

Getting out of South Beach (Dodge)

Peter Clark (in Miami)
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The demonstrators are generally orderly and, so far, disciplined. The number of police, and security procedures have been criticized but the police have not been at all antagonistic. They are here in large numbers, well armed, on horses and mountain bikes. The object is to have a deterrent effect and it is working.

The vast majority of the demonstrators are determined to engage in peaceful, satirical and even humourous protest, but there are masked agitators here too who will probably be up to their old tricks. The local constabulary will have little patience for this. The USA, Florida and Miami want the conference to be a success and are doing everything possible to achieve this (short of pushing for a high quality ambitious result).

Miami's candidacy for host city for the FTAA Secretariat is a very important U.S. objective and Miami, given our experience so far, would get my vote.

On the substantive front, where we can find substance, there seems to be a desire on the part of the USA to point to any detail as a high quality agreement or to highlight the "victory" of getting Brazil back to the table. There is truth in the fact that Brazil is more prepared to negotiate, but the ambition has been substantially reduced.

The ambitious-sounding text is very broad, but also very shallow. U.S. industry is certainly part of the coalition of the ambitious. They have been critical of downgrading the negotiations to what is referred to as FTAA-lite. Some major U.S. business organizations have said they will not support politically any agreement which is not high quality.

It has been suggested, which Brazil denies, that the U.S. initiatives to expand its network of FTAs through Latin and South America will isolate Brazil and encourage greater participation. For their part, the Brazilians point out that a one-size-fits-all Agreement cannot work with 34 countries possessing such diverse economies and abilities to accept such obligations. They are making clear linkages between disciplines on U.S. domestic agricultural support and the application of trade laws to their industries, such as steel.

In supporting the concerns about taking care of special interests, Minister Amorim today pointed out, for example, that Canada had quotas on certain

agricultural imports and that in services negotiations, Canada has not been willing to negotiate on services in the areas of health education and culture. The explanation is that everybody has special interests and should be allowed to take care of them.

The Minister was not concerned about risks to investment in Brazil because Brazil, after China, is a number two host to foreign investment in recent years.

Brazil in his view provides stability, predictability, opportunities and a well-developed legal system. Further, the Brazilian Constitution precludes international arbitration of investment disputes.

The Ministers have not met, but the text essentially seems to have been agreed. Brazilian media told us the USTR representative in the TNC indicated that Canadians and Mexicans were wasting time pushing their proposal because the USA and Brazil simply were not going to accept it. But our side is determined and did push, and as Minister Pettigrew explained – well, we didn't get everything we wanted, we got some important concessions in paragraph 10 of the text which will be considered by Ministers.

These relate to the continuity of the negotiations on a broad basis.

There are many options still open to Ministers to improve on and enhance negotiations in the FTAA framework. There is scope to expand on bilaterals and plurilaterals. In my view, the principal deterrent to Canada pursuing a wider range of bilaterals is the lack of resources available to Canadian negotiators, not only in DFAIT but across interested Departments who should be playing a more active and extensive role in beefing up the negotiating team. If the Government is going to overhaul our trade promotion, then it should be looking at ways to ensure that we have much better access in markets we would like to target.

It's difficult to determine whether the result which is likely to emerge on Friday is a victory or a loss. Whether this was third down with short or long yardage, the Canadian team and its allies have been able to move the ball far enough to gain a first down and they still have the ball.

While we would expect that the original target date would be confirmed and we can foresee that market access negotiations will be completed even earlier, the frank admission from a number of sources is that the high quality broad agreement that most negotiators (including the USA) are seeking, will take longer to achieve.

We would expect that movement by Brazil in areas of resistance are very, very clearly tied to movement by the United States on issues which are equally sensitive to Washington. In such an environment, reduction of ambition on a universal basis is inevitable, but the game is not over. Our ambitions, while battered and bruised, are still alive.

No one wants a failure in Miami, so negotiators will maximize what they can achieve even though the business community considers it minimal, pack their bags, get out of south beach and re-engage in the New Year.

Given all of the speculation that these discussions would crash and burn, that is a measurable success.