

Free Trade Area of the Americas

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The Miami FTAA Ministerial Meeting

The upcoming FTAA Ministerial in Miami is the 8th in a process that was launched in the same city at the first Summit of the Americas in 1994. The FTAA process is fundamentally distinct from other Summit initiatives, where political declarations have the ability to paper over fundamental differences of opinion among the participating countries. The FTAA – if and when completed – will be a binding commitment that regulates certain economic rights, with disagreements subject to some form of impartial dispute settlement.

For the participating countries, the FTAA represents one of the means by which economic development and poverty alleviation can be addressed in this hemisphere. For them, it does not represent a single, all encompassing measure guaranteeing economic growth and balanced benefits, but it is better than anything else that is on the table. Failure, however, to redress some blatant imbalances have left large portions of the population skeptical at best and in outright opposition at worst. Governments should heed that warning. ■

EDITORIAL A Back up Plan for the FTAA

Donald R. Mackay

The divisions inherent in the FTAA are becoming more visible even if they are not particularly more pronounced than during earlier periods of the negotiations. What is different is that time is quickly running out on a process in which much has been achieved, but in which much remains to be done. The agreed deadline – and consensus decisions can only be changed by consensus – is December 2004.

With time running out, four broad views have emerged among the participants. A sub-set of the fourth is also at play, and although not widely articulated, must to be addressed for political reasons.

Brazil and it's dwindling number of supporters want to pursue an agreement focused on market access in goods and to put off for later "rounds" issues like investment, services, procurement and intellectual property. The United States wants to pursue a "comprehensive" agreement, but one in which it gets to define "comprehensive" in a way that excludes real disciplines on

agricultural subsidies and any meaningful attempt to address trade remedies (anti-dumping / countervailing duties). A third group would pursue a more robust agenda than that of the US, addressing both trade remedies and agricultural disciplines (albeit because they have limited means to subsidize their own agriculture).

A fourth view is maintained by the Caribbean Common Market

Americas Trade and Sustainable Development Forum

A two-day forum, dubbed the ATSDF, will convene prior to the Ministerial in Miami. The event will feature workshops, panels, roundtables and other activities within “thematic tents”. The themes deal with a broad range of political, social and economic issues related to trade in the Americas, and in many cases, run parallel to the content of official negotiations. The thematic tents are on agriculture, environment, participation and access, transparency, investment, democracy and human rights, smaller economies, sustainable livelihoods, and knowledge and intellectual property rights. Key to the concept of the ATSDF is the opportunity for interactive discussion between trade ministers and representatives from non-governmental organization. A final roundtable, attended by all 34 ministers and NGO delegates, will take place on the last day of the forum and on the eve of the start of the FTAA Ministerial.

The opportunity for direct dialogue in Miami arose from a series of discussions, following the FTAA ministerial in Quito a year ago. Many civil society organizations saw a need to open up an even greater public space for dialogue within the Ministerial (inside the “security perimeter”) to make public input more meaningful, interactive and organic.

This first ATSDF is largely the effort of a core organizing and sponsoring group of non-governmental organizations from several countries throughout the Americas, with experience in coordinating civil society involvement at FTAA ministerial and in the Summit of the Americas, including Carnegie Endowment, North-South Center at the University of Miami, Tulane University – Institute for Environmental Law and Policy, Canadian Foundation for the Americas (FOCAL), Centro Ecuatoriano de Derecho Ambiental (CEDA), Participa – Chile, Facultad Latinoamericana de Ciencias Sociales - Argentina, and International Institute for Sustainable Development (IISD).

(CARICOM), in which a “comprehensive” agenda remains on the table but one in which CARICOM benefits from broad special and differential treatment. Also, CARICOM continues to push for a Regional Integration Fund inspired by the European Union (EU) approach to integration. The political issue associated with this view is the emerging reality that the members of the Organization of Eastern Caribbean States (OECS) are unlikely – or effectively unable – to sign any kind of agreement in which trade is seriously liberalized.

The OECS – to deal with this issue first – comprises 9 members, 6 of whom are nominal FTAA participants. Anguilla, British Virgin Islands and Montserrat are not FTAA participants. For the remaining six it is difficult to conceive of a solid economic argument that overwhelmingly supports their active engagement in almost any kind of FTAA. Even an FTAA “lite”, restricted to the elimination of tariffs on goods, presents few if any benefits for this group. The political “problem” is that the FTAA represents the foundation on which the larger Summit of the Americas process rests. The six OECS countries represent almost zero economic clout but their abstention from an FTAA could have political ramifications in a region where Caribbean countries feel increasingly frustrated and overlooked. This particular problem is a political one that will require generosity and flexibility on the part of other participants. One approach would be a simple “free ride” for the OECS until such time as they feel able to take on real liberalizing disciplines.

