

May 15, 2007

Bush Administration and Democrats Reach Bipartisan Accord on Free Trade Agreements and May Extend Trade Promotion Authority

On May 10, the Bush administration and the Democratic Party agreed upon their first major bipartisan economic deal since the Democrats took control of Congress in January 2007. The bipartisan trade deal has great significance for Peru, Colombia, Panama and Korea, which either have signed free trade agreements (“FTAs”) or have negotiations pending in Congress. The four countries will have to accept the provisions of the bipartisan agreement in order for their respective FTAs to be approved. The agreement will promote and foster five basic internationally recognized labor principles, as well as environmental issues and intellectual property protection.

The Democrats have been hesitant to renew the Bush Administration’s authority to negotiate trade deals without changes – formally known as “fast-track” and now known as “Trade Promotion Authority.” Historically, many Democrats have opposed such agreements because of their concern that the increased imports of cheap products decrease jobs in the U.S. The shift of industries to high-technology and financial services, however, have swayed Democrats to be more open to trade agreements, since American exports must compete in the expanding global marketplace. Attaching labor issues to trade agreements—including giving workers the right to organize, banning child labor, and prohibiting forced labor—in addition to enforcing environmental laws and intellectual property protection, are clear victories for the Democrats.

Several Washington officials are predicting that the agreement will serve as a template for all future trade deals, and will facilitate the removal of obstacles to the conclusion of pending or future FTAs with such countries as Malaysia, Thailand and Indonesia.

For Additional Information

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