CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 10, 2001

H.R. 3009
Andean Trade Promotion and Drug Eradication Act

As ordered reported by the House Committee on Ways and Means on October 5, 2001

SUMMARY

H.R. 3009 would extend the period in which preferential treatment provided to certain products of countries under the Andean Trade Preference Act (ATPA) is in effect. In addition, the bill would provide preferential treatment under ATPA for additional articles, including certain footwear and petroleum products. The bill also would extend preferential treatment to knit-to-shape apparel articles imported from countries under the Caribbean Basin Economic Recovery Act (CBERA) and the African Growth and Opportunity Act (AGOA).

The Congressional Budget Office estimates that enacting the bill would reduce revenues by $41 million in 2002, by $247 million over the 2002-2006 period, and by $263 million over the 2002-2011 period. Because enacting H.R. 3009 would affect receipts, pay-as-you-go procedures would apply. CBO has determined that H.R. 3009 contains no private-sector or intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3009 is shown in the following table.

	By Fiscal Year, in Millions of Dollars				
	2002	2003	2004	2005	2006
CHANGES IN REVENUES					
Estimated Revenues	-41	-47	-50	-53	-57

BASIS OF ESTIMATE

ATPA is scheduled to expire on December 4, 2001. H.R. 3009 would extend the ATPA program until December 31, 2006. Several products of beneficiary countries would continue to receive preferential duty treatment if the bill were enacted. Based on information from the International Trade Commission and other trade sources, CBO estimates that extending the ATPA program would reduce revenues by $18 million in 2002, by $119 million over the 2002-2006 period, and by $126 million over the 2002-2007 period.

Under current law, ATPA does not extend preferential treatment to footwear that is ineligible for treatment under the generalized system of preferences (GSP), petroleum and certain products derived from petroleum, watches and watch parts containing material that is the product of countries not receiving normal trade relations (NTR) treatment, certain sugars and molasses, and certain leather goods. H.R. 3009 would allow the President to extend duty-free treatment to those products. CBO expects that all imports of these products would receive duty-free treatment.

Under current law, apparel articles that are the product or manufacture of an ATPA beneficiary country are entitled to preferential treatment. The bill would allow apparel articles assembled from fabrics formed or knit-to-shape in the United States and certain other apparel articles to receive duty-free treatment. Apparel articles assembled from regional fabrics would also receive preferential treatment if they do not exceed certain percentages of imports on apparel articles. All preferential treatment would expire after December 31, 2006. Based on information from the International Trade Commission, the Office of Textiles and Apparel in the Department of Commerce, and private-sector sources, CBO estimates that if enacted, the provisions that expand ATPA treatment to new products would reduce revenues by $22 million in 2002, by $125 million over the 2002-2006 period, and by $132 million over the 2002-2011 period.

H.R. 3009 would extend preferential treatment to apparel articles formed from components knit-to-shape in the United States for beneficiary countries under CBERA and AGOA. It would also increase the amount of certain apparel articles assembled from regional fabrics that would receive preferential treatment. Preferential treatment for the beneficiary countries is scheduled to expire after September 30, 2008. Based on information from the International Trade Commission, the Office of Textiles and Apparel in the Department of Commerce, and private-sector sources, CBO estimates that if enacted, these provisions would reduce revenues by $1 million in 2002, by $3 million over the 2002-2006 period, and by $5 million over the 2002-2008 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up procedures for legislation affecting receipts or direct spending. The net changes in governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

	By Fiscal Year, In Millions of Dollars									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in receipts	-41	-47	-50	-53	-57	-16	-1	0	0	0
Changes in outlays	Not applicable									

IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

The bill contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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