

House Could Delay Vote on Peru Trade Bill

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By Doug Palmer

WASHINGTON (Reuters) - Republican leaders in the U.S. House of Representatives will likely delay a vote on a free trade pact with Peru until after the November 7 congressional election, U.S. trade experts said on Wednesday.

"I think the political reality is that Peru will not move in September," said Christopher Wenk, international trade policy director for the National Association of Manufacturers.

The agreement locks in Peru's current duty-free access to the U.S. market, while phasing out tariffs and other barriers to U.S. exports to the Andean nation. Without the agreement, Peru's trade benefits would expire at the end of the year.

The two countries finished negotiations in December 2005 after about 18 months of hard bargaining.

Democrats, who hope to capture control of the House in the November election, have long pushed for stronger labor provisions in U.S. free trade pacts and complain the Bush administration ignored former Peruvian President Alejandro Toledo's offer to include those in the accord with Peru.

The Peru agreement could trigger controversy if House Republicans push for a vote this month, said Gary Hufbauer, a senior fellow at the Institute for International Economics.

"I think it's much more likely to come up in the 'lame duck' session (after the election) and get passed then without a lot of fuss," Hufbauer said.

A separate free trade agreement with Colombia will probably generate more opposition, but Congress won't vote on that until next year at the earliest, he said.

Wenk and Hufbauer agreed the Bush administration would face a tougher time winning approval of free trade agreements if Democrats take control of the House.

Sean Spicer, a spokesman for the U.S. Trade Representative's office, said the administration was still consulting with House leaders about the "appropriate timing" of a vote on the Peru agreement. The first step would be for USTR to send a bill to Congress to implement the pact and there has been no decision on when to do that, Spicer said. Senate Finance Committee Chairman Charles Grassley, an Iowa Republican, has said he would push for a Senate vote on the Peru agreement this month.

Trade bills are generally less controversial in the Senate, but both chambers must approve any trade agreement.

