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## Does President Obama have chops to wrap up his trade deals?

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Some presidents have a natural affinity for trade deals, but in the first year of his administration, President Barack Obama seemed to many observers like he couldn't care less. He appointed a likable Dallas mayor without much experience in the field to be his trade representative and gave him very little negotiating to do.

Four years later, Obama has a chance to create the biggest free-trade deal in history — a pact involving 12 countries in the Asia-Pacific region, dwarfing NAFTA — and remaking global trade policy for a generation.

The question is, can Obama actually do it? There's plenty of reason for doubt.

Republicans see little evidence that Obama is prepared to commit the political capital to win approval of trade promotion authority, legislation many believe is critical to the negotiation of trade deals. The biggest battle Obama could face there is with fellow Democrats because of their close ties to union groups who see trade deals as vehicles for companies to ship jobs overseas.

“Any president who doesn't want that [TPA] is nuts. But yet, they haven't pushed that, and I suspect that it's because the unions don't want them to do it,” Utah Sen. Orrin Hatch, the top Republican on the Finance Committee, told POLITICO.

The legislation, which former President Bill Clinton, a Democrat, failed twice to win after it expired in 1994, would allow Obama to submit trade deals to Congress for an up-or-down vote without any amendments. In exchange, Congress would set out detailed negotiating objectives for trade agreements.

Many consider the TPA bill, also known as fast track, essential to completing the final, tough trade-offs in negotiations. Countries making politically difficult trade concessions to the United States need to have confidence Congress won't amend the deal, trade experts say.

As the administration is trying to wrap up talks on the Trans-Pacific Partnership by the end of the

year, “they have handicapped themselves by not having trade promotion authority,” said a former U.S. trade official who asked not to be identified. “You cannot strike the right balance of ambition in the agreement if you have one hand tied behind your back.”

If the White House tries to finish the TPP negotiations without trade promotion authority, it most likely will be a weaker agreement, the official said.

Former President George W. Bush won TPA in 2002 but after one of the bitterest trade fights in memory. The final package passed the House by a three-vote margin with most Democrats opposed.

Rep. Matt Salmon, an Arizona Republican, recently scoffed at the idea that others in his party might vote against TPA simply because they don’t want to give Obama any more authority.

“Not at all. I think when it comes to trade, when it comes to strengthening the economy, if the president wants to do the right thing, so do we,” Salmon said in remarks at the U.S. Chamber of Commerce.

While Obama mentioned TPA in a speech in August and in remarks to his Export Council in September, Republicans say he hasn’t really used his bully pulpit to push for the bill or worked behind the scenes to bolster Democratic support.

However, U.S. Trade Representative Michael Froman told POLITICO he spends a “significant portion” of each week on the Hill meeting with both Democrats and Republicans to make the case for TPA.

“I think we are certainly carrying our share of the weight on this one,” Froman said.

Obama’s inability thus far to get TPA is one weakness in his trade game. Additionally, he recently missed what could have been a slam-dunk in the more than three-year-old talks when he decided to skip a key meeting with other TPP leaders because of the U.S. government shutdown.

Leaders of the 12 TPP countries wound up announcing the goal of finishing the talks by the end of the year, but some think if Obama had been there, they would have declared the deal virtually complete, creating the impetus for key committees in Congress to take up the trade promotion authority bill. Instead, it waits in the wings, assembly required, with no agreement yet on how to put it together.

Whatever the case, now the real hard bargaining begins among the 12 TPP countries — United States, Japan, Australia, New Zealand, Canada, Mexico, Peru, Chile, Singapore, Malaysia, Vietnam and Brunei — which together account for about 40 percent of world’s economic output and one-third of global trade.

Obama’s first trade representative, Ron Kirk, helped set the stage for talks by pushing the Pacific deal back onto the U.S. trade agenda. The negotiations had their roots in the last years of the Bush administration, but after Obama took office, they were put on hold for a year. Negotiations were

relaunched in March 2010 with eight countries, and since then, Malaysia, Canada, Mexico and Japan have also joined.

That makes the Pacific trade deal the first agreement the Obama administration has negotiated more or less from beginning to end. It did tinker with free-trade agreements with Colombia, Panama and South Korea before finally sending them to Congress for approval in 2011, but those pacts were completed by Bush, and Obama reopened them.

Does he have the stomach for it?

If the TPP leaders' end-of-the-year deadline is to be believed, Obama immediately faces some tough political choices to wrap up what the administration calls the first "21st-century" trade agreement, a reference to its focus on new areas, like state-owned enterprises, digital trade and regional supply chains.

"What the U.S. does in respect of its domestically sensitive products — textiles, apparel, footwear, sugar, dairy — will calibrate the ambition of all other TPP countries in respect of their sensitivities in areas such as services, investment, intellectual property, e-commerce and state enterprise," said Dan Price, who was international economic affairs adviser to Bush and is now managing director at Rock Creek Global Advisors, a policy advisory firm.

"These are areas that hold real commercial value for U.S. companies. But we can hardly ask other countries to make tough political choices in favor of 21st-century commitments if we will not do likewise and insist on 19th-century protections for ourselves," Price said.

While the TPP agreement is expected to boost the U.S. economy overall, individual sectors, like textiles, sugar and autos, could complain loudly about the pact if their cherished import protections are traded away.

"I don't know that [Obama] has the stomach for that," said Dan Ikenson, director of the Cato Institute's Center for Trade Policy Studies.

The Bush administration famously excluded sugar from the free-trade deal it signed with Australia in 2004. Now Canberra is looking to the Pacific deal to right old wrongs for its sugar industry while the Obama administration, in turn, has told U.S. sugar producers it has no plans to offer new market openings.

Similarly, Vietnam has made clear that its No. 1 objective in the talks is to boost exports of its apparel and footwear, a worry for U.S. textile and shoe manufacturers, which warn of big U.S. job losses without strict limits on imports.

So far, U.S. textile industry officials say they believe the administration has heard their concerns. But they are also preparing to fight the agreement if it opens the U.S. market too widely and quickly to more Vietnamese imports.

"If the final details are damaging to the industry and threaten U.S. investment and employment in

the Western Hemisphere, then we will have to do what is necessary to defend our interests,” said Auggie Tantillo, president of the National Council of Textile Organizations.

Obama’s final push for a Pacific trade deal also is complicated by demands in Congress that it include rules against currency manipulation, which lawmakers say would prevent countries from negating the impact of tariff concessions by devaluing their currency. That’s a big ask, which the United States very likely would have to pay for with concessions in other areas — and it carries a big risk, opening the U.S. to possible challenges about its own currency movements.

If Obama completely ignores the issue, however, he risks losing the support of many of the 60 senators and 230 House members who signed letters calling for enforceable rules against currency manipulation in the TPP deal.

“It’s an enormously complex negotiation, ... and, by definition, there are compromises that need to be made in order to ensure the overall package serves the interest of American workers, farmers and ranchers and investors and consumers,” Froman acknowledged without giving any hint which precise trade-offs will be made.