

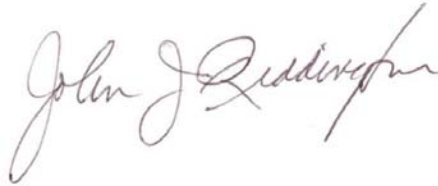
February 2, 2006

The Honorable Rob Portman
United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Portman:

Pursuant to Section 2104 (e) of the Trade Act of 2002 and Section 135 (e) of the Trade Act of 1974, as amended, I am pleased to transmit the report of the Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products on the U.S.-Peru Free Trade Agreement reflecting consensus on the proposed Agreement.

Sincerely,

A handwritten signature in cursive script, reading "John J. Reddington". The signature is written in a dark ink and is centered below the word "Sincerely,".

John J. Reddington, Chair
Agricultural Technical Advisory Committee for
Trade in Animals and Animal Products

The U.S. – Peru Free Trade Agreement (FTA)

**Report of the Agricultural Technical Advisory Committee (ATAC) for Trade
in Animals and Animal Products**

February 2006

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The Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products

Advisory Committee Report to the President, the Congress and the United States Trade Representative on the U.S.-Peru Free Trade Agreement

I. Purpose of the Committee Report

Section 2104 (e) of the Trade Act of 2002 requires that advisory committees provide the President, the U.S. Trade Representative, and Congress with reports required under Section 135 (e) of the Trade Act of 1974, as amended, not later than 30 days after the President notifies Congress of his intent to enter into an agreement.

Under Section 135 (e) of the Trade Act of 1974, as amended, the report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee must include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the applicable overall and principle negotiating objectives set forth in the Trade Act of 2002.

The report of the appropriate sectoral or functional committee must also include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sectoral or functional area.

Pursuant to these requirements, the Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products hereby submits the following report.

II. Executive Summary of Committee Report

Please refer to Section V of the report below

III. Brief Description of the Mandate of the Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products

The advisory committee is authorized by Sections 135 (c)(1) and (2) of the Trade Act of 1974 (Pub. L. No. 93-618), as amended, and is intended to assure that representative elements of the private sector have an opportunity to make known their views to the U.S. Government on trade and trade policy matters. The committee provides a formal mechanism through which the U.S. Government may seek advice and information. The continuance of the committee is in the public interest in connection with the work of the U.S. Department of Agriculture (USDA) and the Office of the U.S. Trade Representative. This advisory committee provides valuable private sector input.

IV. Negotiating Objectives and Priorities of the Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products

A guiding principle for the Animals and Animal Products ATAC in bilateral, regional and multilateral trade negotiations is to improve export opportunities for U.S. dairy, livestock, meat and poultry products through the elimination of unfair tariff and nontariff trade barriers, including veterinary and sanitary restrictions on imports that are not based on sound science. Related to this is the acceptance of FSIS as the certifying authority for meat and poultry exports.

V. Advisory Committee Opinion on Agreement

The Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products provides the following comments on the U.S. - Peru Free Trade Agreement (FTA):

Although Peru has not been a large market for U.S. dairy, meat and poultry products, exports are expected to grow over time with the advantages achieved by this FTA. This Committee

recognizes and commends this FTA as a worthwhile achievement of negotiating FTAs with the Latin American countries. The Peru FTA is an excellent example of the type of agreement that is in the United States' best interest to pursue – one which expands trading opportunities to the benefit of U.S. agriculture.

We are pleased to see that the price bands on imported goods have been eliminated and hope this reverberates to other Andean countries. However, we are somewhat disappointed that the phase out of quota access for standard quality beef is 12 years. We would have preferred something closer to the 10 years negotiated with the CAFTA countries. Although we are disappointed that the chicken leg quarter quota is in effect for 16 years, we recognize that free trade occurs with the eventual elimination of quotas and duties.

In addition, we regret that USTR was unable to secure the most favorable trading terms possible for US exports. Rather, the agreement only assures that the U.S. is offered the best rate available under agreements entered into after December 7, 2005. This disadvantages our industries in comparison with prior trade agreements to which Peru is a party.

Finally, we hope to see assurances that the rules of origin contained in the agreement will be strongly enforced in order to ensure that no transshipments, in particular, from Peru's preferential agreement partners benefits from the terms of this FTA. Such assurances are essential in order to ensure that American industries receive the net benefits of this agreement.

We greatly appreciate the hard work that USTR put into this agreement and realize the difficulty of achieving successful outcomes for such a wide variety of agricultural sectors.