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Accord 'Endorsed' at Miami Trade Talks

November 20, 2003

MIAMI, UNITED STATES – Trade Ministers, from thirty-four countries, gathered at the Eighth Free Trade Area of the Americas (FTAA) Ministerial Meeting, in Miami, endorsed a key Ministerial Declaration, November 20. The Ministerial, set to last two days, concluded a day early. The summit followed a meeting of Vice-Ministers, November 15 to 18.

The Ministerial Meeting produced a 'compromise' Ministerial Declaration for the Americas-wide trade pact. It will serve as a *pragmatic framework* for the process to move forward. FTAA negotiations are set to be completed January 2005, a reaffirmation of which appears in the Declaration.

The opening session of the Ministerial Meeting included statements delivered by the heads of the three FTAA Tripartite Committee agencies. The interchange, that followed, over the *vision* of the FTAA occupied much of the Minister's morning agenda. The balance of the day was dedicated to dialogue on, *inter alia*: a report of the Inter-American Conference of Ministers of Labor; the Hemispheric Cooperation Programme (HCP); treatment of differences in levels of development and size of economies; and, civil society. Ministers subsequently adopted the Ministerial Declaration.

The Text of the Ministerial Declaration has been credited with keeping the FTAA 'on track'. It has been hailed as a victory *for all*. Touted as 'enabling' the process; keeping the "process alive", and allowing it to move forward. But, the manner in which it has done so has been the subject of criticism. Conceptually, the Text is being viewed as a departure from the vision of the FTAA set at a seminal 1994 Miami-based meeting, that launched the FTAA process. Labeled 'FTAA-lite', the Accord - which has been described as a 'regional public good' - has been faulted by critics as falling short on 'ambition'. Detractors argue the Declaration is below expectations, charging the 'scope' of the FTAA has been 'scaled back'.

Elements of the six-page Declaration that have come under particular scrutiny relate to four paragraphs in the so-called 'Vision of the FTAA' section. Text language on plurilateral negotiations/arrangements, within the FTAA, has been the source of much discomfort for certain countries. They argue, this would allow for a two-tiered approach to FTAA participation. However, delegations refrained from altering the Text on 'vision' which had been forged days earlier, between the United States and Brazil, at an informal meeting of select Ministers, in the United States, November 8.

US and Brazilian Vice-Ministerial Co-Chairs, reinforced at Ministerial level today, had cautioned the meeting that the 'vision' section was the product of difficult

negotiations; representing a "delicate balance". Reference here to the November 8 informal meeting. A Text, flowing out of these marathon deliberations, was subsequently forwarded to the Vice-Ministerial process, finding its way into the Draft Declaration – as a 'Vision of the FTAA' section - tabled to Vice-Ministers at the start of the Trade Negotiations Committee (TNC) meeting, November 15. Cognizant of the balance in these pivotal paragraphs of the Declaration, and guided by the counsel of the Co-Chairs, delegations abstained from altering the Text.

Some countries negotiating the Text voiced concerns with the Declaration, at the preparatory meeting of Vice-Ministers prior to the Ministerial. While concerns lingered, even as the Ministerial got underway, countries were guided by a standard understanding, according to Caribbean Regional Negotiating Machinery (RNM) Director-General, Ambassador Richard Bernal. He noted, "the Declaration takes into account the perspectives and sensitivities of all countries negotiating the FTAA, but at the same time is comprehensive enough. The Text has a certain pragmatism, a concept CARICOM has consistently called for in this process. It has a balance and a flexibility that takes into account a multiplicity of concerns".

CARICOM is satisfied with the Text on political vision. CARICOM Ministers had sought and subsequently secured the assurance of the Co-Chairs that Special and Differential Treatment (S&DT) for smaller economies represented a fundamental and inviolable principle of the approach set out in the 'vision' section of the Declaration. "Ultimately, while the details of plurilateral arrangements are yet to be fully developed, what satisfied us is the understanding that for CARICOM, negotiations in the FTAA – *at whatever level* – would continue to be guided by the need to accommodate differences in levels of development and size of economies. The political vision was made more palatable, and brought the region a level of comfort, once this understanding was mutually acknowledged", said the RNM Director-General and lead CARICOM FTAA negotiator. Hon. K.D. Knight, Minister of Foreign Affairs and Foreign Trade, Jamaica, and CARICOM's lead Ministerial FTAA spokesperson stressed – in reference to the 'vision' section of the Declaration - that "it was not CARICOM's intention to upset the delicate balance, and it has given us the appropriate comfort level that the language contained in Paragraph 8 clearly establishes that the approach contained therein is subject to asymmetries to accommodate the treatment of smaller economies".

