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Senate

DOMINICAN REPUBLIC-CENTRAL AMERICA-UNITED STATES FREE TRADE AGREEMENT IMPLEMENTATION ACT—Continued

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. OBAMA. Mr. President, I ask for approximately 10 minutes.

Mr. BINGAMAN. Mr. President, may I ask my colleague to yield for a unanimous consent request?

Mr. OBAMA. I yield for that purpose.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that the order of speakers be as follows: Senator OBAMA, 15 minutes from the time of Senator DORGAN; Senator BROWNBACK, 15 minutes from Senator GRASSLEY's time; Senator COLEMAN, 15 minutes from Senator GRASSLEY's time; Senator CORZINE, 10 minutes from Senator DORGAN's time; and Senator BURR, for 10 minutes from Senator GRASSLEY's time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Illinois.

Mr. OBAMA. Mr. President, as the previous speaker, I rise to speak on the Central American Free Trade Agreement.

I have thought long and hard about this agreement, and I come to the floor predisposed to support free trade. In the end, I believe that expanding trade and breaking down barriers between countries is good for our economy and for our security, for American consumers and American workers.

On the margins, I recognize that CAFTA, although a relatively modest trade agreement by the standards of the U.S. economy, would benefit farmers in Illinois as well as agricultural and manufacturing interests across the country. The language in the agreement is also optimal with respect to intellectual property and telecommunications, issues that are of particular interest when it comes to trade with other countries, such as China. Unfortunately, CAFTA falls short, as a matter of process and substance, in protecting workers' rights and interests. My colleague, Senator BINGAMAN, mentioned some of those concerns.

I recognize that we should not kid ourselves into believing that voting against free-trade agreements will stop globalization, especially agreements like CAFTA, where the countries involved have combined economies one-sixth the size of the State of Illinois.

Globalization is not someone's political agenda. It is a technological revolution that is fundamentally changing the world's economy, producing winners and losers along the way. The question is not whether we can stop it, but how we respond to it. It is not whether we should protect our workers from competition, but what can we do to fully enable them to compete against workers all over the world.

That brings me to the problem. So far, America has not effectively answered these questions, and American workers are suffering as a result. I meet these workers all across Illinois—workers whose jobs moved to Mexico or China and are now competing with their own children for jobs that pay $7 an hour and offer no health or pension benefits. In town meetings and union halls, I have tried to tell these workers the truth—that the jobs they have lost are not coming back; that globalization is here to stay; and that they are going to have to train more and learn more to get the new jobs of the future.

I don't mind delivering that message. But when these same workers ask me exactly how are they going to get their training and their education, and when they ask what will they do to pay for their health care bills in the interim, and how will they deal with lower wages and the general sense of financial insecurity that seems to be growing every single day, I cannot look them in the eye and tell them honestly that their Government is doing a single thing about these problems.

Since I have arrived in the Senate, I haven't seen us debate—much less pass—legislation that would address these issues. That is the reason I will be voting against CAFTA when it comes up later today.

There are real problems in the agreement itself. It fails to uphold the principles set out in previous trade agreements that say we must give equal protection to the rights of workers and the rights of commercial interests. But CAFTA, while encouraging the protection of commercial rights, does less to protect labor rights than some of the agreements that we have already passed. So there is a sense that we may be going backward instead of forward. Nor does CAFTA do much in the way of enforcing environmental standards in these countries.

I recognize that no piece of legislation is perfect, and if it were just these provisions, perhaps I could do what my colleague from New Mexico has done and obtain a letter of agreement from the White House, indicating they will try to address some of these problems.

But the real problem is more than CAFTA. It goes beyond the four corners of this piece of legislation. The real problem is what is missing, generally, from our prevailing policy on trade and globalization: meaningful assistance for those who are not reaping the benefits of trade, and a plan to equip American workers with the skills and support they need to succeed in the 21st century.

So far, almost all of our energy and almost all of these trade agreements are about making life easier for the winners of globalization, while we do nothing for those who find their lives getting harder as a consequence of trade liberalization. In 2004, nearly 150,000 workers were certified as having lost their jobs due to trade and were thus eligible for trade adjustment assistance—and that number doesn't count the janitors and cafeteria workers who may have lost their jobs.

Senator WYDEN and others have tried to encourage the Administration to

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

modernize this assistance and expand it to displaced service workers, but the Administration refuses to help on this issue.

But even beyond displaced workers, our failure to respond to globalization is causing a race to the bottom that means lower wages and stingier health and retiree benefits for all Americans. It is causing a squeeze on middle-class families who are working harder but making even less and struggling to stay afloat in this new economy.

I recognize the soundness of the economic argument that free trade reduces overall prices in this country. But as one downstate worker told me during a recent visit back in Illinois: ''It doesn't do me much good if I am paying a dollar less on a t-shirt, but I don't have a job.''

So now we have to choose. It is a choice that is bigger than CAFTA and bigger than our trade agreements. It is one that America has faced time and time again in our history, and we have responded. To ease our transition from an agricultural to an industrial economy, we set up the public school system, busted up monopolies, and allowed workers to organize. To help us emerge from the Great Depression, we regulated the market, created unemployment insurance, and provided all workers access to a secure retirement. At the end of World War II, we grew the largest middle class in history by providing our returning heroes with a chance to go to college and own their own homes.

Now we face the same choice. We are at the same juncture today. We have to decide whether we are going to sit idly by and do nothing while American workers continue to lose out in this new world, or if we will act to build a community where—at the very least—everybody has a chance to work hard, get ahead, and reach their dreams.

If we are to promote free and fair trade—and we should—then we have to make a national commitment to prepare every child in America with the education they need to compete; to make sure college is affordable for everybody who wants to go; to provide meaningful retraining and wage insurance so that even if you lose your job, you can train for another; to make sure worker retraining helps people without getting them caught up in a bureaucracy; that such training helps service workers as well as manufacturing workers; and that it encourages people to reenter the workforce as soon as possible.

We also have to figure out a way to tell workers that no matter where you work or how many times you switch jobs, you can take your health care and your pension with you always, so you have the flexibility to move to a better job or start a new business.

All of this is possible. It is not going to be easy, and it is not going to be quick. I don't expect the Administration to try to shoehorn all the solutions to the displacements caused by globalization into a single trade agreement. But what I do expect—and I said this directly to the President when I met with him in the White House on this matter—is that we at least have, on a parallel track, an effort to deal with the losers in globalization, our displaced communities and displaced workers. We must not only look after profits and shareholders, but also those folks who are adversely affected by trade. Lower prices are good and important, but we also have to make sure that jobs exist that provide people the opportunity to raise a family.

Mr. President, in order to compete, every single one of us is going to have to work more, think more, train more. I am not afraid of global competition, and I don't think a single American worker is afraid of it. We cannot insulate ourselves from all of the dislocations brought about by free trade, and most of the workers don't expect Washington to do so. On my side of the aisle, we cannot resort to protectionist language over the long term if we are, in fact, going to be looking toward the future of America. We have the talent and the brain power to continue to lead the world in this challenging new century, but now we need the political will. Now we need a national commitment. And that, so far, is what appears to be lacking on Capitol Hill.

In America, we have always furthered the idea that everybody has a stake in this country, that we are all in it together, and that everybody deserves a shot at opportunity. The imbalance in this Administration's policies, as reflected in the CAFTA debate, fails to provide American workers with their shot at opportunity. It is time we gave them that shot.

I yield back my time.

(Applause in the Gallery.)

The PRESIDING OFFICER. Expressions of approval or nonapproval are not permitted in the Senate Chamber.

Who yields time. The Senator from North Dakota is recognized.

Mr. DORGAN. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from North Dakota has 1 hour 32 minutes remaining.

Mr. DORGAN. How much time remains for the Senator from Montana and also on the majority side?

The PRESIDING OFFICER. There remains 1 hour 11 minutes for the Senator from Montana, 5 hours 20 minutes for the Senator from Iowa.

Mr. DORGAN. Mr. President, it would seem to me the Senator from Iowa would want to use some time at this point. I suggest the absence of a quorum and ask that the time run against the Senator from Iowa.

The PRESIDING OFFICER (Mr. CORNYN). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BROWNBACK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROWNBACK. Mr. President, on this beautiful day in Washington, DC, we are about to create some great opportunities for Kansas farmers, Kansas manufacturers, and opportunities of hope for people in Central America. That is to me what this CAFTA bill represents. I do not want to oversell it. I do not think it should be oversold. I do not think it is a panacea for democracy building or opportunity in Central America. I do not think it is a panacea for all my farmers and manufacturers in the State of Kansas. But I do think it is a little more good in the world, a little more good for opportunities for people in the United States, lowering tariffs and trade barriers in our neighborhood, in this region of the world, a little more good and opportunity for economic chances and opportunities in Central America and the Dominican Republic, chances that do not exist today, chances that are not doing well today in Central America, chances that are hurting the spread of democracy, free societies, even in our own hemisphere.

I was troubled recently when I read a poll published by one of the major newspapers in this country. The poll was asking people in Central and South America would they give up their democracy if their economy would grow. In other words, if a dictator comes in and can produce economic reform and opportunity where you would have a growing economy instead of the stagnant situation you are in today, would you give up democracy?

A surprisingly large number of people said yes. I suppose in their hierarchy of needs, what they were looking at is: Look, democracy is great, but what I need right now is a job, what I need right now is income for my family, what I need right now is to be able to pay my bills and send my kids to school. If I have to give up this other right to do that, I am willing to look at it.

I was very troubled by that poll. I have relatives traveling to Central America talking with me in return about the troubling aspects of what they are seeing in the willingness to give up democracy and the fragility of democracy in our own hemisphere because of a lack of economic opportunity.

I think as well a lot of this is because of the juggernaut China is today, more than we solve by CAFTA. CAFTA is a little more good. CAFTA is a positive step in the right direction for those democracies to build economies and for opportunities for us in this country. It is not opportunities for everybody. There will be winners and some losers, as there are in trade agreements, because on the basis of a trade agreement, each country does what they do best and then you trade goods back and forth. Overall, the economy is lifted. There are people who are dislocated and harmed in these processes.

Overall, there is a betterment of societies, cultures, and opportunities. That is what I think overall will take place with CAFTA.

I do believe we have an extra issue that is at risk and is rewarded by CAFTA, and that is democracy building in our hemisphere. I do not think it can be put forward too lightly.

While I do not think people in Central America will say, OK, I am going to rejoice with the passing of CAFTA, that this is going to solve all my problems, I do think it will remove a great deal of hope if this does not pass. It will certainly have a negative impact in Central America if it does not pass, and I think we have to look at that as well.

Everybody has heard the numbers until I am sure they are blue in the face. The U.S. tariff regime is one of the lowest in the world, 3 percent. For a State such as mine, Kansas, having open markets is vital for the exportation of agricultural commodities. The aircraft industry is also dependent upon an export market. So additional liberalization should benefit our producers.

About one-third, or $3 billion in farm cash receipts out of a total of $9 billion of gross farm income in Kansas comes from exports. Kansas ranks sixth in the Nation for States with the greatest share of agricultural exports. Movement toward freer economies is helpful in doing that.

I want to focus briefly in the time I have on a couple of specific products that will benefit my State. As I mentioned, we have a heavy agricultural export industry. Agricultural exports support some 47,000 jobs in Kansas. I think, in this particular case, we have a decent chance of expanding more agricultural exports.

Beef is our largest section of the agricultural economy of my State. We are the second largest beef exporter in the country. As I mentioned, it provides the single largest source of cash receipts in agriculture in my State at over $5.6 billion. We believe CAFTA will help the cattle industry.

Pork producers, who add about $252 million to Kansas annually, will also benefit from the trade agreement.

Current import tariffs on U.S. beef exports is as high as 30 percent in some of these countries. Duties on the products most important to the U.S. beef industry—prime and choice cuts—would be eliminated immediately in these Central American countries.

I don't want to paint that again as a panacea because I don't think there is going to be a large initial export. There is not a large market of that cut initially, although there is market opportunity.

The American Farm Bureau Federation economic analysis of CAFTA estimates that Kansas will increase meat exports to the six countries by $130 million per year on the full implementation. That full implementation has a very long window to it, 2024. This is some period to come.

These are economic analyses which are useful to use to generally show trend lines. I have learned enough over the years to not rely upon these as money in the bank because factors come in to play—sanitary issues enter the picture, and we have recently been wrestling with BSE. Those all are major factors. Still, it points to a positive trend line.

As the Nation's top wheat exporter and with State farm cash receipts of $1.3 billion, Kansas wheat producers will benefit from CAFTA. Grain suppliers will benefit from zero tariffs immediately on wheat in all six countries, as well as some processed grain products.

Again, the American Farm Bureau economic analysis of CAFTA estimates that Kansas will increase wheat exports to the six countries by $8 million per year. Again, this is after full implementation of CAFTA. That is some time in the future. Its economic analysis could well be off, but it shows a generally positive trend line—small but positive. That is why I say a little more good in the world for my producers.

I conclude by saying, as we continue to fight this global war on terrorism, we must continue to spread democracy and hope throughout the world. Engaging in free trade practices and policies helps improve relationships with other countries and improves the standard of living in these developing countries. Helping to improve other countries' standard of living will result in a more hopeful society and a more peaceful world.

Certainly we have learned over the years that democracies are far easier and better for us to deal with. If we can help strengthen democracy, particularly in our hemisphere, by this passage, minor as it might be as a positive point, that is a good and hopeful sign and something we should do.

I support CAFTA, and I urge my colleagues to vote in favor of passage of the CAFTA trade agreement.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. COLEMAN. Mr. President, I rise in support of CAFTA. There are a lot of reasons to support this trade agreement. I came to this decision, by the way, in the last couple of days.

As chairman of the Subcommittee on Western Hemisphere, Peace Corps, and Narcotics Affairs of the Foreign Relations Committee, I understand how pivotal CAFTA is on U.S. foreign policy goals, not just in Central America but Latin America and the Caribbean. There are folks in Latin America looking at this agreement and what we do with it. I think they are going to judge us as to whether we are committed to strengthening this hemisphere, committed to strengthening the democracies that are now in Central America. There have been decades of civil war. We have democracies flourishing in Central America. Every President in those countries was democratically elected. These leaders have come to us and said: We want to reform, we want to grow our economies and strengthen democracy.

CAFTA is important. Democracy in Central America is still fragile. Poverty is endemic. There is weakening enthusiasm for democracy. Pressures are already present in Nicaragua. That is what we have.

We have to be realistic about CAFTA. It alone is not going to ensure democracy or prosperity in Central America, but it will put in place building blocks for economic growth in the future. It will help these nations compete with the face of a rising China and, perhaps most of all, CAFTA is a political message that the United States recognizes how far these nations have come and stands shoulder to shoulder with our democratic hemispheric neighbors. That is important.

I try to guide myself at times by the physicians' adage, which is, "Do no harm." Up until 2 days ago as I looked at CAFTA, it did harm. It did harm to an industry that is very important to me in Minnesota. I represent probably the largest production of sugar beets in the country. People say: You are protectionist of an industry. It is not about an industry, it is a matter of 40,000 moms and dads whose economic livelihood is dependent on what happens with sugar. There is $2 billion a year injected into that economy in that region, and that is important.

As my colleagues know, yesterday the Agriculture Committee chairman, SAXBY CHAMBLISS from Georgia, and I secured a commitment from the White House to address the serious concerns we had regarding CAFTA and sugar. Chairman CHAMBLISS—I don't think they grow a lot of sugar beets in Georgia. In fact, I was expecting by the end of that negotiation that there would be a peach-to-ethanol program coming out of that arrangement, but that did not happen.

Chairman CHAMBLISS made it very clear that he is going to protect the farm bill, see the continuation of the farm bill which is set to expire in 2007.

As we looked at CAFTA as we negotiated, it would have violated the farm bill in that it had the prospect of having sugar from CAFTA countries entering this country, if it reaches a certain level and goes over that—I will not get into the technicalities of the sugar program—one sees the collapse of the sugar program. One sees sugar forfeited to the Government, prices falling, economic disaster for those involved in the sugar industry.

So Chairman CHAMBLISS showed great leadership and great courage in saying he was not going to support CAFTA because it had this hole in the agreement that would in the end perhaps amount to a violation of provisions of the farm bill. He stood firm. Together, then, with a number of our other colleagues, both in the House and the Senate, he had a series of discussions with the administration, with the sugar industry, and got a commitment.

Again, I want to thank Chairman CHAMBLISS, who stood with those of us who represent sugar, though that was not a personal thing. It was simply the right thing to do. That is the way he operates, with good Georgia common sense and that incredible Georgia strength.

The commitment we have from the administration pledges to ensure that the maximum sugar import cap established under the 2002 farm bill will never be violated through the life of this farm bill. So that magic level of 1.532 million tons that we call short tons is not going to be violated. This commitment was made in the context of CAFTA, but the commitment is not limited to CAFTA and that is important. During the course of our discussions, we became aware that other things were going on regarding sugar, that under NAFTA we were facing a situation in which resolving a high fructose corn syrup issue that involves the ability for us to bring more of that into Mexico, the result would have been more Mexican sugar coming into the United States and, again, then going over this level and triggering the collapse of the program.

In the end, as I stood there working for my sugar growers and those whose livelihoods depend on sugar, I wanted to make sure our folks were held harmless by CAFTA. We got that commitment from the administration. We wanted to make sure they were held harmless by the impact of what is happening with NAFTA. We got a commitment to hold them harmless during the course of this farm bill.

Then we were concerned about other trade agreements that are being negotiated at this time. There are discussions with Panama, discussions with Thailand, all of which could have had the same effect of reaching that maximum sugar import cap and violating and causing a collapse of the program. We wanted to be held harmless for that, our sugar growers did, and we got them that commitment.

Under this agreement any sugar imports above the current cap established by the farm bill, whether under CAFTA, NAFTA, or any other trade agreement, would be denied entry into the United States altogether unless an equivalent amount of U.S. sugar is converted into ethanol or other nonfood uses with at least 109,000 tons—and that is what we would have gotten from NAFTA—being converted to ethanol under a pilot program run by the USDA.

In addition, we received a commitment to begin a study on the long-term promise of the sugar-to-ethanol program. That promise is real. I was in Brazil not too long ago. Fifty percent of all the new cars in Brazil run on ethanol. Those cars are manufactured—the largest manufacturer is General Motors, an American manufacturer, and all the ethanol in Brazil is done by sugar. So we know the rest of the world does it. We can do it here.

The commitment has been made. The commitment stands. It is through the length of the farm bill. The farm bill goes for another 3 years, but if it should be extended—and I think it should be—the White House commitment is also extended.

The bottom line is this: Not only do we prevent CAFTA from breaking the farm bill limit on sugar imports, but we prevent NAFTA and all future trade agreements from breaking the farm bill cap as well.

In addition, what we do—and I think this is so critically important—is lay the ground for the long-term future of the U.S. sugar industry which lies not just in production in the United States—because we do not export sugar to other countries; it is for domestic consumption—but production to fuel our country through renewable fuels right alongside corn and soybeans. That is the future.

This country is beginning to understand that we simply cannot deal with the continuing increase in imports of foreign crude. A barrel of oil is $60. A price of a gallon of gas is $2.30, $2.40, $2.50, $2.70. We have our own oilfields, and there are cornfields, soybean fields, and sugar fields, beet and cane. They are providing an opportunity—we have sugar now on the path.

I know many of my sugar farmers and cooperatives do not agree with me on this commitment, do not agree with me on this solution. I respect that. What we have is a concern that they would much rather see a permanent solution. We have permanent solutions now with corn into ethanol and soybeans into ethanol. These are dedicated folks. They sat at the table the whole time.

One of the critics of this proposal or commitment that I have, and I take it seriously, said, this is a Band-Aid on a gaping wound. I would say to my friends at American Crystal, at Minn-Dak, at Southern Minnesota, and other cooperatives and other places throughout the country that, in fact, there is a gaping wound; that the sugar industry is one that is right now in a fragile place. I would argue that rather than a Band-Aid, this is a tourniquet; that for 3 years we stop the bleeding; for 3 years we then will be able to begin to develop a nascent sugar-to-ethanol industry; that we then get ourselves to focus on the next farm bill and try to make sure we have a program that has greater permanence, that has greater long-term security so the kids in Fisher and Hallock and throughout, certainly. Western Minnesota can go to school with moms and dads not worrying about their jobs. I am talking not just farmers but truckers and factory workers and seed dealers and implement dealers. The list goes on and on. Up and down Main Street, sugar makes a positive mark on communities throughout my State. So, for me, this is worth fighting for. It is worth defending. That is what I believe we have done with this commitment.

Without it, the Red River Valley has zero protection from NAFTA, zero protection, obviously, from CAFTA which we are talking about today, zero protection from future trade agreements. Again, under NAFTA alone there is some discussion of perhaps 900,000 tons of Mexican sugar pouring in over the border the next couple of years. Without this protection, without this commitment, prices would tank and the U.S. sugar policy would be placed in serious jeopardy. That keeps me up at night. That worries me.

I am going to sleep a little easier knowing that my farmers are protected with this commitment. That is what we have then, this 3-year window to turn all the attention and energy we had to focus on the past on putting our fires toward creating a positive solution and a future for this industry. That is my choice. That is the future that I choose.

That said, let me be very clear about something, and I want to lay this on the line, kind of talk as we look to the future. Two years ago, I said sugar should not be included in these bilateral regional agreements. We would not have these discussions, if that was the case. Just as domestic support for every other American farmer is not included in these kinds of agreements, sugar was not asking for anything special. The fact is, sugar should not be included in these agreements because the distortions in a global sugar market cannot be addressed fairly in any other setting other than WTO. This has to be addressed on a global perspective; otherwise, what we have is little bits and pieces come in. Ultimately, we flood this country without dealing with what is happening in this global environment.

Europeans have a lot more protective interests and support they provide for their sugar growers than what we face right here. So every sugar-producing country in the world subsidizes and supports this industry, which is why American sugar farmers, who are among the top third in efficiency, need a strong U.S. sugar policy to stand with them.

We did what is right in the Australian agreement, which is why it passed so quickly. For some reason, this common sense did not show through when CAFTA was negotiated. Again, the good news is in the near term we have a commitment from this White House to hold the U.S. sugar program harmless not only under CAFTA but under NAFTA and any future trade agreements.

At the end of the day, let me say that I share the disappointment of those in the sugar industry who want something more permanent, but I do feel I have to grab hold of the possible when the optimal seems to be out of reach. I think politically it would be easy for me to just cast a ''no'' vote, just say to my producers the industry does not like this and kick the can down the road. Then, if 900,000 tons of NAFTA sugar gets dumped in, I can maybe pretend that it is just enough to be angry, just enough to say why did we not do something.

The easy thing is not always the right thing to do. Sometimes when one is dealing with friends, they have to be told they are wrong. Sometimes leadership is letting people know that we have to go to a certain place even if they do not yet see the righteousness of going there.

The right place to be is to have this insurance policy, to have protection from CAFTA, from NAFTA, from future trade agreements, and really important, get us involved in the sugar-to-ethanol industry.

Last comment: I listened as I sat in the Presiding Officer's chair to a lot of debate. I heard so many of my colleagues today saying we have to be doing more for Central America, except the one thing Central Americans say they want and need most. It reminds me of a joke we have in Minnesota about the Scandinavian guy who loved his wife so much he almost told her.

I listened to my friends across the aisle and they tell me they care so much, and we have to be doing more, but they do not want to do anything. They want to protect the workers, those in Central America, give them economic opportunity. Listen to their elected leaders who say this is important rather than lamenting what we should have done or could have done but did not do.

We have an opportunity to do something, and that is what we are doing. In the end, my decision was only made in the last couple of days because the concern about sugar has been so great. Maybe it is the dad on me who focuses not so much on the ones who are doing well but the ones who need a little help. Our friends in sugar needed a little help after this agreement was negotiated. We provided that help.

Doing that, I can then stand with all the other producers in my State: the commodity groups, the cattlemen, the corn growers, the soybean growers, the pork producers, the businesses, the chambers of commerce, the high-tech folks, the 3Ms—all who say this is a good thing for jobs in Minnesota, this is a good thing for the economic future, and as a result I will cast my vote for CAFTA.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. CHAMBLISS. Mr. President, I ask unanimous consent that my time be charged against that of Senator GRASSLEY, please.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAMBLISS. Mr. President, I first want to say thanks to my good friend from Minnesota for his kind comments. I am going to have more to say about him in a few minutes. The one thing we all find out in this great institution that we have the privilege of serving in is that everybody in their own way represents, in a very strong manner, the constituents who sent them here. Nobody has represented their constituents better over the last several weeks relative to this issue of CAFTA, and particularly the sugar issue, like NORM COLEMAN has.

Senator COLEMAN has been a true advocate for the interests of his State. They need to erect a big sugar beet for him and call it the Senator COLEMAN Memorial back in Minnesota.

I rise today to support the Dominican Republic-Central America Free Trade Agreement or DR–CAFTA. Earlier this year, I expressed opposition to DR–CAFTA since a provision in the agreement violates a part of the 2002 farm bill.

As chairman of the Senate Agriculture Committee, I have a responsibility to the agricultural community to ensure Congress fulfills the commitments that we made to farmers and ranchers back in 2002 when we negotiated the farm bill and when it was passed by the House, by the Senate, and signed into law by the President.

My specific concern centered on a provision that severely impacts the implementation of the farm bill by increasing sugar imports into the United States.

We grow very little sugar in my State. This is not a parochial interest to me. Senator COLEMAN is right, perhaps I should have negotiated a peach, tobacco, or cotton ethanol provision in here. My whole point in this matter is that we have to maintain the integrity of the farm bill. It could just as easily have been a corn issue, wheat issue, or a peanut issue, but it just happened to be sugar. This could potentially result in exceeding the import trigger provided for in the farm bill.

Exceeding the import trigger is of utmost concern because it is designed to manage domestic supplies and ensure the program operates at a no net cost to the U.S. taxpayer. The DR–CAFTA could compromise that trigger when combined with existing commitments to Mexico under the North American Free Trade Agreement, or NAFTA.

In addition, the so-called compensation mechanism in the DR–CAFTA does not provide any additional comfort. I do not think it is a good idea to pay other countries not to import sugar into the United States when we can use those resources to promote fuel security here at home. I believe we all should be chastised back home if we let that happen.

There have been several long weeks of discussions between the administration, which included the White House, USDA and USTR officials, Senators and House Members, and industry representatives. After much hard work, the administration has agreed to a proposal that addresses my concerns relative to this trade agreement.

Secretary Johanns has sent me a letter that provides assurances that the sugar program will operate as we originally intended through the 2007 crop year. Furthermore, the Secretary committed to holding the sugar program harmless for the next 2½ years, to the completion of this farm bill, from any harmful effects of CAFTA, of NAFTA, and of any other trade agreement that may be negotiated during the interim period.

Mr. President, I ask unanimous consent the Secretary's letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF AGRICULTURE,
Washington, DC, June 29, 2005.

Hon. SAXBY CHAMBLISS,
Chairman, Committee on Agriculture, Nutrition and Forestry, Russell Building, Washington, DC.

Hon. BOB GOODLATTE,
Chairman, House Agriculture Committee, Longworth Building, Washington, DC.

DEAR CHAIRMAN CHAMBLISS AND CHAIRMAN GOODLATTE: The purpose of this letter is to provide assurance that the Dominican Republic-Central America-United States (CAFTA–DR) Free Trade Agreement will not interfere with our ability to operate the sugar program in a way that provides the full benefit to domestic growers through the remainder of the Farm Security and Rural Investment Act of 2002.

The Farm Bill contains a sugar ''import trigger'' of 1,532 million short tons which if exceeded precludes the use of domestic marketing quotas and thus could prevent the program from being operated on a ''no net cost'' basis as required by the law.

Since the U.S. Government already is obligated under international agreements to import annually 1.256 million short tons, there is some concern that annual imports from NAFTA, CAFTA, and other trade agreements in addition to this amount could exceed the Farm Bill trigger and thus jeopardize operation of the program. However, the Charter Act of the Commodity Credit Corporation (CCC) provides additional tools required to preclude that eventuality.

In the event I determine that sugar imports will exceed the current Farm Bill trigger, appropriate steps will be taken to ensure the program is not put at risk. As Secretary of Agriculture, I have the authority to preclude the actual entry of imported sugar into the domestic sweetener market by making payments to exporters and direct purchase of the sugar for restricted (nonfood) use, including ethanol. It would be my intention to use agricultural commodities in payments or to make direct purchases.

Two possible situations could obtain:

If I determine that the Farm Bill import trigger will be exceeded and that the domestic market is adequately supplied with sugar (i.e., that the imported quantities above the trigger will jeopardize sugar program operation), then I will direct that excess imported sugar up to an amount equivalent to the CAFTA–DR imports be purchased by CCC and be made available for conversion into ethanol. Excess sugar above that amount could either be precluded entry by payment to exporters or made available for non-food use, as I deem appropriate.

If I determine that the amount of sugar that can be provided by domestic growers plus the minimum import requirement is insufficient to meet the domestic market's needs and that imports sufficient to do so will exceed the Farm Bill import trigger, then those imports will be allowed and no sugar would be diverted for conversion to ethanol.

In addition, USDA will undertake a study of the feasibility of converting sugar into ethanol. Data obtained from any conversion of sugar to ethanol, as noted above, will become a part of the study analysis. This study will be completed and submitted to the Congress not later than July 1, 2006.

Such actions would ensure that the Farm Bill trigger is not exceeded to the disadvantage of growers and that U.S. sugar procedures will still have a share of the market no less than the amount provided for by the Congress through the sugar program.

I will establish a special monitoring mechanism to review all U.S. Customs, Bureau of the Census, and other import data through the year. This mechanism will enable me to stay apprised of the pace of imports and to use the Charter Act authorization in a timely manner. Also, the Office of the U.S. Trade Representative has analyzed this approach and concluded that it is not inconsistent with our World Trade Organization obligations.

Sincerely,

MIKE JOHANNS.

Mr. CHAMBLISS. Specifically, if the farm bill import trigger is exceeded and the domestic market does not need additional quantities, then the excess imported sugar, up to an amount equivalent to the DR–CAFTA imports, will be purchased by the Commodity Credit Corporation and made available for conversion into ethanol. Excess sugar above the trigger in the DR–CAFTA amount would be precluded entry by payment to exporters or preferably directed to other nonfood uses, such as additional ethanol production.

I think this is a very important development, since it is the first time the Department is committing itself to a sucrose-to-ethanol program. The Department will also conduct a feasibility study examining the economics of sucrose-based ethanol. The study will be completed and submitted to the Congress not later than July 1, 2006. This should be enough time for us to use the information contained in the study to develop a long-term future program for the sugar industry in the next farm bill.

On Tuesday of this week, we passed a very historic bill in this body. Our country has the greatest natural resources of any country in the world, but yet we have never established a long-term energy policy. For the first time in the history of the country we passed an Energy bill that will move us in the direction of becoming less dependent on foreign imports of oil for our petroleum and other fuel needs in this country. A major part of that Energy bill was a provision for alternative fuel resources like ethanol. In fact, there is a provision in there for the production of 8 billion gallons of ethanol per year in this country, which would be great if we could produce that amount and have it available all across America and not in the limited areas where it now is used.

The reason it is in limited areas today is because we simply do not have the production of organic-based material to provide ethanol all across America. But with this provision that has been negotiated as a part of this agreement with the Secretary and USTR, we are going to take another crop, sugar, and we are going to convert sugar into ethanol in much the same way that we convert corn into ethanol, so we can have a greater supply of an alternative fuel, other than gasoline, for use by the American consumer.

Under this agreement, the Secretary will have the ability to meet any changing domestic market conditions. If the amount of sugar provided by domestic growers, plus the minimum import requirement, is insufficient to meet the domestic market's needs and imports sufficient to do so will exceed the farm bill import trigger, then those imports will be allowed and no sugar would be diverted for conversion to ethanol.

Another important aspect of this agreement will ensure that the USDA will review all U.S. Customs, Bureau of Census, and other import data to monitor imports throughout any given year. Many of us have heard criticism with regard to past trade agreements about lax enforcement and implementation of their provisions to the detriment of our producers. This will help address those concerns.

In spite of the letter from Secretary Johanns and the assurances of the administration, the sugar industry opposes this agreement and will not support passage of this trade agreement. While I may disagree with their conclusions, that is their right. I want to say, at this time, that we have had a number of meetings between Members of the House, Members of the Senate, members of the industry—which have included USTR and other administration officials, including Secretary Johanns. We have had meetings with them and without them. At every single crossing, the sugar industry has negotiated in good faith and they have been very straightforward and above board with us. I commend those men.

It is a great country that we live in that will allow us to dialog over an issue that is so important, as is this, to those farmers, to the Members of the House, and the Members of the Senate, as well as to others who have a significant interest in this, and to come out at the end of the day with an agreement with which some of us agree but with which others still have the opportunity to disagree.

This agreement can be a real building block for sugar provisions in the next farm bill. Let me emphasize that my concerns have been fully satisfied, and I do plan to vote in favor of DR–CAFTA.

This trade agreement is also important to many people in my home State of Georgia. I have heard from many workers who will reap the benefits of increased trade with Central America and the Dominican Republic. Reducing trade barriers will not only enhance American economic growth but will greatly benefit businesses in Georgia as well, by allowing more Georgia-made products to be sold into Central America.

The DR–CAFTA region is an important trading partner with Georgia. Georgia's exports to the DR–CAFTA region increased $113 million from 2000 to 2004, and collectively the countries of DR–CAFTA were Georgia's 9th largest export destination.

According to the Department of Commerce, the DR–CAFTA will help Georgia's textile manufacturers, chemical and paper manufacturers, as well as Georgia's farmers, because DR–CAFTA provides U.S. suppliers with access to these markets and levels the playing field with other competitors.

Let me take a moment to praise the efforts of the Secretary Mike Johanns and U.S. Trade Representative Rob Portman for their hard work and their tireless efforts. These officials addressed each and every issue that we discussed. Without their good-faith efforts, this agreement simply would not have been possible.

Special note should also go to my good friend, Senator NORM COLEMAN. His leadership and hard work in this effort has only increased my enormous respect for him. We have worked very closely over the past couple of weeks helping lay the foundation for a long-term and profitable future for the U.S. sugar industry. He is a workhorse, and I want him on my side every time.

Let me conclude by saying I am very pleased with what we have crafted. This agreement will protect the sugar industry for the next 2½ years, through the life of this current farm bill. It deserves the support of the Congress. I look forward to voting for DR–CAFTA.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for 10 minutes.

