Posted on Fri, Jul. 01, 2005

TRADE

Senate votes 54-45 to OK CAFTA

The U.S. Senate approved the Central American Free Trade Agreement late Thursday by a vote of 54-45. Next, a vote must be taken in the House.

BY JAMES KUHNHENN, Knight Ridder Newspapers

jkuhnhenn@krwashington.com

WASHINGTON - Both Florida Senators, Republican Mel Martinez and Democrat Bill Nelson, voted for the trade agreement.

The bipartisan 54-45 vote in the Senate belies a much more difficult road in the House of Representatives, which is traditionally more hostile to free-trade deals. Earlier Thursday, the House Ways and Means Committee approved the legislation, but prospects on the House floor are uncertain. A July vote is expected.

The agreement covers trade with Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, as well as the Caribbean nation of the Dominican Republic.

The Bush administration has been pushing the deal for more than a year, portraying it as an economic gain for the United States and as a foothold for free-market capitalism in the developing countries of Central America. Advocates also portrayed the agreement as a means to fend off growing Chinese textile exports by ending requirements that tariff-free clothes exports from Central America use U.S. materials.

TOP BUSH PRIORITY

Winning CAFTA is a top priority for Bush, who's looking for some victories in Congress to give his domestic agenda some momentum. But the Senate vote was one of the closest trade votes in years. Voting in favor were 43 Republicans, 10 Democrats and one Independent. Voting against were 12 Republicans and 33 Democrats, signaling wariness over the benefits of international commerce and globalization.

''It's an opportunity -- first in a year or so -- to vent concerns about trade policy, including China currency, outsourcing, trade deficits, things of that nature,'' said Sen. Charles Grassley, R-Iowa, the Senate manager of the bill.

Advocates argued that the pact would open a market of 44 million people to U.S. goods. Critics said the average income in the CAFTA countries is so low that it would hardly make a dent in the U.S. trade balance.

Trade deals typically face opposition from Democrats worried about open trade with countries that don't abide by labor and environmental standards as strong as the United States' and Republicans worried about lost jobs back home.

SUGAR OPPOSITION

This deal was no different. Its stiffest opposition comes from lawmakers in sugar-industry states who believe sugar imports from Central America will hurt U.S. producers.

The administration did try to soften the blow on sugar-beet and sugar-cane growers by permitting the Commodity Credit Corp. to purchase excess imported sugar and keep it off the domestic sugar market over the next two years. It also would authorize a study into the production of ethanol, a gasoline additive, from sugar.

While those concessions won the votes of some senators, including both senators from Florida, it didn't appease the sugar industry.