

U.S.-Central American Trade Deal Lacks Support, Opponents Say

By Mark Drajem

Jan. 13 (Bloomberg) -- A trade agreement between the U.S. and Central American nations is unlikely to be voted on in Congress soon because of a lack of support among lawmakers, opponents of the accord said. The House of Representatives is probably about 40 votes shy of the majority needed to get the agreement passed, said Larry Weiss, director of Citizens Trade Campaign, which organized a summit of opponents of the U.S.-Central American Free Trade Agreement in Washington this week.

The combination of the \$60.3 billion November trade deficit announced yesterday and disillusionment over the decade-old North American Free Trade Agreement puts the Central American deal in jeopardy, opponents say.

Opposition "is significant enough that they aren't going to bring this up for a vote anytime soon," Weiss, who is coordinating a coalition of labor unions, church groups and environmental activists, said in a conference call today. Supporters of the accord said they expect it to pass. "We believe Congress will support Cafta," said Neena Moorjani, a spokeswoman for the U.S. Trade Representative's office. "It's a great agreement and the debate is just beginning."

Ongoing Global Trade

The so-called Cafta accord would establish permanent duty-free trade on many products sent between the U.S. and Guatemala, Honduras, El Salvador, Costa Rica, Nicaragua and the Dominican Republic. U.S. exports would rise by \$2.7 billion, according to a study by the U.S. International Trade Commission, an independent agency.

Both supporters and critics say the vote on Cafta will determine the direction of U.S. trade policy. Defeat may hinder progress in ongoing global trade talks and in a hemisphere-wide trade agreement. "Cafta is an important part of this entire trade agenda. It's crucial," John Castellani, president of the Business Roundtable, said in an interview. The decision is being affected by the trade deficit, opponents said. The monthly trade deficit grew to its record of more than \$60 billion in November even as the dollar slumped against the euro and yen, the U.S. announced yesterday. That deficit comes as U.S. factory owners shed 2.7 million jobs since January 2001.

Trade Deficit

Lori Wallach, director of Public Citizen's Global Trade Watch, blames Nafta and other trade deals U.S. economic woes. In 1993, the year before Nafta went into effect, the U.S. had a \$1.6 billion trade surplus with Mexico. For the first 11 months of 2004 the U.S. racked up a \$41.7 billion trade deficit with Mexico. And that deficit is only the fifth-largest U.S. bilateral trade gap, according to the Census Department. Supporters of the agreement say that the vote in Congress will be close. "It's difficult, but doable," Representative Kevin Brady, a Texas Republican and a Cafta supporter, said in an interview last month. "It's difficult because meaningful trade agreements like Cafta are harder to pass by their very nature."

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