

Posted on Wed, Mar. 30, 2005

TRADE

Bush focuses on CAFTA

Commerce Secretary Carlos Gutierrez outlined the Bush administration's goal to open up markets in Central America and the Caribbean.

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Associated Press

WASHINGTON - The Bush administration's drive to remove trade barriers to U.S. exports is working and needs to be expanded with a new free-trade agreement with six Latin American countries, Commerce Secretary Carlos Gutierrez said Tuesday.

Outlining President Bush's trade goals for his second term, Gutierrez said the administration planned to turn its attention to winning congressional approval for the Central American Free Trade Agreement. It covers the Central American nations of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua as well as the Caribbean nation of the Dominican Republic.

"CAFTA would create the second-largest U.S. export market in Latin America, behind only Mexico, and the 13th-largest U.S. export market in the world," Gutierrez told the Washington International Trade Association. He said the market would be larger than America's sales to Russia, India and Indonesia combined.

Gutierrez will be in South Florida Thursday speaking to the National Association of Manufacturers in Aventura.

He said on Tuesday that while 80 percent of products from the five Central American nations already come into the United States duty-free because of various trade preference programs, U.S. exporters in many cases face high tariffs on their products.

"This agreement levels the relationship out and gives our companies much broader access to this valuable market," Gutierrez said, citing private studies that estimated the deal has the potential of boosting U.S. manufactured exports by \$3 billion annually and increasing U.S. farm exports by \$1.5 billion per year.

He said a free-trade agreement with Chile had boosted U.S. exports by 32 percent in the first six months it was in effect. Despite those gains, the United States ran up a record trade deficit of \$617 billion last year, a gaping imbalance that has fueled protectionist sentiments in Congress.

Asked about the soaring trade deficit, Gutierrez said the problem was sluggish growth in major U.S. trading partners such as Europe and Japan, which dampens demand for U.S. exports, while strong economic growth in the United States increases demand for imports.

"The solution is not to lower our growth. The solution is to continue to open markets," he said in response to an audience question.

Gutierrez said the administration over the next few months would "pay considerable attention" to promoting the CAFTA deal, which has been completed since early last year but has yet to be voted on by Congress.

Democrats are unhappy with the deal because they claim it does not provide enough protection for American workers against competition from low-wage countries with lax labor and environmental protections.

The Bush administration also faces opposition from Democrats and Republicans who represent textile

manufacturers and sugar growers, who contend the deal would seriously hurt their sales.

The administration is hoping to appeal to Hispanic voters, arguing that a free-trade deal with the Latin American countries will help lift those nations out of poverty.