

U.S., 4 Central American Nations Reach Trade Deal

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By Doug Palmer

WASHINGTON (Reuters) - The United States and four Central American nations have reached agreement on a free-trade deal after a final marathon negotiating session, a top Nicaraguan official said on Wednesday.

Nicaraguan Minister of Industry and Trade Mario Arana told Reuters the countries would hold a news conference at noon on Wednesday to announce details of the pact, setting the stage for what is expected to be a tough battle in the U.S. Congress to win approval of the pact.

"We will be informing everyone that we have concluded our negotiations on very favorable terms for the region and also for the U.S.," Arana said after a meeting with U.S. Trade Representative Robert Zoellick and other top trade officials from the region to close the deal.

The end of year-long negotiations between the United States, El Salvador, Guatemala, Honduras and Nicaragua.

U.S. trade officials hope the U.S.-Central American Free Trade Agreement, or CAFTA, will pave the way for the proposed Free Trade Area of the Americas, which would cover every country in the Western Hemisphere except Cuba.

U.S. labor unions have already said they would work hard to defeat the Central American agreement on the grounds it will lead to more U.S. jobs moving abroad.

Arana said the Bush administration indicated it would push for approval of CAFTA in the first half of 2004. That would get the approval vote out of the way well before U.S. presidential and congressional elections in November.

"We understand they will submit it to Congress in March or April and they will try to have it passed by early July," Arana said.

The United States had hoped to wrap up an agreement this week with five Central American countries. But negotiations suffered a setback on Tuesday when Costa Rica said it would need at least one more round of negotiations in January to complete its portion of the pact.

U.S. exports to the five Central American countries were projected to reach \$11.5 billion in 2003, or about the same as to Russia, India and Indonesia combined.

The United States, which already has a free trade deal with neighbors Canada and Mexico -- along with several other bilateral pacts -- has been pushing for trade accords around the world as a way to boost economic growth.

But critics say the Bush administration's trade policies have been inconsistent and occasionally protectionist because of political pressures from some affected industries at home.

Reflecting those sensitivities, CAFTA was expected to include only minimal opportunities for the Central American countries to sell more sugar and textiles to the United States.