

EMBARGOED UNTIL THURSDAY, 17 MARCH 2011



**STATEMENT FOR THE RECORD
SUBMITTED BY GENERAL BARRY R. McCAFFREY (USA, Ret.)
TO THE SUBCOMMITTEE ON TRADE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
MARCH 17, 2011**

Chairman Brady and Ranking Member McDermott it is an honor to appear before this committee to strongly endorse rapid Congressional approval this year of the three Free Trade Agreements which were signed by the US Government so many years ago. (Colombia 22 November 2006—Panama 28 June 2007—South Korea 30 June 2007).

During much of my adult life I have been privileged to work with all three of these vitally important US Allies as they have made the transition to increasingly sophisticated democracies and advanced economies. All three nations will be increasingly important partners in US global international diplomacy. The passage of these three FTA agreements will likely increase our exports by \$13 billion and create 250,000 jobs to help offset our disastrous US unemployment rate.

I have lived in Panama for several years on two assignments as a military officer and consider that beautiful country a second home. It is obviously a crucial US Latin-American strategic partner and a national security obligation because of the vital importance of the Panama Canal. We understand the Administration's perspective that Panama needs to provide more effective tax transparency. However, the totality of our interests suggests the immediate need to pass the FTA for Panama.

The vital importance of South Korea to our economy, our national security, and our diplomatic influence on the Pacific Rim needs no explanation. This FTA alone could substantially increase US employment and further strengthen the crucial economic ties with this brave ally which is central to our defense of the region. It is hard to find a more dramatic record in history of a nation that has risen from the ashes of destruction to become a vibrant democracy and economic power. We simply must move forward on this Korean FTA.

Let me focus much of my support in this Hearing to discuss the enormous importance of passage of the Free Trade Agreement with Colombia. I consider it an embarrassment to the United States that we have so painfully treated such a vital and loyal ally in a region where Colombia's public alliance with the US has been badly received by many of her neighbors. I am a friend of Colombia and have worked closely with their national political, military, and law enforcement leadership for more than sixteen years. I admire the enormous courage of their people and the commitment to the rule of law of their political Administrations under the leadership of first President Pastrana --then President Uribe-- and now President Santos.

Colombia has a bloody and chaotic national history since the 1948 beginning of "La Violencia" which plunged the nation into internal murderous conflict with the FARC, the ELN, the AUC, and criminal drug cartels. This bitter internal struggle was marked by extreme cruelty, injustice, and poverty inflicted on the

45 million Colombian people -- principally by internal terrorist organizations -- but also sadly sometimes by rogue Government forces and also by private citizens acting as vigilantes. By 1996 Colombia was on the edge of internal collapse.

The personal courage of Colombia's political and judicial leadership backed by the extraordinary bravery of the Colombian National Police and the Colombian Armed Forces turned around a disaster which was about to engulf the third largest population in Latin-America. The US played a crucial supportive role in that successful comeback struggle with "Plan Colombia" which was signed by President Clinton and President Pastrana in Cartagena in 1999. The Colombian Police are now back in strength in all the provinces of Colombia. They have become a world class law enforcement organization. Colombia has made enormous progress in disarming the dreaded AUC private militias. The FARC and the ELN have completely lost public support and have suffered horrendous defeats by the re-vitalized Colombian Security Forces. The Colombian military have made significant strides in increasing their combat capability--- and even more importantly their commitment to the rule of law and subordination to civil authority.

There can be no doubt that Colombia has made huge strides in strengthening the rule of law, protecting human rights, reducing poverty, and promoting civil governance. President Santos has strongly committed his administration to continuing to address the protection of labor rights, to reducing any violence against labor leaders, and to the essential issue of land reform. Colombia stands as a dramatic successful example of a nation committed to democratic principles which is now emerging from sixty-four years of dreadful violence. They are without question the most valued ally the US has in the America's.

The stalled FTA with Colombia has allowed the EU, Canada, Brazil, Argentina, Chile and others to forge ahead of the US and sign trade deals with Colombia. The US is Colombia's largest trading partner. Colombia is our third largest trading partner in Latin-American. More than 250 US businesses are present in Colombia. More than 60,000 Americans live in Colombia. However, the stalled FTA has been a disaster for US economic interests. US farm exports to Colombia fell 48% between 2008 and 2009. Farm exports fell another 45% in 2010. Our market share of Colombia's agricultural imports fell from 75% to under 25% in two years.

What are we thinking of? The competitive entry of the EU and Canada into Korea and Colombia alone create conditions under which we risk losing 383,000 US jobs. Treasury Secretary Timothy Geithner said in reference to Colombia that "the longer we wait, we lose more business and other countries come in. It makes no sense to us as a country to wait." I join my former colleagues US Trade representatives Mickey Kantor and Charlene Barshefsky in urging support for the accelerated passage of all three FTA's.

In my judgment, it is a serious political mistake to decouple the Korea FTA from the Congressional approval of agreements on Panama and Colombia. We must remember the enormous political and economic importance of both Panama and Colombia to US national interests. Strongly recommend that Congress act now to approve all three FTA's.