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COMMERCE

U.S., Peru sign free-trade agreement

The United States and Peru establish a bilateral free-trade agreement, but agreements with other Andean nations have not yet been reached.

From Staff And Wire Reports

WASHINGTON - (AFP) -- Peru and the United States on Wednesday wrapped up negotiations for a bilateral free trade agreement, although the 18-month effort fell short of the goal to forge a sweeping Andean pact that would include Colombia and Ecuador.

The conclusion to the free-trade negotiations was announced by U.S. Trade Representative Rob Portman and Alfredo Ferrero Diez Canseco, Peru's minister of foreign trade and tourism.

Portman said many Peruvian products already enter the United States duty-free under the Andean Trade Preference Act, so the pact will level the playing field for U.S. goods.

"Consistent with the ATPA's intent, this FTA will strengthen Peru's development prospects and its ability to effectively counter narco-terrorism," Portman said.

"An agreement with Peru is a key building block in our strategy to advance free trade within our hemisphere, which we hope to later bring in the other Andean countries including Colombia and Ecuador," he added.

Later in a conference call with journalists, a senior U.S. trade official said that negotiators met through the night to hash out the accord after it became apparent both sides were ready to make a deal. There is no schedule yet to send the pact to Congress for approval or for finalizing negotiations with Colombia and Ecuador.

"It would be terrific at the end of the day if we had a plurilateral agreement," said the trade official.

In addition to eliminating tariffs on up to two-thirds of U.S. goods immediately, Peru will remove barriers to trade in services, provide a secure legal framework for U.S. investors, guarantee labor and environmental laws, and provide patent protection for U.S. pharmaceutical products.

Among some of the detail: the trade agreement includes a provision to import 11,000 tons of additional sugar, one of the agricultural products that generated so much opposition from U.S. sugar producers it nearly scuttled approval of the Central American Free Trade Agreement.

Peru's apparel industry will also have duty free and quota free access for products that use U.S. or Peruvian-made textiles.

The U.S. government has been trying since May 2004 to negotiate a wider Andean free trade pact encompassing Peru, Colombia and Ecuador, which collectively represent a market of more than \$8 billion dollars for U.S. exports.

The negotiations with Colombia and Ecuador are due to resume early next year.

In 2004, total two-way trade in goods between the United States and Peru was \$5.8 billion. U.S. exports were dominated by machinery and electrical machinery, plastic, cereals and mineral fuel.

The United States has already negotiated free-trade pacts with 12 countries: Australia, Bahrain, Chile, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Morocco, Nicaragua, Oman and Singapore.

It is in trade talks with 10 more, including the two Andean nations, the five nations of the Southern African Customs Union, and Panama, Thailand and the United Arab Emirates.