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FREE TRADE

Changes are likely in Peru, Colombia free-trade pacts

The new Democratic Congress may force changes in already negotiated trade pacts with Peru and Colombia.

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WASHINGTON - Faced with the inevitability of a trade-skeptic Democratic-controlled Congress, the Bush administration has told Peru and Colombia that their free-trade agreements with the United States will need "substantive adjustments" to secure Congressional approval.

Deputy U.S. Trade Representative John K. Veroneau told reporters Wednesday that the concessions were needed to assuage Democratic objections over labor rights.

The Bush administration has negotiated free-trade agreements with the Andean nations but has not yet submitted them for congressional ratification. The United States has also finished negotiating a free-trade pact with Panama except for the labor chapters, which were kept open with an eye to incorporate Democratic suggestions.

Veroneau said, "It is clear that some adjustments" to the labor provisions would be required. "We've informed Peru, Colombia and Panama that we expect that before the agreements are taken up by Congress that we will need to make some substantive adjustments to those texts."

But changing the texts of the agreements would be hard to do even if the Bush administration wanted to, officials and trade experts say. The language of the Peru and Colombian pacts took months of strenuous negotiations and Peru's Congress has already ratified its agreement with the United States.

Plus, U.S. law stipulates that the United States can only demand that countries implement their own labor laws, whereas Democrats want the agreements to include what they call "core International Labor Organization standards" in the texts themselves.

The Bush administration rushed to clarify Veroneau's remarks with a statement through trade representative spokeswoman Gretchen Hamel, saying the adjustments could be

made through "some binding instrument and it is not necessary to reopen the text of the agreement."

This implies a type of side agreement similar to what President Clinton negotiated with Mexico to pass the North American Free Trade Agreement through Congress in 1994.

Democrats have criticized the Mexico side agreement as too weak, and it was not clear whether the new formula would be acceptable. Matthew Beck, a spokesman for Rep. Charles Rangel D-N.Y., the lawmaker that presides over the powerful House Ways and Means Committee that oversees trade matters, said Democrats would wait until the administration clarified its position.

"It is a moving target on their part," he said.

U.S. Trade Representative Susan Schwab planned to meet with key lawmakers today.

The administration is in a difficult position because business groups, usually big free-trade boosters and Republican supporters, are reluctant to endorse tougher labor standards in the texts, arguing the provisions would be used to block trade rather than increase it. They also worry that U.S. labor groups could use the precedent in U.S. courts to challenge labor restrictions in the United States.