

## **Brazil says FTAA differences with U.S. deepening**

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WASHINGTON (Reuters) - The United States Friday signaled to Brazil its intention to exclude some agricultural products from the Free Trade Area of the Americas, or FTAA, in a move that could further derail the troubled trade pact, a top Brazilian official said.

Adhemar Bahadian, the co-chair of the FTAA process together with the United States and a lead negotiator for Brazil, said Washington brought up market access issues on agriculture that he thought had been resolved in earlier discussions.

"In the meeting we held today, I had the unpleasant and sad surprise to find out that issues related with agriculture continue to cause problems on the American side," he told journalists in a press conference at the Brazilian embassy.

Bahadian held a round of discussions with his counterpart at the U.S. Trade Representative office, Peter Allgeier, in an effort to comply with a Jan. 1, 2005, deadline to reach an agreement, a date that most analysts say countries will be hard-pressed to meet.

The FTAA process, which could potentially create a single market with 800 million consumers, was launched amid much fanfare almost a decade ago, but talks have bogged down over agricultural and service sector issues.

Bahadian bluntly said the United States had made new demands that were "unpleasant" and a "surprise."

He said it was "particularly disturbing" that U.S. negotiators had signaled for the first time that some agriculture products would be excluded altogether from the FTAA.

Under FTAA rules, countries can opt to place their most sensitive products on a 10-year track to zero import tariffs. Now the United States wants some products taken off even that slow-track option.

"For the first time in many years, the Americans question the possibility of accepting" the 10-year option, which "signifies that there could be products that never come to the zero tariffs," he noted.

Bahadian did not identify the products the United States wanted to place off-limits to the FTAA, but in the past both sides have quarreled over sugar, cotton and orange juice.

These differences come on top of Brazil's traditional objections over U.S. domestic agricultural subsidies, which Brazil says distorts prices on international markets and hurts its farmers.

Negotiators agreed to meet again June 2, in Buenos Aires.

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