

**SCHMELTZER, APTAKER & SHEPARD, P.C.**

**COUNSELORS AT LAW**

THE WATERGATE

2600 VIRGINIA AVENUE, NORTHWEST, SUITE 1000

WASHINGTON, D.C. 20037-1922

WEB SITE [HTTP://WWW.SASPC.COM](http://www.saspc.com)

E-MAIL [SAS@SASLAW.COM](mailto:sas@saslaw.com)

GROUP FAX (202) 625-3313

(202) 333-8800

**TRADE AGREEMENTS  
ACTION PROGRAM:  
COUNSEL'S REPORT  
\*\*\* ALERT \*\*\***

**EFFORTS TO EXTEND PREFERENTIAL ACCESS FOR IMPORTS FROM  
ANDEAN COUNTRIES BEGIN TO COALESCE**

August 31, 2006

On behalf of the Association, we met yesterday with private and public sector allies to discuss strategies for extending preferential tariff rates for imports from some or all of the Andean countries after the scheduled expiration of the Andean Trade Preferences Act (ATPA).

As members are likely aware, the ATPA is currently scheduled to expire as of January 1, 2007. (The Generalized System of Preferences (GSP) is also currently scheduled to expire as of that date.) While negotiations on both the Peru Trade Promotion Agreement (TPA) and the Colombia Free Trade Agreement (FTA) have been completed, and the Peru TPA has been signed, it is highly unlikely that either agreement will be implemented prior to the ATPA expiration (assuming that they are even approved by the U.S. Congress, which remains uncertain as of this date). Therefore, if the ATPA (and/or the GSP) is not extended, duty-free access for eligible imports from those countries will cease as of the New Year. This could cause considerable commercial disruption even if the free trade agreements are implemented sometime in 2007, with potentially significant costs to U.S. importers.

At the present time, there is very little activity on Capitol Hill in anticipation of this contingency. The general message that we have been receiving from our Hill contacts is that discussion about the continuation of the ATPA (and/or the GSP) only diverts attention from getting the free trade agreements approved. Moreover, there is a growing antipathy to unilateral preferential access programs, particularly in light of the apparent collapse of the Doha Round of multilateral negotiations under the World Trade Organization. However, U.S. importers cannot afford to sit around and hope that somehow, things will turn out all right. A "Plan B" is an imperative, particularly as the legislative calendar swiftly dwindles.

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The participants at yesterday's meeting considered several possible approaches to achieve what we are euphemistically calling a "Trade Preferences Bridge" between the expiration of the ATPA and the implementation of the Peru TPA and the Colombia FTA. We have committed towards meeting again next week to determine whether we can settle on a single course of action or proposal, which we will then push before Administration and Congressional officials. We are also gathering allies in this fight to increase our strength and efficacy towards this end. In the near-term, we will be turning to Association members to gear up for a political action program on this important issue.

In the meantime, Members with a particular interest in this issue are urged to contact Jeff Levin at [jsl@saslaw.com](mailto:jsl@saslaw.com) or Bob Bauer at the AFI headquarters so that we can properly target our battle plan. Along these lines, short "horror stories" regarding the cessation of preferential market access would be very welcomed (*e.g.*, trade lost, customers lost, costs to U.S. businesses and consumers, etc.)

We will, of course, keep Members fully advised as this program develops.