

Bush, Congress set for clashes over China, trade

By Doug Palmer
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WASHINGTON - The Bush administration and Congress moved closer on Thursday to battles over free trade agreements with Colombia and South Korea and bills to curb the huge trade deficit with China.

In a speech to the U.S. Chamber of Commerce, U.S. Trade Representative Susan Schwab laid out a legislative agenda for this year that clashed with goals set by congressional Democrats.

Schwab promised a major push to win approval of pending free trade agreements with Colombia and South Korea, which are opposed by leading Democratic presidential candidates Sen. Hillary Clinton and Sen. Barack Obama.

She also warned against bills that would allow the Commerce Department to slap potentially hefty duties on Chinese goods because of that country's currency policy.

"This is not a good time for Congress to be seeking quick fixes for complex international economic challenges," Schwab said to applause from the business group.

But a key Democratic Party spokesman for trade in the House of Representatives said there was no escaping the need for Congress to pass China legislation this year.

"It's such a huge part of our (overall trade) deficit. We're talking about a quarter of a trillion dollars," said Rep. Sander Levin, a Michigan Democrat who chairs the House Ways and Means subcommittee on trade.

While Schwab warned that legislation aimed at China could backfire on the United States, Levin said U.S. companies and workers faced a greater risk if Congress did nothing.

Another top priority for Democrats this year is renewing and expanding federal trade adjustment assistance to help retrain workers who have lost their job because of imports or because their factory has moved overseas, Levin said.

The White House says it supports expanding the program, but has threatened to veto a House bill that does that.

'CONCRETE EVIDENCE OF SUSTAINED PROGRESS'

In her speech, Schwab said she would make every effort to work with congressional Democrats to win approval of the free trade agreements, starting with Colombia.

She also warned the United States risked losing friends and allies in Latin America if Congress failed to pass the pact, which locks in Colombia's duty-free access to the U.S. market and phases out Colombia's tariffs on U.S. goods.

Democratic leaders made clear last year they cannot support the deal until Colombia does more to reduce violence against trade unionists and bring their murderers to justice, Levin said.

"Before a vote is set, there should be as we said concrete evidence of sustained progress," Levin said.

For now, Congress should renew the one-way trade preference program for Colombia and several of its Andean neighbor that expires at the end of February, Levin said.

Congress could approve the free trade agreement with South Korea, but only if a nagging beef dispute is resolved and the administration agrees to changes demanded by Democrats in the pact's automotive provisions, Levin said.

The Bush administration and the South Korean government have ruled out renegotiating the pact. However, Schwab repeated that Seoul would have to fully reopen its market to U.S. beef before the trade deal could be approved.

The White House also will push for approval of a third trade deal this year with Panama, Schwab said.

Democratic leaders agreed last year to support that agreement. But that was before Panama's legislature elected a lawmaker wanted in the United States on charges of killing a U.S. soldier to be head of the National Assembly, Levin said.

Business groups hope the deal can be passed later this year after the lawmaker's one-year term as president expires.

(Editing by Xavier Briand)