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Statement of Senator Chuck Grassley
Finance Committee Hearing
U.S.-Peru Trade Promotion Agreement
September 11, 2007

I want to start by thanking Chairman Baucus for scheduling this hearing. This is the second hearing held by the Committee on our trade agreement with Peru. The first was on June 29, 2006. However, Congress did not enact implementing legislation for our trade agreement with Peru last year.

This year, the Democrats demanded additional provisions in our trade agreements before they would agree to implement them. After lengthy negotiations, the Administration agreed to a compromise that the House Democratic leadership announced with much fanfare on May 10th. Our trade agreement with Peru was then renegotiated to reflect this compromise.

Today's hearing provides the Committee an opportunity to review the trade agreement as it has been modified. I have accepted the May 10th compromise because, even with those changes, I believe it remains in our national interest to implement these trade agreements. I hope we can quickly follow up today's hearing with informal committee consideration of draft implementing legislation. I want to complete the implementation process for Peru during this work period so that we can turn to our other agreements with Colombia and Panama before the end of the year.

Our agreement with Peru is a strong trade agreement that deserves the support of this Committee and the Congress. Implementation will provide substantial benefits for U.S. farmers, manufacturers, and service providers. Peruvians will benefit significantly as well.

According to the American Farm Bureau Federation, U.S. farm exports could increase by over \$705 million each year under the agreement. More broadly, the U.S. International Trade Commission estimated that the agreement will lead to a 25 percent increase in U.S. exports to Peru, while Peru's exports to the United States will grow by 8 percent. That's win-win, and at the same time it will help reduce our trade deficit. Critics of our trade deficit in Congress should take note—if you want to do something positive, vote in favor of our trade agreement with Peru.

Peru's government has demonstrated that it is committed to market liberalization and to strengthening its relationship with the United States. That's in stark contrast to other countries in the region. Governments in Venezuela, Ecuador, and Bolivia, are consolidating political power, expropriating industries or otherwise disregarding investor rights, and distancing themselves from the United States.

Failure to implement our trade agreement with Peru would send exactly the wrong signal. It would empower leaders like Hugo Chavez who are antagonistic to the United States. And it would disillusion the Peruvian people who view the United States with friendship. It is therefore very important to our national interest that Congress implement our trade agreement with Peru as soon as possible.

Again, I want to thank Chairman Baucus for his leadership in scheduling today's hearing. And, I want to thank our witnesses for being here today. I look forward to hearing their testimony.