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## **Vietnam WTO Accession, Peru Trade Agreement, Advance in Senate**

### **Democrats oppose Peru agreement over labor issues, support Vietnam deal**

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Washington -- A Senate committee has approved unanimously an agreement on Vietnam's accession to the World Trade Organization (WTO) and has voted for a free-trade agreement (FTA) with Peru.

In a July 31 session, the Senate Finance Committee voted 18-0 to grant permanent normal trade relations (PNTR), otherwise known as most-favored nation status, with Vietnam in line with the agreement.

Currently, the president grants normal trade relations status to Vietnam one year at a time.

"We should be leaping at the chance to fully engage the U.S. with Vietnam's emerging economy and its 83 million new customers," Senator Max Baucus, the committee's senior Democrat, said in a prepared statement. "We should work hard and work fast to approve PNTR as soon as possible."

Two Republican senators voted "present" rather than yes or no on Vietnam's accession. One of them, Senator Jim Bunning of Kentucky, had criticized Vietnam at an earlier committee meeting over religious freedom and human trafficking issues.

When the full Senate will consider Vietnam's accession is not clear. Senators will be unlikely to vote on it in the few days before their four-week August recess. They might take it up when they return in September or delay it for months if they believe Congress will return for a session after November national elections when voting on trade issues might be less politically difficult.

Supporters of Vietnam accession might have to work to fend off amendments offered in the full Senate that could complicate passage. Members from textile-producing states are believed to be considering amendments aimed at assisting U.S. textile industries.

Final passage of the same implementing legislation by both the Senate and House of Representatives is required for the agreement to become law. To date the bill has not advanced in the House Ways and Means Committee, where Representative Bill Thomas, the Republican chairman, has signaled he wants action first on the Peru FTA.

The United States and Vietnam signed the accession agreement in May. WTO members might formally vote on Vietnam's accession as early as the October 10-11 General Council session, bringing to a close 11 years of

negotiations. Vietnam then would become a full member a month after it ratifies the agreement. (See [related article](#).)

## U.S.-PERU FREE-TRADE AGREEMENT

The Senate Finance Committee was divided over the Peru FTA, which was considered informally in line with trade promotion authority (TPA), otherwise known as fast track.

Under TPA, Congress restricts itself to approve or reject a negotiated trade agreement, within strict time limits and without amendments. In practice, the House Ways and Means Committee and Senate Finance Committee work out FTA implementing legislation in informal sessions and send their informal bill to the president. The president uses it as a basis for the formal bill he submits to Congress.

Formal submission by the president to the Congress triggers the clock forcing votes quickly by the House and Senate. Whether those votes would occur before or after the November elections is also unclear.

Finance Committee members voted 12-7 for the Peru FTA bill, with only two Democrats voting for it and with one Republican voting against it. The House Ways and Means Committee voted 23-13 for the bill July 20, with Democrats and Republicans similarly split.

Democrats in Congress complained that the Peru FTA labor provisions are too weak. In a 10-10 vote at an earlier Finance Committee session, Senate Democrats failed to get approval for an amendment that would have incorporated International Labor Organization (ILO) standards into the agreement.

Senator Chuck Grassley, Republican chairman of the committee, argued against the amendment. He insisted it was unnecessary because the FTA already obligates Peru to enforce its own labor laws, which he said reflect ILO workers' rights standards.

The Finance Committee did adopt an amendment aimed at forcing Peru to open its markets fully to U.S. beef. Peru has missed two successive agreed deadlines, in March and May, to open those markets. The amendment would require the Bush administration to assure that Peru has complied with its obligations before the FTA could take effect.

For more information on U.S. policies, see [Trade and Economics](#) and [Regional Trade](#).

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