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## Manufacturers

Franklin Vargo  
Vice President  
Intercultural Economic Affairs

June 28, 2010

RELEASED IN FULL

The Honorable Robert D. Hormats  
Under Secretary for Economic, Energy & Agricultural Affairs  
U. S. Department of State  
2201 C Street, NW, Room 7256  
Washington, DC 20520Dear Under Secretary Hormats: *Bob:*

As the Administration finalizes the President's report on the Andean Trade Preferences Program, the NAM asks that the privileges for Ecuador be suspended until Ecuador begins performing in a way that merits receiving this preferential treatment.

The NAM's policy on preferences, as contained in our official policy manual is quite clear:

*The NAM supports the U.S. preferences programs as a means of aiding economic development in emerging economies, reducing U.S. producer and consumer prices, and providing an inducement to those countries to respect the norms of international commerce. This should include due regard for property owned by U.S. citizens, including intellectual property, equitable and reasonable access both to markets and basic commodity resources, adequate observance of labor and environmental provisions, and actions to reduce distorting investment practices and policies. Preferences programs should not be viewed as an entitlement.*

Ecuador's actions indicate it is flaunting the norms of international commerce, and a continuation of ATPA benefits will be a clear signal to Ecuador and others that they may indeed view preferences programs as an entitlement and are free to treat American investors in disregard of their obligations. Ecuador's unacceptable performance against ATPA criteria includes intrusion in the domestic legal process, interference with the international arbitration process, withdrawal from the International Center for the Settlement of Investment Disputes (ICSID), and threats to renounce multiple BITs including with the United States. A particular area of growing concern is its treatment of intellectual property rights, especially related to compulsory licensing in the pharmaceutical and agricultural chemical sectors.

Ecuador should not be allowed to flaunt the ATPA criteria while still receiving ATPA benefits. This would send a terrible signal to our trading partners around the world that the United States will look the other way when it comes to enforcing its trade agreements and trade statutes. The United States must clearly indicate that preferences are not an entitlement and that contractual obligations must be honored.

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REVIEW AUTHORITY: Alan Flanigan, Senior Reviewer

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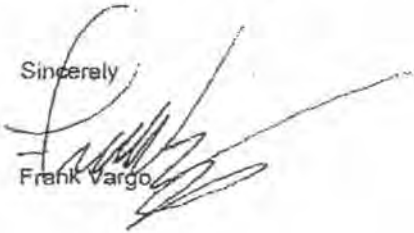
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While we hope you will agree with our view and will press for the suspension of benefits, we recognize that others have different perspectives and may be unwilling to take the steps we believe should be taken. It would, however, be a disaster in our view if the language in the report were not at least as strong as last year's report language. Ecuador has acted more shabbily than in the past, and this must be recognized in the President's report.

Thank you for considering these views.

Sincerely,



Frank Vargo

FV

By Fax: 202-647-9763

cc: The Honorable Ron Kirk, U.S. Trade Representative  
The Honorable Lael Brainard, Under Secretary of Treasury  
The Honorable Francisco Sanchez, Under Secretary of Commerce