

US sees UAE trade deal soon

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WASHINGTON - The United States hopes to clinch a free trade deal with the United Arab Emirates within a few months, despite a political firestorm which unraveled a deal to let a Dubai firm manage U.S. port terminals, U.S. Trade Representative Rob Portman said on Tuesday.

Portman told Reuters the furor that forced state-owned Dubai Ports World to announce last week it would sell recently acquired U.S. port operations would not prevent the two countries from reaching the trade accord.

The planned ports deal had triggered a broad uproar among Republican and Democratic lawmakers who said it would undermine security. Amid media reports that Dubai Ports World might not relinquish control of its U.S. assets, the company insisted on Tuesday it would sell them to a U.S. buyer.

Referring to the free trade talks, which were suddenly postponed last week after the ports deal collapsed, Portman said, "We intend to continue that discussion and we hope to conclude a free trade agreement within the next few months."

"The people I've talked to in the UAE understand that this (the ports controversy) is a security issue. It's not a trade issue. And I think they understand the politics of it," he said.

Sen. John Kerry, a Massachusetts Democrat, had made port security an issue in his unsuccessful 2004 bid to unseat President George W. Bush, and many lawmakers have pressed similar concerns in their own campaigns for the midterm elections in November, Portman said.

"It was a raw nerve already," he said. "Frankly, the United Arab Emirates sort of got caught in that."

LINGERING CONCERNS

Portman spoke amid lingering congressional concerns about the Dubai ports deal, and fresh efforts in Congress to plug loopholes in the vulnerable U.S. ports sector.

New York Democratic Sen. Charles Schumer urged Dubai Ports World to provide more details about its plans to sell off its U.S. assets, and said he would push legislation to force a sale if necessary.

A DP World spokesman told Reuters the company would issue a statement on Wednesday "in which we clarify that the intention to transfer (our U.S. assets) means to sell to a U.S. buyer, and we will explain more tomorrow in a statement that will include the approximate timeline, legal and financial advisers and other details."

Rep. Jane Harman, a California Democrat, announced a bipartisan bill to strengthen security at U.S. seaports, saying "The Dubai debacle was a wake-up call."

Rep. Dan Lungren, a California Republican, said the additional security measures would cost about \$4 billion over five years.

The United States and the UAE have been working on a free-trade pact since March 2005 and had originally been scheduled to hold their fifth round of talks this week in Abu Dhabi.

Trade between the United States and the UAE amounted to \$10 billion in 2005, making it the third-largest U.S. trading partner in the Middle East behind Israel and Saudi Arabia.

Portman said he had talked with UAE Foreign Minister Sheikh Abdullah bin Zayed al-Nahayan and both countries were committed to continuing the trade talks, which are part of a broader U.S. effort to forge a regional free trade area in the Middle East by 2013.

The United States already has free trade pacts with Israel, Jordan, Morocco and Bahrain. The U.S. Congress is expected to vote on an agreement this year with Oman, which borders the UAE.

(Additional reporting by Andy Sullivan, Tom Ferraro and Caroline Drees)

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