

Free Trade With Columbia: Another Tool To Jump-Start The U.S. Economy?



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Editor's note: Sara Wyant traveled with the National Pork Producers Council on a trip to Colombia from Nov. 18-21 to meet with government officials, farm leaders and businessmen.

There's a lot of talk about how lawmakers can best jump-start the U.S. economy. Should it be multi-billion dollar stimulus package for the middle class? Should we use tax dollars to bailout the ailing U.S. auto industry? Should we create new infrastructure programs that would invest in building new roads and bridges? The only problem is, all of these options cost additional dollars from an already cash-strapped U.S. Treasury.

What happened to consideration of other options to grow the U.S. economy, such as new trade agreements? Over much of the past year, exports made the difference between slow growth and sharp recession for the U.S. Net exports contributed 1.4 percent to gross domestic product (GDP) growth over the past four quarters, a period when GDP expanded by only 0.8 percent, say U.S. trade officials.

The American Farm Bureau Federation predicts that approval of just one of the pending Free Trade Agreements (FTA), with Colombia, could provide \$910 million in gains each year for American agriculture when fully implemented, creating more than 12,000 jobs in the process. And that's not including the potential for other U.S. goods to enter that Latin American country. The U.S. International Trade Commission projects that all U.S. exports to Colombia could rise by \$1.1 billion under the agreement, increasing U.S. gross domestic product by \$2.5 billion.

But without the agreement, U.S. exports are less competitive. In just the last two years, U.S. businesses have been subject to almost \$1.4 million in tariffs as they enter Colombia, with tariff rates averaging 12.5 percent. For some products, like corn, a 25 percent tariff is now in effect on any imports over the quota of 2.3 million metric tons of corn (90.5 million bushels). Colombian imports of US yellow corn in 2007 were 2.9 MMT and are following those levels so far in 2008, according to Todd Drennan, Agricultural Counselor for the U.S. Embassy in Bogota.

Little wonder then that the Agriculture Coalition for Latin American Trade, which includes the AFBF, the National Pork Producers Council (NPPC) and 40 other food and agricultural organizations, sent a letter to Congress earlier this year, urging passage of the Colombia Trade Promotion Agreement.

So why are we waiting?

There are several reasons for the delay, but the primary one is that politics have increasingly intervened ever since officials signed the U.S.-Colombia Trade Promotion Agreement in November 2006. Perhaps more than any time since the late 1920's, trade expansion is viewed as more of a threat than an economic opportunity by U.S. citizens, thanks in part to heavy anti-trade advertising by labor unions who fear that their jobs are being exported overseas.

With few voters pushing for new trade agreements, it's easy to see why House and Senate leaders aren't in any hurry to move forward. Earlier this year, House Speaker Nancy Pelosi (D-CA) refused to even debate the pact on the House floor, citing disagreement with President Bush over "protocol" measures and concerns for labor unions in the country. A spokesman for Senate Finance Committee Chairman Max Baucus (D-MT) would not comment on the potential for a vote on the Colombian FTA early next year, saying instead that "expansion and renewal of trade adjustment assistance remains his number one trade priority."

U.S. labor unions and protectionist groups can find plenty of problems in a country where there has been a history of violence and almost half of the nation's 45 million residents live below the poverty line. Human Rights Watch and Amnesty International complain that Colombia needs to do much more to address its human rights problems, especially murders of trade unionists, before the US Congress should consider the US-Colombia Free Trade Agreement (FTA).

Colombia has changed

Yet, government officials and industry leaders say that, after decades of threats from the Revolutionary Armed Forces of Colombia (FARC), paramilitaries and drug traffickers, Colombia has dramatically changed for the better. The problem is that few are willing to give credit for the substantial progress that's been made since President Alvaro Uribe was elected in 2002.

