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U.S. free-trade accord with Peru gives weight to labor rights

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WASHINGTON: A free-trade agreement with Peru that gives as much weight to labor rights and the environment as it does to lower tariffs and greater market access is set for a vote in the U.S. House.

The accord with Peru, headed for passage Thursday, would eliminate duties immediately on about 80 percent of U.S. industrial exports and two-thirds of farm exports. It could increase American exports by \$1 billion a year.

"This agreement has great potential to strengthen the economic ties between the United States and Peru and to improve the standard of living in both countries," said the House majority leader, Steny Hoyer, Democrat of Maryland.

Supporters said it could also help U.S. standing in Latin America as a counter to the anti-American policies of the Venezuelan president, Hugo Chávez.

"This is a battle for hearts and minds; it is a struggle to ensure that liberty and the rule of law prevail over tyranny," said Representative David Dreier, Republican of California, a leading free trader. "Latin America is at a crossroads."

The Senate vote on the pact, signed between the U.S. and Peruvian governments in April 2006, could come later this month.

Democrats generally have resisted free-trade deals they blame for job losses and trade deficits, and their rise to power in January was seemingly a blow to the Bush administration's aggressive free-trade agenda. But the situation changed in May when the administration agreed to Democratic demands that labor rights and the environment be core elements of any future agreements.

The House speaker, Nancy Pelosi, Democrat of California, said she had long opposed trade deals with China and others that had led to huge trade imbalances while doing little to open up those countries politically.

But, she said, "when I saw an opportunity for us to have labor and environmental standards as a core part of our trade agreements, it marked a drastic difference from what even a Democratic president was willing to give on that score."

Pelosi noted that the House had also just passed legislation to extend help for American workers displaced by trade. "I don't want this party to be viewed as an anti-trade party," she said.

Still, many Democrats, including some freshmen with ties to organized labor or from districts that have seen jobs disappear overseas, remained skeptical.

A Democratic freshman, Carol Shea-Porter of New Hampshire, talked of plant closures in her state. "Why can't we have a moratorium? Why rush? Why take a chance?"

Opponents noted that on the day of the House debate, the Peruvian government had decreed a miners strike to be illegal and threatened to fire miners who did not return to work in three days.

The agreement requires the parties to abide by International Labor Organization standards. The pact also commits the parties to enforce their own environmental standards, participate in international environmental accords and not weaken or reduce environmental laws to attract trade or investment.

Lori Wallach, director of Public Citizen's Global Trade Watch, said that despite the gesture toward labor and environmental rights, Democrats have yet to address problems with foreign investor privileges, incentives for U.S. companies to move offshore or issues of food import safety.

She said that a surge in U.S. agriculture exports to Peru could also displace tens of thousands of poor Peruvian farmers, forcing them into drug production, paramilitary groups or flight to the United States.

The White House has been a strong supporter of the agreement, saying in a statement that approval would "send a clear signal to our neighbors, and the world, that we are willing to support those who share our values of economic freedom and democracy."

Peru already can export most of its products to the United States duty-free. The deal will more immediately affect U.S. sales, removing tariffs, opening opportunities for U.S. investors and service industries and protecting intellectual property rights.