

US-Southern Africa free trade pact seen unlikely

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By Gordon Bell

CAPE TOWN - The United States and Southern African nations are unlikely to clinch a free trade agreement but will continue talks at a lower level, South Africa's trade minister said on Thursday.

Washington began formal talks with South Africa and four of its neighbors in 2003 on a trade agreement to give them more access to the world's wealthiest economy.

But little progress has been made in almost three years and negotiators failed to break the impasse in discussions in April, raising fears a deal would not be possible.

"I think that it has become clear to both sides that in terms of the comprehensiveness of the U.S. approach to the free trade agreement, it is very difficult to achieve movement," Mandisi Mphahlele, South Africa's minister of trade and industry, told Reuters.

"There is a desire to continue negotiating but perhaps at a lesser level," he said in an interview on the sidelines of the World Economic Forum Africa summit in Cape Town.

The Southern African Customs Union (SACU) says it cannot meet U.S. government demands on issues like intellectual property, government procurement and investment.

It has called for greater flexibility given the different economic and development levels of the five member countries, a concession the United States has rejected.

Washington has said all free trade agreements must meet its high standards for such pacts.

"It hasn't broken down but I think after a lot of talking it's probably becoming clear that it is difficult to reach the kind of agreement the U.S is looking for," Mphahlele said.

The SACU links South Africa, and its neighbors Botswana, Namibia, Swaziland and Lesotho -- countries that already have duty-free access to the U.S. market for most of their exports under the African Growth and Opportunity Act (AGOA).

The laws governing the customs union do not allow for South Africa, which is more able to meet the U.S. requirements, to negotiate its own deal.

OPTIMISTIC ON DOHA

Mpahlwa also said South Africa remained "cautiously optimistic" the developing world would secure an agreement by July on agriculture and trade issues to wrap up World Trade Organization (WTO) talks.

"The problem with the Doha process right now is not that we are not making progress but that we are making slow progress."

The Doha Development Agenda was launched in late 2001 by the 149-member WTO to lower trade barriers to boost the global economy and lift millions out of poverty.

But the talks have made little progress amid bickering between nations on who should move first to open farm or manufacturing markets.

Mpahlwa said negotiations over the past few months were dealing with actual numbers, detailing real cuts in tariffs and opening market access which was a process that was, by its nature, slow.

"The progress may not be so evident because a lot of it is backroom work," he said.