Mr. CORZINE. If the chair will be so kind to let me know when I have 2 minutes left?

The PRESIDING OFFICER. Certainly.

Mr. CORZINE. Mr. President, let me say from the start, I have thought about this long and hard. I believe in the seriousness and the potential for free-trade agreements. But after looking at this particular one, and looking at it in the context of our overall macroeconomic policy, I am unfortunately going to have to vote against this proposed Dominican Republic-Central America-Free Trade Agreement.

I have supported other agreements: Australia, Jordan, and Morocco. I believe in comparative advantage. There are lots of good reasons why free-trade agreements that are fair are ones we ought to promote. But they need to preserve and protect important labor, environmental, and security interests as well. I do not think this one does that. As a matter of fact, a trade agreement between the United States and Central America with the proper safeguards I think is a good thing. I just do not believe that we have embedded those in this particular agreement.

American workers justifiably feel insecure in today's economy, particularly with the outsourcing or exporting of American jobs that comes from so much of our trade policy. People are concerned whether those American jobs are going to stay at home. The increasing trade deficit puts an exclamation point on ''there is something afoul'' with our trade policy.

All I have to do is point to this chart. Since 1993, when we started with NAFTA to where we are today, we have seen nothing but red ink flow from the trade agreements and trade arrangements that we have. Something is not working.

I would like to understand how this agreement is not just another piece, another one in a long line of bad trade agreements. Before we rush forward with this, I would like to understand what is happening that has brought about this kind of problem. We have a $617 billion trade deficit on an annualized basis this year. I believe we have a lot of evaluation that needs to be taken before we step forward on this. We are clearly on the wrong track, based on the policies that we have.

On a parochial level, since NAFTA was implemented back in 1994, New Jersey has lost 130,000 manufacturing jobs. We used to have about 25 percent of our workforce in the mid-1980s in the manufacturing industry. Today it is below 9 percent.

We have seen the textile industry in New Jersey absolutely decimated. From the economic calculations that I have seen, 46,000 of those 130,000 manufacturing jobs lost were due to NAFTA.

We had great companies—Allied Signal, American Standard. All of Patterson's textile industry left our State. We have had enough of it. I think we need to understand what we are doing and what the implications are for working men and women of this country of another free-trade agreement.

If you put this into a context that the gross metropolitan product of the city of Newark is $103 billion, and this is only $85 billion for all these countries—I don't understand why this is such a priority, particularly given all the other issues that we have in this country and particularly while we are thinking about it in the context of a $617 billion trade deficit.

I don't think we have our priorities ordered right here. I particularly think we do not have them ordered right when you compare this issue with our trade deficit with China, which is $162 billion. This, I am told, is the No. 1 priority of the administration with regard to trade policy. Where does that come from, when we have all of these difficulties in our trade arrangements?

China has had a fixed currency pegging versus the dollar since the late 1990s, not working to protect intellectual property rights between our two countries, and there are all kinds of enforcement issues with the WTO. I don't get it. Where are our priorities? We have a $617 billion trade deficit. We are talking about something that will be a minuscule piece of that. And we are doing it with a blind eye to major problems in our trade policy.

That is the major reason I am voting against it. There are a whole host of other issues that need to be considered. What happens to labor rights and what happens to environmental rights not only with regard to our workers but in those countries themselves? Where are we going to go, when we look at the lack of enforcement with regard to labor principles in those individual countries? The same thing goes for environmental issues. I don't understand why we are ceding the ground on these issues. Believe me, we have enforcement standards with regard to commercial rights and investment rights, but when it comes to working men and women, when it comes to our environmental protection—which, by the way, is a global issue—we just say it is up to them with regard to their own standards.

That is not the way to do business, in my view, and I think this is a failed piece of legislation. It is a step back from what we did with Morocco and Jordan and other trade agreements that had positive enforcement responsibilities with regard to labor and environmental rights. This harms workers in those countries, not only harming workers in the United States.

There is a very clear example. I want to talk a little bit about it. NAFTA's liberalization, so-called, was supposed to promote job growth in Mexico. It lost 1.7 million rural farmers their access into the agricultural sector in Mexico, with the only increase, of about 800,000 new jobs, in the industrial sector. Some of those are now leaving because they are losing out to other parts of the world that have even lower labor standards and environmental standards and lower costs of labor. There is something wrong with this vicious cycle of eroding jobs here at home, even in some of the places that we think we are promoting them, through these free-trade agreements, and we have to get this settled out.

I do not understand why we continue to stay on the same track—and I am an old, washed-up businessman. I believe in making sure the comparative advantage follows in the proper way. If it turns out you go from a balanced trade arrangement to a $617 billion trade imbalance in a given year, and you have seen almost nothing but a straight line fall off in our ability to export our goods on a relative basis to the rest of the world, we are making a big mistake, and we have a lot to reevaluate.

It is time for a change with regard to our trade policies because they are not working economically and we are losing our ability to control our own destiny in our foreign reserves in other countries. It is not working because we are losing jobs at home and undermining working men and women's ability to have a high-quality standard of living, and we are not particularly helping others overseas. It is not a net boom for the countries we think we are trying to support.

If we are not going to have strong labor, strong environmental rights, if we are not going to get some kind of benefit, a major macroeconomic benefit, I don't understand why we are approving all of these trade agreements. That is why I will be voting no on this CAFTA legislation before the Senate.

I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. DEWINE. Mr. President, I yield myself 10 minutes from the time of Senator GRASSLEY.

Mr. DORGAN. Mr. President, I shall not object, but I wonder if I might add to the unanimous consent request. Senator DEWINE has asked for 10 minutes of Senator GRASSLEY's time; we ask that Senator BYRD be recognized for 20 minutes from my time following the presentation by Senator DEWINE; following that, Senator BURR be recognized for 10 minutes from Senator GRASSLEY's time; following that, Senator REID will be recognized for 10 minutes from Senator BAUCUS's time. I ask that by unanimous consent.

The PRESIDING OFFICER. Would the Senator specify which Senator REID?

Mr. DORGAN. Senator REID from Nevada.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. Thank you. I apologize for interrupting my colleague.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 10 minutes.

Mr. DEWINE. Mr. President, DR–CAFTA is good for my home State of Ohio, and it is good for our country.

I was in the House of Representatives in the 1980s when significant strides were made toward democracy in Central America. We all remember that struggle. We all remember the resources that were put into Central America by the United States. It is time for us to refocus on Central America. If Central America is going to flourish, if democracy is going to continue in Central America and the economy is going to develop there, this is an essential component of that, an essential piece of that. While it is true that DR–CAFTA is only one piece of the puzzle, it is an important piece in determining the economic health of our neighbors to the south. Also, it is important to our own Nation as well.

DR–CAFTA is about fairness. It is about reciprocity. It would provide U.S. exporters with the same market access to Central America that Central American exporters unilaterally received through the past 20 years through various trade agreements. These trade agreements led to a one-sided lowering of tariffs. Currently, approximately 80 percent of Central America's exports enter the United States duty free. This unilateral tariff reduction helped Central American countries export to the United States but left U.S. producers facing steep and often prohibitive tariffs when they tried to export their own goods into Central America.

With DR–CAFTA, more than 80 percent of U.S. manufacturing exports to the region will be duty free immediately, and the remaining tariffs will be phased out over 10 years, including the up to 15 percent tariffs on some of Ohio's top exports to the region such as chemicals, electrical equipment and appliances, machinery, plastics, rubber, paper, processed foods, and transportation equipment. For Ohio's agricultural producers, DR–CAFTA would eliminate tariffs on 50 percent of U.S. exports immediately and most remaining duties within 15 years.

A perfect example of the benefits of DR–CAFTA is a situation faced by Heinz. Heinz has a catsup production facility in Fremont, OH, where they produce 80 percent of the catsup consumed in the entire United States. Heinz also produces numerous other condiments throughout the United States. Yet Heinz faces 15 to 47 percent tariffs on their products when they try to export to Central America. DR–CAFTA will change that. CAFTA will help ensure that the up to three generations of workers in Fremont, OH, in that factory will have jobs for themselves, jobs for their children when they grow up. This is just one example of why Ohio needs DR–CAFTA and why this entire country needs DR–CAFTA.

Another good example is Polychem, located in Mentor, OH. They have been in business for over 30 years. They have grown to more than 200 employees. They manufacture industrial strapping but cannot export into the Central American market competitively now because of high tariffs. DR–CAFTA would level the playing field for Polychem, allowing them to expand their exports and grow jobs in Ohio.

By requiring Central American countries to lower their tariffs on U.S. products, the United States would be able to sell into a consumer base 45 million strong that already today buys American. The 45 million citizens represented by the DR–CAFTA agreement purchase today more U.S. goods than the 1.53 billion citizens of India, Indonesia, and Russia combined. DR–CAFTA will simply increase that.

Not only do these consumers already buy America but, significantly for my State, they buy Ohio. In the past 5 years, Ohio exports to the DR–CAFTA region have grown by 90 percent, far outpacing their demands for exports from any other State in America. In 2004 alone, Ohio exported $197 million in manufactured goods to the region, including chemical and manufacturing goods, plastics, rubber products, fabric milled goods, electrical equipment, and appliances. These are just the largest categories. Each and every Senator could easily come to the Senate today and add a list similar to this.

The list of DR–CAFTA support is long in my home State of Ohio. In Ohio, the Ohio Pork Producers Council, the Ohio Soybean Association, the Ohio Poultry Association, the Ohio Dairy Producers, the Ohio Cattlemen's Association, the Ohio Farm Bureau, the Ohio Farm Growers, and the Ohio Wheat Growers Association all support DR–CAFTA. Those are just the supporters in the Ohio agricultural sector.

While many are helped by free trade, we understand whenever we have free trade legislation or free trade there are some individuals in society who are hurt. We need to make sure we always are concerned about them, that we pass legislation that assists them, and we must continue in this Congress to do that. Yet if we turn our backs on free trade, we would ultimately have far more unemployed Americans, and our economy would be a fraction of what it is today.

For example, in the first year after the enactment of the United States-Chile Free Trade Agreement, Ohio's exports to Chile grew 20 percent; and since NAFTA was enacted in 1993, Ohio's combined exports to Canada and Mexico have increased by more than 106 percent. More exports means more jobs for Ohio and more jobs for our country as a whole.

Mr. President, as I said already, DR–CAFTA is good for Ohio, it is good for the United States. I urge my colleagues to vote in favor of this important free-trade agreement. But let me say one additional thing. As much as I support DR–CAFTA, there is something else that needs to be done, and that is this Congress needs to pass trade legislation that will assist the country of Haiti.

Last year, the Senate passed an important trade bill for Haiti, only to see that trade agreement die in the House of Representatives. I have raised this issue with the administration and with my colleagues in both the House and the Senate. Haiti, the poorest country by far in our hemisphere, arguably needs our attention the most. To leave them out and to not pass trade legislation to assist them is shortsighted, it is wrong, and it is not helpful. We make a mistake by leaving them out.

If nothing is done by this Congress soon to pass a trade agreement that will be of assistance to Haiti, it will really be a deathblow to what remains of Haiti's economy, and we will be seeing boats swollen with Haitians heading back to our shores again.

Mr. President, I simply implore my colleagues, as well as the Bush administration, that after CAFTA is passed, we look again to legislation that I have proposed with many of my colleagues to be of assistance to Haiti. It is the right thing to do from a humanitarian point of view, but it is also the right thing to do from a foreign policy point of view as well.

I thank the Chair and yield the floor.

The PRESIDING OFFICER (Mr. BURR). Under the previous order, the Senator from West Virginia is recognized for 20 minutes.

Mr. BYRD. Mr. President, I thank the Chair.

Mr. President, on April 6 of this year, Senator DORGAN and I introduced S. Res. 100, a resolution to prevent a 2-year extension of the so-called fast track or trade promotion authority, which the Congress granted the administration in the Trade Act of 2002. If our resolution were approved, existing fast-track negotiating authority would expire this year. If only it would. If only it would. Wouldn't it be ideal if it would expire? I think so. But, instead, it will be extended through 2007. That is a crying shame.

Senator DORGAN and I introduced that resolution of disapproval to fast track because we oppose giving any executive—any chief executive, Democrat or Republican—the unfettered authority to negotiate trade agreements such as CAFTA which cannot be amended by the Congress. It cannot be amended. All of this praise I hear of CAFTA—we have too little time here to consider and no time to amend. We cannot amend. Too little time. Too much praise. Too much short shrift. Too much short shrift is given to this, the Constitution of the United States, which I hold in my hand. Yes, too much praise, too little time, too much short shrift.

I opposed fast track when it was used to negotiate the NAFTA; I opposed fast track when it was used to negotiate the Uruguay Round; and I oppose fast track today.

Let me restate what I have said so many times—so many times—in the past, something that I think people may be finally beginning to comprehend. Article I, section 8 of this Constitution, which I hold in my hand, states that the Congress—hear me—that the Congress, not the executive, shall have the power to ''regulate Commerce with foreign Nations.'' And under Article I, section 7, the Senate is permitted to ''propose or concur with'' amendments to all revenue bills.

But under fast track—this shabby, shabby piece of trash—under fast track—this trumped-up power grab called fast track which is now disingenuously called trade promotion authority—listen to that: trade promotion authority—the Congress is left with no ability to modify the text of these trade agreements. And we did it to ourselves. Congress did it to itself. As a result, they are negotiated by a small band of bureaucratic gnomes—bureaucratic gnomes—accountable to whom? Accountable to no one, bureaucratic gnomes accountable to no one. But we should not blame them. We should blame ourselves. The Congress of the United States cut its own throat.

Under fast track, the Congress cannot modify, the Congress cannot amend, the Congress cannot delete any section of trade agreements negotiated by the USTR. Congress is excluded from the process, just like we did to ourselves when we shifted the power to declare war to a President, one man. We did it to ourselves. We shifted power under this Constitution—lodged in the Congress, which shall declare war under this Constitution—we shifted that power to one man, and in so doing we relegated ourselves to the sideline.

So today what can we say? We cannot say anything. We did it to ourselves. We said: Here, Mr. President, take it. It is yours, lock, stock, and barrel. That is what we did when it came to declaring war. And we are paying for it in Iraq.

But let's get back on this matter. We did it to ourselves again. We excluded ourselves from the process. We cut ourselves out of the loop. We cast ourselves aside, like excess baggage, shunned, shunned like the woman who wore the scarlet letter.

But unlike Nathaniel Hawthorne's Hester Prynne, who had to sport only one letter as a symbol of her wrongdoing, the shamed in this story should be forced to wear three letters to highlight their humiliation. And those letters are ''TPA,'' which stands for ''trade promotion authority.'' What a misnomer. How disingenuous can we become? Fast-track negotiating authority is an abomination—an abomination.

Is this what we think the Founding Fathers had in mind when they created our three separate branches of Government? We don't pay too much attention to that these days. Is this what they had in mind when they created our three separate branches of Government? First, in this Constitution, the legislative branch, then the executive branch, then the judicial branch. But that first branch, the people's branch, is this what they had in mind when they created that first branch? Blind adherence to agreements negotiated behind closed doors, dictated word for word by only one branch of the Government, the executive branch? Is that what they had in mind? That is not what the Constitution says. It says that the Congress shall regulate foreign commerce.

But the Congress, like blind mice or hyperactive lemmings, time and time and time again just keeps on making the same mistake. It approves fast track. Each agreement negotiated under fast track destroys more American jobs and leads our Nation into deeper and deeper deficits.

The overall U.S. trade deficit in 1993, when NAFTA was enacted, was $75.7 billion. Today what is it? Not $75.7 billion. It is nearly $700 billion. Back in 1993—that hasn't been too long ago, back in 1993—the United States had a trade surplus with Mexico of $2.4 billion. Not too long ago, 1993. Look backward, O time, in thy flight. We had a trade surplus with Mexico of $2.4 billion in 1993, $2.4 billion. Last year we ran a trade deficit of $45 billion with Mexico. There you have it. The facts speak for themselves. Were these some of the promised benefits of NAFTA? It is too easy to forget. Were these some of the promised benefits of NAFTA? Sky high, yes, way up in the stratosphere, sky-high trade deficits? Since NAFTA and the Uruguay Round were negotiated under fast track, the United States has lost thousands—thousands, I say—of manufacturing and service jobs, a substantial portion of which have been outsourced—we hear much of that word these days, ''outsourced''—to India or to China, leaving American workers' jobs without health care and with diminished pensions.

I have seen it over and over again in West Virginia. I have seen it happen time and time and time and time again, firsthand, in West Virginia. It has happened in our steel industry in West Virginia. It has happened in the aluminum industry. It has happened in the glass industry. It has happened in the communications industry. It has happened in the special metals industry. It has happened in the furniture industry. It has happened in textiles. It has happened in handtools. Were these the promised benefits of NAFTA? Were these the promised benefits of the Uruguay Round? Who could have foreseen that these agreements would cause such massive dislocation, such grief? Who? Who?

I will tell you who: Those of us who wisely voted against them. I did, and so did about a third of the U.S. Senate. But the majority back then refused to see what was coming. The majority refused to look. The majority blindfolded itself and refused to see what was coming. I hope they recognize what they see today.

Administrations like to allege that because they sometimes deign to ''consult'' with the Congress on fast track trade agreements, their consultations satisfy the need of Congress to be involved in drafting the text of these agreements. We all know what a sham that is. Yes, they condescend to consult with Congress, the people's elected representatives. The President is indirectly elected by the electors, the representatives of the people. We are elected by the people, directly by the people. I come here, as it were, directly from the voting booth of the people. Despite all the assurances we heard during the 2002 trade debate, I have been told that even members of the Finance Committee, the Senate Committee that is charged with jurisdiction over trade matters, have been shut out. Can you believe it? Let me say that again. I can hardly believe what I am saying.

Despite all the assurances we heard during the 2002 trade debate, I have been told that even members of the Senate Finance Committee, the Senate committee that is charged with jurisdiction over trade matters, have been shut out of substantive consultations on CAFTA. My, how the mighty have fallen. Since only certain members of the Finance Committee are part of the congressional oversight group which was supposedly created in 2002 to ''consult'' with the White House, other Senators on the Finance Committee who are not a part of that group have rarely been consulted on CAFTA at all. What kind of consultation is that? What kind?

Similarly, the majority-controlled Senate Finance Committee refused to hold a hearing on the TPA resolution of disapproval that Senator DORGAN and I introduced in April. The committee also refused—maybe I should say ''declined''—to discharge the resolution so it could receive an up-or-down vote on the Senate floor.

You hear that a lot around here, this demand for an up-or-down vote. I hear it said that nominees deserve an up-or-down vote. Who said that? The President and others say the nominees deserve an up-or-down vote. The Constitution doesn't say that. Here is the Constitution. It doesn't say that. What do the American people deserve? That is what counts.

Well, the Senate leadership refused to give our resolution an up-or-down vote. Instead, they killed it in committee. It died a natural death. They killed it in committee, despite a written request asking for its discharge that was sent by Senators DORGAN, GRAHAM, ROCKEFELLER, JOHNSON, LEVIN, INOUYE, DAYTON, and myself.

The proponents of fast track, TPA, and CAFTA argue that by expanding free trade in Central America we will help the workers in those countries—I have heard some of that today—become more stable and less of a national security threat. That is what we were told about NAFTA. What happened? Did NAFTA stabilize immigration? No. Since NAFTA was implemented, the number of those migrating illegally into the United States to seek work has doubled. Perhaps this is because the wages of Mexican workers have declined and the number of people in poverty there has grown.

Yet the administration wants us to enact now another NAFTA, this time called CAFTA—NAFTA, CAFTA; NAFTA CAFTA. Poetic, isn't it? It has a rhyming sound. NAFTA, CAFTA. Yesterday NAFTA, today CAFTA, what the AFL–CIO tells us will not require its members to maintain or improve their labor laws or to protect the core labor rights of their workers.

So the administration continues to negotiate these failed free-trade agreements, when it should be focusing on the real trade crises that face our Nation.

For example, while the administration has been spending its resources on these agreements, it is doing nothing to address our Nation's enormous trade deficit, which soon will surpass $700 billion. What a deficit—$700 billion.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BYRD. I am so sorry about that, Mr. President. I ask unanimous consent that I may be given 5 more minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. I thank the Chair for his courtesy. May I say that the chairman of the Finance Committee is a man whom I like. He is always friendly, always courteous to me, and in Shakespeare's words, ''He's a man after my own kidney.''

The administration also refuses to bring WTO cases against other countries that violate international law. Yet it acquiesces when the WTO unfairly and deliberately twists international rules to strike down our own laws. In fact, the current administration has taken on only 12 cases to the WTO in over 4 years, compared with its predecessor, which filed an average of 11 WTO cases per year.

The U.S. Trade Representative sits idly by while the WTO tries to undermine and/or eliminate our most critical trade laws, including the Continued Dumping and Subsidy Offset Act, also known as the Byrd amendment. A strong majority of the Senate supports the Byrd amendment, and this law will not be repealed or modified in response to the WTO. In fact, in the fiscal year 2004 and 2005 Consolidated Appropriations Acts both Houses of Congress directed the administration to start negotiating a solution to this WTO dispute. In response to this congressional mandate, the administration, in early 2004, submitted a proposal to a negotiating group in Geneva to reverse this WTO ruling against our law. But the administration has done nothing to advance those negotiations since April 2004. The administration needs to stop stalling and start solving this problem.

History shows that it is a big mistake for the Congress to cede its authority to negotiate trade agreements to the Executive—and I am not just talking about this administration. I have been in Congress 53 years, and it is the same in every administration, Democratic and Republican. They follow the State Department line all the time—because the outcome of those agreements can have disastrous consequences for American industry.

How much more negative history, how many more flawed consequences must our Nation suffer before we wake up and realize that fast track has been a disaster? Instead of negotiating more unfair, at any rate, agreements such as CAFTA, we should be fighting aggressively to preserve our Nation's trade laws and to protect the American workers and their families, and also protect the Constitution of the United States.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from North Carolina.

Mr. BURR. Mr. President, I probably won't be as eloquent as the senior Senator from West Virginia, but rest assured that I am just as passionate about the issue before this body.

I rise today, after months of countless discussions with interested parties, farmers, manufacturers, textile workers, and small businesses, to voice my support for the Central American Free Trade Agreement. It is not a decision that I have reached lightly.

While some in my State continue to raise concerns with this agreement and trade in general, I believe this agreement is in the long-term best interests of North Carolina and our Nation. When I wake up in the morning, I look forward, I don't look back; I look to the future. Simply put, Mr. President, voting no on this agreement would be the easy thing to do. However, I believe voting yes is, in fact, the right choice for the State of North Carolina and its economic future.

It is only through agreements with our friends, neighbors, and allies that we will be able to compete with Asia. Many will argue that this agreement is a jobs loser, and I certainly understand that feeling and respect those opinions. After all, my home State of North Carolina is undergoing a significant economic transition which is changing the nature of our job market. However, I believe CAFTA will provide opportunities for economic growth in my State down the road.

CAFTA will provide garment makers in the region with a critical advantage in competing with Asia—particularly Chinese—garment manufacturers. This is crucial for one very important reason: those regional garment makers buy their yarn, their fabric, from American companies. Many of those companies are based in North Carolina. Those American companies buy their cotton from American farmers. This is not the case in Asia.

I am persuaded by the impressive level of trade between North Carolina and Central America today. North Carolina exported almost $2 billion worth of merchandise to Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua in 2004 alone. Only Florida and Texas exported more. My State's exports to the region last year accounted for almost 10 percent of our total exports. These exports translate into real jobs in North Carolina.

I am also persuaded by the side agreements that I know the President is well aware of—side agreements intended to address shortcomings in the underlying agreement. Our new Trade Representative, my friend, Rob Portman, has committed he will utilize the CAFTA amendment mechanism to pursue a rule-of-origin change for pockets and linings, helping ensure that $100 million in U.S. pocketing and lining exports to the region are not lost. The administration has also reaffirmed its commitment to negotiate an aggressive customs enforcement agreement with Mexico before the cumulation provisions of CAFTA can be used. Finally, Nicaragua has committed to allocate its trade preference levels, or TPLs, to its current nonqualifying U.S. trade, ensuring that existing U.S. business is not impacted by this provision.

I am not the only one persuaded by these side agreements. On June 27, 10 organizations, representing textile and apparel businesses, wrote Members of the House and Senate in support of CAFTA. Those organizations wrote:

This agreement is vitally important for the United States textile and apparel industry and the more than 600,000 workers who are still employed in the United States in this industry.

I ask unanimous consent, Mr. President, that this letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JUNE 27, 2005.

DEAR SENATOR/REPRESENTATIVE: We are writing to express our strong support for and urge passage of the implementing legislation (HR 3045/S 1307) for the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA–DR).

This agreement is vitally important for the U.S. textile and apparel industry and the more than 600,000 workers who are still employed in the United States in this industry.

Last year, we exported more than $4 billion of textile and apparel products to Central America and the Dominican Republic. More than 25 percent of all U.S. fabric exports and 40 percent of all U.S. yarn exports go to this region. As a result, garments imported from the region contain on average more than 70 percent U.S. content. In contrast, garments imported from Asia contain less than 1 percent U.S. content.

Recent changes in the international trade regime—through the elimination of quotas have eroded the competitiveness of the partnership we now have with Central American region. Moreover, the existing program—because of burdensome documentation requirements and because it will expire soon—no longer provides as strong an incentive to make clothing in the region using U.S. inputs.

CAFTA–DR will solidify and stabilize this partnership by making the current program broader, easier to use, more flexible, permanent, and reciprocal. It will create new sales opportunities for U.S. textile and apparel products by providing permanent incentives for the use of U.S. yarns and fabrics in textile articles made in the region. And because it will promote duty free access for U.S. textile and apparel exports to local markets in the region—which currently does not exist—it will give us new advantages over our competitors.

For all these reasons, textile and apparel companies from across the supply chain have come together to express support for CAFTA–DR and to urge its swift approval.

On behalf of the U.S. companies we represent and the workers they employ, we urge you to support the agreement and vote YES on the CAFTA–DR.

Sincerely,

American Apparel & Footwear Association (AAFA),

American Cotton Shippers Association (ACSA),

American Fiber Manufacturers Association (AFMA),

American Textile Machinery Association (ATMA),

Association of the Non Woven Fabrics Industry (INDA),

National Cotton Council (NCC),

National Council of Textile Organizations (NCTO),

Sewn Products Equipment & Suppliers of the Americas (SPESA),

Textile Distributors Association (TDA),

United States Hosiery Manufacturers Coalition (USHMC).

Mr. BURR. Mr. President, North Carolina textile and apparel firms are by no means unanimous in their support of CAFTA. I clearly understand that. But when companies as diverse as Sara Lee, Russell, Glen Raven, National Textiles, and Parkdale, companies that have not agreed before, agree on this, we should take notice, and I have.

Without CAFTA, more and more garment manufacturing will simply find its way to China to be manufactured. As Central American manufacturers are forced out by Chinese manufacturers, more American jobs will be put at risk for the simple fact that Chinese manufacturers do not use American yarn, they do not use American fabric, and they do not use American cotton.

I am persuaded by agriculture's support for this agreement, and in a letter to me recently, North Carolina's Farm Bureau president Larry Wooten said:

On balance, the CAFTA–DR is a positive trade deal for North Carolina agriculture. It will boost our State's number one industry by helping North Carolina's farm families develop new markets for their products. North Carolina Farm Bureau strongly supports CAFTA–DR.

Mr. President, I ask unanimous consent that this letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NORTH CAROLINA FARM BUREAU FEDERATION,
Raleigh, NC, June 30, 2005.

Hon. RICHARD BURR,
U.S. Senate,
Washington, DC.

DEAR SENATOR BURR: As the U.S. Senate prepares to vote today on the Central America—Dominican Republic Free Trade Agreement (CAFTA–DR), I am writing you to express North Carolina Farm Bureau's support for this important agreement. Thank you for your vote last night to invoke cloture on S. 1307, and we hope you will vote for this measure again on final passage today.

Currently, U.S. agriculture faces a $700 million trade deficit with the six countries included in the CAFTA–DR. This is largely the result of the General System of Preferences (GSP) trade provisions and the Caribbean Basin Initiative (CBI), which together allow 99 percent of Central American and Dominican Republic agricultural products to enter U.S. markets duty free. Conversely, U.S. exports to the region are subject to applied tariffs that range from 15 to 43 percent. Indeed, North Carolina's farm families have already paid for this agreement.

CAFTA–DR will eliminate these trade barriers, and provide North Carolina farmers and agribusinesses with the same duty-free access that CAFTA–DR countries already enjoy in our markets. In fact, many U.S. competitors in the region, like Chile, already receive preferential access from the CAFTA–DR countries.

A News & Observer article published earlier this year reported that, according to the U.S. Department of Commerce, North Carolina exports to the CAFTA–DR countries grew by $678 million from 2001 to 2004, the largest increase in the nation. The article went on to say that North Carolina is the CAFTA–DR region's third largest trading partner behind Texas and Florida. Clearly, North Carolina agriculture has much to gain from CAFTA–DR's enactment.

According to a recent study conducted by the American Farm Bureau Federation (AFBF), II CAFTA–DR is a good deal for North Carolina agriculture. In 2003, North Carolina's farm cash receipts equaled $6.9 billion. Of that figure, $1.3 billion, or about 19 percent, came from agricultural exports. If CAFTA–DR is enacted, AFBF estimates that North Carolina will increase agriculture trade to this region by nearly $70 million per year by 2024.

As you know, North Carolina is a major producer of pork, poultry, and cotton, as well as a significant producer of soybeans. Under CAFTA–DR, North Carolina could expect to increase meat exports to CAFTA–DR nations by $24 million per year once the agreement is fully implemented. Poultry, our third largest agricultural export, would experience export increases of $42 million per year. Exports of cotton would increase approximately $1 million per year, while soybeans and soybean product exports would grow by $770,000 per year.

It is important to remember that the global community is closely monitoring congressional deliberations regarding CAFTA–DR. Rejecting this agreement will damage U.S. credibility in the World Trade Organization (WTO) and deter other nations from negotiating future trade agreements with us. Further, failing to approve CAFTA–DR and any subsequent trade agreements will exert more pressure on Congress to increase Farm Bill spending.

On balance, the CAFTA–DR is a positive trade deal for North Carolina agriculture. It will boost our state's number one industry by helping North Carolina's farm families develop new markets for their products. North Carolina Farm Bureau strongly supports CAFTA–DR, and we urge you to support on the Senate Floor today.

As a friend of North Carolina Farm Bureau, you have always been accessible and I appreciate your support for North Carolina's farm families. As you consider how you will vote on this critical matter, please know that I stand ready to assist you in any way. I look forward to hearing from you soon.

Sincerely,

LARRY B. WOOTEN,
President.

Mr. BURR. Mr. President, current agricultural trade between the United States and the region can be a one-way street. That street is often closed to our farmers by regional barriers. CAFTA will remove those barriers, increasing access for U.S. farmers. With exports accounting for 20 percent of North Carolina's farm cash receipts, almost $1.5 billion, my State's farmers stand to make tremendous gains in Central American markets.

The key to making this trade agreement an economic success for North Carolina, though, is enforcement. I am a proponent of free trade, but I am an even bigger proponent of fair trade. The rules must be enforced. I intend to make sure that neither this Nation nor our partner countries turn a blind eye to the provisions set out and the assurances made in CAFTA.

Several of my colleagues have come down to the Senate floor to express their concerns with China. Let me be specific. I have concerns about China, too. I voted against normal trade relations status for China eight times as a Member of the other body. Hindering our Nation's trade with other nations to get back at China is not the answer. Enforcing our laws and enforcing the provisions of the trade agreement with China is the answer to China.

If I held up a chart today and suggested that chart listed every time China had voluntarily broken our trade agreements, it would be blank. If we want trade to work, we as a country have to enforce the agreements we have with our partners.

This is not the China free-trade agreement. It is the Central American Free Trade Agreement. We need to stop holding our friends in Central America and elsewhere accountable for China's unlawful practices. We should not let China get away with unfair trade practices, and we must strengthen our trade enforcement efforts. If China is going to break the rules, let's call them on it. Let's make them pay for it. But we should not make other countries the scapegoat for China.

In the 2 years since CAFTA was signed, I have worked to better understand the agreement and the impacts it will have on my State. Today I am convinced there is no choice—no choice—but to look to the future and approve this agreement. The new and emerging sectors of North Carolina's economy, from computer manufacturing to biotechnology and established sectors such as financial services and agriculture, depend on agreements such as this.

What makes CAFTA fairly unique is the recognition by many in the textile and apparel industry that CAFTA represents one of their last, best chances to compete with Asia. We cannot afford to wall ourselves off from the rest of the world if we hope to compete in a global marketplace and to create jobs in the United States.

I urge my colleagues to look at the long-term benefits of prosperous, successful, established democracies to our south and the economic opportunities it provides for our own citizens here. If we fail to look to our friends in the south, we will only be strengthening our competitors to the west.

I urge my colleagues at the end of this debate to vote in favor of the CAFTA agreement, and I urge my colleagues to stay vigilant, whether it is CAFTA or China, as it relates to enforcement mechanisms with our trade partners.

I yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that I be allowed to speak for up to 15 minutes and that the time be charged under the control of Senator GRASSLEY.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from California may proceed.

Mrs. FEINSTEIN. Mr. President, I have been listening to the debate upstairs on television. I thought I might come down and indicate the reasons I am going to vote for this Central American Free Trade Agreement.

This agreement has sparked a great deal of debate about our trade agenda, the effects of trade agreements on labor rights and the environment, and the impact of increased imports on sensitive domestic industries. I understand the concerns of my colleagues, including members of my own party, who do not support this agreement.

For me, I have always approached these agreements on a case-by-case basis. I have supported some, and I have opposed others. For example, I opposed the North American Free Trade Agreement and the Singapore-Chile Free Trade Agreement. I opposed NAFTA because of the concerns about the impact of jobs and the environment, and I opposed the Chile-Singapore Free Trade Agreement because of the inclusion of immigration provisions.

But in my view, this is an important opportunity for this Congress to go on record in support of economic growth and political stability in these countries and new markets and opportunities for our manufacturers and farmers.

Bottom line, this agreement provides immediate benefits for American exports. It balances an uneven trading relationship. Some have said this, but I do not think it has sunk in: approximately 80 percent of goods manufactured in these countries and 99 percent of their agricultural products already enter the United States duty free. But America's exports into these countries face stiff tariffs on a number of key products. Let me give some examples.

