

# WebMemo



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## Colombia and Mexico: Vitaly Important U.S. Allies and Trading Partners

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Following up on his meetings in Canada last month, today Senator John McCain began a three-day visit to Colombia and Mexico. Senator Barack Obama has not announced any planned visits to Latin America, but he outlined his policies toward the region in a recent speech in Miami.

Both candidates' actions underscore top U.S. policymakers' recognition that Colombia and Mexico are of tremendous strategic and commercial importance to the United States. The positions put forth by the Democrat and Republican presidential candidates, however, reflect the sharply different approaches each would take in shaping future U.S. policy toward Latin America.

**A Strong Trade Partner.** Senator McCain will meet today with Colombian President Alvaro Uribe, a staunch ally of the United States and a supporter of market-based democracy. Since 2002, Uribe, with great courage, has been fighting to build a more democratic and prosperous Colombia.

Despite Uribe's successes, at the apparent behest of U.S. organized labor and its protectionist agenda, House Democrats are using any and every excuse to avoid approving a U.S.-Colombia Free Trade Agreement (FTA). The FTA would encourage continued economic progress and stability in Colombia, but when President Bush sent it to Congress in April for approval, Democratic congressional leadership all but declared it dead-on-arrival. Via an *ex-post facto* change to the "Fast Track" ground-rules that have been a bedrock principle in U.S. trade negotiation policy for the last 35 years, Congress reneged on a

pledge that the agreement would receive a straight up-or-down vote within 90 days of submission.

**Joint Resolve to Defeat Drug Kingpins and Narco-Terrorists.** In addition to his support for free trade agreements, President Uribe has proven to be a staunch ally in the Western Hemisphere's battle against drug kingpins and narco-terrorists. Specifically, President Uribe and President George W. Bush have continued the Clinton Administration's *Plan Colombia* to curb cocaine production and smuggling as well as to reduce the drug-related violence plaguing Colombia. In 2002, the Bush Administration and Congress increased the funding for *Plan Colombia*, strengthening the program through a multi-pronged approach: eradication and interdiction, disarmament of paramilitary and guerilla groups, and alternative employment for coca farmers. Subsequently, *Plan Colombia* has helped Colombian authorities eradicate record levels of illicit crops, interdict cocaine shipments, and extradite narco-traffickers to the United States.

*Plan Colombia* has also bolstered the Colombian government, allowing President Uribe to intensify his nation's long-running fight against violent drug cartels. Under Mr. Uribe's leadership, violence has

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dropped by impressive amounts. The murder rate has fallen by almost half, and kidnappings have decreased substantially. Terrorist attacks have also decreased, and thousands of illegal combatants have been disarmed. People in Colombia now feel free to walk the streets of some cities, such as Medellin, which were among the most violent in the world a decade ago.

President Uribe has also made considerable progress in the struggle against the Revolutionary Armed Forces of Colombia (FARC), a gang of ruthless narco-terrorists who control territory in remote areas of the country and have been trying to overthrow democracy in Colombia for more than 20 years. By marginalizing the FARC, President Uribe has helped to stabilize Colombia's democratic government. Even the FARC's erstwhile champion, Venezuelan Dictator-President Hugo Chavez, was forced to "disown" the terrorist organization (at least temporarily) after evidence was found on FARC laptops seized last March by the Colombian military, indicating Chavez intended to fund future FARC operations.

**Where Do the Candidates Stand on Colombia?** In order to maintain a strong alliance with our good friends and trading partners in Colombia, both candidates should insist on immediate approval by Congress of the U.S.-Colombia FTA and urge continued robust funding by Congress for *Plan Colombia* at least through fiscal year 2011. These measures will help to create private sector jobs in both the U.S. and Colombia. Expanded trade creates the best conditions for sustainable economic growth and development for Latin America. Likewise, *Plan Colombia* ensures the stability of a friendly democracy in the politically volatile Andean region.

