

February 8, 2006

The Honorable Rob Portman
United States Trade Representative
Executive Office of the President
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Portman:

Pursuant to Section 2104 (e) of the Trade Act of 2002 and Section 135 (e) of the Trade Act of 1974, as amended, I am pleased to transmit supplementary views of the Agricultural Technical Advisory Committee for Tobacco, Cotton, Peanuts and Planting Seeds concerning the U.S.-Peru Free Trade Agreement (the TCPPS Advisory Committee). The TCPPS Advisory Committee previously submitted a report that did not state an opinion on the Agreement. Based on further review of the proposed Peru Free Trade Agreement, the Committee hereby transmits supplementary views reflecting consensus advisory opinions on the proposed Agreement.

Sincerely,

William Carter
Tommy Bunn
Don Koehler
Kater Hake

Chairs of the Committee

The U.S.-Peru Free Trade Agreement (FTA)

**Supplementary Views of the
Agricultural Technical Advisory Committee for Tobacco, Cotton, Peanuts
and Planting Seeds (ATAC, TCPSS)**

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Tobacco, Cotton, Peanuts and Planting Seeds, ATAC (“TCPSS”)

Advisory Committee Report to the President, the Congress and the United States Trade Representative on United States – U.S.-Peru Free Trade Agreement – Supplementary Views

I. Purpose of the Supplementary Views

At the time it submitted its report on the U.S.-Peru Free Trade Agreement, the TCPSS Advisory Committee had not developed a consensus opinion on the Agreement. Since that report was issued, the TCPSS Advisory Committee has further reviewed the Agreement and hereby submits it supplementary views.

II. Executive Summary of the Supplementary Committee Report

The members of the TCPSS Advisory Committee have reviewed the United States – Peru Free Trade Agreement. This supplementary report reflects the opinion of the committee concerning cotton, planting seeds, peanuts and tobacco.

In general, the Agreement appears to provide reciprocal levels of market access for both the United States and Peru with respect to agriculture in general. Specific issues are discussed in more detail in Section III of this supplementary report.

Among the more significant issues raised by members of the TCPSS Advisory Committee are:

- ◆ With some exceptions, the Peru FTA continues the practice of placing commodities covered by tariff rate quotas into categories providing for extended phase out periods, thereby gradually phasing in the increased market access.
- ◆ The Peru FTA is the first agreement to provide for immediate duty free and quota free access for cotton fiber between the United States and the participating country. Given the type and degree of trade between Peru and the United States with respect to cotton fiber and cotton textiles, the cotton provisions appear to be strongly beneficial to both Peru and the United States.
- ◆ The agreement contains provisions committing the countries to labor standards and rules adopted by the International Labor Organization, and obligates the countries to enforce their labor laws and their environmental laws.
- ◆ Each new free trade agreement undermines tariff rate quota protection for commodities (as established in the Uruguay Round multilateral negotiations) to a degree that, ultimately, cannot be appropriately evaluated. It would be preferable to the peanut industry if tariff reductions for peanuts were scheduled so that the majority of such reductions were taken during the later stages of implementation.

III. Advisory Committee Opinion on Agreement

Tobacco provisions

The TCPPS ATAC tobacco members strongly support the inclusion of tobacco in the U.S.-Peru Free Trade Agreement.

Peanut provisions

The peanut members of the ATAC were somewhat concerned that Peru received additional market access for peanuts under the FTA even though Peru does not produce a significant amount of peanuts. There is concern that should a number of non-peanut producing countries be given additional market access to the United States through FTAs, that access would encourage transshipment of peanuts and peanut products.

Cotton provisions

The Peru FTA appears to provide for equity and reciprocity for many aspects of trade in cotton fiber between Peru and the United States. The Peru FTA is the first agreement to provide for immediate duty free and quota free access for cotton fiber between the United States and the participating country. Given the type and degree of trade between Peru and the United States with respect to cotton fiber and cotton textiles, the cotton provisions appear to be strongly beneficial to both Peru and the United States.

Members of the cotton industry cannot evaluate any free trade agreement without consideration of the provisions of the agreement that affect trade in cotton textiles. The cotton members of the TCPPS ATAC favorably note that the agreement with Peru contains acceptable rules of origin for textiles and contains fewer exceptions to those rules than other free trade agreements.

Planting seed provisions

The proposed FTA agreement negotiated with Peru appears to be favorable for the US seed industry. The overall aim, to increase trade, transparency, consultation and harmonization supports the goals of the US seed industry. Movement of seed should be enhanced from the reduction of tariffs on planting seed and the establishment of appropriate forum for the science based resolution of phytosanitary disputes. A valuable component of the Peru FTA is the advancement of intellectual property protection in the accession to international treaties (such as the UPOV Convention 1991).

IV. Membership of Committee

Gary Adams	National Cotton Council
Thomas P. Archer	American Peanut Council
Dale Artho	Dale and Kathy Artho Farms
Stanley D. Baker	Meadowland Corporation
Jessie T. Bunn	Leaf Tobacco Exporters Association
W. L. Carter	North Carolina Cotton Producers Association
Thomas Cotton	Peanut Growers Cooperative Marketing Assn
Kenneth W. Dierschke	Kenneth Dierschke Farms
Charles Earnest	Dolphin Land Company

Christopher A. Garza	American Farm Bureau Federation
William A. Gillon	Law Offices of William A. Gillon
Kater Hake	Delta and Pine Land Company
Todd Haymore	Universal Leaf Tobacco Company, Inc.
Kenneth Hood	Perthshire Farms
Jeffrey Johnson	Birdsong Peanuts
Donald Koehler	Georgia Agricultural Commodity Commission for Peanuts
Larry Meyers	Meyers and Associates
Donald Nelson	Altria Corporate Services, Inc.
Richard Pasco	American Peanut Product Manufacturers, Inc.
Evans Plowden	American Peanut Shellers Association
Thomas Smith	Calcot, Ltd.
Mark Kay Thatcher	American Farm Bureau Federation
Clyde Wayne	Tobacco Associates, Inc.
Robert Weil	Weil Brothers Cotton, Inc.