

Peru trade pact clears major hurdle in Congress

By Doug Palmer

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WASHINGTON - A key U.S. House of Representatives committee gave preliminary approval on Tuesday to a free trade pact with Peru hailed by senior Democrats as the first installment of a new trade policy.

The House Ways and Means Committee approved, by a voice vote, a draft bill to implement the pact -- after the Bush administration agreed earlier this year to beef up the agreement's labor and environmental provisions.

Although a number of Democrats remain opposed to the Peru deal, House Ways and Means Committee Chairman Charles Rangel hailed the vote as a "historic" sign the two major U.S. parties could work together on trade after years of ugly fights.

"There should not be a Republican or Democratic trade policy. Instead, we should have an American trade policy," the New York Democrat said.

But Rangel also warned there were problems with other free trade agreements with Colombia, Panama and South Korea that the White House wants Congress to approve soon.

The committee action on Tuesday clears the way for the White House to formally submit the Peru agreement to Congress. Once that happens, lawmakers will have 90 days to approve or reject the pact without making changes.

Two-way trade between the United States and Peru has doubled over the past three years to nearly \$8.8 billion. U.S. goods exported to Peru reached \$2.9 billion in 2006.

The Bush administration had hoped to win approval of the Peru free trade agreement last year, but decided not to push for a vote ahead of the November congressional elections.

LINGERING OPPOSITION

When Democrats captured control of both the House and the Senate, the White House was forced to renegotiate labor and environmental provisions of the trade pacts with Peru, Colombia, Panama and South Korea.

Despite making those changes, many Democrats still strongly oppose the trade pacts with Colombia and South Korea.

They say Colombia has not done enough to stop the killings of trade unionists and to bring their murderers to justice.

They accuse the Bush administration of negotiating a lopsided deal with South Korea that will open the U.S. market to more auto imports without tearing down that country's regulatory barriers to U.S. auto exports.

The trade agreement with Panama had been relatively uncontroversial, but a recent decision by Panama's National Assembly to elect as its leader a lawmaker wanted in the 1992 killing of a U.S. soldier has changed that.

"There's an 800-pound (360-kg) gorilla with Panama, right in the middle of the living room," Rangel told reporters.

It's up to the Panamanians to decide whether the lawmaker should resign his leadership post, a second Democrat said.

"We have essentially expressed our view to the Panamanians and they have to make that decision," said Rep. Sander Levin, a Michigan Democrat who works closely with Rangel on trade.

It is possible lawmakers could vote on the Panama agreement this year if that issue is resolved and Panama implements a number of labor reforms, Levin said.

Democrats also are preparing legislation to address concerns about Chinese trade practices and to expand federal assistance for workers who have lost their jobs because of foreign competition, Levin said.