

Mexico FTAA talks hit bumps in race for Jan accord

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By Pav Jordan

PUEBLA, Mexico (Reuters) - Talks between Western Hemisphere nations to reach a free trade pact of the Americas ahead of a January deadline started to hit snags Wednesday, raising doubts about whether they would succeed.

Participants at the meeting in Mexico's colonial city of Puebla said talks were likely to go down to the wire on Friday, when delegates from 34 nations are supposed to emerge from a week of meetings with a plan to seal a Free Trade Area of the Americas (FTAA) agreement by January 2005.

"It is still very early to say, we've done it, we've finished," Mexican trade negotiator Fernando de Mateoa told Reuters on the sidelines of the meeting to map out a path to agreement by the January deadline.

Areas of contention, specifically between the South American Mercosur bloc of nations and a group of 13 nations led by the United States, Mexico, Canada, Chile and Costa Rica, include market access, agriculture, investment and services.

Negotiations were headed for trouble ahead of this week's talks when some countries, including the United States, pushed for a more comprehensive agreement while others, particularly Brazil and Argentina, worried about giving up too much to U.S. interests.

Most of the debate is revolving around competing proposals from the U.S.-led group and Mercosur.

The meeting surprised onlookers by beginning on a positive note, with delegates from participant countries relaxing their demands and signaling a common desire for compromise, with each supplying modified draft proposals to shape the nitty gritty aspects of the pact.

Participants said on Wednesday, however, that the desire for compromise was not equal on all sides.

"The group of 13 has lowered its ambition in market access and in agriculture and in everything (to reach a compromise)," a participant at the talks said on condition of anonymity.

"The Mercosur paper, on the other hand, is uneven. It has lowered ambitions everywhere but in market access and in agriculture, where it is very ambitious," he said.

The participant said the two main groups were also in disagreement over procedures for plurilateral negotiations in the so-called second tier of FTAA negotiations, where members pursue deeper trade commitments from one another.

"They (Mercosur) want to have their cake and eat it too in both process and substance," he said.

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