Senate Panel Endorses Central American Trade Agreement

By Jim Abrams, Associated Press Writer
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WASHINGTON -- A Senate committee on Wednesday approved a trade agreement with Latin American nations, moving Congress a step closer to a decision on an accord that may have minimal effects on the U.S. economy but is of considerable political import to the Bush administration.

The Finance Committee approved the agreement by a voice vote, although it was closely divided on the issue. The bill now goes to the full Senate for a vote as early as this week. Passage in the Senate, traditionally more sympathetic to trade agreements, could give the measure some momentum in the House, where there is stiffer opposition.

The Central American Free Trade Agreement, or CAFTA, would end trade barriers now encountered by U.S. goods in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic. It also would ease investment rules, strengthen protections for intellectual property and, according to supporters, solidify economic and democratic stability in the region.

But the agreement has run into vigorous opposition from labor groups, and their Democratic allies, who say its provisions on labor rights are weak, and from the U.S. sugar industry, which claims that an increase in Central American imports, while small, could open the door to ruin.

Sen. Jeff Bingaman, D-N.M., a key undecided vote on the Finance Committee, announced he was supporting the pact after the administration answered some of his concerns about the "serious lack of attention to the enforcement of worker rights."

He said he had pledges of an extra $40 million over four years to promote labor laws. The administration also told him it will spend $30 million over five years to help subsistence farmers in three Central American countries who might be displaced by an increase in U.S. agriculture imports.

The Bush administration has waged a relentless lobbying effort in the past month. President Bush invited all six CAFTA presidents to the White House and hailed the agreement in several recent speeches to Hispanic-American and other groups. U.S. Trade Representative Rob Portman and Agriculture Secretary Mike Johanns are constantly on Capitol Hill, talking to undecided lawmakers.

Johanns met Monday with senators and representatives of the sugar industry, and again on Tuesday with lawmakers, to discuss proposals to assure that CAFTA will not undermine the industry's future viability. Those plans included the government buying up increased sugar cane imports from Central America to be used in the production of ethanol.

Republican Sen. Craig Thomas, whose state of Wyoming has a large sugar beet industry, told the Finance Committee that "it distresses me a little" that only now, when a final vote on CAFTA is looming, is the administration getting serious about the sugar issue.

But Sen. Trent Lott, R-Miss., suggested that there could be repercussions for the industry, always well-protected by Congress, if it succeeded in scuttling the agreement. "This could be devastating to them if not handled right," he said.

The top Democrat on the committee, Sen. Max Baucus of sugar beet-growing Montana, opposes CAFTA, breaking with his usual support of trade agreements.

In addition to saying that the agreement was bad for the sugar industry, he criticized the administration for rejecting a proposal to help U.S. service industry workers who lose their jobs because of foreign competition and for not consulting more with Congress.

"They appear to want to win by the thinnest of margins," he said,