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Let's make a deal? Not likely in this administration; Obama way behind his predecessors on free-trade agreements

Ben Wolfgang THE WASHINGTON TIMES | 7.19.12

The free-trade consensus of the previous two decades has frayed under President Obama, and while he has pushed through some low-level agreements, he has fallen far short of his predecessors on this key driver of the nation's economy, and analysts say the U.S. is lagging behind many of its chief competitors.

Last fall, Mr. Obama pushed through Congress and signed trade deals with Colombia, Panama and South Korea, but the agreements were negotiated primarily under President George W. Bush, and scholars give Mr. Bush credit for them.

Mr. Obama's chief accomplishment is continuing talks on the Trans-Pacific Partnership - entering a 14th round of negotiations - which would be historic when, or if, it is completed. But the deal is moving slowly, and Mr. Obama's continued participation has provoked concern among many of his staunchest Democratic allies in Congress and labor unions.

To find real breakthroughs on trade, some analysts say, the nation simply needs a new president.

"The U.S. isn't going to make progress on trade until we get another president. I don't know if Mitt Romney is the answer, but Obama clearly is not," said Peter Morici, a professor and international trade scholar at the University of Maryland.

Mr. Obama's lackluster record on trade, an increasing target of the Romney campaign, stands in stark contrast to those of his predecessors.

Mr. Bush signed free-trade agreements with more than a dozen countries, including Australia, Peru, Singapore and Bahrain. President Clinton's first term included the signing of the North American Free Trade Agreement with Canada and Mexico, the establishment of permanent normal trade relations with China and the birth of the World Trade Organization.

Obama vs. Romney

Mr. Romney, the presumptive Republican presidential nominee, increasingly has turned to trade as an attack line against Mr. Obama.

While the Obama administration has failed to achieve any new deals, he says, the rest of the world is moving full steam ahead. Since 2007, the European Union has

finalized or negotiated more than 20 deals. China has signed or negotiated nearly 20.

Even the few trade success stories of the Obama administration were results of political motivation, said Dan Ikenson, director of the **Cato Institute's** Steifel Center for Trade Policy Studies. Mr. Ikenson said it was one of the few areas where the president could try to move to the political middle after the 2010 congressional elections.

"The three agreements he got signed were on the shelf during his first couple of years. But after the shellacking he took in the midterm elections, he said, 'What does business want?'" Mr. Ikenson said.

Administration officials dispute that characterization, pointing to the fact that, despite political opposition from within his own party, Mr. Obama guided the three deals past the finish line. Indeed, the president had to face down fierce criticism from some top Democrats, but made some alterations to the agreements and won overwhelming approval from Congress - including from House Minority Leader Nancy Pelosi, California Democrat.

A spokeswoman for U.S. Trade Representative Ron Kirk said Tuesday that the administration also is exploring trade deals with the European Union and continuing negotiations with other countries in the World Trade Organization.

Pacific hopes

The White House also is banking on the eventual implementation of the Trans-Pacific Partnership, a free-trade agreement among the U.S., Canada, Mexico, Singapore, Vietnam, Malaysia, New Zealand and others.

The member nations held their 13th round of talks in San Diego this month, and Mr. Kirk hailed "substantial progress" toward opening more Asian markets for American goods.

The 14th round of talks will commence in September.

"This would be a big deal for us in a couple of senses," said Jeffrey J. Schott, a senior fellow at the Peterson Institute for International Economics and a specialist in international trade policy.

"For one, this is not just [a free-trade agreement] with a couple of small countries. By the time the deal closes, you're going to have, perhaps, 13 countries that account for a huge economic area and a large amount of trade involved. It also gives us a chance to upgrade the [agreements] we already have with a couple of countries, such as Mexico and Canada," he said.

But the deal also has raised objections from a variety of factions, including several key Obama constituencies such as labor unions and university professors.

"Although we would welcome [the Trans-Pacific Partnership] that creates good jobs ... American, Canadian and Mexican workers cannot afford another corporate-directed trade agreement" such as NAFTA, labor leaders from the AFL-CIO, the Canadian Labour Congress and Mexico's National Union of Workers said in a joint statement this month.

The academic world also has reservations about the agreement, chief among them the fear that U.S. intellectual property laws would be superseded by those in other nations involved with the Trans-Pacific deal.

The details of the agreement's intellectual property statutes have been kept largely under wraps, said Sean Flynn, a law professor at American University and one of more than 30 academics who signed a letter to Mr. Kirk this year calling for the Obama administration and other governments at the negotiating table to be more transparent.

"They're doing this through a very secretive process," he told The Washington Times. "Very few of the stakeholders affected, especially consumers and a whole host of competitors, from businesses to copyright and patent holding companies, are being consulted on this."

Confronting China

While the Trans-Pacific Partnership could become a political success for Mr. Obama and a boon for American businesses, U.S. failure to adequately deal with China's currency manipulation, analysts say, is holding up the agreement.

"China is bullying Obama. That's why it's taking so long. We can't get [other nations] to buy into our model because they're watching China bully us," said Mr. Morici, the University of Maryland scholar.

The Romney campaign has zeroed on Mr. Obama's economic policy toward China, claiming the nation's massive borrowing from the burgeoning Asian superpower has removed any leverage that the U.S. might have had.

Mr. Romney has vowed to declare China a currency manipulator and has said the two nations are already essentially in a trade war.

Others say the White House has dealt with China as best it can. The Obama administration has brought at least seven cases against China before the World Trade Organization. The most recent was a complaint that the nation was violating the rules by discriminating against U.S. bank card suppliers. A WTO panel on Monday ruled in favor of the U.S., and White House spokesman Jay Carney cast the decision as evidence that the Obama administration has maintained a hard line.

He said the ruling was a win in the administration's "determination to go after China's efforts to distort global trade rules."

It's good politics these days, analysts say, to criticize others' handling of what has become a delicate economic relationship with China. But words are far different from actions, and whether Mr. Romney would truly take a tougher stance isn't a sure thing, Mr. Morici said.

"It isn't clear that Romney won't back down, either," he said.