



Floor Statement of Senator Chuck Grassley
H.R. 5264 — Andean Trade Preference Extension Act
February 28, 2008

Mr. President, this week the House passed a 10 month extension of our unilateral trade preferences for Colombia, Peru, Ecuador, and Bolivia, and today it's the Senate's turn to consider the issue. I want to take a moment to explain why I've decided to agree to support this 10 month extension.

As my colleagues know, I've been critical of the operation of these trade preferences for quite some time. Last year, reported developments in Ecuador and Bolivia led me to question the commitment of their respective governments to upholding the democratic rule of law, honoring contracts and other legal obligations, protecting civic freedoms such as freedom of the press, and fully partnering with us in the fight against traffic in illicit narcotics. In that context, I've questioned why we should renew these particular trade preferences, which we provide in addition to the broad preferences that we give to developing countries under our separate Generalized System of Preferences program.

More generally, I've questioned why we should continue to extend unilateral trade preferences when our farmers and manufacturers deserve to enjoy reciprocal trade benefits. I realize that we advance our national interest by fostering the creation of legitimate economic opportunities in the four Andean beneficiary countries. There need to be viable alternatives in the region if we're going to succeed in the fight against illicit narcotics. And the Andean trade preferences have been a good start. But I continue to question how unilateral trade preferences provide a basis for truly sustainable economic development over the long term.

On the other hand, a permanent, reciprocal, open trading relationship would appropriately address each of those questions. That's what we should be aiming for. Not only would it provide a level playing field for both sides, it would facilitate the establishment of strong long term economic relationships through mutually beneficial trade and investment. That's one of the reasons why implementation of our trade promotion agreement with Colombia is my top priority on the trade agenda this year.

On balance, I've concluded that this 10 month extension of Andean trade preferences will allow us to accomplish a number of things. It will allow for the smooth entry into force of our trade

agreement with Peru. It will avoid economic disruption in Colombia as we strive to implement our trade agreement with that critical ally. And it will extend an opportunity for Ecuador and Bolivia to engage us in a deeper dialogue on the direction they want to see our bilateral economic and political relationships take going forward. But let me be clear. Today's extension should not be interpreted as a sign that Andean trade preferences are a de facto perpetuity. They are not. I intend to continue my oversight of this program in advance of its expiration at the end of the year. Whether this program is again extended, or in what form, or for which countries, remain open questions.

In the meantime, I will continue monitoring a number of important concerns. For example, the Government of Ecuador has indicated that the U.S. lease to the Eloy Alfaro airfield will not be renewed when it expires in 2009. That is, of course, Ecuador's sovereign right. But we should not wait until the lease expires to discuss how our cooperative efforts to combat traffic in illicit narcotics can be augmented in order to offset the loss of this access. I'm also concerned about expanded cultivation of coca leaf. Just this past Saturday, the New York Times reported on how the rollback of restrictions on coca growing since President Morales took office in Bolivia has contributed to surging drug use in Argentina and Brazil. We need to focus on cultivation just as much as on eradication in the fight against drugs.

With respect to investment disputes, it's essential that legal obligations be fully honored. That includes honoring arbitral awards once they become final. It also includes honoring contracts and the mutual settlement of claims involving prior disputes. Separately, I'm disappointed that we haven't been able to fully resolve some of our differences in agricultural trade. For example, with respect to beef, Colombia and Peru comply with the standards of the World Organization for Animal Health, which sets benchmark standards for the World Trade Organization, by permitting the importation of all U.S. beef. In contrast, Ecuador and Bolivia continue to reject these international standards. Ecuador restricts U.S. beef imports to only boneless beef from cattle under 30 months of age, while Bolivia prohibits imports of all U.S. beef. In addition, Ecuador committed to phase out its agricultural price-band system by 2001 as part of its World Trade Organization accession package, but the government has yet to do so. Ecuador's price-band inhibits U.S. exports of wheat, rice, barley, corn, soybeans, poultry, pork, and powdered milk to Ecuador. Such failures to live up to existing trade obligations undermine the case some make for an extension of trade preferences. I would also expect all four Andean beneficiary countries to actively support efforts to conclude an ambitious agreement in the Doha Development Round negotiations of the World Trade Organization. Finally, I will continue to assess our respective bilateral relations on a political level, as well as monitor the status of protections extended to civic freedoms such as freedom of the press.

In closing, I want to make clear that I am very much interested in strengthening our relations with each of the four Andean beneficiary countries. But it takes cooperation on all sides to make that happen. Colombia and Peru have certainly demonstrated a reciprocal interest in stronger relations. I hope to see a similar demonstration on the part of Ecuador and Bolivia in the months to come — with actions that are commensurate with words. I'm also going to call upon the Administration to review conditions in Ecuador and Bolivia in order to help me evaluate the concerns that I've identified and determine whether changes are warranted if the program is to be extended beyond the end of this year.