

# WebMemo



Published by The Heritage Foundation

No. 1417  
April 9, 2007

## U.S. Trade Policy Tracker: April 2007 Update

*Daniella Markheim and Anthony B. Kim*

Free trade drives prosperity, providing greater economic opportunity in countries that choose to embrace free trade policies. In coming months, Congress will have the opportunity to advance U.S. trade policy by renewing the President's trade promotion authority and approving new free trade agreements (FTAs) that will benefit U.S. households and businesses and strengthen economic ties with America's proposed FTA partners.

The Institute for International Economics estimates that over the past 50 years, trade liberalization has brought an additional \$9,000 per year to the typical American household. The North American Free Trade Agreement (NAFTA) and the Uruguay Round of the WTO—the two major agreements of the 1990s—generate annual benefits of \$1,300 to \$2,000 for the average American family of four.<sup>1</sup>

Additionally, freer trade policies help to spread freedom globally, reinforcing the rule of law and fostering economic development in poor countries. The World Bank reports that in the 1990s, per-capita real income grew three times faster in developing countries that lowered trade barriers than in developing countries that did not. In fact, over the past 25 years, roughly 500 million people have been lifted from poverty, largely as a result of freer trade and market reforms.<sup>2</sup>

A series of crucial votes in coming months will demonstrate America's commitment to the trade policies that have brought both the U.S. and the rest of the world economic growth and prosperity. Free trade agreement with Colombia, Panama, Peru, and

U.S. Free Trade Agreements	
Agreement	Completed
Israel	1985
NAFTA (Mexico and Canada)	1994
Jordan	2001
Singapore	2004
Chile	2004
Australia	2004
Morocco	2004
Bahrain	2005
DR-CAFTA	2005
Oman	2006

Note: Current as of April 2007.

South Korea await congressional approval. Moreover, America's ability to continue to strive for freer trade rests upon Congress extending President Bush's trade promotion authority (TPA), which will expire on June 30.

### Major Trade Agreement Negotiations.

- **Malaysia:** Since Congress was notified of the President's intent to start negotiations in March 2006, five rounds of negotiations have been completed.

This paper, in its entirety, can be found at:  
[www.heritage.org/research/tradeandforeignaid/wm1417.cfm](http://www.heritage.org/research/tradeandforeignaid/wm1417.cfm)

Produced by the Center for International  
Trade and Economics (CITE)

Published by The Heritage Foundation  
214 Massachusetts Avenue, NE  
Washington, DC 20002-4999  
(202) 546-4400 • [heritage.org](http://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 2

WM 1417

### Status of New Trade Agreements

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

**Notes:** Current as of April 2007. \*Progress made since July 1, 2006. †Negotiations were suspended by Thailand in 2006 due to Bangkok's political crisis. ‡Negotiations are currently on hold.

- **Thailand:** Formal negotiations started in June 2004. Six negotiating rounds were completed by early 2006. However, the negotiations were suspended by Thailand in 2006 due to Bangkok's political crisis.
  - **United Arab Emirates:** Congress was notified of the President's intent to start negotiations in November 2004. The first round of negotiations started in March 2005. The United States Trade Representative has announced that the negotiations are currently on hold, although informal talks are still ongoing.
- Congressional Approval and Implementation.**
- **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.
  - **Peru:** The Administration initiated trade agreement negotiations in May 2004. Known as Peru Trade Promotion Agreement, the deal was concluded in December 2005. President Bush notified Congress of his intention to sign the trade pact with Peru on January 6, 2006.
  - **Panama:** In April 2004, the United States launched negotiations with Panama on a free trade agreement. With the understanding that it is subject to further discussions regarding labor, the two countries completed negotiations in December 2006. President Bush formally notified Congress of his intention to sign the trade pact with Panama on March 30, 2007.
  - **South Korea:** The Administration launched FTA talks in June 2006. After ten months of intensive negotiations, an agreement was finalized in April 2007. On April 2, 2007, President Bush formally

1. Office of the U.S. Trade Representative, "Trade Delivers Growth, Jobs, Prosperity and Security at Home," July 2006, at [www.fas.usda.gov/itp/Policy/2006-07factsheettradedelivers2.pdf](http://www.fas.usda.gov/itp/Policy/2006-07factsheettradedelivers2.pdf).
2. Paul Wolfowitz, "The Challenges of Global Development," speech at the Frankfurt Chamber of Commerce and Industry, May 31, 2006, at <http://go.worldbank.org/DLWIJNDAK0>.

notified Congress of his intention to sign the trade pact.

**Renewing Trade Promotion Authority.** Fundamental to advancing freer trade policies with FTA partners and in the World Trade Organization, TPA enables the United States to maintain its leadership position at the negotiating table and in the global economy.

Congress should renew TPA as it exists today. Adding new conditions and restrictions on TPA would undermine the Administration's ability to negotiate good trade agreements and open the door to protectionist policies. Erecting barriers to trade and investment will only undermine America's status as a dynamic and dominant player in the global economy.

**Conclusion.** Continued American leadership on international trade depends not only on U.S. trade negotiators' intensive efforts, but also on congressional support and advancement of free trade policies. Congress should approve FTAs with Colombia, Peru, Panama, and South Korea and renew trade promotion authority. Expanding global trade and America's role in world markets is fundamental to building a stronger economy at home and promoting economic growth and prosperity abroad.

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