



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 23, 2009

S.J. Res. 17

A joint resolution approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003, and for other purposes

As ordered reported by the Senate Committee on Finance on July 23, 2009

SUMMARY

S.J. Res. 17 would renew for one year the ban on all imports from Burma, including a ban on imports of certain gemstones originating from Burma. The ban was originally enacted as the Burmese Freedom and Democracy Act of 2003 (Public Law 108-61) and was set to expire on July 28, 2004. The ban has subsequently been renewed five times, most recently in Public Law 110-287, through its current expiration date of July 28, 2009. Previous legislation limited renewals of the ban to a total of six years. This joint resolution would increase that limit to nine years, thereby allowing three additional one-year bans.

CBO estimates that extending the ban on U.S. imports from Burma would reduce federal revenues by less than \$500,000 in 2009 and by about \$2 million in 2010, with no effect thereafter. CBO estimates that enacting S.J. Res. 17 would not affect federal spending.

Under S.J. Res. 17, the President could lift the import restrictions if the State Peace and Development Council, the military regime of Burma, has made substantial and measurable progress to end violations of human rights, implemented a democratic government, and met its obligations under international counter-narcotics agreements. The President also would have the authority to terminate the restrictions upon the request of a democratically elected government in Burma or waive them in the national interest.

By renewing the ban on all imports from Burma, S.J. Res. 17 would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Based on information from the U.S. International Trade Commission (USITC), CBO estimates that the aggregate direct cost of the mandates would fall below the annual threshold for private-sector mandates established in UMRA (\$139 million in 2009, adjusted annually for inflation). S.J. Res. 17 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated impact of S.J. Res. 17 is shown in the following table. The costs of this legislation fall within budget function 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars												
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-2014	2009-2019
CHANGES IN REVENUES													
Estimated Revenues	*	-2	0	0	0	0	0	0	0	0	0	-2	-2

Note: * = Revenue loss less than \$500,000.

BASIS OF ESTIMATE

Under S.J. Res. 17, the President would have the authority to lift or waive the ban imposed by the resolution. For this estimate, CBO assumes that the President would not exercise this authority before the termination of the one-year ban.

Based on data from the USITC on past U.S. imports from Burma and CBO's most recent forecast of total U.S. imports, CBO estimates that enacting S.J. Res. 17 would reduce federal revenues by less than \$500,000 in 2009 and by about \$2 million in 2010, net of income and payroll tax offsets.

In years just before the import ban first went into effect, over half of all U.S. imports from Burma were knitted or crocheted clothing and apparel goods. The remaining imports included apparel items not knitted or crocheted, certain types of fish and crustaceans, goods made of wood, certain precious and semiprecious stones and metals, and woven fabrics and tapestries. In 2001 and 2002, roughly 80 percent of duties collected on these imports came from knitted and crocheted articles. CBO assumes that most of the banned imports would be replaced with imports from other countries.

The President could remove the ban on imports upon the request of a democratically elected government in Burma or if he were to determine and notify the Congress that to do so is in the national interest. Should the ban be lifted, U.S. companies would be allowed to resume importation of goods produced, manufactured, grown, or assembled in

Burma. If such an action were taken during the 2009-2010 period, the impact on federal revenues would be reduced accordingly.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

By renewing for one year the ban on all imports from Burma, S.J. Res. 17 would impose private-sector mandates as defined in UMRA. The cost of the mandate would be the net value of forgone profits from banned Burmese products. According to information from the USITC, the value of imports from Burma was approximately \$356 million in 2002 and \$276 million in 2003. Based on trade data from the USITC, CBO concludes that importers have been able to substitute goods from other countries, mostly within the region, to compensate for a large portion of the trade loss with Burma. Based on that information, CBO estimates that the cost of the mandate would likely fall below the annual threshold for private-sector mandates established in UMRA (\$139 million in 2009, adjusted annually for inflation). CBO has determined that S.J. Res. 17 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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