



A Breakthrough on Trade

Jeffrey J. Schott says the accord between President Obama and President Santos of Colombia clears the way for passage of the Colombia, Korea, and Panama free trade agreements by this summer.

Edited transcript, recorded April 7, 2011. © Peterson Institute for International Economics.

Steve Weisman: Has the logjam been broken on several pending free trade agreements? This is Steve Weisman at the Peterson Institute with Jeffrey Schott, Senior Fellow here at the Institute, to answer that question. Jeff what happened this week, the second week of April?

Jeffrey Schott: The governments of the United States and Colombia agreed on a new package of reforms of labor policies in Colombia. Exactly what critics have been demanding, though not exactly the detail and extent of what the labor unions want.

Steve Weisman: Is this going to be enough to break the impasse in the Senate where Democratic leaders remain resistant to the Colombia agreement?

Jeffrey Schott: I think it is sufficient to insure passage of all three free trade agreements. It is not sufficient to garner the level of trade union support that the deal between the United States and Korea achieved earlier this year.

Steve Weisman: In most of these trade agreements, a good number of Democrats and in some cases even most will probably vote against anyway. That doesn't mean they won't be passed.

Jeffrey Schott: I think because of the changes to the Korea-U.S. Free Trade Agreement there will be a substantial number of Democrats who support that deal. There is support from Congressman [Sander] Levin [D-Michigan], from the autoworkers union, from other unions. So that is something that will have a much broader appeal in the Congress.

Steve Weisman: The Panama agreement remains a matter of dispute, but you think that will get resolved?

Jeffrey Schott: Officials from both countries said they are just putting the final touches on the requisite changes in Panamanian policy that will resolve the problems raised by the United States.

Steve Weisman: When might these three agreements -- Korea, Colombia, and Panama -- be enacted?

Jeffrey Schott: I think the trade officials will now work on a faster timetable. Korean legislation is already being vetted between Administration and Congressional staffs. And Colombian legislation has been gathering dust for three years. So I think this can be pursued rather quickly now, and I would expect to see an intensive debate in the Congress on legislation leading to passage before the summer break.

Steve Weisman: Before the summer break? How impressed are you with the bipartisan cooperation on this?

Jeffrey Schott: I think by and large the Administration has worked effectively with the new Republican leadership in the House. And that has paid off—paid some dividends. The Republicans are going to have to carry a big load in terms of passage of these trade agreements in the House of Representatives. I think there is a broader support in the Senate in both parties.

Steve Weisman: Aren't most Republicans for this?

Jeffrey Schott: I think a large number of Republicans support free trade agreements but there is a wing of the Republican Party, just like there's a wing of the Democratic Party, that is staunchly against new trade initiatives.

Steve Weisman: Jeff Schott, thank you very much.

Jeffrey Schott: Thank you.

