

THE OPPENHEIMER REPORT

## DEMOCRATS PLAY WITH FIRE IN LATIN AMERICA

The Miami Herald

Apr. 26, 2007

**Will Congress pass the pending free-trade agreements with Colombia, Peru and Panama? Or will the United States effectively turn its back on some of its few remaining friends in Latin America?**

I have to confess that when I asked these questions to some well-placed congressional watchers this week -- as Peruvian President Alán García was lobbying Congress in Washington and Colombian President Alvaro Uribe was preparing a similar trip next week -- I was surprised by their pessimism.

I expected many of them to say that Congress may narrowly ratify these trade deals at the last minute, as has often happened in the past. But judging from what I was told, there is a real possibility that it won't happen, and that Congress will in effect tell Latin America, ``*Hasta la vista*, baby."

The White House and congressional Democratic leaders are negotiating over labor, environmental and intellectual property rights provisions that Democrats want to see included in the treaties.

- **Problem No. 1:** Time is running out. President Bush's congressional authority to sign new trade deals expires July 1, and Congress will only have 90 days after the treaties' signatures to approve them.
- **Problem No. 2:** Even if the White House and Democratic leaders reach a compromise, there is no guarantee that the full Congress will approve it. Most members of the Democratic majority don't want to antagonize anti-free trade labor unions. At the most, they may vote for a free-trade deal with South Korea, citing larger geopolitical reasons.
- **Problem No. 3:** A growing number of Republicans, brainwashed by protectionist television fear-mongers such as CNN's Lou Dobbs, are turning their backs on free trade. While recent free trade deals were passed with 15 Democratic votes, the pending agreements may require nearly 60 Democratic votes, congressional head counters say.

David Lewis, a vice president of the Manchester Trade consulting firm in Washington, D.C., says congressional ratification is remote.

"There's probably a 30 percent chance that the Peru deal could be passed. For Colombia and Panama, the chances are 25 percent if at all," he told me.

Colombia faces an uphill battle because of growing Democratic concerns over allegations that Uribe's family had ties to right-wing paramilitary groups. The Panama deal should be an easy sell, but it was only submitted to Congress last month and is thus the most backlogged in the congressional agenda, Lewis said.

### **'VERY PESSIMISTIC'**

Richard Feinberg, a former top Latin American advisor to the Clinton White House, put the odds of ratification at 33 percent.

"I am very pessimistic," Feinberg said. ``On the Republican side, there is fear in that if they offer concessions, the Democrats will ask for more. On the Democratic side, there is deep distrust that Republicans will faithfully implement any accord."

Former U.S Trade Representative Carla Hills refused to play the odds game, but conceded that ``this is going to be difficult."

She added that many members of Congress ignore the benefits of these agreements, which she said would open new markets to U.S. exporters in countries that already enjoy free access to the U.S. market for more than 90 percent of their goods under existing preferential trade deals.

Peter Hakim, president of the Inter-American Dialogue, a Washington, D.C., think tank, says there is a 50-50 chance of congressional ratification of the treaties.

"If it doesn't happen, it's a big setback," Hakim said. ``This is an issue that the United States has been advocating strongly since the George Bush Sr. administration. If it doesn't pass, the United States will be seen as a far less reliable partner."

#### **BOTTOM LINE**

My opinion: This is serious stuff. We may be witnessing a slow-motion U.S. divestment from Latin America, at a time when Venezuela's narcissist-Leninist leader Hugo Chávez is increasing his clout in the region, and when China, India and other emerging powers are stepping in big time.

The Democrats have rightly complained for the past six years that Bush has neglected Latin America. If they torpedo these agreements after two decades of both Republican and Democratic presidents preaching free trade in the region, they will be responsible for the biggest slap in the face to Latin America in recent memory.