

Senate panel delays CAFTA vote; sugar talks go on

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WASHINGTON -- The U.S. Senate Finance Committee began debate on a controversial free trade agreement with Central America on Tuesday, but put off a vote for at least one day, giving the White House and lawmakers more time to resolve sugar industry concerns about the pact.

The delay increases the chance that neither the full Senate nor the House of Representatives will consider the U.S.-Central American Free Trade Agreement, or CAFTA, before lawmakers take a weeklong break for the Fourth of July holiday.

Senate Finance Committee Chairman Charles Grassley, an Iowa Republican, explained at the start of the early morning meeting on CAFTA that the panel might not be able to finish its work on Tuesday because of a committee hearing on Medicaid that had been previously scheduled to begin an hour later.

The panel will return on Wednesday morning and vote then if senators have finished debate on the pact, Grassley said.

The delay gives Republican sugar-state senators on the committee, such as Sen. Craig Thomas of Wyoming and Sen. Mike Crapo of Idaho, more time to see if they can broker a deal between the Bush administration and the sugar industry, whose ardent opposition threatens to derail CAFTA.

"Sugar is a sticking point for members and we need to find an answer," Thomas said. "We ought to be able to find a solution and not just a short-term solution, but rather a sort of long-term solution for this industry."

CAFTA allows Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic to ship additional sugar into the tightly controlled U.S. sugar market.

U.S. sugar farmers fear the agreement could drive them out of business, especially if other sugar producers such as Brazil, Thailand and South Africa are also granted additional access in possible free trade pacts with the United States.

The Bush administration has offered to keep overall imports below a key farm program threshold level of 1.532 million short tons by paying countries cash or commodities not to export sugar to the United States. But that plan only covers the remaining two and a half years of the current farm bill and the sugar industry needs a longer-term fix, Thomas said.

One idea being discussed is providing incentives to encourage the use of sugar in ethanol production.

Although Bush administration officials have expressed qualms about that idea, Senate Agriculture Committee Chairman Saxby Chambliss, a Georgia Republican, told reporters on Monday they have not completely rejected it.

An energy bill headed for final approval in Congress could provide a vehicle to promote the use of sugar to make ethanol, sugar industry officials said. Both the Senate and the House version of the bill include provisions to boost ethanol production, which currently is made mostly from corn.

Republican leaders announced the House Ways and Means Committee would vote on CAFTA on Thursday.