

U.S. to Seek 14-Country Trade Deal Within FTAA
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By Doug Palmer

WASHINGTON (Reuters) - U.S. trade officials said on Saturday they planned to negotiate a high-level trade agreement with 13 other countries in the Americas, after efforts to craft a free trade pact covering 34 countries in the Western Hemisphere suffered a setback this week.

A U.S. trade official, speaking on the condition he not be identified, said the United States hopes the negotiations among the 14 countries would spur Brazil and other members of the Mercosur trade bloc offer more concessions in the 34-nation Free Trade Area of the Americas talks.

FTAA negotiators meeting in Puebla, Mexico, this week were unable to agree on a framework for moving the negotiations forward. But rather than declare the meeting a failure, they decided on Friday to "suspend" it and return to the resort town in early March for another stab at reaching agreement.

The FTAA negotiations, which the United States still hopes will conclude by January 2005, took a complicated turn in December when top trade officials from the 34 nations agreed in Miami on a two-pronged approach for concluding the deal.

The new approach crafted by the United States and Brazil abandoned the idea of crafting a single high-level agreement covering all nine areas of the negotiation, including agriculture, manufactured and consumer goods, services, investment, government procurement and copyright protections.

Instead, they agreed on an approach that requires all 34 countries to agree on a minimum level of commitments in the nine negotiating areas, but allows countries that want to do more in some areas to negotiate separate pacts to do that.

The Puebla meeting was intended to further define the "balanced and common set of rights and obligations" that would apply to all 34 countries and to outline procedures for countries to negotiate higher-level pacts.

Instead, the U.S.-led group of 14 countries insisted that Mercosur's demand for low levels of ambitions in services, government procurement and intellectual property rights protection be matched by similarly modest goals in agriculture and goods, the U.S. trade official said.

"We're willing to negotiate on every item, but frankly if we're not going to get anywhere near significant improvement in market access for services, why should we be expected to give everything on market access for merchandise?" he added.

Negotiators were unable to resolve that impasse, but the United States and 13 other countries that make up the bulk of Western Hemisphere trade did agree to launch higher-level talks that will cover market access, services, government procurement and investment, the U.S. official said.

Those negotiations are expected to begin after the resumed Puebla meeting in March. The other countries are Canada, Mexico, Guatemala, El Salvador (news - web sites), Honduras, Nicaragua, Costa Rica, Panama, the Dominican Republic, Colombia, Ecuador, Peru, Chile, the U.S. official said.