

WebMemo



Published by The Heritage Foundation

No. 1229
October 4, 2006

U.S. Trade Policy Tracker: An Update

Anthony Kim and Daniella Markheim

The signing of the U.S.-Oman free trade agreement (FTA) last month marks the tenth FTA between America and its trade partners. With more than 90 percent of the world's consumers living outside of the U.S., seizing the opportunity to further expand free trade is vital. Currently, an FTA with Peru and the establishment of permanent normal trade relations (PNTR) with Vietnam await congressional approval. FTA negotiations with South Korea, Malaysia, the United Arab Emirates, and Panama are moving forward.

Major Trade Agreement Negotiations

- **Malaysia:** Since Congress was notified in March 2006, two rounds of negotiations have been completed.
- **Panama:** Congress was notified in November 2003, and the first round of negotiations started in April 2004.
- **South Korea:** Since Congress was notified in February 2006, three rounds of negotiations have been held.
- **Thailand:** Congress was notified in February 2004, and formal negotiations started in June 2004. Currently, political turmoil in Thailand has halted formal negotiations.
- **United Arab Emirates:** Congress was notified in November 2004, and the first round of negotiations started in March 2005.

Congressional Approval and Implementation

- **Peru:** The Administration initiated FTA negotiations in May 2004, and an agreement was concluded in April 2006.
- **Colombia:** The Administration initiated FTA negotiations in May 2004, and an agreement was concluded in February 2006. On August 24, 2006, President Bush formally notified Congress of his intention to sign the trade pact with Colombia, and Congress is likely to consider the FTA next year at the earliest.

In addition, the U.S. has recently concluded and signed a bilateral market access agreement with Vietnam. This agreement is an important step toward normalizing bilateral relations and is required for Vietnam's accession to the World Trade Organization. In order for the agreement to take effect, Congress must approve Permanent Normal Trade Relations (PNTR) status for Vietnam, authorizing trade advantages that the United States grants to most countries. In order to authorize PNTR, Congress must rescind the application of

This paper, in its entirety, can be found at:
www.heritage.org/research/tradeandforeignaid/wm1229.cfm

Produced by the Douglas and Sarah Allison
Center for Foreign Policy Studies

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 • heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

Table 1 WM 1229

Status of Trade Agreements (as of October 2006)¹

Country	Phase 1	Phase 2		Phase 3			
	Consideration/ Selection of Potential Partner	Negotiations		Congressional Approval		Full	
		Started	Ended	Mock Markups House	Senate	House	Senate
Colombia	✓	✓	✓				
Enterprise for ASEAN	✓						
FTAA	✓	✓					
Malaysia	✓	✓					
Middle East	✓						
New Zealand	✓						
Oman	✓	✓	✓	✓	✓	✓*	✓*
Panama	✓	✓					
Peru	✓	✓	✓	✓*	✓*		
SACU	✓	✓					
South Korea	✓	✓					
Switzerland	✓						
Thailand	✓	✓					
United Arab Emirates	✓	✓					

*Progress since July 1, 2006

Source: Ian F. Fergusson, "Trade Negotiations During the 109th Congress," Congressional Research Service *Issue Brief for Congress*, updated May 10, 2006, at www.usembassy.it/pdf/other/IB10123.pdf (October 3, 2006), and Office of the U.S. Trade Representative, "USTR Press Releases Home," Web page, at www.ustr.gov/Document_Library/Press_Releases/Section_Index.html (October 3, 2006).

the Jackson-Vanik amendment to the Trade Act of 1974 to Vietnam.²

Continued American leadership on international trade depends not only on the intensive efforts of U.S. trade negotiators, but also on congressional support for free trade. The successful conclusion of negotiations and swift congressional implementa-

tion of beneficial free trade agreements will afford America a chance at a brighter future.

Anthony Kim is Research Data Specialist and Daniella Markheim is Jay Van Andel Senior Trade Policy Analyst in the Center for International Trade and Economics at The Heritage Foundation.

1. For more detailed information on the FTA process, see Anthony Kim and Daniella Markheim, "U.S. Trade Policy Tracker," Heritage Foundation *Backgrounder* No. 1949, July 2006, at <http://www.heritage.org/Research/TradeandForeignAid/bg1949.cfm>.
 2. The Jackson-Vanik provision denies normal trade relations to certain countries with non-market economies or restrictions on emigration rights.