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Trade deal clears Senate



"CAFTA is a great deal for South Carolina business."

SEN. JIM DEMINT,
R-S.C.

CAFTA: Close vote sets table for House showdown

By **WILLOW DUTTGE**
Washington Correspondent

WASHINGTON — The Senate late Thursday passed the controversial Central American Free Trade Agreement, even as South Carolina lawmakers continued to disagree on how the pact will affect South Carolina's struggling textile industry.

"It's going to hurt the manufacturing base of this country," Sen. Lindsey Graham, R-S.C., said from the Senate floor before reiterating his intention to vote against the agreement.

Sen. Jim DeMint, R-S.C., has consistently supported the agreement, insisting the measure is a winner for Ameri-

can manufacturers, including those in South Carolina.

"CAFTA is a great deal for South Carolina business," DeMint said.

The 54-45 vote sets the table for a final showdown in the House, where critics have vowed to kill the agreement. That vote, expected sometime this month, is too close to call.

DeMint said he voted in favor of the agreement because it would eliminate 80 percent of the tariffs on American exports immediately with the remaining tariffs "phased out" over 10 years. He said CAFTA would also expand the

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TIM KIMZEY/STAFF

A sign referring to CAFTA hangs over the human resources building Thursday at Milliken in Spartanburg.

Inglis says his vote contingent on loopholes closing

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market for U.S. goods with 44 million consumers in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic.

Still, Graham voiced concerns about China's ability to benefit from the trade agreement.

"The ability of China to exploit this agreement is going to be much larger than the buying power of San Diego," he said. Graham had recently admonished China for currency manipulation and for practicing transshipment—the movement of goods that are manufactured in one country, but which make a stop in another country before reaching U.S. shores.

Richard Dillard, an official with textile and chemical manufacturing giant Milliken & Co., echoed Graham's concerns.

"There are numerous loopholes that would allow China to send fabrics into the region and subsequently into the U.S. duty-free," Dillard said.

Additionally Dillard is concerned CAFTA "only encourages companies to move production out of the United States," due to the low wage labor available in Central America and the Dominican Republic and their lack of buying power.

"Our position on CAFTA and our interest in defeating it lie in preserving American jobs, pure and simple," he said.

But DeMint maintains that even a possibly imperfect agreement is better than none. Without the loophole, he said, there is nothing, just "one giant hole."

"Under CAFTA, these gar-

ments made in the region will be duty-free and quota-free only if they use U.S. fabric and yarn," DeMint said.

A U.S. Chamber of Commerce report on CAFTA's impact on South Carolina predicts exports the first year will increase 17 percent over total exports to Central America and the Dominican Republic in 2004. Apparel manufacturers could expect nearly \$5 million in additional exports, while non-apparel textile producers could expect \$30 million more in exports, the study showed.

The Senate's vote sets up a showdown in the House, where Rep. Bob Inglis, R-Greenville, said he expects to vote yes.

Inglis said his vote is contingent on the closing of the loopholes that he worries will

become portals to duty-free entry of Chinese fabrics into the American market.

"If it is improved, I think that it could become a wise part of a Western Hemisphere strategy which has us combining American fabric with cut-and-sew labor in Central American countries to fend off imports of whole garments from China," Inglis said.

Although Congress cannot amend CAFTA, Inglis said he is hoping for an implementation agreement or side agreement that will assuage his concerns. He said he shared those concerns with both President Bush and U.S. Trade Representative Rob Portman.

"I'm grateful for the focus that they have on our concerns," Inglis said.