A la Carte

“A la carte” – also known as a plurilateral approach – is almost always a lousy strategy. It takes us back to the Tokyo Round of the GATT when countries signed on to those agreements that they felt they could implement and allowed them to skip those

agreements that they could not. The approach has, rightly, been denigrated by trade policy purists as leading to a lowest common denominator – one in which genuine liberalization takes a back seat to protectionist special interests. The approach was discarded in the Uruguay Round negotiations, to be replaced by the more comprehensive “single undertaking” principle. The FTAA is also being pursued under this principle, in which signatories are required to accept all parts of the package or none. Liberalization as an agreed objective, however, should not be held hostage by a non-functioning or ultimately destructive principle. A plurilateral approach could still set high disciplines – and corresponding benefits – for those countries willing and able to meet them, while setting lower standards for the remaining countries. The shape of such an agreement is not difficult to envisage.

Market Access: An FTAA would set out the rules governing preferential access for goods. Countries would normally be allowed up to 10 years for tariff liberalization, with a limited percentage being accorded special treatment of 15 years. Smaller economies would be allowed to liberalize over a much longer period and for many – such as the OECS countries – tariff liberalization might be foregone completely. In these cases some form of waiver from the WTO membership would be required if such an FTAA were to meet the requirements of General Agreement on Tariffs and Trade (GATT) Article XXIV, but it is unlikely that non-FTAA participants would seriously object to such a waiver if it were limited to the truly smaller economies of the Caribbean.

Anti-dumping and countervailing duties (AD/CVD): The FTAA could provide for complete exemption from AD/CVD actions on the basis of the rule of “reciprocity”. Countries adhering to this part of the agreement would forego these trade remedy actions against other partners and would, if required, instead apply a highly disciplined temporary safeguards regime. Clearly, the United States could not sign on to such an agreement – and never will – and therefore would not benefit from the exemption. Perhaps with enough time, US export interests, particularly those subject to AD/CVD actions, might gain sufficient political power to overcome the interests of domestic protectionists such that the US policy might change. If not, nothing is lost in any event. Such an agreement would, however, help to mitigate the practice of launching AD/CVD investigations in other countries (Argentina has traditionally targeted Brazil and Guatemala has been targeted by Mexico in the past).

Government Procurement: A plurilateral approach on procurement would not be anything new. In the WTO, procurement is one of three such agreements negotiated under the Uruguay Round. An innovative approach to procurement – taking into account traditional criticisms by such countries as Chile – would be to establish multiple levels of

coverage. That is to say that countries willing to cover sub-federal levels of government would gain maximum benefit from membership while countries covering only federal level (i.e., Canada and the US) would have correspondingly lower benefits. Brazilian, or Mercosur, absence would thus not deny the benefits of such liberalization to the other participants. Statistically, we can easily determine what percentage of procurement in Canada is accounted for by the federal and other levels of government. If Canada were unable or unwilling to “cover” provincial procurement, then it would face either higher thresholds or fewer covered entities in countries, which liberalize a larger percentage of their overall procurement markets.

Investment and Services: A core FTAA discipline should contain a negative list approach to trade in services and a disciplined chapter on investment. Again, in the area of services, only those countries making liberalization commitment would benefit from the agreement. Brazil, which at the moment remains reticent to engage on this subject, would be excluded. CARICOM, which has put forward a non-public offer based on a positive list approach, might be permitted to participate, but under a generalized policy of special and differential treatment. They should, however, be strongly encouraged – and assisted – to reverse their approach. A negative list approach to services has a higher chance of passing the criteria established in General Agreement on Trade in Services (GATS) Article VI, which requires that liberalization cover “essentially all trade”. The so-called Mode 4 – or temporary entry in NAFTA’s approach – will likely remain somewhat problematic, but this could be handled with a hemisphere-wide “FTAA visa” much like is the case in NAFTA. The same approach would apply to an investment chapter in which the benefits would apply only to the signatories. In

commercial terms, signature of an investment chapter would enhance a country's risk rating and would thereby result in lower external financing costs.

