

House OKs Trade Agreement With Bahrain

Associated Press

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December 7, 2005

WASHINGTON -- The House on Wednesday voted to make the small Persian Gulf nation of Bahrain one of the few Middle Eastern countries with a free-trade relationship with the United States.

The 327-95 vote in favor of the free trade pact reflected a history of good relations with Bahrain, which supported the U.S. in the two Iraq wars and has hosted the U.S. Navy's Fifth Fleet.

The legislation, needed to finalize an agreement signed between the two governments in September 2004, now goes to the Senate, which is expected to endorse it before recessing for the year.

Under the agreement, all bilateral trade in consumer and industrial goods will immediately become duty free. Bahrain also will provide duty-free access to 98 percent of U.S. agriculture exports.

The deal also commits Bahrain to opening its services and telecommunications markets and protecting U.S. patents and copyrights.

Bahrain is an oil-exporting and refining island of 688,000 people located off the coast of Saudi Arabia. In 2003 the United States exported \$509 million in aircraft, vehicles, pharmaceuticals and other goods to Bahrain and imported \$378 million from the island. Two-way direct investment was about \$195 million.

The administration has promoted the free-trade agreement as part of its policy of promoting democracy and economic stability in the region and establishing a Middle East free trade area by 2013.

The agreement, the White House said in a statement, "provides an important opportunity to encourage economic development in a moderate Muslim nation that is a leader of reform in the Gulf region."

The United States currently has free-trade pacts with the Middle East countries of Israel and Jordan, as well as the northern African nation of Morocco.

Other free-trade partners are Mexico and Canada - part of the North American Free Trade Agreement - Chile, Singapore and Australia. This summer Congress narrowly approved the Central America Free Trade Agreement with El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic.

The CAFTA agreement met strong opposition from Democrats who argued that it did not protect worker rights in poor Central American countries, and a small group of Republicans concerned about damage to local industries.

With Bahrain, most Democrats said they were satisfied by the island's commitment to abide by International Labor Organization standards. Lawmakers said they would continue to monitor Bahrain's pledge to end its economic boycott of Israel.

Also on Wednesday, the office of the U.S. Trade Representative said the United States and Peru had concluded talks on a free trade agreement.