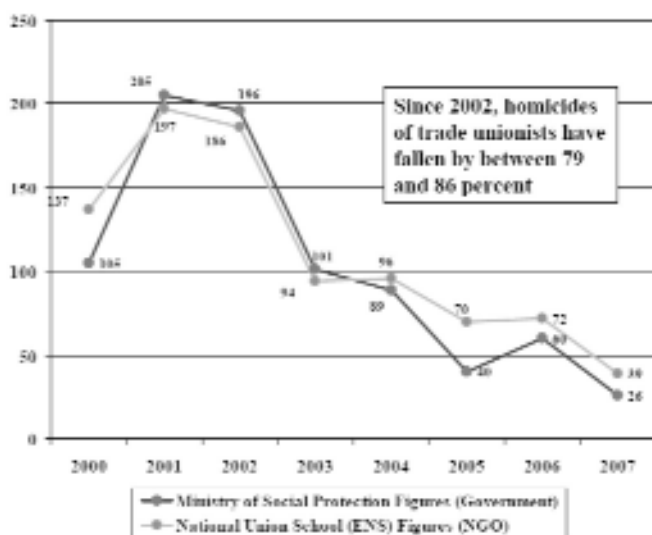
"If you compare Colombia ten years ago to Colombia today, it literally is like a completely different country," says U.S. Ambassador to Colombia William R. Brownfield, who is based in Bogota. (Brownfield, shown in photo above, shared thoughts with me about the changes taking place in Colombia, and told lots of stories about life growing up on a farm in Texas.)

In 1998, Brownfield was stationed in Washington, DC and served as Deputy Assistant Secretary of State for the Western Hemisphere. He remembers a much different environment during his trips to Colombia in the late 1990's.

"In those days, if you were assigned to the U.S. embassy, you could not bring your family along, you could only ride in armored vehicles, and then, you could only travel in restricted areas of Bogota."

"We were literally asking ourselves the question: Is Colombia going to be the world's first

Homicides of Trade Unionists in Columbia



"narco state – a government actually controlled by narcotics organizations? And, we were asking: Is the FARC going to win? I can assure you that we are not asking those questions now."

Yet, in his 29 years in the foreign affairs "business," Brownfield says he has "never been in a country where the perception inside the country is so different from the perception outside the country.

"The ordinary common Colombia citizen is quite optimistic, sees today being better than it was 2-3-years ago and sees the future being better than today.

Homicides of unionists declined over 79 percent from 2002 to 2007, in part because of a \$40 million protection program for over 8,500 activists and journalists. Over 80,000 police officers, prosecutors and public defenders have been trained. The military budget had doubled in an attempt to oust the FARC and other terrorists groups.

A look inside the country

Hog producer Jim Fisher got his first glimpse at the poverty and poor living conditions in Colombia while he was a student at the University of Missouri traveling abroad in 1973. During his trip last month with NPPC, he noticed sharp contrasts.

"You can tell that people are much more upbeat and at ease. Conditions looked a lot better," he emphasized. Downtown Bogota was bustling with traffic as we cruised down to visit the Ministry of Agriculture. Street vendors were hawking fresh fruits and other products. Even a few Burger "King" imposters were on the prowl, handing out coupons.

As we wrapped up three days of meetings, we made a final stop to greet Commerce Minister Luis Guillermo Plata. Our group talked about the prospects for the U.S. Congress passing a free trade agreement (FTA) with Colombia when lawmakers return to work in December or early in the Obama Administration. After all, the Canadians were already moving ahead of the U.S. in inking their trade agreement with Colombia and the European Union was moving full speed ahead to do the same.

NPPC President-elect Don Butler reassured Minister Plata that his group was doing everything possible to support the trade pact within the U.S. Congress and that he felt it was "not a matter of if, but when."

But what if the U.S. fails to approve the implementing legislation?

Plata said that failure to pass the FTA would be "comparable to imposing sanctions" on Colombia because neighboring countries such as Peru, Chile and Central America already are enjoying the benefits of such agreements. "When you have been left behind, you have essentially been downgraded," he explained. "I don't see why an ally such as Colombia deserves something like that. Δ

Editor Sara Wyant publishes a weekly e-newsletter covering farm and rural policy called Agri-Pulse. For a four-week free trial, go to www.Agri-Pulse.com.