

Peru Free-Trade Agreement Backed by U.S. House Panel

By Mark Drajem
Bloomberg
October 31, 2007

The House Ways and Means Committee approved a free-trade agreement between the U.S. and Peru, clearing the way for the accord to be considered by the entire House next week after months of delay.

The committee backed the agreement by a vote of 39 to 0, in what Chairman Charles Rangel said will be the only panel vote this year on pending trade deals. The Bush administration and business groups have urged Congress to approve the accord, which eliminates tariffs on \$8.7 billion in annual trade between the countries.

The unanimous vote followed months of negotiations between the Democratic majority in Congress and the Bush administration over how to recast the accord to meet the demands of Democrats over provisions regarding workers' rights and the environment.

"This agreement is an important first step on the path to a new U.S. trade policy," Michigan Democrat Sander Levin, the chairman of the trade subcommittee, said before the vote.

Under so-called fast-track rules that govern consideration of this trade pact, Congress must accept or reject it without amendments or filibuster. The full House will probably show broad bipartisan support for the accord next week, Rangel said.

The U.S. sold \$2.9 billion in goods to Peru in 2006 and imported \$5.9 billion, according to U.S. Census trade data. The free-trade agreement with Peru would mean \$705 million in additional U.S. farm exports alone, officials in the U.S. Agriculture Department have estimated.

Lower Trade Deficit

Representative Wally Herger, a California Republican, said the agreement will help lower the trade deficit that the U.S. runs with Peru by eliminating tariffs on American exports.

The trade accord ``will eliminate tariffs on U.S. exports to Peru and reduce or eliminate other trade barriers to the benefit of American manufacturers, farmers, and ranchers," he said.

Peru lobbied for months to get this result.

“In soccer terms, 39-0 is an unprecedented score,” Peruvian President Alan Garcia said in a speech broadcast by state television TV Peru. “It clears the way for a major vote on the agreement.”

The U.S. and Peru reached the accord at the end of 2005 and signed it in April 2006. The Peruvian Congress ratified it a year ago. Congressional Democrats then pushed for tougher environmental and labor rules this May, and Peru's legislators in June approved those changes.

Other Agreements

The Bush administration has negotiated free-trade agreements with Peru, Panama, Colombia and South Korea. All await approval from Congress, but only Peru will get approved this year, Rangel said.

“I don't see how we could possibly mobilize a vote before Nov. 16,” Rangel said, referring to an unofficial deadline the Democratic leadership has put on the consideration of new legislation. “I don't know whether there is much room on the landing strip to bring a big bill like this,” he said, referring to other trade deals.

The Senate Finance Committee approved the Peru agreement earlier this month and it is awaiting consideration by the full Senate.

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