Senator McCain is a strong backer of both the Colombia FTA and *Plan Colombia*. By contrast, although Senator Obama has been generally supportive of *Plan Colombia*, he has joined other congressional Democrats in opposing the FTA. His programs emphasize development initiatives for Latin American countries that rely upon big government and "make-work" solutions that must be funded by steadily increasing taxes. Apparently in response to pressure from protectionist U.S. labor unions, Obama also favors the insertion of vague

and onerous new labor and environmental provisions in existing U.S. trade agreements with our hemispheric partners that will dampen U.S. trade and investment in Latin America.

**Maintaining Strong Ties with Mexico.** In addition to emphasizing the need for a continued U.S.-Colombian partnership, Senator McCain's trip has also highlighted the need to maintain U.S. support for positive economic and social reform in Mexico, as well as joint U.S.-Mexico efforts in the drug war.

Mexico has benefited from more than 10 years of membership in the North American Free Trade Agreement (NAFTA) with Canada and the United States. NAFTA has enabled a growing middle class in Mexico to enjoy greater prosperity and freedom. They, in turn, saw through and rejected the tired and discredited populist-leftist rhetoric of the Revolutionary Democracy Party (PRD) in Mexico's 2006 presidential election. Center-right Mexican President Felipe Calderón's narrow electoral victory over the PRD's Andres Manuel Lopez Obrador (AMLO) was very important for U.S. national security. AMLO is an ally of Hugo Chavez and would have made life difficult for the U.S. had he been elected.

In a move emphasizing the need for continued strategic cooperation between the U.S. and Mexico, on June 30, President Bush signed into law legislation that included \$465 million in initial funding for the "Merida Initiative." A joint, three-year U.S.-Mexico-Central America partnership, the Merida Initiative will support the Mexican and Central American governments in their war against illegal drugs by providing U.S. technical assistance, training, high-tech surveillance equipment, and anti-money laundering financial intelligence software.

**Opening Mexico's Economy.** Although he has made significant progress in the fight against narco-trafficking, Mexicans and Americans alike are waiting to see whether President Calderon's government will successfully challenge the private- and public-sector monopolies and duopolies that dominate huge swaths of Mexico's economy, including energy, telecommunications, construction, food production, broadcasting, financial services, and transportation. These non-competitive sectors have long been a drag on economic vitality and job creation in Mexico.

For too many decades, Mexican leaders avoided the political pain of domestic reforms by encouraging unemployed and unskilled Mexicans to move northward to the U.S., thus lowering unemployment in Mexico and earning large remittances. Notwithstanding Mexico's membership in NAFTA, the "roping off" of large areas of the Mexican economy to benefit politically powerful rent-seekers has the same practical effect as traditional protectionist trade barriers: economic underperformance.

**Don't Renegotiate NAFTA—Just Finish Implementing It.** Senator McCain strongly supports both NAFTA and the Merida Initiative and will certainly encourage continuing cooperation in these important areas. On the other hand, Senator Obama has criticized portions of the Merida Initiative and has called for the "re-opening" and renegotiation of NAFTA, thus potentially jeopardizing an agreement that has produced tremendous wealth and job creation for both the U.S. and Mexico.

**What We Should Do.** In order to maintain a strong relationship between the United States and its Latin American allies:

- Both presidential candidates should declare support for, and Congress should immediately ratify, the Colombia FTA. This is an issue of strategic importance to the national security of the United

States and should transcend partisan politics. By continuing to turn its back on Colombia in its hour of need, the U.S. Congress is sending a devastating message not only to Colombians but to all Latin Americans.

- The next administration and the U.S. business community should immediately meet with all U.S. FTA trading partners and friends in the hemisphere to begin a new era of economic engagement with Latin America. A good way to start would be for the Bush Administration to begin planning now for a meeting of the heads of state from all of the hemispheric FTA countries (to include Colombia and Panama) with the next U.S. President shortly after he assumes office.
- Rather than making empty threats to "re-open" NAFTA and jeopardizing U.S. competitive advantages, both presidential candidates should encourage Mexican President Felipe Calderón to push the obstinate opponents of economic liberalization in the Mexican Congress to make the many changes needed to reform and "open up" Mexico's economy.

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