

Americas free-trade-zone efforts stalled

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THE WASHINGTON TIMES
September 18, 2004

Efforts to create a hemispherewide free-trade zone are stalled, and trade officials have all but abandoned an end-of-month deadline for an agreement to open markets.

The Western Hemisphere's democracies in November agreed to an outline for the Free Trade Area of the Americas, a far-ranging pact that would cover 34 nations with 800 million people and \$13 trillion in economic output.

One of the few concrete goals set in November was a Sept. 30 deadline to conclude negotiations on "market access," which includes elimination of trade barriers.

"We have said for some time that this deadline was challenging and since it's only two weeks away, it does not look achievable," said a U.S. trade official, who asked not to be named.

FTAA talks also have an end-of-year deadline for the entire pact. The trade official would not dismiss the deadline but acknowledged that meeting it would be "a challenge."

Since the November meeting in Miami, the 34 countries have failed to significantly advance the FTAA, a centerpiece of U.S. economic policy for the hemisphere.

The United States and Brazil especially are at loggerheads. The two nations are co-chairmen of the current phase of negotiations and met several times earlier this year to try and break the impasse but did not succeed.

The Bush administration is linking lower trade barriers to a commitment from other nations to protect products from piracy and create rules that help investors. Brazil is hesitant to change its laws governing piracy and investment, but still wants lower trade barriers, especially for its agricultural products.

Deputy U.S. Trade Representative Peter Allgeier is scheduled to travel to Brazil next week to meet with Brazil's undersecretary for economic affairs, Clodoaldo Huguene, but Mr. Huguene is not responsible for FTAA negotiations.

Instead, the two officials are scheduled to discuss bilateral-trade disputes, including piracy of music, movies and software, and Brazilian exports of shrimp and beef.

The United States and Brazil the past two years have repeatedly sparred over trade issues. The low point came in September after World Trade Organization talks collapsed, and the Bush administration blamed Brazil and other developing nations for the debacle.

The United States and Brazil patched up their differences in November when they put together the outline for FTAA talks, and last month U.S. Trade Representative Robert B. Zoellick singled out Brazil for a constructive role in righting WTO talks.

But the two nations still have fundamental differences on the FTAA and different interpretations of the November agreement. The outline, while allowing leaders to declare success at a regional summit, purposely left vague "a common and balanced set of rights and obligations applicable to all countries."

The United States, meanwhile, has set its sights on a series of bilateral free-trade agreements that cover much of the hemisphere.

"This is a validation of our strategy to not put all of our eggs in one basket. We have been opening markets throughout the hemisphere with our bilateral agenda," said Richard Mills, Mr. Zoellick's spokesman.

Within the hemisphere, the United States has free-trade agreements with Canada, Mexico and Chile, and the Bush administration completed free-trade negotiations with Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic.

The administration also has started talks with Panama, Colombia, Ecuador and Peru.