COMMITTEE ON FINANCE
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Max Baucus, Chairman
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Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding the U.S.-Peru Trade Promotion Agreement

In 1998, President Bill Clinton said:

"[W]e must do more to ensure that spirited economic competition among nations never becomes a race to the bottom . . . in environmental protections . . . or labor standards. We should be leveling up, not leveling down."

President Clinton made that statement almost 10 years ago. For at least that long, we have searched for ways to "level up." We have struggled to ensure that trade agreements raise the labor and environmental standards of our trading partners, rather than lower our own.

We have finally achieved that goal.

For the first time in any free trade agreement, the U.S.-Peru Trade Promotion Agreement includes meaningful, and fully enforceable, labor and environmental protections.

These protections resulted from the landmark May 10 bipartisan trade deal between Congress and the administration. Despite the hiccups before and since, this agreement is a remarkable achievement. It reflects the hard work and compromise of many groups. I applaud Speaker Pelosi, Senator Grassley, Chairman Rangel, Ambassador Schwab, Mr. McCrery, and all the others who were involved. We should be justifiably proud of what we produced.

For the first time in any free trade agreement, the Peru agreement requires the parties to implement the five core International Labor Organization standards.

These standards will ensure that Peruvian workers have the right to organize. These standards will ensure that Peruvian workers have the right to bargain collectively. And these standards will ensure that Peruvian children have the right to learn in classrooms, rather than toil in sweatshops.

For the first time in any free trade agreement, the Peru agreement also requires the parties to implement seven core environmental treaties. These provisions will ensure that the Peru agreement expands our environmental values abroad, at the same time that it expands our exports abroad.

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And for the first time in any free trade agreement, the Peru agreement makes these labor and environmental provisions fully enforceable. The agreement will subject them to the same dispute settlement mechanism that applies to all other obligations.

This mechanism will ensure that the labor and environmental provisions are not merely paper tigers. They have real teeth. I intend to make sure that the administration enforces them vigorously.

These provisions are, in short, exactly what we have been seeking for more than a decade. They promote trade in a way that projects our fundamental values. They benefit workers and encourage environmentally sustainable development.

And I hope that these long-awaited achievements will serve as a stepping stone to move America's trade agenda forward. We still have a lot of work to do.

I have introduced bills on trade adjustment assistance, currency misalignment, and trade enforcement. I expect Congress to consider those bills before the end of this year. And Congress also needs to review pending free trade agreements with Panama, Colombia, and Korea.

As another President, John F. Kennedy, once said: "Things do not happen. Things are made to happen."

Working together, Congress and the administration have made things happen in the Peru free trade agreement. And I am hopeful that, working together, we can make things happen in the other areas of our trade agenda as well.

Finally, in closing, I would like to extend my deepest condolences to the victims of the tragic earthquake that recently struck Peru. My thoughts and prayers are with them and their families as they recover from its devastating effects.

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