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## Analysis: Election raises hope for trade deals

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By [Doug Palmer](#)

WASHINGTON (Reuters) - Republican victories in congressional elections have boosted the chances for approval of three long-delayed free trade agreements, and could mark the start of a cooperative effort between the White House and Congress to open new markets for U.S. exports.

"I think there is a real opportunity for trade to be an area of collaboration" in the trade deals as well as the Doha round of world trade talks, said Ed Gresser, president of the Democratic Leadership Council, which supports free trade.

Democratic losses in the industrial Midwest in Tuesday's elections helped Republicans gain control of the House of Representatives for the first time since 2006.

Republicans picked up at least 60 House seats, knocking Democratic Speaker Nancy Pelosi from power and putting Republicans in charge of House committees in the biggest power shift since 1948 when Democrats gained 75 seats.

Republicans also picked up at least 6 Senate seats, narrowing the Democratic majority in that chamber.

"What is really symbolic of all this is the election of Rob Portman as senator from Ohio," Gresser said. "Here you have a former chief trade negotiator for the Bush administration very easily elected to the Senate in a state which the conventional wisdom is you have to be very inward-looking and very tough on trade." Gresser said.

Portman was U.S. Trade Representative under former President George W. Bush from 2005 to 2006. He launched the talks with South Korea on a free trade agreement and may now be in a unique position to work with President Barack Obama on approval of that deal when he enters the Senate next year.

Representative Dave Camp, a Michigan Republican who is expected to take over as chairman of the House Ways and Means Committee, also wants to move the trade deal with South Korea and two other pacts with Colombia and Panama, which have been stalled for more than three years.

In the Senate, Finance Committee Chairman Max Baucus has been a strong Democratic voice urging Obama to be more aggressive on trade in response to new deals being negotiated by the European Union, Canada and other export competitors.

"This election is probably a step forward for trade expansion. Republicans have tended to be more friendly toward free trade. They owe nothing to organized labor," said Daniel Griswold, Director of the Center for Trade Policy Studies at the Cato Institute.

### GOAL TO DOUBLE U.S. EXPORTS

Obama has set a goal of doubling U.S. exports by 2015, but business groups have criticized him for not using any of his political capital to push Congress to enact the trade deals.

Instead, the most notable piece of trade legislation since he took office two years ago was a bill approved by the House threatening China with tariffs on some of its exports to the United States.

That bill aimed at Beijing's currency policies still must win Senate approval to become law and could fall by the wayside in Congress' post-election session.

At a news conference on Wednesday, Obama did not mention any of the trade pacts by name, but said opening new markets to U.S. exports would be a theme of his upcoming trip to India, Indonesia, South Korea and Japan.

Even before the drubbing his party took on Tuesday, he had been moving toward enactment of the Korea pact.

Obama and South Korean President Lee Myung-bak set a goal in June of resolving beef and auto trade issues blocking congressional approval of the South Korea deal before Seoul hosts the next Group of 20 nations summit on November 11-12.

That is now seen as a test of how hard Obama is willing to push for a trade agreement that his allies in organized labor still strongly oppose, but which many economists believe would help create U.S. jobs by boosting exports.

The final decision "has to be done at the president's level" because of the political stakes involved, said Bruce Klinger, a Korea analyst at the Heritage Institute.

If Obama is successful, many expect House Republicans could push for a vote on that pact in the first half of 2011.

That could also spur action on the relatively non-controversial deal with Panama and the third pact with Colombia, which Democrats



Approval would send a positive signal of U.S. interest in concluding the nine-year-old Doha round, and strengthen the U.S. hand in negotiations on a proposed free trade agreement in the Asia-Pacific region.

(Additional reporting by [Paul Eckert](#) in Washington and Julianne Von Reppert-Bismarck in Brussels; editing by [Christopher Wilson](#))

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