

CalChamber Urges Congress to Approve Trade Pacts with Korea, Colombia, Panama



The U.S. House Ways and Means Committee began consideration this week of long-pending free trade agreements (FTA) with Colombia, Panama and South Korea.

The California Chamber of Commerce and a broad-based coalition are urging congressional approval of the FTAs.

“These free trade agreements will ensure that the United States may continue to gain access to world markets, which will result in an improved economy and additional employment of Americans,” CalChamber President and CEO Allan Zaremberg said in a letter to the committee chairman.

Also voicing support for the FTAs was the California Coalition for Free Trade, a broad-based group of companies and business organizations working to secure a national free trade agenda.

CalChamber member Roy Paulson of Paulson Manufacturing was among five witnesses to present testimony in support of the FTAs on the House Ways and Means Committee’s first day of hearings on the subject.

Vote Due Soon

Congressional leaders of both parties have indicated their intent to bring these agreements up for a vote in the months ahead. The trade agreements were concluded in 2007.

In his State of the Union address on January 25, President Barack Obama asked Congress to pass the U.S.-Korea Free Trade Agreement “as soon as possible,” noting that it will support “at least 70,000 jobs.”

The same day, Senator Rob Portman (R-Ohio) and Senator Joe Lieberman (I-Connecticut) introduced S. 98, expressing Congress’s support for passing the pending FTAs with South Korea, Colombia and Panama, plus extending trade negotiating authority for President Obama. That authority expired in June 2007.

Once legislation is submitted, both houses of Congress will vote “yes” or

“no” on the agreement with no amendments within 90 session days.

The trade agreements with Colombia, Panama and South Korea would open new markets to U.S. exports and, in turn, benefit American businesses, farmers, workers and consumers. The U.S. International Trade Commission has estimated that the three FTAs combined would increase U.S. exports by at least \$13 billion.

The benefits of trade agreements also are long-lasting. Since 2000, U.S. exports to the 13 countries with which the United States has implemented trade agreements have grown almost twice as fast as world-wide exports.

Colombia and Panama

Colombia and Panama are dynamic economies with pro-U.S. governments, and U.S. trade with these countries has nearly doubled over the last four years.

More than 19,500 U.S. companies export their products to Colombia and Panama, and more than 80 percent of these are small and medium-sized companies. U.S. farmers and ranchers sell more than a billion dollars worth of agricultural products to these markets. U.S. manufacturers are enjoying double-digit sales growth, which will only grow when the tariffs are removed.

A U.S.-Colombia FTA will increase momentum toward lowering trade barriers and set a positive example for other small economies in the Western Hemisphere. In 2009, California exported approximately \$320 million to Colombia, making it the state’s 35th largest export market.

Panama has the highest gross domestic product (GDP) per capita in Central America. Its economy is based largely on the services sector, which accounts for nearly 80 percent of the GDP.

Services include the Panama Canal, banking, insurance, container ports, and medical and health. Panama has been hailed for the strong growth in its economy and its commitment to fighting corruption, combating narco-trafficking, and promoting democracy.

In 2009, the United States had a trade surplus with Panama, with exports totaling \$4.3 billion and imports slightly above \$300 million. California exports to

Panama totaled \$228 million, making it California’s 43rd largest export market.

South Korea

The trade agreement with the Republic of Korea is another big win for the California and U.S. economies for many of the same reasons.

South Korea is the seventh largest U.S. export market in the world (and the sixth largest market for farm exports). In 2009, U.S. exports to South Korea reached \$28.6 billion, with U.S. small and medium-sized companies accounting for a third of this total.

By giving U.S. exporters a leg up in the world’s 10th largest economy, the agreement with South Korea will enhance the ability of U.S. companies to compete in the dynamic Asian economy. South Korea is California’s fifth largest exporting partner. In 2009, California exported goods worth \$5.9 billion to South Korea.

Colombia, Panama and South Korea have all concluded trade agreements with major trading partners and export competitors of the United States. U.S. failure to implement trade agreements with these countries could severely disadvantage U.S. exporters and jeopardize U.S. job creation.

Increased market access achieved through trade agreements has played a major role in the nation’s success as the world’s leading exporter. These FTAs will ensure that the United States may continue to gain access to world markets, which will result in an improved economy and additional employment of Americans.

Action Needed

The Ways and Means Committee will be accepting submissions for the hearing record until the close of business on February 8. To submit, follow the appropriate link on the hearings page of the committee website, waysandmeans.house.gov. An easy-to-modify letter can be found in the CalChamber Grassroots Action Center at www.calchambervotes.com.

More information on the trade agreements can be found on the Colombia, Panama and South Korea portal pages at www.calchamber.com/international.
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