Intellectual Property (IP): Given the already high level of disciplines contained in the WTO TRIPs agreement, it is not evident why an IP chapter is even needed in an FTAA. The decision to include IP in the negotiating agenda strikes many as having been motivated by form rather than substance. The US, the major proponent, has not clearly articulated its vision with respect to IP, nor why its objectives – whatever they may be – are not best pursued either in the WTO or in the World Intellectual Property Organization (WIPO). This is most especially true in light of the pre-Cancun agreement with respect to pharmaceuticals and health epidemics. TRIPs, it will be recalled, included measures addressing a range of IP issues including: patents, copyright, trade secrets, etc. This is one area on which the US could make a concession with few real world ramifications.

Agriculture: This brings us to the main problem that confronts trade negotiations, whether they are at the global or regional level. The FTAA, like trade negotiations before it, has to address the nuts and bolts issues of trade in agricultural goods. The “border” issues are not simple and high level of tariffs, even in developed countries, underscores the overly protected nature of this sector. The protective armour that surrounds this sector includes the skilful and imaginative use of Sanitary and Phyto-Sanitary (SPS) measures to limit foreign competition. Few of these issues have an easy answer and in those rare cases where the answer is easy, the politics are deadly. Just ask any Canadian politician whether he or she would be prepared to open Canada's dairy products industry to true international competition.

And yet, these issues pale before the policy quagmire that is bound up in the question of subsidies to agriculture. Their genesis is unimportant, but their structural complexities are not. First of all, the levels of subsidies themselves are massive – underscoring in vivid terms the immense political influence of this sector. As is noted elsewhere in this edition, agricultural subsidies in the OECD countries are in excess of US\$300 billion a year. For every US farmer – including corporate run farms – subsidies are responsible for 21 cents of every dollar earned and in Canada for 17 cents of every dollar earned. Second, the two major subsidizers (the US and the EU) are locked in a mutually advantageous deadlock where neither can move without the other. Both seek the moral high ground but in reality neither will be willing to move until their respective Treasuries start to run dry. Only when everything else is cut, will agricultural subsidies start to be scaled back. Third, subsidies represent an attractive benefit to importing countries that have little incentive to push for the negotiation of strict disciplines.

Health policy researchers continuously remind us that as consumers we value cheap food – almost above all else.

Agricultural subsidies – like all subsidies – hurt efficient and competitive producers, mostly in third country markets. Only a portion of the market for Argentine and Brazilian agricultural products is in the Americas, with most customers located in other parts of the world, and are thus immune to any outcome in the FTAA. Even if the FTAA were to result in an agreement to abandon export subsidies within the region (and they will not as long as the Europeans are around), Brazilian exporters would still find themselves locked out of third country markets (such as China) because of the US and the EU. Absent any effective global pressure points aimed at the US and the EU (as well as other major subsidizing countries like Korea or Japan), it is up to the remaining countries to create them.

The FTAA could contain a plurilateral chapter on trade in agricultural goods. The rules of that chapter would have to be negotiated by FTAA participants but without the US – and probably without Canada as well.

The framework would be simple in concept but unimaginably complex in operation. It would provide for a two-tier system of trade in agricultural products in the Americas. On the one hand, those countries that produce and trade without benefit of subsidies (required notifications of subsidies to the WTO makes this determination relatively simple to accomplish) would enjoy the most preferential access in like-minded countries. Countries that provide domestic or export subsidies would face a concerted and aggressive pattern of AD / CVD actions as well as high tariffs. This would itself require a slight rewriting of the rules governing AD/CVD investigation with respect to questions involving “damage or threat of

damage to the domestic industry”, but could be undertaken in the context of the AD/CVD negotiations discussed elsewhere. While there might be some question as to the consistency of such an approach with WTO rules, it can also be pointed out that those same rules (drafted largely by the perpetrators themselves) are only serving to perpetuate a major injustice that continues to affect the livelihoods of millions of people around the world.

An “a la carte” FTAA would be a poor representation of the vision that was launched at Miami at the end of 1994 and that was sustained so well through almost nine years of negotiations. However, conditions on the ground have also changed significantly since 1994. For some countries, like Chile and Costa Rica, the path of highly disciplined liberalization has taken hold. For other countries, the momentum behind ambitious schemes of customs unions and common markets has clearly lost steam. In the case of the United States, it must be admitted that even the limited attention paid to Latin America and the Caribbean is now but fully dissipated. The November 2004 presidential election is not a positive element on the FTAA timeline.

