

Grassley Opposes Renewal of Trade Benefits for Poor Countries
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By Mark Drajen

July 27 (Bloomberg) -- Charles Grassley, the chairman of the Senate Finance Committee, said he opposes extending U.S. tariff preferences for poor countries following the collapse of global trade negotiations this week.

``Why should we continue to give them preferential treatment?'' Grassley told reporters in Washington today. India, Brazil and other developing nations ``don't want to give us access to their markets'' in the World Trade Organization negotiations, he said.

The opposition from Grassley, an Iowa Republican responsible for trade legislation, makes it unlikely that Congress would renew a general trade preference program that benefits countries ranging from Kenya to Brazil, or an Andean duty-free program aimed at Bolivia, Ecuador, Peru and Colombia. Both expire at the end of this year.

Early this week, WTO Director General Pascal Lamy announced a suspension in world trade talks because of irreconcilable differences among the six members driving them: the U.S., European Union, Japan, Brazil, India and Australia. Grassley put some of the blame for the collapse on India and Brazil, saying those two countries are unwilling to reduce their duties on manufactured goods, which would benefit American companies.

India and Brazil were two of the largest recipients of access to the U.S. market under a three-decade old program called the generalized system of preferences, accounting for almost \$8 billion of \$27 billion of the duty-free imports last year. The program expires at the end of this year.

U.S. Trade Representative Susan Schwab said yesterday that Congress should extend the program.

Government Actions

In addition, Grassley said he doesn't want to extend the Andean trade preference program because he's unhappy with actions of the governments in Ecuador and Bolivia. Peru and Colombia have each completed free-trade agreements with the U.S., and those will take the place of the preference program.

Negotiations with Bolivia and Ecuador have broken down, and that means they are likely to lose their special access to the U.S. market.

``Ecuador is nationalizing and confiscating private investment in that country," Grassley said. ``Why should we continue to give them some preference?"

Ecuador seized an oil field from Occidental Petroleum Corp. on May 16 following a contract dispute. Occidental challenged the seizure by filing a \$1 billion claim against Ecuador last month with the Washington-based International Centre for Settlement of Investment Disputes.

Bill Thomas, chairman of the House Ways and Means Committee, has also said he opposes any extension or renewal of the Andean preference programs.