

# **A Shift in Bush's Trade Politics**

## **Congressional Compromise Sought on Deals For Latin America**

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The political tide has shifted against trade deals, and the Bush administration signaled yesterday that it is changing in response.

Public opinion polls show rising discontent with globalization among Republicans and Democrats alike. Democrats in Congress say they won't approve deals to liberalize trade with three Latin American countries unless the agreements include safeguards for the environment and organized labor. With 15 months left in office, the Bush administration's remaining time to notch foreign policy victories is running short.

Secretary of State Condoleezza Rice tacitly acknowledged those realities yesterday, delivering a speech to the Council on Foreign Relations in Washington and following it up with a meeting with reporters. She indicated that the administration is ready to work the halls of Congress and find common ground to pass trade agreements with Peru, Panama, and Colombia -- and, a bit further down the road, South Korea.

It's retail politics, Rice said: "One person at a time . . . working with congresspeople and addressing their concerns."

The conciliatory tone contrasts with the take-it-or-leave-it approach to seeking congressional approval of trade agreements that typified the first seven years of the Bush administration. It generally worked with a Republican-run Congress. This summer, the Democratic-led Congress refused to renew the president's "fast-track" authority, which limited Congress's role in shaping the terms of trade deals.

Now, administration officials are "trying to shape the arguments on trade in ways that appeal to the internationalists in both parties," said Grant D. Aldonas, a trade official in the early years of the Bush administration who is now a scholar at the Center for Strategic and International Studies. "They're recognizing the reality they're in and starting to figure out how to adjust to it."

Democratic congressional leaders frustrated with the implementation of earlier trade agreements are now demanding that new agreements include stronger enforcement procedures for environmental and labor standards. In recent months, the Bush administration and the countries involved have acquiesced. Peru made concessions to Democrats' concerns, and its deal is likely to be approved before the end of the year.

"We insisted on a change in policy so that we would shape the terms of trade instead of just letting it proceed willy-nilly," said Rep. Sander M. Levin (D-Mich.), who chairs a subcommittee on trade. The Bush administration, he said, "went along with the change in policy, but I wish they would more vigorously join with us in its implementation."

With her comments yesterday, Rice seemed to be indicating that she will take a leading role in pushing for trade, an apparent effort to use her stature to gain support for the deals. Her predecessor, Colin Powell, rarely dealt with trade matters publicly.

The trade deals with Peru, Panama and Colombia are not of great economic consequence to the United States; each country is a relatively minor trading partner. But they carry symbolic weight in Latin America, where leftist Venezuelan President Hugo Chavez has been trying to build support among neighboring leaders by defying the United States. In Colombia, where President Álvaro Uribe has staked his reputation on good relations with the United States, congressional rejection of a U.S. free-trade agreement could be devastating.

That appears to be what Rice meant in her speech when, without mentioning Chavez by name, she said: "Passing these trade agreements is not a narrow partisan interest; it is a vital national interest," adding that failure to pass the bills would be "a retreat from our responsibility of leadership and a renunciation of our influence in the Americas."

Levin, in an interview, said that it is the changes proposed by Democrats that are most likely to enhance the image and influence of the United States in this hemisphere. He said that Colombia needs to more vigorously prosecute those who use violence against human rights workers and others. "Chavez came to power in part because most of the [Venezuelan] population got very little out of globalization. So the best antidote to Chavez is to adopt a trade policy that spreads the benefits of globalization."

The trade deal with Panama is on stronger footing, after the Panamanian government made concessions on environmental and labor issues to meet congressional demands. But a new hiccup has arisen in that the new leader of the country's legislature, Pedro Miguel Gonzalez, is wanted in the United States on charges of killing an American soldier in 1992, though he was acquitted of the killing in Panama. As long as he is in a leading government post, Congress would be reluctant to pass a trade deal.

"If the Panamanians can jettison their National Assembly leader, that solves it," said Gary C. Hufbauer, a senior fellow at the Peterson Institute for International Economics.

The Peruvian trade agreement is likely to be passed before the end of the year, Levin said.

South Korea's more powerful economy means that its trade agreement would have greater economic consequences for the United States. It faces the strongest objections in Congress, in part because it would eliminate tariffs first on Korean cars and eventually on trucks, creating new competition for troubled automakers.

There has already been some good news for advocates of the trade deals this week; Costa Ricans, in a referendum, approved their deal to have freer trade with the United States, part of the Central American Free Trade Act. The United States and five other signatories had already ratified it.

Still, Rice acknowledged yesterday Americans' insecurities about trade.

"There is a sense that America feels fearful of its ability to compete, and I think that's linked to a whole host of issues about change," she said. "That then does create an impulse to protect, and we know from any number of historical experiences that that impulse to protect always leads to bad outcomes."