UNITED STATES BUSINESS AND INDUSTRY COUNCIL

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DOMESTIC BUSINESSES CONDEMN PERU TRADE DEAL AS A DISTRACTION FROM REAL COMPETITIVENESS AND JOBS ISSUES FACING THE NATION

WASHINGTON – The U.S. Business & Industry Council today urged Congress to reject the U.S.-Peru Trade Promotion Agreement, calling the deal an economic loser that was distracting Washington's attention from more urgent challenges such as combating China's predatory trade practices.

Council President Kevin L. Kearns described as "delusional" the Bush administration's claims that the Peru agreement will "open a significant new export market" for American goods and service providers.

"Even after several years of strong growth," Kearns noted, "Peru's total economy today barely exceeds that of Hartford, Conn. ($79.4 billion), according to the latest comparative figures." And according to the office of the U.S. Trade Representative itself, said Kearns, the poverty rate still approaches 50 percent.

"The Peru deal fits the economically perverse mold of most recent U.S. trade agreements," charged Kearns. "Washington keeps focusing on countries whose poverty makes significant net imports of U.S. products impossible, and in fact forces them to pursue export-led growth strategies aimed at the U.S. market. No wonder 15 years of such NAFTA-like deals have produced such astronomical U.S. trade deficits."

The only U.S. beneficiaries, observed Kearns, are the multinational companies that value these trade deals as opportunities to outsource more American factories and jobs.

Worse, added Kearns, while the administration and the Democratic leadership in Congress focus on Peru, China's currency manipulation and other mercantilist practices – along with those of Japan and its other East Asian neighbors – keep on shutting down competitive U.S. manufacturing production and destroying high-paying American manufacturing jobs.

"A China trade bill containing the Ryan-Hunter countervailing duty provisions would produce gains that would dwarf those possible from the Peru deal plus all the other pending free trade agreements combined," Kearns said. "Yet in the nine months this Congress has been in session, it has provided no relief whatsoever for the domestic companies and their workers victimized by the predatory practices of China and other mercantilist East Asian states."

Meanwhile, said Kearns, the administration's strategic case for the Peru trade deal is "utterly incoherent." U.S. officials, he noted, claim the agreement will "strengthen freedom and democracy" in Peru by "significantly increasing that country's "opportunities for continued economic growth." Yet, Kearns observed, the administration also insists that the United States will reap most of the deal's economic benefits because virtually all of the trade barriers to be eliminated are Peruvian.

"Trade obviously isn't always a zero-sum game," said Kearns. "But how can a flood of net imports from the United States make Peru a wealthier country and improve the standard of living for the majority of its impoverished citizens?"

"If the President and Congress really want to help Peru and other hemispheric neighbors," said Kearns, "they would recognize that strategic trade policymaking requires making real choices, and thus give Latin American and Caribbean countries trade breaks big enough to seize shares of the U.S. market from China and other predatory trading powers without boosting net U.S. imports."

"Without such priority-setting," Kearns, predicted, "the Peru trade deal will be just one more example of the kind of indiscriminate U.S. market-opening that has left Mexico and so many other hemispheric countries eating China's dust."

The U.S. Business & Industry Council is a national business organization founded in 1933. Its 1,500 members are mainly family-owned domestic manufacturing companies.

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