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## U.S. Trade Exec Urges Mercosur Flexibility

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In extremely blunt terms, the top U.S. trade official said Brazil, Argentina, Paraguay and Uruguay must be more flexible in negotiations aimed at creating a 34-nation **free trade** agreement spanning the Americas.

The countries, which make up the Mercosur bloc, have so far put up stiff resistance to key issues needed to break a deadlock over the formation of the zone, U.S. Trade Representative Robert Zoellick said Thursday at the Asia-Pacific Economic Cooperation forum.

Zoellick warned that the Mercosur countries risk being isolated as a group while the United States clinches one-on-one and regional **free trade** agreements with a host of other Latin American countries.

"You have to give to get and I think we have seen in some of those negotiations Brazil and some of the Mercosur countries have not yet been ready to do that," Zoellick said.

While the comments represented what experts have long suspected about the U.S. position on the FTAA talks, Zoellick's tone was unprecedented, said C. Fred Bergsten, director of the Institute for International Economics in Washington.

"He really dumped on them," Bergsten said

Brazil is co-chairing FTAA negotiations with the United States over the zone that would stretch from Alaska to Argentina.

But talks stalled this year over Brazilian demands for the world's most powerful economy to cut agricultural trade barriers and U.S. insistence on concessions in service industries - such as banking, telecommunications and transport - and enforcement of intellectual property rights.

Zoellick suggested Mercosur's recent failure to clinch a **free trade** agreement with the European Union is another sign that Brazil and its partners need to be more flexible at the bargaining table.

Chile and Asian countries have been willing to open up their service industries, Zoellick said, allowing them to grow.

As for intellectual property, he said some of the Mercosur nations first balked at setting higher standards for intellectual property rights and then were not willing to enforce existing laws covering patents, copyrights and anti-piracy.

"At least we have to enforce the current laws," he said. "Well, some of the countries were not ready to say they would be willing to have enforcement of intellectual property."

The United States has a **free trade** deal with Chile and is negotiating trade agreements with Colombia, Ecuador and Peru. The Central American **Free Trade** Agreement, or CAFTA, has been finalized and is awaiting approval in the U.S. Congress.