In reference to adequately providing instructions to the FTAA process, reservations were also leveled at the Declaration for not being specific enough.

At a press conference, today, United States Trade Representative (USTR), Ambassador Robert Zoellick, remarked "while we are all working towards a common and balanced set of rights and obligations across the Negotiating Groups....no one should underestimate the challenge of the task before us". Brazil's Foreign Minister, Celso Amorim, emphasized that the FTAA process has found a "common denominator" in the vision outlined in the Ministerial Declaration. In reference to the collapsed Fifth WTO Ministerial Conference, convened two months earlier, he said "everyone was dancing to the beat of their own drummer, today we have reached a result that is common". He cautioned, though, that "there is much work ahead of us". The RNM Director-General remarked "the Ministers approached the Declaration with commendable pragmatism. However, we must be cognizant that the challenge is to give specificity to and focused guidance regarding the broad vision that has been agreed upon here, in Miami, as we move onto the next TNC, early 2004".

Some countries decry that a wide-ranging hemispheric trade accord has been undercut by these key November FTAA meetings. In point of fact, the Miami meetings represented a crossroads for the FTAA. The RNM chief remarked "it should come as no surprise that the thirty-four countries negotiating the FTAA have different concepts of and approaches to the common task of finalizing the FTAA; but the fact is, this Ministerial Meeting has kept the process afloat".

CARICOM negotiators and Ministers support the Ministerial Declaration. They acknowledge that it provides a 'mix' of flexibilities to accommodate the ambitions, capabilities and sensitivities of all participating countries.

Commenting on the mandate to advance development financing for adjustment in the FTAA, Hon. Sam Condor, Deputy Prime Minister and Minister of International Trade, St. Kitts & Nevis, remarked "the Organization of Eastern Caribbean States (OECS), the smallest of the CARICOM countries, and this hemisphere, for that matter, have always had a particular interest in conceptually and substantively advancing this notion in FTAA negotiations. It is key to our effective involvement and participation in this hemispheric process". Commenting on the HCP, he said "the real value of the HCP must be demonstrated sooner rather than later. We look forward to an early commitment of resources to bringing the strategies to fruition. The HCP must also primarily be non-reimbursable. Particular focus has to be on developing financing mechanisms to address our long-term adjustment needs".

Ambassador Bernal concluded, "CARICOM remains committed to negotiating a multilateral and comprehensive FTAA, that builds in appropriate flexibilities and asymmetries to accommodate the differences in levels of development and size of economies. It must do so in a manner that promotes CARICOM's development. Coming out of the meetings, this week, we still have a FTAA that can boost trade and investment in the hemisphere".

A series of bilateral trade accords were announced on the margins of the Eighth FTAA Ministerial Meeting. On November 18, USTR Zoellick held joint press conferences to announce the launch of free trade pacts with Panama and several Andean Community countries, respectively. In a morning press briefing, he announced that the United States Congress had formally been notified of the Bush Administration's intent to initiate negotiations for a free trade agreement with Colombia, Peru, Ecuador and Bolivia. Negotiations, initially with Colombia and Peru, are set to begin in the second quarter of 2004. In a separate press conference with the Panamanian President and Trade Minister, respectively, Ambassador Zoellick announced that the United States Congress had also been informed of the US Administration's intent to initiate negotiations for a bilateral trade accord with the Republic of Panama. Negotiations are scheduled to be launched the second quarter of 2004, as well. The US trade chief also met with the Dominican Republic's Trade Minister to move ahead with negotiations to integrate that country into on-going free trade agreement negotiations between the United States and five Central American countries. The United States and the Dominican Republic are set to convene their first formal negotiating round January 2004.

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