

## **Free Trade with Colombia: McCain's Misguided Campaign**

Last Tuesday, John McCain announced he will visit Colombia next week, where he is scheduled to meet with various government officials, including President Alvaro Uribe. McCain will use the visit to showcase his conservative policy agenda toward Latin America. One issue sure to be discussed is McCain's support for the proposed free trade agreement between the two nations, which will give a good indication of how he will shape his policy to the region. Ultimately, the Republican nominee wants the U.S. Congress to ratify the trade deal as a reward for Colombia's progress in fighting the illegal flow of drugs within its borders. McCain's hope is to strengthen Colombia's position as Washington's major regional ally, which is logical given the harshly conservative leanings of the Uribe Administration.

McCain's foreign policy in Latin America is seen as misguided, and sends the wrong message to the region. Overall, his approach almost duplicates the Bush Administration's hemispheric policy, which is seen around the world as being deeply flawed. The Arizona Senator's tenure as the chairman of the International Republican Institute (IRI) gives a good indication of how he will approach Latin America, if elected. The IRI, under McCain's leadership, has a long history of undermining various legitimately elected governments in the region, beginning with the Reagan Presidency. Despite their commitment to 'democratic initiatives', the IRI backed decidedly undemocratic groups in order to advance US interests in the region. Fittingly, McCain has frequently referred to Hugo Chávez as a dictator, an opinion that has no basis in fact given Chávez's popular election. McCain's stance on Chávez makes it clear that he will do whatever is possible to contest the legitimacy of the various left-leaning, democratically elected governments in Latin America. Moreover, McCain's support for the Colombia Trade Promotion Act (CTPA) demonstrates how he will continue to rely on the failed policies of his IRI days. The CTPA, then, is a not so subtle method of bolstering Colombia's position as a regional power to challenge the influence of Chávez and other leftist leaders. In the end, McCain's support for the CTPA tends considerably toward the erroneous policies of the IRI, which used whatever means necessary to destabilize legitimate governments. In this case, McCain's support of the CTPA is myopic and fails to recognize obvious problems with the trade deal. The proposed trade agreement with Colombia is yet another example of opportunistic and self-serving U.S. policy in the region.

### **An Overview of the CTPA**

In 2006, the U.S. and Colombia finalized the Colombia Trade Promotion Act, an agreement primarily designed to end steep tariffs on US exports to Colombia. However, the CTPA was later renegotiated at the behest of U.S. Congressional Democrats to incorporate more stringent labor and environmental standards in the final draft. Three days after President Bush sent the new CTPA to Congress for ratification in April, House Democrats passed a measure to stall any immediate decision on the bilateral agreement. The vote to indefinitely halt a decision on the new CTPA broke with Congressional precedent of "fast-tracking" trade bills under Trade Promotion Authority rules, which

would normally force a yes or no ruling after 90 days of consideration. Because free trade remains a key election issue, it is unclear whether Congressional Democrats' opposition to the agreement is principled or opportunistic. Regardless of the motive, delaying a decision should be seen as a commendable step, as it allows for a meaningful opportunity for a review of the possible flaws in the agreement. While free trade has the potential to bolster Colombia's economy and strengthen bilateral ties, it can be argued that the current CTPA would mainly help U.S. agribusiness at the expense of Colombia's working class and its own agricultural sector. The present respite in the Congressional debate offers the perfect opportunity for the U.S. to take steps to ensure a trade deal that addresses these contentious issues prompted by the trade measures.

### **Organized Labor and Human Rights in Colombia**

An important flaw in the Colombia-U.S. free trade agreement is its failure to address ongoing human rights violations in Colombia, whose authorities have had a long history of intolerance toward organized labor and sanctioning violence against union members. By ratifying the bilateral agreement, Washington would lose most of its leverage over the Colombian government to enact positive labor laws and protect against the killing of union officials and ordinary members. Currently, the CTPA stipulates that Colombia must follow the guidelines of the International Labor Organization (ILO). Unfortunately, the ILO has no disciplinary power over those states that commit various abuses against organized labor, since its recommendations are non-binding. The U.S. must insist on stronger labor provisions before it finally ratifies the agreement. It is important to note, however, that since Uribe has been in power, overall violence against unions has dropped somewhat and union members today are actually less likely to be murdered than average Colombian citizens, according to the Office of the US Trade Representative. Much of this success is a result of Colombia's protection program, which now protects some 1,900 union members and their families.

