

STATEMENT OF BRIAN D. O'NEILL  
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BEFORE THE U.S. SENATE FINANCE COMMITTEE

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Good morning, Mr. Chairman and Members of the Committee. It is a pleasure and privilege for me to be here with you this morning. I am Brian O'Neill, Vice Chairman of Investment Banking for Latin America for JPMorgan. I have worked with Latin America for the bank for over 29 years, having lived in the region for 12 years.

I am also a long-standing director of the Council of the Americas, a New York-based organization with offices in Washington representing over 150 companies with investments and businesses in the countries of the Americas. Founded by David Rockefeller in 1965, the Council is dedicated to the promotion of open markets, democracy and the rule of law in the countries of the Americas. The then US Trade Representative, Robert Zoellick, announced the U.S.'s intentions to negotiate a trade agreement with Peru at the Council's Washington Conference in 2004.

I strongly support our efforts to expand trade and investment throughout the countries of the America as these efforts are consistent with US national security and economic interests. I consistently have supported our agreements with Canada, Mexico, Chile as well as Central America and The Dominican Republic, as I now support this agreement with Peru. Expanded trade and investment opportunities with Peru are good for US companies investing in Peru, amongst others Catepillar, an exporter of equipment for the mining industry, Hunt Oil as an investor in the development, and export, of Peru's largest national gas resources and Phelps Dodge as investor in one of Peru's largest mining projects in the south of the country.

US credibility in the region, as well as with the broader multilateral trade agenda, is an important consideration as the Senate Finance Committee looks at this agreement.

- The Peru FTA sets the stage for an attractive regional market and should enhance integration and cooperation among the countries of the Andes – a very positive contributing factor for sustainable growth.
- The FTA offers significant growth opportunities for US industry and agriculture by opening a significant market and putting it on a footing for more rapid growth.
- Peru, which is already a low tariff country, is significantly opening it's market to US farm exports under the agreement, setting the stage for similar agreements elsewhere, such as Asia.

- The US is Peru's largest trading partner and a large foreign direct investor in the country. The disciplines contained in the agreement in areas such as services, investment and government procurement enhance the transparency and accountability of day-to-day governance, which makes Peru a more attractive destination for US investments.
- Peru has just completed a difficult election process and it is therefore important for the U.S. to show its support to a country that has made major efforts to lift up its economy in a market friendly and democratic way, while fighting poverty in the last 5 years.
- The agreement enhances the US relationship with a country that is a much-needed ally in a strategic region during a politically sensitive time.
- By having FTA's with most of the countries along the Pacific coast of Latin America, including the agreements with Colombia and Peru, the US is creating a strategic area of stability in the west coast of Latin America, thereby enhancing our national security interest.

These are, in my opinion, compelling foreign policy reasons to support passage of the Peru's FTA. This is a very effective tool as a countervailing force to competing world views in the region.

In short, I believe that the Peru FTA stands on its economic merits. On the basis of reciprocity alone, for 15 years of duty-free access under the ATPA/ATPDEA, it should be non-controversial to open this market to our goods, as ours is already open to theirs. The foreign policy arguments in favor of this agreement are equally compelling, if not, in fact, even more so.

The Peru FTA is also an important building block toward the vision of a unified hemispheric market that will enhance US competitiveness and that of its neighbors in an era of unparalleled global competition – and opportunity.

Thank you,