



Citizens Trade Digest, June 7, 2005

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1) CAFTA Update:

One year after CAFTA was signed, the Bush administration remains short of the votes needed to pass it. At a May 26 press conference, Sen. Byron Dorgan (D-NY) and Reps. Sherrod Brown (D-Ohio), Joseph Crowley (D-N.Y.), Hilda Solis (D-CA), Virgil Goode (R-VA) and Walter B. Jones (R-N.C.) challenged Congressional leadership to schedule a vote immediately or let the agreement die.

Senate Finance Chairman Charles Grassley (R-IA) is now calling for Congressional votes before July 4th, and has tentatively scheduled a "mock-mark-up" for the week of June 13th. The mock mark-up, if it occurs next week, would be likely to be followed closely by a mock mark-up in the House Ways and Means Committee.

The two mock mark-ups would be the final procedural hurdles before the administration could formally introduce the CAFTA implementing bill into Congress, and thus start the Fast Track clock ticking. However, the completion of the mock mark-ups does not require the administration to introduce the implementing language within any specified timeframe. It remains the case that so long as the deal is significantly short of votes, the administration is not at all likely to introduce the implementing bill.

Moreover, the Senate Finance mock mark-up is likely to be postponed again if support for CAFTA remains weak in the committee. It was originally scheduled for mid-May, but cancelled because Grassley did not want the mock mark-up to repeat the embarrassment suffered by CAFTA supporters when a Senate Finance informational hearing on CAFTA in April turned into a CAFTA-bashing session.

Meanwhile the Bush administration and pro-CAFTA forces are in the midst of the biggest push yet seen for the deal. The President is making a major public issue of it, and Congressional

leadership has opened the candy store, offering all manner of pork-barrel deals to entice unprincipled members of Congress to support CAFTA. Business organizations are lobbying full-throttle, and figures such as former Costa Rican president Oscar Arias are being brought to Washington to try to change votes.

However, CAFTA opponents are pushing back. More members of Congress – recently including Rep. Maxine Waters (D-CA), Jose E. Serrano (D-NY) and Sen. David Vitter (R-LA) – have announced their opposition to CAFTA. On May 25, the Hispanic Caucus voted to oppose the trade deal. And in Congressional districts across the country, as well as on Capitol Hill, opponents are continuing to deluge Senators and Representatives with calls to oppose CAFTA.

2) The Real Pirates of the Caribbean: U.S High Tech Industry's False CAFTA Promises Disguise Bad Policy

This report counters claims made by the U.S. high tech industry that CAFTA will expand their markets and provide job opportunities. In reality, CAFTA would not significantly increase exports and would threaten freedom of expression and the flow of scientific research.

<http://www.washtech.org/reports/pirates/PiratesOfTheCaribbean.pdf>

3) Will CAFTA Be a Boon to Farmers and the Food Industry? NAFTA's Failed Promises are Doomed to be Repeated This report by the Economic Policy Institute reviews NAFTA's record and reminds farmers that CAFTA, like NAFTA, is full of empty promises and is destined to bring similar hardships.

Press Release: http://epi.org/newsroom/releases/2005/06/050602_cafta_pr.pdf

Issue Brief: <http://www.epi.org/content.cfm/ib210>

4) CAFTA's Debt Trap

This Foreign Policy in Focus report finds that investor protection provisions in CAFTA would make it more difficult for developing countries to create the groundwork to move out of debt. This deepening state of financial crisis demands more sensitivity than free trade models offer.

<http://www.fpiif.org/papers/0506cafta.html>

5) China Safeguards

Since the Multifiber Agreement quota system ended on January 1, 2005, the world has experienced a flood of Chinese textile and apparel products. The United States and Europe have decided this influx has destabilized their markets and have taken steps to regulate the flow of Chinese imports. On May 30, 2005 China's commerce minister accused the United States and Europe of violating WTO rules by prematurely imposing import quotas. Tensions between China, U.S and Europe continue to rise as debate heats up around quotas and revaluation of the yuan.

U.S. Aide in China Calls Quotas Temporary, International Herald Tribune

http://www.citizenstrade.org/pdf/iht_usaidcallsquotastemp_06032005.pdf

No Easy Answers on China Trade, Los Angeles Times

<http://www.latimes.com/business/la-fi-chinatrade4jun04,1,4986621.story?ctrack=2&cset=true>

Chinese Textile Producers Alert over U.S. Restrictions, People's Daily Online

http://english.people.com.cn/200505/20/eng20050520_185909.html