Although whatever progress has been made is to be commended, Colombia must take a number of steps to improve the social and legal climate for unions and other left-leaning groups. A June ILO report found that in spite of long-term progress to reduce violence against unions, the murder rate of union members had, in fact, risen 70 percent from this time last year, casting doubt on Colombia's apparent progress. Furthermore, it chastised Colombia for its low union membership (only 5 percent of all workers are unionized) and that only 1 percent of union members actually have the legal right to strike. As the ILO report noted, even the success of the protection program is limited, as seclusion of union leaders prohibits actively recruiting union members and building membership. Additionally, lower murder figures are statistically questionable because of Colombia's extremely low union membership rates.

Despite possible (although by no means certain) progress neutralizing the brutality of paramilitary groups that are responsible for the majority of trade-unionist murders, their influence, particularly in Bogotá, is still apparent today. For example, the National Post of Canada recently reported that a Colombian paramilitary group called the "Black Eagles" has sent threatening emails to the Canadian embassy, which is protecting several former paramilitaries as state witnesses. Ultimately, Colombia must do more to deal with

these security problems before the U.S. sincerely considers ratifying the free trade agreement.

### **US Agricultural Interests**

Virtually all Colombian imports to the United States arrive free of duties and tariffs, due to existing, one-sided agreements such as the Caribbean Basin Initiative, Andean Trade Preference Act (ATPA) and Generalized System of Preferences (GSP). However, most U.S. exports to Colombia are subject to steep tariffs. Upon approval, the CTPA would immediately eliminate most of these tariffs, increasing market access to U.S. agricultural goods in Colombia.

The trade agreement, however, ignores the adverse impact that U.S. agricultural subsidies will have on the Colombian agricultural sector and its economy as a whole. In past years, the U.S. Department of Agriculture (USDA) has distributed between \$10 and \$30 billion annually for agricultural subsidies designed to protect U.S. domestic farmers. In practice, subsidized agricultural goods are cheaper, since producers can afford to sell their output at artificially lower prices. Not surprisingly, four of the five most heavily subsidized goods (corn, wheat, soybean, and cotton) account for 80 percent of U.S. agricultural exports to Colombia.

Because the CTPA maintains these subsidies while eliminating tariffs, the agreement would flood the Colombian market with cheaper U.S. goods, leaving little room for Colombian agriculture to compete. In the past year, Colombia's agricultural sector accounted for 11 percent of its total GDP and employed almost a quarter of its workforce. Corn, rice, cotton, soybeans and wheat together are key components of Colombia's agricultural production. In 2005, a United Nations Environment Program report analyzing Colombian agriculture concluded that "after coffee, corn is the second most important crop in Colombia." While these products are clearly significant, Colombia still relies substantially on imports to meet total demand for these products as evidenced by U.S. agricultural exports to the region reported by the USDA. The U.S. would likely take over an even larger share of Colombia's market by means of the CTPA, which would all but ensure the elimination of a large portion of Colombia's domestic market share in the aforementioned agricultural goods.

### **The Impact of Ratification on Colombian Agriculture**

If the CTPA is ratified, one likely result is that agricultural producers in Colombia would have to scale back wages and eliminate jobs to keep pace with cheaper, competitive American goods. Since Colombia lacks basic legal and social protections for organized labor and collective bargaining, the outcome would be predictable and inevitably disastrous. In such a scenario, Colombian workers would have no recourse or bargaining weight whatsoever. It falls on the U.S. to use the free trade agreement as a leveraging device to force Colombia to take definitive measures, including those recommended by the ILO, to improve labor conditions and protect its workforce. Without these measures, Colombia-U.S. trade will turn out to be one-sided, aiding America's agricultural sector, while delivering fatal blows to Colombian workers.

