

Free Trade Agreements Taking Different Paths

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WASHINGTON — A Senate committee took a step forward in considering a free trade agreement with Peru last week, but the fate of three other pending pacts with Panama, Colombia and South Korea remain uncertain.

While Peru is on a faster track for Congressional consideration, the trade deal with South Korea appears completely off the table this year and the trade agreement with Colombia faces many hurdles.

Sen. Chuck Grassley (R., Iowa), ranking Republican on the Senate Finance Committee, who held a pro-trade rally with business groups last week, said his priorities include moving the three Latin American FTAs forward, but placing "on hold" implementation of the deal with South Korea.

"Our agreement with South Korea is important, too, but implementation is on hold until the [South] Korean government fully conforms with its regulation of trade in beef products to internationally recognized standards," Grassley told the business groups. "The focus for the foreseeable future is on our trade agreements with Latin America."

The Senate Finance Committee held a hearing on the agreement with Peru last Tuesday, which it plans to follow up on quickly with markups and a committee vote.

Sen. Max Baucus (D., Mont.), committee chairman, told reporters the committee is "going to move expeditiously" on the Peru agreement, adding he expected it to "pass without difficulty," at least in committee.

Many trade veterans said that while the Peru agreement appears to have the most bipartisan support in Congress and the best chance for passage, its prospects are clouded somewhat because of deep divisions within the Democratic party over trade.

Echoing the sentiments of many colleagues, Sen. Debbie Stabenow (D., Mich.) said: "The Peru free trade agreement is a really tough one for me. In fact, any free trade agreement right now in Michigan is really tough.

Stabenow said the American public has lost confidence in trade policy because hundreds of thousands of people have lost their jobs as companies move offshore and workers do not receive enough federal assistance in the aftermath.

"It's [the Peru deal] an important step forward, but right now it's words on paper and having the right words on paper is not enough when people are losing their jobs," said Stabenow. "My position is that before we go any further, we've got to get our trade policy

right. We can no longer say 'Pass this trade agreement. We'll fix it. We'll enforce it. We'll deal with it later.'"

Stabenow said Congress must first pass three bills: an expansion of the Trade Adjustment Assistance program that helps workers displaced by trade; a bill targeting undervalued currencies, notably China's, with punitive tariffs, and legislation strengthening enforcement of existing trade deals.

House Ways & Means chairman Charles Rangel (D., N.Y.) said in August he would make consideration of Peru a top priority after receiving commitments from Peruvian President Alan Garcia that there will be changes in the country's labor and environmental laws.

Importers, who brought in \$873 million worth of apparel from Peru for the year ended July 31, receive a duty free advantage when making apparel in Peru, Ecuador, Bolivia and Colombia under a current U.S. trade preference program, but Congress must vote to periodically renew it. The FTA would make the benefits permanent and give U.S. companies reciprocity when exporting to Peru.

There is widespread opposition on Capitol Hill, as well as by organized labor, to the Colombia trade deal because of the assassinations of labor leaders in that country and paramilitary actions.

"Our priorities will be strong opposition to the [South] Korean and Colombian agreements," Thea Lee, policy director of the AFL-CIO, told senators at the hearing last week.

Lee acknowledged that the Peru trade deal "represented significant progress" in labor and environmental standards, but said the union would not "advocate for passage" because it fell short in several areas, such as procurement and the outsourcing of jobs.