



La. politicians oppose Central American trade pact

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A recent study shows that Louisiana would benefit from passage of a Central American trade pact, but the state's politicians are nearly unanimous in their opposition to the agreement.

Sugar is the reason.

Sugar cane growers and millers oppose the proposed Central American Free Trade Agreement because it would boost the amount of sugar coming into the country and set the stage for more sugar imports, something that could drive down prices and their income.

The industry has squelched political debate on the issue in Louisiana, united liberal and conservative politicians who rarely agree, and turned free trade supporters into tough protectionists.

The four major candidates in this year's U.S. Senate race are unanimously opposed to CAFTA. U.S. Rep. Chris John, D-Crowley, state Treasurer John Kennedy, D-Madisonville, state Rep. Arthur Morrell, D-New Orleans, and U.S. Rep. David Vitter, R-Metairie, all say the pact would do too much damage to the domestic sugar industry.

The situation frustrates many people in the state's ports and exporting businesses. Some say the political establishment has been intimidated by the political clout of the sugar industry and has given no consideration to the other side, which argues CAFTA's benefits to the state's economy will outweigh the incremental harm to a single, albeit important, industry.

“It’s amazing that people don’t see the wider picture, how many people are going to benefit,” said CAFTA supporter John Hyatt, a vice president at the New Orleans customs brokerage Irwin Brown Company.

LSU economics professor James Richardson did a study for the Port of New Orleans that estimates CAFTA would generate between 1,385 and 2,769 jobs in Louisiana.

The study also says that not passing CAFTA would hurt the state, because comparatively freer trade with other nations would divert some business elsewhere. If more trade flows to Europe or Asia at the expense of Central America, for example, ports on the East and West coasts would get the benefits. The study estimates not passing CAFTA would result in 1,965 lost jobs, mostly in the chemical and paper industries.

Sugar has been an economic and political powerhouse in the state for centuries. State and national sugar organizations donate generously to candidates. Sugar cane is grown from the River Parishes to the southwest, which is a swing region in statewide elections.

Candidates are following the example set by Democratic U.S. Sen. Mary Landrieu in her 2002 victory over Republican Suzanne Haik Terrell.

In the final weeks of the runoff campaign, with polls showing a tight race, the Landrieu campaign was looking for a way to swing momentum. It seized upon a Mexico City newspaper report that said the Bush administration had agreed to boost imports of Mexican sugar from 150,000 metric tons to 300,000 metric tons per year. Landrieu pounded Bush for a policy she said would hurt sugar farmers and said Terrell would be a rubber stamp for the president’s policies.

“We poured gas on what was already a smoldering flame, and it just took off,” said former Landrieu aide Rich Masters, now a communications consultant in Washington.

Terrell countered that she was an avid sugar supporter, but she still took political damage.

The “secret sugar deal” never came to pass. Ironically, the U.S. sugar industry is itself now trying to broker a deal with its Mexican counterpart that would raise the sugar quota by about the same amount the Mexican paper reported, industry officials say, though it’s not clear that Mexican exports would actually increase much.

Opposition to CAFTA by even self-described free-trade supporters reflects the political reality of representing a sugar state. Vitter has consistently supported expanding free

trade and blasted the administration's imposition of tariffs on imported steel as inconsistent with its open-trade policy.

But he said sugar deserves its special protections by virtue of its importance to Louisiana. He takes a position identical to the sugar lobby's: that U.S. trade barriers to sugar might be allowed to fall only if other countries with protected markets drop their barriers through a global agreement. Experts say, however, that that kind of resolution is years, perhaps decades, away, if it ever arrives.

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