

ROLL CALL

CAFTA Battle Expected to Shape Entire Trade Agenda

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The battle over a free trade agreement with Central American and Caribbean nations is about a lot more than just opening markets with six developing countries. Lobbyists on all sides of the agreement, known as CAFTA, say it will shape the entire trade agenda for this Congress.

"CAFTA is the first significant trade issue out of the box, so CAFTA will test the will of this Congress on free trade," said Chip Kunde, senior vice president at the International Dairy Foods Association, which is lobbying for the agreement's passage. "It will set the tone whether this Congress is going to be free trade or protectionist."

When it comes to CAFTA, Tom Buis won't agree with Kunde on much. Buis is the vice president of government relations for the National Farmers Union, which represents family-owned farms and ranches. His group recently brought more than 100 of its members to Washington to fight CAFTA, using a simple message: "CAFTA — Don't Hav'ta."

Still, Buis, like Kunde, expects CAFTA to be a bellwether for how Members will tackle other matters, such as the Doha Round of international trade negotiations.

"It's going to establish precedent," Buis said. "There are some who say that American agriculture won't be giving up much of their market, but CAFTA will be the baseline for which all other trade agreements will be based on."

CAFTA, formally known as the U.S.-Dominican Republic/Central American Free Trade Agreement, is poised to take a prominent place on the Congressional stage, with hearings scheduled in the coming days. Lobbyists for the associations and companies that have a stake in the agreement have already begun scheduling a frenzy of Capitol Hill visits, downtown strategy sessions and advertising campaigns.

Advocates on both sides took the Spring recess to apply pressure to Members at home in their districts. They plan to continue to work the grass-roots angle even as the debate shifts to Washington.

"Behind the scenes, there's furious lobbying going on. And you've got a series of other measures sitting and waiting for CAFTA to go, but that you won't see moving until CAFTA is disposed of," said solo lobbyist Lee Johnson, a former chief of staff to Rep. Clay Shaw, the chairman of the Ways and Means Trade subcommittee. Johnson

works closely with the firm Sandler Travis and Rosenberg, which has several clients that are pushing for the agreement's speedy passage, including the Dominican Republic, El Salvador and Wal-Mart Stores.

Bill Lane, director of government affairs for Caterpillar said, "The grand prize for trade liberalization is the Doha [agreement]. To get there, CAFTA needs to get done first."

Caterpillar's interest in CAFTA, Lane said, is simple. "For an off-highway truck that we produce in Illinois, there's a \$140,000 tariff on it in Costa Rica. CAFTA would eliminate that."

This week, the U.S. Chamber of Commerce and other members of the pro-CAFTA coalition are scheduled to have a group of 150 to 200 Hispanic business leaders visit Washington to push for the agreement. They have appointments on Capitol Hill and with the State Department. During the recess, the pro-business group hosted foreign ambassadors on a tour through several states, including Southeastern states that are home to domestic sugar producers and textile companies.

"We got involved with all our state and local chambers and regional offices," said Chamber vice president and chief trade lobbyist Bill Morley. "Once we have these hearings, Members will start seeing and recognizing, when the facts are on the table, this agreement makes sense."

Kunde of the dairy foods group said that passing CAFTA will show U.S. trading partners the United States is committed to opening up trade. To get that message to Capitol Hill, Kunde's association is working with an outside team of lobbyists from Quinn Gillespie and Associates and is also part of a broad coalition of pro-business advocates that includes the Chamber and the Business Roundtable.

That group, the Business Coalition for US-Central America Trade, has 400 members including the Roundtable and Chamber as well as Intel Corp., Citigroup and the National Association of Manufacturers.

Calman Cohen, president of the Emergency Committee for American Trade, runs the coalition. "We're looking at the universe of Members," said Cohen, who handled trade issues for the Democratic Policy Committee. "We're taking no one for granted and are committed to visiting every Member who could vote for CAFTA. We want it to be a bipartisan vote."

The reason his coalition is stepping up its efforts, Cohen said, is that "we're cautiously optimistic we'll have a vote by this summer and think it is going to pass."

Some U.S.-based textile companies in North Carolina, South Carolina and Georgia have raised concerns over CAFTA. But one of the stickiest aspects of the agreement is its potential impact on the U.S. sugar lobby.

"We're concerned that the CAFTA sugar arriving up here would unbalance and oversupply the U.S. market," said Van Boyette, a lobbyist with Florida Crystals, a sugar company.

Phillip Hayes, a spokesman for the American Sugar Alliance, said his group would not discuss specific lobbying activities. But, he said, "We're working very hard to educate all Members of Congress on what CAFTA will mean to all U.S. sugar farmers. ... It will mean job loss."

Like CAFTA's proponents, Hayes is looking at the trade agreement more for the precedent it will set than for what it actually would do.

"CAFTA becomes a template for other trade agreements, and right now we're negotiating trade pacts with 21 sugar-producing countries. Those countries export enough sugar to absolutely eliminate U.S. sugar production," he said.

Hayes said U.S. sugar is a \$9 billion industry that employs 146,000 workers. Within the past few weeks, he said, sugar beet farmers have descended on Capitol Hill "to show these are real people who are going to be affected by CAFTA, to put a face to the people who are literally fighting for survival."

But Cohen said when it comes to sugar, "a very limited amount of sugar is going to be allowed into the U.S. beyond what currently comes in. And if there were to be a deleterious effect, our government has the option of providing some form of compensation, to take whatever measure in the way of compensation."

Brigitte Gwyn, director of international trade policy for the Business Roundtable, said her group today is launching a Web site and plans issue ads this month and recently sent a 65-page briefing on CAFTA and other trade matters to all Congressional offices.

"We also are doing lobbying inside the Beltway. We have five to several dozen meetings a week on Capitol Hill, with House and Senate Democrats and Republicans," said Gwyn, whose group works with such lobbying firms as the Duberstein Group and Fierce, Isakowitz and Blalock.

Gwyn said that, particularly during the recess, the Roundtable worked to gin up support in Member's districts. "We've been working with allies in the districts, attending town hall meetings or wherever they have an opportunity to vocalize support."

But Ernest Baynard, executive director of Americans for Fair Trade, a coalition of smaller manufacturers, farmers and religious groups, said, "There's fertile ground for groups like mine to convince Republican offices voting against CAFTA fits with what's right for their district. Protecting our farms and American jobs is very bipartisan."

Senate Agriculture Chairman Saxby Chambliss (R-Ga.), for example, has come out against CAFTA. And Reps. Mike Simpson and Butch Otter, both Idaho Republicans, sent a letter to Rob Portman, the nominee for U.S. trade representative to express opposition.

"What we have here is a real groundswell of opposition," Baynard said. "We plan on making sure that the voices of opposition to CAFTA are heard in and around those [Congressional] hearings."

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