

Colombia top priority in Andean trade talks - U.S.

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By Doug Palmer

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WASHINGTON, Sept 29 (Reuters) - The United States is prepared to drop Ecuador and Peru from a proposed U.S. free-trade pact with the Andean region if investment disputes with those countries threaten a deal with Colombia, a top U.S. trade official said on Wednesday.

"We will not endanger a free-trade package with Colombia by having countries attached to it that are going to detract from congressional approval rather than add to it," Deputy U.S. Trade Representative Peter Allgeier said in a speech in New York monitored in an audio feed on the Colombian Embassy's Web site.

Washington wants to finish negotiations with Bogota by early January or shortly before the end of President George W. Bush's first term, Allgeier said at a conference on investment opportunities in Colombia.

That would allow the White House, if Bush is re-elected on Nov. 2, to try to win congressional approval before its trade negotiating authority expires in June, he said.

If Democratic challenger Sen. John Kerry wins, the new administration would have to decide whether to push for a quick vote on the agreement, Allgeier said.

Although the United States is negotiating simultaneously with the three countries, Allgeier said Peru and Ecuador must resolve several long-standing investment disputes to be part of a final deal.

"There needs to be a lot more progress in both of those countries for us to be in a position that we in confidence can put forward a free-trade agreement with those countries through the Congress," Allgeier said.

Allgeier did not refer to specific disputes, but Ecuador and Peru were added to the free-trade negotiations with Colombia earlier this year only after they promised action on a number of concerns by U.S. companies.

The U.S. Chamber of Commerce earlier this year estimated the total value of disputes between U.S. companies and the government of Peru at over \$300 million.

In one case dating back to the late 1990s, New Jersey-based metals and specialty chemicals company Engelhard Corp. (EC.N: [Quote](#), [Profile](#), [Research](#)) says it is owed \$30 million in tax refunds by the cash-strapped government in Lima.

In Ecuador, Occidental Petroleum Corp. (OXY.N: [Quote](#), [Profile](#), [Research](#)) is involved in a fight with the government over \$75 million in tax rebates it says it is owed. An international

arbitrator ruled in Occidental's favor, but Ecuador is appealing and threatening to revoke the company's contract to produce oil there, saying it did not follow proper investment procedures.

Juan Ricardo Ortega, Colombia's deputy minister of commerce, said the proposed free-trade pact with the United States was one of several initiatives Bogota hoped would attract more investment to a country striving to overcome 40 years of war.

Colombia wants to work with the United States to revive the proposed Free Trade Area of the Americas agreement, which would cover every country in the Western Hemisphere except Cuba. Those talks, which are officially targeted for conclusion by Jan. 1, 2005, have been moribund for months.

Bogota is also considering free-trade agreements with Central American countries and the European Union, Ortega said. It already has a free-trade pact with the Mercosur countries of Brazil, Argentina, Paraguay and Uruguay, he said.

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