Wood products have an average tariff of 10 percent; motor vehicles and parts, an average of 11.1 percent; vegetables, fruits, and nuts, an average of 16.7 percent—that is today—dairy products, an average of 19.5 percent and up to 60 percent in some cases. In some cases, to send dairy products into these countries, they face a tariff of 60 percent; grains, an average tariff of 10.6 percent; beef, up to 30 percent; rice, up to 60 percent; and wine is as high as 35 percent.

Upon enactment of this agreement, 80 percent of U.S. industrial exports will enter the CAFTA countries duty free, with the remaining tariffs eliminated over 10 years. That is good for us. That is good for our workers because in these industries it will produce more jobs. Fifty percent of agricultural exports become duty free immediately, with remaining tariffs eliminated over 15 and 20 years.

A World Bank and University of Michigan study estimates that with the agreement, U.S. income will rise by $17 billion and the income of CAFTA countries by $5 billion. I think that is substantial. According to the American Farm Bureau, CAFTA would increase U.S. agricultural exports by $1.5 billion annually.

Now let me just talk about my own State of California. It has often been said we are the fifth largest economic engine on Earth. We have a $1.4 trillion economy. We are a leader in U.S. and global markets, with products ranging from high tech to agriculture. Our workers, our farmers, and our businesses need access to new and expanding markets to sustain that leadership position.

In 2004, my State exports to the CAFTA countries totaled $660 million. That was the sixth largest of the 50 States. Manufactured goods accounted for 89 percent of the total, including computers and electronic equipment, fabric mill products, and coal products.

CAFTA will provide significant opportunities for several California export industries. Let me go over them. Let us take dairy, for example. California's producers represent a $4 billion dairy industry. We know it is the largest in the Nation. Their exports face duties as high as 60 percent today. Each country in this agreement establishes tariff rate quotas for certain dairy products totaling 10,000 metric tons across the six CAFTA countries. Access will increase by 5 percent a year for the Central American countries and 10 percent a year for the Dominican Republic, and all duties will be eliminated over 20 years.

Beef: Current duties on beef are as high as 30 percent. Duties on prime and choice cuts will be eliminated immediately in the Central American countries. Duties on other beef products will be phased out over 5 to 10 years.

Wine: Current duties on American wine are as high as 35 percent. Duties on standard size U.S. bottled wine will be eliminated immediately. All others will be phased out over 15 years.

Rice: Currently, U.S. rice exports face tariffs of up to 60 percent. Under the agreement, each country will establish a tariff rate quota for milled rice and rough rice, except for the Dominican Republic, which will have a tariff rate quota for brown rice. In the first year, 400,000 metric tons will be imported duty free, growing as the tariff is eventually eliminated.

Fruits: Duties of up to 20 percent on U.S. grapes, raisins, fresh and canned peaches, and fresh and canned pears will be eliminated immediately upon enactment of the agreement.

Tree nuts: Duties of up to 20 percent on U.S. walnuts, almonds, and pistachios will be eliminated immediately upon enactment of the agreement.

Services: The agreement provides broad market access and regulatory transparency for telecommunications, insurance, financial services, distribution services, computer and business technology services, and tourism, among others. U.S. financial service suppliers will have full rights to establish subsidiaries, joint ventures or branches for banks and insurance companies.

High tech: The agreement eliminates distribution barriers for information technology products. It requires countries to eliminate information technology tariffs by signing the World Trade Organization Information Technology Agreement, and it opens up information technology services. All exports of products covered by the Information Technology Agreement, including computer equipment and communications equipment, will receive immediate duty-free treatment.

Entertainment: California is a big entertainment State, and this is very important. The agreement provides for increased market access for U.S. films and television programs through cable, satellite, and the Internet. Currently, movies face tariffs ranging from 5 to 20 percent. Compact discs and DVDs face tariffs of up to 10 percent. The agreement provides for zero tariffs on movies, music, consumer products, software, books and magazines, and nondiscriminatory treatment for digital products such as U.S. software, music, text, and videos. It also includes protections for U.S. trademarks, copyrighted works, patents, trade secrets, and penalties for piracy and counterfeiting. As a matter of fact, Peter Chernin, the CEO and president of the Fox Group, said this: This agreement sets a template for what agreements should look like.

Textiles: Apparel from garment factories in Central America supporting 400,000 jobs will be duty free and quota free in the United States if they contain U.S. fabric and yarn, thus benefiting U.S. fabric and yarn exports. The CAFTA countries are the largest market for U.S. apparel and yarn exports. That is $2.2 billion in 2003. Tariffs on U.S. textile exports are currently 18 percent, and they will be eliminated immediately upon enactment of the agreement.

Now, these are all win-win-win for my State and I believe for the United States. Perhaps because of the NAFTA agreement, which was a very different agreement, people look at this agreement as they looked at NAFTA. In fact, CAFTA countries now export most of their products into the United States at no tariff, and most of our products face tariffs which would either be eliminated immediately or eliminated over a period of time under CAFTA.

So I do not think it should come as any surprise that there is very wide support among California businesses, farmers, and agricultural organizations: the Farm Bureau, the Wine Institute, the United Dairymen, the Rice Commission, the Cattlemen's Association, the Pork Producers, the Table Grape Commission. In high tech, virtually every company: Cisco, Intel, National Semiconductor, Apple, Oracle, Hewlett-Packard, Qualcomm, IBM, Kodak, and the Telecommunications Industry of America. This is opening markets for our products. Entertainment: the Motion Picture Association of America, the Recording Industry of America, the Independent Film and Television Alliance, and the Entertainment Software Association.

As the New York Times stated in an editorial:

> Denying poor people in Central America the benefits of better access to the American market is certainly not the way to lift them out of poverty.

That is the flip side of this, that by creating an agreement that reduces these tariffs on American products, a more competitive and higher quality marketplace is produced for citizens of these countries, and that is not bad.

Denying these countries access to the U.S. market is certainly not the way to reward them for advances made in the area of democracy, human rights, and the rule of law. Twenty years ago, these countries were marred by constant warfare, human rights abuses, poverty, and political instability. Since then, they have all made enormous strides, and passage of CAFTA will not only promote economic development and rising standards of living by allowing their products to compete in the U.S. market, it will also lock in economic reforms, respect for the rule of law, and solidify democratic institutions. Each country now has a democratically elected leader, and I think we should reward those allies and not turn our backs on them.

I ask unanimous consent to have a letter from former President Jimmy Carter printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JUNE 8, 2005.

Hon. CHARLES E. GRASSLEY,
Hart Senate Office Building,
Washington, DC.

TO SENATOR CHARLES GRASSLEY: As you prepare for your initial consideration of the Central American Free Trade Agreement (CAFTA) with the nations of Central America and the Dominican Republic, I want to express my strong support for this progressive move. From a trade perspective, this will help both the United States and Central America.

Some 80 percent of Central America's exports to the U.S. are already duty free, so they will be opening their markets to U.S. exports more than we will for their remaining products. Independent studies indicate that U.S. incomes will rise by over $15 billion and those in Central America by some $5 billion. New jobs will be created in Central America, and labor standards are likely to improve as a result of CAFTA.

Some improvements could be made in the trade bill, particularly on the labor protection side, but, more importantly, our own national security and hemispheric influence will be enhanced with improved stability, democracy, and development in our poor, fragile neighbors in Central America and the Caribbean. During my presidency and now at The Carter Center, I have been dedicated to the promotion of democracy and stability in the region. From the negotiation of the Panama Canal Treaties and the championing of human rights at a time when the region suffered under military dictatorships to the monitoring of a number of free elections in the region, Central America has been a major focus of my attention.

There now are democratically elected governments in each of the countries covered by CAFTA. In negotiating this agreement, the presidents of each of the six nations had to contend with their own companies that fear competition with U.S. firms. They have put their credibility on the line, not only with this trade agreement but more broadly by promoting market reforms that have been urged for decades by U.S. presidents of both parties. If the U.S. Congress were to turn its back on CAFTA, it would undercut these fragile democracies, compel them to retreat to protectionism, and make it harder for them to cooperate with the U.S.

For the first time ever, we have a chance to reinforce democracies in the region. This is the moment to move forward and to help those leaders that want to modernize and humanize their countries. Moreover, strong economies in the region are the best antidote to illegal immigration from the region.

I appreciate your consideration of my views and hope they will be helpful in your important deliberations.

Sincerely,

JIMMY CARTER.

Mrs. FEINSTEIN. Former President Jimmy Carter states:

If the United States Congress were to turn its back on CAFTA, it would undercut these fragile democracies, compel them to retreat to protectionism, and make it harder for them to cooperate with the United States.

I do not think there has been any American President that has reached out more fully to the rest of the world with more humanitarian work and more concern about human rights and labor rights than Jimmy Carter.

I understand several of my colleagues believe labor and environmental provisions of the agreement fall short of what is needed to protect workers' rights and the natural resources of the CAFTA countries. I think free-trade advocates often make the mistake of arguing that these agreements are a panacea for the ills of the developing world, including lax labor and environmental standards. I certainly do not believe that.

The passage of the CAFTA alone will not bring labor and environmental standards and the capacity to enforce those standards up to United States levels. We have to admit that. But— and I say ''but''—combined with a robust assistance package to help the CAFTA countries identify shortcomings and improve the enforcement of their laws, this agreement will mark an important step in the right direction. This is not about sacrificing the rights of workers and the protection of the environment for open markets and increased trade. We can provide new opportunities for American and Central American goods and services and establish programs to help those countries raise their labor standards.

What Senator BINGAMAN said when he came to the floor is very constructive. I give him a great deal of credit and credit to the administration. This is the first trade treaty I can remember when they have been open to change.

Mr. President, I ask unanimous consent just 5 additional minutes.

The PRESIDING OFFICER (Mr. BURR). Without objection, it is so ordered.

Mrs. FEINSTEIN. This is the first trade agreement where the administration, perhaps because they have had to struggle for the votes, has been welcoming of suggestions; not only welcoming of suggestions, they made some changes. That is appreciated.

One of the changes was $40 million earmarked for labor and environment capacity building for the CAFTA countries, from 2006 through 2009, and $3 million annually through 2009 for the International Labor Organization to monitor and verify progress in CAFTA countries in improving labor law enforcement and working conditions, with periodic reports that are transparent, every 6 months, on such projects.

That is a first and I think it is important and I do believe it can make a difference. I do believe the comments of those who are concerned about impact on Central America's labor laws are right to be concerned. I join them in that concern. This $3 million can go a long way to seeing the kind of enforcement that is necessary to begin to bring those countries up to where it is an approximately level playing field. This is a significant commitment, and I thank Ambassador Portman for his willingness to engage with the Congress on this issue.

I also look forward to providing assistance to workers in this country through the Trade Adjustment Assistance Program for those who have lost their jobs because of increased trade.

This is where I think the rub really is. It is always hard to see whether the benefits of free trade do in fact outweigh the negatives. But we must recognize that some workers lose their jobs and they have to be helped to learn new skills. We have to find ways to keep manufacturing in this country. We have to find ways to limit research and development tax credits to the production of jobs in this country.

Some of us were struck a mortal blow when we repatriated tax funds and there was an amendment on the floor of the Senate that said ''as long as those funds will be used for production of jobs in this country,'' and that amendment failed. That, for me, was a dark day because I believe that American corporations do have an obligation to this country, not only to the bottom line but an obligation to their workers. American workers are the best in productivity and the best in the world. We have to find ways to see that this country is competitive in education, in standards, to be attractive for manufacturing once again.

Today, the Democrats in the Democratic Policy Committee heard a very interesting presentation which pointed out how necessary manufacturing jobs, production line jobs—not high-skilled jobs—were going to be to the future of this great country. I remember when I was mayor of San Francisco, Akio Morita, the chairman of Sony, at that time he was the head of The Keidanren, saying to me that when America loses its manufacturing edge, it is the first step to America becoming a second rate power. I believe that is correct. Yet a trade agreement which reduces tariffs on our exports is not bad; it is good. I think that is the benefit of that, and of this agreement.

With that in mind, and because I believe virtually every industry in my

State is in support of this agreement, I intend to vote aye.

I thank the Chair for the extension of time, and I yield the floor.

I appreciated the recent efforts the administration made to engage the sugar industry to work out an agreement. However, I am concerned that the two sides only recently came to the table to address this divisive issue. The trade agreement has been signed for nearly a year, but talks only began about 3 weeks ago. The problem should have been recognized and truly addressed earlier in the process. I am convinced that an agreement could have been reached. As it was, the sugar industry chose not to accept a short-term offer by the administration. The offer would have provided a remedy for the length of the farm bill, this year and next year's sugar beet crop. As I stated before, sugar beet farmers in Wyoming have made long-term investments in their processing facilities. They need a long-term solution, not a short-term fix.

This problem will not go away. As the administration continues to seek additional free-trade agreements with countries that desire to send their sugar to our markets, this issue will resurface. I recommend that the administration and the sugar industry continue creative discussions to identify a long-term solution beyond the next farm bill to ensure the viability of the sugar industry and the small family farmers that the industry supports in the United States.

Beyond Wyoming sugar, Wyoming cattle producers have made it clear to me that they want mandatory country of origin labeling implemented before new trade agreements are signed that could bring in additional beef and meat products. I agree that consumers should have the opportunity to make an informed purchase regarding their meat's country of origin at their grocery store. U.S. beef is competitive, but it does not receive a chance to compete when it is not labeled as U.S. beef for consumers.

With my vote against this bill, it would be easy for my opponents to cast me as a free-trade obstructionist. I remind them that until today, I have never voted against a free-trade agreement on the floor of the Senate. The principles of fair trade, which I support, generally bring about increased democracy, more transparency in Government and increased productivity. Along these lines, there are industries in Wyoming that communicated their support of CAFTA to me. I am pleased the agreement will improve market access for important industries, such as soda ash and oil and gas. I recognize the benefits this agreement will bring to many and applaud the administration for their hard work in bringing this agreement to fruition. Unfortunately, I cannot vote for the agreement today because the costs outweigh the benefits for my State as a whole.

Mr. ENZI. Mr. President, I rise today to express my opposition to the Dominican Republic-Central American-United States free trade agreement, known as CAFTA. I am opposing the implementing legislation before the Senate today due to the negative impact that passage of the agreement will have on the domestic sugar industry. I also believe mandatory country of origin labeling should be implemented before we sign trade agreements that will bring in additional meat products.

The production of sugar is vitally important in Wyoming. Behind hay, which is fed to our livestock, sugar beets is the No. 1 cash crop in Wyoming. So small sugar beet farms in Wyoming have a big impact on my State's economy. For example, my office received calls from bankers and local economic development agencies in towns that depend upon the viability of the sugar beet industry. They were concerned about the impact of CAFTA on the health of their local economies—the economies of my home State.

In addition, the sugar industry is vertically integrated. Sugar beet farmers are invested in their land and specialized farming equipment. However, across the Nation, sugar beet farmers have also banded together to purchase the processing plants that add value to their crop. So their investment in sugar is higher than the investments of other farmers in their crops. Many of these plants have been purchased in recent years with a long-term debt load. Wyoming sugar beet farmers have a special interest in ensuring that their industry has long-term viability. The sugar that would be imported from CAFTA countries under this agreement, in addition to the sugar expected to be imported from Mexico under NAFTA, would have a detrimental impact on the sugar beet industry in the near and distant future.

The PRESIDING OFFICER. Who yields time? The Senator from Connecticut.

Mr. DODD. Mr. President, I ask unanimous consent I be allowed to speak for up to 30 minutes from the time under the control of Senator DORGAN, to be followed by Senator MARTINEZ for up to 10 minutes from the time under the control of Senator GRASSLEY.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Connecticut is recognized for 30 minutes.

Mr. DODD. Mr. President, let me begin by commending, again, the chairman of the Finance Committee, Senator GRASSLEY, and Senator BAUCUS, the ranking Democrat, and members of that committee. It is a very important committee of the Senate, obviously. They are charged with the responsibility of dealing with trade agreements. The implications of these trade agreements obviously go beyond just the jurisdiction of the Finance Committee. It can be argued, I think very correctly, that these agreements have huge foreign policy implications, national security implications as well as, obviously, labor implications. So the Finance Committee is asked to grapple with very compelling issues that touch on a lot of other subject matters when they deal with it.

I rise today to speak about this Central America-Dominican Republic Free Trade Agreement, known as the CAFTA–DR agreement. Yesterday evening, I came to the floor to express my hopes that this agreement could be strengthened in the waning hours before a vote on its implementing legislation. I did so because I very much want to support this agreement.

Let me explain why again. Many of my colleagues, I suppose, know the reason. As long as I have been a Member of this body I have served on the Senate Foreign Relations Committee. I have, for most of those years, been either the chairman or the ranking Democrat of the subcommittee dealing with Latin America.

My colleagues, many of them, know as well that some 39 years ago, as I finished my college education, I joined the Peace Corps and traveled to the Dominican Republic where, for about 2 years I served as a Peace Corps volunteer in the wonderful mountain village of Bonito Moncion, not very far from the Haitian border. I have a special affection for the Dominican Republic. The people of that small mountain village embraced me as one of their own. In fact, only a few weeks ago I traveled back to that mountain village of Moncion after a 24-year absence and spent a remarkable day with people I had known, who had such a wonderful impact on my life as a young Peace Corps volunteer.

When I came to this body and went to the Congress in 1974, along with Paul Tsongas of Massachusetts, we were the first two former Peace Corps volunteers to be elected to the U.S. Congress.

Paul Tsongas came to the Senate 2 years before I did. When I arrived here, we became the only Peace Corps volunteers to have served in this Senate. Today, I believe I am the only one to have had that privilege of being a volunteer in the Dominican Republic and to serve in this Senate. The countries of Central America I know well. I have traveled to all of them extensively over the years. I know the heads of states of each of these countries and have known virtually all of the heads of state over the last 24 years. It is with a great deal of personal interest, in addition to the subject matter interest, that draws me to this debate and to the Senate this afternoon. I have worked closely with many of these countries. As much as any Member of this Senate, I understand what a great boom a well-crafted agreement on trade can be to the people of Central America and for the Dominican Republic, as well as for we Americans.

I don't expect CAFTA–DR agreement to be perfect. No trade agreement ever is. There are always matters either left unaddressed or under-addressed when we have these agreements. The question should be whether trade agreements, on balance, serve to protect American interests and lift up the countries that we are negotiating with, or whether they will lead us all in the opposite direction.

That is why I welcome the efforts of my colleague from New Mexico, Senator BINGAMAN, to strengthen the capacity of these nations of Central America and the Dominican Republic to effectively enforce and uphold internationally recognized labor rights. I believe the commitment by the administration to provide funds for the International Labor Organization, the ILO as it is called, in these CAFTA–DR countries is a step in the right direction. I commend my colleague from New Mexico, Senator BINGAMAN, for pursuing this provision. I commend Ambassador Portman for accepting the idea.

But to strengthen the effectiveness of the International Labor Organization in carrying out its work in Central America, I believe there also needs to be a clear understanding, before we vote on the CAFTA–DR agreement, of the freedom activity that the International Labor Organization must have if its efforts are going to be effective. After all, the problem is not just about capacity building, as important as that is, which was the focus of the agreement with our colleague from New Mexico, it must also, out of necessity, be about enforcement of those rights.

That is why I met yesterday, at some length, with Ambassador Portman and his staff and contacted the ambassadors of the five Central American countries and the Dominican Republic to describe what I believe is needed to make the International Labor Organization initiative of this agreement a meaningful one.

As my colleagues know, over the years, I have generally been a supporter of free-trade agreements. If properly constructed, I believe trade agreements are in the best long-term interests of the United States. That is because, in today's highly interconnected world, we must keep up and adjust to the changes around us if we are going to compete effectively.

This great surge toward a globalized world economy has brought gains and losses here in our own country. Some industries have benefitted greatly; others have struggled to compete. On balance, I believe free trade has benefitted our country. But we have not done enough, especially during the past few years, to help ease the transition for those many Americans who are struggling.

Globalization has affected other nations around the globe. From Latin America to India, Africa to China, no country has escaped the impact of this process. The difference is that while globalization has helped lift many nations, it has also left many others behind.

In this hemisphere, the results have been mixed. Countries such as Brazil and Chile are doing quite well.

Others have stagnated or, worse, even regressed. I put this in context for my colleagues when it comes to Central America and the Dominican Republic. When considering this debate and the conclusion of it, consider that one-third of the entire population of Latin America currently lives in poverty. In the nations south of the Rio Grande River, 128 million people survive on less than $2 a day; 50 million on less than $1 a day. That is more than a third of the entire population of these nations. In Central America alone, three out of every five citizens live in conditions of poverty. Two out of every five are indigent or in conditions of extreme poverty.

In Nicaragua, for instance, there is widespread malnutrition and unemployment rates are way over 40 percent. Nicaragua is the second poorest nation in this hemisphere, with nearly half its population living on less than $1 a day.

In Guatemala, the situation is also dire. Malnutrition rates are among the highest in the world. Life expectancy as well as infant and infant mortality rates are among the worst in this hemisphere. Illiteracy exceeds 30 percent and most people have less than 5 years of a formal education.

But there is not only tremendous poverty in these nations, income and equality in Latin America is also one of the highest in the world. Consider that the richest 10 percent of all Latin Americans earn roughly 50 percent of the total national income in these nations; whereas the bottom 10 percent earn only 1.6 percent of income.

Despite economic growth throughout the 1990s, unemployment in Latin America has actually increased. The Central American region has suffered greatly as a result of natural disasters. Hardly a year goes by that some natural tragedy does not occur in these nations. My colleagues will recall the mud slides in Haiti which last year cost thousands of people their lives and homes. There are repeated hurricanes that have hit Central America over the last decade and a half.

In early 1993, after one of those hurricanes hit Nicaragua, I went down to work with the people of those nations to clear mud out of schools and impoverished communities. Bridges were wiped out, crops were lost, the country was devastated.

In 1998, Hurricane Mitch, a category 5 storm, hit Honduras, Nicaragua, Guatemala, and El Salvador, killing 9,000 people and leaving more than 700,000 people in those four countries homeless.

We are also talking about nations, many of which were almost ripped apart by brutal civil wars and political violence. Guatemala's troubled history dates back to 1954, when a military coup overthrew Guatemala's popularly elected president, Jacobo Arbenz Guzman, triggering a bloody civil conflict that lasted more than 30 years. Guatemala's conflict was largely a struggle for land rights and resulted in the murder or disappearance of more than 200,000 people, many of them indigenous Mayans living in the highlands of Guatemala. Fortunately, this armed conflict ended in 1996, with the signing of the peace accords between the Guatemalan Government and the armed opposition, grouped together as the Guatemalan National Revolutionary Unit.

In El Salvador, it was discontent over social inequalities, a poor economy and a repressive dictatorship that in 1980 finally ignited a civil war between a repressive military government and leftist guerilla groups who united under the Farabundo Marti National Liberation Front. During 12 years of that civil war, 75,000 Salvadorans, mostly civilians, were killed and thousands more fled to refugee camps in Honduras and many more made their way north to the United States as immigrants. The United States provided more than $5 billion in economic and military assistance to the Salvadoran Government over the course of that conflict. But it took the U.N. to broker a peace accord to end a conflict that military force failed to resolve.

Nicaragua's story is almost somewhat similar. In 1979, the Sandinista National Liberation Front of Nicaragua overthrew the 40-year dictatorship of the Somoza family and took control. In 1981, the Reagan administration responded aggressively to regional concerns with respect to the leftist regime. The United States funded and organized the new paramilitary force which became known as the Contras. The Contra war, as it became known, lasted until 1988 and resulted in more than 25,000 deaths in that country and 700,000 refugees and displaced people.

Although Honduras faced no serious civil conflict of its own, it served as a staging ground for efforts of the United States to fight the insurgencies in Guatemala and El Salvador and to overthrow Nicaragua's Sandinista government.

Honduras's geographically central location made it a convenient base of operations for the Contras and a center of training and supply for the Salvadoran and Guatemalan militaries.

Even democratic Costa Rica felt the ripple effects of its neighbors' conflicts as displaced persons from other countries took up residence in that nation.

Finally, the governments of Central America courageously decided to take matters into their own hands. In 1987, without any real assistance from the United States, the Presidents of Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica negotiated and signed an agreement to create conditions for peace in Central America, which became known as the Esquipulas Agreement. That agreement marked a turning point for the people of Central America and created real possibilities for peace, reconciliation, and prosperity for the people of that region.

Since 1990, the countries of the region have made progress. The guns have been silenced. There has been political reconciliation. There have been domestic or democratic elections. But still the region struggles for many of the root causes that sparked the civil conflicts in the first place: poverty and inequality and injustice.

Taken individually or as a whole, this poverty, inequality, suffering, and political instability have severe implications. First, they threaten the political stability of Latin America. And I am very worried not only about this region but also other nations in the hemisphere that are democratic governments but are very fragile democracies. And second, by extension, they also threaten the national interests of the United States, as political instability did in the 1980s.

To understand how this is possible, I would point to—and advise my colleagues, if they have the time, to read—a 2004 report by the United Nations Development Program.

According to that report, progress in extending elective democracy across Latin America is threatened by ongoing social and economic turmoil. Most troubling, the report suggests that over 50 percent of the population of Latin America would be willing to sacrifice democratic government for real progress on economic and social fronts. That is a very frightening statistic. And it should make crystal clear the urgency of this situation.

Two decades of democratic progress in our hemisphere are at risk. Certainly, strong trade relations remain a key to creating a healthy economy both here in the United States and throughout the region. But trade alone cannot address the myriad of challenges facing Latin America, where millions of citizens in this hemisphere remain marginalized by economic insecurity and social dislocation. And, sadly, the attention and foreign aid dollars of the United States have been diverted to other parts of the world in recent years.

That is why I welcome the Bush administration's decision to reengage with the region and to strengthen economic ties by negotiating a regional free-trade agreement. I believe that the right kind of trade agreements can help these countries get on the proper course to stronger and more just societies.

The question is whether, on balance, the agreement before us is that right kind of agreement. I stress the term ''agreement'' because it reminds us that these documents are about much more than free trade.

They are about the worker who could lose his or her job. They are about the average citizen trying to provide for their families. And they are about social cohesion and political stability.

These agreements are also about the future of a nation's economy. They are about protecting our national security. And they are about ensuring that the next generation will inherit a stronger foundation on which to build their futures.

Or at least they should be.

We, in the Congress need to decide if these agreements live up to these standards. As I said earlier, I have been, throughout my years here, a strong supporter of free-trade agreements. The case we have before us—of course, CAFTA–DR, deals with the Dominican Republic, Guatemala, Nicaragua, Honduras, El Salvador and Costa Rica.

A meaningful agreement with these countries could, in my view, benefit the United States and the nations involved alike. For the most part, they need help. Poverty, corruption, social dislocation, and instability are all too familiar to the citizens of many of these nations.

But the CAFTA-Dominican Republic agreement has some weaknesses, ones we tried to address over the last several days.

Mr. President, I understand the sense of urgency the administration feels in having this agreement be decided upon in the waning hours before the Fourth of July recess. I regret, unfortunately, that we have to rush at this. But I understand why. If you do not have these agreements up under these time constraints, then they may not pass at all. So I appreciate the politics of why it is up under this shortened time-frame or up against the wall of this recess.

That said, I regret we did not have a few more days. If we did have some more time I believe we might have been able to make some very important improvements to weaknesses in the current agreement.

The most fundamental of these weaknesses I discussed last evening and I talked about at great length with Ambassador Portman yesterday.

I also sent him a letter addressing the specificity of them; and that is, namely, the issue of labor laws in the CAFTA-Dominican Republic countries.

When I speak of labor laws, I am speaking about the kinds of laws that these countries have enacted and about the enforcement of these laws. I am also speaking about current trade packages in this hemisphere that have been a major step forward to guarantee improvements in quality of life, creating wealth in these countries which, obviously, benefits us, as we want trade with nations that have people who can afford the cost of our goods and services. Both of these issues are critical components, I might add, to protecting Americans and to ensuring real progress is made in these nations.

I would turn here to the issue of labor laws. According to the CAFTA-Dominican Republic agreement, signatory countries must simply enforce the labor laws of their own nations—whatever they may be—in order to be in compliance. Indeed, I would note that the Dominican Republic and all the Central American countries, except El Salvador, have ratified what the International Labor Organization refers to as its eight fundamental conventions on labor rights. El Salvador, I might add, has ratified six of the eight. And while El Salvador needs to be brought up to speed, other signatories' laws seem to be at least minimally sufficient to the task, in my view.

Why then does the current arrangement, with respect to labor laws, weaken this agreement? Because of two things. First, it does not hold those countries to the same objective standards. In fact, the CAFTA–DR agreement would actually lower current standards. Second, it ignores the impact that a lack of objective standards could have on the region.

Let me explain.

Previous trade preference programs for the region—previous ones; this is not new ground; previous ones—provided that the President should at least take into account the extent to which the beneficiary countries provide internationally recognized workers' rights. This is not the case with the CAFTA–DR agreement.

In addition, as currently written, the CAFTA–DR agreement would weaken standards that these countries have been living under through the Caribbean Basin Initiative and the Generalized System of Preferences, where these agreements are not required. So instead of asking them to do the same with the CAFTA–DR agreement—or more—we are actually asking them to do less. It is a step backwards.

Under the current trade agreements in this region, trade benefits can be withdrawn if a country lowers its labor laws below international standards or simply fails to meet these standards. And they can be withdrawn if a government directly violates internationally accepted workers rights that might not be protected under their laws.

Under the Caribbean Basin Initiative, and the GSP, the right to file a complaint for violations of these rights is extended beyond just governments and to civil societies. But again, with this agreement, we exclude all of that.

Under this agreement, governments will only have to enforce whatever laws they have on their own books at any given time. They will not be held to any international standards. That means the ocean floor is the limit, with respect to how weak these laws can get.

Moreover, the lack of an objective standard here is troubling because it could create a race-to-the-bottom mentality where investors and companies play governments, one against the other, seeking lower labor standards in a quest for increased profits. That type of situation, in my view, could wreak havoc on civil societies in these countries, and it could also cost American workers their jobs.

A second facet of the labor rights question deals with the issue of enforcement.

As I said earlier, for the most part, CAFTA–DR nations have laws on their books. But they face a lack of resources, as well as domestic political opposition from influential people, which prevent them from enforcing these laws.

Again, this is not about pointing the finger or accusing these government leaders of malice toward their workers. I don't believe that. I don't believe that is the case here either. I believe they actually want to do the right thing. I know these leaders. I respect them. But our neighbors to the south are democratic countries. And as in all democracies, they have to deal with powerful opposition interests.

The question remains, will CAFTA–DR help these nations overcome this opposition to enforcement? In my view, it doesn't go nearly far enough to do so. That is why I met with Ambassador Portman yesterday to see if we could strengthen the prospects for enforcement. Laws that can't be enforced might as well not be there.

The administration seems to hold the view that support for expanded trade and economic growth is incompatible with advocating core labor standards in developing countries. But, in fact, experts in this area from the well-respected Institute for International Economics have concluded that ''core labor standards support sustainable and broadly shared political, social, and economic development.'' The operative word being ''shared.''

Let me say clearly I believe this agreement is fixable. I wish it could have been fixed. Ambassador Portman and I met. We exchanged letters. We worked hard yesterday to try and see if we couldn't strengthen this agreement with respect to enforcement. What we sought was the following, exactly what exists in the Cambodian Agreement that was negotiated by the Clinton administration and renewed by the Bush administration, to their credit. There we said that the International Labor Organization ought to be able to make site visits to actually go to plants and industries to see whether the labor standards were being upheld. Under CAFTA–DR, all they can do is go to the labor ministries and ask them whether the laws are being enforced. Obviously, in most of these countries the labor ministries are political appointees. They are not likely to be critical of their own government's efforts. By not having any standard which all countries must meet, each country will be able to set the floor. When they do so, of course, the competition to have a lower floor to attract more industry from outside the country lowers the living standards for the very people I have described who are living under some of the worst conditions anywhere in the world.

I am deeply troubled by this. I so much wanted to be for this agreement. I care so much about this region and what happens to these people. I would like nothing more than to be standing here today urging my colleagues to be supportive of this. This is not a minor point. It goes right to the heart of what we try to do with trade agreements; that is, to reduce these barriers, expand markets for our businesses and industries, create opportunities for additional job creation, and also to create and generate wealth in these countries so that in the long term, we can produce high value products, high value services, that are affordable in these countries.

So trade agreements have worked both ways—expanding economic opportunities for ourselves and creating wealth and opportunity in the countries with whom we trade. That is why I supported NAFTA and the Jordanian Free Trade Agreement and others. Indeed, I have supported far more of these agreements than I have opposed. But with CAFTA–DR, we are stepping backwards in a region of the world that needs a commitment to lift up the quality of life for its citizens.

I am not suggesting we could do it solely through this agreement, but you can begin to make a difference in these people's lives by insisting that they have to meet some minimum standards.

This is what we should be saying: We want to do business in your country. We want to accept your products. We want to trade with you. But the small price we ask is that you have some basic standards for the people who are going to do the jobs.

When you eliminate that, then you invite the kind of problems we are going to see with these people.

I am terribly disappointed today. I had hoped I would be able to support this agreement. I wanted to be a part of this effort. I respect immensely the President inviting us down and talking about this. I raised the issue with him. I also respect Rob Portman. He is a good man. Obviously, he has the difficulty of dealing with all 535 of us, in both this Chamber and the other, to try and get the votes to pass these agreements. This agreement is probably going to be passed tonight. My hope was that we would be able to broaden the specter along bipartisan support for this agreement both here and in the other Chamber. Unfortunately, I don't believe that will be the case.

Let me say to my colleagues: Even with the adoption of this agreement and the absence of these labor standards I feel so strongly about, it is my intention, through appropriate vehicles, to condition aid and other assistance on improving these standards in these countries. I will find one way or the other to try and improve them, to insist that these countries, in exchange for getting the kind of access to our markets, at the very least they ought to be required to improve the quality of life and the standards under which many of these people work.

We stand today at a moment of great opportunity and great risk for this hemisphere. The past two decades have witnessed the rise of democratic governments in nations that have long languished under dictatorship of left or right. But this progress is endangered. Globalization and free trade promise to bring historic levels of prosperity to nations north and south. But economic and social conditions for millions of men and women continue to lag dangerously far behind, threatening what we have worked so hard to build. Through well-crafted trade agreements, the United States can enhance its own prosperity and lift other nations on a stable and democratic path.