Sometimes, second best is all that can be expected and is, in current circumstances, better than nothing.■

Hemispheric Cooperation Program

The FTAA process recognizes that trade liberalization in the Americas must take into account the broad differences in the levels of development and the size of the economies of participating countries. Consequently, the Hemispheric Cooperation Program was announced at the Buenos Aires Ministerial Meeting (April 2001). The HCP seeks to:

- Strengthen the capacity of countries to implement and to participate fully in the FTAA process.
- Assist countries to overcome the challenges and to maximize the benefits associated with trade liberalization in the FTAA.
- Increase institutional strengthening and capacity building for policy-making, development of negotiating skills and to effectively implement trade agreements.
- Increase coordination among donors and between donors and recipient countries in order to maximize cooperation and technical assistance opportunities.

The United States and Brazil: Co-chairs of FTAA negotiations

As co-chairs of the last phase of negotiations, the United States and Brazil are largely responsible for ensuring that the 34 countries reach an agreement that is acceptable to all by the December 2004 deadline. The United States and Brazil are the largest economies of North and South America, respectively, and the countries with the most domestic opposition to an all-inclusive FTAA.

The most contentious issues are agricultural subsidies and antidumping remedies, which Brazil wants included in a hemispheric pact, while the US does not. A recent study commissioned by the Brazilian government showed that in last twelve years, Brazil has lost US\$2 billion as a result of anti-dumping measures imposed by the US, of which US\$1.4 billion stem for tariffs imposed on Brazilian steel exports. For its part, the US is pushing for binding hemispheric rules on investment, services and intellectual property. Brazil wants to leave it up to individual countries to adhere to or opt out of such disciplines, while the US considers this unacceptable cherry picking. Without a gesture from the co-chairs, it is difficult to imagine negotiations moving forward in any significant way.

As the top trade authorities in the chairing countries, Robert Zoellick and Celso Amorim are the two key individuals behind the success or failure of FTAA negotiations. As US Trade Representative, Robert Zoellick is the country’s principal trade policy advisor and chief trade negotiator. Robert Zoellick has publicly dubbed Celso Amorim, Brazil’s Minister of Foreign Affairs, the leader of the “won’t do” countries and has blamed Brazil for the failure of the WTO ministerial meeting in Cancún. For his part, Amorim has adopted a strong stand against attempts by the US and Europe to carve out a global agricultural

agreement that would allow those two major subsidizing regions to indefinitely continue their subsidies in the face of developing country demands for effective reform. Personal chemistry aside, each country will have to learn to work with each other, if Miami is not to become a repeat of the failure in Cancún.

During his tenure as U.S. Trade Representative, Robert Zoellick has initiated and completed several important negotiations, including bringing China into the World Trade Organization and signing free trade agreements with Chile, Singapore and Jordan. Amorim, for his part, is no neophyte to the trade file. He headed negotiations at the Uruguay Round as Brazil's representative to the WTO and was instrumental in articulating the TRIPS declaration of the Doha Round. Amorim's diplomatic career spans three decades at the service of Itamaraty. Both men have been tough bargainers for their countries' interests, and both have a reputation to protect.

Zoellick and Amorim met one last time before the FTAA Ministerial in Miami, on November 8, 2004. With the objective of unblocking negotiations before Miami, Robert Zoellick hosted a last-minute meeting in Washington that was attended by Brazil, Argentina, Canada, Mexico, and 11 other countries. The mini ministerial sought to

appeal to parties flexibility and imagination to bring closer the somewhat polarized positions of the US and Brazil regarding the breath of the agreement. While it ended without any significant breakthrough, the Mercosur delegation considered the encounter "positive and realistic" and the more genial tone coming out of the meeting suggests that it helped to clear the air. Hopefully this is an auspicious omen for the FTAA Ministerial meeting beginning on November 20 in Miami.

FTAA Negotiating Groups: Key Issues

Agriculture: Chair – Uruguay / Vice-Chair – Mexico

Agriculture represents one of the most technically complex and politically sensitive negotiation issues in the FTAA. The subsidy war, involving principally the United States and the European Union, makes fashioning sub-regional subsidy disciplines extremely difficult. At the same time, agricultural production represents an area of significant export interest to most states in Latin America – including Brazil – and they continue to press their demands. Similarly, developed countries like Canada and the United States are subject to intense political pressure from long-established special interest groups, thus making concessions very difficult to imagine. Like the meeting in Cancún, agriculture could well spell disaster for the FTAA process.

