

UNITED STATES BUSINESS AND INDUSTRY COUNCIL

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DOMESTIC MANUFACTURERS SAY COLOMBIA DEAL WILL WORSEN RECESSION

USBIC calls trade pact “another NAFTA-style outsourcing agreement”

WASHINGTON – The U.S. Business and Industry Council today declared its opposition to President Bush’s proposed free trade agreement with Colombia, charging that the deal is “another NAFTA-style outsourcing agreement that will push the United States farther down the fast track to bigger trade deficits, higher national debts, and a longer recession.”

According to Council President Kevin L. Kearns, the Colombia agreement has scant potential to boost U.S. exports and thus economic growth – what the slumping U.S. economy needs most – but ample potential to boost U.S. imports at the expense of domestic production – what the economy needs least.

As a result, said Kearns, “at a time when promoting output at home must be America’s top economic priority, the Bush administration’s focus on a measure that will send production and good jobs abroad on net is nothing less than scandalous.”

Kearns termed “completely baseless” the administration’s claim that Colombia is “a great potential market for U.S. exports.” He noted Colombia’s economy is only the size of Baltimore, Md.’s, according to the latest available comparative figures (c. \$123 billion). In addition, the Library of Congress pegs the country’s poverty rate at nearly 50 percent, the jobless rate at more than 12 percent, and the under-employment rate at a whopping 35.4 percent.

Colombia’s pervasive poverty, said Kearns, explains why it bought less than one percent of total U.S. goods exports in 2007. Indeed, Colombia’s total import market last year was only \$32.9 billion – a bare 3.14% of U.S. goods exports.

Kearns explained that Colombia’s main economic promise is as a penny-wage, regulation-free production site that U.S. multinational companies can use to supply existing U.S. customers, not as a new export market for U.S.-made products and services.

Kearns noted that just before signing his own country’s new trade deal with the United States, Peru’s President Alan Garcia urged a gathering of U.S. multinational outsourcers,

“Come and open your factories in my country so we can sell your products back to the United States.”

“With Colombia’s economy so closely resembling Peru’s, can anyone doubt that President Uribe’s real agenda is the same?” asked Kearns.

The U.S. Business & Industry Council is a national business organization founded in 1933. Its 1,500 members are mainly family-owned domestic manufacturing companies.