That is why I am so disappointed the administration wasn't able to explicitly support the efforts to give the ILO a greater role in the monitoring and verification process. I believe that in doing so, we would have significantly strengthened this agreement, especially given the troubled history of the region and the potential for mutual prosperity that a CAFTA–DR agreement held for all. Unfortunately, the agreement before us won't do that.

Last night I sent Ambassador Portman a letter detailing proposals that have already been adopted in other agreements. This is not breaking new ground. I appreciate Ambassador Portman's response today in the letter he wrote back to me, but I regret that his letter included no real concrete commitment that the U.S. Government would guarantee the implementation that I am requesting—specifically, that the ILO would be granted unfettered access to workplaces, permitted to establish mechanisms for receiving and investigating matters related to ILO labor standards, to make private recommendations to worker and employer organizations and appropriate officials within each government, and to issue periodic public reports of its findings on matters of concern.

Therefore, I am left to conclude that instead of breaking new ground and raising standards, the CAFTA–DR agreement is a step backwards from existing law. That fact saddens me deeply. This agreement will create a weaker set of standards that could very well negatively impact the people of this region, negatively impact American workers and our national security, and weaken democracy in these countries.

Regrettably, I won't be able to support this agreement when it comes to a vote. I say this with a very heavy heart.

But I will make a promise to the American people and to the people of these countries that I will work vigorously to ensure as we move forward with this agreement, workers' rights are protected and new avenues are explored for pursuing this goal. I hope at the end of the day, with all of the interests in this agreement, that our keeping the light shining on labor rights issues will make this agreement work. Because even though I can't support this agreement in its current form, I truly want to it work for all.

I yield the floor.

The PRESIDING OFFICER. Under the previous order, the Senator from Florida will be recognized for 10 minutes.

Mr. MARTINEZ. Mr. President, I rise today to speak in support of this CAFTA Free Trade Agreement. Like the distinguished Senator from Connecticut, I care greatly about this part of the world. This is a part of the world I know well, having been born in the Caribbean myself. I do believe it is an important moment, and it is an important agreement from a geopolitical sense for the United States and for Central America. I believe this is a good-faith effort on our part to further strengthen the struggling democracies and economies of our neighbors in Central America against the forces opposed to democracy and economic freedom and opportunity. I believe this also opens an important neighboring market of 40 million people and levels the playing field for American businesses as we seek to export our goods into this region.

Although I do think it is important to recognize this agreement will not come close to solving all of the problems in Central America, it should be a building block in addressing the great needs of this important part of our hemisphere. I believe DR–CAFTA is an important moment. I believe its adoption does not fix all that needs to be done. I think its rejection would be a tremendously bad signal to this region. It would be a tremendous blow to our furtherance of democracy and stability and economic prosperity for Central America. It is a very important step in improving labor conditions, boosting economic growth throughout the Central American region.

CAFTA is a critically important trade agreement for the State of Florida. We are the gateway to Latin America, to Central America particularly. Countries in Central America and the Dominican Republic form the largest foreign market for Florida exports.

In 2004, Florida exported $3.2 billion of merchandise to the region, far surpassing that of the other 49 States. CAFTA is Florida's largest export market for paper, electronic equipment, and fabric.

The CAFTA region is Florida's second largest export market for computers and computer equipment, machinery, and processed foods. Most of DR–CAFTA agricultural goods already enter the United States duty free. This will now even the playing field for our exports into the region.

The CAFTA treaty is supported by the Florida Chamber of Commerce, Greater Miami Chamber of Commerce, the Orlando Regional Chamber of Commerce, the Greater Tampa Chamber of Commerce, Governor Jeb Bush, Florida Citrus Mutual, Seaboard Marine, Associated Industries of Florida, the Florida Ports Council, the Florida Poultry Federation, the World Trade Center of Florida, Florida East Coast Industries, and many others.

No other State stands to benefit more economically from CAFTA than Florida.

Mr. President, I have been undecided in my position on CAFTA, as much as I support free trade and understand the power of leveling trade barriers, an important sector of Florida's agricultural industry was left unprotected by the original CAFTA agreement.

The sugar industry in Florida is an incredibly important part of our State. It provides over 23,000 jobs, mostly in rural Florida. Over $2 billion in economic activity is generated in Florida from the production of corn and sugar sweetener products. And because of this critically important economic engine for our State, I have resisted supporting CAFTA because of the potential impact on Florida's sugar producers.

So I and other colleagues began working to see what type of compromise might be reached for Florida's sugar producers so that they would be treated fairly in the event of a CAFTA agreement.

After many meetings, phone calls, conference calls, and hard work by Secretary of Agriculture Johanns, Ambassador Portman, my good friend, the distinguished chairman of the Agriculture Committee, Senator CHAMBLISS, along with a group of colleagues that Senator CHAMBLISS pulled together, an agreement has been offered that I believe extends and offers an opportunity to deal with the sugar problem.

I thank our Trade Representative, Rob Portman, for his hard work in trying to address the concerns of this important part of our agricultural industry. I am also very thankful for the leadership of my colleague, Senator CHAMBLISS, chairman of the Senate Agriculture Committee. Secretary Johanns, from the Department of Agriculture, was also instrumental in ensuring that we could come to a proposal on how we could best ensure that our domestic sugar producers were treated fairly after a CAFTA agreement. I thank them all for their work on this important issue to our State.

My goal was to ensure that the Florida sugar industry was treated fairly, be given a viable role in the future, and that they did not become the one industry in Florida, the one segment of our agricultural industry that would be harmed by a CAFTA agreement. But I do believe that this proposal offered by Secretary Johanns and the administration is the best case scenario for Florida's sugar producers.

The Secretary's offer is multifaceted. One, foreign sugar from all foreign countries cannot exceed the farm bill's 1.532-million-ton limit, regardless if it came from CAFTA countries, Mexico—which is under NAFTA and not subject to the farm bill—and other future trade agreements. This agreement will last until the current farm bill expires.

Two, USDA will conduct a feasibility study on the potential development of using sugar to produce ethanol on a wide scale in the United States.

Thirdly, if the domestic market reaches the sugar trigger from foreign sugar, USDA will purchase the excess amount of CAFTA sugar that is imported to the United States and then use it to produce ethanol. This pilot program will last until the farm bill expires. It essentially guarantees that if CAFTA sugar is proven to depress the marketplace, the U.S. Government will purchase this sugar from Florida farmers and others to produce ethanol.

This is a very substantial offer. It is an agreement that I think represents the sugar industry's best chance to plan for a future. It holds the industry harmless from CAFTA and, more than that, from NAFTA. The future of the domestic sugar industry lies in new technology and ethanol production, and this treaty allows them to begin that very important process.

Mr. President, this is an important moment for us and Central America and the Dominican Republic. It represents a future partnership in trade and economic development, a better future, a better life, and will hopefully help improve economic conditions and provide political stability.

We have a chance to help our Nation's manufacturers, businesses, farmers, and ranchers knock down trade barriers and help our country remain competitive in a global marketplace.

In summary, I have said consistently that before I voted for CAFTA, I wanted to ensure that all of Florida's agricultural sectors were treated fairly under this agreement, including the sugar producers.

I have worked hard to find a compromise that would offer protections to Florida's sugar producers from the threat of a flooded domestic sugar market.

I believe the proposals put forth by Secretary Johanns and the administration to hold imports of sugar to levels included in the 2002 farm bill is the best case scenario for Florida's sugar producers and ensures that they are treated fairly not only under CAFTA but NAFTA as well.

The sugar industry is incredibly important to our State, to our economy, and a vital part of our agricultural sector. The industry provides, as I said, over 23,000 jobs. Therefore, this is an industry that we want to make sure was not overlooked as we went about seeking this agreement.

Having obtained what I thought was a fair and reasonable offer, I believe now I can wholeheartedly support the CAFTA agreement. I believe it will be good not only for the United States and the State of Florida, but also for our neighbors in Central America and the Dominican Republic. I think it will provide a new opportunity and beginning and a new hope for this region to begin on a much stronger road to economic development, to economic self-sufficiency, and, hopefully, tied into that is political stability, democracy, the rule of law, and the free market system.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DORGAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I yield 10 minutes to the Senator from Florida, and following the remarks of the Senator from Florida, I ask unanimous consent that 10 minutes then be allocated to Senator SESSIONS and that the time be taken out of the time allocated to Senator GRASSLEY.

The PRESIDING OFFICER. Did the Senator yield 10 minutes to the Senator from Florida?

Mr. BAUCUS. Yes, 10 and 10.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Florida.

Mr. NELSON of Florida. Mr. President, I worked on this trade agreement pretty hard. Now that this agreement is in front of us, despite some lingering concerns I have, I will support it. This agreement affects my State of Florida more than any other State in the Union. For example, in 2004, the State of Florida exported $3.2 billion worth of merchandise to the DR–CAFTA region. Florida has the highest total among any State. The next nearest State, Texas, exported $1.8 billion. And the DR–CAFTA region accounts for 11 percent of Florida's total exports.

Florida does stand to gain a great deal from this agreement. Miami, which is really the capital of the Americas, is the national gateway to Central America and the Dominican Republic. Throughout the rest of Florida, we have other industries that will also increase their business and explore new opportunities in the region.

These Florida industries stand to grow enormously. Because of our unique relationship, we have been talking about thousands of jobs created in the first year and tens of thousands of jobs in the coming years as a result of DR–CAFTA's enactment.

I have been to the Dominican Republic. I have spoken with the President, Leonel Fernandez. I recently went to Honduras at the invitation of the President Maduro and spent a couple of days there and spoke at length with not only our U.S. embassy personnel but members of the Government of Honduras.

I believe that dramatically lower tariff barriers also will lead to increased exports to the region from Florida and through Florida's ports. This increase in business and industry for my State is a good deal and will increase our connections with these countries and all of Latin America.

This agreement is also, I believe, in our national interest. Free and fair trade creates new economic opportunities for Americans, and it creates economic uplift in these other countries. This economic uplift is critical to ensuring that these countries remain stable and people are not forced to emigrate in search of employment.

As we try to stabilize countries in the region, promote democracy, clearly their economic enhancement is in the interest of the United States, in order to see those struggling democracies flourish. And that is the clear message I heard as I traveled extensively throughout Latin America.

Unfortunately, as we know, free-trade agreements do not affect all industries equally, and Florida has vulnerable industries that we must protect from unfair trade practices. My colleagues have heard me speak many times about the Florida citrus industry and the threat that it faces from Brazil. Today, I raise my concerns about another important Florida industry, and that is the sugar industry.

DR–CAFTA, as negotiated, asks our sugar industry to sacrifice more than other commodities. American sugar producers face an international market where sugar is sold at artificially low prices because of unfair labor practices and habitual dumping.

In the last FTA, the Australia agreement, interestingly, sugar was excluded, but the administration changed course on CAFTA negotiating extra sugar access and, at the same time, establishing a new precedent.

I worked with numerous Senators, especially over the last 3 weeks. I have raised sand with the administration about these provisions. I have let them know that there was more that could be done to protect the American sugar industry. In response, the administration has made some commitments that I believe will help mitigate the impact on our domestic sugar producers through the life of the 2002 farm bill, which will go for another 2 or 3 years.

Sugar levels available on the U.S. market will not go above the level established in the farm bill. Ambassador Portman, the U.S. Trade Representative, and I had a personal eyeball-to-eyeball meeting this afternoon. He made it clear to me that there is no prospect of any substantial sugar concessions being included in any other trade agreements through the life of the farm bill. This was an individual conversation, and he is not going to take that position officially because he does not want to tie his hands, but that is the bottom line of our conversation.

The administration has also committed to study the feasibility of converting sugar into ethanol. At my urging, the Deputy Secretary of Agriculture—and this was arranged by Ambassador Portman who directly gave me his word—said: Do you want it in writing? I said: I accept your word, that is good enough for me, but others may like to see it memorialized. He said: I will get you a letter.

I have this letter, and I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE DEPUTY SECRETARY OF AGRICULTURE,
Washington, DC, June 30, 2005.

Hon. BILL NELSON,
U.S. Senator, Hart Building,
Washington, DC.

DEAR SENATOR NELSON: I write to provide further guidance on the feasibility study outlined in Secretary Johanns' June 29, 2005 letter to Senator Chambliss (attached), which was the result of discussions between the Senator, the Administration and the Members of Congress that the Senator brought together.

They agreed that the Secretary would conduct a feasibility study on converting sugar into ethanol and submitting the results of the study to Congress not later than July 1, 2006. The Department of Agriculture will begin the feasibility study immediately and I intend to have an initial meeting with our economists during the week of July 4. Furthermore, it would be USDA's intention to issue an interim report by December 15, 2005.

I hope this additional clarification is helpful to you.

Sincerely,

CHARLES F. CONNER,
Deputy Secretary.

Mr. NELSON of Florida. Mr. President, this letter is from the Deputy Secretary of Agriculture, who has promised to commence a feasibility study on converting sugar into ethanol and to start it immediately, with an initial meeting of the agricultural economists next week, the July Fourth week. I believe at that point they will and should lay out a baseline of the knowledge we have on this issue.

I expect that will occur, and I expect that quite a lot of research on converting sugar into ethanol has already been carried out and that this study should acknowledge this research and build upon it. In other words, don't start the feasibility study from scratch.

The Deputy Secretary has also promised me that the Department of Agriculture will issue an interim report in addition to what they had earlier promised, a report that would be concluded by July of next year, 2006. In this letter, the Deputy Secretary says they will issue an interim report by December 15, 2005.

The feasibility study is a start, but we can do much more. In every other ethanol program around the world, sugar is included. I urge the conferees on the Energy bill and the administration to make sugar a part of the ethanol program established in that bill.

I ask unanimous consent that my letter to the conferees be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, June 30, 2005.

Hon. PETE V. DOMENICI,
Chairman, Senate Energy and Natural Resources, U.S. Senate, Washington, DC.

Hon. JOE BARTON,
Chairman, House Energy and Commerce, House of Representatives, Washington, DC.

Hon. JEFF BINGAMAN,
Ranking Member, Senate Energy and Natural Resources, U.S. Senate, Washington, DC.

Hon. JOHN D. DINGELL,
Ranking Member, House Energy and Commerce, House of Representatives, Washington, DC.

DEAR SIRS: I support the inclusion of provisions in the House and Senate energy bills to increase the renewable content of our motor vehicle fuel. Renewables such as ethanol burn cleaner, reduce tailpipe emissions and decrease the amount of oil in our gasoline. But, I urge the Energy Bill Conference Committee to require that 100 million gallons of the five to eight billion gallon-a-year ethanol mandate be sugar-based.

As you know, sugar cane stalks, or bagasse, produce almost twice as much ethanol per acre as corn and several countries use sugar-based ethanol to fuel their motor vehicles. In fact, Brazil reduced their importation of oil from 80% of their demand in the 1970s to 11% today in part by using ethanol, much of it sugar-based. For these reasons, specifying that a 100 million gallons of sugar-based ethanol be required as part of the overall ethanol motor vehicle fuels program would be an important step towards decreasing our use of fossil fuels and increasing our use of renewable fuels.

Thank you for your consideration.

Sincerely,

BILL NELSON.

Mr. NELSON of Florida. Expansion of alternative fuel programs is an urgent national priority. If we are concerned about importing 60 percent of our daily oil consumption from foreign lands, we best develop a substitute, and ethanol works in our existing gasoline engines.

In conclusion, frankly I believe the administration could have done better. They could have started discussions with the industry sooner by allowing all parties to explore the available options. I believe more time could have led to further agreements and compromise, but I must look not to the interests of one very important industry in my State but also to the greater interests of Florida and especially the Nation as a whole.

I will vote for CAFTA today. It is important to my State and it is important to the Nation.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

The Senator from North Dakota.

Mr. DORGAN. Mr. President, I have great respect for all of my colleagues no matter what they decide to do on this vote. I think the vote is probably predetermined this evening. I must say there are a lot of promises I have heard on the floor the last day or so. There have been a lot of promises made downtown. I would only point out that I have seen the result of most of these promises after the votes are taken and most of them have not been worth the paper they are written on or the assurances given have not been valuable at all.

One might want to look at the side agreement dealing with sugar from Mexico; one can then go on to a sweetener agreement with Mexico; then can go on to a lot of these areas and understand that there are a lot of promises in order to get these bills passed, but by and large they do not amount to very much. They will not need anybody in this Senate after the ''yes'' votes are cast.

I start at the beginning, if I might. I know we are nearing the end of this debate. I do not want to go all the way back to the beginning, but let me go back a fair piece. It is when John Adams is in Europe as they are putting this new country together. He is in Europe representing our country. He writes back to his wife Abigail and asks Abigail the question: Where is the leadership going to come from? Where will the leadership emerge to help form this great country of ours, to help form a new government?

He plaintively kept asking, where will the leadership come from? Then in subsequent letters he would say to her, there is really only us. There is me. There is Thomas Jefferson, Ben Franklin, George Washington, Madison, Mason. Of course, in the rearview mirror of history, the only ''us'' represents some of the greatest human talent ever assembled. They wrote a document that is the most remarkable document. It is a document called the U.S. Constitution that begins with ''we the people.'' That Constitution that begins with ''we the people'' provides mechanisms, the framework of our Government, the framework of a representative democracy.

Over many years, with that document providing the fabric of the growth of this great country, we have been a country that has been divinely blessed in many ways. We have built a place unlike any other place on the face of this Earth. There is no place like it. One can spin the globe and on this little planet called Earth, with 6 billion neighbors, there is no place quite like the United States of America.

We created an expanded set of opportunities for all Americans, through a lot of good decisions; for example, universal education. We as a country decided long ago every young child ought to be whatever their God-given talents allow them to be. We are not going to separate kids in our school system. They get to go to school and they get to become whatever their talents allow that child to become.

That universal education for all Americans has created a country that is unlike any other in the world. We went from the Colonies to the States. We survived a Civil War. We beat back a Depression. We resisted the oppression of Adolf Hitler, won a Second World War. We provided a GI bill, and when those soldiers came back from that war, they went to college. They got their college degrees. They came back to their communities. They built a home, got married, raised a family, built schools, built communities. What a remarkable country this has been.

It all comes back to this book, this Constitution. Other countries have constitutions, but none are quite like this Constitution. This Constitution says something about international trade and commerce. It describes the regulation of commerce and trade to the Congress. It is our responsibility, not the President's responsibility.

So over a number of years we have worked on and dealt with these issues and then we have had in many ways an almost breathtaking series of decades. We have split the atom, we have spliced genes, we have cloned animals, we invented plastics, nylon, the radar, the silicon chip. We cured polio, smallpox. We built airplanes, learned to fly them. We built rockets, flew to the Moon and walked on the Moon. We created telephones, television sets, computers. What a remarkable set of achievements for the men and women in this country who are the doers, the achievers, the inventors. We stand on each other's shoulders looking to the future.

So about three decades ago things began to change. This world became smaller. We started hearing about the global economy. We began to do more and travel more and have more connections with other parts of the world, and particularly large corporations which were developed because of economies of scale. Those large corporations began to be able to do business in more than one country. Then they defined for their own interests the opportunities by which they would do that business. It then became a global economy. In that global economy, we began to hear the term free trade, free trade, like a chant, almost like the hare krishna chanting on a street corner, wearing robes: Free trade.

Well, free trade is of little interest to me. I am very interested in expanded trade and fair trade, but free trade, there are a lot of things that are free.

This country built a place unlike any other on the face of this Earth and we need to be concerned about its continuation. So the question is what kind of trade gives us the opportunity to continue improving the standard of living in America, creating an economy that produces new jobs and new opportunities?

I am sure every single set of parents in this country wants things better for their kids. If there is something in second place, beyond the importance of their children, I guess I understand that, but everybody would believe, I expect, that what is most important in their lives is their children. We care about these things that affect our children. Are we sending our kids to good schools? Are we proud of these schools? Do we believe we are able to leave a world that is a better place in which to live than the one we found? Is that what we are going to do for our kids?

So as we confront this question of the new global economy and a new global strategy, the galloping globalization of our economy, without a set of rules that has kept pace, the question for all of us is: What does it mean for our country? What does it mean for our future? What does it mean for our kids—especially our kids?

In the past decade, we have seen a very substantial loss of American jobs. Some people say, do not worry, be happy, ignore it. It is all part of the transition. What we will see is our low-skilled jobs move elsewhere, we will educate our children, and we will assume the role of high-skill, high-paying jobs; don't worry.

So we pass trade laws. They are called CAFTA and NAFTA and GATT, WTO. We do all of these things. Then somehow, at the end of this process, we look back and we see, you know, something fundamentally has changed. Somebody has pulled the rug out from under what are the basic strengths of this country—a good job that pays well, that provides benefits, that you can count on.

About 30 years ago the biggest corporation in America was General Motors. In most cases, people who went to work for General Motors expected to work there for a lifetime. They were paid well and they had benefits, health care and retirement. That was 30 years ago.

Now the largest corporation is Wal-Mart. They do not pay so well. Most people do not spend a lifetime at Wal-Mart. The average wage is much lower, and a fairly substantial number of their employees do not have benefits.

That is a very substantial change, really a dramatic change in our country. But the biggest change has been the development of a set of ideas by those who are able to influence thought in this country, particularly the largest corporations that have unlimited quantities of money, who convinced us that free trade, as a moniker, is a mechanism for success in our country.

So we pass trade agreements, the end of which means we lose American jobs, lose economic strength, and somehow believe that somewhere in the future things are going to get better.

I want to show a chart I have shown many times during this debate. It is a chart that shows what has happened with our trade deficit. This is a dangerous trend. Behind these red lines are lost jobs, families who lost their jobs, hundreds of them, thousands of them, and millions of them. Not many people in here know those people. No one in this Chamber lost his or her job because we all put a suit and necktie on and come to work. Nobody is going to get outsourced or offshored in the Senate. But all these folks did.

I have lists of companies and lists of names of people who just lost their job because of this new approach, a new defined approach in international trade that says in our country, we will be the leader that says go ahead and find, with the mechanism of production, the lowest cost production in the world. Get your Gulfstream, circle the globe and find out where you can produce for 30 cents an hour. Move that job to that area and, by the way, when you do, we will give you a tax cut. Let me say that again, because that is kind of a Byzantine proposition. When you close your American factory and fire your American workers, you get a tax cut from our Government. And, yes, I have tried twice to change that in the Senate and, yes, a majority of the Senate voted to keep a tax cut for workers who get fired and companies that move those jobs overseas. I will put in the CONGRESSIONAL RECORD their names. I really don't need to. A very easy Nexis-Lexis search will give you the names of who decided they should keep their tax cuts for companies that move their jobs overseas.

The point is, we are seeing this inevitable, relentless move to produce where it is cheap and then sell into the established marketplace. The problem is, this is unsustainable. This is a theory that is off track and it is a practice that injures this country.

Why do I say the theory is off track? Henry Ford decided, when he was going to make Fords, that he wanted to pay his production workers sufficient money so that they could buy the cars they were producing. That is pretty simple. That is simple economics. If you are paying your workers enough money so they can buy the products they are producing, you have a market and a consumer for the product. A pretty smart guy, Henry Ford.

Now it has changed. Now we should produce those shirts and those shoes and those trousers and all the trinkets where you can do it for 30 cents an hour and then ship it to Fargo and Toledo and Dayton and Los Angeles and New York and sell it there.

The question is, Who ultimately is going to buy that? Who ultimately will buy this?

We have a lot of dislocations that are dangerous. I have not talked at all about this, and I will not talk at length. A part of this, by the way, is oil. A part of this is oil. There are some on this globe who are lucky enough to have enough oil under the sands so if you stand in a depression in the sand with boots, your soles are going to look oily because some parts of this world are loaded with oil, particularly the Middle East. So the Saudis, Kuwaitis, Iraqis, and others have a lot of oil. We are desperately and hopelessly addicted to it. Our economy is addicted to it, and that is part of this. It also relates to jobs because, when you have the purchase of oil from these countries—Saudi Arabia and Kuwait and so on—they end up with American dollars, which means they want to buy American companies. They want to buy American stock. It is a way of buying part of our country.

In today's newspaper it says, ''China Tells U.S. Not To Meddle in the Bid for California Oil Giant.''

The story is the Chinese want to buy the ninth largest oil and gas company in the United States called Unocal.

Why would they want to buy Unocal? They are like everybody else. They want to control oil to the extent they can. The Chinese, I am told, now have 20 million cars. They have 1.3 billion people. By 15 years from now they are expected to have 120 million automobiles. They are going to need gas. They are going to need a lot of gas. The price of oil is not going to go down, it is going to go up. They want to buy an oil company. I don't think this should happen in a million years, by the way. I don't think we should have the Chinese buying American oil companies, but I will tell you why this is happening. It is happening because these trade deficits are putting massive amounts of money in the hands of Chinese, and it gives them the opportunity to purchase, on the open market, America's stocks, bonds, companies.

I mentioned previously that Warren Buffett, whom I like a lot—I think he is the second richest man in the world, but you would never know it. Warren is just a great guy. Warren Buffett described this problem as ''a country that is now aspiring to an ownership society will not find happiness in a sharecropper society.''

This is where we are heading, he says, a sharecropper society. He describes this is when every day, 7 days a week, you put $2 billion in the hands of foreigners. You are buying $2 billion more from foreigners than you are selling to them every day, 7 days a week. You are putting $2 billion more into hands of foreigners and foreign governments. That means each day they have more purchasing power to buy another part of America. That is where this comes from. The Chinese want to by Unocal. That is where the money comes from, the $140 billion trade deficit with China last year. That means they have our country's currency. They have the capability of buying our stocks and our companies.

The question is, Do we care about that? Does anybody here want to change the strategy or do you want to do some more of it?

The attitude in the Senate, as I think we will discover when the vote is taken tonight is that if you are digging yourself into a hole, what you need is more shovels and just dig a little harder. That makes no sense to me.

If there is one person in the U.S. Congress who does not understand the danger of this, then they are in the wrong business. This is trouble. This comes from CAFTA, it comes from GATT, it comes from incompetent trade negotiators and bad trade deal after bad trade deal. I just heard on the floor of the Senate today, I will bet you six people who talked about promises that have been made to them in order to get this trade deal through the Congress. These promises mean nothing. These are totally, completely empty promises.

Let me briefly describe this. I am going to use Warren Buffett to describe it because, again, I like Warren Buffett. He described it this way. Stay with me just for a moment.

To understand why, take a wildly fanciful trip with me to two isolated, side-by-side islands of equal size, Squanderville and Thriftville. Land is the only capital asset on these islands, and their communities are primitive, needing only food and producing only food. Working eight hours a day, in fact, each inhabitant can produce enough food to sustain himself or herself. And for a long time that's how things go along. On each island everybody works the prescribed eight hours a day, which means that each society is self-sufficient.

Eventually, though, the industrious citizens of Thriftville decide to do some serious saving and investing, and they start to work 16 hours a day. In this mode they continue to live off the food they produce in eight hours of work but begin exporting an equal amount to their one and only trading outlet, Squanderville.

The citizens of Squanderville are ecstatic about this turn of events, since they can now live their lives free from toil but eat as well as ever. Oh, yes, there's a quid pro quo—but to the Squanders, it seems harmless: All that the Thrifts want in exchange for their food is Squanderbonds (which are denominated, naturally, in Squanderbucks).

Over time Thriftville accumulates an enormous amount of these bonds, which at their core represent claim checks on the future output of Squanderville. A few pundits in Squanderville smell trouble coming. They foresee that for the Squanders both to eat and to pay off—or simply service—the debt they're piling up will eventually require them to work more than eight hours a day. But the residents of Squanderville are in no mood to listen to such doomsaying.

Meanwhile, the citizens of Thriftville begin to get nervous. Just how good, they ask, are the IOUs of a shiftless island? So the Thrifts change strategy: Though they continue to hold some bonds, they sell most of them to Squanderville residents for Squanderbucks and use the proceeds to buy Squanderville land. And eventually the Thrifts own all of Squanderville.

At that point, the Squanders are forced to deal with an ugly equation: They must now not only return to working eight hours a day in order to eat—they have nothing left to trade—but must also work additional hours to service their debt and pay Thriftville rent on the land so imprudently sold. In effect, Squanderville has been colonized by purchase rather than conquest.

That is my friend Warren Buffett's description of what is happening. And it is why, by the way, the Chinese have the money to buy Unocal. This is about Squanderville and Thriftville. The question he asks: Is anybody listening? Regrettably, the answer in the Senate is: Precious few.

I have spoken at great length about companies. I have not spoken previously about Pennsylvania House, which I will do just for a moment. I have talked about Huffy bicycles, Radio Flyer little red wagons, Fig Newton cookies—which, by the way, went to Monterrey, Mexico, so if you want some Mexican food, order Fig Newton cookies.

Let me tell you about Pennsylvania House Furniture, high-end furniture made with Pennsylvania wood, hardwood and cherry wood, high-end, terrific furniture, made for many decades in Pennsylvania and marketed as Pennsylvania Furniture.

Pennsylvania House Furniture was purchased by Lazy Boy Corporation about 4 years ago. Lazy Boy decided it is just too expensive to manufacture Pennsylvania House furniture in Pennsylvania, so we have to move it to China. Now Pennsylvania House furniture will be made in China. They will ship the wood from Pennsylvania to China, the hardwood, the cherry wood. They will put it together in China and ship the furniture back.

So it is for Robert Zechman. Robert Zechman worked for that company for 29 years. On December 21, four days from Christmas, he got his letter: You get $92-a-year severance for the service you have given this great company. Now we are shipping the wood and your job to China. They put the furniture together and ship it back. We will still call it Pennsylvania House Furniture, but the only Pennsylvania part of that furniture is the wood. The people are expendable.

The question is, Does anybody care about that? Does it matter to anybody? It mattered to Pennsylvania. Governor Rendell said: We have 500 people who work here. We would like to save these jobs. They put together an effort to save those jobs. Finally, we were told that Lazy Boy said: We are not interested in having competition domestically, so we are not going to sell. We are moving to China.

Same story with Huffy bicycles. Same story with dozens and dozens and dozens of companies.

I spoke last week about a refrigerator company that decided they will close their American plant, notify the workers: No jobs in this country for you anymore. Why? Because we are going to make those refrigerators in Mexico. And, by the way, just to rub salt in the wound, one part of the manufacturing plant with which they will manufacture those refrigerators in Mexico has an Ex-Im Bank loan. That is a loan subsidized by this Government to build a part of a plant in Mexico to house the jobs of the workers who were fired in this country to build some refrigerators.

Does it matter? Maybe not to some. It matters to me. Does it matter whether we make refrigerators? Does it matter whether we make fine furniture? Does it matter whether we have a manufacturing base? Will America remain a strong world-class economy if it gives its manufacturing sector away?

In the last 25 years, we have lost one-half of our manufacturing capacity. Is there anybody here who is having an apoplectic seizure about that? Not hardly. We snore our way through this. President after President gives us a new trade law to see if we can improve on this massive debt that keeps growing and growing and growing. In the meantime, Robert Zechman will probably ask his Congressman or his Senator: What is going on there? Are you standing up for America, standing up for jobs in this country? Absolutely, he will hear. You bet your life. We are all for American jobs. It is just that the trade agreements trade them away—quickly. The majority of the people in the House and the Senate are going to vote for these trade agreements.

America Online—December 2003—had just laid off 450 American employees, mostly design engineers and software engineers, in its California offices. Then those same engineers read that America Online was trying to hire software development teams and engineers in Bangalore, India. Does that mean you change your name to India Online, or is it still America Online that divests itself of U.S. employees and hires the engineers in Bangalore?

The list is endless. We come down, finally, to a choice, a choice this Senate will make once again on another trade agreement. The NAFTA trade agreement, called North American Free Trade Agreement, was negotiated between the United States, Mexico, and Canada. It was just one more chapter of bad trade agreements. But before that trade agreement, we had a slight surplus in trade with Mexico. We had a modest deficit with Canada. Now we have had about 10 years of trade agreements called NAFTA, and now we have a very large trade deficit with Mexico and a larger trade deficit with Canada. One would wonder if somebody would stand up and scratch their head and say: Gee, I wonder if we didn't make a mistake here.

The economists, by the way, who most trumpeted the benefits of NAFTA, the North American Free Trade Agreement, were two economists named Hufbauer and Schott. I am sure they are still practicing economists. I see the names Hufbauer and Schott.

I actually used to teach economics. Economics is just a little bit of psychology pumped up with a lot of helium. I taught it for a little while and was able to overcome that experience and still lead a productive life.

But these economists, Hufbauer and Schott, said: If you just pass NAFTA, we will promise you a remarkable future. What will happen is jobs will transpose. We will see low-income, low-skilled jobs being performed by Mexicans and high-skill, high-wage jobs now producing a product to be sold into an emerging middle class in Mexico, and those will be produced in America.

These people were totally, completely wrong about everything. Has anybody said, We were wrong? Of course not. In this debate on CAFTA, which is another acronym—NAFTA, CAFTA, SHAFTA, whatever it is—on this debate, we are now hearing NAFTA was really good. Boy, if we could just get some more of this spoiled trade agreement, somehow things would be better off. They would not be better.

Let me try to tell you what I believe our obligation is. Yes, I want a strong economy. Yes, I want American companies to understand we support their interest in competing around the world.

But I believe that, first of all, in the boardrooms they ought to say the Pledge of Allegiance from time to time. If we charter American corporations as artificial people—and that is what a corporate charter is about. We say we are going to create you as an artificial person. We are going to give you a charter which gives you limited liability. You can sue and be sued, contract and be contracted with. You are, in fact, an artificial person. If that artificial person, by corporate charter, given by this country, is in America, then it ought to care just a bit about this country's interests. And, yes, maybe just a recitation of the Pledge of Allegiance, occasionally, in the boardroom might help.

When we hear people say, ''We want all the benefits for our corporation being American, except the responsibility for paying taxes is something we want to shed,'' I worry about loyalty and commitment to this country. And, yes, that is happening. We see what is called inversions, where corporations want to renounce their American citizenship to become citizens of the Bahamas. Why? Because they want to become Bahamian citizens? No. Because they want to avoid paying U.S. taxes. I have always said, if they want to do that, if they run into trouble, let them call out the Bahamian Navy. My understanding is, there are about 24 people in the Bahamian Navy. Let them call on the Bahamian Navy.

The point is, I think we ought to support American companies in competing around the world, but we ought to expect certain things from them as well. The same is true with respect to other countries. Whether it is China, Japan, Europe or Korea, we should not any longer sit idly by and roll our eyes at trade agreements that are unfair to our workers and unfair to our companies.