Market Access: Chair – Colombia / Vice-Chair – Dominican Republic

For many countries in the Americas, border taxes still represent a significant source of government revenue – especially for smaller economies. They will need long transition periods to adjust. The larger countries also come to the table with their own list of "sensitive sectors", many of which are in the food and agricultural products categories. Commercial interests have expressed

Agricultural Subsidies

Global statistics on the total amount of subsidies directed to the agricultural sector are difficult if not impossible to find. Nevertheless, the Organization of Economic Co-operation Development (OECD) reports subsidies of US\$311 billion in 2001 in its area, which is the equivalent of 1.3% of GDP (OECD – *Agricultural Policies in OECD Countries – 2002*). The largest share is attributed to the European Union (40%) followed by the United States (21%), Japan (20%), Korea (7%) and Mexico (3%). For every dollar earned by a farmer in the United States 21 cents comes from subsidies, as does 17 cents of every dollar earned by a Canadian farmer. Both the volume and structure of support programs distorts production and trade and is a major contributor to over-production, to the detriment of both those developed countries where support is low as well as non-developed countries where governments cannot compete with such largesse. Truly effective reform can only come from the US and the EU neither of which has a good track record in standing up to their special interests. Agricultural subsidies are the Achilles heel of trade negotiations and this issue, more than any other, will determine Miami's outcome.

Subregional Groupings

NAFTA The NAFTA is a free trade agreement and therefore the three members (Canada, United States and Mexico) participate independently in the FTAA negotiations. The NAFTA is considered to be a “new generation” trade agreement due to its scope of coverage. All three NAFTA partners have, or are, engaged in bilateral or plurilateral negotiations with other countries in the Americas. Mexico has negotiated agreements with most of Latin America. The United States is negotiating with Central America and has, like Canada, completed an agreement with Chile. Canada has also completed an agreement with Costa Rica and is currently negotiating with the remaining 4 Central American republics.

Central American Common Market The CACM is one of the older integration movements in the Americas and has seen its good and its bad days. While not always consistently applied, the countries of Central America have been active in seeking to build extra-regional arrangements. The first examples of such arrangements involved Mexico and Chile and have more recently broadened to encompass separate negotiations with the United States and Canada.

CARICOM The Caribbean Common Market arrangement dates to 1973 and sought to enhance the economic integration of the then newly independent countries of the Caribbean. Significantly modified in the late 1990s, arrangements within CARICOM now deal with such “new generation” issues as services and investment. A number of sectoral protocols have also been negotiated, such as in the areas of transportation and agriculture, but most are awaiting ratification. CARICOM negotiates as a group in the FTAA and is represented by the Regional Negotiating Machinery (RNM).

MERCOSUR Established in 1994, this customs union brings together Argentina, Brazil, Paraguay and Uruguay. Association agreements have been concluded with Bolivia and Chile and Mercosur is actively negotiating with the European Union. Negotiations between Mercosur and the Andean Community were launched a number of years ago but have proven difficult to bring to conclusion. Brazil, with its huge population and resource base is the primary driving force within Mercosur.

Andean Community Political difficulties in the Andean region have tempered the integration opportunities of its members. Venezuela and Colombia have negotiated arrangements with Mexico and Bolivia has negotiated association status with Mercosur. Recently, Colombia has approached the US seeking a bilateral FTA arrangement. There is little cohesion in the region and the spate of recent political crises do not bode well for the future.

concern about costly and administratively burdensome rules of origin requirements, which can differ significantly from agreement to agreement.

Government Procurement: Chair – Costa Rica / Vice-Chair – Paraguay

In the World Trade Organization (WTO) procurement is one of the few agreements which was voluntary in the Uruguay Round. Few Latin American countries have taken on any kind of hard discipline with respect to procurement (North American Free Trade Agreement (NAFTA) has such disciplines by which Mexico is bound). For their part, Canada and the US continue to have difficulty in convincing sub-federal levels of government (states and provinces) to accept international disciplines. Transparency provisions would have a positive impact on the fight against corruption that hinders the development of many countries.

Investment: Chair – Panama / Vice-Chair – Nicaragua

A “new generation” issue, rigorous investment disciplines are found in few active trade agreements – other than the NAFTA and the NAFTA-like arrangements. Nevertheless, numerous countries have signed Bilateral Investment Treaties (BITs), which often contain disciplines as rigorous as NAFTA. In developed countries, investment provisions have drawn the opposition of numerous groups who see such provisions as an attack on the abilities of governments to engage in policy-making appropriate to local circumstances. Investor – state dispute settlement provisions are considered by many to respond only to the interests of the commercial sector and are therefore not reflective of broad based citizen demands. The closed-door nature of dispute settlement has also drawn the attention of many groups who charge that the lack of transparency represents a significant threat to democratic values.

