



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 17, 2004

### **S.J. Res. 39**

#### **A joint resolution approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003**

*As reported by the Senate Committee on Finance on June 15, 2004*

#### **SUMMARY**

S.J. Res. 39 would renew for one year the ban of all imports from Burma. The ban was enacted as the Burmese Freedom and Democracy Act of 2003 (P.L. 108-61) and is currently set to expire on July 28, 2004. The import restrictions may be lifted if the State Peace and Development Council (SPDC), 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. CBO estimates that extending the ban on U.S. imports from Burma would reduce federal revenues by \$2 million in 2004 and \$10 million in 2005, with no effect thereafter. CBO estimates enacting S.J. Res. 39 would not affect federal spending.

By banning all imports from Burma, S.J. Res. 39 would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Due to the lack of information on the value of lost profits to importers resulting from the ban, CBO cannot determine whether the aggregate direct cost of the mandates would exceed the annual threshold for private-sector mandates established in UMRA (\$120 million in 2004, adjusted annually for inflation).

S.J. Res. 39 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 budgetary impact of S.J. Res. 39 is shown in the following table.

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	By Fiscal Year, in Millions of Dollars					
	2004	2005	2006	2007	2008	2009
<b>CHANGES IN REVENUES</b>						
Estimated Revenues	-2	-10	0	0	0	0

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### BASIS OF ESTIMATE

Under S.J. Res. 39, the President would have the authority to lift or waive the ban that would be 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 U.S. International Trade Commission on recent U.S. imports from Burma, information from several government agencies, and CBO's most recent forecast of total U.S. imports, CBO estimates that enacting S.J. Res. 39 would reduce federal revenues by \$2 million in 2004 and \$10 million in 2005, net of income and payroll tax offsets.

In recent years, over half of all U.S. imports from Burma have been knitted or crocheted clothing and apparel goods. The remaining imports include 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 a portion 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 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. It is unclear whether or when the President would exercise the authority to lift or waive the ban on imports from Burma. If such an action were taken during the 2004-2005 period, the impact on federal revenues would be reduced accordingly.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

By banning all Burmese imports, S.J. Res. 39 would impose private-sector mandates as defined in UMRA. Specifically, the bill would ban all imports from Burma. Due to the lack of information on the value of lost profits to importers resulting from the ban, CBO cannot determine whether the aggregate direct cost of the mandates would exceed the annual threshold for private-sector mandates established in UMRA (\$120 million in 2004, adjusted annually for inflation).

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

S.J. Res. 39 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

## **PREVIOUS CBO ESTIMATE**

On June 14, 2004, CBO transmitted a cost estimate for H.J. Res. 97, as introduced in the House of Representatives on June 3, 2004. The two versions of the renewal of the import restrictions are the same and, therefore, CBO's estimates of the effects on federal revenues are the same.

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