Let me again mention just one specific piece of information. I do not mean to pick on Korea for the sake of picking on Korea. I have spoken about the Chinese automobile trade previously. Korea, this year, if this year is similar to last year, will likely send us about 680,000 Korean cars, all on ships, to be delivered to the United States, and to be sold in the United States—680,000 cars produced in Korea, with Korean labor, to be shipped to the United States.

Do you know how many cars the United States will produce that we will be able to sell in Korea? Do you think it will be 680,000? No, 3,900. Do you know why? Because Korea does not want American cars sold in Korea. They had a little spurt once on the Dodge Dakota pickup, and they shut that down real quickly. So 680,000 cars coming this way; 3,900 cars going from the United States to Korea.

I think for us to put up with this stuff is unbelievable, just unbelievable, in its ignorance. I would say to the Koreans, with respect to that piece of bilateral trade, if that is what you want to do on bilateral automobile trade, then, for a while, why don't you sell your cars in Zambia? Just ship them to Zambia, and we hope you have a good commercial success with them. Very soon, they would understand they need the American marketplace, and in exchange for needing the American marketplace, to have their marketplace wide open to us.

We know, those of us who will vote against this, and especially those who speak as I do, we know that the Washington Post, which will largely not run any op-ed pieces from those of us who hold our view, they and the other institutional thinkers on this will say: Well, do you know what you are? We have just heard you speak, and you basically ignore the world as it is. You are willing to reject the global economy, despite the fact that it exists and is there. And what you are is a xenophobic, isolationist stooge that simply is incapable of seeing over the horizon. You don't have the breadth of thought we do. And because you don't, you have a basic level of ignorance. That is how they treat people who do not buy into the jingoism of free trade.

This country used to be known as a country of shrewd Yankee traders. We were good. Our country wants us to succeed. We should want us to succeed. And we want to help others succeed with trade relationships that help lift others up, not push us down. But I have described already what we have gone through in the last century.

Unlike almost any other country on Earth, in the last century we decided some pretty basics things. And there are some people who had a tough time forcing these things to happen. I do not have the names of the people who were killed on the streets of America who were demanding the right for labor to be able to organize, but they died. Those who fought for a safe workplace, they suffered. Those who demanded a fair part of the income stream in this country for those who work for a living, they too paid the price for that. Those who fought, who said, belching chemicals into the air and water out of our factories, it is poisoning where we live, and you have to stop it—and they forced Congress to put an end to it—they paid a price for that as well.

But we did all that. It made sense. And now all of a sudden we see that does not matter. What matters is to be able to pole-vault over all of those regulations and go set up a factory in Guangzhou and produce that commodity and send it to Pittsburgh. And the consumer may get a $25 lower bill for that commodity. The consumer probably lost their job to the worker in the factory in Guangzhou, but they are able to pay slightly less for that commodity. That is not a bargain for our country. It is a way for our country to lose economic strength and to lose its way.

Now, let me just conclude by saying I have great hope for this country. If I did not have hope, I would not serve here in the Senate. We come here from a quiltwork of interests around the country—some big States and some small States, some big towns, some small towns, ivy league colleges and State schools. I come from a town of 300 people. I think it is a thrill every day to go to work. I think it is a special privilege to be here. If I did not have hope, I would not keep coming here, I would not have run for reelection last fall.

I still have hope that, in the long run, we will understand that the path we are on cannot be sustained and there is a better path. And it is not a path that is selfish. It is not demanding ''us or nothing.'' It is just a path that understands our first responsibility is to nurture and strengthen and protect this country of ours and to do what we think is necessary to give our kids opportunities. We need to leave this place better than the way we found it. And that is not what is going to happen unless we change course.

So I am on the floor of the Senate, not to preach but just to try to play a role in seeing if we cannot finally make a U-turn on these issues and head in the right direction, in a direction that says to our trading partners—China, Korea, Africa, South America, CAFTA, Central America—it says to them: Yes, we care about this. We want to help you. We want to work with you. But we do not want to do that at the expense of taking the American economy apart. We do not want to do that at the expense of saying to American families: We are busy helping somebody else down there, and so we do not have time to worry about your job.

If this country says to the people who make bicycles, ''You are paid way too much. You are paid $11 an hour plus benefits. We cannot afford that. Those jobs go to China,'' there is destined, in my judgment, to be nothing but hopelessness for those who come after us. I do not believe we can allow that to be the case.

I started by saying John Adams used to write back to his wife, when he was helping put this great country together, and asked her plaintively: Where is the leadership? Who will be the leaders? Where will the leadership come from in this country? And the answer in every generation in America has been to provide that leadership. And that question is a loud question in this country, again. It begs for an answer. Who will be the leaders? Where will the leadership come from to put this country back on track, to put its economy back on track, so 5 years, 10 years, and 25 years from now we can see something that gives us some confidence and some faith this is going to be a better place for our children.

Mr. President, I reserve the remainder of my time and yield the floor.

U.S.-DOMINICAN REPUBLIC, CENTRAL AMERICAN FREE TRADE AGREEMENT

Ms. MIKULSKI. Mr. President, I rise to oppose the U.S.-Dominican Republic, Central American-Free Trade

Agreement, CAFTA. I support free trade when it is fair trade. Yet this agreement is not fair for workers in America or in Central America.

The truth is, this agreement will not dramatically change the trade relationship between the United States and our neighbors in Central America.

Thanks to existing agreements, like the Caribbean Basin Initiative, there are relatively few trade restrictions today between the U.S. and the nations of CAFTA.

The small increases in trade of textiles and agriculture products that will result under CAFTA represent a very modest increase in U.S. revenue. According to the U.S. International Trade Commission, CAFTA will generate a net increase in U.S. revenues of just 0.01 percent per year.

So this agreement is not going to do much to help the American economy. But it contains provisions on labor, the environment and sugar that could harm America's working men and women and their families.

I think we have widespread agreement that workers in the CAFTA countries face very difficult conditions.

In most countries, workers have a very hard time trying to unionize and bargain collectively. Intimidation of union organizers is not unusual. It often goes unpunished.

There is even a significant amount of child labor in some sectors in these countries.

So CAFTA is a prime example of a trade agreement that must have strong labor provisions if it is to guarantee trade that is not just free, but fair.

But there is only one labor provision in this agreement that is enforceable through the regular dispute settlement procedures, and it is a weak one.

It does nothing more than require a country to enforce its own trade laws, no matter how weak. And if a company is found in violation of its national trade laws, the government pays the fine—not the company.

That is not much incentive to encourage employers to abide by the law and treat their workers with respect and dignity.

Let me be very clear about one thing. I support trade. I encourage trade. Trade is very important to my State. Maryland workers can compete successfully in a global marketplace, if they're given a level playing field. That's why I support expansion of fair trade.

I have supported past trade agreements, like the Jordan Free Trade Agreement, that included strong, enforceable labor provisions. This agreement does not live up to those standards.

CAFTA's weak labor provisions are a raw deal for American workers.

They send a terrible message to the men and women in CAFTA nations who are trying to earn a fair wage to support their families.

Our message to them is, we want to do business with the companies you work for, but we aren't concerned about how they treat you. That's not the message I want to send to our neighbors.

On the environment, we also face some serious challenges in the CAFTA countries.

As with the labor provisions, the environmental provisions in CAFTA are too weak. The one enforceable environmental provision simply requires countries to ''effectively enforce'' their own environmental laws.

Again, I believe in free trade that is fair trade. And fair trade must include environmental protections. We need strong, enforceable environmental provisions to protect American jobs. We also need them to ensure that our neighbors have access to the same clean air and safe drinking water that we enjoy.

Finally, Mr. President, I am very concerned that CAFTA unfairly exposes the American sugar industry without opening other markets for U.S. sugar.

Even the administration recognizes that CAFTA as it was negotiated will unfairly target our sugar industry. That is why they have come up with a complicated scheme to pay CAFTA-nation governments and sugar producers not to export sugar to America.

But this deal is no deal for the men and women of America's sugar industry. And it is no deal for the American taxpayer who, under this plan, would pay between $150 million and $200 million a year to foreign governments and companies.

It makes no sense to negotiate an agreement that opens U.S. markets to foreign sugar and then pay foreign producers not to take advantage of that agreement.

Even this flawed plan would not do enough to protect the U.S. sugar industry from unfair trade. It would expire after just two years, exposing the U.S. market to cheap, low quality imports.

And it does nothing to open large, protected sugar markets in Europe that remain closed to U.S. sugar exports.

I support the idea of developing stronger ties between the U.S. and our neighbors in Central America.

These nations have made great strides toward democracy and openness. We should work more closely with them to support their recent gains in the rule of law and efforts to fight terrorism, organized crime and drug trafficking.

But this trade agreement is seriously flawed. It does not do much to increase free trade, and it certainly does nothing to support fair trade. It is not fair to American workers and their families, and it is not fair to workers in Central America. I will vote no, against CAFTA.

Mr. LEAHY. Mr. President, I cannot in good conscience support the CAFTA agreement as proposed by the Administration. I reviewed this agreement carefully and evaluated the arguments of both sides. Exports play a central role in the economy of my home State of Vermont, where some of the finest specialized goods in the world are made, from computer chips to cheese. Free and fair trade benefits us as Vermonters, and it benefits the country. I have often voted in favor of various trade agreements, including NAFTA and recent bilateral trade accords with Jordan, Singapore, and Chile.

I strongly believe free trade and the agreements that facilitate it will be critical to the well being of my State and our country in the years ahead. But we have a responsibility to ourselves and those we trade with to make sure these agreements are soundly predicated, are fair to both sides, are constructed to advance the interests of the many and not just a few, and that they will protect the environment upon which we all ultimately depend. I do not believe this trade agreement adequately meets these tests, and I cannot in good conscience vote for CAFTA.

I have great respect for some of Central America's leaders who favor this agreement. I know they have the interests of their countries at heart. But I believe they overstate the positive effects this agreement would have and give too little weight to negative effects. The weak labor and environmental provisions of this agreement will do little to help the hardworking men and women of Latin America, and in fact may make their already difficult lives even harder and more dangerous.

I also believe that this agreement is a diversion from the larger trade issues that will make a real difference for the long-term health of our own economy. This deal should be carefully and conscientiously re-negotiated to adequately address these pressing concerns.

There has been a lot of ink spilled from the administration and from groups representing particular interests arguing that CAFTA will be a significant boost to the U.S. economy. When you are talking about Central American economies that have a combined gross domestic product of a medium-sized U.S. city, this argument just does not carry weight. Yes, U.S. consumers might be able to buy some Central American exports at a cheaper price. And, yes, U.S. manufacturers might gain greater access to these markets. But these countries are so small that the impact on the U.S. economy will be negligible. For instance, this agreement would help the dairy producers in my home State of Vermont only marginally, at the very best.

We all know that when we talk about trade, what makes a real difference for the economy is trade with our larger trading partners—Europe, the NAFTA countries of Canada and Mexico, several Far East Asian countries—but, above all, China. Yet we have an enormous trade deficit with China today that threatens interest rates and the strength of the dollar.

China has maintained an artificially low exchange rate, removed voluntary export quotas, and continually infringed on international patents and copyrights. It does not seem that this administration has any strategy for dealing with these unfair trade practices, let alone with the fact that China's GDP is growing at almost 10 percent every year and will challenge us economically in the decades ahead. It is a wonder to me that the administration is seeking trade agreements that are not part of a comprehensive strategy to deal with this kind of continually escalating foreign competition.

While this agreement will not make much difference for our economy, it is likely to have significant negative impacts on the countries of Central America, and we should be concerned for the people of those impoverished countries. Over the past several decades, dictatorships, civil wars and fierce class struggles have buffeted the region, particularly during the Cold War when the larger geopolitical struggle—in which we were a central player—exploited and heightened these local tensions. These countries have set out on a new, democratic path over the past year, and our foreign policy should encourage these favorable developments. Unfortunately, the weak labor and environmental laws of these countries and the complete failure of this agreement to elevate and strengthen those standards ensures that any growth that rises out of the agreement is unlikely to translate into significant real gains for everyday workers and the broader population.

Under CAFTA, participating countries are only forced to abide by their own often weak and rarely enforced labor laws. Sadly, an oligarchic culture persists in these countries, whereby wealthy business and landowners rarely trickle down profits to the hardworking men and women who do the work. Without stronger labor provisions that provide increased benefits and protections to workers, CAFTA will do little to change that culture.

A recent World Bank report on the agreement found that Central American countries will have to boost spending for schools and rural infrastructure to take full advantage of the agreement's benefits. Those investments are not realistically forthcoming, and this administration has not shown a serious commitment to supporting this type of development in those nations to make up the difference. This is a lost opportunity. At the same time, CAFTA will displace poor subsistence farmers who will abandon their land and follow in the footsteps of those who have come illegally to the United States in search of employment. And CAFTA will contribute to ongoing environmental problems associated with manufacturing and the pesticides used in large-scale agriculture.

I urge the President to send his trade negotiating team back down to Central America to rework this deal. We need a better agreement that reaches the so-called Jordan Standard, including the strong labor and environmental provisions of the United States-Jordan Bilateral Free Trade Agreement that we ratified a few years ago.

More importantly, I hope the President will deal with the mounting pile of economic and trade problems that really do have profound consequences to our economy and the living standards of the American people. Let's come up with a broader approach to trade that addresses unfair trading practices, that reduces our ballooning trade deficit, that boosts our economy, and that protects the environment and the rights of workers. I look forward to working with this or any other administration on these challenges. I cannot cast a vote for an agreement like this that over-promises and under-delivers to the workers of our own country and to the people of Central America.

Mr. KOHL. Mr. President, I rise today to express my strong opposition to the CAFTA implementing legislation before us today. Unlike NAFTA, CAFTA won't encourage the migration of a large number of manufacturing jobs out of the country or significant worsen our already terrible trade deficit; CAFTA countries only account for 1.5 percent of total U.S. trade. And unlike the U.S.-Australia free trade agreement which put my State's dairy farmers at a competitive disadvantage, CAFTA harms most industries like sugar and textiles that do not have a large presence in Wisconsin.

But there are bigger reasons to reject CAFTA today—reasons that apply across all regions of the country and should convince all Senators. We should reject CAFTA because it makes equal trading partners out of countries with labor and environmental standards far below those in the United States. Instead of using our negotiating power with these countries to lock in improvements in these standards, CAFTA establishes rules on workers' rights that take a step backward from the labor conditions that exist in current trade programs with Central America.

When we make deals like CAFTA, we do more than give up jobs to low-wage countries. When we make deals like CAFTA, we accept and encourage a global economy where workers' rights, living wages, and humane treatment are an anachronism. When we make deals like CAFTA, we tell U.S. businesses that the tough environmental standards they live by—and pay for—are not necessary for their overseas competitors. Why does the continuing flow of jobs moving overseas surprise us given this message—a message sent by our top trade officials and negotiators?

In a region where labor laws fall far short of minimum international standards and where workers are routinely intimidated, fired, and threatened for trying to exercise their most basic rights on the job, CAFTA's move backwards on workers' rights is unacceptable. As a businessman, I understand that trade agreements that open markets can be good for the economy—but not if they do so by accepting as the global norm the least common denominator in labor and environmental standards.

The administration has agreed to support $40 million per year from fiscal year 2006 to fiscal year 2009 to aid CAFTA countries with their labor and environmental protection programs and an additional $30 million per year over the same period to assist farmers in CAFTA countries who may be displaced by the expected increase of agricultural imports from the U.S. Mr. President, I am in favor of opening international markets for U.S. goods, but why do we need to spend $190 million over 3 years to have countries trade with us? Wouldn't it have been easier to have CAFTA countries work with the International Labor Organization to develop the capacity to monitor and enforce labor and environmental protections?

At a time when the trade deficit keeps rising—$655 billion in fiscal year 2004 up from $530 billion in fiscal year 2003—and the Federal deficit is at an all-time high, the U.S. needs to negotiate free-trade agreements where both sides play by the same rules. When I meet with constituents and the conversation turns to trade or jobs, the topic of China inevitably comes up and I am asked what we are going to do about China. Mr. President, what are we going to do about China? I certainly have trouble trusting those who negotiated CAFTA to work out the answer to that dilemma—an answer that will have a much larger and more direct impact on our economy.

We cannot remain competitive with countries that pay their workers next to nothing, have no labor or environmental standards, and who offer their employees little or no health care. Yet we are considering a trade agreement right now that asks us to do just that. And though the CAFTA countries are not large enough to impact our economy significantly, the precedent set by agreements like CAFTA—and the attitude among our trade negotiators that CAFTA reveals—will. We are the strongest economy in the world and can and should be able to compete and prosper in a global marketplace. But we will not if we continue to sign up for trade agreements that allow other countries to undercut us by producing goods using underpaid, abused labor and unacceptable environmental practices. I urge my colleagues to reject CAFTA—and reject the misguided, eventually disastrous trade policy it represents.

Mr. DOMENICI. Mr. President, I am a long-time supporter of free trade agreements because I believe free trade agreements can be beneficial to everyone. Free trade agreements have a positive impact on the job market and the economy.

I have spent many hours listening to this body debate the Dominican Republic-Central American-United States Free Trade Agreement (DR–CAFTA). Upon careful consideration of the issues at stake in this important economic measure, I have come to the conclusion that the ratification of DR–CAFTA will result in the growth of our national economy. Additionally, DR–CAFTA's passage will represent an enormous step towards increased prosperity in Central America.

The reasons to support DR–CAFTA are numerous. The measure is favorable to our Nation's export market. DR–CAFTA countries currently make up the twelfth largest market for U.S. exports, with those countries purchasing more than $15.1 billion in U.S. exports in 2003. I believe we should do what we can to foster additional growth in that market. Passage of DR–CAFTA will do just that. In addition, DR–CAFTA is favorable to our country's textile suppliers. Passage of this bill will put our suppliers on a level playing field with their counterparts in Asia.

I believe that the argument that DR–CAFTA will represent an exodus of jobs and dollars to Central America is unfounded. Under the status quo, 80 percent of all imports from Central America and 99 percent of agricultural imports from Central America enter the United States duty free. In contrast, many American farmers suffer from the burden of tariffs ranging from approximately 7 percent in the case of Nicaragua to 23 percent for certain products from the Dominican Republic. Creating a more equitable duty system for agricultural imports and exports is important to my home State of New Mexico, which is heavily involved in the agricultural industry.

This agreement is also important to New Mexico because an estimated $234 million worth of products, many of them semi-conductors and electronics, were exported from New Mexico to DR–CAFTA countries in 2004. This ranked New Mexico thirteenth among U.S. States exporting goods to CAFTA countries. Clearly, my home State will benefit from a free trade agreement with these Central American countries.

DR–CAFTA is important to our country. It is a pro-export, pro-worker, pro-agriculture, pro-economy trade agreement, and I appreciate the efforts of the administration and our trade negotiators in crafting such an agreement. I am proud to vote in favor of DR–CAFTA.

Mr. HAGEL. Mr. President, I rise today in strong support of the Central American Free Trade Agreement. CAFTA will be one of the most important pieces of legislation considered by the Congress this year. Passage of CAFTA means increased markets for our agricultural products and manufactured goods to the nations of Central America—Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua—and the Dominican Republic. Already, 47,000 Nebraska jobs are supported by exports of farm products. CAFTA means more of these jobs across the United States.

Passing CAFTA will further open new markets for beef, corn, soybeans and other products by lowering and eliminating tariffs on U.S. goods in CAFTA countries. Currently, U.S. goods exported to CAFTA countries face significant tariffs. Despite these tariffs, the U.S. exports more than $15 billion to CAFTA countries every year. Nebraska exported over $19.5 million worth of goods to CAFTA countries in 2004, according to the Department of Commerce. With these tariffs eliminated, this region provides significant potential for States like Nebraska which depend on our ability to export our products. The Office of the United States Trade Representative views Central America as a larger market for U.S. products than India, Indonesia, and Russia combined.

All previous trade agreements have benefitted the United States economy. Since the North American Free Trade Agreement was signed in 1993, trade among NAFTA nations rose 150 percent. Nebraska's combined exports to Canada and Mexico have increased by more than 160 percent. In the first year of the U.S.-Chile Free Trade Agreement, U.S. exports to Chile grew 33.5 percent.

There are those who have argued that there is a danger to the U.S. sugar industry if CAFTA is passed into law. They are worried about sugar from the Dominican Republic and Central America crowding out domestically produced U.S. sugar. These fears, while understandable, don't hold up against the facts. Under the current U.S. Farm Bill, Congress set an import ceiling of about 1.4 million metric tons of sugar. The domestic sugar program is unaffected when imports are below this limit. Currently, the U.S. is not close to exceeding that ceiling. According to the U.S. Trade Representative, in the first year of the agreement, increased access to the U.S. sugar market will be equal to little more than one day's sugar production in the United States.

CAFTA has stronger protections for workers than any other Free Trade Agreement. It has a three-part strategy that will ensure effective enforcement of domestic labor laws, establish a cooperative program to improve enforcement of domestic labor laws, and enhance the ability of Central American governments to monitor and enforce labor rights.

Trade is an opportunity, not a guarantee. CAFTA is supported by over 50 agricultural industry and farm groups, including the Nebraska Farm Bureau and the Nebraska Corn Growers.

Ultimately, the argument for CAFTA is not about numbers on a page or statistics, it is about American families and communities that need the opportunities provided by these markets to grow and remain competitive. CAFTA is good for the United States. I urge my colleagues to vote for this trade agreement.

Mrs. BOXER. Mr. President, I am opposed to and will vote against the Central America Free Trade Agreement, CAFTA.

I am not against trade agreements, provided they are fair. But when those agreements unfairly disadvantage American workers and businesses, I oppose them.

I could vote for CAFTA if it meant more jobs in America and a stronger American economy. But, I do not believe that is the case. Because of CAFTA, Americans will lose jobs and manufacturing will move overseas.

CAFTA will not foster free trade; it will result in unfair competition. Most of the Central American governments are notoriously lax in enforcing their labor laws. Under CAFTA, the Central American countries pledge to enforce their labor laws and strive to ensure workers' rights are protected, but these are merely ''paper pledges.'' Moreover, unlike other trade agreements, the mechanisms for forcing the Central American governments to enforce their own labor laws are limited and the penalties for noncompliance are negligible. Worse still, nothing in CAFTA prohibits a country from further relaxing its existing laws.

In addition, most Central American countries do not have strong environmental protection laws, and enforcement of the laws that do exist is limited. Companies are permitted to destroy the environment and harm their workers in order to produce cheaper products for export.

U.S. manufacturers and workers are the best in the world. Their productivity and innovation cannot be matched. But even they cannot—nor should they have to—compete with foreign companies that have weak labor protections and that ignore the environment in order to cut prices.

After careful consideration, I have come to the conclusion that CAFTA will result in American workers losing their jobs, U.S. companies closing their doors, a downward pressure on wages, and a worsening trade deficit.

For these reasons, I cannot support CAFTA and will vote against it.

Mr. KYL. Mr. President, I want to express my support for the Central America Free Trade Agreement, which is not just important for job creation and business opportunities in Arizona, but for the economic and political futures of five Central American countries and the Dominican Republic, all of which are eagerly awaiting the passage of this trade agreement. CAFTA will enhance both economic and political ties between Central America and the United States. It will also help promote freedom and democracy in our own Hemisphere.

The United States exports $15 billion annually to the CAFTA–DR countries—El Salvador, Honduras, Costa Rica, Nicaragua, Guatemala, and the Dominican Republic. This is more than our exports to Russia, India, and Indonesia combined. In my home State of Arizona, our top agricultural exports to the region are beef, vegetables, and cotton. We also exported more than $208.9 million in manufactured goods to CAFTA countries. The American Farm Bureau estimates that CAFTA will increase farm exports from Arizona to CAFTA countries by $8 million per year for beef, $1 million per year for vegetables, and $800 thousand per year for cotton, part of a total future annual increase of $12.14 million in agricultural exports over the anticipated pre-CAFTA growth level. The total national increase in agricultural products to CAFTA countries is estimated at over $1.5 billion, and manufacturing exports nationwide will increase dramatically as well, which is great for Arizona where 25 percent of the manufacturing jobs depend on exports. CAFTA will also reduce the U.S. trade deficit by $756 million.

While the U.S. economy has been growing steadily over the past 2 years, creating record numbers of new jobs, we can expect even more growth with the passage of CAFTA. That, in turn, will foster the growth of Central American economies. Take, for example, the textile industry in the Central-America region. The CAFTA countries are the largest consumers of U.S. apparel and yarn exports, and the second largest consumers of U.S. fabric exports. 11,000 Arizonan jobs are supported by the textile industry, and approximately 700,000 Americans are employed in the yarn and textile sectors. The yarn and fabric we create and export to Central America and the Dominican Republic support another 500,000 jobs in the apparel sector in those countries. By working together, the United States and CAFTA countries can more efficiently compete with large textile markets such as those in the Asia region. With the expiration in 2004 of global multifiber quotas in effect since the 1970s on textiles and apparel, regional producers face a new competitive challenge from Asian imports. CAFTA would provide regional garment-makers—and their U.S. or regional suppliers of fabric and yarn—a critical advantage in competing with Asia.

Many Arizona farmers and businessmen are excited about the economic growth CAFTA will bring them. There is also just as much excitement in Central American countries. I have been to El Salvador and I can tell you that people there are looking to the United States to pass CAFTA to give them better opportunities and a higher standard of living. They have hope that their country's economy will see dramatic growth, increasing jobs and the wages that those jobs pay. Without CAFTA, they fear that jobs once performed by El Salvadorian workers will be moved to Asia.

CAFTA gives El Salvadorians hope for a better economic future, which means a more stable and peaceful future, through rising wages, decreasing unemployment rates, and more affordable basic commodities. This will raise the standards of living in El Salvador, as well as the other countries in this region. The President of El Salvador has said that CAFTA matters most to his country because it will strengthen the foundations of democracy by promoting economic growth, providing a solution to the persistent problem of poverty, and creating equality of opportunity. And by addressing the underlying problems of poverty and unequal economic opportunities, CAFTA will help stem the tide of thousands of Central Americans who leave their homes seeking a better life in neighboring countries to the north. CAFTA will help Central Americans to earn better livings and successfully support their families in their home countries.

Economic growth fosters stability and peace throughout this region. To strengthen democracy in the region, its people need to see concrete benefits from economic freedom—tangible improvements in their daily life. When a middle class develops and people have a larger economic stake in their society, they demand more of a say in how that society is run. This is critical for a region's democratic success.

We can be instrumental in the region's democratic, as well as economic, success by passing CAFTA now. If we fail to pass CAFTA, America will be turning its back on the hopes and dreams of our southern neighbors.

I ask unanimous consent to have printed in the RECORD a copy of the Republican Policy Committee's recent policy paper, ''The U.S.-Dominican Republic-Central American Free Trade Agreement is a Win-Win.'' This paper goes into further detail as to why the CAFTA agreement is in America's interest.

There being no objection, the material was ordered to be printed, as follows:

UNITED STATES-DOMINICAN REPUBLIC-CENTRAL AMERICA FREE TRADE AGREEMENT IS A WIN-WIN

EXECUTIVE SUMMARY

Congress should soon pass the United States-Dominican Republic-Central America Free Trade Agreement (DR–CAFTA). This important agreement expands market access for U.S. exporters of manufactured goods, agriculture products, and services.

On February 20, 2004, President Bush notified Congress of his intent to enter into a free trade agreement with the Central American nations of Costa Rica, El Salvador, Honduras, Guatemala, and Nicaragua. The Dominican Republic became a party to CAFTA on August 5, 2004.

The Central American markets are significant to the American economy: the DR–CAFTA countries constitute our 12th largest export market with a consumer base of nearly 44 million.

Passage of DR–CAFTA is vital to the economic and security interests of both the United States and the DR–CAFTA countries, and it will demonstrate the U.S. commitment to foster economic prosperity in the region. It will serve to nurture democracy, transparency, and respect for the rule of law in a region that, only decades ago, was marked by internal strife.

Commonly heard arguments against DR–CAFTA include concern that U.S. sugar producers will be adversely affected, that American textile jobs will be lost, and that Central American workers' rights and the environment will be harmed.

The Bush Administration counters that passage of this agreement is a win-win for all parties and that it will preserve the U.S. sugar program, level the playing field for U.S. workers, strengthen freedom and democracy in the region, enable U.S. textile suppliers to compete with Asia, and enhance the enforcement of labor and environmental laws in the region.

Among the significant consequences of failing to pass the DR–CAFTA would be: (1) a message that the U.S. is not committed to open market principles; (2) the continuation of high tariff barriers on U.S. exports to the region; and (3) the loss of an important export market for numerous U.S. suppliers of cotton, yarns, and fabrics.

This paper addresses concerns expressed about the agreement and highlight the broad support DR–CAFTA is receiving from many different sectors of the U.S. economy.

INTRODUCTION

Congress will soon consider whether to pass the United States-Dominican Republic-Central America Free Trade Agreement (DR–CAFTA). This important agreement builds on other recent trade agreements by substantially expanding market access for U.S. exporters of manufactured goods, agriculture products, and services. In fact, DR–CAFTA will level the playing field with our southern neighbors by providing reciprocal access for U.S. businesses to the markets of Central America and the Dominican Republic, which already enjoy liberal access to the U.S. market.

On February 20, 2004, President Bush notified Congress of his intent to enter into a free trade agreement with the Central American nations of Costa Rica, El Salvador, Honduras, Guatemala, and Nicaragua. [Text of a letter from the President to the Speaker of the House of Representatives and the President of the Senate, February 20, 2004.] On May 28, U.S. Trade Representative Robert Zoellick fulfilled the President's pledge and signed the U.S.-Central America Free Trade Agreement. The Dominican Republic became a party to CAFTA on August 5, 2004.

The United States has much to gain from this agreement because the Central American markets are significant to the American economy. The DR–CAFTA countries constitute our 12th largest export market with a consumer base of nearly 44 million. [U.S. International Trade Commission (ITC), ''U.S.-Central America-Dominican Republic Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects,'' August 2004.] Nearly 80 percent of Central American products already enter the United States duty-free due to unilateral preference programs such as the Caribbean Basin Initiative and the Generalized System of Preferences. CAFTA will eliminate these one-way barriers and provide reciprocal free trade. The Agreement will also provide a chance to unite with customers in the region to better compete against China, especially in apparel and textiles.

The DR–CAFTA agreement will also serve to nurture democracy, transparency, and respect for the rule of law, in a region which only decades ago was marked by internal strife. Today the Central American nations and the Dominican Republic are democracies wanting to strengthen economic ties which will in turn reinforce their progress in political and social reform. Passage of DR–CAFTA is, thus, vital to the economic and security interests of both the United States and the DR–CAFTA countries, and it will demonstrate the U.S. commitment to foster economic prosperity in the region.

Despite the great appeal of this agreement to many sectors of the American economy, there are some groups that remain opposed to it. Commonly heard arguments against DR–CAFTA include concern that U.S. sugar producers will be adversely affected, that American textile jobs will be lost, and that Central American workers' rights and the environment will be harmed. [Representative Hilda Solis (D–CA), Congressional Record, March 1, 2005; Representative Sherrod Brown (D–OH), Congressional Record, March 2, 2005.] The Bush Administration counters that passage of this agreement is a win-win for the United States, the Dominican Republic, and Central America that will preserve the U.S. sugar program, level the playing field for U.S. workers, strengthen freedom and democracy in the region, enable U.S. textile suppliers to compete with Asia, and enhance the enforcement of labor and environmental laws in the region. [Office of the U.S. Trade Representative (USTR), ''DR–CAFTA Facts: The Case for DR–CAFTA,'' February 2005.]

This paper will examine the benefits of DR–CAFTA for the United States, the Dominican Republic, and Central America. This paper will also address concerns expressed about the agreement and highlight the broad support DR–CAFTA is receiving from many different sectors of the U.S. economy. And, it will review the consequences to the United States, the Dominican Republic, and Central America if Congress should fail to pass the trade agreement.

Why DR–CAFTA is a Win-Win for the United States, the Dominican Republic, and Central America

ECONOMIC BENEFITS—LEVELING THE PLAYING FIELD FOR AMERICAN EXPORTERS

The DR–CAFTA market provides a large export market for the United States. As an integrated market, Central America, and the Dominican Republic purchased more than $15.1 billion in U.S. exports in 2003. [USTR, ''Trade Facts: Free Trade with Central America, Summary of the U.S.-Central America Free Trade Agreement,'' December 17, 2003.] By tearing down tariff barriers, American workers will be able to gain better access to the 44 million consumers living in the Dominican Republic and Central America. Moreover, population in this region is expected to grow by almost 20 percent by 2015, thus adding nearly 10 million new consumers to the marketplace. [Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2004 Revision and World Urbanization Prospects: The 2003 Revision.]

While the DR–CAFTA countries buy many goods and services from the United States, it is economically important to the U.S. economy to level the playing field on trade between the United States, the Dominican Republic, and Central America. Due to trade preference programs currently in place, 80 percent of all Central American goods currently enter the United States duty-free, while the average tariff imposed on U.S. exports to Central America is between 7 and 9 percent. [Chris Padilla, ''DR–CAFTA: A Vote for Freedom, Democracy, Reform,'' Textile News, February 28, 2005.] Some tariffs on many farm goods are as high as 16 percent. [USTR, ''DR–CAFTA Facts: CAFTA Levels the Playing Field,'' February 2005.] These high tariffs hurt our ability to export to and compete in the growing markets of the Dominican Republic and Central America. In addition, U.S. exporters face numerous non-tariff barriers that currently inhibit their ability to export goods and services to the region.

Upon full implementation of DR–CAFTA, U.S. products will enter the Dominican Republic and Central America duty-free. In fact, 80 percent of consumer and industrial goods exports are immediately duty-free upon enactment of the agreement, with the remaining 20 percent becoming duty-free over 10 years. Key U.S. export sectors will benefit including medical and scientific equipment, information technology products, construction equipment, and paper products.

The agreement will expand markets as well for U.S. agriculture. Currently, U.S. tariff barriers to agricultural exports from DR–CAFTA countries are much lower than tariffs faced by U.S. agricultural exports to DR–CAFTA countries. [USTR, ''DR–CAFTA Facts: CAFTA Levels the Playing Field,'' February 2005.] According to the USTR, more than half of current U.S. farm exports to Central America will become duty-free immediately, including cotton, wheat, soybeans, fruits and vegetables, high-quality cuts of beef, processed food products, and wine. Tariffs on remaining farm items will be phased out over 15 years. [USTR, ''Trade Facts: Free Trade with Central America, Highlights of the U.S.-Central America Free Trade Agreement,'' January 27, 2004.] On May 28, 2004, the American Farm Bureau Federation (AFBF), a national organization representing U.S. farmers and ranchers across the country, stated that the ''U.S.-Central American Free Trade Agreement will provide a substantial competitive advantage to U.S. agriculture,'' and that the Bush administration has ''opened up promising trade potential for the whole of U.S. agriculture.'' [Statement by Bob Stallman, President of the American Farm Bureau Federation regarding the signing of the U.S.-Central American Free Trade Agreement, May 28, 2004.] It estimates that U.S. agricultural producers will increase their exports by $900 million as a result of the DR–CAFTA agreement.

