

THE WHITE HOUSE

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PRESS BRIEFING ON COLOMBIA FREE TRADE AGREEMENT
BY SECRETARY OF STATE RICE, SECRETARY OF TREASURY PAULSON,
UNITED STATES TRADE REPRESENTATIVE SCHWAB,
SECRETARY OF COMMERCE GUTIERREZ, SECRETARY OF LABOR CHAO,
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ADMINISTRATION ADMINISTRATOR PRESTON

James S. Brady Press Briefing Room

2:19 P.M. EDT

SECRETARY RICE: Good afternoon. We are here because we are at a critical moment concerning the Colombia free trade agreement. The President has sent the agreement to Capitol Hill in the hopes that we can cooperate toward getting a vote on this very important agreement, getting it to the floor, and ultimately getting it enacted and to the President's desk for his signature.

But I want to say from the perspective of American foreign policy and American interests; there is perhaps no more important free trade agreement in recent memory. And that is because we are dealing with our neighborhood, we are dealing with one of America's strongest friends, we're dealing with a country that just a decade or so ago was on the verge of collapse -- it was literally a country that people talked about as a potential failed state. And thanks to good bipartisan policy, through Plan Colombia and support for Colombia, and very strong leadership by the democratically-elected leader of Colombia, President Uribe, Colombia has not only come back from the brink of being a failed state, but it is increasingly one of the most successful states in Latin America.



It is a country that is now providing security for its people, that is providing greater prosperity for its people and

that is doing so in a strongly democratic framework. And it is a country that is absolutely clear about its friendship for America: We have no stronger friend in Latin America than Colombia.

I was with my counterparts yesterday from Mexico and Canada, talking about hemispheric affairs. And they were very clear that the failure of the United States to pass this free trade agreement would have very serious consequences, do very serious harm to America's interest and to America's credibility in this region. What will it say if this strong friend of America, who has done all the right things to try to bring his country to stability, democracy and prosperity -- and has done so as an avowed friend of America, fighting terrorists on one side, trying to demobilize paramilitaries on another, and standing strong against very hostile anti-American states and forces in Latin America -- what will it say if the United States turns its back now on Colombia?

And so this free trade agreement, others can speak to the economics of it, others can speak to the trade benefit, but I cannot think of a more important element of our policy in Latin America than to pass this free trade agreement. And, in fact, all of the things that we've done, the doubling of foreign assistance in Latin America, the working with the countries across the political spectrum will be seriously harmed if this free trade agreement does not pass.

SECRETARY PAULSON: I'd like to say a few words about the importance of this to our economy and the importance, really, to the world in terms of free trade and open trade and open investment. First of all, as you know we're going through a rough patch in our economy right now. These are tough times and the brightest spot by far is trade. I can't recall a time when trade has played such an important role in our economic growth and in creating jobs for Americans.

Now, Secretary Gutierrez in a bit will go through some of the numbers -- and the numbers are very, very significant. I was on Monday -- Sunday and Monday I was in Miami chairing a meeting of the Inter-American Development Bank, the annual meeting, and so a lot of our neighbors from the south were down here. And it's difficult to even explain to them why this is such a difficult vote -- because it makes such a big difference economically on both sides of the border.

And the thing that I can't emphasize enough is trade agreements are never easy; they're difficult. It's very difficult -- and I'm sure Ambassador Schwab will tell you how difficult it is to fight to open up markets for U.S. exporters and to create jobs for U.S. workers by opening up markets around the world. And the reason she's able to do that, the reason our country is able to do that is that we have a process in place that provides some leverage and gives trading partners confidence, and that's why it's possible to fight for workers. And when you effectively change that process, I have a very real concern on this deal, but I have a real concern more broadly because I think what that will do is isolate U.S. workers from jobs and opportunities and opportunities around the world.

So, again, this is very significant -- it's very significant economically and so I'll leave it at that. Thank you.

AMBASSADOR SCHWAB: Thank you. The procedural maneuvering that we are seeing is both unprecedented and unfair, by any definition. This administration concluded negotiations with Colombia on this free trade agreement well over two years ago. This is an agreement that was signed in November of 2006, over 500 days ago. And the administration operated specifically under the authority of Trade Promotion Authority, authority that has been given to every President since 1974. And this procedural, basically, process foul is undermining the credibility of U.S. trade negotiations.

And in this particular case, the administration clearly followed to the letter every obligation that we had. The negotiation was conducted pursuant to the congressional mandate to negotiate these agreements. We achieved all congressional objectives under the congressional mandate. We consulted extensively, and in fact, since September there have been more than 400 individual consultations by members of the President's Cabinet with members of Congress on this.

In addition, last May, in response to concerns expressed by the congressional leadership, these trade agreements -- in this case, Peru, Colombia, Panama and South Korea -- were opened to add enforceable labor and environmental provisions, specifically at the behest of the Democratic leadership. This was a bipartisan deal. And this was accomplished to create a path, a clear path to move forward the Colombia free trade agreement and the other free trade agreements.

