

December 5, 2005

TRADE BITS

LAST DITCH: U.S. Trade Representative Rob Portman was in Geneva this weekend "meeting with his counterparts from Europe, Japan and other leading trading nations in a last-ditch effort to fashion some achievements for the December 13-18 WTO gathering in Hong Kong," National Journal's CongressDaily reports (12/2). CongressDaily said Portman "painted a grim timeline in the race to complete the Doha round" of WTO negotiations, suggesting that they must be finalized by "no later than the fall of 2006" in order to allow the Bush administration to submit implementing legislation in March or April of 2007 before Bush loses his "fast track" negotiating authority. "We have a shot at making the deadline," said Portman, "but if anything slips, we are risking not being able to send this agreement for an up-or-down vote." In a related article, Inside US Trade (12/2) says that the Hong Kong meeting seems increasingly likely "to be dominated by developing country issues that put the U.S. on the defensive." Two of the issues are cotton subsidies and demands that WTO members "provide duty-free, quota-free access for all products from the WTO's 32 least developed countries," which the U.S. opposes. The article quotes one "delegation source" as suggesting that both topics would be subjects of major discussion during the Dec. 13-18 meetings. For the U.S., the commitment to eliminate duties and quotas "would be difficult because of apparel and textiles, and because of certain U.S. commodities including sugar, cotton and tobacco," according to U.S. industry and agriculture sources.

SUNNY OUTLOOK?: The "sunny White House message of the day" last Friday was that the economy is strong and the outlook "as bright as it's been in a long time," the New York Times reports (12/3). "We have every reason to be optimistic about our economic health," George Bush said. But even though the Labor Department reported 215,000 jobs created in November, "Americans have fallen into a darker mood about the future and given the president little credit," the Times reports. An ABC News/Washington Post poll last month found that 52% of Americans believe that the economy is getting worse, compared to 18% who think it is getting better. In a separate AP/Ipsos poll, Bush's approval for his handling of the economy sunk to 37%. [Editor's note: job gains in October and November together averaged considerably less than 150,000 a month, the rate at which jobs must be created just to accommodate new entries into the workforce]. A column by Gretchen Morgenson in Times (11/27) gives less reason for optimism, however, citing economist Paul Kasriel's prediction that "even a mild recession next year could spiral into something ugly, given the combination of rising interest rates, off-the-charts consumer debt, and a cooling housing market." If a financial blow-up occurs, Kasriel says, "the unhappy fact is that very few consumers would be able to walk away unscathed." Kasriel notes that in the third quarter of 2005, households spent a record \$531 billion more than their after-tax earnings on an annualized basis.

UNBENDING: The Bush administration fears that Evo Morales, who "has steadily become revered by the left around Latin America as an unbending opponent of globalization," is likely to be elected president of Bolivia on December 18, the New York Times reports (11/26). The Times notes that the "Washington backed economic prescriptions" are "being rejected up and down the continent," and as the former leader of the coca growers union in Bolivia, Morales has pledged to eliminate penalties for the cultivation of coca. A separate article in the November 20th edition of the New York Times magazine profiles Morales, noting that his rise in Bolivia is testimony to the "extraordinary rebirth" of the political left in Latin America, fueled in part by the failure of U.S. backed free market policies to deliver the prosperity that was promised. This article notes that part of Morales' platform is "reassertion of sovereignty over its natural resources," particularly oil and natural gas. "The population [of Bolivia] is demanding to know why these resources haven't lifted the country out of poverty," says Carlos Villegas, a university researcher and economic spokesman for Morales' party. "They blame the privatization imposed by international lenders." Joseph Stiglitz, former chief economist for the World Bank, told the Times that if Bolivia abrogated its existing contracts with multinational oil producers, they could likely negotiate "new deals on better terms" with non-Western oil interests.

ANGRY RESPONSE: The failure of the U.S. Treasury department to find that China has manipulated its currency "provoked an angry reaction from American manufacturers, some lawmakers and outside trade analysts who have argued for years that China has deliberately undervalued its currency to make its imports cheaper in world markets," the New York Times reports (11/29). "We've seen this movie before," said Frank Vargo of the National Association of Manufacturers, noting that the Treasury department has repeatedly downplayed the impact of China's currency policies. Two "leading critics of China" in Congress, Sen. Charles Schumer (D-NY) and Sen. Lindsey Graham (R-SC), have "quietly renewed threats to seek legislation that would impose steep tariffs on Chinese imports if the yuan is not allowed to float more freely," the Times says. "The Chinese manipulate their currency, and the administration should not have ducked the issue," Schumer told the Times. The article notes that China's trade surplus with the U.S. is expected to approach a record \$200 billion in 2005, and that "American exports to China would have to climb six times as fast as imports just to keep the trade balance at current levels." The Times says that "to keep its currency from rising in value, China's central bank continues to buy up U.S. debt and has acquired hundreds of billions of dollars in Treasury securities."

