

Bush Pushes Plan for Bahrain Trade Pact

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Sep. 24--The Bush administration is forging ahead with plans to build a Middle East Free Trade Area, hoping to send an agreement with Bahrain to Congress this year and nearing completion on talks with two more countries in the region.

Though tiny, Bahrain would be the first Persian Gulf country to implement a deal with the United States and is considered an important step to linking together other countries.

"We would hope that the Bahrain agreement would provide a model and a pole around which other countries in the Gulf region would develop into a subregional thing and, further down the road, a broader integration into a regional MEFTA," said Shaun Donnelly, assistant U.S. Trade Representative for Europe and the Mediterranean.

"So I think it is very important in that regard. I think it is really going to provide some impetus to [MEFTA]," he said.

The Bush administration and Bahrain, a small island kingdom in the Persian Gulf, signed the free-trade agreement more than a year ago, but it was held up while Congress considered the contested Central American Free Trade Agreement.

CAFTA passed by a mere two votes in July, and the administration is treating the win as a mandate to press ahead with other bilateral deals.

Bahrain is the next likely vote -- the House Ways and Means Committee plans its first hearing next week -- and yesterday an administration trade official said talks with Oman are nearing conclusion, while the United Arab Emirates also is making progress on a deal.

Congress, under legislation approved in 2002, votes yes or no on trade deals negotiated by the administration. It cannot amend them. The pacts lower tariffs and quotas on most manufactured and farm goods, while also opening markets to investments from banks, insurance and other service providers.

The United States already has free-trade agreements with Israel, Jordan and Morocco.

Congress has been more amenable to free-trade agreements with Middle Eastern countries than it has with countries closer to home. The House last year, for example, approved a deal with Morocco 323-99.

The support in part reflects a lack of opposition from sensitive U.S. industries. Bahrain, for example, offers no competition to U.S. farmers -- its main export is refined petroleum.

But it also stems from a political drive to draw the countries into the global economy and closer to the U.S., rather than allowing them to withdraw and stagnate and possibly become a breeding ground for terrorists.

Saudi Arabia was home to 15 of the 19 September 11 hijackers, and the U.S. government has at different times considered Iran, Syria, Libya, Afghanistan, Lebanon and Yemen as state sponsors or havens for terrorists.

Bahrain, by contrast, is home to the U.S. Navy's 5th Fleet.

"No vote is easy on trade. But we've heard a lot of good support for Bahrain.

The country is setting a great example for the region," said Charles Dittrich, director of outreach and marketing for the National Foreign Trade Council, a business lobby that supports the pact.

Mr. Donnelly said that Egypt is being considered for a free-trade agreement, though the administration had not made a decision.

The administration also is talking with Tunisia, Algeria and other countries about free trade, though no formal decisions have been made, he said.

Egypt has been pressing for a deal.

"Our meetings between the Ministry of Trade and USTR [U.S. Trade Representative] ... have been conducted in the spirit of launching [free-trade-agreement] negotiations," Mahmoud Mohieddin, Egypt's minister of investment, said this week. "The outlook is very positive."