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PRESS STATEMENT

AMTAC Opposes Peru FTA

Congress Should Confront Trade Cheats Like China Instead of Trying to Pass Job-Killing FTAs

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WASHINGTON, DC – The American Manufacturing Trade Action Coalition (AMTAC) announced its opposition to the proposed free trade agreement (FTA) between the United States and Peru.

“The Peru FTA simply is a continuation of the flawed trade policy model of trade deficits, offshoring and job losses,” said AMTAC Executive Director Auggie Tantillo.

“Evidently, a key message from the last election – stop offshoring good middle-class U.S. manufacturing jobs – still has not registered with the new leadership in this Congress. Like the congressional leadership from the party fired by the voters last November, they publicly are more focused on passing job-killing FTAs, like Peru, rather than on confronting trade cheats like China,” Tantillo charged.

“Congress spending the entire year focusing on an unpopular Peru FTA instead of passing a strong anti-currency manipulation bill is an enormous disappointment to U.S. manufacturers desperate for relief from China’s predatory trade practices. The value of the illegal currency subsidy given by China to its manufacturing exporters dwarfs the trade covered by the proposed Peru FTA several times over,” Tantillo remarked.

Noting that the United States has lost more than 3.1 million manufacturing jobs since 2001 and is projected to run a trade deficit with China in excess of \$270 billion in 2007, Tantillo said, “Rather than focusing on real trade problems, Congress is being asked to

pass an FTA with a country that only could afford to buy 0.28 percent of U.S. exports in 2006.”

Trade between the United States and Peru totaled a paltry \$8.8 billion in 2006. Nevertheless, the U.S. trade deficit with Peru was \$2.95 billion, as Peru exported approximately twice as much to the United States as it imported from us.

According to the CIA World Factbook, Peru’s Gross Domestic Product (GDP) at official exchange rates was 1/170th of the U.S. GDP. In comparison, China’s GDP was 1/5th of the U.S. GDP.

Peru has less than 1/10th of the U.S. population and its per capita GDP is less than 1/16th of that of the United States. More than 50 percent of all Peruvians live in poverty.

“To expect Peru to become a major consumer of U.S. finished products is a ludicrous assumption,” Tantillo stated. “Peru has a much greater capacity to export to the 300 million-person, \$13 trillion U.S. market than it does to buy finished U.S. products. Like every U.S. free trade agreement before it, the Peru FTA only will add to the massive U.S. trade deficit,” he added.

“The United States should put all free trade agreement negotiations on hiatus until it fixes the major trade policy problems confronting American producers and workers,” Tantillo stated.

Major problems needing immediately to be fixed include:

- Eliminating \$379 billion disadvantage to U.S. producers and service providers caused by foreign value-added (VAT) taxes by passing H.R. 2600, the Border Tax Equity Act introduced by Congressmen Bill Pascrell (D-NJ), Duncan Hunter (R-CA), Mike Michaud (D-ME), and Walter Jones (D-NC).
- Combating currency manipulation by predatory trading partners like China by passing H.R. 2942, anti-currency manipulation legislation introduced by Congressmen Tim Ryan (D-OH) and Duncan Hunter (R-CA).
- Vigorously enforcing existing U.S. trade laws to stop illegal transshipping, illegal subsidies, dumping, and copyright, trademark and patent infringements.
- Ensuring the safety of foreign-made products sold to U.S. consumers.

“Fixing these problems would do far more to help the U.S. economy, its companies, and its workers than continuing the fatally flawed concept of adopting free trade agreements with countries that can export but have little capacity to import U.S. manufactured goods,” Tantillo concluded.

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