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## TRADE

# House poised to pass trade concessions with Andean nations

**Four Andean nations inch closer to securing a crucial extension of trade preferences. But a deal with Haiti is in doubt.**

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North Carolina senator

Lawmakers on Thursday agreed to throw a temporary lifeline to Colombia, Peru, Bolivia and Ecuador by extending for six months special trade concessions that support hundreds of thousands of jobs in the region.

Senate and House negotiators drafted a catch-all tax and trade bill that includes a long-sought textile deal for Haiti. But diplomats and congressional staffers said passage in the Senate was in question because the beleaguered U.S. textile industry opposes the Haiti deal, which would allow Haiti to export more garments to the United States.

The bill, which bundles a number of tax and trade proposals, was expected to clear the House but no vote had been taken by press time Thursday night. The Senate is expected to vote today on the text, which also normalizes trade relations with Vietnam.

California Republican Rep. Bill Thomas, who heads the influential Ways and Means Committee, called the tax and trade package a "strong bipartisan compromise."

Colombia, Ecuador, Peru and Bolivia fear massive job losses if Congress does not extend the 2002 Andean Trade Promotion and Drug Eradication Act, which expires at the end of the month. The program was designed to promote nondrug-related export industries.

But key Republican lawmakers such as Thomas want countries to move to free-trade agreements rather than continue enjoying unilateral trade concessions. Peru and Colombia have agreed to do so, although their free-trade agreements face a tough ratification battle under a Democratic-controlled Congress.

The four Andean nations launched an unprecedented united effort to sway Congress to extend the trade preferences considered crucial for everything from Bolivian textile manufacturers to Ecuadorean tuna exporters.

### **UNUSUAL LOBBYIST**

Even Bolivia's socialist President Evo Morales, a close ally of Venezuelan President Hugo Chávez and Cuban leader Fidel Castro, called President Bush in March to ask him to push for a renewal of the Andean trade act and dispatched his vice president twice to Washington to lobby for an extension.

Colombian President Alvaro Uribe, Bush's closest ally in South America, traveled to Washington three times this year to lobby for the Andean trade act as well the U.S.-Colombia free-trade agreement.

But Congress declined to extend the trade concessions for two years, as the Andean nations wanted, or one year, as the Bush administration recommended.

This means Ecuador and Bolivia, which oppose a free-trade agreement with the United States, could be in a tight spot once the new concessions expire on June 30, diplomats and congressional staffers said.

Under Thursday's House-Senate deal, countries can only obtain a second six-month extension if they need more time to finalize the implementation of the free-trade agreements. Bolivia and Ecuador oppose free-trade agreements with the United States, and Bolivia is proposing "fair trade," which is more favorable to South America's poorest nation, as an alternative.

Even though Congress backed a shorter extension, Bolivia's ambassador to Washington, Gustavo Guzmán, was nonetheless pleased with the outcome.

Many analysts believe Congress will eventually ratify the Peru and Colombia free-trade deals.

"The politics, I think, will make it very difficult to say no to these agreements," said Jeffrey Schott, a trade specialist with the Peterson Institute for International Economics, a Washington think tank, "because here are the two leaders of the Andean region who have stood up to Hugo Chávez, who have been pursuing ardently market-oriented and pro-democracy programs in their countries and want to do more, and with whom we have significant alliances in the war on drugs and terrorism."

### **DEAL-BREAKER**

Still, the deal-breaker could be Haiti, several Congressional aides said.

Under the proposed Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act, the country would be allowed to export more garments to the United States.

Two textile groups, the American Manufacturing Trade Action Coalition and the National Council of Textile Organizations, called the concessions a "job-destroying lame-duck foreign trade package."

Sen. Elizabeth Dole, (R-N.C.), threatened to block passage of the trade bill. "We need to find solutions that will help Haiti, and this can be accomplished without endangering U.S. textile jobs."