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CENTRAL AMERICA

CAFTA opponents call for vote to kill trade deal

The people clamoring most for a vote on the Central American Free Trade Agreement are not its supporters but opponents confident they can kill it.

BY JIM ABRAMS

Associated Press

WASHINGTON - It took less than three months for President Bush to push through Congress separate trade deals with Australia, Chile, Morocco and Singapore, but his biggest one -- Central America -- has been lingering for a year.

Despite another call Tuesday by Bush for Congress to pass it, the people clamoring most for a vote on the Central American Free Trade Agreement are not its supporters but opponents confident they can kill it.

"Put it to a vote immediately, or junk it and start over," said Sen. Byron Dorgan, D-N.D., who contends the agreement would result in more Americans losing jobs and a bigger trade deficit.

Backers of CAFTA had predicted a May vote on the pact that would eventually eliminate duties on almost all U.S. manufactured and farm products in Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua. U.S. officials signed the agreement May 28, 2004, but it must be approved by Congress to take effect.

Rep. Kevin Brady, R-Texas, the House's chief proponent for CAFTA, says the vote will occur in late June or July. "I sense real momentum," he said, but added that his side isn't assured of a win until it is ahead by "one vote when they hit the gavel."

At Bush's news conference Tuesday, the president again promoted the agreement as "a good deal for American workers and farmers and small businesses."

"About 80 percent of the products from Central America and the Dominican Republic now enter the United States duty-free," he said. "CAFTA will level the playing field by making about 80 percent of American exports to those countries duty-free."

Both the Senate Finance and the House Ways and Means committees now plan to take procedural action in mid-June, something that must happen before floor votes can take place.

In addition to removing trade barriers to a market bigger than that of Russia, India and Indonesia combined, CAFTA proponents say the agreement will foster economic and political stability in Central America and confirm U.S. leadership in larger efforts to open markets worldwide.

Opponents, however, note the speed with which Bush's four other trade accords passed.

"If this were the right agreement, Congress would have passed it many months ago," said Rep. Sherrod Brown, D-Ohio.

Brown said that if the 435-member House voted now, 190 Democrats and 40 Republicans would vote against it. He acknowledged the margin could narrow as GOP leaders court fence-sitters with promises for their districts.

Democrats complain the agreement lacks protections to stop abuses of workers in poor, low-wage Central America. Republican opponents mainly come from textile areas hit hard by foreign competition or areas connected to the sugar industry, which considers CAFTA a threat to its future.

Rep. Virgil Goode, R-Va., said CAFTA will mean more shifting of manufacturing jobs overseas and a "downhill slide to Third World status."

The opponents include the House Congressional Hispanic Caucus. Fourteen of the 21 members of the all-Democratic group opposed it in a caucus vote, voicing concern that like NAFTA -- the North American Free Trade Agreement with Mexico and Canada -- it would widen the gap between rich and poor.

Rep. Hilda Solis, D-Calif., said that as the only member of Congress of Central American descent -- her family is from Nicaragua and Mexico -- she wanted to promote development in the region, but only with an agreement that "will prevent the exporting of U.S. jobs and the exploitation of workers abroad."

The Business Roundtable, an association of CEOs, last week joined other business groups in launching a media and lobbying effort on behalf of CAFTA.

The group said it would include a national phone bank and e-mail campaign, calls from corporate leaders to lawmakers, a national radio tour and a print advertising campaign. "We will not rest until Congress has completed the job on this agreement," said its president, John Castellani.

Motion Picture Association of America President Dan Glickman, who was Agriculture secretary during the Clinton administration, also wrote lawmakers urging support. He said CAFTA would protect copyrights and intellectual property while providing duty-free treatment for exported U.S. movies, music, software, books and magazines.

ABOUT CAFTA

THE CASE FOR CAFTA:

- Nearly 80 percent of Central American products already enter the U.S. duty-free. CAFTA would level the playing field by making 80 percent of American consumer and industrial goods and half of farm exports duty-free immediately. All tariffs would be phased out over the next 10 to 20 years.
- U.S. exports to the region now total over \$15 billion annually. Supporters say that could expand by \$4 billion and result in a net gain of 25,000 U.S. jobs in the agreement's first year.
- The agreement would open access in the region for U.S. computer services, tourism, financial services, telecommunications and entertainment.
- It would provide for anti-corruption measures in government contracting and guarantee U.S. firms a fair and transparent process for selling goods and services.
- The agreement would encourage Central American textile companies to use American fabric and yarn, protecting U.S. jobs and making it easier for CAFTA countries to compete against Asian rivals. It would promote political and economic stability in the region.

THE CASE AGAINST CAFTA:

- Small-scale farmers in the region would be unable to compete against duty-free American imports, forcing

farmers off the land and, in some cases, to migrate to the United States.

- The U.S. sugar industry says the increase in Central American imports, to reach 1.7 percent of U.S. production after 15 years, could drive down prices in the oversupplied market and open the way for other sugar exporters to undercut U.S. producers in future trade deals.
- CAFTA would require countries to enforce their own labor and environmental laws. Critics say this is inadequate to protect worker rights and the environment in countries with a history of abuses in these areas.
- Critics say CAFTA would extend rules that limit generic drug competition to the benefit of the U.S. pharmaceutical industry.
- CAFTA is patterned after NAFTA, which critics say has caused U.S. job losses, rising trade deficits and lower wages in Mexico.

SOURCE: Associated Press