

# **If you didn't like Colombia, try S. Korea**

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Even as a modest trade pact with Colombia is stuck in a standoff between the administration and House Democrats, lobbyists are turning their attention to a more lucrative agreement with South Korea.

While two-way trade between the U.S. and Colombia totaled \$18 billion in 2007, the U.S. International Trade Commission has estimated the South Korea deal could boost U.S. exports to that country by as much as \$10 billion annually.

Signed almost a year ago, the deal has been stalled over South Korea's restrictions on U.S. beef exports. But the two countries have now struck a deal to lift those barriers, boosting prospects for what would be the biggest U.S. trade deal since the North American Free Trade Agreement was put in place more than a decade ago.

The problem, once again, is labor. The AFL-CIO is just as strongly opposed to the Korea deal as it is to the one with Colombia, though for different reasons, according to Thea Lee, a lobbyist for the group. Labor criticizes Colombia for not doing enough to crack down on those responsible for murdering labor organizers while it argues the South Korea deal would hurt the U.S. economy and workers.

Korea sets up another fight between business and labor, which has been flexing its muscles on trade and other issues affecting their members since Democrats regained control of Congress.

For example, on Wednesday, the Senate is scheduled to vote on a measure overturning a Supreme Court decision from last year that would make it easier for former employees to sue their places of work over past instances of discrimination. Labor groups are pressing the Senate to support the Ledbetter Fair Pay Act, while business groups such as the National Association of Manufacturers (NAM) are going all out to defeat it.

A posting on NAM's blog Monday morning said the bill would eliminate "all statutes of limitation on employment discrimination lawsuits — an invitation to endless, abusive litigation."

Caught in between business and labor groups are centrist Democratic and Republican senators, including several, such as Sen. Norm Coleman (R-Minn.), who are up for reelection next year.

Trade is another tough issue for some of those members, though they may not have to cast votes, despite the push by business. Opposition from labor and other groups means Democrats are unlikely to allow a vote.

The South Korea breakthrough comes while relations on trade between the White House and congressional Democrats is at an historic nadir because of the dispute over Colombia.

President Bush tried to force Speaker Nancy Pelosi (D-Calif.) into scheduling a vote on the Colombia agreement, but Pelosi, under heavy pressure from labor groups, re-wrote House rules to prevent such action, earning herself a political victory and enraging the administration. Pelosi has also caught heat from editorial boards across the country for her decision.

In a call to trade lobbyists on Friday, administration officials pressed business supporters to tell lawmakers they need to vote on Colombia so that Congress can move to the South Korea deal.

The message was “get off your butts,” said one business lobbyist, who spoke on background. “You’ve been sitting on the sideline because of the beef issue. Now it’s time to get off your duff and start lobbying,” the lobbyist said, paraphrasing administration officials.

Sean Spicer, a spokesman for the Office of the U.S. Trade Representative, said the resolution of the beef issue means the administration finally has an opportunity to engage fully with Congress on Korea. “We hope to work with Congress on a path forward,” said Spicer, who added that the administration is committed to getting a vote this year.

“Obviously this is not an ideal environment, but this deal is important to the U.S. and we’d like Congress to approve it this year,” said Matt Niemeyer, senior vice president of government affairs for the Ace Group of insurance and reinsurance companies.

Labor isn’t the only opponent to the deal, however.

South Korea exported 700,000 cars to the U.S. in 2006, while the U.S. sent 4,000 cars to South Korea. The Ford Motor Company argues the trade deal would not do enough to change that imbalance and has warned that it will work to defeat the deal unless it is changed. Ford has the backing of the United Autoworkers and members of the Michigan delegation, including Rep. Sandy Levin (D), chairman of the Ways and Means Trade subcommittee.

The Office of the U.S. Trade Representative, however, has refused to give in to Ford’s demands so far, and the U.S. carmaker is somewhat isolated since General Motors has taken a neutral position on the deal.

Just as with Colombia, both Democratic candidates are on record as opposing the South Korean deal, creating another complication.

Publicly, business groups are urging Congress to move on Korea as quickly as possible.

“We’re urging Congress. We want a vote on the Korean deal soon,” said Chris Garza, a lobbyist for the American Farm Bureau Federation.

Privately, however, some lobbyists say they don’t expect a vote this year. They do say they intend to build up support for the Korean deal by focusing on its merits in the hope that it could receive a vote in the next Congress.

American farmers would be among the biggest winners from the deal. West Coast producers of apples, grapes, peaches and other stone fruits would see tariffs on those products phased out in the valuable Korean market. This could make it acceptable for Democrats in states such as Washington and California to support the deal.

South Korea is the third largest market for U.S. beef exports, and the National Cattlemen’s Beef Association (NCBA) has estimated annual U.S. exports of beef could expand to \$1 billion if the deal is implemented. That could boost cattle producers in a number of Western and Midwestern states, including Texas, Nebraska, Kansas, Montana and the Dakotas.

“For U.S. beef trade, the Korean FTA could be the biggest and most important bilateral trade agreement in history,” NCBA economist Greg Doud said in a statement last week. NCBA is supporting the agreement with the caveat that it wants to see that the beef trade actually resumes when the deal is implemented in May.

U.S. insurance providers also think they could benefit from the Korea deal through greater market access and improved operating conditions. The U.S. already has a \$5 billion trade surplus with South Korea in services, according to the Coalition of Service Industries.

Editor's note: This story was changed to include correct figures on total U.S.-Colombia trade after the print version was published.