



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 4, 2007
(Senate)

STATEMENT OF ADMINISTRATION POLICY
H.R. 3688 – United States-Peru Trade Promotion Agreement Implementation Act
(Rep. Hoyer (D) MD and Rep. Boehner (R) OH)

The Administration strongly supports H.R. 3688, which will approve and implement the United States-Peru Trade Promotion Agreement (Agreement), signed by the United States and Peru on April 12, 2006, and amended through a Protocol signed in Washington, D.C. on June 24, 2007, and Lima on June 25, 2007.

The Agreement advances U.S. national economic interests and meets the negotiating principles and objectives set out by the Congress in the Trade Act of 2002. The Agreement marks the beginning of a new chapter in our commercial partnership with Peru, which since 1991 has been driven by unilateral preferences provided under the Andean Trade Preference Act. Peru has benefited significantly from this program, which was designed to expand the economic opportunities in the Andean region and encourage Peru and its Andean neighbors to move away from the production, processing, and shipment of illegal drugs. Currently, 98 percent of goods imported from Peru have duty-free access to the U.S. market.

The Agreement will make trade between the two countries more of a two-way street. The Agreement creates significant new market opportunities for U.S. manufactured goods, agricultural products, and services. Immediately upon entry into force of the Agreement, duty-free access to Peru's market will be guaranteed for 80 percent of U.S. exports of consumer and industrial goods, all textile and apparel goods meeting the Agreement's origin requirements, and more than 90 percent of current U.S. farm exports to Peru, by value.

The Agreement will be of particular benefit to U.S. small- and medium-sized businesses (SMEs), which will benefit from the significant tariff cuts under the Agreement. The transparency obligations, including those contained in the customs chapter, are also very important to U.S. SMEs, which may not have the resources to navigate confusing or inconsistent customs processes or other regulatory red tape.

The Agreement will substantially reduce barriers with respect to services and investment. The Agreement also provides for state-of-the-art provisions on intellectual property rights, electronic commerce, customs and trade facilitation, and dispute settlement. The Agreement includes provisions on internationally-recognized labor rights and the environment. These provisions, which reflect the May 10 bipartisan trade agreement between the Administration and Congress, were designed to create a new path forward for bipartisan cooperation on trade and have been negotiated and included in the free trade agreements with Colombia, Panama, and Korea also. In addition, the Agreement with Peru includes provisions designed to enhance forest sector governance in Peru and promote legal trade in timber products.

Approval of the Agreement will 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's increasingly open market has made it one of the fastest growing economies in Latin America. The Agreement will significantly increase opportunities for continued economic growth. In addition, Peru has been a steadfast partner in combating narcotics trafficking, countering regional terror groups, and supplying America's energy needs. Approval of the Agreement will demonstrate our support for the Peruvian people, who have chosen to strengthen ties with the United States in the belief that reciprocal market access will contribute to the overall growth and development of their nation.

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