

## Peru Free-Trade Agreement Cleared by U.S. House

By Mark Drajem

Nov. 8 (Bloomberg) -- The House of Representatives approved a free-trade agreement with Peru today, the first such accord passed by Congress since Democrats won control last year.

In a 285 to 132 vote, the House approved the deal to eliminate tariffs and set rules of investment between the world's largest economy and the Andean nation. The measure, which came to a vote only after Democrats got the Bush administration to toughen labor and environmental provisions, now goes to the Senate, which is likely to approve it.

"We have to be concerned about the impact of trade, but we cannot turn our backs on it," House Speaker Nancy Pelosi said before the vote. "I absolutely refuse to have the Democratic Party be viewed as an anti-trade party."

Still, House Democrats voted 109 to 116 against the Peru agreement, suggesting it will be difficult for the administration to win approval of three additional trade agreements with Colombia, Panama and South Korea, all of which are more controversial than the Peru accord.

"There's less than meets the eye in this vote," said Gary Hufbauer, a fellow at the Peterson Institute for International Economics in Washington. For the Peru vote, "There's a lot of alignment of balls in the air that just doesn't exist for Colombia and Korea." Previous accords with Bahrain, Australia and Morocco all garnered more Democratic votes.

### \$1.5 Billion More Trade

Trade between the U.S. and Peru, which totaled \$8.8 billion last year, will grow by \$1.5 billion once the accord is implemented as Peru ships more asparagus and apparel and American producers export more meat and grain, according to the U.S. International Trade Commission.

Peru, which has waited since the end of 2005 for this agreement to be approved, said removing trade barriers to the world's largest economy would allow it to attract new companies to set up factories and spur their booming economy.

"This gives us a new ally for opportunities for business and investment," Peru's Foreign Trade Minister Mercedes Araoz said in a telephone interview.

Critics of the agreement said they doubted the Bush administration would enforce the new provisions guaranteeing greater workers' rights. Some Democrats also said trade agreements cost U.S. workers jobs as cheaper products from other nations drive American companies offshore or out of business.

Presidential candidate John Edwards stumped against the Peru pact, as have unions such as The International Brotherhood of Teamsters, International Association of Machinists and United Brotherhood of Carpenters.

'Not a Good Deal'

The unions say that changes in the labor and environmental provisions don't fix problems with the accord that will lead manufacturing jobs to be shifted overseas. For many new Democratic lawmakers who won seats in districts in industrial states such as Ohio, Pennsylvania and New York, union support will be crucial to their re-election bids.

“The powerful opposition within the majority party makes clear that this deal was not a good deal for workers and should never have been put forward,” Teamsters President Jim Hoffa said. “I hope that the Democratic leadership tells the Bush administration that Congress will now focus on job-creating trade policies and no more of these job-killing agreements.”

The administration and lobbyists from **the U.S. Chamber of Commerce**, National Foreign Trade Council and other pro-trade groups lobbied hard to secure an overwhelming vote total for the Peru agreement, saying it would clear the way for the other pending deals.

‘Historic’ Vote

“If you look where this Congress started out” after Democrats took power last year, “this vote is historic,” said **Nicole Venable, the U.S. Chamber of Commerce's top trade lobbyist.** “We've got a success under our belt, and we need to build on that momentum.”

Still, the other accords face resistance from Democrats.

“Each of those deals has their own individual hang ups,” said Peter Hakim, president of the Washington-based independent Inter-American Dialogue.

Panama elected as president of its national assembly a man the U.S. accuses of murdering two American soldiers, which drew objections from both the State Department and lawmakers. South Korea hasn't fully opened its market to American beef, which Senate Finance Committee Chairman Max Baucus says is a prerequisite for considering that accord. Violence against labor leaders in Colombia has led the AFL-CIO, the nation's largest labor organization, and Democratic leaders to oppose that agreement.

While the AFL-CIO didn't oppose the Peru accord, it vows to get accords with Colombia or South Korea voted down.

“The Peru template is far from perfect, and more work needs to be done to address other important concerns,” AFL-CIO President John Sweeney said in a statement. “Congress must address these pressing concerns before considering passing any additional agreements.”