

Senate Approves Peru Trade Agreement, Sends to Bush

By Mark Drajem
Bloomberg
December 4, 2007

The Senate approved a free-trade agreement with Peru that may be the only such accord the Democratic-controlled Congress supports before next year's elections.

The Senate voted 77-18 for the agreement, one of the broadest majorities for a trade deal since President George W. Bush took office. The House approved the accord Nov. 8 in the first vote on trade since Democrats took control of Congress. The measure will now go to Bush, who urged its approval, for his signature.

“With the strong votes by both chambers of Congress, we are sending a strong signal to the world that the United States is regaining its bipartisan footing on trade policy,” said U.S. Trade Representative Susan Schwab.

The agreement will eliminate tariffs and set rules of investment, boosting trade between the U.S. and Peru by \$1.5 billion a year, as the U.S. opens the door for more Peruvian exports of asparagus and apparel and more American meat and grain can be sent to Peru.

It “will create more employment by opening up Peru for industrialists to install plants here to supply the U.S. market,” President Alan Garcia of Peru said in Lima today.

The stakes for the U.S. are not as high. Commerce between the U.S. and Peru was \$8.8 billion last year, equivalent to just 10 days of trade between the U.S. and Mexico.

Bush Pushes Colombia Deal

Proponents of free trade said the vote should set the stage for approval of three other trade accords with Panama, Colombia and South Korea. After the vote, Bush urged Congress to approve the Colombian deal next.

“It's important that Congress uses this momentum” of the Peru vote “to quickly take up the three pending free-trade agreements,” said John Engler, president of the Washington-based National Association of Manufacturers.

Yet, each of the other three deals faces higher hurdles in Congress, including opposition from Senate Democrats such as presidential candidate Hillary Clinton.

Panama elected as president of its national assembly a man accused in the U.S. of murdering two American soldiers, drawing a rebuke from American lawmakers. Democrats object to violence against labor leaders in Colombia, and lawmakers such as Senator Max Baucus of Montana say South Korea hasn't fully opened its market to

American beef. U.S. automobile manufacturers say Korea also hasn't opened its market enough to American cars.

No Movement

Democratic leaders in Congress have shown little inclination to move forward on the other three accords.

“There is no sign of movement on the horizon for the other free-trade agreements,” Iowa Senator Charles Grassley, the top Republican on the Senate Finance Committee, said during floor debate yesterday.

Senators used much of their debate on the Peru agreement today to squabble over other issues: the record trade deficit with China, the impact of the North American Free Trade Agreement on American workers and the recent spate of product recalls.

Critics said that even though Democrats forced the Bush administration to rewrite labor and environment provisions in the accord, the pact would undercut U.S. workers and allow companies to challenge health and safety regulations.

“Our current trade model chases short-term profits for the few at the expense of long-term prosperity, health and safety for the many,” Ohio Democrat Sherrod Brown said on the Senate floor today.

Secure Ties

Bush also said that pact would help secure ties with a key democratic ally in Latin America, an argument that the administration has been highlighting to try to rally support for the Colombian deal.

“It is very unfortunate that the Bush administration's only policy towards Latin America has been to negotiate free- trade agreements,” said Senate Majority Leader Harry Reid, who opposed the deal. “I support engagement with Latin America. I strongly support being a better neighbor, but I do not support this narrow policy tool that the Bush administration has fixated on.”

To contact the reporter on this story: Mark Drajem in Washington at mdrajem@bloomberg.net