

## **EXTENSION OF THE ANDEAN TRADE PREFERENCE PROGRAMS**

The Andean Trade Preference programs provide duty-free treatment to certain exports from **Bolivia, Colombia, Ecuador, and Peru**. The original Andean Trade Preferences Act (ATPA) was passed in 1991. The program was extended and expanded in 2002 (Andean Trade Promotion and Drug Eradication Act, ATPDEA), passing by voice vote in November 2001. The purpose of the programs is to assist the Andean countries in their economic development and provide legal economic alternatives to the cultivation and production of illicit narcotics.

The programs expire on June 30, 2007. H.R. 1830, as amended, extends the programs for eight months.

- **ATPA/ATPDEA Have Eligibility Criteria.** Eligibility is not automatic. The ATPA and ATPDEA each establishes certain criteria that the Andean countries must meet for the President to designate them eligible for preference benefits. The criteria include – but are not limited to – whether a beneficiary country: (1) respects internationally-recognized worker rights; (2) treats U.S. investors fairly; (3) provides market access to U.S. goods; (5) demonstrates a commitment to implement its WTO obligations; and (6) meets U.S. counter narcotics criteria.
- **APTA/ATPDEA Have Been Successful for the Andean Beneficiaries.** According to the U.S. International Trade Commission (ITC), the impact of ATPA/ATPDEA on the U.S. economy is minimal. The beneficial impact on the Andean countries has been significant, as their exports have grown significantly. From 1991 to 2005, U.S. imports from the Andean countries grew from \$4.9 billion to \$20 billion. In 2005, U.S. imports under ATPA/ATPDEA accounted for 58% of all imports from the four countries.
- **ATPA/ATPDEA Have Been Beneficial for the United States.** ATPA/ATPDEA also benefit the United States.
  1. Countries are required to co-operate with the United States in counter-narcotics efforts. ATPA/ATPDEA has been an integral part to the U.S. Andean drug eradication strategy.
  2. The Andean countries are a steadily growing market for U.S. goods. The United States continued to be the leading supplier to each ATPA/ATPDEA country (except Bolivia). U.S. textile manufacturers export a significant amount of U.S. fabric and yarn to the Andean countries.
- **Neither Bolivia nor Ecuador Is in Violation of the Eligibility Criteria.** Some opponents of extension have cited concerns about Bolivia and Ecuador's treatment of U.S. investors. However, according to the State Department and the U.S. Trade Representative's office, both Bolivia and Ecuador are in compliance with the ATPA/ATPDEA eligibility criteria on treatment of foreign investors.