

U.S. Trade Rep: No Timeline for Votes on FTAs

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Speaking in Atlanta, President Obama's top adviser and lead negotiator on foreign trade gave few hints as to when pending free trade agreements with Colombia, Panama and South Korea would be voted on in U.S. Congress.

"I cannot tell you the timeline," said U.S. Trade Representative Ron Kirk to an audience of more than 100 businesspeople at the offices of law firm King & Spalding LLP.

All of the deals were drawn up and signed under President Bush, but they must be ratified in legislatures in the U.S. and each country before going into effect. The U.S. Congress has yet to vote on any of the agreements. The Panama FTA passed that country's legislature by a 58-3 margin soon after its signing in 2007.

Mr. Kirk, former mayor of Dallas, Texas, stressed that the president strongly believes in the benefits of free trade but that the U.S. should require its partners to adhere to certain ideals on workers' rights, fair market access and environmental stewardship.

When each of the pacts goes up for a vote in the U.S. depends on how quickly such issues can be ironed out in ongoing negotiations with each country, he said.

"A lot of these decisions are up to our partners," he told GlobalAtlanta in an interview after the King & Spalding event. "If they're willing to work with us, to thoughtfully address the concerns, ... I am more than prepared to take (the agreements) to the president and say, 'I think now we're ready to go to Congress.'"

Mr. Kirk hinted that the Panama deal was the closest to clearing remaining hurdles, which include concerns about tax transparency and labor laws in the Central American country. That would be in line with Mr. Obama's initial trade policy statement, which targeted the Panama deal first.

"Pretty good progress" has been made, Mr. Kirk said, as the U.S. trade team has continued negotiations with Panamanian President Ricardo Martinelli, who was elected in July.

The Colombia deal, signed in 2006, has more sticking points. Many Democrats in Congress have voiced opposition to it, citing Colombia's human rights record and violence against labor organizers in the country, the U.S.'s staunchest ally in South America. Colombian President Alvaro Uribe has said violence should no longer be the main aspect of the debate, asserting last year in Atlanta that

the murder rate against union leaders is lower than that of the general population.

Mr. Kirk commended Mr. Uribe's "extraordinary progress," but said the U.S. wants to make sure that the positive changes are made permanent.

"In reality there are a number of members of Congress who believe that the ... [Colombian] government still needs to put in place some basic legal protections in terms of the right of association and to organize, and particularly some more certainty that the courts will pursue those that are engaged in this violence," he said.

The Korea pact's speed bumps are more about fair market access, particularly in manufacturing, Mr. Kirk said. U.S. auto companies have protested the agreement, saying that despite its removal of Korea's 8 percent tariff on imported cars, other barriers keep the relatively large Korean car market effectively closed to foreign car makers. U.S. companies sell fewer than 7,000 cars there annually, while Korean brands like Hyundai and Kia sell more than 700,000 cars here, boosting their U.S. market share to about 5 percent.

When Mr. Kirk mentioned that automakers here see this imbalance as "indefensible," Korea's Consul General in Atlanta, Hae-jin Chun, arose from the table where at least five consuls general were sitting to point out that the difference in volume partially had to do with the size of the auto markets, with Americans buying 10 times more cars each year than Koreans do. He added that up to 30 percent of Korean cars sold in the U.S. are also made here. Hyundai and Kia, for example, have built plants in Alabama and Georgia, respectively.

Mr. Kirk, who will meet with Korean foreign ministry officials soon, said he would be sure to tell them that Mr. Chun was doing his job well, eliciting a smile from Mr. Chun and laughter from the crowd.

While Mr. Kirk didn't hesitate to discuss the FTAs when asked, he didn't explicitly mention them in prepared remarks, which focused on health care reform and the importance of global trade in general, particularly exports, as a job generator and an engine of economic recovery.

Exports accounted for one of the highest proportions of U.S. gross domestic product ever last year. Some 95 percent of the world's consumers live outside the U.S., and reaching those buyers with more products means jobs for Americans, Mr. Kirk said.

To that end, Mr. Kirk recently announced an initiative to help small businesses get more involved in trade. Small businesses, defined by the government as companies with less than 500 employees, make up about nine out of 10 exporters, but they only account for about a quarter of trade volume. Mr. Kirk's office is currently surveying companies to learn how to best increase this proportion.

In Atlanta, the need for small companies to have a global mindset is deeply felt, said Sam Williams, president of the Metro Atlanta Chamber. While the city has the fifth largest concentration of Fortune 500 companies in the U.S., 90 percent of companies here have less than 100 employees. Embracing trade will be key to many of these companies' success.

"Free trade is like the genie; you can't put it back in the bottle. We cannot become protectionist in the downturn. We must maintain our international position," Mr. Williams said.

Studies on the Korea FTA have suggested that the pact might add \$10 billion to U.S. exports annually.

Panama (about 3 million people) and Colombia (about 45 million) already have duty-free access to the U.S. market for 80-90 percent of their products, but American companies don't have the same access in those countries.

That's why the FTAs are important, Mr. Kirk said.

"These agreements are about our reciprocal ability to have access to their markets. By not doing these, we aren't doing anything to harm Colombia, but we potentially deprive American businesses" of taking the best advantage of opportunities like the Panama Canal's \$5.2 billion expansion, Mr. Kirk said.

Kathe Falls, international trade director for the Georgia Department of Economic Development, is interested in those opportunities. She asked the question prodding Mr. Kirk for a timeline for the pending agreements.

In Georgia, companies that trade have been more resilient during the recession than those that just sell domestically, and if the state knows more about federal policy, it can better help companies find the right markets.

"One of the services provided by the state to Georgia small- and medium-sized exporters and potential exporters is providing information about federal trade policies and the opportunities they present. Following the progress of various free trade initiatives falls within that mission," she said.

Some groups have criticized the Obama administration for talking up trade while dragging its feet with some policies and even encouraging protectionism with others, like the "Buy American" provisions in the economic stimulus bill and a recent decision to impose a 35 percent tariff on Chinese tire imports.

Mr. Kirk shrugged off such criticism. The Chinese tire decision came after the International Trade Commission recommended a 55 percent tariff in response to a complaint by the United Steelworkers that a flood of cheap Chinese tire imports had cost 5,000 union jobs, according to news reports. Mr. Obama had to respond by Sept. 17 but was under no obligation to follow the ITC decision.

Mr. Kirk downplayed the decision and fears that it would start a trade war, saying that it is a "healthy part of a global rules-based system."

"The only bad dispute is one you haven't planned for," he said, arguing that having the World Trade Organization as an arbiter in such disagreements is the reason he and others supported China's bid for entry into the WTO in the late 1990s.

Speaking with GlobalAtlanta, he added that critics aren't taking into account the administration's victories on trade this year.

Mr. Obama's team has reached a conclusion that ended a 20-year dispute with the European Union over beef hormones that had limited access for U.S. meat producers in that huge market.

Mr. Kirk also cited a recent ruling that found Canada in breach of a 2006 agreement limiting the amount of softwood lumber it sells in the U.S.