In the area of services, the DR–CAFTA countries will accord substantial market access across their entire services regime, offering new access in sectors such as telecommunications, computer services, tourism, financial services, insurance, and entertainment among others. The agreement also provides state-of-the-art protections and non-discriminatory treatment for digital products such as U.S. software, music, text, and videos. Protections for U.S. patents and trademarks are strengthened.

The benefits of DR–CAFTA will be numerous. In its analysis of DR–CAFTA implementation, the U.S. International Trade Commission (ITC) found the effect of trade facilitation would likely ''benefit U.S. producers, exports, service providers, and investors.'' [ITC, 2004.] The USITC noted that, ''after tariff liberalization has been fully implemented and all economic adjustments have occurred under the FTA, overall U.S. welfare is likely to increase in the range of $135.31 million to $248.17 million.'' [ITC, 2004.] U.S. exports to DR–CAFTA countries are likely to increase by $2.7 billion (or 15 percent), and U.S. imports are likely to increase by $2.8 billion (or by 12 percent). [ITC, 2004.]

DR–CAFTA also provides an atmosphere and, more importantly, a legal framework for guaranteeing the security of American investment in Central America. As noted by some policy analysts: ''By locking in these liberal economic policies, [DR–CAFTA] offers investors certainty that policies will not suddenly reverse—a key component in investment decisions.'' [Brett D. Schaefer and Stephen Johnson, ''Backgrounder #1822: Congress Should Support Free Trade with Central America and the Dominican Republic,'' The Heritage Foundation, February 8, 2005.] An open and transparent legal framework will encourage investment and economic growth in a region of the world that needs foreign capital to grow its economy and create jobs.

POLITICAL BENEFITS—PROMOTING REGIONAL STABILITY

In the 1970s, every Central American country except Costa Rica and Belize were ruled by military dictators. Lack of democracy and lack of economic opportunity led to communist insurgencies in many parts of the region that were only defeated with the support of the United States. [Ed Greser, Progressive Policy Institute Policy Report, ''DR–CAFTA: The United States and Central America 10 Years After the Wars,'' October 2003.] Today, democracy flourishes in the region. People can freely choose their elected leaders. Through free-market economic reforms and U.S. trade preference programs, workers' wages are now on the rise and the standard of living throughout the region has generally improved. Many observers agree that DR–CAFTA will help lock recent political and economic gains into place by bolstering transparency and the rule of law, thereby attracting additional investment which will help to foster continued growth and stability in the region. [See, e.g., The Los Angeles Times, editorial, November 18, 2004; USTR, ''DR–CAFTA Facts: Emphatically Yes,'' February 2005; Stuart E. Eizenstat and David Marchick, ''Trade Wins,'' Wall Street Journal, March 8, 2005.]

Twenty years ago, trade between Central America and the United States was minimal. In 1984, trade between the U.S. and CAFTA countries totaled $798 million compared to $3.6 billion in 2003—an increase of nearly 350 percent. [Statistical data provided by USTR.] During the past few years, significant progress has been made in Central American economic integration, including a May 2000 free trade agreement between Mexico and El Salvador, Guatemala, and Honduras. In December 2001, an agreement was signed to interconnect the electricity networks of the Central American countries, allowing for regional power trading among the member states beginning in 2006. [U.S. Department of Energy, Energy Information Administration, ''Regional Indicators: Central America,'' September 2004.] The integration of electricity grids is only one of several initiatives by the Inter-American Development Bank's Puebla-Panama Plan, which seeks to promote regional development and integration of Central American countries. [U.S. Department of Energy, 2004.]

Public opinion throughout Central America finds that people want to have a strong trading relationship with the United States and want to see DR–CAFTA enacted. According to recent State Department polling, the opinion pattern throughout the region shows that, in most of the CAFTA countries, half of those polled are aware of the trade agreement (up from about a third in 2002–2003). Among those, a majority perceive benefits for their country (e.g., 57 percent in D.R.; 56 percent in Costa Rica; and 56 percent in Nicaragua). [Memo from U.S. State Department to Senate Finance Committee on ''Central American Attitudes Toward CAFTA,'' March 16, 2005.] Anticipated benefits include job creation, lower prices, and a wider variety of goods available to consumers.

Passage of DR–CAFTA by the U.S. Congress will help reinforce the positive image many Central Americans have of the United States, and will show that America does not view Central America only as a trading partner. It will show that the United States believes it has a stake in the development of its neighbors. During his confirmation hearing before the Senate Foreign Relations Committee on February 15, then Deputy Secretary of State nominee Robert Zoellick stated that ''economic power is a very important component of America's power'' and that ''economic freedom is linked to political freedom,'' and so ''how we integrate those can build on some of America's values and its interests.'' [Remarks by Robert B. Zoellick during a hearing of the Senate Foreign Relations Committee on his nomination to be Deputy Secretary of State, February 15, 2005.]

The United States has long fought for democracy and economic freedom for the people of Central America. DR–CAFTA would reinforce democratic and free-market processes through such provisions as transparency and anti-corruption measures. It will also strengthen new democracies and leaders who are working to grow their economies, reduce poverty, fight crime, and deepen the roots of democracy.

Criticisms of DR–CAFTA

SUGAR

Some charge the DR–CAFTA will greatly harm U.S. sugar producers due to increased imports of sugar. In fact, U.S. imports of sugar from the DR–CAFTA countries are today limited by tariff rate quotas (TRQs) currently imposed by the United States on each DR–CAFTA country, [ITC, 2004.] and this system (albeit with slightly increased import amounts) will remain in place with DR–CAFTA.

Under the TRQs, sugar from the DR–CAFTA countries enters duty-free if it is within quota. [ITC, 2004.] Sugar imported over-quota is assessed high tariffs, which are in effect prohibitive tariffs [ITC, 2004.] (of over 100 percent). [USTR, ''DR–CAFTA Policy Brief, Sugar: A Spoonful a Week,'' February 2005.] Because of the high over-quota tariffs, imports of sugar from the DR–CAFTA countries essentially correspond to their TRQ levels. [ITC, 2004.] It is important to note that TRQs on sugar imports from the DR–CAFTA countries will be increased only slightly as a percentage of consumption under the trade agreement, [ITC, 2004.] and prohibitive tariffs on over-quota imports will remain intact under the DR–CAFTA. [ITC, 2004.]

In 2003, the DR–CAFTA countries exported to the United States 325,146 metric tons of sugar—most of which was raw cane sugar—at a value of $141.3 million. [ITC, 2004.] These imports constituted approximately 3 percent of sugar consumed in the United States during that year. [ITC, 2004.] Additional increased access during the first year of the trade agreement will total 109,000 metric tons. [ITC, 2004.] That increase is equivalent to little more than one day's production of sugar in the United States, [USTR, ''DR–CAFTA Policy Brief, Sugar: A Spoonful a Week,'' February 2005.] or about 1.2 percent of current annual U.S. sugar consumption. [USTR, ''DR–CAFTA Policy Brief, Sugar: A Spoonful a Week,'' February 2005.]

By the end of the 15-year phase-in period, sugar imports from this agreement will have increased by a total of 153,140 metric tons. [ITC, 2004.] The additional access during the entire 15-year phase-in period represents less than 2 percent of the approximately 7.8 million metric tons of sugar produced in the United States in the 2003/2004 growing season. [USTR, ''DR–CAFTA Policy Brief, Sugar: A Spoonful a Week,'' February 2005.] Again, what the trade agreement permits is an increase in import competition of less than 2 percent relative to domestic production—stretched out over a 15-year period. Following the phase-in period, the TRQs will grow by an additional 2,640 metric tons each year. [ITC, 2004.]

The potential impact of these increases in the in-quota TRQs for DR–CAFTA countries appears minimal. USTR has found that approval of DR–CAFTA ''would not have a destabilizing effect on the U.S. sugar program.'' [USTR, ''DR–CAFTA Policy Brief, Sugar: A Spoonful a Week,'' February 2005.] And the ITC, using its models, found that there would likely be a decrease in the U.S. price of sugar ''of about one percent as a result of the increase in imports under the FTA.'' [ITC, 2004.] Clearly this suggests a negligible impact on U.S. producers. Furthermore, one could argue that such declines in consumer prices could boost demand and actually increase U.S. producers' revenue.

Moreover, additional TRQ access for the DR–CAFTA countries is conditioned on each country's trade-surplus position. [ITC, 2004.] Specifically, only net-surplus-exporting countries in the region will obtain increased access to the U.S. market. This is because the agreement limits access to the lesser of the amount of each country's net trade surplus in sugar or the specified amounts provided in each country's TRQ. [USTR, ''DR–CAFTA Policy Brief, Sugar: A Spoonful a Week,'' February 2005.] For example, at the present time the Dominican Republic—currently the largest TRQ holder among the DR–CAFTA countries—would not qualify for increased market access to ship additional sugar to the United States under the agreement. [Inside U.S. Trade, ''USTR Threatens Dominican Republic Over Proposed HFCS Soft Drink Tax,'' September 3, 2004.] As noted by the American Farm Bureau Federation (Farm Bureau), this situation makes the issue of increased sugar imports from the Dominican Republic moot for now. [American Farm Bureau Federation, ''Implications of a Central American Free Trade Agreement on U.S. Agriculture.''] According to Farm Bureau calculations, even if the Dominican Republic were to become a net exporter of sugar by 2024—the year in which the agreement would be fully operational—its exports of sugar would increase by only $11.7 million from the Dominican Republic's current allocation of $96.3 million.

Still, some critics of the DR–CAFTA assert a second argument—that increased sugar imports under the agreement would have a destabilizing impact on U.S. domestic sugar policies by suspension of sugar marketing allotments. [ITC, 2004.] Under marketing allotments, the U.S. Department of Agriculture restricts the amount of sugar that can be sold by domestic producers, [ITC, 2004.] a policy designed to ensure stable sugar prices and supplies in the U.S. market. [American Sugar Alliance, U.S. Sugar Policy Under the Farm Bill, retrieved on 03/15/05.] Under the policy, if U.S. imports of sugar were to exceed a specified amount (approximately 1.5 million tons in a given year) marketing allotments could be suspended, thus enabling U.S. producers to compete with imported sugar under prevailing market conditions. [ITC, 2004.]

A cushion exists, however, between the ''trigger level'' of imports that would suspend marketing allotments and projected imports under the DR–CAFTA. [ITC, 2004; USTR, ''DR–CAFTA Policy Brief, Sugar: A Spoonful a Week,'' February 2005.] The U.S. International Trade Commission estimates that it would take about 60 years following the agreement's implementation for this cushion to be exceeded, taking into account growth in imports during the phase-in period and subsequent annual imports of 2,640 metric tons under the agreement. [ITC, 2004.] In 60 years, it is unknown whether marketing allotments would even be a part of U.S. sugar policy. In any case, the ITC believes it unlikely that increased imports resulting from the agreement will trigger the suspension of marketing allotments. [ITC, 2004.]

Furthermore, in the unlikely event that U.S. domestic sugar policies were threatened by imports from the DR–CAFTA countries, the agreement includes a mechanism that will permit the United States to restrict sugar imports from these countries and provide them with equivalent benefits to compensate for lost market access. [USTR, ''DR–CAFTA Policy Brief, Sugar: A Spoonful a Week,'' February 2005.] This compensation mechanism further alleviates possible pressures that might threaten U.S. sugar policies.

TEXTILE

Some textile producers argue that passage of DR–CAFTA will lead to textile job losses in the United States. [American Manufacturing Trade Action Council, ''CAFTA Bad for U.S. Textile Industry and Workers,'' May 28, 2004.] Additionally some of the same critics have argued that the U.S. textile sector is currently restructuring in response to China's growth in this economic sector and, therefore, American companies cannot allow additional jobs to be lost to Central American textile factories. [New York Times, ''Chinese Textile Flood?'' March 10, 2005.] Both arguments fail to grasp the long-term benefits of regional integration to the U.S. textile and apparel industry of promoting regional integration under the agreement.

DR–CAFTA will benefit the U.S. textile and apparel industry by expanding the benefits currently provided by the Caribbean Basin Trade Partnership Act (CBTPA) and making the benefits reciprocal. The CBTPA (which includes all DR–CAFTA countries) allows apparel exports from the region to enter the United States duty-free and quota-free, provided that they use U.S. yarn and fabric. This supports U.S. exports and jobs. Indeed, in the past four years, the region has become one of the largest and fastest-growing export markets for U.S. cotton growers, yarn spinners, and fabric mills. Regional producers face new competition from Asian imports since global quotas on textiles and apparel ended January 2005. This agreement will give the region a critical advantage in competing with Asia in a post textile-quota world by helping to retain textile production in the region, rather than moving production to China. [John T. Hyatt, ''Good for Central America, Good for U.S.,'' Times-Picayune, March 15, 2005.]

When facilities move from Central America to China, they are much less likely to buy U.S. yarns and fabrics. Thus, the competitiveness of the U.S. fiber and yarn industry is inextricably linked to maintaining the competitiveness of the DR–CAFTA region. [Cass Ballenger, ''Producing for N.C.'s Textiles,'' The News and Observer, March 1, 2005.] Currently, 71 percent of DR–CAFTA-made apparel enters the United States using U.S. yarns and fabrics, while one tenth of 1 percent of apparel from China enters the United States using U.S. yarn or fabric. [Statistical data provided by the Office of Textiles and Apparel in the International Trade Administration at the U.S. Department of Commerce.] More than $2.6 billion of U.S. fabric and yarn exports went to the six DR–CAFTA nations in 2004. [Jeffrey Sparshott, ''A Tough Sell,'' Washington Times, March 10, 2005.] By keeping apparel assembly in the region through DR–CAFTA, we will retain and grow the market for U.S. exports of fabrics.

The agreement also contains tough custom enforcement procedures to ensure that only products eligible for DR–CAFTA tariff treatment benefit from the agreement. Further, the agreement contains a special textile safeguard, which authorizes the imposition of tariffs on textiles when injury occurs due to import surges.

Many of those who oppose the agreement are weavers, who point to a tariff preference level (TPL) for Nicaragua that extends duty-free treatment for 10 years for cotton and manmade-fiber apparel made in Nicaragua from fabrics made anywhere else (otherwise known as ''non-originating fabric''). In other words, the fabrics do not have to come from either the United States or other DR–CAFTA countries for the apparel to be eligible under the TPL. The TPL was included only for this one country because Nicaragua is by far the smallest and least-developed apparel supplier among the DR–CAFTA countries. However, TPLs have been in every trade agreement negotiated before the DR–CAFTA (excluding Israel and Jordan). Indeed, DR–CAFTA does not include TPLs for the major Central American apparel producers—the first time that a trade agreement did not provide TPLs to our negotiating partners. The TPL granted to Nicaragua would cover only about 3 percent of the total amount of garments shipped by all CAFTA countries.

Costa Rica is the beneficiary of a small concession for wool fabric, allowing Costa Rica to source non-originating fabric up to capped amount. This concession will be phased out over two years, and was put in place to allow a wool apparel producer to coordinate with suppliers in the United States who are planning to be a source for the fabric in the future (the concession is subject to review after 18 months). [For more details on the textile provisions of DR–CAFTA, see the February 2005 USTR policy brief, ''Textiles of CAFTA—Details of the Agreement.'']

The agreement also contains tough custom enforcement procedures to ensure that only products eligible for DR–CAFTA tariff treatment benefit from the agreement. Further, the agreement contains a special textile safeguard, which authorizes the imposition of tariffs on textiles when injury occurs due to import surges. Many in the U.S. textile industry (retailers, yarn spinners, knitters, and apparel producers) support passage of DR–CAFTA, such as Burlington Industries, the American Apparel and Footwear Association, Levi Strauss and Company, ERICO, International Textile Group, Union Apparel, Sara Lee, and Warnaco.

LABOR

Organized American labor groups oppose this free trade agreement, alleging that it does not include adequate provisions for workers' rights. [Statement by AFL-CIO President John Sweeney on Central American Free Trade Agreement, May 28, 2004.] It should be noted that the AFL-CIO, a leading labor union opposed to DR–CAFTA, has never supported a free trade agreement, including the U.S.-Australia Free Trade Agreement. Further, Costa Rica, Guatemala, Honduras, Nicaragua, and the Dominican Republic have ratified all eight International Labor Organization (ILO) core labor conventions, and El Salvador has ratified six of the eight. In contrast, the United States has ratified only two ILO core conventions.

An analysis by the ILO demonstrates that the labor laws and constitutions of the DR–CAFTA countries are comparable to ILO core labor standards. [USTR, ''CAFTA Facts: The Facts About DR–CAFTA's Labor Provisions,'' February 2005.] The problem has been, however, that the governments have lacked the capacity to enforce their labor laws due to financial constraints. To address this, the United States is taking a three-pronged approach in DR–CAFTA: First, each country must enforce its own labor laws. If they do not, then a fine will be imposed and the monies from the fine will be used to address the enforcement deficiency. [USTR, ''CAFTA Facts: The Facts About DR–CAFTA's Labor Provisions,'' February 2005.] Second, each country must make the necessary economic and legal reforms to improve ILO adherence. Third, each country must undertake capacity building to enforce its domestic labor laws. To accomplish this, the United States is offering capacity-building assistance to improve labor law enforcement. As a first step, Congress appropriated $20 million in the FY05 Foreign Operations appropriations bill specifically to help build the capacity of Central America and the Dominican Republic on labor and environmental law enforcement. [Rep. Jim Kolbe (R-AZ) authored a provision in the FY05 Foreign Operations Appropriations bill that provided $20 million to assist CAFTA countries with labor standards enforcement.]

Ironically, while the AFL–CIO opposes DR–CAFTA because the agreement doesn't overtly include ILO standards, the conditions in the agreement pertaining to the enforcement of standards for workers' rights will serve as a catalyst for these countries to take labor laws seriously. Moreover, the labor provisions in DR–CAFTA are the same as those contained in the U.S.-Morocco Free Trade Agreement that Congress passed overwhelmingly last July (by a vote of 323–99 in the House and by a vote of 85–13 in the Senate).

ENVIRONMENT

The DR–CAFTA environmental provisions promote policies that ensure protection of current laws while striving to improve those laws, with effective remedies for violating the agreement. This type of environmental protection goes beyond the requirements called for in the Trade Promotion Act (2002) and recently implemented FTAs with Chile and Singapore. The agreement has taken groundbreaking steps to mitigate environmental degradation by involving all stakeholders through meaningful public participation and capacity building for the region. There is wide appeal for the environment provisions because of these new initiatives and it is demonstrated by the support it has received from local environmental conservation NGOs from five of the six DR–CAFTA countries. [Letter to Ambassador Zoellick from 10 NGO's dated January 31, 2005.]

Failure to pass the agreement will only serve to undermine these important initiatives to strengthen environmental protection in the region.

BROAD AMERICAN SUPPORT FOR DR–CAFTA

Since last year, scores of organizations, associations, and businesses have made known their support for passage of DR–CAFTA. Perhaps one of the most compelling, detailed, and broadly supported endorsements was issued on January 26, 2005 by the Business Coalition for U.S.-Central America Free Trade. In a letter to Senate Majority Leader Bill Frist, the Business Coalition listed five reasons why the ''timely implementation'' of DR–CAFTA was important, citing commercial importance (''over the last five years, the [DR–CAFTA] countries have been our fifth largest growth market worldwide''); reciprocity in U.S.-Central American trade relations and creation of new opportunities for all sectors of the U.S. economy; strengthening of democracy and rule of law ''in a region that was wracked by civil war not that long ago;'' critical importance of maintaining and fostering ''key partnerships in the textile and apparel sector;'' and the signal that would be sent to ''all of the United States'' trading partners that the United States remains committed to trade and investment liberalization at an important juncture in WTO negotiations.'' [A letter to Senator Bill Frist (R-TN), dated January 26, 2005 by the Business Coalition for U.S.-Central America Trade.]

The letter was signed by the representatives of more than 100 organizations, associations, and companies, including Pepsi, Boeing, American International Group, Warnaco, the American Farm Bureau Federation, Caterpillar, Exxon Mobil, Grocery Manufacturers of America, JC Penney, Microsoft, Mars Incorporated, National Cattlemen's Beef Association, National Pork Producers Council, Procter and Gamble, Time Warner, and the U.S. Chamber of Commerce.

President Clinton's former senior Treasury and trade official, Stuart Eizenstat, has strongly argued that DR–CAFTA is a must-pass agreement. Writing in the Wall Street Journal earlier this month, Eizenstat stated, ''The agreement is deeply in our national interest and will create, not destroy, jobs.'' [Stuart E. Eizenstat, ''Trade Wins,'' Wall Street Journal, March 8, 2005.] He went on to remark that ''the agreement would solidify the United States as the leading supplier of goods and services to Central American and the Dominican Republic at a time when China is making serious inroads as an investor and exporter in the Western Hemisphere.'' [Eizenstat.]

Consequences Should DR–CAFTA Fail

The economic and social consequences of failing to pass the DR–CAFTA would be significant. Economically, U.S. exporters would continue to face high tariff barriers on their exports to the region. Furthermore, U.S. service providers would continue to face numerous non-tariff barriers to their service exports.

Thousands of apparel production jobs in Central America and the Dominican Republic would be lost as investors move production facilities to China. As a result, numerous U.S. suppliers of cotton, yarns, fabrics and other components would lose an important export market—America's third largest—for their products as Chinese facilities will likely source their needed components from Asia instead of the United States. [USTR, CAFTA Policy Brief, ''Textiles of CAFTA—Details of the Agreement,'' February 2005.] Further economic consequences could also include increased immigration from the Dominican Republic and Central America as displaced workers seek opportunity abroad.

Politically, failure to pass DR–CAFTA would be seen by our Central American partners as American disengagement from a strategically important region of the world. It would send a signal to our other trading partners that our nation is not committed to the principles of open markets and, thus, discourage them from making market access and other economic commitments that are vitally important to our nation as we negotiate in the Middle East, Asia, Europe, or other areas in the Western Hemisphere. Furthermore, failure to pass DR–CAFTA would have a chilling effect on the Doha Development Agenda of trade negotiations at the World Trade Organization, potentially jeopardizing our most significant opportunities to gain broad access for our agriculture, manufacturing, and services exports.

CONCLUSION

DR–CAFTA is the latest in a series of successfully negotiated, far-reaching, economically-beneficial trade agreements undertaken by the Bush Administration. DR–CAFTA is the first trade agreement since the U.S.-Chile Free Trade Agreement was passed in 2003 that includes economies in America's geographic backyard. Most importantly, DR–CAFTA is a great economic package for both the nations of Central America and the United States. The agreement will provide new economic opportunities for American investors and secure American and Central American jobs.

DR–CAFTA is as much a political statement as it is an economic one. As Senator

Charles Grassley (R-IA) has noted: [DR–CAFTA] shows our strong desire to reach out and form deeper and lasting bonds with the international community, particularly in Latin America. The agreement will help to lock in economic reform and increase transparency in the region. DR–CAFTA can serve as a cornerstone of economic growth and democracy for the region which will enhance the standard of living for millions of our southern neighbors. [Senator Charles Grassley (R-IA), Congressional Record, July 22, 2004.]

Congress should pass DR–CAFTA. It is in our national economic, political, and security interests to do so.

Mr. CRAIG. Mr. President, I rise today to discuss the Central America Free Trade Agreement, its importance to our country, to our economic interests both here and at home, and around the world.

Since Congress gave the President fast-track trade negotiating authority in August of 2002, we've had to face the realities that come with it.

I supported giving the President fast-track authority then, with the caveat that I would approach all trade agreements sent to Congress with an open mind.

Three agreements have reached Congress since 2002 and I have voted for two of those three.

The administration has been actively pursuing a vigorous bilateral and free-trade agenda around the world, and I believe it is in our best interest to do so both economically and socially.

Trade with foreign nations is a valuable component to promote economic opportunities here at home, but also to spread our democratic ideals that we value so highly in our country.

Congress is now debating the Central American Free Trade Agreement, otherwise known as CAFTA. I became heavily involved with our trade negotiators as the President and our then-Trade Representative Bob Zoellick began negotiations with the CAFTA nations.

As an agricultural State, Idaho has a large stake in these agreements and agriculture right now is currently learning how to restructure itself as our global markets become highly integrated.

As many know, a major agricultural crop in my State is the production of sugar. Idaho is the second-largest producer of sugarbeets behind Minnesota.

Idaho's sugar industry employs somewhere in the neighborhood of 7 to 8,000 people and generates nearly $800 million in economic activity for the State economy.

The sugar industry in Idaho, and in most other sugar-producing States, has restructured itself after several years of unprofitability. Farmers pooled their money to create cooperative processing plants to market their sugar and so inherently have a large personal investment in all levels of production.

It's well known that the world sugar market is one of the most distorted agricultural markets in the world, and most world sugar supplies are simply dumped on the market at prices well below the cost of production.

U.S. producers already face an oversupply situation with significant quantities in storage at the expense of producers. Prices have slowly declined, yet production costs have sky-rocketed.

Although the U.S. is the 4th largest importer of sugar in the world, CAFTA seeks to significantly compound an already ugly situation and set a precedent of ''no return'' for further negotiations already underway with major sugar-exporting countries like Thailand and Panama.

CAFTA nations already enjoy duty-free quota access for sugar with the U.S., and I am not prepared to trade away an industry so vital to my State and to the overall farm economy in Idaho.

Other Idaho agricultural groups understand that those farmers who are sugar producers are also potato, bean, and grain producers. We're not just talking about impacting one commodity, we are cutting a wide swath across several industries and sending an economic ripple through our rural communities that may not be recoverable.

Our U.S. negotiators are willing to open our markets to increased sugar imports, while our competitors maintain unfair economic advantages in domestic subsidies and minimal market access commitments.

Myself along with my colleagues from sugar-producing States took our concerns with CAFTA to the administration. With the help of my good friend and Chairman of the Agriculture Committee, Senator CHAMBLISS, we spent some late nights and several conference calls to come up with a solution that would allow could address the concerns of the sugar industry.

Our new U.S. Trade Representative Rob Portman and U.S. Department of Agriculture Secretary Mike Johanns joined us in trying to iron out the differences and find some mutually agreeable options. I am very impressed with these two men's willingness to roll up their sleeves and work with me and others on what has been a very difficult issue.

Although these discussions should have occurred much earlier, the administration came a very long way in a short amount of time to reach a resolution.

A proposal was offered to maintain the sugar program as passed in the 2002 Farm Bill and to provide the industry with relief from surges of imported, cheap foreign sugar by studying and beginning to establish a sugar-to-ethanol program in the U.S.

I think this proposal represents a strong effort of compromise in a complex and difficult environment. I would like to praise Secretary Johanns and Ambassador Portman for their willingness to make this quantum leap to accommodate our concerns. I think the proposal brings some good ideas to the table that we can build upon.

I understand that Secretary Johanns has sent the proposal in writing to Congress to affirm his commitment to the agreement. I will be working with Chairman CHAMBLISS on a Sense of the Senate to solidify this proposal and strengthen the promise made to the industry.

The only fault of this proposal is that it does not provide the long-term solution that the industry desperately needs. I also have major concerns that the proposal compromises the law by changing our sugar program from that of operating at ''no-cost'' to the taxpayer to one that could cost hundreds of millions of dollars. This is just not sustainable and a major departure from our promise to the industry.

I know I share the same strong concerns with Chairman CHAMBLISS that free trade agreements should remain faithful to current U.S. policy and not restrict options available to Congress in future farm bills.

For these reasons, I will be voting against CAFTA. However, I do applaud the administration for their diligence and willingness to work with me on this issue. I hope that as we near the next Farm Bill in 2007, we will continue to work on a sustainable answer that maintains a very important industry in my State but also the agricultural economy in the U.S.

Mr. LEVIN. Mr. President, our trade policy is failing. This failure is reflected in a trade deficit that grew by 25 percent last year to more than $617 billion, and in the loss of 2.8 million manufacturing jobs over the past 4 years. We are in this predicament in part because we have pursued one-way trade agreements that are not in the best interest of the United States and because we have not insisted that our trading partners grant us true reciprocity.

It is difficult to see how pursuing yet another trade agreement in the same failed mold will produce a different result. The Central America Free Trade Agreement will not benefit American workers and farmers because it fails to insist on basic internationally recognized labor standards, the agreement will not meet its promise to improve the standard of living for the people of Central America and the Dominican Republic; Instead, it will set off another race to the bottom.

The administration is asking the Senate to rubberstamp implementing legislation for CAFTA under fast-track procedures that only allow Members of Congress an up-or-down vote and no chance to amend or improve it. Although I support increased trade with Central America and believe that fair trade policies would benefit all parties, I do not support the agreement as crafted. Without the chance to improve it, I must oppose it.

The administration is not doing the work necessary to get our trade policy on track. The five Central American countries and the Dominican Republic account for less than 1.5 percent of total U.S. trade, and our own International Trade Commission found that the U.S. trade deficit with CAFTA countries would likely increase slightly as a result of CAFTA. Yet the administration has made CAFTA its No. 1 trade priority. A better focus for our trade policy would be opening markets in Nations and sectors where the most egregious trade barriers block the sale of U.S. goods and services. We should break down barriers faced by U.S. manufacturers, farmers and services in key export markets including China, Japan, the EU, Korea, and elsewhere.

This administration has also failed to deal with our trade deficit with China, which is on track to surpass $200 billion this year. The administration has failed to take action against China for undervaluing its currency by between 15–50 percent relative to the dollar to promote exports to the United States and to keep out goods made in the United States. This is a violation of the WTO prohibition on gaining a trade advantage from currency manipulation. The administration has also failed to deal with our large and persistent automotive deficit with Japan.

Likewise, our recent record on trade agreements has not been strong; some of the trade agreements the U.S. has entered into have not been in the best interest of the United States. The clearest example is NAFTA, which made it easier for U.S. companies to outsource production to low-wage countries. Between NAFTA's enactment in 1994 and the end of 2003, the Department of Labor certified that more than 525,000 American workers suffered job losses as a result of increased imports or plant relocations to Mexico and Canada. Under NAFTA, our trade balance with Mexico went from a surplus of $1.663 billion in 1993 to a deficit of $45 billion in 2004. While it is true that our exports to Mexico increased under NAFTA, our imports from Mexico also increased, and at a faster rate.

The American people and Members of Congress are understandably frustrated by the failure of NAFTA, and they are equally skeptical about the need to enter into another trade agreement pitting low wage workers from countries with weak labor and environmental laws against U.S. workers. Trade should not be a race to the bottom in which U.S. workers must compete with countries that do not recognize core international labor standards and basic worker rights, but that is exactly what CAFTA would do.

I am disappointed by the weak labor and environmental provisions included in CAFTA. Writing labor and environmental standards into trade agreements is an important way to ensure that free trade is fair trade. But unlike the 2001 Jordan Free Trade Agreement, CAFTA fails to include internationally recognized, core labor standards. Those standards include the right to organize/associate; the right to bargain collectively; a prohibition on child labor; a prohibition on discrimination in employment; and a prohibition on forced labor. I am not seeking that CAFTA countries commit to American standards but at least to the five basic international standards developed by the ILO and supported by virtually every country in the world.

Indeed, the CAFTA-DR countries are signatories of the International Labor Organization conventions. Requiring them to abide by their own international obligations is the least we can do when considering whether they deserve to receive trade preferences from us. But CAFTA only requires member countries to enforce their own labor and environmental laws, however inadequate they may be.

Unlike the Jordan FTA, the CAFTA labor provisions are not enforceable. The U.S.-Jordan FTA treats the labor and environmental commitments the same as the commercial commitments, enforceable under the agreement's dispute settlement procedures. Under CAFTA, however, the labor provisions are not subject to the same binding dispute settlement mechanisms as are the commercial provisions, and violations cannot lead to the same level of fines or sanctions. There is a much lower standard for labor and environmental commitments, and that makes this a flawed agreement. Under CAFTA, the only labor rights and environment provision that is enforceable through dispute settlement mechanisms is if a party fails to enforce its own labor or environment laws effectively.

This is of significant concern because CAFTA nations' own labor laws do not meet international standards. In fact, these countries have histories of serious worker rights abuses. The 2004 U.S. State Department Country Reports on Human Rights Practices; the October 2003 ILO Fundamental Principles and Rights at Work'' A Labor law Study, and other ILO reports confirm at least 20 areas in which the labor laws in the CAFTA countries fail to comply with the right of association, ILO Convention 87, and the right to organize and bargain collectively, ILO Convention 98.

To give just a few examples, in El Salvador and Nicaragua it is legal to fire workers simply because they are union members; Human Rights Watch found that the use of child labor in El Salvador's sugar cane fields is widespread; and under Honduran law, it is legal to fire workers who say they intend to organize a union. One company in the Dominican Republic fired 140 workers at once because they sought a collective bargaining agreement. The company was fined $660, or about $5 per worker.

Our own Department of Labor and State Department reports show that CAFTA countries fail to provide their workers internationally recognized rights. The U.S. State Department's 2002 Human Rights report on Guatemala said:

> Retaliation, including firing, intimidation, and sometimes violence, by employers and others against workers who try to exercise internationally recognized labor rights is common and usually goes unsanctioned.

The U.S. State Department's 2002 Human Rights report on El Salvador said:

> There were repeated complaints by workers, in some cases supported by the ILO Committee on Freedom of Association (CFA), teat the Government impeded workers from exercising their right of association. In June 2001, the CFA reiterated its 1999 finding that the existing labor code restricts freedom of association.

That same report also said of El Salvador:

> The constitution prohibits the employment of children under the age of 14; however, child labor is a problem.

CAFTA would give away the current leverage we have against these violations of basic workers rights. Under CAFTA, the U.S. can only take action against a country if it deliberately fails to enforce its labor and environmental laws in an effort to gain a trade advantage. Even then, the country must only pay a fine to itself, which will be used to fund labor enforcement in that country. This is a step backwards from the status quo.

