

Bush Election May Pave Way for Americas Free Trade Talks

Nov. 3 (Bloomberg) -- U.S. President George W. Bush's election to a second four-year term paves the way for the resumption of negotiations for a free trade agreement spanning the Americas, Latin American diplomats and executives said.

“The focus will now be the negotiations for the FTAA,” the acronym for the U.S.-proposed Free Trade Agreement of the Americas, Rubens Barbosa, a former Brazilian ambassador to the U.S. who runs foreign trade consulting company in Sao Paulo, said in an interview. “These negotiations will be revived.”

The run-up to the U.S. election stalled talks for at least six months on easing commercial barriers on trade from Alaska to Patagonia to create a trading area with 800 million people and a combined economy of \$13 trillion.

Brazilian exporters such as steel producer Gerdau SA are counting on the free trade agreement to help lower tariffs and increase sales in the U.S. Mexican exports to the U.S. have tripled since the country signed the North American Free Trade Agreement with the U.S. in 1993.

“We have known Bush for his first four years, and Brazil is already looking into how we can have better trade relations,” said Frederico Johannpeter, vice-president of Gerdau, Latin America's largest steelmaker, on a telephone news conference from Porto Alegre, Brazil. The company has acquired companies in the U.S. as a way of getting round barriers to Brazilian exports.

‘Open Markets’

“In principle, the Republicans are more open in their economic policy and, they generally want to open markets up to the maximum when it comes to competition,” Johannpeter said.

In Mexico, President Vicente Fox said he wants to work with Bush to help establish a better immigration policy that's “respectful of rights of Mexican migrants,” according to Fox's press office. Fox said he's committed to working with Bush also to better cooperation on issues of improving security, fighting organized crime and terrorism and boosting economic growth.

In terms of free trade, the U.S. also signed a bilateral agreement with Chile in 2003 and in January completed talks with five Central American countries. The U.S. is in negotiations for a free trade accord with Andean nations including Colombia and Peru.

Agriculture

U.S. barriers to agricultural imports such as Brazilian sugar will be a stumbling block for progress on a boarder free trade agreement, said Christian Lohbauer, manager of international relations at the Sao Paulo Industrial Federation.

Brazilian Foreign Relations Minister Celso Amorim may find it easier to work with Bush than Democratic Senator John Kerry, who conceded defeat today after yesterday's election, Lohbauer said.

For countries such as Brazil, it's important to press ahead on free trade talks as the U.S. signs bilateral agreements, including an accord with Chile in 2003, said Lohbauer. Brazilian companies risk losing out as other countries in the region negotiate with the U.S. to lower trade barriers, he said.

``We've seen the benefits of the opening in Mexico over the last five or six years and in Chile, where they have developed a bilateral free-trade agreement with the U.S.," said Gerdau. ``All of that shows that it might be a good moment for Brazil to open up more to the U.S. in terms of trade."

The U.S. is Brazil's biggest trade partner, consuming about 22 percent of the country's exports.

Orange Juice

U.S. trade barriers on Brazil include duties on orange juice, subsidies for domestic ethanol and meat producers and quotas for imports of sugar from the country, the world's biggest producer, according to the development, industry and foreign trade ministry in Brasilia. Since U.S. sugar quotas were introduced in 1982, Brazilian exports have dropped 60 percent, the ministry said.

Brazil needs to show a willingness to reduce barriers on services and manufactured goods talks on a free trade area to progress, Peter Allgeier, deputy U.S. trade representative, said via video-link to business people in Rio de Janeiro last month.

``If the U.S. and the other countries are to make deep cuts in our support and significant openings in our markets it will be necessary for other countries to do the same," he said. "For Brazil this means significant market access."

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