

Bush faces hard battle for free trade bill

La. delegation fears that CAFTA will burn sugar

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WASHINGTON -- The Bush administration has moved five free-trade agreements through Congress in the past four years. None caused much of a political stir. That is about to change with consideration of the Central American Free Trade Agreement, likely to come up for a congressional vote this spring.

Defenders and opponents of the trade agreement, called CAFTA, are prepping for a major fight over passage in the House of Representatives. Sugar producers -- in Louisiana and elsewhere -- textile manufacturers, labor and public advocacy groups have all sworn to defeat it. Business and trade groups are girding for the most significant challenge to a free-trade initiative in years.

CAFTA would drop most trade barriers with the five Central American nations -- Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua -- as well as the Dominican Republic, almost immediately. Others would be phased out over periods ranging up to 20 years.

The agreement would expand the U.S. free trade zone, which already covers Canada, the United States and Mexico, southward. Supporters say the agreement benefits both sides. A range of U.S. products -- telecommunications technologies, heavy equipment and some agricultural goods, among others -- would get more access. Most Central American products already enter the U.S. market duty free, but supporters say the agreement will foster closer business ties and spur development in the region.

Opponents say the agreement would hasten the demise of industries in the United States and do little to address poverty or the harsh working conditions and environmental problems that prevail in Central America.

Key to Bush trade agenda

Both sides consider the CAFTA vote a bellwether for the future of the Bush trade policy. Victory would help clear the way for more bilateral and multilateral agreements. Defeat would mean a hard road for future deals and hamper ongoing negotiations, such as those under way for the Free Trade Agreement of the Americas.

"This agreement was targeted years ago because it is meaningful. It matters in trade," said Rep. Jim Brady, R-Texas, the administration's House point man on CAFTA. "I believe that some see targeting CAFTA as a means to stop the president's trade agenda."

Rep. Charlie Melancon, D-Napoleonville, a CAFTA opponent, said the agreement embodies many of the problems he sees in the Bush free trade policy: Importing more Central American sugar could undermine U.S. producers, while Central America's cheap labor could result in the export of U.S. jobs.

"Sugar was the first issue for me because that's where I came from," said Melancon, former president of the American Sugar Cane League, who was elected to Congress in December. "But the more I look at it, the more concerns I have about it. We need to look at how to trade with these underdeveloped countries, but not at the expense of Americans."

CAFTA backers, including the office of the U.S. Trade Representative, which negotiated the agreement, are aiming for a congressional vote this spring, said a Trade Representative official who asked not to be named.

Bill could get 'jammed up'

One reason supporters want an earlier vote is the risk that CAFTA could get lost in the shuffle of larger-scale Bush initiatives expected later in 2005, such as a proposed overhaul of Social Security.

"I think there would be a concern about too many major votes in a short period of time," Brady said. "I am also on the Social Security subcommittee, and our goal is to bring a bill to the floor this fall. So yeah, there is that worry about getting jammed up."

The agreement is expected to pass the Senate but faces a rocky path in the House.

The Louisiana delegation is heavily anti-CAFTA, mainly because of sugar's inclusion in the deal. Sugar farmers and processors say the agreement's increase in the sugar quota -- 99,000 tons the first year, increasing to 140,000 tons after 15 years -- would depress prices, and passage would open the way to more sugar imports in future agreements. But the Port of New Orleans and other trade-oriented organizations stand to gain directly from increased traffic if the agreement passes.

In the Louisiana delegation, only Rep. Jim McCrery, R-Shreveport, supports CAFTA.

"I'm not averse to changing that (sugar quota increases) if it's possible, but by the same token, if it's not changed, I don't consider that a showstopper," McCrery said. "I think on balance the bill is good for Louisiana. More in our economy in Louisiana will benefit from the agreement than be hurt by the agreement."

Demo swing votes crucial

Sens. Mary Landrieu, D-La., and David Vitter, R-La., oppose the agreement, as do five of the Louisiana delegation's House members. Rep. William Jefferson, D-New Orleans, is undecided: a potentially troubling sign for CAFTA supporters, because Jefferson has been a strong advocate for trade agreements in the past.

Former U.S. Rep. Cal Dooley, D-Calif., a strong advocate of free trade and now president of the National Food Processors Association, said in a speech last month that support for CAFTA will hinge on getting enough Democratic votes, and that support among Democrats is very weak.

Dooley noted that in 2001, 21 Democrats joined with Republicans to pass trade promotion authority, popularly known as "fast track," which gives the president the power to submit trade deals to Congress for an up-or-down vote without amendments. It passed by one vote.

"If you had a vote for CAFTA today in the House of Representatives without a lot of work being done on it, you'd be lucky if you had nine (Democratic) votes and, at the best, 10 Democratic votes for that measure," Dooley said. "With that level of Democratic support, can you expect to pass it? Obviously no, probably not."

Dooley said the House leadership cannot expect to pass CAFTA with Republican votes alone, although the GOP now holds a 232-203 advantage.

"I don't think the Republicans are going to be able to put together 218 votes that would assure the passage of CAFTA with the erosion of support they will see because of textile support and sugar," he said.

Compromises unlikely

Another obstacle to passage is that the treaty must be submitted for an up-or-down vote, meaning it will be tougher to broker compromises that might win support. Rep. Bobby Jindal, R-Kenner, said he would consider voting for CAFTA if the sugar provision were removed.

Administration officials are against that.

Central America isn't the biggest market around, and economic studies indicate the impact on the overall U.S. economy should be small. But the political stakes are high with CAFTA for several reasons.

The agreement hits the political hot buttons on trade. In 1993, 102 House Democrats voted to pass the North American Free Trade Agreement with Mexico and Canada in 1993, but since then the party has grown collectively more skeptical on trade deals as manufacturing and other U.S. industries have moved abroad.

CAFTA drops trade barriers with countries that rank among the poorest in the developing world. Central America has labor and environmental standards significantly lower than those of the United States. That fuels fears that U.S. jobs will migrate south and conditions there won't change without a deal that requires Central American governments to make large-scale reforms. CAFTA requires only very modest changes, opponents say.

Labor groups, led by the AFL-CIO, plan a major push to defeat CAFTA.

Louisiana's American Sugar Cane League, along with other groups in sugar-growing regions, have been gathering thousands of signatures and submitting anti-CAFTA petitions to Congress.

Many textile firms, which have seen major losses, fear more erosion and also worry China will displace the United States as a source of fabric and other components of clothing manufactured in Central American countries. However, some U.S. clothing firms see a closer relationship with Central American manufacturers as an opportunity to prevent a complete exodus to China.

Congressional observers say they don't think the White House will send CAFTA over unless officials are reasonably confident of victory. A loss would be a blow to Bush's political prestige.

The vote will affect other key items on the administration's trade agenda: the proposed Free Trade Agreement of the Americas, the already troubled effort to create a hemispheric free trade zone, as well as additional bilateral or multilateral agreements, trade analysts say.

"The failure of CAFTA would be a very dark omen for the FTAA," said Dan Griswold, director of the libertarian Cato Institute's Center for Trade Policy Studies. "If we can't enact an agreement with these counties right on our doorstep, it is hard to imagine us enacting an agreement with Brazil, Colombia, Argentina or countries that are more distant. Success in CAFTA would certainly give additional momentum to bilateral and regional agreements."

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