

Tough battles lie in wait for next US trade chief

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By Alan Beattie in Washington

Published: March 10 2009 02:00 | Last updated: March 10 2009 02:00

Ron Kirk, the nominee for US trade representative, promised a Senate committee yesterday that if he were confirmed there would be tough enforcement of existing trade deals rather than a rush to sign new pacts.

"As I've said to many of you in private, I don't come to this job with deal fever, and we're not going to do deals just for the sake of doing so," Mr Kirk told the committee considering his nomination as USTR. The stance may signal legal tussles with trading partners.

Mr Kirk has faced one of the quieter run-ins to his confirmation. Although facing questions over past tax payments, his missteps were small compared with those of Tim Geithner, Treasury secretary, or Tom Daschle, abortive nominee for health secretary.

Max Baucus, the Democratic chairman of the committee, expressed confidence in Mr Kirk. But assuming he is confirmed, the former mayor of Dallas will face a tricky political landscape.

Mr Kirk was the second choice for the job until Xavier Becerra, a Democratic congressman from California, withdrew from contention. Ominously, Mr Becerra said he did not think trade was going to be a high priority for Barack Obama's White House.

Within the administration the state department has been making a bid to take over more of the bilateral relationship with China, previously cast as a largely economic dialogue primarily run by the Treasury. Since China is one of the US's most important trading relationships, this may also mean a tussle between departments over setting trade policy.

According to people familiar with the discussions, Lael Brainard, of the Brookings Institution think-tank who was set to be one of the state department's main economic officials, may be diverted to Treasury to fill the international economics role, one of its many vacant slots.

But the main struggle will be with Capitol Hill. "My sense, perhaps optimistically, is that philosophically the Obama administration isn't that far away from where we were on the overall direction of trade policy," says Dan Price, senior partner at the law firm Sidley Austin and a top White House international economics official under George W. Bush. But he adds: "The question is whether they are willing to spend political capital with Congress to push ahead with a policy of liberalisation."

On Capitol Hill an increasingly assertive band of self-styled "fair traders" sceptical of past trade deals such as the North American Free Trade Agreement (Nafta) has been warning Mr Obama to keep his election promises to toughen protections for labour standards and the environment.

Mike Michaud, a congressman from Maine, recently got 54 representatives to sign a letter calling for the White House to renegotiate Nafta, stop talks over a bilateral investment agreement with China, drop plans for a wider trans-Pacific trade pact and throw out pending bilateral deals with Panama, South Korea and Colombia left over from the Bush administration.

So far the administration has split the difference. It left in - but watered down - the Buy American procurement provisions in the stimulus bill, while it wanted to amend Nafta without harming international commerce and has suspended, though not cancelled, the transPacific talks.

Last week USTR said it would push ahead with the Panama accord but require "benchmarks for progress" on the Colombia and South Korea deals.

Eswar Prasad, of Cornell University, argues the atmosphere around trade and protectionism will depend on events in the US and global economy, and that the forthcoming Group of 20 meeting will be an important signal.

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