Failing this, Colombian agriculture would be greatly damaged by the CTPA due to its logical reliance on cheaper, subsidized American farm goods. Colombia's already high unemployment rate of 11.2 percent would rise considerably due to job losses within the agricultural sector. Because virtually all Colombian exports to the U.S. already enjoy duty-free status, there is no obvious way the Colombian economy could immediately benefit from the free trade agreement. This all but guarantees that the jobs lost in the agricultural sector will be harder to replace in the future. Furthermore, while foreign investment going into Colombia could produce an economic windfall for the modernized sector, it will do little to help the economic woes of Colombia's rural population, which will be the most affected by the contraction of agriculture.

Another impact of the CTPA will be its influence on current efforts to curb coca cultivation and combat drug trafficking. John McCain, an ardent supporter of the agreement, acknowledges that the CTPA is a symbol of the "friendship and enormous support that the Colombian government has given and people have given us in trying to stem the flow of illegal drugs into the United States of America." Similarly, the Bush Administration considers the trade deal as something of a reward for Colombia's progress in combating FARC, which relies heavily on drug-trafficking for funds. However, the CTPA will inadvertently make coca cultivation a profitable alternative for many in rural populations. Since many Colombian agricultural products will be less profitable with the passage of the trade agreement, many producers may turn to the illegal production of coca as a means of economic survival. The paradox of the CTPA is that it creates an incentive to increase production of coca instead of legal crops. As a result, ratification of the CTPA would eliminate much of the success Colombia is beginning to achieve in combating FARC and drug trafficking.

Ultimately, the agreement is unequal because it invokes the illusion of a 'level playing field.' Until Washington ends its reliance on agricultural subsidies, the playing field cannot be considered level by any reliable economic standards and remains little more than a myth. The proposed CTPA is fundamentally unfair because it forces Colombia to roll back its protectionist measures while allowing the U.S. to continue its own. If the Bush administration truly wants free, equitable trade with Colombia, it should not ratify the trade agreement now on the table. Free trade certainly has the potential to be mutually beneficial for Colombia and the U.S., but first, far more must be done to ensure a truly 'level playing field.'

### **Prospects for the Future**

In an interview with the Washington Post, House Speaker Nancy Pelosi made it clear that stalling a vote on ratification of the CTPA was designed to pressure the Bush Administration to provide further domestic economic stimulus provisions and worker benefits. With Bush unlikely to acquiesce, the prospects for Congress to pass the agreement rest on the outcome of the November elections, which presently do not appear favorable for Republicans. Meanwhile, Democratic nominee Barack Obama has openly declared his opposition to the CTPA, based on Colombia's track record with organized labor and paramilitary groups. Still, Obama's opposition to the CTPA is partially rooted in election year posturing, and his recent vote in favor of the U.S.-Peru free trade

agreement indicates he is not opposed to free trade in principle. In the event of a November victory, it is unlikely he would ask Congress to ratify the CTPA in its current form. Alternatively, McCain is an outspoken proponent of the free trade deal, as he will reiterate in his forthcoming trip to Colombia. Since he has repeatedly insisted that maintaining free trade is a key part of his agenda, McCain would categorically pursue CTPA ratification if he wins the 2008 election.

As of now, Congress has done the right thing in forestalling a vote on the CTPA. Now, Congress must take advantage of the period before the elections to thoroughly address Washington's present reliance on subsidies while confronting Colombia on its stance toward organized labor. While free trade can benefit Colombia, conditions surrounding the trade deal must be dealt with to ensure the U.S. is not ignoring the potentially baleful effects of the trade agreement. If the U.S. is truly interested in making the 'level playing field' more than a rhetorical edifice, it must take the time to ensure that "free trade" at the very least begins as fair trade.

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