

# **Rangel upset with President Bush over D.R.**

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The possible exclusion of the Dominican Republic (D.R.) from the proposed D.R.-Cafta Free Trade Agreement (FTA) with the U.S. by the administration of President George W. Bush (CB Nov. 18) is being severely criticized by veteran Rep. Charles Rangel (D-NY), the most powerful member of the House Ways & Means Committee. "President Bush is employing pressure tactics that he wouldn't use against other important trading partners of the U.S.," said Rangel.

Rangel blames U.S. Trade Representative Robert Zoellick for precipitating the latest chapter in the crisis after Zoellick advised Sen. Charles Grassley (R-Iowa) that the administration has commenced negotiating a revised FTA with Costa Rica, El Salvador, Guatemala, and Honduras without mentioning the D.R., clearly indicating that the administration is proceeding with its warning to delink the D.R. from the D.R.-Cafta over the corn-syrup controversy. Grassley, from a corn-producing state, has been very critical of the D.R. Congress for attaching an amendment to the FTA taxing U.S. corn-syrup imports to the D.R.

"The Bush administration is trying to force the D.R. to cave in on the 25% tax on imported corn syrup it in the future will be used in the production of soft drinks," said Rangel, pointing out that while corn syrup would enter duty free, soft drinks or any other product with the syrup as an ingredient would be taxed at 25%.

"This wasn't the just and moral method that a world leader should employ with a friendly country," said Rangel. "If the U.S. has a problem with the tax on soft drinks made with corn syrup, it shouldn't exclude the D.R. from the FTA, but should rather take the case to the World Trade Organization (WTO), just as it did in a similar case with Mexico."

The veteran New York lawmaker recalled that in the case with Mexico, "they didn't reject the North American Free Trade Agreement—they took the case to the WTO." Washington trade experts warn that among Zoellick's strategies to drive the D.R. to capitulate on the matter has been the issuance of an FTA text for the Central American countries that doesn't include any of the provisos that were added to the version for the D.R.

## **Rangel blasted in Wall Street Journal**

Rangel's criticism doesn't sit well with Mary Anastasia O'Grady, the Wall Street Journal columnist who is a keen observer of Latin American affairs. She sees a role in the controversy by Florida sugar barons Alfonso and Pepe Fanjul, who also happen to be prominent D.R. sugar producers as well as owners of the posh Casa de Campo resort in La Romana. They are unique in benefiting from domestic subsidies as well as from the D.R.'s sugar quota. "The sugar lobby's ploy to strangle a promising new market for

millions of Latinos and Americans ought to scandalize Washington, which daily pays lip service to the downtrodden,” observed O’Grady, who then blasted Rangel “for seeming to be taking the side of the rich sugar barons, arguing that Zoellick is trying to strong-arm the D.R. Considering the costs that the poor pay when markets are protected, Rangel seems to have left his populism somewhere in the cloakroom.

### **U.S. proceeding to delink D.R. from Cafta**

Some of them feel that following such a move, Zoellick could then ask the U.S. Trade Commission to study the impact of free trade with the Central American countries on the U.S. economy, thus demonstrating that the U.S. will go ahead with the Cafta without the D.R.

Both Grassley, the powerful chairman of the Senate Finance Committee, and Bill Thomas (R-CA), the chairman of the House Ways & Means Committee, said they are in agreement with Zoellick’s methods and are prepared to proceed with a vote on the Cafta next year.

Zoellick has left a door open for the D.R. and in his letter to Grassley said, “We will continue to work with the D.R. on the issue of corn syrup in such a way as to permit this government to join the Central American partners and the U.S. in a regional agreement.” Reportedly both D.R. President Leonel Fernandez and D.R. Senate President Andres Bautista have received letters from Grassley on the controversy. Fernandez has requested that the controversial amendment be removed by the Senate, but the body, under Bautista and his opposition majority colleagues, has declined to do so. Fernandez reportedly also offered to agree to reduce the D.R.’s sugar quota in exchange for keeping the corn-syrup provision intact, but the U.S. rejected the idea.

### **Hertell’s entry resented in some quarters**

Subsequently Bautista met with U.S. Ambassador to the D.R. Hans Hertell on the subject and then Bautista called the body into a special Saturday session; the only item on the agenda was the corn-syrup controversy.

Sen. Enrique Seijas of La Romana, like Bautista a member of the Dominican Revolutionary Party (PRD by its Spanish acronym) that controls the Congress, said the way Hertell talked with Bautista “is another example of the U.S. meddling in the internal affairs of the D.R.” Seijas described the interference as highly irritating and showing a lack of respect.

Seijas said the legislation should be dealt with later on and not so “impetuously.” The La Romana legislator suggests that the D.R. emulate the levy adopted by the Congress of Mexico, which imposed a 20% tax on soft drinks using corn syrup in defiance of the U.S.

The FTA has been strongly supported by the industrial free-trade zones that employ more than 250,000 Dominicans. But on the other hand, it has been hotly rejected by the

country's sugar interests and by manufacturers in the country utilizing the domestic commodity.

The controversy has also divided members of both the Dominican Liberation Party (PLD by its Spanish acronym) of Fernandez and the opposition PRD, which controls both houses of the Congress. An indication of the strong feelings the contest has engendered is that Vice President Carlos Morales Troncoso, a member of the Reformist Party, is from La Romana, where he has a long-time relationship with Central Romana, the country's most successful private sugar conglomerate. On the other hand, La Romana is represented in the Senate by the PRD's Seijas.