

# The Office of the United States Trade Representative

Home / Document Library / Press Releases / 2004 / May / 05/03/04 | Andean FTA

## Peru and Ecuador to Join With Colombia in May 18-19 Launch of FTA Negotiations with the United States

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WASHINGTON -The United States announced today that Peru and Ecuador will join with Colombia in the first round of negotiations on a U.S.-Andean Free Trade Agreement (FTA) scheduled for May 18-19. The FTA negotiations were scheduled to begin with Colombia alone, pending the resolution of certain issues with respect to Peru and Ecuador, which have now been addressed. The U.S. hopes to include Bolivia at a later stage, and is working with Bolivian officials to prepare.

"The United States has been busy completing top-notch FTAs with our neighbors in the hemisphere, so we are delighted that the Andean countries want to work with us to remove barriers for our farmers, workers, exporters and businesses," Zoellick said. "The inclusion of Peru and Ecuador in the negotiation will expand benefits beyond the U.S.-Colombia relationship. Our Andean friends rightly view a cutting edge FTA with the U.S. as a key component in their economic growth and reform plans, and we see the FTA as a great way to open markets and opportunities while supporting developing democracies in our neighborhood."

In his November 18, 2003 letter notifying Congress of the Administration's intent to negotiate a U.S.-Andean FTA, United States Trade Representative Robert B. Zoellick indicated that the U.S. would initiate negotiations with the countries that have demonstrated their readiness to begin. The Peruvian Government has recently resolved certain outstanding disputes with U.S. investors and has taken significant steps to resolve others. Similarly, the Ecuadorian Government has taken important steps to address certain concerns regarding the protection of worker rights and has resolved certain investor disputes. There remains work to be done in order for all outstanding issues to be completely resolved. The U.S. Government will continue to work with Peru and Ecuador to follow through on these matters as the negotiations proceed.

In order to spur economic growth in Peru and Ecuador, the United States today also announced that the board of the Overseas Private Investment Corporation (OPIC) has approved, subject to notification to Congress by OPIC, a \$54 million loan for a microfinancing initiative in the Andean countries and several others. The loan will help recipients - particularly women - get a start in small business and promote economic development. This short-term assistance, when coupled with the benefits created by the FTAs, will help to expand U.S. access and opportunities in these growing markets.

Zoellick led the U.S. delegation for the inauguration of Alejandro Toledo as President of Peru in July 2001, and in November 2002 he visited Ecuador for the Free Trade Area of the Americas (FTAA) Ministerial.

In 2003, U.S. goods exports to Ecuador were \$1.4 billion. The stock of foreign direct investment (FDI) in Ecuador in 2002 was \$1.1 billion. In 2003, U.S. goods exports to Peru were \$1.7 billion. The stock of foreign direct investment (FDI) in Peru in 2002 was \$3.2 billion. The four Andean countries collectively represent a market of over \$7 billion for U.S. exports, and are home to over \$8 billion in U.S. foreign direct investment.

### Background:

On March 15, 2004, the United States completed FTA market access negotiations with the Dominican Republic. It will be added to the recently concluded CAFTA. The U.S. has completed FTAs with eight countries - Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Australia and Morocco - over the past few months. New and pending FTA partners, taken together, would constitute America's third largest export market and the sixth largest economy in the world.

The United States is aggressively working to open markets globally, regionally, and bilaterally and to expand American opportunities in overseas markets. In a January 2004 letter to the 146 WTO members, Zoellick urged Members to revive the global trade talks. In February Zoellick traveled over 30,000 miles and met with over 40 WTO members in strategic consultations. Immediately following that trip, Zoellick traveled to San Jose, Costa Rica for meetings February 23-24 with ministers from the Cairns Group of agriculture exporting countries to discuss liberalizing trade in agriculture within ongoing World Trade Organization (WTO) trade negotiations.

In addition to the global efforts, a top goal for the U.S. is the FTAA negotiation to create a \$13 trillion, 800 million person Western Hemispheric free trade zone stretching from Alaska to Tierra del Fuego. Comprehensive, high-quality agreements that promote regional economic integration (Chile, CAFTA) with like-minded, ambitious trading partners, complement and provide impetus for the FTAA negotiations. The United States is also currently negotiating an FTA with Panama.

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