

US Latin America trade policy under scrutiny

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By Adam Thomson in Buenos Aires

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As residents in Buenos Aires and the Argentine seaside resort of Mar del Plata spent their Sunday scrubbing off graffiti and boarding up smashed shop fronts left by anti-Bush protesters officials taking part in the weekend's Summit of the Americas were left trying to put a brave face on things.

Rafael Bielsa, Argentina's foreign minister, told journalists that his government "is satisfied with the result of the summit". He added that the 34 countries taking part had approved "the entire document that was being negotiated", and had "removed the obstacles that stood in the way of defending decent jobs and tackling poverty".

On the surface, Mr Bielsa can claim some success. After all, the main theme of the summit was meant to be about creating jobs to combat poverty and strengthen the ability to govern democratically. The summit's final declaration, for example, states that the 34 heads of state "reaffirm our commitment to tackling poverty, inequality, hunger and social exclusion".

Yet for all the reassuring words in the declaration, the region's leaders failed to agree on what rapidly emerged over the weekend as the most important subject: trade.

President George W. Bush's administration had seen the summit as an opportunity to revive the ailing Free Trade Area of the Americas (FTAA), a US-led initiative originally proposed in 1994 to create a free trade zone stretching from Alaska to Tierra del Fuego.

In particular, it wanted to undermine the fierce resistance to the FTAA from Venezuela, where President Hugo Chávez rejects outright the free trade initiative on the grounds that it is a US imperialist device to assert control over the region and subjugate its people.

In a press conference on Saturday night, for example, the radical Mr Chávez said that talking of a "balanced and comprehensive FTAA", some of the wording included in the final declaration, was "like talking of a kind-hearted assassin".

The US also wanted to win over Mercosur, the South American customs union comprising Brazil, Argentina, Uruguay and Paraguay. These countries, whose agricultural sectors are highly competitive, say they are in favour of free trade in principle but will not negotiate the FTAA until the US dismantles the generous subsidies it hands out to its farmers.

Ultimately, its efforts were in vain: days of pre-summit technical meetings - and a plenary session of presidents on Saturday that dragged on so long that a formal lunch had to be scrapped - failed to break the deadlock. Indeed, presidents from the 34 countries

narrowly avoided total failure only after striking an eleventh hour agreement to include two paragraphs on FTAA that spell out the opposing views underlining that 28 countries, including Canada, Chile and Mexico, support the US drive to establish firm dates to commence FTAA negotiations.

Néstor Kirchner, Argentina's populist president, called the debate "hard", and said that Mercosur "fought with dignity till the last" to resist US and Mexico over FTAA.

Analysts say one result of the failure to agree on trade is an inevitable strengthening of Mr Chávez's claim that "the FTAA is dead". It will also doubtless increase his influence in the region. The Venezuelan leader sits on the biggest hydrocarbon reserves in the hemisphere, and he has used the windfall from high oil prices to buy allies.

The second result, they say, is that it leaves in tatters the US's only policy towards a region that has become deeply divided on trade issues - the original centrepiece of the Summits-of-the-Americas process.

"The big consensus item 11 years ago has completely fallen apart. The question is will the US now turn away from Latin America or will it redouble efforts to rebuild the trust that has dissipated?" says Michael Shifter at Inter-American Dialogue, a Washington-based think tank.