UNDEMOCRATIC: A letter from unions and other groups to WTO Director General Pascal Amy says that WTO negotiations on services "have been undemocratic," the Kuwait News Agency reports (12/1). The letter points out that many developing countries submitted objections to a draft text on services, "but those objections were repeatedly ignored by the chair of the services negotiations," the article notes. Sherali Sharma of the Institute for Agriculture and Trade Policy told reporters in Geneva that it is impossible to come to a fair WTO agreement with bad process. "The issues in the services negotiations and the current Hong Kong text are very serious - particularly for developing countries. We remain concerned that the new approach to the draft text is further exacerbating problems of legitimacy in the WTO," Sharma said. Mike Waghorne of Public Services International stressed that the current draft services text threatens tens of thousands of public sector workers around the world. "We fully sympathize with developing countries that say that the whole process of drafting the services text for Hong Kong has set aside their concerns about their own services development in the interests of multinational services companies from the North," added Waghorne. Aileen Kwa of Focus on the Global South said it is common practice that chairs abuse their power in the WTO "and put forward texts that predominantly contained the positions of the powerful WTO Members, the US and the EU."

NO TO LABOR: The proposed Andean Free Trade Agreement is much like CAFTA because it "would link the U.S. economy with three impoverished countries in which wage rates are low and labor standards shoddy," says the Wall Street Journal. But unlike CAFTA, the leaders of two of those nations, Peru and Columbia, have expressed an interest in including labor provisions in the deal in order to win bipartisan support for the proposed agreement, the Journal says. The Journal says that the Bush administration is "uneasy about the pact's prospects, and has urged the Andean leaders to help drum up congressional support" for the deal. However, an overture by President Alejandro Toledo to include labor provisions "goes beyond what the White House and many congressional Republicans have been willing to support," the Journal notes. "Bush aides contend that trade agreements shouldn't be used to explicitly set labor standards," and the administration "isn't willing to write such terms into a trade agreement." The article says that in addition to the Andean agreement, separate deals on Panama and Thailand "could land on Capitol Hill next year."

THROW 'EM OUT?: Noting that "unease over the economy and the war in Iraq runs deep" in Ohio as well as the rest of the nation, Republican candidates for Congress in Ohio are distancing themselves from George Bush but still run the risk of election defeat in 2006, the New York Times writes (12/3). "These are tough times for Republicans, and nowhere more so than in Ohio, a Republican dominated state that has become a political crucible, testing the party's strength nationally as next year's mid-term elections approach," the Times writes. The article quotes Christine Chaney, a GOP voter in Chillicothe OH where mayor Joe Sulzer is challenging GOP Congressman Bob Ney, as "speaking bitterly of losing her job at a shoe factory" when the plant moved overseas. "I think we need to throw them all out and get new," said Chaney. The Times says that Democrats in Ohio hope to unseat as many as eight House Republicans, as well as Sen. Mike Dewine.

WORKING FAMILIES WIN: Town hall meetings on how the economy is affecting working people will be held this coming week in North Carolina, Minnesota, Pennsylvania, and Iowa to continue the kick off for the "Working Families Win" project of the Americans for Democratic Action Education Fund. In North Carolina, events will be held Tues. December 6 in Fayetteville and Wed. December 7 in Asheville. For more information contact organizers Becky Gomer, workingfamilieswinnc@yahoo.com <<mailto:workingfamilieswinnc@yahoo.com>>, and Melissa Fridlin, mfridlin@verizon.net <<mailto:mfridlin@verizon.net>>. In Minnesota, events will be held in St. Cloud (Wed., December 6) and Anoka (Thurs., December 7). Contact Michelle Dibblee, wkgfamilieswinmn@yahoo.com <<mailto:wkgfamilieswinmn@yahoo.com>>, for information on these events. In Pennsylvania, town hall meetings will be held Mon. December 5 in Norristown and Thurs. December 8 in Pottstown (contact Phila Back, Phila_Back@verizon.net <mailto:Phila_Back@verizon.net>). Finally, in Iowa, a kick off event will be held in Dubuque on Weds., December 7 (contact David Leshtz, dleshtz@zeus.ia.net <<mailto:dleshtz@zeus.ia.net>>). For an ongoing list of Working Families Win events and additional contact information for project organizers, see www.workingfamilieswin.org <<http://www.workingfamilieswin.org>>.

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