



# Committee On Finance

Max Baucus, Ranking Member

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For Immediate Release  
Thursday, June 29, 2006

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**Opening Statement of U.S. Senator Max Baucus (D-Mont.)  
The U.S.-Peru Trade Promotion Agreement  
Hearing Before the Senate Finance Committee**

I very much appreciate the participation of the witnesses who came to testify today on such short notice. I especially would like to thank Jon Stoner, President of the Montana Grain Growers, who flew all the way here from Havre, Montana. Welcome.

I also want to welcome Everett Eissenstat in his new role as Assistant U.S. Trade Representative for the Americas. I am used to seeing Everett at hearings, perched for action behind Senator Grassley and me. It is a nice change to see you at the witness table.

Today, the Senate Finance Committee convenes to examine the U.S.-Peru Trade Promotion Agreement.

On agriculture in particular, the agreement appears to be a big win for Montana and U.S. farmers and ranchers. I appreciate USTR's hard work. Approximately two-thirds of current U.S. agriculture exports — including wheat and high-quality beef — will receive immediate duty-free access to Peru's market.

Under the agreement, Peru will reduce its tariffs on wheat from 17 percent to zero. Under the agreement, Peru will eliminate its non-science based restrictions on all types U.S. beef — boneless, bone-in, and offals. And under the agreement, Peru will address sugar in an appropriately sensitive manner.

This agreement also has potential in other areas. Key U.S. exports of industrial goods, such as medical and scientific equipment, will get immediate duty-free access. U.S. providers of distribution, securities, express delivery, and computer services will have better-than-WTO access to Peru's market. U.S. innovators will benefit from better protection and enforcement of intellectual property rights. And concerns regarding compliance with Peru's environmental laws will be heard by an independent, international secretariat. I commend USTR for working so hard with me on this issue.

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In other words, the agreement holds promise. But we are not yet ready to realize this promise. Concerns — both substantive and political — stand in our way.

First, Peru promised to open its market to U.S. beef — not just boneless beef from cattle under 30 months — but all beef. Peru, however, appears to be backtracking. For instance, Peru continues to ban bone-in beef. Neither I nor Montana's ranchers will be satisfied with half measures. We expect Peru to live up to its commitments on beef now.

Second, some major U.S. investors in Peru are subject to what appear to be specious attempts to criminalize commercial disputes. It will be very hard to build political support for this agreement if it looks like current U.S. investors are not receiving fair treatment.

Third, serious labor issues have been raised. These must be addressed. I strongly encourage the administration — working closely with the Peruvian government and Congress — to resolve these questions now. Until then, I cannot imagine how Congressional consideration of this agreement can proceed smoothly.

Fourth, this agreement comes to Congress in a very difficult climate on international trade. Trust in the administration's trade agenda is bottoming out.

As yesterday's markup on the Oman agreement underscored, the frustration that has been building over the past few years is boiling over. Some staunchly pro-trade Members of this Committee are starting to conclude that the current model of Trade Promotion Authority does not allow them meaningful input into shaping trade policy.

The administration must begin to appreciate that this Committee does not view consultations, hearings, and markups as merely exercises in checking a box. They are opportunities for Members of this Committee to air their legitimate concerns. And they need to be opportunities to have those concerns addressed.

I look forward to continuing the debate on these matters as the expiration of Trade Promotion Authority approaches mid-next year. And how the administration proceeds on agreements between then and now may well determine whether it gets renewed at all.

For the good of the people of Montana, for the good of the people of America, we need to try to make this process work. I look forward to working together with the Chairman, my other Colleagues, and the administration to help to make this system work.

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