

House Approves Free Trade Pact

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By Edmund L. Andrews

WASHINGTON, Thursday, July 28 - The House of Representatives narrowly approved the Central American Free Trade Agreement early Thursday, allowing President Bush to put his signature to the nation's biggest reduction of trade barriers in more than 10 years.

After one of the hardest-fought legislative battles of the year, Republican leaders were able to cut enough political deals to overcome fears among many of their own members about foreign competition and push ahead despite opposition from most Democrats, labor unions and the sugar industry's powerful lobby.

The vote, 217 to 215, came almost a month after the Senate approved the trade pact and gave Mr. Bush a crucial victory that had seemed in doubt a few days ago. As recently as Tuesday, fewer than half of Republican lawmakers had publicly endorsed the pact and almost all Democrats were planning to vote against it.

But the end result did not come without some drama. The voting took almost an hour as Republicans pressured about 8 to 10 members. The count seemed to stall after about 30 minutes with the tally at 214 in favor and 211 against, and a handful of votes outstanding.

For the next half-hour, Republicans, mostly from textile states, jockeyed over who would be allowed to vote against the bill and save face back home. The final count came minutes after midnight.

Within minutes after the vote, the White House released a statement from Mr. Bush praising the action. "By lowering trade barriers to American goods in Central American markets to a level now enjoyed by their goods in the U.S.," he said in the statement, "this agreement will level the playing field and help American workers, farmers and small businesses."

Rob Portman, the United States trade representative, also congratulated Congress. "I pledge to do all I can," he said, "to continue our efforts to listen and address members' concerns on trade."

Passage of the bill came only after intense pressure from Mr. Bush, who made a last-minute trip to the Capitol on Wednesday morning, and after deals with reluctant lawmakers from textile-producing states, sugar-growing areas and industrial states like Illinois, Ohio and Pennsylvania.

The pact would eliminate most barriers to trade and investment between the United States, the Dominican Republic and the Central American nations of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

Brimming with confidence, House Republican leaders declared that the pact would benefit the United States as well as the impoverished countries of Central America.

"Tonight, we have the opportunity to be the progressive, aggressive good-neighbor party," said Representative Bill Thomas, Republican of California and chairman of the House Ways and Means Committee. "We will not be the ones who say for 40 years that we want to help and then heel to the protectionist movement."

The immediate economic impact is likely to be small, at least for the United States, because the combined economies of the six countries are equivalent to about 1 percent of the United States economy or an economy about the size of Tampa, Fla., and its surrounding suburbs.

But the political impact is likely to loom much larger. To supporters and opponents alike, the pact became a political symbol over how best to respond to globalization, competition from low-wage countries and the loss of manufacturing jobs in the United States.

The treaty has also been the focus of a power struggle between Mr. Bush, who championed it as a model for expanding free trade, and Democratic lawmakers who argued that it would encourage American companies to shift jobs out of this country while doing little to elevate the working standards of Central Americans.

All but a handful of Democrats, including many who voted in 1994 for the North American Free Trade Agreement, which covered the far bigger trading partners of Mexico and Canada, voted against the Central American agreement even though many issues are the same.

Democrats charged that Mr. Bush has missed an opportunity to elevate labor practices in Central American nations, predicting that the pact would encourage American companies to shift jobs out of the United States without prodding Central American countries to offer livable wages and basic protections for workers.

"As our manufacturing base erodes, as our industrial base erodes, we have a president who is contributing to the further erosion of that base," said Representative Nancy Pelosi of California, the House Democratic leader.

In a crucial breakthrough, White House officials and Republican leaders were able to win support from about half of the Republican lawmakers from textile-producing states like Alabama, Georgia, North Carolina and South Carolina.

The trade deal has been unpopular in textile states, which have lost nearly 200,000 jobs in the industry in the last decade. But late last week, the administration announced that the

Central American countries had agreed to several new restrictions that would benefit mills that export yarn and certain types of fabric.

One important concession, for instance, calls for the Central American countries to use American-made pockets and linings in pants they export to the United States.

Representative Gresham Barrett, Republican of South Carolina, was one of five Republicans who abandoned his opposition to the pact this week. On Wednesday, Mr. Barrett said that he was persuaded that with the new restrictions, the trade pact would prevent job loss to China.

But some textile industry groups, particularly those that represent producers of finished products rather than yarn or fabric, were furious and vowed to punish those who had changed their views.

Mr. Barrett said he was sanguine about the criticism. "Some of it bothers you," he said, "but I think in the long run a good Cafta agreement will help us keep jobs in South Carolina."