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MEMORANDUM

To: Reporters and Editors
Re: Andean trade preferences agreement
Da: Thursday, Oct. 2, 2008

Sen. Chuck Grassley, ranking member of the Committee on Finance, today reached an agreement with Senate leaders to allow trade preference legislation for Andean countries to move forward. The Senate approved the revised language tonight by unanimous consent. Grassley won a significant victory in securing shorter benefits for Bolivia and Ecuador than for Colombia and Peru. Grassley's agreement with Senate Majority Leader Harry Reid and Finance Committee Chairman Max Baucus paved the way for the Senate to move forward on substitute language for the House-passed version of the *Andean Trade Preferences Act* (ATPA). Grassley made the following comment on the agreement.

“This compromise rewards U.S. allies while giving other countries with some questionable policies a chance to mend their ways. Colombia and Peru have negotiated trade agreements with the United States. They want a strong trading relationship with the United States and so deserve another full year of trade benefits. Ecuador and Bolivia are getting six months for now, with the opportunity to get another six months if they qualify. They need to understand that preference programs aren't to be taken for granted. Under the Andean program, the United States unilaterally reduces tariffs on products imported from Bolivia, Colombia, Ecuador, and Peru. These are the most generous benefits the United States extends unilaterally to any country. Only a handful of countries in the world enjoy them. They are based in part on the cooperation we receive from our Andean neighbors in the fight against illicit narcotics. If that cooperation fails, an important justification for extending these unilateral preferences is threatened. The same goes if investor protections and contract rights are threatened. When that happens, it calls into question our broader economic relationship. Today's outcome gives Ecuador and Bolivia an opportunity to address such concerns.”

The compromise legislation unveiled today renews ATPA for (1) one year for Colombia and Peru, (2) six months for Ecuador plus an additional six months unless the administration determines that Ecuador does not satisfy ATPA criteria, and (3) six months for Bolivia plus an additional six months only if the administration determines that Bolivia satisfies ATPA criteria. In addition, the legislation renews the separate Generalized System of Preferences program for one year. Today's legislation also permits certain apparel products from the Dominican Republic to enter the U.S. market duty-free. Finally, the legislation amends the African Growth and Opportunity Act to permit African countries, including Mauritius, to receive duty free treatment for certain imports using third

country fabric.