PANAMA CITY, PANAMA -- U.S. officials have turned up the heat on Panama, saying a proposed trade pact could suffer after the Central American nation's congress chose as its chief a legislator wanted in the United States in the killing of an American soldier.

Pedro Miguel Gonzalez Pinzon was elected president of Panama's congress September 1, even though he is wanted in the U.S. in the June 1992 slaying of U.S. Army Sgt. Zak Hernandez Laporte and attempted murder of Sgt. Ronald Marshall outside Panama City. Gonzalez Pinzon has denied any involvement and was acquitted in a trial in Panama 10 years ago.

On Thursday, the U.S. Embassy released a letter in which Sen. Max Baucus, a Democrat from Montana, called the issue "a serious obstacle to consideration in the U.S. Congress" of a free-trade deal between the two countries.

"Our members are watchful and will take into account this development," Baucus wrote.

Visiting Panama the same day, U.S. Commerce Secretary Carlos Gutierrez also made an apparent reference to Gonzalez Pinzon's post, saying "a problem has arisen which did not exist before and which needs to be resolved."

Gutierrez said he would raise the issue when he meets with Panamanian President Martin Torrijos.

Gonzalez Pinzon said Panama should not bow to U.S. pressure.

"We are a sovereign republic with democratic institutions, and one of them is the legislative branch," he said.

Hernandez Laporte was gunned down while traveling in a military vehicle outside Panama City. The attack came during then-President George H.W. Bush's visit to the nation and amid lingering anger over the U.S. invasion two years earlier that drove dictator Manuel Noriega from office.