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U.S., Peru trade accord receives mixed feelings

The United States and Peru's free-trade agreement has already sparked controversy. The Bush administration needs congressional approval but will face several key House Democrats disapproval.

WASHINGTON - Senior U.S. and Peruvian trade officials signed a free-trade accord on Wednesday, the latest in a string of bilateral deals for the United States.

The official signing of the United States-Peru Trade Promotion Agreement (PTPA) sparked reactions from both opponents and supporters of the accord and could signal controversy ahead as the Bush administration tries to gain congressional approval for the pact.

Peruvian President Alejandro Toledo, who leaves office July 28, was in Washington for the signing of the official documents by U.S. Trade Representative Rob Portman and Peruvian Minister of Foreign Trade and Tourism Alfredo Ferrero Diez Canseco.

Portman told the gathering at the Organization of American States that the accord "will promote increased economic activity and commercial prosperity for both of our nations."

Business groups hailed the signing ceremony that took place in the early afternoon at the Organization of American States.

"From Lima, Ohio, to Lima, Peru, this trade agreement will mean growth and opportunity for workers, farmers and business," said Dan Christman, the senior vice president of international affairs for the U.S. Chamber of Commerce.

While single-country trade agreements like those with Singapore or Australia have faced little opposition on Capitol Hill, several key House Democrats have signaled their unhappiness with the lack of adequate worker protections in the pact.

"The proposed U.S.-Peru Free Trade Agreement faces political uncertainty not only in Peru, but also in the U.S. Congress," said Lori Wallach, director of Public Citizen's Global Trade Watch. Some Democrats were unhappy with the "Bush administration's rejection of Toledo's request for stronger labor rights provisions," Wallach said.

Opposition to the accord also exists in Peru.

It was strongly opposed by Ollanta Humala, the opposition candidate who received the most votes in Sunday's presidential election.

He faces a runoff against either former Congresswoman Lourdes Flores, who supports the deal, or former President Alan Garcia, who believes the pact should be renegotiated.

In a conference call, Pedro Barreto, archbishop of Huancayo, warned that the accord would lead to social unrest. "We are certain that the trade agreement will increase the cultivation of coca, which brings along with it a series of negative consequences including drug trafficking, terrorism and violence," Barreto said through a translator.

Critics in Peru contend the agreement would lead to steep increases in the price of medicine.

The accord replaces a current trade program that extended duty-free benefits to most of Peru's exports, which range from copper to asparagus to apparel. That program was set to expire at the end of this year.

The United States will gain duty-free access for its agricultural products such as rice and corn, which has sparked opposition in Peru from groups concerned with farmers having to compete against grains sold with U.S. subsidies.

In 2005, U.S. goods exported to Peru totaled nearly \$2.3 billion. Two-way trade between the United States and Peru last year amounted to \$7.4 billion.

Miami Herald staff writer Jane Bussey contributed to this report, which was supplemented with information from The Associated Press.

"The agreement's language leaves workers to confront routine violations of their labor rights without recourse, and no incentive to the government to improve existing labor laws," said Jeff Vogt, a Washington Office on Latin America labor specialist.

Rep. Charles Rangel, D-N.Y., noted that Toledo has advocated the inclusion of stronger labor standards in the agreement's text. Acceptance of Toledo's advice will ensure broader congressional support, said Rangel, the top Democrat on the House committee responsible for trade issues.

"It also sends a message to our friends and allies in the Andean region about our commitment to the rule of law, workers' rights, and transparency in business and government," he said.

Anne Alonzo, co-chair of the Hispanic Alliance for Free Trade, said the agreement "means more growth opportunity for Hispanic-American business owners and workers here in the United States, including many of them of Peruvian descent."

In May 2004, the United States agreed to negotiate free-trade accords with Peru, Colombia and Ecuador. Negotiations with Peru concluded in December, and an agreement with Colombia was reached in February. Talks with Ecuador are ongoing.