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## **TRADE**

# **Latin American trade deals' futures uncertain**

## **Washington is still seeking free-trade agreements, but politics and time constraints make passage uncertain.**

By Jane Bussey

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Fall elections, a lame-duck congressional session and the final legal paperwork on one agreement are the remaining puzzle pieces affecting when Washington might ratify trade accords with Peru and Colombia.

"We think these agreements are great," Everett Eissenstat, assistant U.S. Trade Representative for the Americas, told participants at The Miami Herald's Americas Conference.

"Will these agreements happen?" Eissenstat asked during the final day of the event at the Biltmore Hotel in Coral Gables. "We think [they] will."

But he added that obtaining approval on Capitol Hill is never easy. Still, Eissenstat said the administration hopes Congress will ratify the Peruvian agreement before the end of the year, perhaps during a lame-duck session.

But the Colombian accord will lag because all of the legal language still must be finalized.

Eissenstat has firsthand experience with the fate of trade agreements in Congress. Before joining the Office of the U.S. Trade Representative in January, he was a former top advisor on international trade for the Senate Finance Committee, which is in charge of trade legislation.

Congress is generally reluctant to vote on trade accords before federal elections.

## **DOUBLE DEADLINES**

Current trade legislation -- and the countries that depend on duty-free entry of their products into the United States -- face two deadlines.

Full trade agreements must be approved before "fast track" trade authority -- which allows a trade agreement to be considered for an up or down vote with no amendments added -- expires in July 2007.

And the Andean nations of Bolivia, Colombia, Ecuador and Peru face another deadline: Duty-free benefits for apparel, footwear, fruit and vegetables under the Andean trade preferences program are set to expire in December unless Congress renews them. Another duty-free program, the General System of Preferences for developing countries, will also expire in December unless it is renewed.

The Andean free-trade agreements were supposed to take the place of these benefits extended by Washington, but now the threat of an Andean trade preference cutoff has become a reality.

Ecuador and Bolivia are not holding formal free-trade talks now, and there is no chance of them hammering out new agreements by the end of this year.

Eissenstat said that U.S. legislators have expressed reluctance to renew these one-way benefits. He said that in the case of Colombia and Peru, lawmakers might work out a way to make the benefits retroactive to January 1 if the trade pacts are approved later.

## **DIVISIONS**

But opinion on Capitol Hill is divided. On Thursday, Democratic representatives introduced the Emergency Trade Program Extension Act of 2006 to extend the Generalized System of Preferences, the Andean trade preference program and African Growth and Opportunities Act (AGOA) for another two years.

"We need immediate action to extend AGOA provisions and continue GSP and Andean trade programs to give investors, businesses and workers the peace of mind they need to continue growing," New York Rep. Charles B. Rangel, the ranking Democrat on the House Ways and Means Committee, said in a statement.

The main difference between these preference systems and trade agreements is that trade accords are permanent and establish strict intellectual property rights, introduce tougher investment rules that give companies the right to sue governments and give greater access to U.S. products, particularly grains and meat.

Eissenstat praised trade agreements for boosting trade and economic integration with the region.

"What [the Peruvian trade] agreement will do is give certainty. We suspect it's going to help sustain growth in Peru," he said.

The free-trade accord with Colombia is also important for Washington, he said, because it "will advance the strategic agenda of the United States."

Eissenstat said the United States is still hoping to complete a Free Trade Area of the Americas, which has been on ice for 2 ½ years.