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Watered down? A fear at sit-down

As the hemisphere's deputy trade ministers meet in Mexico, some voice concern over what they see as acceptance of a less-ambitious vision.

BY JANE BUSSEY

PUEBLA, Mexico - Crucial negotiations for crafting a hemispheric trade bloc got underway Tuesday in Mexico, but the proposals under discussion were so limited in scope that some observers said they bore little resemblance to the original plan to open the Americas to free trade.

Deputy trade ministers from 34 countries -- the hemisphere minus Cuba -- plan to negotiate for four days in this colonial city southeast of the Mexican capital, hoping to iron out details of a scaled-back accord reached when trade ministers met in Miami in November.

But Pedro de Camargo Neto, a former Brazilian trade negotiator now with the Sociedad Rural Brasileira, said the U.S. proposal on the table wouldn't give Brazil more market access in such key areas as agriculture.

"There is no trade involved," he said.

Still, in their opening statements, negotiators were more upbeat, saying they hoped to tackle both substance and procedure while in Puebla, the temporary headquarters for the proposed Free Trade Area of the Americas.

"We are leaving behind the impasse that has impeded more significant advances in the construction of a hemispheric free-trade area over the past two years," said Adhemar Bahadian, a senior Brazilian Foreign Ministry official and co-chairman of the talks, along with Deputy U.S. Trade Representative Peter Allgeier.

U.S. negotiators have said everything is on the table, but some observers see the Puebla proposals as limiting the once-ambitious scope of the FTAA.

In fact, in a draft proposal from Canada, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and the United States, many items were left off the table.

Among the controversial items is a proposal to eliminate tariffs for

"substantially all [agricultural] trade," rather than all tariffs on agricultural products. Critics say that gives the United States wiggle room to keep agricultural access off the table for citrus, soybeans and other crops in which Brazil and Argentina are competitive.

The proposal also would allow agricultural safeguards, a trade remedy that lets affected industries call for renewed tariffs when import surges overwhelm their sectors.

Such agreements are opposed by foreign exporters and strongly supported by U.S. industry. Currently, they are being used against ballooning Chinese apparel imports that are crushing the American textile industry.

There are three tasks before the negotiators as they try to deliver a final agreement by the end of this year:

- * Agreeing on a set of "common rights and obligations."
- * Formulating day-to-day instructions on how to proceed in each of the negotiating areas.
- * Establishing procedures to negotiate "agreements within the agreement," a compromise, hammered out in the Miami summit, that allows some countries to eschew parts of the deal while others go forward with them.

Jettisoned in the Puebla proposals is a controversial chapter in the North American Free Trade Agreement that permits corporations to sue governments directly when they feel that their right to make a profit has been affected by environmental or other government regulations. Brazil has refused to consider the proposal.

In another retreat from a broader agreement, the proposals would only open up a limited number of sectors to new foreign-investment rules and to access for trade in services.

There also will be no discussions here of the site for the permanent headquarters for the proposed FTAA. Instead, Miami and 10 other cities vying for the secretariat are to submit written proposals by March 1.