



*Douglas Goudie*

*Director*

*International Trade Policy*

September 22, 2009

Ms. Carmen Suro-Bredie  
Chairman, Trade Policy Staff Committee  
Office of the United States Trade Representative  
600 17th Street, N.W.  
Washington, DC 20208

RE: Comments of the National Association of Manufacturers on the 2009 Annual Review of the Andean Trade Preferences Act (ATPA): FR-USTR-2009-0024-0001

Dear Ms. Suro-Bredie:

The National Association of Manufacturers (NAM) represents the U.S. manufacturing industry and is comprised of thousands of firms of all sizes, in all manufacturing sectors and in all 50 states. We are pleased to have this opportunity to share the NAM's views with regard to the 2009 Annual Review of the Andean Trade Preferences Act (ATPA), which expires at the end of this year.

The NAM supports the U.S. preferences programs, including ATPA, as a means of aiding economic development in emerging economies, reducing U.S. producer and consumer prices, and encouraging those countries to respect the norms of international commerce. This should include: due regard for property owned by U.S. citizens; intellectual property; equitable and reasonable access both to markets and basic commodity resources; adequate observance of labor and environmental provisions; and actions to reduce distorting investment practices and policies. Preferences programs should not be viewed as an entitlement.

The National Association of Manufacturers strongly supports renewal and reform of the ATPA before the end of the year. We note that President Obama's Trade Policy Priorities document, issued February 27, 2009 by the Office of the U.S. Trade Representative, also spoke of the need for "renewal and reform" of U.S. preference programs, including ATPA.

Our strong preference is for the Congress and the Administration to work together over the coming months to enact reform of U.S. preference programs to ensure they are effectively supporting U.S. economic interests and broader global policy priorities, including rule of law, economic development, counter-narcotics cooperation and protection of intellectual property rights. It is also important that this policy review focus on eligibility for benefits, in order to ensure that benefits are going to appropriate developing countries and to those partner countries that are playing constructive roles internationally.

***Manufacturing Makes America Strong***

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Although the strong preference of the NAM is for the review and reauthorization of ATPA to be concluded in 2009, if the press of other business means that Congress cannot conduct a careful review and recalibration of the ATPA programs this year, the NAM would recommend another short-term (perhaps six or twelve months) extension of the program. This should be combined with a firm commitment from the Administration and Congressional leadership to conduct a thorough review and reform of ATPA and other preference programs before the expiration of the extension.

The track record of countries granted benefits under ATPA is mixed. On the positive side, the NAM believes that Colombia and Peru have consistently upheld their responsibilities with regard to the ATPA, and that the growth and development through increased trade with the United States as a result of ATPA benefits has been strong, positive and integral to both nations' economic growth. On the negative side, both Ecuador and Bolivia have not upheld key requirements of the ATPA program, particularly with regard to respect for foreign investment, and the NAM is extremely concerned that blanket extension of ATPA to either country would simply reward bad behavior.

The United States has negotiated bilateral Free Trade Agreements (FTAs) with both Peru and Colombia that, once fully implemented, will render their need for ATPA benefits moot, as U.S. tariffs will be reduced to zero for nearly every product imported from Peru and Colombia. The U.S.-Peru FTA has been implemented, although some Peruvian products face longer phase-in periods of U.S. tariffs that will benefit from extension of ATPA benefits. The U.S.-Colombia FTA is pending approval from the United States Congress and, without ATPA, Colombia's exports to the United States will suddenly face tariffs. As a result of the positive growth and development provided to both nations by the ATPA, the NAM strongly endorses extending ATPA benefits to Colombia and Peru until such time as both FTAs are fully implemented.

The situation with respect to Ecuador and Bolivia is, unfortunately, very different from the favorable developments we see in Colombia and Peru. In Ecuador, we continue to see deterioration in rule-of-law, judicial independence, corruption and other important areas. President Obama's determination and strong public statements of June 30, 2009, clearly reflect those same concerns. The government of Ecuador was put on very clear notice that its performance under ATPA criteria was inadequate, and that improvement would be necessary for Ecuador to retain its ATPA eligibility beyond the six-month extension the President approved through December 31, 2009.

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Unfortunately, there has been no improvement from the Ecuadorian Government. Indeed, the situation has continued to deteriorate. In light of these regrettable but undeniable developments, the NAM strongly recommends that, if the ATPA program is extended in some form beyond December 31, 2009, Ecuador's eligibility be suspended based on its failure to meet the eligibility criteria. We further recommend that in renewing the ATPA legislation, provision be made for the Administration to restore eligibility for ATPA benefits if and when the Administration certifies that a country has come back into compliance with the eligibility criteria.

The case of Bolivia is similar to that of Ecuador. The NAM supported the actions of Congress and the Administration over the past year in handling Bolivia's status under the ATPA. On June 30, 2009, President Obama suspended Bolivia's ATPA eligibility. We believed then, and reaffirm today, that this was the correct decision in light of the performance of the Government of Bolivia in important areas including rule of law and counter-narcotics. The NAM recommends that Bolivia's eligibility for ATPA benefits continue to be suspended.

The NAM looks forward to working with the Administration and Congress to reform and renew American trade preference programs to make them more effective and better able to promote U.S. policy objectives.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas A.R. Goudie". The signature is fluid and cursive, with a prominent initial "D" and a long, sweeping horizontal stroke at the end.

Douglas A.R. Goudie  
Director  
International Trade Policy