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Rep. Steven LaTourette: Either Duped or Dishonest on CAFTA

Cleveland Republican Says His Last-Minute Flip-flop on CAFTA to Vote “Yes” Was Done to Obtain Tariff Cuts on Central American Plywood for Local Furniture Company, But Plywood from Central America Has Been Duty-Free for Decades

Public Citizen Launches CAFTA Damage Report to Track Results of Misguided CAFTA Votes

WASHINGTON, D.C. – Just days after reaffirming his longstanding commitment to constituents that he would vote against the Central America Free Trade Agreement (CAFTA), an expansion of the North American Free Trade Agreement (NAFTA), Rep. Steven LaTourette (R-Ohio) flip-flopped and became a deciding “yes” vote on the agreement, which eked through the House of Representatives 217 to 215.

The day after CAFTA passed the House, LaTourette justified his CAFTA flip-flop by saying that the head of a furniture manufacturing company in his district that uses plywood had asked him to vote for CAFTA because it would cut an 8 percent tariff on plywood imported from CAFTA countries, thus allowing the company to maintain furniture-making jobs in the district. However, plywood – and almost all wood products – has long been duty-free when imported into the United States not only from the CAFTA nations but from scores of other developing countries that also qualify for coverage under the Caribbean Basin Initiative (CBI) and its follow-up program, the Caribbean Basin Economic Recovery Act (CBERA).

“There are only two explanations for Rep. LaTourette’s claim that he flip-flopped to vote for CAFTA based on this plywood business: He was duped or he is being dishonest. Neither is becoming conduct for a congressman,” said Lori Wallach, director of Public Citizen’s Global Trade Watch.

LaTourette’s constituents, whose home state of Ohio has lost one of every five manufacturing jobs during the NAFTA decade,¹ are slamming his “yes” vote on CAFTA, which will extend NAFTA to six additional countries.

To track the outcome of LaTourette’s misguided CAFTA vote, as well as any promises or deals he got in exchange for his vote, Public Citizen has launched the *CAFTA Damage Report*. The report will be updated regularly at www.tradewatch.org and will also document the fallout from the agreement in his 14th District and on Central America.

LaTourette has denied cutting a deal for his CAFTA vote. Following the vote, he told reporters that, “This wasn’t about trading a vote to get stuff. I happen to think it would not have been appropriate to trade my vote for a bridge or a dam.”² He has also conceded that, “There are people that can legitimately say that I told them I was going to vote one way, and I voted another. That’s a bad place to be.”³

What made LaTourette switch to a “yes” vote on the controversial trade agreement? According to press reports,

As recently as Wednesday morning, he woke up planning to vote against the pact, he said, but he began to have a change of heart after a telephone call that afternoon from Tom Chieffe, president of KraftMaid, a Middlefield-based company in LaTourette's district that makes kitchen cabinets. LaTourette said Chieffe told him that the economic viability of his company was at stake in the CAFTA vote because of an 8 percent tariff on plywood it buys from Central America. CAFTA's elimination of that tariff would make "the difference between his ability to keep making stuff in America or not," LaTourette said, noting the company recently decided to add about 1,100 jobs. Chieffe could not be reached for comment Thursday.⁴

"It is too bad that Chieffe could not be reached for comment, because LaTourette's constituents might have learned that his company already imports plywood from Central America duty-free under current trade law – for decades," Wallach said.

Eight pages of the Harmonized Tariff Schedule of the United States (HTSUS) detail dozens of varieties of plywood products distinguished by thickness of their plank and other qualities. The HTSUS lists the duty levied on plywood imports from countries with which the United States has "normal trade relations" (or a "general rate of duty") and "special" trade relations, as well as the duty applicable to products from other countries – such as Cuba and North Korea – that are under U.S. trade embargoes. All these varieties of plywood have one thing in common: They are duty-free when imported from Central America and the Dominican Republic into the United States under CBI/CBERA provisions (considered a "special" trading relationship in HTSUS parlance).⁵

"The Bush administration and the pro-CAFTA business leaders in Rep. LaTourette's district may have willfully or accidentally misled him on the merits of CAFTA's plywood provisions," Wallach said. "But the liability for not knowing the specifics of what he was voting on – and thus for the damage CAFTA will wreak on Ohio's 14th District – lies entirely with LaTourette. In retrospect, LaTourette may wish he *had* at least received a bridge or dam for his CAFTA vote, because the basis he now relies on for supporting CAFTA does not exist in any shape or form."

When asked about these facts, a spokesperson from the U.S. Trade Representative's Office responded that CAFTA would make the current duty-free status for plywood imports permanent. But the 2000 amendments to the CBI program already made the duty-free status – and indeed the entire CBI program – permanent. "Thus, there is not the thinnest reed on which Rep. LaTourette can explain his flip-flop on CAFTA," Wallach said.

"Rather than listening to the workers whose actual jobs are at stake – workers who are uniformly opposed to the expansion of NAFTA to Central America – Rep. LaTourette chose to listen to CEOs who threatened him with fictitious doomsday scenarios of a loss of 'economic viability,' " said Wallach. "For cynical business leaders and the Bush administration, it may not matter whether the fig leaf they offered LaTourette as cover for a bad CAFTA vote is based on truth or not. Angry voters in his district, where the Department of Labor has certified nearly 1,500 workers as having lost their jobs due to trade during the NAFTA decade, are not likely to be as complacent about the truth of LaTourette's misguided CAFTA vote."

Background:

Public Citizen's Global Trade Watch has studied more than 90 deals taken by members of Congress for trade votes during the period 1992-2004, and found that more than 80 percent of promises on such deals were not kept or were reversed by subsequent events. We divided these deals into pure pork barrel promises, of which 70 percent were broken; and ameliorative policy fix promises, of which 90 percent were broken. For our full report, "Trade Wars – Revenge of the Myth: Deals for Trade Votes Gone Bad," please visit <http://www.citizen.org/documents/tradewars.pdf>.

¹ Bureau of Labor Statistics, Current Employment Statistics Survey, All Employees, Manufacturing Super Sector.

² Elizabeth Auster and Stephen Koff, "LaTourette switches allegiances, votes for trade pact," *Cleveland Plain Dealer*, July 29, 2005.

³ Ibid.

⁴ Ibid.

⁵ "Heading 4412: Plywood," Harmonized Tariff Schedule of the United States (2005) – Supplement 1, at IX, 44-15 through 44-23. CBERA is denoted by the letter "E" in the special rate of duty column of the HTS.