CAFTA countries currently have preferred access to our markets through the Caribbean Basin Initiative, CBI, and the Generalized System of Preferences, GSP. Under these trade preference programs, beneficiary countries must meet internationally recognized labor standards or risk losing their preferential trade treatment. These current trade preferences can be completely withdrawn for failure to meet ILO core labor standards. The possibility of losing trade benefits works as a strong incentive for CAFTA countries to make improvements in their worker rights laws. CAFTA eliminates that incentive because it gives CAFTA countries permanent trade benefits regardless of how they treat their workers and no matter how far their labor laws fall short of international norms.

If we give away that leverage, CAFTA countries would have no incentive to improve their inadequate labor laws or the treatment of their workers. If a country wants to have preferential access to the U.S. market through a trade agreement or preferential trade benefit program, it ought to agree to abide by the ILO labor standards. Without such a commitment, we might be giving special access to our markets to products made with child labor or forced labor, or to employers that intimidate or use violence against workers attempting to organize or join labor unions. That is not something we as a Nation would want to do.

Countries getting benefits from the U.S. should comply with internationally recognized labor standards as a condition for receiving those benefits. That is a reasonable expectation and one that is reflective of basic American values. Trade should not be a race to the bottom. And American workers should not be asked to compete with countries that do not recognize core international labor standards and basic worker rights.

Rejecting the CAFTA implementing legislation as currently drafted is a rejection of the failed and flawed trade policies of the past and a signal of support for a better approach to trade that supports both the rights of American workers and the rights of our trading partners.

Mr. JEFFORDS. Mr. President, throughout my 30 years in the Congress, I have considered myself a free-trader. I believe that breaking down barriers to trade and opening access to markets in a fair and balanced way in the long run benefits all economies, both consumers and producers. As the distance between economies shrinks, integration of economies in a positive way is increasingly important. The implementation of free-trade agreements to codify the rules of fair play and bind all parties to strong and enforceable labor and environmental protection standards are important steps in the development of a more broadly beneficial and less biased world trading system.

In the case of our nearest neighbors, trade agreements take on a security component as well. I believe a strong trade agreement can help break the cycles of poverty, deprivation and marginalization currently operating in many of the Central American countries. We know the economic status quo is unjust and dangerous. Many people in the region feel they have little hope of earning a good living or providing a good education for their children. That must change. It is in the United States' economic and security interest that positive change occurs.

Throughout the Dominican Republic—Central America—U.S. Free Trade Agreement, CAFTA, negotiation process, I joined a number of my colleagues on the Finance Committee in urging President Bush and the U.S. Trade Representative to address concerns about the labor and environment standards and enforcement mechanisms in this agreement. I indicated my deep concern that historically, in most of these countries, economic benefits are not shared by all strata of society. When negotiating trade agreements between economies of such unequal scale, these concerns are of particular importance. I am disappointed the administration did not do more to advance these causes in this agreement. Some progress was made, but more could have been accomplished if our recommendations had been adopted in full.

I have heard from a great many points of view as this agreement has firmed up and the implementing legislation came before Congress. I have heard from many Vermonters who are opposed to increased trade in general and this agreement in particular. On the other hand, Vermont dairy farmers have come to me in support of CAFTA. Dairy industry experts predict that the ratification of this agreement will increase the sales of American dairy products to Central America by $100 million over the next several years—not a huge amount, but a significant one, given the economics of our dairy industry. As an important dairy State offering a number of high-quality cheeses and specialty products, Vermont stands to gain from this agreement. The agreement will create opportunities for other Vermont exporters as well, particularly small, niche businesses for which Vermont is famous. As with dairy sales, I don't expect these opportunities will be voluminous, but every bit helps in a global economy.

I have heard very diverse viewpoints from the Central American countries as well. The region's historic inability to spread economic gains to all sectors of society is of deep concern to many in the region, and I share this concern. For two decades, I have been involved in the struggle to end human rights violations and labor rights abuses in many of these countries. While CAFTA extracts important promises from Central American Governments to abide by international standards of human rights and labor rights, my experience leaves me very skeptical of these commitments. Furthermore, the economic deprivation of much of the region frustrates all but the most committed efforts at reform. Current trends are leading to greater disparity between the rich and the poor, urban areas versus rural areas, and economically connected versus economically marginalized populations. These trends must be reversed—not just for the health of the region, but also for our own economic health and national security.

The key question is whether CAFTA will exacerbate these trends, or whether it can help reverse them. Many in the region fear the United States will move in to benefit from markets in the region while frustrating Central American efforts to access U.S. markets. I have also heard from Central Americans who believe the reduction of tariffs and the standardization of commerce will greatly enhance their ability to sell to the U.S. market, thereby benefiting communities, often marginal ones, in Central America.

After hearing diverse points of view, I concluded that without significant support from the United States to assist in the enforcement of labor agreements and development of greater capacity for balanced economic growth, I could not support CAFTA. Over the past few weeks, I have joined several of my colleagues in pushing the administration to commit to greater support for foreign assistance to the region, aimed specifically at the most vulnerable sectors of Central American society and the need for a strong international presence to monitor labor rights compliance. While we requested greater levels of aid, our negotiations produced a commitment from the White House to budget for and support $40 million in labor and environment capacity building assistance for the next 4 years. Additionally the administration has agreed to increase funding to the International Labor Organization, ILO, by $3 million annually for on the ground monitoring of each country's labor rights commitments and actual labor practices. This could potentially produce the first significant step forward in broad enforcement of labor standards throughout the region.

In response to our concerns, the administration has also agreed to provide, through the Inter-American Development Bank, $30 million annually to El Salvador, Guatemala and the Dominican Republic, $10 million to each country, for rural development and institution building for a period of 5 years. This commitment of $150 million for rural development assistance to the region is very significant. We have asked that these funds be targeted most directly to the poorer sectors of these economies, particularly those most likely to suffer adverse effects from CAFTA. The administration had previously announced agreements to provide Honduras and Nicaragua with U.S. foreign assistance through the Millennium Challenge Corporation, MCC, at $215 million and $175 million, respectively. In the course of recent discussions, the administration has agreed to give higher priority to the development of MCC compacts with El Salvador, Guatemala, and the Dominican Republic as well.

While I still have concerns about CAFTA's effect upon Central America, I believe the commitments we have received from the Bush administration on foreign aid, labor rights and the environment represent a significant step forward in the ability of the region to reverse current trends and improve regional standards of living. I am hopeful these steps will lead to the improvement of the region's vital institutions and help ensure that the benefits of the agreement will trickle down to all members of society. The proof will be in the implementation, which I plan to follow very closely. However, I am heartened that we now have more to work with, and we are assured of greater support from the administration for this process. Based on the strength of these assurances, I will support the CAFTA agreement.

Mr. HATCH. Over the years, I have been a strong advocate for free trade. Free trade is important. I know of no other endeavor that affords us the opportunity to forge closer links between nations while simultaneously improving the lives of millions.

The vast majority of economists agree that free trade is in every nation's long-term best interests. Diplomats also know that it is far easier to reach a compromise between nations whose economies are mutually reliant. That being said, there are certain aspects of free trade that cause me concern. We need to be ever vigilant to ensure our approach to free trade does not relinquish our sovereign rights as a nation.

Over the last few years, I have heard from many Utahns who are concerned that the U.S. is relinquishing sovereignty to other countries through our trade agreements. Let me make clear that we absolutely cannot give up our right to govern within our own borders. We have laws for a reason and they represent the ideals and values we hold dear in our society.

Constituents contact me on a constant basis to underscore their frustration with the gradual loss of sovereignty the U.S. is experiencing in international arenas. Local lawmakers from across the country are reaching out to us and asking for our help in ensuring their local laws and authority remain intact as we enter into international trade agreements. Indeed, recently, the Utah State Legislature passed a resolution which echoes these concerns.

The issue of maintaining sovereignty was highlighted by a recent World Trade Organization, WTO, dispute resolution body ruling on Internet gambling. The ruling stated that the United States cannot block other countries from offering Internet gambling to U.S. residents, even if they live in States such as Utah where gambling is illegal.

This is outrageous.

We absolutely cannot enter into agreements where our laws are overturned by outsiders. It is important for my colleagues to be aware, however, that the Office of the U.S. Trade Representative has interpreted the language in the WTO decision stating that gaming laws are ''necessary to protect public morals or to maintain public order'' to mean that ''WTO members are entitled to maintain restrictions on internet gaming . . . and U.S. restrictions on internet gambling can stand.''

I am aware that many in Utah are concerned that CAFTA could usurp our State's right to regulate gambling. That is a concern I shared as well. However, many of us were reassured by the statements made by the Office of the U.S. Trade Representative that CAFTA does not jeopardize any existing State laws, including Utah's antigambling laws.

We will have to stay on top of this, though. I do not intend to let any international agreement affect the laws our great State has enacted that represent the predominant moral views of our citizens.

Other concerns with CAFTA regarding ''investor-state provisions that will allow corporations to challenge public interest policies at the state and local level'' have also been raised. Once again, however, the Office of the United States Trade Representative has clearly stated that ''nothing in CAFTA, or any other free trade agreement or bilateral investment treaty, interferes with a state or local government's right to regulate. An investor cannot enjoin regulatory action through arbitration, nor can arbitral tribunals.'' This statement, in black and white, will ensure that Internet gambling is not—and will not—become legal in the State of Utah without the consent of its citizens. There can be no ''end-run'' around the USTR's interpretation of the Internet gambling decision.

Although our CAFTA trade negotiators have done much to protect our sovereignty, it is obvious that we must remain vigilant and ensure that the sovereignty of not only our Nation, but also our States, is maintained. I will work to maintain this sovereign right of the people.

Mr. President, I have become convinced that many of these problems and concerns with U.S. trade agreements could be alleviated if we improved the amount and quality of consultation occurring between States and the Federal Government with respect to trade agreements. Simply put, we need to provide greater opportunities for substantive consultation to occur.

This problem was the topic of a recent letter signed by 28 States attorneys general, including Utah, requesting greater consultation between the U.S. Trade Representative and the States on issues affecting States rights.

I believe we need to take action on this immediately and ensure that we provide greater access to and consultation with our States and citizens. We clearly are seeing how big of an impact these trade agreements are having in every State and city in America.

We need to give the States a direct conduit for their input.

Negotiators need to have this information in order to ensure we are representing the interests and beliefs of our constituents.

Mr. President, these concerns have weighed heavily upon my mind. At the same time, I am encouraged by the many positive results CAFTA will have for our State, our country, and for Utah's farmers and industries. According to the Department of Commerce, between 2000 and 2004, Utah's exports to CAFTA nations increased by 58 percent. This includes such product areas as plastics, electronics, and instrumentation.

In plastic products, Utah industries sold $18.6 million in goods in 2004. In electronic and instrumentation products, Utah businesses sold $5.6 million worth of goods in 2004. The elimination of tariffs will make these products even more competitive in this developing market.

We have reason for our optimism. While our experience with the Chilean Free Trade Agreement provides no guarantees, it is illustrative. In the first year of the U.S.-Chile Free Trade Agreement, Utah's exports to Chile grew by 152 percent.

I am also pleased that CAFTA will level the playing field so that American goods and products can have better access to Central American markets. As part of our long-standing effort to support democracies in the region, the United States has afforded unilateral preferences to Central American goods under the Caribbean Basin Initiative and the Generalized System of Preferences. CAFTA eliminates these preferences while simultaneously strengthening our commercial ties by making the trading relationship permanent. All of this will be accomplished while American products will have greater opportunities for export in the region.

One example of the positive attributes of CAFTA can be found in the agreements effect on the hard-pressed textile and yarn producing industries. Our nation, through the use of modern equipment and greatly improved efficiency, continues to be competitive in this area. Where we have lost ground is in the labor-intensive apparel construction industry.

CAFTA provides an opportunity to help rectify this setback. Under current agreements, 56 percent of all textile products that are imported from CAFTA nations to the United States contain U.S. yarns or fabrics. When CAFTA is enacted, we can only expect these numbers to increase. This stands in marked contrast to apparel imported from Pacific Rim, and in particular China, where less than 1 percent of all of apparel imports contain U.S. yarns and fabrics. Therefore, I believe, that in the case of CAFTA, the pros do outweigh the cons.

But, I will end on this note of caution. I will watch implementation of this agreement carefully. We need to have recognition of the fact that States are partners in these agreements. There must be greater opportunities afforded to the States to be consulted on free-trade agreements.

Likewise, we must remain vigilant that our Nation's and respective States' sovereignty is maintained.

On balance, Mr. President, any reasoned analysis indicates that CAFTA will benefit our Nation and our State. It is for this reason that I will cast my vote in support of the Dominican Republic-Central American Free Trade Agreement.

Mrs. CLINTON. Mr. President, today the Senate votes on the Central American-Dominican Republic Free Trade Agreement. During my tenure as Senator, I have voted for every trade agreement that has come before the Senate and I believe that properly negotiated trade agreements can increase living standards and foster openness and economic development for all parties. When DR–CAFTA negotiations began, I was eager to support an agreement. It was my sincere hope that President Bush would send an agreement to Congress that would help address the DR–CAFTA nations' development challenges and spread the gains from trade more broadly. Unfortunately, the Bush administration has not submitted such an agreement, instead missing a tremendous opportunity to conclude an agreement that strengthens the bonds between the United States and the DR–CAFTA nations. While this agreement provides some benefit for New York, I regretfully conclude the harm outweighs the good. I must therefore vote to oppose.

My vote to oppose DR–CAFTA is one taken with great difficulty. I have heard strong arguments both for and against from many New Yorkers who have a stake in the agreement and I have weighed them seriously. Segments of the New York economy would benefit from this agreement, but at the end of the day, I cannot support an agreement that fails to include adequate labor standards and is a step backward in the development of bipartisan support for international trade.

At the outset, it is important to understand that consideration of DR–CAFTA is not occurring in isolation. This agreement must be read within the larger context of the failed economic and trade policies of this administration. Under this administration, the trade deficit has soared. The offshoring of U.S. jobs has continued to increase, and the U.S. economy has experienced a net loss of U.S. jobs. The administration has no plans to address rising health care and pension costs that are imposing such a tremendous burden on American businesses. This administration has also failed to enforce existing trade rules and has not been aggressive in addressing the tax and capital subsidies of our competitors.

Turning to the specifics of the agreement itself, DR–CAFTA fails in significant respects. The most problematic elements are its labor provisions which retreat from advances made in the late 1990s and that culminated in the labor provisions of the U.S.-Jordan Free Trade Agreement. The U.S.-Jordan Free Trade Agreement included internationally recognized enforceable labor standards in the text of the agreement. Sadly, DR–CAFTA is a step backward. The labor provisions of the DR–CAFTA agreement instead used an ‘‘enforce your own laws’’ standard which is not included in any other area of the agreement. An ‘‘enforce your own laws’’ standard may work in nations with a strong tradition of labor enforcement, but the International Labor Organization, ILO, has documented that the CAFTA countries' labor laws have not complied with international norms in at least 20 areas.

The Jordan FTA made labor rights obligations subject to the same dispute settlement resolution procedure as commercial obligations. Conversely, DR–CAFTA includes a separate dispute settlement procedure for labor disagreements, which caps the damages that can be imposed for labor violations.

The Chile, Australia and Singapore free trade agreements, which I supported, contained similar ‘‘enforce your own law’’ labor provisions to DR–CAFTA, but as I noted when I voted for these agreements, I was greatly disturbed by these provisions' departure from the labor rights standards negotiated in the U.S.-Jordan Free Trade Agreement. In the end, I supported these agreements despite these concerns because I believed the agreements would not harm the average working person in those nations and, thus, the flawed labor provisions did not outweigh the benefits offered by the agreements. I noted, however, that I would not continue to support agreements with these provisions where the impact was greater on workers. In the DR–CAFTA agreement, the flawed labor provisions represent a real missed opportunity to spread the benefits of trade not just to the wealthy elites, but to the broader workforce as well.

There are other problems with the DR–CAFTA agreement. The final agreement excludes provisions for assisting U.S. workers harmed by trade. The environmental provisions of CAFTA undermine environmental protection, by including a lack of parity between the enforcement of commercial and environmental provisions. This is a clear step back from the Jordan Free Trade Agreement. Finally, the environmental conservation provisions lack a commitment to fund their implementation.

The agreement also fails in the area of public health. Regarding pharmaceuticals, I would note that in 2001, 142 countries, including the United States, adopted the Doha Declaration, an agreement that provided that trade obligations should be interpreted and implemented in ways that protect public health. In August 2002, Congress passed the Trade Promotion Authority Act which applied Doha to U.S. trade negotiations. Despite this commitment, the administration has promoted provisions within trade agreements, including DR–CAFTA, that will significantly impede the ability of developing countries to obtain access to inexpensive, life-saving medications. Contrary to the principles of Doha, these agreements place the interests of large multinational drug companies over the ability of developing countries to safeguard public health.

The DR–CAFTA agreement negotiated by the President represents a missed opportunity in many respects, both for the DR–CAFTA nations and for the U.S. For the DR–CAFTA nations, it is a missed opportunity to ensure that the benefits of trade flow to all of their citizens and not just wealthy elites. This agreement will not promote democracy and stability in these nations. A stronger agreement would instead have bolstered the political and economic stability in these nations, through fair apportionment of benefits. In some of the DR–CAFTA nations, the agreement has proved to be quite polarizing and a better agreement could have gained broader public support.

For the United States, DR–CAFTA was a missed opportunity to reconstitute the bipartisan consensus in support of international trade. Rather than consult widely and develop a consensus, the administration has decided to go for a narrow victory with disturbing implications for the possibility of bipartisan trade agreements in the future. In a time when Americans are facing increasing economic anxiety, trade is often viewed with suspicion. An administration which fails to consult and pushes for trade agreements which are unable to get bipartisan support undermines public support for international trade as a tool for economic development and greater prosperity. Even if the administration is successful in gaining passage of DR–CAFTA, I fear that this victory will be hollow as the anxiety over international trade continues to grow. In the end, the administration's strategy to ignore consultation and consensus in its trade policy may do more harm for the cause of international trade than the purported benefits of this agreement.

While it is inevitable that some will benefit more than others from open markets, we have a responsibility to ensure that the basic rules of the game are fair. In previous trade agreements, this balance was achieved. And I voted for those agreements. DR–CAFTA fails this test.

This is a sad day for supporters of free and fair rules-based trade. Our relationship with our Central American neighbors is a critical one. The right CAFTA deal would strengthen ties between the United States and these nations. I urge the administration to reopen the CAFTA negotiations and reestablish the broad, bipartisan coalition for trade.

Mr. JOHNSON. Mr. President, I rise today to express my opposition to the Central American Free Trade Agreement, CAFTA. The United States Congress has been waiting for over a year to consider this agreement which was signed on May 28, 2004, because of the contentious nature of many of the agreement's provisions. It is those provisions that I rise today to address.

Ethanol is an incredibly important industry in my home State of South Dakota. It is imperative for facilitating additional market opportunities for producers in the State and adding value to agricultural commodities. CAFTA maintains the ethanol provisions contained in the Caribbean Basin Initiative, CBI, which allows CBI countries to export up to 7 percent of the U.S. ethanol market duty-free containing no local feedstocks. Under these provisions, I am concerned that Central American countries may function as conduits for South American ethanol. El Salvador and Costa Rica, in particular, are granted generous carveouts from the total ethanol allotments under CAFTA. El Salvador will eventually be allowed .7 percent of the U.S. market, and Costa Rica will be allowed twice what they are currently importing into the U.S. under CAFTA.

I have worked tirelessly with my Senate colleagues to ensure an eight billion gallon Renewable Fuels Standard, RFS, in the Senate version of the Energy bill. As our United States ethanol market increases, so to, under this agreement, does the quantity of the market afforded to CAFTA countries—or afforded to ethanol en route to the U.S. through CAFTA countries for a quick and easy reprieve from tariffs. Foreign producers of ethanol will find the U.S. even more attractive with an 8 billion gallon RFS, and I am concerned for the impact that this, and future trade agreements, will have on the ethanol industry. I simply cannot support an agreement that may undermine one of the most important industries in my home state, and set a dangerous precedent for future agreements of this nature. Specifically, producers have expressed concerns for the pending Free Trade Area of the Americas, and the impact that CAFTA will have on this potentially detrimental agreement.

The sugar provisions are troubling as well, and have been a marked point of contention causing controversy among agriculture groups. I continue to hear from producers in my home State who are concerned with the potential impact of displaced sugar acres from this agreement, as the treatment of sugar will impact numerous commodities in South Dakota. Producers are concerned that displaced sugar acres will lead to increased corn and soybean acres, depressing commodity prices for corn and soybeans. Parts of this agreement are still being negotiated, specifically with respect to the sugar compensation mechanism to ensure we have not imported more than 1.5 million tons of sugar, and I fail to see how we can adopt an agreement with so many outstanding questions.

Secretary Johanns indicated that a few possible compensation mechanisms existed for the sugar industry, which the sugar industry has thoroughly rejected. The Secretary actually proposed purchasing sugar that would otherwise surpass the trigger limit and use that sugar for nonfood items, specifically ethanol production. Using foreign sugar to produce ethanol is an incredible, and outrageous proposal. It will only function to displace a hard-earned market for domestic corn producers. Instead of offering a reasonable solution to the sugar industry, the administration is now persisting to sacrifice domestic commodities to placate opposition to this incredibly flawed agreement. Alternatively, U.S. agricultural commodities may be offered up as compensation for undesired sugar from CAFTA countries. And both of these proposed compensation mechanisms are temporary, through the life of the Farm bill only. The administration is persisting with this Band-aid approach, while offering no real or meaningful solutions.

CAFTA fails to address key labor issues and environmental standards. Under CAFTA, countries are not obligated to uphold International Labor Organization, ILO, laws and the agreement fails to include enforceable labor standards. The agreement states that countries should ''strive to'' ensure their labor laws are comparable to international labor laws, but includes no enforcement mechanisms. This effectively renders the aforementioned laws meaningless. The agreement speaks to the enforcement of domestic labor laws—the enforcement of domestic labor laws, however, that are held to no particular standard. Aside from an ethical and moral dilemma, this agreement also functions to highlight an economic dilemma. The lack of labor standards will arguably present a competitive advantage over U.S. companies that are observing labor standards and ensuring, quite simply, the humane treatment of their employees.

Myriad reports exist that detail the harsh and unforgiving conditions workers are subjected to in countries with lax, or nonexistent, labor standards. According to ILO estimates, 17 million children between the ages of 5 to 14 are part of the working population in Central American countries. These children all too often miss out on any type of formal schooling because they are responsible for earning a meager salary, just a few dollars, to contribute to their family's income. These dire economic circumstances only function to illustrate the weakened labor standards that CAFTA will, effectively, endorse and sanction. International human rights organizations have repeatedly criticized labor standards in CAFTA countries, and this agreement does nothing to remedy this. Additionally, these circumstances underscore an inability on the part of CAFTA countries to purchase a substantive amount of American commodities.

Additionally, the environmental standards in CAFTA are troubling. Countries will be deterred from instituting meaningful environmental regulations when they may be held accountable for any inconveniences that foreign investors experience. International tribunals will enable foreign investors to challenge meaningful environmental regulations and rules that were instituted to preserve the environment. Foreign investors may expect and seek monetary compensation.

I voted against the North American Free Trade Agreement, NAFTA, because I was concerned for the detrimental impacts on our rural communities and for the preservation of rural America. I continue to hear from producers in South Dakota who are concerned for the impacts of NAFTA on our economy, and I am concerned for the proposed expansion of this model under CAFTA. Producers are simply tired of seeing the unrecognized trade benefits promised under these trade agreements.

Ms. CANTWELL. Mr. President, today, I proudly announce my support for S. 1307, a bill implementing the Dominican Republic-Central America-United States Free Trade Agreement, or CAFTA. There is much in CAFTA that helps Washington State.

I generally support trade agreements such as CAFTA because I believe that free trade is the best way to raise the standard of living for all Americans and for all people in other countries with which we trade. I believe that once other nations have access to our goods, culture and ideas, we will find that the world will adopt the best attributes of America, including our values.

The alternative to supporting CAFTA is unworkable. If CAFTA fails, the Nation's efforts to negotiate future trade agreements will be badly damaged. Congress has to pass CAFTA because it offer benefits to all CAFTA signatories, and because in light of the broader trade context our negotiators would suffer a setback if CAFTA does not pass.

Washington State has historically benefited from liberalizing trade laws. For example, in the first year following the United States-Chile Free Trade Agreement, Washington State exports to Chile more than doubled. And since NAFTA passed in 1993 Washington exports to Canada and Mexico have increased by 130 percent.

CAFTA promises to confer some of the same benefits on Washingtonians. CAFTA makes all U.S. exports to the CAFTA countries duty free in 10 years, and most of these tariffs are eliminated immediately. U.S. exports to these countries are often subject to tariffs, and CAFTA brings us closer to trade parity. In particular, Washington State's pear, cherry, apple and potato growers will see most tariffs on their crops immediately reduced to zero as soon as CAFTA is implemented. These farmers have low enough profit margins without having to contend with high tariffs on their goods, and tariffs place our farmers at a competitive disadvantage with farmers in other countries that are not subject to high tariffs. Our farmers need and deserve better conditions for selling their goods to the seven CAFTA countries.

In total, Washington State exported $113 million worth of goods to CAFTA countries in 2004, including oil and coal exports, crops, computers and electronics, processed foods, machinery manufactures and paper, and Washington's trade relationship with CAFTA countries increased by 251 percent from 2000 to 2004. These goods are heavily tariffed under current international trade laws with the CAFTA countries.

But under CAFTA, Washington's apple and pear growers will see duties that are currently up to 25 percent on their goods reduced to zero, and our grape growers will see 20 percent tariffs zeroed out. Tariffs on Washington's raspberry growers will be phased out over 5 to 15 years, depending on the CAFTA country, and our dairy farmers, some of whose products are subject to 60 percent tariffs, will see those tariffs phased out over 20 years. The Washington beef industry will see 30 percent tariffs immediately eliminated on some of their products, and other beef product tariffs will be phased out over 10 years. Wheat and barley duties are zeroed out immediately, and potato growers will see some tariffs immediately eliminated and most others phased out over 15 years.

Washington State is likely to see its exports to CAFTA countries dramatically increase over time, once CAFTA is enacted. For example, Northwest Washington is likely to see its agricultural exports to CAFTA countries increase as CAFTA is gradually implemented up until 2024, from $2.1 million to $3.8 million, and Central Washington is likely to see agricultural products shoot up from $14.5 million to $22.4 million during the same 20-year stretch. These heavy increases mean more jobs for Washingtonians, at a time when the State is just now turning things around economically.

Nationally, CAFTA is also important. CAFTA countries make up the tenth largest export partner for American goods, making that region a larger trading partner for the U.S. than Australia, Brazil or India.

While I support CAFTA, I acknowledge that it could do more to protect labor rights in the CAFTA countries, it could be better on the environment and it could better take account of human rights in those nations. Therefore, CAFTA should not be seen in a vacuum. CAFTA is merely one part of what must be a larger strategy for addressing our workers' needs in a rapidly evolving world economy, and for addressing the economic and political problems of our neighbors to the South.

I firmly believe that in the long run, encouraging export-led growth in developing countries will help raise incomes, tighten labor markets, and improve job standards in those countries. Opening markets will drive political changes too. Open markets and democracy are the two prevailing political ideas of the present, and they will become even more prevalent in the future. America has to remain the leader in exporting these powerful ideas to the entire world, and CAFTA is one more step we can take to accomplish this.

I also strongly believe that our trade policy should couple trade liberalization with worker retraining and other creative, proactive and responsive forms of labor assistance. Globalization will happen no matter what. So we need to be prepared for these changes, and help assure that America's working families do not take the brunt of them.

That is why I am working with my colleagues to fully implement improvements to the Trade Adjustment Assistance Program, TAA. TAA provides workers with access to retraining programs, income support, and other benefits when they lose their jobs due to trade. And TAA works—the Government Accountability Office reports that after TAA was last modified, most workers are enrolling in training services sooner, from 107 days in Fiscal Year 2002 to 38 days in Fiscal Year 2003.

TAA must be expanded. We should raise the cap on TAA funds, since 35 States in Fiscal Year 2004 did not have sufficient funds to cover funds those States obligated and paid to TAA-eligible workers. After Trade Promotion Authority passed, we doubled the TAA program to help cushion difficult transitions of workers whose jobs are lost because of trade. We should plan ahead and increase TAA again, to coincide with enactment of CAFTA.

TAA and similar programs must also work better. We must plan ahead for changes in our economy—these changes are inevitable, and our long-term plan at training our workers to be prepared for these changes will determine whether America competes in the global market.

The 21st century marketplace is dynamic, and public policy must also be flexible if we are to best take advantage of these changes. As our economy continues to shift from a predominantly manufacturing base to a heavy service sector economy, government programs such as TAA must continue to reflect these changes.

Specifically, I support proposals such as the Trade Adjustment Assistance Equity for Service Workers Act, which would enhance TAA by extending the program to service sector and secondary service workers. Currently only manufacturing workers qualify for these benefits. Including service sector workers merely reflects the realities of our economy—America will lose somewhere between 500,000 and 3 million service sector jobs to other countries in the next 10 years. I want to emphasize that these are not net job losses, but they will result in people being displaced. People with service sector jobs have families in need just as sure as manufacturing workers do. They should share in the TAA program.

We can also close loopholes that make it difficult for some older workers to participate in an add-on to TAA that was meant specifically for them. Now that we have identified these loopholes, it is good government to close them. Our older workforce, some of whom are not the ideal candidates for longer training courses, will benefit from closing these loopholes and once this is done they will be placed in new jobs more quickly.

Those concerns, especially about the need to make preparing our workforce for the global economy a higher priority, can be addressed by Congress and the administration in the coming months, and I will work to achieve these goals moving forward. I ask unanimous consent that a letter from Ambassador Portman be printed in the RECORD.

Ms. CANTWELL. Mr. President, though we have much to do to make opening markets fairer to all those affected, CAFTA is good for Washingtonians, especially our farmers, it is good for America, and in the long run it will be good for the people living in CAFTA countries too. I will vote for CAFTA and continue to work to maximize what Washingtonians get out of globalization, while also working to minimize the negative side effects that sometimes result from it. Aggressively balancing the impact of opening markets is the track we must all accept. America's economic future hangs in the balance.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT, THE UNITED STATES TRADE REPRESENTATIVE,
Washington, DC, June 28, 2005.

Hon. JEFF BINGAMAN,
U.S. Senate,
Washington DC.

DEAR JEFF: As the Congress considers the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), you have raised concerns about ongoing efforts to improve enforcement of labor laws and to monitor progress in this regard in the CAFTA-DR signatory countries. As you know, Congress appropriated $20 million in FY05 specifically for projects to improve labor and environmental law enforcement in these countries.

The recent House Appropriations Committee mark-up of the FY06 Foreign Operations appropriations bill increases this commitment for the next fiscal year, with $40 million earmarked for labor and environmental enforcement capacity-building in the CAFTA-DR signatory countries. The Administration is willing to support this level of funding in the FY06 Senate appropriations bill.

Furthermore, because we are willing to make a longer-term commitment to improve labor and environmental law enforcement in the CAFTA-DR countries, the Administration is willing to propose and support this same level of labor/environment capacity-building assistance for the next three fiscal years, FY07 through FY09.

More specifically, you have suggested the assistance of the International Labor Organization (ILO) in monitoring and verifying progress in the Central American and Dominican governments' efforts to improve labor law enforcement and working conditions.

We are willing to implement your idea. Your proposal, as I understand it, is that the ILO would make a transparent public report of its findings every six months. The Administration has now consulted with the ILO and determined that this function would require additional funding to the ILO of approximately $3 million annually. The Administration is willing to devote approxiniately $3 million of the $20 million in FY05 labor enforcement assistance monies to support and fund this ILO monitoring initiative. To ensure that this monitoring continues, the Administration is willing to continue a funding commitment to ILO monitoring for the next three fiscal years, FY07 through FY09.

The Administration also shares your goal of ensuring that we pair expanded trade opportunities with economic development assistance designed to ease the transition to free trade, especially for rural farmers in our CAFTA-DR partners. On June 13, 2005, the U.S. Millennium Challenge Corporation (MCC) signed a $215 million compact with Honduras targeted specifically at rural development and infrastructure, and on the same day the MCC announced a $175 million compact with Nicaragua that will be signed shortly.

As Secretary Rice and I have already communicated to you, we are willing to give high priority to negotiating compacts with El Salvador, Guatemala; and the Dominican Republic when those countries become eligible for MCC assistance under higher per capita income caps next year. I anticipate that such compacts would provide substantial U.S. economic assistance for rural development in these countries.

In addition, the administration has worked with the Inter-American Development Bank (IDB) to provide new assistance, including $10 million in new grants announced by the IDB earlier this month for rural development and institution building. I hope you will join me and officials from the IDB, World Bank, and other institutions next month for an international donors conference to discuss other ways we can direct development assistance toward meeting the needs of rural populations.

To address your specific concern about the period before MCC compacts might be negotiated with El Salvador, Guatemala, and the Dominican Republic, the administration is willing to support additional spending for rural development assistance of $10 million per year for each of those countries starting in FY07 for a total of five years, or until the signing of an MCC compact with such country, whichever comes first. This amounts to a $150 million commitment in transitional rural assistance for these countries over five years.

These monies will provide transition assistance to rural farmers in these three countries for a defined period, while preserving a very strong incentive for candidate countries to meet the statutory criteria to receive what would likely be much higher levels of economic assistance under an MCC compact. Since the implementation of CAFTA-DR requires steps which reinforce the statutory criteria for funding under the MCC law, I believe that implementation of the agreement will assist these three countries to move quickly toward qualifying for a successful MCC compact with the United States.

Furthermore, because many of the agreement's requirements for agriculture liberalization in the CAFTA-DR countries for sensitive commodities—such as dairy, poultry, and rice—will not fully occur until ten, fifteen, or even twenty years after CAFTA's implementation date, I am confident that this transitional mechanism provides ample time for adjustment in the rural economies of these nations.

Sincerely,

ROB PORTMAN.

Mr. SPECTER. Mr. President, I seek recognition today to express my objections to the U.S. Central American Free Trade Agreement, CAFTA. I have spent a considerable amount of time reviewing the contents of the agreement and there remain outstanding questions regarding labor and agriculture. Until these questions are satisfactorily answered, I am opposed to the agreement.

