

Panama, Peru Pacts Likely for Action as Democrats Weigh Trade Politics

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Lawmakers appear poised to act on two pending free-trade agreements this fall, but the difficult politics of trade complicate strategy for Democratic leaders.

Both chambers are likely to move a trade deal with Peru soon, and action on a pact with Panama could follow. But larger-scale agreements negotiated by the Bush administration with Colombia and South Korea are not likely to move at all this year.

Trade has long been a divisive issue for Democrats, and the stakes are particularly high now. As the 2008 elections approach, Democratic leaders want to accomplish enough to demonstrate at the national level that they're not protectionist, but they cannot afford to alienate traditional union supporters, analysts say.

In the House especially, leaders must deal with a deeply divided caucus, a faction of which argues that a May 10 agreement to add labor and environmental standards to the four pacts does not go far enough to address voters' economic anxieties.

Charles B. Rangel, D-N.Y., who chairs the House Ways and Means Committee, brokered that deal with Republicans and the White House. The negative reaction from some House Democrats, including a number of freshmen, prompted leaders to temper their push on the trade agreements.

Speaker Nancy Pelosi, D-Calif., and other leaders are constrained in their support for Rangel by their need to prevent a revolt in the caucus, said I.M. Destler, a trade policy scholar at the University of Maryland. "That is the line they're trying to walk," he said.

Though some Senate Democrats have raised similar concerns about the pending agreements, House leaders generally face the more difficult task.

The party cannot afford to appear beholden to unions or unconcerned about business interests, in part because corporate America is giving Democrats so much money this political cycle, said Wendy Schiller, a political scientist at Brown University.

But individual lawmakers must make very different calculations when it comes to trade, an issue often defined at the district level by lost jobs or closed factories.

"In the voters' mind in your district, it's never a losing proposition to vote for protecting jobs," Schiller said.

Lori Wallach, director of Public Citizen's Global Trade Watch, said Democratic strategists are worried that allowing passage of even the least-controversial deals could hurt Democrats — even if a majority of Democrats vote against them — “by blurring the partisan line on trade [and] job-offshoring issues that proved such a winning wedge issue for Democrats in 2006.”

The House Ways and Means Committee and the Senate Finance Committee, which oversee trade policy, will both hold hearings on the Peru pact this month. Floor votes could come by Columbus Day.

The deal is expected to win approval, though probably without a majority of Democratic votes.

A Democratic aide noted that Pelosi has allowed several votes to proceed without the support of a “majority of the majority.”

Rangel renewed momentum for the Peru pact after a trip to that country in August. He received “firm commitments” that the Peruvian government would make the legal changes required by the agreement.

That cleared up uncertainty created when House leaders said in late June, just weeks after announcing the agreement with the GOP on how to move forward, that Peru needed to implement the changes before lawmakers would advance the pact, a step critics called unprecedented.

Sander M. Levin, D-Mich., who chairs the Ways and Means Trade Subcommittee and traveled with Rangel, said Peru's president made clear that the government would take further steps this fall.

The deal with Panama will probably advance next, despite an unusual last-minute - wrinkle. Panama's National Assembly recently elected as its leader Pedro Miguel Gonzalez, whom the United States wants to try for the murder of a U.S. soldier in 1992.

Rangel said Wednesday that that was a State Department issue. Levin said lawmakers were waiting for more information.

Overall, the Peru and Panama pacts face less opposition from labor and other interest groups than do the agreements with Colombia and South Korea.

“Our major priorities on the trade front will be either defeating or preventing from coming to a vote the Korea and Colombia agreements,” said Thea Lee, the AFL-CIO's policy director.

Some Republicans and trade lobbyists speculate that Democrats want to balance pro- and anti-trade forces by passing the Peru and Panama pacts, then letting the more controversial deals languish, at least until after the 2008 election.

House Democrats deny playing politics, saying they have raised substantive concerns that must be addressed: Colombia must reduce violence, particularly against labor leaders, and the South Korea deal does not do enough to open the country's auto market. If those issues are resolved, the pacts could move forward, leaders say.

The Bush administration, eager for successes on the trade front after losing fast-track negotiating authority in July, continues to push for the Colombia deal. Trade officials want Congress to take it up after Peru, but a Democratic aide said it is doubtful that Colombia will move this year at all.

Some trade lobbyists predict a standoff over the Colombia deal, perhaps escalating to the point at which the administration sends the pact to Capitol Hill without first reaching an agreement with lawmakers. Under fast-track rules (PL 107-210), which still apply to these pacts because they were signed before the authority expired, such a move would force Congress to hold an up-or-down vote.

The South Korea pact, meanwhile, is the most commercially significant since the 1993 North American Free Trade Agreement (PL 103-182). Agriculture and business groups, except for automakers, are expected to fight hard for its passage.