

Support Voiced for US-Peru Trade Deal

By Jim Abrams
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WASHINGTON -- Congress moved a step closer Tuesday to making Peru the first country to join in a free trade agreement with the U.S. since Democrats took over Congress at the beginning of the year.

Senate Finance Committee Chairman Max Baucus, D-Mont., at a hearing of his committee, hailed the U.S.-Peru Trade Promotion Agreement as the first to include "meaningful, and fully enforceable, labor and environmental standards."

Farming and manufacturing representatives also praised the agreement, and the AFL-CIO's chief international economist, while not endorsing the deal, said it was an improvement over past trade agreements.

The United States currently buys about \$5.9 billion worth of Peruvian products a year, and sells about \$2.9 billion worth in Peru. When the agreement is implemented, about 80 percent of U.S. consumer and industrial products and two-thirds of farm exports would immediately enter Peru duty-free.

A majority of Democrats and their key labor and environmental group allies have long been wary of free trade deals, saying they lead to the flight of U.S. jobs abroad, exploitation of foreign workers and deprivatization of foreign environments.

But the equation changed last May when House Democrats, led by Ways and Means Committee Chairman Charles Rangel, D-N.Y., negotiated a deal with the administration guaranteeing that labor rights and the environment would be core elements in future trade accords.

Baucus said that as a result, Peruvian workers would be assured the right to organize and bargain collectively and Peruvian children would stay in school rather than work in sweatshops.

Thea Mei Lee, the AFL-CIO economist, said that while the agreement does not address all its worker rights' concerns, it was "an enormous improvement" over past Bush administration agreements with Chile, Singapore, Morocco and others.

She said that AFL-CIO unions were on both sides on the Peru agreement, and it was putting its priorities into opposing two other pending free trade agreements, with Colombia and South Korea.

Senate Democratic leaders have indicated that the Peru agreement could reach the Senate floor by mid to late October. Another agreement with Panama could be dealt with this year as well, while the Colombia and South Korea deals are more problematic — Colombia because of human rights issues and South Korea because of its restrictions on U.S. auto and other imports.

Sen. Charles Grassley, R-Iowa, top Republican on the Finance Committee, cited estimates that the Peru agreement would result in a 25 percent boost in U.S. exports and 8 percent growth in Peruvian exports.

David Winkles, member of the American Farm Bureau Federation trade advisory committee, told the panel that U.S. agriculture exports to Peru, currently around \$223 million a year, could jump by more than \$700 million.

But Lori Wallach, director of Public Citizen's Global Trade Watch, said in an interview that it would also "displace millions of peasant farmers in Peru." She said many labor and environmental groups with ties to Democrats are "basically infuriated that Democrats are going to consider passing more Bush NAFTA deals," referring to the North American Free Trade Agreement. "They are putting a new roof on a condemned building."

Several at the hearing, including Lee and former Clinton administration trade chief Mickey Kantor, stressed that Americans will only support free trade if there is clear evidence that the administration is enforcing promised labor and environmental standards.

"What we have right now are the right words on paper," said Sen. Debbie Stabenow, D-Mich. "That's not enough."