

Congress of the United States

Washington, DC 20515

January 14, 2009

The Honorable Susan C. Schwab
U.S. Trade Representative
600 17th St., NW
Washington, DC 20508

Dear Ambassador Schwab:

More than thirteen months ago, we worked hard to create a basis for Congressional passage of legislation to implement the free trade agreement (FTA) between the United States and Peru. Since then, we have followed closely the efforts of you and your staff to ensure the full implementation of the agreement by the Government of Peru. While we are disappointed that the implementation process has taken as long as it has, we recognize and appreciate the efforts that your office has made to complete this important work.

We understand that Peru very recently took steps to address a number of outstanding issues in the implementation process. We hope that the United States ensures that every issue has been fully resolved before certifying the entry into force of the agreement. We urge you to resist setting any artificial deadline in this regard, and to consult closely with the Congress before reaching any determination in this matter.

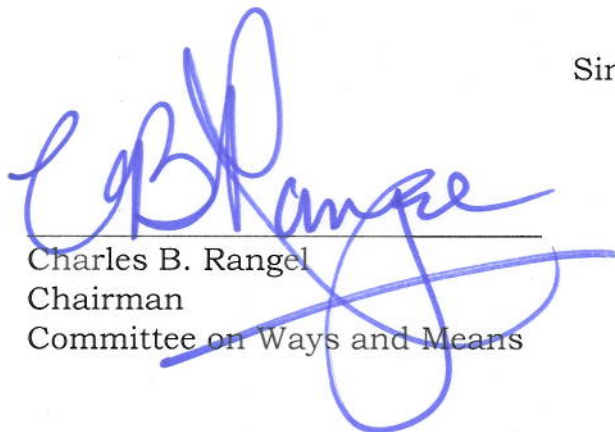
We are particularly concerned that the President may allow the entry into force of the FTA before Peru has implemented its obligation (under Article 17.2.1 of the FTA) to adopt and maintain in its statutes, regulations and practices the fundamental right of workers to freely associate and collectively bargain. Specifically, in 2007, Peru agreed to make – and, in fact, did make – changes to its legal framework to end the practice of subcontracting (or “outsourcing”) as a means of undermining the ability to form a union. In 2008, however, Peru adopted new laws and regulations that open loopholes to the

The Honorable Susan C. Schwab
January 14, 2009
Page 2

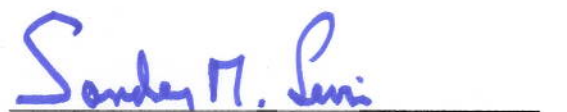
2007 framework, including by creating a vague exception that applies whenever Peru's labor department deems it "reasonable" to do so. The 2008 laws and regulations, and their impact on the 2007 changes, are a major concern to many of us in Congress who worked hard for the passage of the FTA with Peru. We urge you to address this issue before determining, as required by statute, that Peru has taken measures necessary to comply with the provisions of the FTA.

The Government of Peru is an important friend and ally of the United States. We look forward to the entry into force of the U.S.-Peru FTA at the earliest possible time after both parties have implemented fully their commitments, as specified under U.S. law. It is in the interest of neither party for the FTA to enter into force before that time.

Sincerely,



Charles B. Rangel
Chairman
Committee on Ways and Means



Sander M. Levin
Chairman, Subcommittee on Trade
Committee on Ways and Means