The Peru FTA achieved a strong bipartisan vote late last year. This free trade agreement is virtually identical to that one. And so we are confident that as an administration we have done everything that we needed to do in terms of both the substance and the process. It is now Congress's turn to act. Up until this point, Congress should have held hearings, should have held mock markups, should have complied with its obligations under Trade Promotion Authority, and now to change the rules in the middle of the game is, as I said, both unprecedented and unfair.

Thank you.

SECRETARY GUTIERREZ: Well, it's been said -- I'll just repeat -- that it's profoundly disappointing that Democratic congressional leadership is choosing to change the rules in the middle of the game. We need to stand up for American interest rather than special interest. American workers, farmers and manufacturers deserve a vote in support of exports.

Two months ago this Congress once again gave Colombian workers duty-free access to U.S. markets. This has happened consistently since the preferences went into effect in 1992. It's been more than 500 days -- as Ambassador Schwab just mentioned -- 500 days since the FTA was signed. And in that time, in those 500 days, American exporters have paid more than \$1 billion in tariffs. In the meantime, Colombian exports have come into the U.S. duty-free.

Without this agreement, American businesses, workers and farmers will lose. If Colombians don't buy our tractors, they'll buy them from Japan. If they don't buy our wheat, they'll buy it from Canada. And if they don't buy our high-tech equipment, they'll buy it from China. If we want to help exporters, we should approve this agreement now. If we want to help the American economy, we should approve this agreement now. If we really want to strengthen labor rights in Colombia, we should approve this agreement now. And if we want to stand by an ally, as Secretary Rice said, we should approve this agreement now. Delaying helps no one except for the special interests that are holding this up.

Q I take it that you're all caught by surprise by this move, and is there nothing you can do about it? I mean, you're out here registering your complaints, but there's nothing you can do; is that correct, Secretary Rice?

SECRETARY RICE: I think this is one that -- Susan should go first in trade law.

Q Okay.

AMBASSADOR SCHWAB: Under Trade Promotion Authority that was enacted in 2002 -- under Trade Promotion Authority since -- that really has existed since 1974, the House and the Senate agree to implement trade agreements, under specific rules that provide for specific time lines, the introduction of the legislation as soon as it's sent up, up or down vote, no amendments. This is a path that's existed between the executive and legislative branches for decades.

By the House unilaterally changing the rules, changing its rules -- which it can do -- it is upending decades of U.S. trade policy and U.S. trade law. And we would hope that they would not do that, both in terms of the broader implications of U.S. trade policy, but also because the Colombia FTA really does deserve a vote on its merits, and deserves to be enacted into law.

Q What happens if they eliminated that 90-day deadline? What does it mean for the other agreements --

AMBASSADOR SCHWAB: We haven't seen the language. Our understanding is that, to the extent that we know -- to the extent that we've been briefed, we believe it just affects the Colombia FTA; that it could effectively bring an end to the Colombia FTA. It is then entirely up to the congressional leadership in terms of the timing of when the Colombia FTA is voted on and if it's voted on this year.

Q Apparently, one of the major sticking points for members of Congress -- they say they won't pass any further free trade agreements until the administration supports expanding programs to help Americans who have been displaced by foreign trade. Is the administration willing to change its position on, say, the Trade Adjustment Assistance program, expanding that in order to get this measure through?

SECRETARY CHAO: The administration has been working very diligently on a bipartisan basis with both the House and the Senate, particularly its leadership. We have been very clear on the President's desire to reform this program so that it will become more effective and more useful to workers who are displaced by trade. So there is now very intense discussions

ongoing on the Hill, and as we have consistently said, we are working on a bipartisan basis on a bill that the President can sign.

Q But the President threatened to veto it last year. So you're working on something that he could support?

SECRETARY CHAO: Yes. There were substantial new amendments to the bill which were not helpful in reforming the system, the current system, and in fact would have created a behemoth, a duplicative and competing system to the Workforce Investment Act. But be that as it may, we started out fresh and anew with the very strong intent that we want to come to a bipartisan understanding and agreement on helping workers who are displaced by trade. There is currently a robust system already -- we want to enhance that system, make it better; and it is our intent that we want to craft a bipartisan bill that the President can sign.

Q So what's wrong with going ahead and getting that bipartisan bill and then passing the Colombia free trade agreement?

SECRETARY GUTIERREZ: We can do both.

SECRETARY CHAO: Secretary Gutierrez I think said that -- (laughter) -- we can certainly do both. There are three -- there were three conditions -- and I'm trespassing a little bit onto Susan Schwab's territory here -- there were three major conditions that the leadership and the administration -- the leadership of the House and the administration have been talking about. TAA is one of the three. We have tried to work on all three, and we believe we have made great progress on all three.

But in terms of TAA, we wanted to make sure that this program is not a duplicative, new bureaucracy that will not help workers who are displaced by trade. And again, we want to work very cooperatively on a bipartisan basis with the leadership of the House and Senate. The House passed the bill, by the way, and so now the action is before the Senate. And that's who we're working with. So it has passed the House. We're working with the Senate.

