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Latin Americans Wonder If Democrats Are Traders

Anxiety High Over Stance of Incoming Congress

By Sibylla Brodzinsky and Peter S. Goodman

MEDELLIN, Colombia -- At the CI Jeans factory, where 3,900 people make their livings turning bolts of denim into trousers bound for the United States, the American market -- land of the customer -- appears to be slipping away.

In September, with a proposed trade deal between Colombia and the United States uncertain and orders flagging, the factory fired 320 workers. Now, the pact appears to be in peril. Democrats are set to take control of the U.S. Congress, speaking for a segment of the American public that is worried about globalization. The incoming leaders have pledged to redraft the terms of global trade.

Yesterday, the Bush administration signed the proposed deal, but leading Democrats promptly attacked it, underscoring growing doubts in Washington that Congress will approve the pact. Here in Colombia and next door in Peru, which awaits congressional approval for its own trade treaty, anxiety runs high.

"We watch the news and we're nervous about what might happen with what we send to the United States," said Janeth Palacio Ramirez, 35, who supports her 15-year-old daughter and her elderly parents by punching zipper stops onto 7,000 pairs of jeans a day, earning about \$200 a month. "Everything we make here goes there, so if there are problems with exports, we'll all lose our jobs."

As Democrats prepare to reshape U.S. trade policy, the impact is being felt far from the Carolina mill towns and rust-belt factories that are a perennial focus of domestic concern.

Addressing fears that too many jobs are being sacrificed at home, the new Democratic leadership wants to slow the worldwide effort, which the United States has led since 1947, to lower import tariffs that hinder trade.

The fortunes of Colombia and Peru -- home to more than 72 million people -- may hang in the balance. So, too, might the nature of American engagement with Latin America, regional experts say. The rejection of trade pacts with these countries would humiliate their leaders at a time when they stand as bulwarks against the anti-American populism pressed by Venezuela's president, Hugo Chavez.

Latin America was already recoiling at the prospect of the United States fencing its southern border against illegal immigration. Now, some see the nation walling off its huge marketplace, rescinding the promise of trade, long proffered by the Bush and Clinton administrations as a means of furthering development.

"If you really look at the U.S. agenda in Latin America, trade is the only positive," said Michael Shifter, vice president for policy at the Inter-American Dialogue in Washington. "The rest is immigration, anti-narcotics. It's all negatives." Latin Americans, he said, may well start to question "how serious Americans are about having a constructive relationship."

President Alvaro Uribe of Colombia has championed the free-trade agreement and cultivated a friendship with President Bush. The death of the deal would undermine his standing and deprive Colombia of a crucial source of livelihood -- export dollars -- as it confronts American pressure to eradicate cocaine production.

"This would be a disaster," said Sergio Clavijo, a former Colombian deputy finance minister, who noted that exports to its neighbor Venezuela are already threatened by continued tensions with Chavez. Without export growth, "narco-trafficking will be the only way out."

In Peru, the trade pact has been embraced by a new president, Alan Garcia, who put aside years of skepticism. Garcia served as Peru's president before, in the late 1980s. Then, he attacked trade deals and derided the United States as an imperial power. Now, Garcia is listening to **Hernando de Soto**, an economist who preaches liberalized trade as a means of attacking poverty.

De Soto was in Washington last week, lobbying lawmakers to pass the trade pact before Democrats take over. He argued that **Latin America's future is on the line: Will the region embrace integration with the global market along with respect for property rights and the rule of law, or will it slide back to the days of capitalism squaring off against Marxist prescriptions?**

If the trade deal "does not go through, it will strengthen the hand of the Chavez-type sympathizers we have in Latin America, the very old arguments that we can't rely on you Americans and free trade doesn't really work," De Soto said in an interview.

But to many American workers, that talk sounds far off, as the country grapples with the loss of more than 3 million manufacturing jobs since 2000 and declining average wages in many sectors. The movement of jobs overseas has spread insecurity from the factory floor to the office cubicle.

