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Dominican Move May Bolster CAFTA With U.S.

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WASHINGTON -- The Dominican Republic took steps to repeal a tax on soft drinks made with corn syrup, a move that could clear the way for the Bush administration to seek Congressional approval for a regional trade pact that includes the Caribbean nation.

U.S. Trade Representative Robert Zoellick had taken steps to remove the Dominican Republic from the Central American Free Trade Agreement with the U.S. after the country imposed the tax to protect its domestic sugar producers. On Nov. 16, Mr. Zoellick wrote to Senate Finance Committee Chairman Charles Grassley of Iowa to explain that he had warned Dominican President Leonel Fernandez that the tax was a violation of commitments under Cafta.

Yesterday, the Dominican Republic's Senate voted overwhelmingly to eliminate the 25% tax on beverages made with high-fructose corn syrup.
Cafta opens the markets of the member countries to a variety of products, including corn syrup.

The Bush administration still is deciding when to send the trade pact to Capitol Hill. If the Dominican tax repeal is finalized, the administration is expected to submit the agreement to the House for a vote next year. Including the Dominican Republic likely will add much-needed support for the deal. Some members of the Congressional Black Caucus, whose districts have large numbers of Dominican residents, had conditioned their support on the island nation being part of the trade deal.

Together, the Cafta countries -- Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica and the Dominican Republic -- are the U.S.'s 13th-largest trading partner.

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