Competition Policy: Chair – Peru / Vice-Chair – CARICOM.

Competition policy seeks to ensure that domestic regulation of the market place is sufficiently effective so that the benefits of liberalization elsewhere are not lost. Agreements in this area generally require countries to have a sufficient legislative basis, and the necessary institutional capacity to prosecute anti-competitive behaviour such as anti-trust, monopolies and price fixing.

Intellectual Property Rights (IP): Chair – Dominican Republic / Vice-Chair – Venezuela

The agreement shortly before the Cancún WTO Ministerial to allow countries facing health crises to import cheaper generic drugs was a major breakthrough. The U.S., however, did not score many points by standing firm on its objection until virtually the last minute. In the FTAA context, the U.S. still wants to see countries beef up their IP enforcement activities. Domestically, the U.S. is facing pressure from cash-strapped states and municipalities, many of which are forced by domestic regulation to pay exorbitant prices for prescription pharmaceuticals. For the moment, the drug companies have the upper hand as far as US trade policy is concerned but this situation could

The Tripartite Committee - (OAS / IDB / ECLAC) Critical Technical Support to the Negotiations

Since the launch of the FTAA process in Miami in December 1994, the Tripartite Committee has been committed to providing expert technical support to the 34 countries engaged in negotiating the Free Trade Area of the Americas. This support is delivered, principally, via the Trade Unit of the Organization of American States, the Integration and Regional Programs Department of the Inter-American Development Bank, and the Washington D.C. office of United Nations Economic Commission for Latin American and the Caribbean (ECLAC) in coordination with expert staff drawn from ECLAC's headquarters in Santiago, Chile. Since 1995, the Tripartite Committee has conducted numerous studies and analytic works on behalf of the FTAA countries, including much valuable comparative work on trade agreements in the Western Hemisphere. The Tripartite Committee normally provides direct assistance to Chairs and Vice-Chairs of individual negotiating groups (NGs) and to the Special Committees established by FTAA Trade Ministers. The Tripartite Committee, principally the IDB, also provides significant funding for the Temporary FTAA Administrative Secretariat – which is currently headquartered in Puebla, Mexico. The heads of the three institutions have participated in all seven previous FTAA Ministerial Meetings and will be present in Miami for the eighth such Ministerial Meeting.

reverse itself quite quickly.

Dispute Settlement: Chair – Canada / Vice-Chair – Chile

The key issues in this negotiating forum are technical in nature. In broad terms, dispute settlement at the global and sub-regional level has gradually become more and more juridical in nature – replacing earlier traditions of “commercial diplomacy” with its emphasis on negotiated solutions. The smaller countries, in particular, are concerned about the very high costs associated with the litigation of modern trade disputes and feel that they are being over-whelmed by costly procedures. At the global level, some measure of support for smaller economies has started to appear and this trend should be supported at the sub-regional level as well.

Smaller Economies: Chair – Ecuador / Vice-Chair CARICOM

The consultative group has wrestled with the key issue of how to ensure full and beneficial participation by smaller economies in the FTAA. It has produced some useful research work on issues of special and differential treatment, and continues to monitor developments in other negotiating groups. The biggest leverage that the smaller economies have would be their decision to walk away from any eventual Agreement, which would have minimal economic but maximum political ramifications.

Civil Society: Chair – Bolivia / Vice-Chair Peru

Launched with much fanfare, such a group had never before been constituted during an actual trade negotiation. However, the group has been a major disappointment to those sectors that it was precisely designed to engage. The group has tried to initiate some modest but largely irrelevant outreach activities and countries like Mexico

have been less openly obstructionist than they once were.

Institutional Issues: Chair – Chile / Vice-Chair Mexico
This group is concerned with issues such as the shape of the agreement, the structure of decision-making and the operational realities of an eventual FTAA. Not a source of significant discord among the countries.

Subsidies, Anti-Dumping and Countervailing Duties:
Chair – Argentina / Vice-Chair – Canada.

The same problems that plague AD/CVD issues at the global level are present here at the sub-regional level. The U.S. has essentially refused to engage in any real negotiations on these issues to the immense frustration of many countries – particularly Mercosur.

Electronic Commerce: Chair – Canada / Vice-Chair Peru
This group was a child of the Internet boom – when it was anticipated that EC would change “life as we knew it” – and became an orphan of the Internet bust when it was discovered that “life is pretty much the same”. The group has conducted some interesting research studies, but its absence would not be missed.■

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