbent, part-time and longer-term training. Critically, it also increased the TAA for Workers Health Coverage Tax Credit subsidy to 80 percent and made several important changes to the existing credit. These changes are designed to minimize gaps in coverage and assure access to insurance policies that meet the health and medical needs of eligible individuals and their families. Additionally, the Trade and Globalization Adjustment Act of 2009 improved and made permanent the Reemployment Trade Adjustment Assistance wage insurance program. ***As a result of these changes, more than 155,000 additional trade-impacted workers were eligible for TAA for Workers benefits and training opportunities***. Furthermore, the Trade and Globalization Adjustment Assistance Act of 2009 made important reforms to the TAA for Firms program and tripled its authorization, improved the TAA for Farmers program and created the TAA for Communities program. TAA expires on December 31, 2010. Unless TAA is reauthorized, all of the provisions reforming and updating the programs will sunset, adversely affecting trade-impacted workers, farmers, firms and communities all across the nation. Cost: $1.209 billion.

TRADE ADJUSTMENT ASSISTANCE FOR COMMUNITIES – COMMUNITY COLLEGE AND CAREER TRAINING GRANT PROGRAM. Under current law, this TAA program provides grants to educational institutions to develop, offer and improve education and career training programs for workers eligible for TAA. In the 2010 reconciliation, the program received $500 million a year in mandatory funding for FY2011, FY2012, FY2013 and FY2014. The provisions would expand the program by authorizing such grants to also benefit individuals who are eligible for unemployment insurance, who are likely to be eligible for unemployment insurance or who have exhausted their unemployment insurance. Additionally, the provisions would: (1) authorize the Department of Labor to spend up to five percent of program funds to administer, evaluate and establish reporting systems for the program; and (2) give the Department of Labor more flexibility by allowing it to obligate grant funds in the year that they are appropriated, as well as the subsequent fiscal year. These changes do not score.

EXTENSION OF THE GENERALIZED SYSTEM OF PREFERENCES (GSP) PROGRAM THROUGH JUNE 30, 2012. Congress created the GSP program, the first of the U.S. preference programs, in the Trade Act of 1974 and implemented it beginning in 1976. Under the basic GSP scheme, 132 beneficiary developing countries are eligible to export approximately 3,400 types of products duty-free to the United States. The GSP program also provides additional benefits to the 44 GSP countries that are designated "least developed" under the program. These countries may export an additional 1,400 types of products. To qualify for GSP benefits, participants must meet eligibility criteria (e.g., whether the country has taken, or is taking, steps to afford internationally recognized worker rights; whether the country provides certain protections for U.S. investors). GSP currently expires on December 31, 2010. The legislation extends the GSP program through June 30, 2010. Cost: $937 million.

EXTENSION OF THE ANDEAN TRADE PREFERENCES PROGRAM (ATPA) THROUGH JUNE 30, 2012

The ATPA was enacted in December 1991, to help Bolivia, Colombia, Ecuador and Peru develop economic alternatives to drug production and trafficking. ATPA provides benefits beyond those under GSP, including additional product coverage. To qualify for ATPA benefits, countries must meet certain eligibility criteria (e.g., related to counter-narcotics cooperation). The Andean Trade Promotion and Drug Eradication Act (ATPDEA), enacted in August 2002, renewed and amended ATPA to provide duty-free treatment for certain products previously excluded under ATPA, subject to additional eligibility criteria (e.g., evaluating the extent to which each beneficiary country is providing internationally-recognized worker rights). The ATPA program is currently scheduled to expire on December 31, 2010. The legislation extends the ATPA program by 18 months for Colombia and Ecuador. (The U.S.-Peru FTA entered into force on February 1, 2009, and last year, Peru was granted a one-year transition period. Thus, the legislation does not extend Peru's eligibility.) Finally, like the 2009 reauthorization, the legislation moves up the deadline for the United States Trade Representative's next biennial review of the program, including beneficiary country compliance with eligibility criteria, to June 30, 2011 and annualizes the reporting requirement. Cost: $138 million.

WOOL TRUST FUND. In 2000, Congress enacted a grant and tariff relief program for the U.S. wool industry. The legislation created a "wool trust fund", which provides payments to U.S. suit makers to compensate for the competitive damage to the U.S. suit industry caused by an inverted tariff. (Inverted tariffs occur when the duty on a finished product (e.g., a suit) is lower than the duty on the inputs (e.g., fabric) used to make the finished product.) The wool trust fund also makes payments to U.S. wool fabric and yarn producers, as well as sheep growers, to encourage more U.S. production of wool fabrics. The trust fund is funded through the revenue collected from tariffs on wool textile imports (primarily yarns and fabrics). The wool trust fund and tariff relief package was reauthorized in 2008. In 2008 and 2009, the revenue generated through wool fabric/yarn tariffs shrank considerably, resulting in much lower payments to U.S. wool suit producers and other recipients under the program. To address the immediate shortfall, the provision would use revenue generated from tariffs on other apparel products to fund the wool trust fund at the level authorized in 2004. This provision would ensure that thousands of textile and apparel workers remain employed. Cost: $11 million.

OFFSET. The cost of H.R. 6517 will be offset through an extension of Customs User Fees.