Q Do you believe it was a misstep on the administration's part to send this up without having all your ducks in a row ahead of time? I mean, you knew that they were going to --

SECRETARY CHAO: Well, I think there's a misperception -- I think Susan mentioned this -- but I think it's a misperception to say that there has not been preparation. As mentioned, we have been in full discussions with the leadership for well over a year-and-a-half; and there were three conditions that were set forth, and we believe that we have made great progress toward all three. And then I'll -- Susan -- Ambassador Schwab.

AMBASSADOR SCHWAB: Really, ultimately, the administration's hand was forced, in terms of sending up the legislation. We have been trying for 16 months to get the Congress, the congressional leadership, to meet its obligations under Trade Promotion Authority by giving us a time when Congress would vote on the merits of the Colombia trade promotion agreement.

We were unable to get that. We had a lot of conversations that took place. Secretary Rice, myself, Secretary Paulson all had conversations, meetings with the Speaker. The President raised it. There have been, as I said, 400 communications back and forth in an effort to not get to this point, but to ensure that there would be a vote under TPA. Yesterday was the last day that the President could send up the legislation and ensure such a vote.

In terms of Trade Adjustment Assistance, we had indicated our desire to work with the Congress on TAA all along. Unfortunately the House moved ahead with their bill last year without any hearings, without any consultations. So they didn't take us up on our offer to sit down, and as the Secretary of Labor indicated, we are now interacting with the Senate, and perfectly prepared to sit down with the House.

Q Well, you talk about working with Democrats, Ambassador Schwab, and yet you decided to force this vote. Doesn't it show a lack of trust in Democrats that you couldn't wait to let TAA go further, and then agree with them on a date for a vote?

SECRETARY GUTIERREZ: The President has been saying now for months that we would like this agreement passed this year. In order to do that before the August recess, we had to submit it yesterday. I mean, it was just -- everyone knew it. This is -- somebody asked here if it was a surprise. This was no surprise to anyone. We've been talking about this for a long time.

We've been planning this. So it's surprising to us that others think this is a surprise.

Let me just make a point. What should be a big surprise to the American people is that Congress has approved an agreement with Peru, with Chile, with the Dominican Republic, with Central America, with Mexico, but somehow it is denying to approve an agreement with an ally with whom we have worked to deal with terrorists, to deal with drug cartels, to deal with paramilitaries. We've spent \$6 billion in Colombia. We've gone this far, and now we're going to put that country at a disadvantage. That's the big surprise.

Q But you only had to submit it yesterday, if you didn't trust the Democrats to bring it up at some point, so -- and that's what's made them so angry, isn't it?

SECRETARY GUTIERREZ: But this isn't about trust, this is about the calendar. We've been working in a bipartisan way. We want to work in a bipartisan way. We know we can't do it alone. We've been talking to them. We've been reaching out. We've taken members of Congress to Colombia; we've had 10 delegations go to Colombia. Ambassador Schwab mentioned we've had 400 meetings on the Hill. The Speaker has been involved. This hasn't been a surprise; we've been working together, and we've done this together, and we've -- since May 10th we've been -- everyone has been boasting about a new era of bipartisanship and trade. Well, now is a chance to prove it.

AMBASSADOR SCHWAB: I'm sorry, I'm going to need to leave, but I just want to -- Secretary Gutierrez is absolutely right: This was not a surprise; this has been under discussion for months. And as I said, for 16 months, two years, quite frankly, we have been trying to avoid being in the place that we're being -- that we find ourselves in today.

And we have reached out consistently, whether it was taking members to Colombia; whether it was the labor -- enforceable labor and environmental provisions from last May, we have reached out and we have been sounding the alarm that we were running out of time. And what we were told was: wait, delay, don't send it, wait, delay, don't send it. And with that lack of progress, needless to say -- and Congress's unwillingness to abide by its obligations under TPA -- quite frankly, we were left with no choice.

MR. FRATTO: Last question.

SECRETARY CHAO: Could I just clarify one --

MR. FRATTO: I'm sorry, after Secretary Chao, we'll take the last question.

SECRETARY CHAO: The Trade Adjustment Assistance program is currently in existence. It is taking care of workers who are out of work. So it's not -- the program is still there.

MR. FRATTO: Last question.

Q My question is for Secretary Gutierrez. Can you give us an idea of what specific actions can you take now to get this TAA approved this year?

SECRETARY GUTIERREZ: Well, I'll just say what Ambassador Schwab said, which is what we have been doing all along, and that's working in a bipartisan way, working with the leadership. We want to continue working with the leadership. We want to work with leadership to agree to a TAA package, and to get a vote, to get a date for a vote of this important agreement. It's what we've been doing now for 500 days, and we will continue working with the leadership and working with both parties to get an agreement for a very important ally.

So we are here to say that we have been working in a bipartisan way and we will continue to work in a bipartisan way, but we cannot let this important agreement with an important ally just be ignored and let it fade away.

Thank you.