

# House May Pass Peru Deal, But Bush Trade Agenda Is Struggling

By Greg Hitt  
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WASHINGTON -- While the Democratic House appears poised to approve President Bush's proposed trade deal with Peru, Mr. Bush continues to struggle to inject momentum into his broader free-trade agenda.

The fight over Peru, which accounts for a tiny fraction of overall U.S. trade, has revealed sharp divisions among House Democrats and underscored the party's distrust of the White House on trade issues.

The Peru pact has also emerged as a defining issue among Democrats vying to be the party's presidential candidate in 2008. Illinois Sen. Barack Obama is supporting it, citing new protections secured for labor rights, among other things. Former North Carolina Sen. John Edwards opposes it, calling the pact a bad deal for U.S. workers.

New York Sen. Hillary Clinton, the Democratic front-runner, is "still reviewing" the Peru deal, a Clinton spokesman said. Mrs. Clinton has emerged as a trade skeptic, raising concerns about the North American Free Trade Agreement, among other things.

The Peru deal is slated for a Senate vote later this month or in December, if the measure clears the House today.

Mrs. Clinton's indecision highlights the political potency of the trade issue and bodes poorly for congressional action on deals of greater economic consequence, such as pending pacts with Colombia and South Korea. The outlook for quick action on a global trade deal -- should the U.S. and its negotiating partners conclude an agreement -- is faint at best.

"Congress only has a certain amount of patience for this stuff," said Gary Hufbauer, a senior fellow at the Peterson Institute for International Economics, a Washington think tank. Mr. Hufbauer suggests lawmakers, after dispatching with Peru, will likely defer action on the larger pacts until 2009, when a new president occupies the White House.

The Bush administration is still fighting for what remains of its free-trade agenda. Since Labor Day, top Bush aides have led a series of congressional delegations to Colombia, in an effort to buttress support for closer economic ties with that country.

Yesterday, Mr. Bush, flanked by Treasury Secretary Henry Paulson, U.S. Trade Representative Susan Schwab and acting Agriculture Secretary Chuck Conner, met with

several dozen business executives at the White House. He urged them to "take up the cause of free trade," not only with workers around the country but also with wavering U.S. lawmakers. "The time has come for Congress to act," he said.

Today's planned vote on Peru in the House comes one year after Democrats swept to power on Capitol Hill in part by riding a wave of antitrade sentiment around the country. The election outcome cast a cloud over Mr. Bush's trade agenda and prompted the White House to agree to elevate the importance of Democratic priorities such as labor rights and environmental protections in U.S. trade policy. Those commitments are reflected in the Peru deal and have helped to calm concerns among some Democrats over the deal.

But Mr. Bush has also undercut efforts to widen support by threatening to veto a House Democratic bill that would expand assistance for Americans who lose their jobs as a result of foreign competition. And he hasn't found a way yet to win over globalization critics on Capitol Hill, where lawmakers are fighting the loosening of immigration rules, blocking the free entry of Mexican trucks into the U.S., and raising alarms over the safety of Chinese imports.

Democratic leaders headed into today's scheduled vote pushing for the support of 100 of the party's 233-member House caucus. But congressional and administration officials said it was possible that only 70 to 75 Democrats would back the Peru deal, exposing divisions on the issue.

"Quite frankly, a lot of people just don't trust the president in enforcing the labor and environmental laws," said House Ways and Means Chairman Charles Rangel (D., N.Y.).

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