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FREE TRADE

FTAA negotiators build on lean frame

Five proposals are on the table in Puebla for minimal trade commitments, but disagreements are still hindering progress toward an FTAA.

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PUEBLA, Mexico - Faced with the task of fleshing out the bare-bones trade accord reached in Miami last fall, regional trade negotiators have discovered that minimal commitments are becoming new stumbling blocks on the long road to a commercial pact.

The joke making the rounds at the weeklong negotiations for the proposed Free Trade Area of the Americas is that the bargaining floor is so low that it could be called the basement.

"This agreement is increasingly minimalist," said Joao Vaccari Neto, secretary of international relations for the Workers Central, or CUT, the largest Brazilian trade coalition, at the talks as an observer.

IDEAS ON THE TABLE

On Tuesday, the deputy trade ministers placed on the table five proposals for the minimal commitments that each of the 34 countries in the talks would need to make to be a member of the FTAA. Any deeper commitments in trade and investment could be negotiated among smaller groups of nations.

On Wednesday, they were still trying to find common ground, although most delegates paused at midday for a luncheon and show sponsored by Trinidad and Tobago, whose capital, Port-of-Spain, is one of the locations competing with Miami to land the accord's permanent secretariat.

While there are substantial areas of agreement in the proposals, copies of which were obtained by The Herald, the areas of disagreement are stalling the negotiations.

For developing countries, the key goal is access to sensitive U.S. agricultural markets. U.S. businesses, meanwhile, want to tap into lucrative service sectors or have new rules for foreign investment in Latin America's biggest country, Brazil.

Insiders acknowledge that finishing the ambitious agenda by Friday will be difficult. The officials must agree on a negotiation road map for a ground-floor agreement as well as on how to proceed with the separate, smaller, deals.

'STERILE DEBATES'

One negotiator called the minimal level of ambition reflected in the U.S.-led proposal -- which, in turn, reflects what came out of Miami -- an attempt to end "the sterile debates" that have blocked progress for years.

But the Brazilian negotiators objected to the lowered ambitions in opening the U.S. market in particular. In telling language, the U.S.-backed proposal says that, rather than "everything" being up for negotiation, "substantially everything" will be negotiated.

While not explicitly stated, negotiators said, this would mean that such politically sensitive sectors as Canada's dairy industry or Florida's citrus crops would not be slated for tariff reduction under this agreement.

NO ACCESS?

But for a group of 14 other countries in the hemisphere led by the United States, the sticking point lies in whether

Brazil and its Mercosur neighbors of Argentina, Paraguay and Uruguay will grant access in finance, insurance and other services and relax rules for foreign investment.

Whatever the differences among the 34 nations, a number of trade negotiators and advisors gathered in Puebla agree that the Miami decision to lower the ambitions of the pact is now haunting them.

"The FTAA that is possible is not going to achieve economic integration, but it is more like an economic version of the Organization of American States," said chief Brazilian negotiator Luiz Filipe Macedo Soares in an interview.

"What happened in Miami was that they swept the dust under the rug," said Pedro de Camargo Neto, an advisor to the Brazilian negotiating team. "It's difficult for the deputy trade ministers to solve what the ministers couldn't solve."