

Puerto Rico: in search of "lost floor" of the ATPA-DEA

Humberto Campodonico

La Republica, Lima.

September 14, 2004.

Partisans of the FTA with the US always said that one of the central reasons to negotiate it was the "consolidation" of the gains obtained with the ATPA-DEA. The argument goes like this: the zero-tariff for more than 6,000 items that we export to the US - because we are coca leaf producing countries and cocaine exporters- depends on the ATPA-DEA concessions, that have been "graciously" given to us by the US and that expire in 2006.

With the signature of the FTA, these benefits will no longer rely in this "assistential relationship" and no longer will they have a finite horizon. Instead, they will depend on a Treaty ratified by both Congresses, thus guaranteeing its permanence.

One of the implicit assumptions was that the negotiation would start from the zero-tariffs we already have with ATPA-DEA. This tariffs would be the "floor". From this starting point, our negotiators would seek better access conditions to the US market for other products.

In line with this assumption, the different impact analyses (trade balance, employment) made by institutions like the Andean Community and other trade experts, start from this "floor". Let us say, also, even if this is not the heart of the matter of this article, that results are rather discouraging (only 25,000 new net jobs because of the FTA in Peru).

However, the assumption that we were going to negotiate an ATPADEA "plus" remained just that: an assumption. The US has clearly stated -now that the process is well underway- that the ATPADEA "concessions" are not part of the "floor".

This is the case (among many) of 3 "banner" products for Colombia, Ecuador and Peru, respectively - flowers, shrimps and asparagus -. The US has offered tariff reductions in more than 10 years. The intention is clear: to use this products to obtain concessions in other issues, as intellectual property rights and governmental purchases. The Peruvian vice-minister Pablo de la Flor has said, quite rightly, that the US has taken asparagus as a "hostage". We should also add the pressure of more than 350 asparagus producers from Washington State, that are against lowering tariffs for this product.

The Andean countries negotiators have thus considered US agricultural offers as "insufficient". But they hope that this are only initial US bargaining positions. Nevertheless, some analysts consider that the agricultural negotiation is going to be much rougher than anticipated.

The Puerto Rico round was supposed to discuss the counterproposals to the proposals presented in Lima. But the US has not presented them because of "time problems". For the President of Colombia Exporters Association, Javier Diaz, "the US is delaying the decision making, until after the November elections" (El Tiempo de Bogotá, September 8, 2004).

We also know that one of Regina Vargo's central goal is to eliminate the price band that corrects

the agricultural distortions of prices caused by the industrialized countries subsidies. It is also known that she cannot present this proposal "too early" because it would lead to the failure of the whole process.

In synthesis, not only did our negotiations not obtain the ATPA-DEA "floor". They have also come across a very "hard process" of negotiations, not only in agricultural, but in the rest of the issues. For them, this was "unexpected". But not for many.