"The message of this election says to me that all of these trade agreements need to be renegotiated," said Rep. Sherrod Brown (D-Ohio), who gained a Senate seat in large part by promising job protection. "When a plant of 300 people closes in a town of 20,000, it hurts families and destroys communities."

The new atmosphere in Washington was underscored in the House last week with the **unexpected rejection of a measure to establish normal trade relations with Vietnam**. This week, 16 Democratic members of Congress, including Charles B. Rangel of New York,

who is to chair the House Ways and Means Committee, sent a letter to the U.S. trade representative demanding that enforceable labor protections be written into the Peru and Colombia treaties.

After yesterday's signing of the Colombia pact, Rangel issued a statement assailing what he termed "a very counterproductive step by the Bush administration," adding that "by forging ahead despite Democrats' long-standing concerns . . . the administration misses a key opportunity to consult and work with the new congressional majority and rebuild a bipartisan foundation for international trade."

Republicans came to the administration's defense, but as of January, Democrats will control the committees overseeing trade policy. "The new mood might simply kill the deals by convincing the administration not to bring them for a vote," said Grant D. Aldonas, a former Bush administration undersecretary of commerce.

In Colombia and Peru, some take solace that Congress is expected to approve an extension of certain trade preferences for the two countries, **Ecuador and Bolivia**. The preferences -- duty-free access to the American market for a range of goods, including textiles -- have since 1991 been given as a form of aid in the drug eradication campaign. The preferences expire at the end of this year. In Colombia alone, these preferences have nurtured some 600,000 jobs, according to the government.

But many say the preferences, which are generally extended for only a few years at a time, are no substitute for a permanent trade pact. Without duty-free access, garment-makers would be liable for tariffs reaching 19 percent on items shipped to the United States. Colombian leaders say it's hard for companies to secure capital for investment without greater certainty.

"Investors don't risk making investments knowing that market access is not guaranteed," Uribe, the Colombian president, said Saturday at a town hall meeting on agriculture.

Over the past four months, this uncertainty has cost Colombia 7,000 jobs, the government says. "If we lose another six months or one year, we're going to suffer big damage to our exports," said Marta Lucia Ramirez, a former Colombian trade minister.

To be sure, some in Colombia and Peru are pleased the trade deals are in trouble. Small grain and poultry farmers are worried about competing against subsidized American agribusiness, with cheap imports from the United States expected to depress prices. Labor unions have fought the pacts on ideological grounds and as a threat to certain types of jobs.

"The results of the elections have changed everything," said Carlos Rodriguez, president of Colombia's largest union, the Unified Confederation of Workers, who used the term "economic annexation" to describe the proposed Colombian deal. "The treaty is paralyzed." His union planned to send representatives to Washington this week to strategize with the AFL-CIO on how to push for a renegotiation favoring labor interests.

Some farmers, however -- particularly those on the coasts who grow artichokes, asparagus and other vegetables during the North American winter -- see the trade pacts as a prime opportunity. In Peru, between 55 and 70 percent of the population supports a trade deal, recent polls say.

On a dusty plain south of Lima, Textil Del Valle, one of Peru's largest garment-makers, churns out high-end clothing for the American market. The factory has quadrupled its workforce to 2,700 in the past four years.

But as the general manager, Fernando Garibaldi, contemplates the future, he wonders how many will be working in his factory. It all hinges on the trade pact with the United States, he says. Without it, he can't compete with China, where wages are a fraction of Peru's. And he can't compete with Mexico and Central America, which enjoy duty-free access to the American market under their own trade deals.

"We have been investing with the view that the free-trade agreement would be approved," Garibaldi said. "What will happen if hundreds of thousands of people lose their jobs?"

Goodman reported from New York. Special correspondent Lucien Chauvin in Lima, Peru, contributed to this report.