Since June of 1998, Pennsylvania has lost 199,600 manufacturing jobs. Nationwide nearly 900,000 manufacturing jobs have been lost. These statistics are staggering. Unfortunately, this trade agreement would adversely affect this job loss in the United States; especially in Pennsylvania. As I reviewed the agreement, I noticed the establishment of a new legal regime that increases safeguards for multinational investment through changes in tariff rates, rules of origin, and quota phase-outs, which would allow corporations in Central America to sell a product at a cheaper price. In order to compete under these conditions, many U.S. corporations would have to shut down their operations, export their jobs, and leave skilled workers jobless. This agreement would aggravate the problem.

In addition to job loss, this agreement fails to enhance workers' rights. Over the course of the last 5 years, Congress has worked to establish a standard within trade agreements that protects workers' rights. In 2001, when Congress adopted the Jordanian Trade Agreement, labor provisions were included in the body of the agreement. These labor provisions were made subject to sanctions through the dispute resolution process. Unfortunately, this agreement only strives to enforce workers' rights but does not offer provisions for Central Americans to unionize, collectively bargain, and secure the right to strike.

Currently, the six CAFTA nations are subject to the Generalized System of Preferences, GSP, and the Caribbean Basin Initiative, CBI, which condition market access with respect to the International Labor Organization, ILO, standards. Linking market access to labor protections has been responsible for many significant labor reforms in Central America in the last 20 years. However, if enacted, CAFTA does not mandate that the labor laws of the Central American countries comply with the International Labor Organization, ILO, core standards, which include freedom of association, the right to organize and bargain collectively, and the freedom from child labor, forced labor, and discrimination.

Ultimately, CAFTA would create downward pressure on wages because it would force our American workers to compete with Central American workers who are working for lower wages. This would allow foreign based companies to expand while leaving America more dependent on imports from abroad, which in turn would lessen the demand for domestic production and create even greater economic instability.

Finally, CAFTA's impact on agriculture is problemsome. CAFTA will not open new markets for American agriculture goods. The U.S. is already the CAFTA regions largest trading partner. In many cases, our farm exports to the six CAFTA nations face tariffs that are low or nonexistent and dominate their agricultural markets in several commodities. The International Trade Commission has indicated that there would be little gain for agriculture. For example, currently, the U.S. supplies 94 percent of all grain into the region.

I urge my colleagues to carefully examine this trade agreement. As a nation, we cannot continue to allow the erosion of our manufacturing base. Equally, CAFTA should continue to meet the labor standards created in previous trade agreements, which it must before I will consider supporting it. For these reasons I am voting no.

Mr. CARPER. Mr. President, free trade—when done correctly—can be an important tool in building consumer demand for U.S. products worldwide, encouraging investment and growth in developing markets, and forging new alliances. Today, Congress is considering an agreement to expand trade with Central America and the Dominican Republic.

Delaware is already heavily engaged in trade with Central American countries, with $25 million in exports in 2004. In fact, a large amount of the fruit imported through the Port of Wilmington by Chiquita and Dole come from Central America. However, while 75 percent of Central American products enter the United States tariff free, almost all U.S. goods continue to face tariffs in Central America. The Dominican Republic-Central America Free Trade Agreement, or DR–CAFTA, will level the playing field for U.S. workers and businesses that rely on exports to Central America and the Dominican Republic by providing immediate, duty-free access for more than 80 percent of U.S. consumer and industrial goods.

For Delaware, this will lift tariffs on the fabrics supplied by companies like Invista to sewing operations in Central America, making textiles in the Americas more competitive with China. Delaware's poultry producers will finally gain access to Central American markets under DR–CAFTA. When the agreement goes into effect, some U.S. chicken products will be given immediate duty-free access, and that access will expand annually until duties are eliminated.

Free-trade agreements with developing countries also offer an opportunity to encourage reform. Certain reforms were accomplished in DR–CAFTA, such as competitive bidding for government contracts and protection of copyrights, patents and trademarks—very important to Delaware companies such as AstraZeneca and Dupont.

However, we have not used the opportunity provided by the negotiation of this agreement to make as much progress as we should have, particularly in improving conditions for workers and protecting the environment. Steady progress was made in the 1990s in the way these important issues were addressed. By the time the Jordan Free Trade Agreement was adopted in 2001, labor and environment provisions were all subject to sanctions through the agreement's dispute resolution process. This was an important advancement, not just for workers in developing nations but also for competing workers and businesses in the United States. The agreements Congress has considered since 2001 have retreated from this strong enforcement standard, and this has unnecessarily weakened the bipartisan support for free trade that we have built over the years.

While I am pleased that the administration has agreed to support an increase in funding to support efforts to improve labor and environment conditions in Central America, I am aware of no reason to back off of the strong enforcement of labor and environmental obligations that we have included in several agreements. Let me be clear. The administration must include a greater level of enforcement of labor and environment standards in those trade agreements currently being negotiated in order to be assured of garnering my support in the future. It is particularly important that we enforce the obligation not to backslide or repeal current labor and environmental laws and regulations.

I will be watching the negotiations of the Andean and Thailand trade agreements closely. If this administration is serious about getting those approved, they will listen to the concerns that have been expressed in the debate over DR–CAFTA, consult with Democrat and Republican Senators during the course of those negotiations and send the Senate free trade agreements with stronger enforcement of labor and environmental standards. In the months and years ahead.

Mr. CORZINE. Mr. President, after serious deliberation, I will be voting against the United States-Dominican Republic Central American Free Trade Agreement, or CAFTA. While I support the principle of free trade, free trade must also be fair. I have supported our trade agreements with Australia, Jordan, and Morocco because these agreements reduce or eliminate barriers to American exports while preserving and protecting important labor, environmental and security interests around the globe.

A trade agreement between the United States and Central America with the same safeguards has the potential to serve as an important tool for promoting development and advancing meaningful socioeconomic reform in the region. That said, the agreement before us takes a significant step back from previous agreements with respect to both labor and environmental protections, and will only exacerbate the outsourcing of American jobs and aggravate an already dangerous world trade imbalance. American workers justifiably feel insecure in today's economy, and the outsourcing of American jobs at home is a major reason. The increasing trade deficit puts an exclamation point on their concerns.

I would like to understand how this agreement is not just another in a long line of bad trade agreements that exacerbate our trade problems. Before we rush forward with policies that on the surface are failing, I would like some assurances that this won't be just another punch to the stomach of American industry and American workers. What we have been doing obviously has not been working. Why do we continue down this misguided path? The American trade deficit over the past ten years demonstrates we're on the wrong track.

At a more parochial level, since NAFTA was implemented in 1994, New Jersey has lost 130,000 manufacturing jobs—46,000 as a direct result of NAFTA. New Jersey was once a center for manufacturing. In 1996, Allied Signal in Eatontown sent 230 jobs to Mexico, and required the laid off workers to train their Mexican replacements. American Standard in Piscataway and Hamilton sent 495 jobs to Mexico. Patterson's textile industry disappeared. I could go on and on about town after town in New Jersey that lost jobs after NAFTA—from Millville to Elizabeth, from Woodbridge to Pennsauken. Another bad trade agreement is the last thing New Jersey needs.

It is clear this is part of the Bush administration's misguided strategy with respect to U.S. trade policy. The Bush administration has made CAFTA, not China, is its No. 1 trade priority. Yet trade with Central American countries represents only 1.5 percent of U.S. trade. The Gross Metropolitan Product, GMP, of the city of Newark is $103 billion, larger than the GDP of all of these countries combined, $85.2 billion. Compare that with the fact that, just last year, the United States ran a $162 billion trade deficit with China. Our trade deficit alone with China is nearly double the GDP of the entire Central American trade region. This is a much more pressing issue for our economic security, and we should be focusing our attention on where the risks to imbalances are. Where is the pressure for currency adjustment with China or the protection of intellectual property rights?

But this administration insists we first take up CAFTA, and so I feel compelled to discuss my opposition to this agreement. Free trade agreements must protect the rights of workers, both at home and abroad. When NAFTA was passed by Congress more than eleven years ago, there was great hope that the agreement would create thousands of new jobs in America and promote labor rights abroad.

Yet, as we stand here 11 years later, we know that the U.S. Department of Labor has certified more than 525,000 workers for NAFTA trade adjustment assistance because their jobs were lost due to NAFTA imports or shifts in production to Canada or Mexico under NAFTA. Those same numbers reveal that, through 2002, more than 46,000 New Jersey workers had similarly lost their jobs. And the numbers are actually more serious, because since 2002, the Department of Labor has refused to release these sobering statistics—some estimates suggest it is closer to one million jobs lost.

The U.S. International Trade Commission, ITC, predicts that CAFTA will actually increase the U.S. trade deficit with Central America because American companies will relocate their workforces and export their products back to the United States, just as companies did under NAFTA. This can continue to decimate communities across the country, as local plants shut down and the jobs moved overseas. NAFTA established the Trade Adjustment Assistance program, TAA, to help thousands of manufacturing workers receive retraining, keep their health insurance, and make a new start. But service sector jobs were left out. During the past several years, nearly half a million service jobs have moved offshore to other—mostly low-wage—countries. Senator Wyden's bipartisan amendment to extend TAA to service employees was accepted by the Finance Committee. Yet, when President Bush sent the CAFTA legislation to Congress, this amendment had been stripped from the bill. This amendment was sensible, it was fair, and it should have been included in this legislation.

For all of the harm CAFTA would cause U.S. workers, I am equally as concerned about the harm the agreement could do to the rights and protections of workers in Central America. A fair trade agreement must require each nation to improve domestic labor laws to meet basic workers' rights. And it should discourage our trading partners from weakening or eliminating entirely their labor laws in order to gain an unfair trade advantage. But CAFTA does neither. CAFTA's lone enforceable workers' rights provision requires only that these countries enforce their own labor laws—laws that our own State Department has said fail to meet recognized international standards. This not the standard for commercial or investment standards. This failure to include an enforceable requirement that labor laws meet basic international standards represents a significant step backwards from the labor rights provisions of our agreement with Jordan, a country with significantly stronger labor protections. In our shared goal at improving labor standards around the world, trade agreements like CAFTA should be both the carrot and the stick. CAFTA is neither.

CAFTA proponents have argued that this agreement is the principle means to lift Central America out of poverty and promote these shared principles. But this agreement will not do that, and the consequences of NAFTA are evidence of why. Since NAFTA was implemented more than eleven years ago, real wages in Mexico have fallen, the number of people in poverty has grown, and the number of people illegally migrating to the United States to seek work has doubled.

NAFTA's liberalization in the agriculture sector displaced more than 1.7 million rural small farmers, overwhelming the 800,000 number of new jobs created in the export processing sectors. Rather than learn from these sobering failings by negotiating a trade agreement that creates good jobs, guarantees worker rights, and lays the groundwork for a strong middle class, the Administration has cloned NAFTA. Unfortunately, the results are likely to be the same.

What is also likely to be the same is the devastating impact on the environment that CAFTA is likely have on Central America. Central America is one of the most biologically diverse areas of the world. The region faces daunting environmental challenges that threaten its potential for sustainable development. Yet CAFTA would undermine hard-won environmental protections by allowing foreign investors to challenge environmental laws and regulations in all of the countries, including the U.S., that are parties to the agreement.

We have not learned the lessons of the past. This is another bad trade agreement that fails to address the real economic issues our nation faces today. We should be addressing our trade imbalance. We should be promoting job growth here in the United States, instead of further encouraging companies to move jobs elsewhere. I oppose CAFTA because it fails to preserve worker rights, protect the environment, or promote economic development at home and abroad. It is wrong for New Jersey, and it is wrong for America.

Mr. SMITH. Mr. President, more than 20 years ago President Reagan made a commitment to help the countries of Central America by providing them with unilateral access to the U.S. market. Through preference programs such as the Generalized System of Preference, GSP, and the Caribbean Basin Initiative, Congress and various administrations have sought to help our southern neighbors by promoting development and encouraging the building of democratic societies.

The Caribbean Basin Initiative has provided critical economic aid to the fledgling democracies of Central America, and in the past 20 years, chaos has been replaced by commerce.

Since 1985, exports from the region to the United States have quadrupled; and today, the agreement that we are taking up seeks to provide reciprocal access for our domestic producers.

Today, 80 percent of goods and services and 99 percent of agricultural products from the CAFTA-DR countries already enter the U.S. duty free. In contrast, our domestic producers face steep tariffs—which are essentially foreign taxes—into the region. Under CAFTA-DR, many of those tariffs would go to zero.

It is estimated that if approved, CAFTA-DR would result in approximately $1 billion in annual savings on tariffs for U.S. producers.

Under CAFTA-DR, Oregon apple and pear growers, who currently face tariffs as high as 25 percent into the region, will benefit from immediate duty elimination on fresh apples and pears.

Oregon potato producers benefit from duty elimination on certain potato products, including french fries, which will immediately become duty-free in most DR–CAFTA countries.

With $104 million in export sales and total cash receipts of $155 million, Oregon's wheat producers will benefit from the immediate elimination of tariffs on wheat and barley in all six countries. An American Farm Bureau analysis shows that U.S. agriculture may gain $1.5 billion in increased exports each year when the agreement is fully implemented.

Oregon retailers, including Nike and Columbia Sportswear, would benefit from greater market access and increased sourcing options.

Intel, another major employer in my state, stands to benefit from this agreement. The CAFTA-DR countries combine to rank as Oregon's 10th largest export market. According to the Office of Trade and Economic Analysis, 94 percent of Oregon's exports to the region in 2003 were high-tech products. For the 15,500 Intel employees in Oregon, CAFTA-DR is critical for future growth in the region.

This agreement is about leveling the playing field for our domestic producers. The CAFTA-DR countries already have access to our market; this agreement gives our growers and manufactures a chance to thrive in DR–CAFTA markets.

In recent weeks, this agreement has been endorsed by the Oregonian, the New York Times, the Washington Post, the Wall Street Journal, the Los Angeles Times, and USA Today.

I understand that there are those who are not entirely happy with this agreement, including some in my own State. However, I come from a State in which one in four jobs is tied to exports. This agreement is about increasing export opportunities for producers in my State and around the country.

A recent editorial in the Oregonian said this about the agreement:

> It is disturbing to see Oregon and national leaders back away from the principle that free and fair trade is good for the United States and the rest of the world. People are better off in an integrated global economy where they have the opportunity to sell their goods, services, and skills around the world.

As a businessman, I have seen firsthand the remarkable ability that trade has to raise the standard of living both domestically and around the world. I am hopeful that by passing this agreement, we will be able to create new growth opportunities for U.S. and Central American producers, and we will be able to show that America truly is a leader in furthering free and fair trade.

Mr. BYRD. Mr. President, I want, first to compliment the subcommittee chairman of the Energy and Water Appropriations bill, Senator PETER DOMENICI, and the ranking member, Senator HARRY REID, for the outstanding job they have done in putting together this bill. The well-being of the Nation depends greatly upon adequate investments in the many programs and activities contained in this bill.

Through this measure, we are supporting the backbone of our Nation's water transportation and flood protection programs through the Army Corps of Engineers; the irrigation water supply systems for the western States through the Bureau of Reclamation; the protection of our Nation's nuclear weapons stockpile; the advancement of science programs to help ensure that the United States remains a leader in the international scientific community; a number of independent agencies and commissions, including the Appalachian Regional Commission, the Denali Commission, and the Delta Regional Authority; and now, due to the restructuring of subcommittee jurisdictions, the entire Department of Energy, DOE.

As part of that restructuring, the Energy and Water Subcommittee was charged with oversight and appropriations responsibilities for the fossil energy research and development, R&D, within the Department of Energy. Senator DOMENICI and I have long worked on these programs, and I thank him and Senator REID and their staffs for their hard work, diligence, and support for fossil energy research in this bill.

Through the Fossil Energy R&D programs, DOE supports research involving economically and environmentally sound use of our Nation's domestically produced fossil energy resources. It forges partnerships between Government and industry to accelerate the development, demonstration, and deployment of advanced technologies that show promise in helping to ensure cleaner, more reliable, and more affordable energy, now and in the future.

While the subcommittee did not hold a fiscal year 2006 budget hearing on the fossil energy R&D programs this spring, I appreciate Senator DOMENICI's commitment to hold annual oversight hearings on the fossil energy programs beginning next year. I look forward to participating in these hearings as our fossil energy resources will continue to be important to this Nation.

I would also like to mention that the clean coal program, which falls under the fossil energy portfolio, has been critical to the development of cleaner, low-carbon fossil energy technologies.

I created the Clean Coal Technology program in 1985, and I am very proud to report that after five solicitations, 32 projects have been completed, with a combined value of $3.7 billion Government/industry investments to develop advanced technologies that are resulting in cleaner, more efficient, and more cost-effective power generation.

The subsequent Clean Coal Power Initiative, started by President Bush in 2000, was to be a $2 billion demonstration program over 10 years, consisting of four rounds of solicitations. The administration's fiscal year 2006 budget request of $50 million falls woefully short of being able to keep the CCPI on a 2-year solicitation schedule. However, I am very appreciative of the additional $50 million that was provided by Senators DOMENICI and REID, at my request. This funding will help to pave the way for a third CCPI solicitation in the near future.

If we ever hope to increase our energy security, reduce our dependence on foreign energy resources, and develop fossil energy technologies that allow us to burn coal with little to no pollution, we must adequately invest in these critical programs. There are no better champions for energy research than Senator DOMENICI, Senator REID, and me. We have been able not only to authorize initiatives so critical to America's energy independence, but we also have been able to direct resources to those important efforts and keep them adequately funded for at least another year.

On Tuesday, June 28, 2005, the Senate passed a bipartisan Energy bill, and I was happy to support that bill. It is generally a positive bill, but it is also very much of a business-as-usual approach toward energy policy. This bill simply provides authorization for new and existing programs related to energy policy. Despite the fact that the administration is strongly pressing for an Energy bill, I have to wonder if the necessary funding to support this legislation will ever emerge in subsequent administration budgets.

Certainly, the administration's track record on funding other important measures like No Child Left Behind makes one wonder if energy funding will face continued shortfalls despite the prized rhetoric and Rose Garden ceremonies. Due to very constrained budget allocations, the Appropriations Committee is likely to find it extremely difficult to maintain funding for current energy programs, to say nothing of adding funding for the new or expanded energy programs in an Energy bill.

At least for the next fiscal year, the Senate's mark for the fossil energy programs will keep these programs moving in the right direction, despite the administration's budget cuts. Again, I thank the chairman and the ranking member of the Energy and Water Subcommittee and their staff, Scott O'Malia, Roger Cockrell, Emily Brunini, Drew Willison, and Nancy Olkewicz, for their extraordinary efforts in this regard and for producing a bill that I believe we can all support.

Mr. DURBIN. Mr. President, I rise to oppose CAFTA for the reasons I stated earlier. It seems logical to say that if we want to expand our export markets, we should be negotiating with countries who have a more sizable market for our goods and greater buying power to purchase our goods. However, these CAFTA countries account for only 1.5 percent of U.S. exports.

Illinois is an agriculture State. I have supported prior trade agreements because of the benefit they have provided to agriculture. However, estimates that passage of CAFTA will produce sizable trade gains for U.S. farmers are overly optimistic. CAFTA countries have a combined population of approximately 31 million people who generally have limited incomes with which to purchase agriculture products. In fact, the market is only worth $1.6 billion in annual agriculture products.

According to the most recent data, the U.S. supplied 94 percent of all grains imported into the six CAFTA countries. This domination means there is little room for further upward growth in grain exports to CAFTA nations.

I believe in international trade, provided it is fair trade and can expand our economy and create jobs. But I have concluded that this trade agreement will not do that. It is merely another product of this administration's failed trade strategy—a strategy that has victimized American manufacturers while costing millions of American workers their jobs. The administration is so wedded to the notion that all is well that it cannot hear the cries of those who would be harmed by this trade agreement. The failure to take sufficient and educated steps to strengthen America's future in this trade agreement is why I am opposing CAFTA.

Mr. BIDEN. Mr. President, not that long ago, for the average American, our world was not a threatening place. Not long ago, there was little reason for the average American to feel anxious about the future. The United States was the only superpower; our economy was enjoying record growth and job creation.

Those things are no longer true. The rise of terrorism, the war in Iraq, international economic competition from new sources like China and India, as well as increased economic insecurity here at home—together these forces have cost us a lot of our optimism, a lot of our self-confidence.

We are a people whose birthright is a belief in a better future, a belief in our ability to control our own fate, at home and abroad. That is our national character. But these days, our character is being tested.

Even in the best of times, trade legislation has been a touchy subject. These days, it can be among the most contentious issues we confront. Our trade deals carry the freight of our insecurities, economic and otherwise.

They carry our worries about our place in international competition, about job security, about losing our grip on our standard of living. There are real reasons that Americans are worried these days. Studies by the Federal Reserve and others confirm that income mobility—the opportunity for children to do better in life than their parents is declining, approaching the levels of more static, developing economies.

Without poring over statistics, Americans can see that happening. The reality of self-determination, the fact of social mobility, has been the foundation of our optimism. When the facts change, when the pace of mobility slows, it shows. Instead of a generation or two between poverty and a solid middle class living, today it can take five or six generations.

We have yet to produce one single new job since this administration came into office. Not one. Whomever you blame or however you explain it, that is a fact that registers in the lives of Americans. Not since the Great Depression has it taken so long to replace lost jobs.

That is why long-term unemployment—over half a year looking for a job—is the lot of over a million and a half Americans.

These conditions keep wages low, falling behind the cost of living. Real wages are falling at a rate we haven't seen in 14 years.

Into these tough times comes the word that 2 billion new workers, in China and India, to take the two biggest examples, are now competing with Americans for new jobs created in the global economy.

These workers are highly motivated—the poverty they are rising from, the pace of growth they can see in their cities, is a powerful incentive. Their governments are increasingly sophisticated about attracting investment and expertise from here and around the world to fuel their national economic strategies.

With these troubling trends, Americans are in no mood to accept text book platitudes about the benefits of free trade. They want to see some of the gains come home.

I am personally convinced that trade is in fact not only ultimately good for us, but inevitable. Standing at our shores, commanding the tides of trade to retreat, is not a plan for our Nation's economic future.

We fought and won a Cold War in the last century a war against a totalitarian economic ideology, to protect and project American values of political and economic freedom in the world.

Now is not the time to doubt those values. They are still the right values for us, and the right values for the citizens of other nations. Free men and women, freely exchanging goods and ideas, innovating, creating. That is the world we fought for, that is the evidence of our success.

And what is the alternative? Do we expect to close our ports to products Americans want to buy? Can we expect to successfully block American companies from seeking profitable investments overseas?

In today's world, American leadership is a reality. We cannot lead the world in the search for security but at the same time retreat economically. Trade can help cement peaceful ties, raise living standards, give desperate people hope and put idle hands to work. Trade must be part of our security strategy, or that strategy will not succeed.

If there is to be a better world ahead of us, wealthier, healthier, freer—and I am certain that there is—then expanding international trade will be part of it. I don't think you can envision that world without expanding trade ties, expanding economic integration.

But there is no free lunch. This world comes at a cost. It comes at the cost of predictability, at the cost of stability. The economist Joseph Schumpeter called capitalism a process of creative destruction. And that it is.

The telephone replaced the telegraph, the automobile replaced the horse, supermarkets replaced mom-and-pop grocery stores. Our farms are mechanized; our manufacturing is robotized; our information is computerized. With every new idea, with every new invention, an old product, an old technology, and the jobs they sustained, are left behind.

Our Nation has become wealthy riding the waves of innovation, opportunity, efficiency, and economic growth. That, in part, is the American way.

But another part of the American way is our shared commitment to each other. With every wave of change, from agrarian nation to manufacturing power, to the world's richest economy, we have created the institutions to cope with the human costs of economic change. Child labor laws, minimum wage, the 40-hour workweek, these are evidence of our values. And we have Social Security, Medicare, unemployment insurance—all ways to share the costs and spread the burdens of a churning economy.

Most fundamentally, we have established the rights of working men and women to bargain collectively for their wages and working conditions: these things are also the American way.

When it is done right, trade makes us more efficient and more productive. With the economic gains from trade we can afford to take care of those whose jobs are lost as the new ones are created.

There is a human logic to this, a logic that says the men and women, and their families and communities, who are displaced by economic change are not to blame for their fate. They should not shoulder alone the costs of change while others reap the benefits.

There is an economic logic, as well—by compensating some for bearing the cost of change, we keep innovation and opportunity expanding for everyone.

And finally there is a political logic. When we all know that we are not alone, that there are resources we can draw on in tough times, we don't have to fight change. Without that assurance, in our open political system, those who bear the cost of change and innovation will—understandably—resist it.

If trade is ultimately good for our economy as a whole, we must make sure that it is good for American workers and their families, too.

This trade deal does not do that, and that is why I cannot support it.

I said 2 years ago that I was concerned about the lack of effective enforcement provisions for the labor standards in the Chile and Singapore trade deals, and the precedent that might set for the CAFTA negotiations. What we now call the ''Jordan standard,'' that treats labor provisions on the same terms as intellectual property and commercial provisions, allows for effective enforcement when a party fails to live up to its labor rights commitments. That effective enforcement standard is part of the Jordan Free Trade Agreement, now in effect.

But instead of building on that success, CAFTA comes to us today without that effective means of enforcement.

At a time when the political support for trade is shaky at best, with American families justifiably anxious about the volatility and insecurity just below the surface of our economy, why would we roll back the standards for labor protections in our trade deals?

It just doesn't make any sense.

I notice that there is a lot of new language in this trade agreement about labor rights in the countries of Central America and the Dominican Republic. That shows that our negotiators are getting the message about how important those provisions are to the political support we need for trade.

But instead of providing labor standards with the same level of effective enforcement that American businesses will get for their concerns, this deal leaves labor a second-class citizen.

But it is not just the specific terms of this trade deal that concern me today. If we are going to compete in today's global economy, we need a plan to protect American living standards and a plan to keep our Nation the most competitive on Earth.

We need a good defense, but we need a good offense, too.

We need a strong trade adjustment assistance program, and we need the will to enforce it. We need to make sure that health insurance, pensions, and other basic benefits are protected and portable in a changing world.

I think we should consider a real wage insurance policy that addresses not just the jobs lost by trade—in reality, trade is a small part of the churning in our economy—but any job loss that could put a family's standard of living at risk.

If we do it right—and right now we just have a small pilot program out there—wage insurance could provide real help to families in transition from one job to another and keep our labor markets open and dynamic.

But important as those kinds of protections can be, they are just playing defense. Right now, I don't see a plan for an offense, a plan for us to take on the rising competition from around the world, a plan to make American working men and women the winners.

That is going to take investments in education, in research, and in new technologies. That is going to take a commitment to making our workforce the most productive in the world, giving them the tools and the skills they need to compete. That is going to take a plan to create a new generation of good-paying jobs.

On the education front, Bill Gates has told us that our high school graduates are not up to the standards his company needs. Newt Gingrich has called the administration's lack of investment in basic research, and I quote, ''unilateral disarmament'' in the face of international competition. Those are not partisan attacks. Those are warnings we cannot ignore.

Because we don't have an adequate defense for the families who are affected by economic change, because we don't have an effective offense to win in a globalizing economy, I cannot lend my support to this trade deal. It sends the wrong message, it sets the wrong example.

The CAFTA countries themselves are no more than 1 percent of our trade. In many ways, they are not the issue here. I believe it will be good for our country if these nations can enter our markets. It will make those economies stronger, make them better neighbors, and open markets for the products made by American workers.

But only if the deal is done right. Only if we have the protections in place that can truly lift human rights, labor, and environmental standards there, and build the protections for American workers and producers here.

So I will vote against CAFTA not because I oppose trade but because I support smart trade, trade that works for American families, trade that is good for both sides.

I am afraid that more trade agreements along these lines will weaken domestic support for expanding trade. We need the full, informed consent of American citizens for trade, we need a trade agenda Americans can support, and we need to a plan to defend our standard of living here and to compete to win in the global economy.

We need to win the support of American working families for expanded trade, and restore their faith in our ability to win. Until then, trade deals like this one will just add to their worries.

Mr. BUNNING. Mr. President, I have spent many hours examining and discussing the agreement before us today.

As my colleagues know, my vote has never been a rubberstamp for trade agreements.

I take my responsibility to examine these agreements very seriously. My constituents deserve no less. In the past, I have supported trade agreements, and I have opposed trade agreements, as their merits demanded.

After long and careful thought, I have decided that I will support the agreement with Central America which is before the Senate today.

This agreement is not perfect—far from it.

The phaseout times on many of the agricultural products are too long. We should not be waiting for 10, 15, sometimes 20 years for duty-free access to sell our farm products in these countries. It is my understanding that the protection of one particular American product was largely responsible for the negotiating situation that led to the long tariff elimination schedules for so many of our farming products.

If not for the fact that, almost without exception, the Central American countries have enjoyed duty-free access to our markets for their agricultural exports for years, these long tariff phaseout schedules might well have forced me to oppose this agreement.

The truth is, due to existing trade relationships, the various parties did not start out this trade negotiation on similar footings: We paid to export to them and they did not pay to export to us.

While this agreement absolutely does not even this relationship as quickly and fairly as I would like, it does eventually get the job done. While our farmers are often forced to wait far too long for duty-free acess, that duty-free access does eventually go into place. The opportunity for new export markets for our farmers will be—ultimately—beneficial to the folks in Kentucky, particularly the rural parts of my State.

While I have concerns about other parts of the agreement, particularly some textile issues, there are also aspects of the agreement which are especially good for Kentucky.

Important to my State of Kentucky is the treatment of the exportation of tobacco products under the agreement. I was particularly pleased to see that the report of the Agricultural Technical Advisory Committee for Cotton, Peanuts, Planting Seeds and Tobacco, which included a member of the Kentucky Farm Bureau, found the agreement to be fair regarding tobacco trade.

I was also pleased to see that this agreement immediately eliminates tariffs on bourbon and whiskeys exported from America. Furthermore, agreement for the recognition of ''bourbon'' as an exclusively Kentucky-made product is important to an industry employing over 30,000 Kentuckians.

I also want to bring the attention of my colleagues to the fact that this agreement, while obviously primarily a trade agreement, also represents an opportunity for us to show our support to a region that has come a long way in the area of democracy.

Not so long ago, most of us here will remember, democracy was not assured in this part of the world. In Central America—our own backyard—communism was a threat. The United States has worked hard over the years and we have seen the menace of communism recede and the democracies and economies of El Salvador, Guatemala, Nicaragua and Honduras begin to flourish.

We must not lose track of the message that the approval of this agreement will send to these new democracies on our doorstep. Without this agreement, the democracies we have helped build in Central America will be less prosperous in the increasingly competitive global marketplace. We must allow these fledgling democracies the access they need to compete with the overwhelming wave of Chinese imports.

It is the development of strong trade in goods and services that will help these countries to oppose a return to corrupt regimes that promote trade in illegal drugs.

We in this body have done so much to foster democracy and economic stability in Central America. The approval of DR–CAFTA is another chance for us to show our support of these democratic governments.

I have come to believe after long and careful examination, that this agreement is good for the United States and for the future of Central America. I urge my colleagues to support the agreement before us today.

The PRESIDING OFFICER. Under the previous order——

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the following be the only remaining debate on the bill, in the following order: Senator SESSIONS, 10 minutes; Senator DAYTON, 5 minutes; Senator SUNUNU, 5 minutes; Senator ENSIGN, 5 minutes; Senator BAUCUS, 10 minutes; Senator GRASSLEY, 10 minutes; Senator REID from Nevada, 10 minutes; Senator FRIST, 10 minutes.

The PRESIDING OFFICER. Is there objection?

The Senator from North Dakota.

Mr. DORGAN. Mr. President, reserving the right to object, how much time remains on my allocation?

The PRESIDING OFFICER. The Senator from South Dakota has 11 minutes 28 seconds.

Mr. DORGAN. Mr. President, let me reserve 5 minutes of that as well.

Mr. BAUCUS. Mr. President, I add that to the request.

The PRESIDING OFFICER. Will the Senator from Montana state where he would like that placed in the order.

Mr. BAUCUS. That would be after Ensign and before myself.

The PRESIDING OFFICER. Is there objection to the modified request? Without objection, it is so ordered.

The Senator from Colorado.

LEGISLATIVE BRANCH APPROPRIATIONS ACT, 2006

Mr. ALLARD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 138, H.R. 2985; I further ask unanimous consent that the committee-reported amendments be agreed to; provided further that the Lott-Dodd amendment which is at the desk be considered and agreed to, there be 5 minutes of debate equally divided between the two managers, and the bill, as amended, be read a third time and passed, the motions to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD. I further ask unanimous consent that following passage, the Senate insist on its amendments, request a conference with the House, and that the Chair be authorized to appoint conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 2985) making appropriations for the Legislative Branch for the fiscal year ending September 30, 2006, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Aproppriations, with amendments.

(Strike the parts shown in black brackets and insert the parts shown in italic.)

H.R. 2985

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Legislative Branch for the fiscal year ending September 30, 2006, and for other purposes, namely:

TITLE I—LEGISLATIVE BRANCH APPROPRIATIONS

SENATE

EXPENSE ALLOWANCES

For expense allowances of the Vice President, $20,000; the President Pro Tempore of the Senate, $40,000; Majority Leader of the Senate, $40,000; Minority Leader of the Senate, $40,000; Majority Whip of the Senate, $10,000; Minority Whip of the Senate, $10,000; President Pro Tempore emeritus, $15,000; Chairmen of the Majority and Minority Conference Committees, $5,000 for each Chairman; and Chairmen of the Majority and Minority Policy Committees, $5,000 for each Chairman; in all, $195,000.

REPRESENTATION ALLOWANCES FOR THE MAJORITY AND MINORITY LEADERS

For representation allowances of the Majority and Minority Leaders of the Senate, $15,000 for each such Leader; in all, $30,000.

SALARIES, OFFICERS AND EMPLOYEES

For compensation of officers, employees, and others as authorized by law, including agency contributions, $147,120,000, which shall be paid from this appropriation without regard to the following limitations:

OFFICE OF THE VICE PRESIDENT

For the Office of the Vice President, $2,181,000.

OFFICE OF THE PRESIDENT PRO TEMPORE

For the Office of the President Pro Tempore, $582,000.

OFFICE OF THE PRESIDENT PRO TEMPORE EMERITUS

For the Office of the President Pro Tempore emeritus, $290,000.

OFFICES OF THE MAJORITY AND MINORITY LEADERS

For Offices of the Majority and Minority Leaders, $4,340,000.

OFFICES OF THE MAJORITY AND MINORITY WHIPS

For Offices of the Majority and Minority Whips, $2,644,000.

COMMITTEE ON APPROPRIATIONS

For salaries of the Committee on Appropriations, $13,758,000.