

Joint Statement of the First U.S.-Peru FTA Free Trade Commission Meeting Washington, D.C.

February 18, 2010

The first meeting of the U.S.-Peru Free Trade Commission (Commission) convened on February 18, 2010 in Washington, D.C. The Commission is responsible for overseeing implementation and further elaboration of the United States-Peru Trade Promotion Agreement (PTPA).

Assistant United States Trade Representative for the Americas, Everett Eissenstat, represented the United States, and Vice Minister of Foreign Trade and Tourism Eduardo Ferreyros represented the Government of Peru. The following Joint Statement was released outlining the results of the meeting.

Trade and Investment Effects

The PTPA marked its one year anniversary since entry into force on February 1, 2010. In 2009, goods trade between the United States and Peru was \$9.1 billion, and the outlook for future growth is positive.

The United States and Peru conducted a fulsome discussion of the agreement in accordance with the responsibilities outlined in Chapter 20 (Administration of the Agreement) of the PTPA. Both sides noted that the bilateral relationship has continued to strengthen during the PTPA's first year in force, and in general, implementation is proceeding well. Nonetheless, the United States and Peru agreed to intensify work to ensure the effective implementation of and compliance with the labor and environment obligations of the agreement, and to ensure that the benefits of the agreement are widely shared and accessible to both parties. Among the issues discussed were:

Institutional Framework, Committee, Council Meetings

The United States and Peru noted the work over the past year of the Committee on Trade Capacity Building, the Forest Sector Sub Committee, the Labor Affairs Council and the Environment Affairs Council. Moreover, both sides commended the open public sessions that took place on the margins of the Forest Sector Sub Committee, Labor Affairs Council, and the Environment Affairs Council. These forums facilitated a productive exchange of information and both Parties consider such open dialogues critical to strengthening communication and transparency between the Parties and relevant stakeholders.

In an effort to enhance trade in agricultural goods, the United States and Peru formally established the Committee on Agricultural Trade and the Standing Committee on Sanitary and Phytosanitary Matters.

Implementation Issues

The United States and Peru recognized the ongoing work to ensure effective implementation of the Labor Chapter's obligations. In January 2010, the Labor Affairs Council convened its first meeting to review each Party's implementation of the Labor Chapter. Based on the discussion of the Council, the Parties began to formulate a work plan and agreed upon priority areas for future cooperation. The Council agreed to hold follow-up discussions in the summer of 2010 via digital video conference.

Both sides commended the close engagement and collaborative efforts by both Parties to ensure effective implementation of the obligations of the Environment Chapter and Annex on Forest Sector Governance. Peru reaffirmed its commitment to fulfilling its environmental obligations under the PTPA, including through adoption of a new Forestry and Wildlife Law, with strong protections for its forest sector, wildlife, and increasing the capacity of indigenous communities to protect and effectively manage their lands. The United States and Peru will continue working together throughout this important process. The second meeting of the Forest Sector Sub-Committee is planned to take place in the first half of 2010.

Decisions by the Commission

The Commission agreed to modify the Government Procurement Annex (Annex 9.1) of the U.S.-Peru Trade Promotion Agreement, as provided for in Article 9.12 of the Government Procurement Chapter. The modification reflects for the United States an addition of entities from the State of Oklahoma to its list of sub-central level of government entities covered by the Chapter.

The two sides have, at the technical level, agreed to modify the rules of origin in order to conform to changes to the Harmonized System. The Commission asked that this work be completed by December of 2010.

Small and Medium Size Business Initiative

The United States and Peru discussed the important role small and medium size businesses (SMEs) play in the economic development and trade of both parties. Towards that end, the Commission established a working group to explore how SME exporters can take greater advantage of the economic opportunities created by the PTPA. The working group will report on its findings at the next Commission meeting.

Cooperation in other Fora and Trade Negotiations

The United States and Peru reiterated their commitment to multilateral trade liberalization and exchanged information about their respective bilateral negotiations and agreements. Both Parties discussed their shared interest in working together to advance the Doha Development Agenda, the global climate negotiations, the Trans-Pacific Partnership Agreement (TPP), and to accelerate the regional economic integration agenda in the Asia-Pacific Cooperation forum (APEC).

The Commission agreed to hold the second meeting of the FTC in Peru.