

Posted on Fri, Jul. 01, 2005

Senate approves Central America trade deal

JIM ABRAMS

Associated Press

WASHINGTON - Fresh off a victory in the Senate, the Bush administration turned to the House in the drive to conclude a free trade agreement it says will promote democracy in Central America while opening new markets to American businesses.

The House vote, expected in July, on the Central America Free Trade Agreement is certain to be close, but supporters expressed new confidence Thursday after a 54-45 vote in the Senate.

The Senate win "was a huge momentum builder," U.S. Trade Representative Rob Portman said, noting that only a few weeks ago analysts were saying the agreement was in deep trouble.

Since then, the Bush administration has turned up the heat, with President Bush personally lobbying lawmakers and his trade officials dangling concessions on labor rights and sugar, the agreement's two most contentious issues.

Ten Democrats joined 43 Republicans and one independent to vote in favor of the agreement.

In a statement following the vote, Bush said the agreement would be "good for American workers, good for our farmers and good for small businesses" and "help increase sales abroad and job creation at home.

"The agreement is also a strong boost for young democracies in our own hemisphere, whose success is important for America's national security and for reducing illegal immigration," the president said.

CAFTA would further open a market of 44 million people by eliminating trade barriers to U.S. manufactured and farm goods, protecting trademarks and other intellectual property and establishing legal frameworks for U.S. investment. Last year the region purchased about \$15 billion worth of U.S. goods.

The administration says it is also an indispensable step toward far broader free trade agreements with other Western Hemisphere nations and under the auspices of the World Trade Organization.

In the House, supporters will go up against a strong majority of Democrats, who argue that inadequate worker rights provisions in the agreement will lead to labor abuses, lawmakers from sugar beet and sugar cane-growing areas, and others who link free trade to America's soaring trade deficits.

For people living in poverty, trade can lead to a better way of life, said Rep. Ben Cardin, D-Md., a Democratic leader on trade issues. "But trade without basic labor standards will not do that."

But CAFTA "is more than just a trade agreement," House Ways and Means Committee Chairman Bill Thomas, R-Calif., said. "It is also a commitment by the United States to stand with nations seeking open markets for its people in the pursuit of freedom and a strengthened democratic process."

Thomas' panel on Thursday endorsed the agreement on a 25-16 vote.

The United States signed CAFTA a year ago with the five Central American countries of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua and the Caribbean nation, the Dominican Republic.

It won't go into effect until approved by Congress, and from the start that has been a far more difficult task than the bilateral agreements the administration has concluded with Singapore, Chile, Australia and

Morocco.

The Hispanic business community has supported it but the Congressional Hispanic Caucus and Hispanic human rights groups are against it. Some textile groups oppose it, while others say it would allow U.S. fabric makers and Central American manufacturers to team up to deflect the onslaught of Chinese competitors.

Representatives of the sugar industry have been adamantly opposed, saying it would open the way for other countries to seek a larger share of the U.S. market. But some lawmakers from beet and cane states decided to back CAFTA after Agriculture Secretary Mike Johanns proposed steps that, at least for the short term, would protect the industry.

Florida's two senators, Republican Mel Martinez and Democrat Bill Nelson, both came out for the agreement despite the importance of sugar to their state. Nelson said Florida is the U.S.' largest exporter to the CAFTA region, and the agreement could substantially increase those sales.

Sen. Dianne Feinstein, D-Calif., said she had opposed another controversial pact, the North American Free Trade Agreement with Mexico and Canada a decade ago, but was backing CAFTA because the Central American countries, trying to emerge from years of civil war and political strife, deserved the chance for greater prosperity.

Denying them the agreement, she said, "is certainly not the way to reward them for advances made in the areas of democracy, human rights and the rule of law."

ON THE NET

The bill, S. 1307, may be found at <http://thomas.loc.gov>

U.S. Trade Representative: <http://www.ustr.gov>