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US Trade Analyst: Sees Hope for Approval of Pending FTAs

By Robert Gavora

WASHINGTON (MNI) - Hope is growing that Congress will move towards approving the stalled free trade agreements with Korea, Panama and Colombia this summer, a critical step forward after years in limbo, a CATO Institute trade policy analyst said Wednesday.

Speaking at a briefing on Capitol Hill, Daniel Griswold, said the United States must act now, warning that "we are in a race against the clock."

Colombia already has a trade agreement in place with Canada, and Korea has one with one with the European Union, giving those economies an edge over the United States, he said.

"These agreements will keep U.S. producers in the game," and will help keep the U.S. "market share alive," Griswold said.

The Colombia agreement was signed in 2006, and the Korea and Panama deals were signed in 2007, but they were never submitted to Congress to approval due to concerns over some of the terms, notably labor rights issues in Colombia and Panama, and access to the auto market in Korea.

The Obama administration in early May announced that they had agreed new terms on all three deals, and began negotiations with Congress for final approval. However, officials said they would also want renewal the worker retraining program known as Trade Adjustment Assistance.

"The US-Korea agreement will increase US exports \$10 to 12 billion annually" Griswold said, as well as "reduce the barrier to trade 95% of consumer and producer products."

The auto industry will also prosper due to strong American interest in Korean cars and vice versa, he said. "Americans want small fuel efficient cars which Koreans produce."

Griswold also noted the opportunities in the Colombian market that would be opened by the FTA.

"Colombia has strategic importance" because it has 45 million consuming consumers, Griswold said. "The current average tariff Colombia has is 11%, and if the Colombia FTA is passed, three-fourths of U.S. exports to Colombia would become immediately duty free."

Griswold has published a study which shows how U.S. FTAs of the past have helped stimulate trade. U.S. exports to the 14 countries studied exceeded the projected amount by nearly \$8 billion, the report shows.

William Lane, director of governmental affairs for Caterpillar, Inc., also spoke at the briefing, stressing the benefits of approving the Panama FTA quickly.

"The Panama Canal is expanding, and Panama is quadrupling the size of its airport," Lane said, noting that Caterpillar already exports machinery and other equipment for these projects, but an FTA would reduce tariffs which can range from 3% to 15%.

"In 2010, six of Caterpillar's top 10 export markets were in Latin America," Lane said. The company is also expanding trade with small markets as "half of what we now export goes to small countries or emerging markets."

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