PERU’S ECONOMIC PERFORMANCE AND THE PROSPECTS FOR THE PERU-USA TRADE PROMOTION AGREEMENT

A PRESENTATION BY HIS EXCELLENCY EDUARDO FERRERO, THE PERUVIAN AMBASSADOR TO THE UNITED STATES

Summary by Jonathan Karver*

On Friday, February 10, the George Washington University School of Business (GWSB) was honored to host Peru’s ambassador to the United States, his Excellency Eduardo Ferrero, who took part in the inaugural events at the recently-completed Duques Hall, the new home of the School of Business. The presentation by Ambassador Ferrero, said dean Susan Phillips, was special not only for GWSB, but also for The Center for Latin American Issues (CLAI), which was thus inaugurating its conference facilities in Duques Hall. Dr. James Ferrer, head of both CLAI and of the Latin American and Hemispheric Studies program, introduced the ambassador to the overflow crowd of students, academics, officials and diplomats.

The ambassador presented the three main issues that he considered pivotal for his support of the Perú-USA Trade Promotion Agreement (PTPA): the economic performance of Perú, trade with the United States, and U.S. investment in the country. The economic performance of his country, he argued, has been a success and an incoming government will be dedicated to continuing both this success and the nation’s
democratic regime. The success, he explained, can be seen in overall GDP and export growth since 2001. Moreover, even with such robust growth, Perú has maintained the lowest inflation rate in the region. Meanwhile, foreign direct investment has continued to grow, especially in mining and natural gas, of which the Camisea liquefied natural gas project is a notable example. Nevertheless, he stressed, poverty, though declining, is still a main issue, and must be addressed over the longer term.

Trade with the United States has proven the importance of the PTPA for both countries’ economies. It has increased more than two-fold since 1995 as exports to the United States, including gold and textiles, have been diverse and in great demand. Ambassador Ferrero stressed the many possibilities for growth in bilateral trade. The United States will supply increasing amounts of such goods as wheat, cotton, machinery, and electronics; Peruvian exports to the United States are becoming more diversified and are expanding significantly. He concluded his discussion on trade between the two countries noting with a smile that half of the asparagus eaten in the United States comes from Perú. However, the comic relief was not meant to downplay the importance of this export, which represents a great accomplishment.

Ambassador Ferrero’s push for implementation of the PTPA in the coming months stems from his desire for increased U.S. investment in Perú. He proudly stated that the United States is the main source of foreign direct investment in the country, especially in mining, where over 500 diverse companies are taking part in development of the sector.

After presenting these issues, the ambassador gave details on the agreement itself, including the necessity of prompt implementation. The hope, explained the ambassador,
is that the PTPA will be signed as soon as possible since the new Peruvian government will take office at the end of July. Furthermore, Congressional elections in the United States will take place in November, and inaction could lead to doubts on both sides or renewed negotiations of the agreement. This poses a problem because without prompt ratification, Perú and the Andean Region would likely face a setback in the process of consolidation and even confront regional instability.

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Click here for a copy of Ambassador Ferrero’s presentation.