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USTR Notifies Congress of Intent to Initiate Free Trade Talks with Andean Countries

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MIAMI - U.S. Trade Representative Robert B. Zoellick today formally notified Congress, on behalf of President Bush, of the Administration's intent to initiate negotiations for a free trade agreement (FTA) with Colombia, Peru, Ecuador, and Bolivia. The Administration plans to structure the negotiations to begin in the second quarter of 2004, initially with Colombia and Peru. The United States is prepared to work intensively with Ecuador and Bolivia with a view to including them in the agreement as well.

"This step is a vote of confidence in these Andean countries," Zoellick said. "We recognize they each face special challenges, but the United States is committed to their success."

"Given Congress' legislative expression of interest - in 1991 and again in 2002 - for trade and economic opportunities with these four Andean countries as a group, the President directed me to initiate free trade possibilities with the region," wrote Zoellick in the letter to Congressional leaders. "An FTA with Colombia, Peru, Ecuador and Bolivia ("the Andean countries") will help foster economic growth and create higher paying jobs in the United States by reducing and eliminating barriers to trade and investment between the Andean countries and the United States."

The four countries combined have a population of about 93 million people and a GDP of about \$463 billion on a purchasing power parity basis. As a destination for U.S. exports, the Andeans collectively represented a market of \$7 billion in 2002, while the U.S. imported \$9.8 billion from the region. The stock of U.S. foreign direct investment in the four countries was \$4.5 billion in 2002. The four are the beneficiary countries of the Andean Trade Preference Act as Amended (ATPA), which expires at the end of 2006. The Administration has taken an aggressive approach to trade liberalization throughout the hemisphere, and an FTA with the Andean countries would serve to further such integration by lending additional momentum to concluding the Free Trade Area of the Americas by January 2005. "Negotiating an FTA with the Andean countries is a logical step under the Administration's promotion of competitive liberalization in the Hemisphere," affirmed Zoellick in his letter to Congress.

Zoellick also noted in the letter that there are important trade policy and foreign policy reasons for the negotiation of all four Andean countries in an FTA. "For over a decade, under different Administrations and Congresses, U.S. policy has recognized that a regional strategy will successfully advance our goals of helping the Andean countries to combat narcotrafficking, build democratic institutions and promote socio-economic development," he wrote.

Currently, the trade relationship between the U.S. and the Andean countries is conducted under the framework of the unilateral trade preferences of the ATPA, which was enacted by Congress in 1991 and renewed and expanded in 2002. Zoellick explained that, "An FTA with the Andean countries will help promote economic integration among the four Andean countries. At the same time, it would provide export opportunities for U.S. agriculture, industry and service providers."

As USTR, Zoellick has visited all four Andean countries. In the letter to Congress, Ambassador Zoellick also acknowledged the need to make progress with individual Andean countries on a number of issues of concern to the United States. Such issues include protection of worker rights and disputes involving U.S. investors.

Zoellick also noted that initial consultations with the Congressional Oversight Group and other Members of Congress regarding the prospects of moving toward a free trade agreement with the Andean countries have

been positive, and we have received bipartisan letters of support that have encouraged us to pursue such an agreement."

A copy of the letter to Congress is available at www.ustr.gov.

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