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HEADLINE: Cuellar: USTR Sees Possible Panama FTA Vote After August Recess

U.S. Trade Representative Ron Kirk in a private conversation within the last two weeks told Rep. Henry Cuellar (D-TX) that a vote on the U.S.-Panama free trade agreement would "probably" happen this year, but not until after the August recess, Cuellar said this week.

Kirk met roughly two weeks ago with Cuellar, Rep. John Tanner (D-TN) and about four other members of the Blue Dogs Coalition, said House aides. Cuellar and Tanner initiated the meeting in order to discuss the status of pending FTAs with Panama, Colombia and South Korea, Cuellar said in an interview with Inside U.S. Trade.

Cuellar at a June 15 **Cato Institute** event said he had hoped for quicker action on pending trade deals. "I was hoping that we would have at least Panama before the August break," he said, but noted that this will not be possible due to the time Congress must devote to climate change and health care reform.

Cuellar said he received a rough schedule from Kirk of when all three pending FTAs could receive congressional votes, but declined to elaborate on what this USTR schedule was for the U.S.-Colombia FTA or the U.S.-South Korea FTA, instead only noting that Kirk said the Panama FTA "comes first."

"We're hoping that later on this year, we will go ahead and at least take up Panama," Cuellar said, adding that he hoped the Colombia FTA could come up for a vote some time after that.

However, Cuellar stressed that the demands on labor and tax issues that the U.S. has made on Panama as a prerequisite for a vote on the Panama FTA are controversial in Panama. He indicated that Panama might not satisfy these demands until there is some assurance that the U.S. Congress will vote on the trade deal. In his opinion, Kirk should therefore assure Panama on the timing of an FTA vote in order to ensure that these demands are met.

"I think that's one of the things that the ambassador, Ron Kirk, needs to give them, because it's hard for them," Cuellar said. "It's a lot easier for us to say 'Do that,' but you've got to understand those guys face very difficult political votes," he added. He said Panamanian officials made this point to him personally during a visit to Panama.

In the Blue Dogs meeting, Cuellar delivered this message to Kirk, calling on him to "keep in mind we don't want to leave them bleeding" in Panama, Cuellar said.

Cuellar pointed out that Panama is being asked to implement a "40-20 rule," by which it would allow unionization of workplaces where at least 20 workers petition to form a union. Currently, a workforce of fewer than 40 employees in Panama has no right to form a legally registered union. Panama's labor code specifies this even though the International Labor Organization recommends a 20-worker minimum as a general rule.

Cuellar pointed out that it is "very difficult" for Panamanian leaders to implement this change, which he charged was only required due to "micromanaging from some of the House members" in Washington.

He said Kirk told him there is a "lot of good movement" on the Colombia FTA related to labor rights. But he said Kirk in the meeting did not identify any specific movement that Colombia has made.

The two sides are currently engaged in devising a series of "benchmarks" on labor rights that Colombia must fulfill so that the Colombia FTA could receive a vote in the U.S. Congress, but observers have said that process appears stalled and Colombian Ambassador Carolina Barco earlier this month said the process has not yet moved beyond the phase of sharing information.

Cuellar also said Kirk has committed to meeting with the Pro-Trade Caucus, which Cuellar has organized and which is set to be unveiled next week. "He did say he was going to meet with us," but the meeting is still being scheduled, Cuellar told Inside U.S. Trade this week.

Cuellar seeks such a meeting as a way to ensure that Kirk consults Republicans on trade policy. Cuellar said he urged Kirk at the Blue Dogs meeting to ensure adequate consultation with Republicans in light of the fact that trade is a controversial issue and the new administration does not want Republicans to feel shut out of the process, something that could lead to declining Republican support on trade.

Cuellar made this point in his meeting with Kirk. "My advice to Ron Kirk was ... I hope you don't do the same mistake," Cuellar said at the Cato event. "Don't get caught up where you work out everything and then come up to the Republicans and say 'Hey, sign on to this bill.'"

President Barack Obama is expected to reveal further details on U.S. trade policy in a major speech, which USTR officials have privately said could come as early as this summer.

The Pro-Trade Caucus has equal numbers of Democrats and Republicans, according to Cuellar, who declined to provide further details on membership in advance of next week's rollout.

The caucus already includes roughly 10 Democrats to date, a House aide said.

Cuellar is a staunch advocate of passing trade deals and was one of only 15 Democrats to vote in favor of the U.S.-Central America Free Trade Agreement (CAFTA).