ANALYSIS: CAFTA APPROVED IN GUATEMALA

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Miami, FL, Mar. 17 (UPI) -- Despite continuing street violence, Guatemala has agreed to join the Central American Trade Agreement, and now it's the United States' turn.

The agreement would cover the United States, Guatemala, Costa Rica, El Salvador, Honduras, Nicaragua and the Dominican Republic.

Guatemala, Salvador and Honduras have ratified the agreement. Costa Rica, Nicaragua and the Dominican Republic have yet to do so. It also faces a possible court challenge in Nicaragua.

CAFTA would promote trade liberalization among the seven countries and is modeled after the North American Free Trade Agreement approved by the United States, Canada and Mexico 10 years ago.

President Bush is pushing the agreement, but there is some opposition in Congress, which is expected to tackle the issue this spring.

One of the first tasks of Rep. Rob Portman, R-Ohio, nominated by Bush Thursday to be U.S. Trade Representative, will be to shepherd CAFTA through the House and Senate.

It won't be a slam dunk, but approval is a strong possibility. Democrats contend that the measure does not protect U.S. workers from competition from workers from the five CAFTA countries. Some view CAFTA as nothing more than a southern extension of NAFTA.

In Guatemala, protesters against CAFTA are seeking a referendum on the subject, but the Miami Herald has reported that it cleared Congress and was signed by President Oscar Berger.

The opposition, however, said it is not giving up. At least one protester was killed in clashes with police Tuesday, and more problems are expected.

The demonstrators say the deal will be bad for farmers and small businesses. Many of the protesters are farmers, union members and students.

The government says it is essential for development.

Daniel Pascual, a peasant leader, said the protests in Guatemala are not only about CAFTA but also about larger "geopolitical and economic issues ... and the effects that transnational corporations have in the region."

A poll in Costa Rica has shown that a plurality of citizens favor the treaty, but the debate in Congress has been fierce.

The Dominican Republic seems likely to approve the agreement after an enthusiastic response to being added to the preliminary agreement last August.

The Bush administration aggressively pursued the CAFTA negotiations on a quickstep timeline. NAFTA took more than seven years to negotiate, and the Free Trade Agreement of the Americas has taken nearly 10 years -- and it still isn't done.

CAFTA negotiations began in January 2003 and were completed, except for the Dominican Republic, in May 2004.

The agreement has fast-track status in the United States, which means Congress must give the issue an up-or-down vote without the ability to amend.

CAFTA brings together some of the most unequal partners ever for a trade agreement. The combined gross domestic product of Central America is equal to 0.5 percent that of the United States.

Areas covered in Central America include agriculture, manufacturing, public services and government procurement.

The United States has promised increased market access for textiles and a limited increase in sugar quotas.

Analysts depend on the experiences of NAFTA in Mexico to judge the potential impact in Central America. They say Central America will get more foreign direct investment and increase many exports.

But many of them say there will be little benefit for the rural and urban poor.

Opposition in the United States is coming from several segments of the U.S. economy, and one of the most recent is sugar growers.

They argue that CAFTA would allow more sugar into the nation's market, which has been protected for decades. The extra 100,000-150,000 tons would be the beginning of the end for sugar growers in the United States.

Sen. Kent Conrad, D-N.D., wants sugar exempted from the trade talks and reserved for global trade talks that can eliminate distortions in the world sugar market and level the playing field for North Dakota producers.

"As these negotiations proceed, I'll keep fighting for the survival of our sugar beet farmers, factory workers and the communities and Main Street businesses that depend on them," Conrad said.

Nick Sinner, executive director of the Red River Valley Sugar Beet Growers Association in North Dakota and Minnesota, couldn't agree more.

"We don't see the benefit of trading away our livelihood and sacrificing what we've got up here in the name of free trade," Sinner said.

The National Farmers Union has joined the American Sugar Alliance in opposing CAFTA. But about 50 other agricultural groups including the American Farm Bureau Federation have come out in favor of CAFTA.

One of the most intensive pro-CAFTA lobbying campaigns has been launched by Florida FTAA Inc., an organization formed to promote the Free Trade Area of the Americas.

"DR-CAFTA is a great agreement for Central America and the Dominican Republic, a great agreement for the United States and an even better one for Florida," said Jorge L. Arrizurieta, president of the FTAA group.