

November 20, 2004
FTAA | ONE YEAR LATER

Stalled trade negotiations

The Miami compromise has gone nowhere and negotiators want to fix the Free Trade Area of the Americas process

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A year after a hectic hemispheric trade summit in Miami -- crowned by a political compromise to keep the proposed Free Trade Area of the Americas on track -- regional trade negotiations have gone nowhere and key countries are straining to revamp the process.

The Miami ministerial meeting, which jammed the city with thousands of trade officials, business executives and protesters, ended on a upbeat note a year ago today. The process has entered a new and final phase, U.S. Trade Representative Robert B. Zoellick said at the closing ceremony.

But since then, momentum for a hemisphere-wide trade alliance among 34 nations has stalled, and regional trade negotiators have not even met since February. They will miss a year-end deadline to wrap up the trade and investment treaty.

"These negotiations are reduced to the point of charade," said Peter Morici, a professor at the University of Maryland.

Still, supporters of the FTAA -- including those working to win the permanent headquarters for the proposed trade pact for Miami -- are hopeful they can get the process out of hibernation.

President Bush's election victory ended uncertainty over the next four years in Washington. And even Zoellick may continue in his post for another six months to a year to finish up pressing

business, according to a number of trade experts in Washington.

"We still think that getting free trade in the hemisphere is to all of our interests and we remain committed to the goal," said a senior U.S. trade official.

Some trade experts insist this will mean returning to the drawing board but no clear plan has emerged to break the deadlock and revive talks.

There is some hope, that a revival of global trade negotiations in the World Trade Organization in July could give impetus to the regional trade alliance effort.

But political trends in the region don't bode well.

POLL WATCHING

"What has been interesting has been watching politics stall everything," said Mark Ritchie, president of the Institute for Agriculture and Trade Policy in Minneapolis.

Although five Central American countries inked the Central American Free Trade Agreement with Washington nearly a year ago, the Bush administration has been waiting for the political climate to improve before sending it to Congress.

"In general in the region, things have come off the rails for the U.S. trade agenda," said David Waskow, director of international programs at Friends of the Earth in Washington. "Countries now are waiting to see what happens in the WTO."

Brazilian Foreign Minister Celso Amorim said in a recent speech that global trade talks in the World Trade Organization are his country's main priority.

Despite the languishing talks, local officials continue to press Miami's efforts to become the permanent secretariat for the FTAA, with lobbying tours to Latin American and Caribbean capitals by Florida FTAA President Jorge Arrizurieta and others.

Arrizurieta predicted recently that Miami could soon land a long-coveted endorsement -- Washington's vote as its choice for the secretariat site.

The FTAA's dormancy today contrasts markedly with activity a year ago, when the city brimmed with 1,500 trade officials, nearly 1,000 regional business executives, 2,500 police officers and 10,000 demonstrators.

Community leaders, along with trade officials, bubbled with enthusiasm last year when the scores of talks and meetings and dozens of chic soirees ended without being upstaged by the heavy police presence. Police virtually closed down the center of the city and clashed with protesters, but the official meetings at the Hotel InterContinental continued uninterrupted.

Taxpayers picked up the \$24 million bill for security, while the private sector, citing business gains for South Florida, contributed \$1.6 million of the \$3.6 million it cost to organize FTAA events.

But Morici, a former chief economist for the International Trade Commission, predicted a year ago that the FTAA process would stumble because the agreement made in Miami -- dubbed FTAA lite or á la carte -- had no meat.

Negotiators did not, for example, decide what issues would be on the bargaining table nor did they spell out procedures to finalize an accord. That would have required making tough political choices -- such as enacting Florida and Midwest agricultural subsidies and tariffs or opening Brazil's financial sectors to foreign investment on the table.

The Miami meeting ended without any way to hold a country's feet to the fire on trade, Morici and others said.

So when deputy trade ministers met for the first follow-up meeting in Puebla, Mexico, in February they could not agree on how to blend Brazilian-led demands with those of the United States. By June, both countries dropped efforts to reach a compromise and turned their attention to global trade talks in the WTO and bilateral trade pacts.

TOO HEAVY

Marcos Sawaya Jank, president of the Institute for International Trade Negotiations in Sao Paulo, said the idea of a weighty FTAA -- the most ambitious trade accord ever to be undertaken -- was just too heavy.

But the FTAA á la carte approach, which means each country can pick and choose how they want to join in, turned out to be too nebulous, he said.

Still, Jeffrey Schott, senior fellow at the Institute for International Economics in Washington, said there is hope that a new FTAA deal could be forthcoming.

Originally the next trade ministers' meeting was to be held this month in Brazil, but it has been delayed.