

Coalition of New England Companies For Trade

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International Trade Agenda

While the Barack Obama's transition team started working with Congressional leaders weeks before his inauguration to prepare a comprehensive legislative strategy that will shape Obama's first several months in office, little was said about international trade, which left the international trade community wondering what it can expect in 2009.

Because so much attention has been paid to the domestic economy (and for good reason), it is unclear if the incoming Obama Administration has a clear direction on trade. Choosing former Dallas Mayor and NAFTA advocate Ron Kirk as USTR has been reassuring to the trade community, but it has yet to be seen just how powerful organized labor will be in the Obama Administration, and what that will do to Kirk's pro-trade inclinations. Here is a brief analysis of key trade topics:

US-China Trade Relations

Congressional leaders are likely going to give the Obama Administration an opportunity to lay out its China agenda before taking any action on the Hill. While Congress will probably wait to see what the White House says in its first China currency report in the spring, the fact of the matter is that it may take the Obama Administration several months to determine its China agenda; and its trade agenda generally.

Free Trade Agreements

- ***Panama:*** The 110th Congress refused to consider the Panama agreement because the president of the Panamanian Assembly was indicted in the US for murdering two US soldiers in Panama. It is unclear what the Panama FTA's prospects are in the 111th Congress.
- ***Colombia:*** In the 110th Congress, the House of Representatives voted to change Trade Promotion Authority (TPA) rules so that it could delay consideration of the US-Colombia free trade agreement indefinitely. This action was in response to President Bush officially sending the US-Colombia free trade agreement to Capitol Hill in order to force a vote on the agreement. Under Trade Promotion Authority (TPA) rules, the House of Representatives would normally have had 60 days to act, and the Senate would have had 30 days after that. The House vote to change TPA rules did away with that clock. The prospects for the Colombia FTA in the 111th Congress remain murky as Congressional leaders remain concerned about violence against labor officials in Colombia.
- ***South Korea:*** The US-South Korea Free Trade Agreement was held up in the 110th Congress over concerns about access for beef and automobiles. The prospects for this FTA does not look much better in the 111th Congress, especially with the US auto industry struggling to stay afloat.

Generalized System of Preferences

The U.S. Generalized System of Preferences (GSP) program, which provides preferential duty-free entry for more than 4,650 products from 143 designated beneficiary countries and territories, expires on December 31, 2009. The 111th Congress will have to extend GSP beyond the end of the year; it is unclear if Congress will also seek to make changes to the program.

Andean Trade Preferences Program

The Andean trade preferences program was extended during the 110th Congress. Preferences for Peru and Colombia are in place through December 31, 2009; and preferences for Ecuador and Bolivia are in place through June 30, 2009, plus additional 6 months automatically unless the President finds that they have violated the terms of the program. Because it is quite possible that the Peru Free Trade Agreement (FTA) may still not be in force by the end of 2009, it is unclear how Congress will address further extensions of the Andean trade preferences program.