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## FREE TRADE

# CAFTA provides summer suspense in Washington

**D.C. cliffhanger: Can opponents kill CAFTA or can President Bush cajole and compel Congress to approve the treaty to make six Latin countries full trade partners?**

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**WASHINGTON** - After more than a year of false starts, the Bush administration Thursday sent a free-trade agreement with Central American nations and the Dominican Republic to Capitol Hill, setting up what is expected to be this summer's political blockbuster.

Lobbying over the Central American Free Trade Agreement, known as CAFTA, has reached a fever pitch in the past few weeks as the Bush administration has battled a coalition of labor, environmental and farm groups who oppose the treaty. "Hand-to-hand combat" is how Agriculture Secretary Mike Johanns has described the process.

Because of the influence of Florida's sugar industry, which opposes CAFTA, the state's congressional delegation has been the target of fierce lobbying efforts.

Hours before the legislation was sent to Congress, President Bush invited ambassadors from the CAFTA nations -- Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic -- to the White House to offer a ringing endorsement: "CAFTA is more than a trade agreement, it is a signal of our nation's commitment to democracy and prosperity for the entire Western Hemisphere. We urge the United States Congress to pass CAFTA."

The vote is expected to be close, but Central American officials were optimistic.

René León, El Salvador's ambassador, said that the White House sending the bill to Congress showed that Bush was confident. "When you hit the 'send' button, you have to have the votes in your pocket."

"Since I've been [in Washington] in the past two days, the situation has changed," said Nicaraguan Trade Minister Azucena Castillo. "It is completely different from where we stood a week ago."

But R. Dennis Olson, of the Institute for Agriculture and Trade Policy, said the administration may have just rolled the dice: "It may not be because they have the votes; it may be that they have nothing left to lose."

The pact has languished for more than a year in the face of stiff opposition from Democrats who fault weak labor and environmental protections, as well as from Big Sugar, cattle ranchers, and textile mills.

The six CAFTA countries offer only a small market for U.S. exports. Their combined economies of \$85 billion are only about the size of Orlando's. And two-way trade is just \$32 billion, a fraction of America's total \$2.3 trillion foreign trade last year.

## KEY ROLE

But the CAFTA countries play a key role as a location for offshore assembly plants for U.S. apparel, and the finished clothing fills cargo containers arriving in South Florida ports and airports. U.S. sugar growers say CAFTA's increased allotments for Central American sugar imports would destroy them.

Other agricultural producers share those worries. Ethanol makers in the Midwest are concerned that cheap

Brazilian ethanol brought in duty-free via Central America could swamp their nascent industry.

Meanwhile, retailers, importers and the U.S. Chamber of Commerce have been working overtime to promote the accord as a way to break down trade barriers.

But CAFTA's significance goes well beyond just the trade numbers. The fight over CAFTA has been transformed into a debate over the free-trade agenda. If Congress fails to pass CAFTA, a new treaty would have to be negotiated with all the member nations and it could cloud prospects for a Free Trade Area of the Americas, a 34-nation, free-trade zone, and upset already difficult global trade talks in the World Trade Organization.

So important is passage of CAFTA to breathe new life into stalled FTAA talks that Jorge L. Arrizurieta, who heads the effort to land a possible FTAA headquarters in Miami, has traveled to Washington four times in recent months to lobby Florida legislators to pass CAFTA.

Florida sugar producers, along with their counterparts in the sugar-beet industry, have forced the administration to look for a compromise to prevent imports from overwhelming their industry. But the American Sugar Alliance, an industry group in Washington, said Thursday there was still no deal.

Sugar's opposition to CAFTA is one reason Florida politicians aren't universally supporting the accord.

"Sugar just has a grip," said Rep. Clay Shaw, R-Fort Lauderdale, one of the few Florida legislators who has openly supported CAFTA.

"I very much want to support it. I know it's a very good thing for Central America . . . and important for our foreign policy," said Republican Sen. Mel Martinez, who also expressed worries that the pact could hurt sugar producers and their employees. "My only concern is that we need to make sure that in the process we find a way not to cost Florida jobs."

Said Jack Roney of the American Sugar Alliance: "Unless we defeat this, we won't be around to worry about people's opinion."

#### **WILL IT PASS?**

Currently, Democrats think they have the votes to defeat CAFTA. "Today we would beat it decisively," Rep. Sherrod Brown, D-Ohio, said in a telephone interview. Brown listed 190 Democrats and 40 to 50 Republicans opposed to CAFTA. To pass CAFTA, 218 out of 435 possible votes are needed.

At this point CAFTA passage may require as much old-fashioned political pork as congressional arm twisting. "Its chance of passage is dependent in part on the president's opening up the bank," Brown said.

One reason CAFTA is a harder sell than other trade pacts negotiated by the Bush administration is that pro-free-trade Democrats object to weak labor protections.

Bama Athreya, deputy director of the International Labor Rights Fund, which carried out a study of the labor situation in the six CAFTA countries for the U.S. Labor Department, said one of the accord's shortcomings was that it only allowed governments to police themselves. Neither labor unions nor citizen groups can lodge complaints over labor violations.

"It's a process that will never be invoked," Athreya said. "The way the agreement is written, it creates the conditions for a conspiracy of silence."

Everyone is expecting a CAFTA showdown as Washington's summer heats up. But like a good suspense movie, no one is sure how it will end.

Herald Staff Writers Lesley Clark, Marc Caputo and Pablo Bachelet in Washington contributed to this report.