

Free-trade deals face rocky path

By Ian Swanson

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The globalization debate will play a prominent role in the congressional agenda this fall, with business lobbyists on K Street gearing up for a series of critical votes on trade.

The Peru free trade agreement (FTA) would be the first trade deal considered by the Democratic-majority Congress, and business is pressing for a House vote before the end of the month. Lobbyists for multinationals also hope to ward off legislation that could lead to higher tariffs on Chinese imports.

The challenge for business is that House Democrats in general, and influential Democratic committee chairmen in particular, are often skeptical toward free trade deals.

For example, Appropriations Chairman David Obey (D-Wis.) voted against the North American Free Trade Agreement (NAFTA), permanent normal trade relations with China, and U.S. entry to the World Trade Organization (WTO). All were supported by the Clinton administration.

Obey also voted against the Central American Free Trade Agreement (CAFTA) and smaller deals with Chile, Singapore, Australia, Oman and Bahrain that were sent to Congress by the Bush administration.

He's far from alone. Foreign Affairs Chairman Tom Lantos (D-Calif.), Homeland Security Chairman Bennie Thompson (D-Miss.), Judiciary Chairman John Conyers Jr. (D-Mich.), Natural Resources Chairman Nick Rahall (D-W.Va.), Transportation Chairman Jim Oberstar (D-Minn.) and Veterans Affairs Chairman Bob Filner (D-Calif.) have identical voting records to Obey's on these key trade votes.

Financial Services Chairman Barney Frank (D-Mass.) and Agriculture Committee Chairman Collin Peterson (D-Minn.) voted for the relatively non-controversial Bahrain FTA, but against the rest of the other deals. Rules Chairwoman Louise Slaughter (D-N.Y.) voted yes only on WTO membership.

The views of these chairmen carry weight with younger members of the Democratic Caucus and create a test for House Democratic leaders, who have been friendlier to trade deals.

Speaker Nancy Pelosi (D-Calif.), for example, voted for NAFTA and the WTO. She also voted yes on trade deals with Australia, Chile and Singapore. Majority Leader Steny Hoyer (D-Md.) voted in favor of NAFTA, the WTO, China, Chile, Singapore, Australia

and Bahrain.

Lori Wallach of Public Citizen's Global Trade Watch said she can't fathom why Democrats would consider moving deals with Peru and Panama, essentially expanding NAFTA and CAFTA to additional countries. Only a minority of House Democrats is likely to vote yes on the deals, and the freshman class that provided Pelosi her majority ran on agendas critical of Bush's trade deals.

She also warned that if some Democrats vote for the deals, their defections will split the party and remove an effective campaign issue for Democrats challenging incumbent Republicans.

"I have spoken to many senior House Democrats who are quite concerned that the passage of two Bush NAFTA expansion agreements by a Democratic-majority Congress by a majority of the minority will blur the Democratic-GOP line on trade/job offshoring issues that proved a successful wedge issue in 2006," Wallach said in an e-mail.

U.S. Chamber of Commerce President Tom Donohoe acknowledged Democratic leaders risk little politically by voting against trade, but said that they could end up winning an election while losing the economic war.

"If there would not be a serious political kickback in the short run, there will be in the long run when people ask for problems to be solved and ask for markets to be competitive and Americans to be engaged in those markets," Donohue said.

To build support for the deals, the chamber is launching a grassroots effort targeting 75 congressional districts, including those of 40 Democrats, with letters and phone calls. The effort is focused on freshman members, said Chamber trade lobbyist Christopher Wenk.

Over the August recess, the Office of the U.S. Trade Representative (USTR) and the Chamber also sought to build pressure by lobbying editorial pages for support, recruiting Democratic mayors like Richard Daley of Chicago to weigh in.

Business lobbyists hope a Peru vote will clear the way for votes on deals with Colombia, Panama and South Korea, but here the picture gets cloudy.

A deal with Panama could probably be approved by the Democratic Congress, but the Bush administration wants Congress to first approve a controversial deal with Colombia first signed by President Bush. Under GOP rule, deals were considered in the order in which they were signed, and the administration hopes to continue this policy, according to Gretchen Hamel, a spokeswoman for the USTR.

Lobbyists for organized labor, however, are not thrilled with the votes on Peru and Panama and have drawn a serious line on Colombia.

“I think it would be a big mistake for the administration to push Colombia too much,” said Bill Samuel, legislative director of the AFL-CIO, which vehemently opposes the deal with Colombia because of violence against trade unionists in that country.

While the AFL-CIO isn’t expected to lobby hard against the Peru FTA, Samuel said he wants Democratic representatives to stress that the Peru FTA cannot be a model for future trade deals. This is intended to put the breaks on deals with Colombia and South Korea.

Business groups, in contrast, want to secure a path forward for the Colombia FTA, which carries the most economic importance of the three Latin American pacts. At the same time, they aren’t as picky about the order of the deals. Donohue said he believes any trade agreement that can be approved should be to build momentum for other deals.

The administration could force the issue on Colombia, which was negotiated under fast-track rules. These rules subject legislation implementing the deals to strict deadlines, giving the agreement a path to the floor if it is introduced. For example, in the Senate the deal would not be subject to a filibuster.

Some have speculated that the administration may pick a fight with congressional Democrats by seeking to move the legislation even if they are unsure of a successful vote. This could allow the administration to portray Democrats as boosting Venezuelan strongman Hugo Chavez by opposing a trade agreement with a U.S. ally in Latin America.

Hamel, however, appeared to downplay the possibility, saying it would not be the “ideal” situation.