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FREE TRADE

CAFTA passage may hurt other deals

Supporters of CAFTA-DR celebrated its passage. However, the partisan fight could endanger other free-trade pacts.

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WASHINGTON - After the House early Thursday passed a trade agreement with five Central American countries and the Dominican Republic by the narrowest of margins, supporters in Washington, Miami and Central America hailed it as a major win.

But the reality, analysts say, is that CAFTA-DR's slim and mostly partisan 217-215 vote raises doubts over the future of other hemispheric trade pacts that are in the pipeline, including the Free Trade Area of the Americas, or FTAA, and a trade pact with three Andean nations that negotiators hope to complete next spring.

"That it was so close, instead of an overwhelming victory, and so clearly split on partisan lines even in states such as Florida that depend on trade with Latin America and the Caribbean, indicates that the pro-trade consensus that used to prevail in Congress is on life support," said Eric Farnsworth, with the Council of the Americas, a pro-trade group based in New York.

Scott McCandless, who watches trade issues in the Washington office of PricewaterhouseCoopers, said CAFTA's narrow passage was "not necessarily a big wind in the sails" for future free-trade deals.

However, U.S. Trade Representative Bob Portman, who had called CAFTA-DR a "gateway" deal to more ambitious trade pacts, said House passage sent "a powerful signal" that the United States would "continue to lead in opening markets and leveling the playing field."

Salvadoran President Tony Saca said the House "voted in favor of liberty, democracy and free trade in Central America."

IN FLORIDA

In Florida, Jorge Arrizurieta, president of Florida FTAA, said the vote gives Miami's bid to become the future secretariat of FTAA more momentum. "Without this, the free trade movement would have been stalled," he said.

FTAA talks have ground to a halt over differences with Brazil and Argentina over agricultural trade.

Nonetheless, the Florida delegation split its vote, 17-8. Some say that was hardly the strong endorsement the pact needed from a state that is generally open to trade with Latin America.

The six CAFTA-DR countries -- El Salvador, Guatemala, Nicaragua, Costa Rica, Honduras and the Dominican Republic -- buy \$3.2 billion worth of goods from the state, making the region the biggest export market for Florida.

The 17 Florida members of the House who backed CAFTA-DR were all Republicans. Fort Myers Republican Rep. Connie Mack joined seven Democrats in voting against the measure. His office said Mack was

concerned over the impact on cattle farmers in his district.

Among Democratic opponents was Rep. Kendrick Meek of Miami, who in the past had supported free trade agreements with Chile and Australia.

In a statement, Meek said the North American Free Trade Agreement with Mexico cost Florida 35,000 jobs, and that it was "unjust to include the Dominican Republic in this trade agreement while excluding Haiti."

Rep. Mark Foley, a Palm Beach Gardens Republican and usually a reliable supporter of trade pacts, illustrates the difficult choices members must make when they vote on trade issues.

Hours before the House vote, President Bush called Foley, a Bush family friend since the early 1980s, and asked for his support.

Foley told him he was leaning against the bill because his district encompassed the third largest sugar-producing area in the nation. The sugar industry was dead set against the pact.

"I know this is hard for you, but if this is easy work, everyone would want to do it," the president told Foley. Bush did not pressure Foley or offer any incentives, according to the lawmaker.

After weighing the consequences of a defeat for a signature issue for the president, Foley cast one of the decisive votes in favor of CAFTA-DR.

Foley worried that a "no" vote would have cast him as an agricultural protectionist and the sugar industry would have lost a credible advocate in Congress.

"I would have taken a momentary personal bump politically but in the long term probably been useless to them in any constructive role," Foley said.

DEMOCRATIC HOPES

Rep. Clay Shaw, a Fort Lauderdale Republican who lobbied heavily for the pact, said he had hoped a few more Democrats would have voted in favor of the agreement, making its passage easier. "I thought it was going to be a little easier vote than what we had last night."

He said other pacts like the Andean deal with Colombia, Peru and Ecuador are going to be a hard sell in Congress. "We've got to work it out. Unfortunately, Colombia raises sugar," he said.

Some say the tight CAFTA-DR vote may lead the Bush administration to shift its focus outside the hemisphere, to the Doha Round of global trade talks, where negotiators are looking for a deal that would lower barriers to agricultural trade.

"The FTAA is pretty much dead in the water at the moment. I think attention is going to turn much more in Washington now to the Doha round than to the FTAA," said Sheman Katz, who follows trade issues with the Center for Strategic and International Studies, a Washington think-tank.

Herald staff writer Christina Hoag contributed to this report.

The Central America-Dominican Republic Free Trade Agreement

- **Includes** the Dominican Republic, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.
- **Together they imported** more than \$15 billion in U.S. goods in 2004, more than Russia, India and

Indonesia combined.

- **Under the pact**, 80 percent of U.S. manufactured goods and 50 percent of agricultural goods will enter the Latin American countries duty-free immediately. Remaining tariffs will be phased out over several years.
- **Its sugar provisions** were the most controversial. It allows a mere one day's worth of U.S. production in additional U.S. imports, but U.S. sugar lobbyists argued it set a dangerous precedent for future trade deals.
- **The Senate** passed it on June 30 in a 54-45 vote. The House passed it early Thursday in a 217-215 vote.