

## **Something's happening here - what it is ain't exactly clear**

Peter Clark (in Miami)  
November 20, 2003

Neil Young and Buffalo Springfield offer the best description of the mood in the media centre as Ministers move into closed door sessions. Unlike the WTO Plenaries we will not be able to listen to assembled Ministers nor follow up with texts we go into an information vacuum except for the inevitable leaks and USTR spin to sell the success story.

As we approached the end of the day, we were advised that the meetings could wrap up this evening and the conference be concluded.

The work was done on the basis of the inflexibility of the two biggest players. There was little scope to change and not as much as usual to discuss. When you have an answer you can live with you should avoid further debate which could undo it. Sometimes the question is not "Did you get what you want?" It is "Do you want what you got?" Obviously the answer to the first question is not yet and to the second question is yes.

The contrast between Seattle and Cancun and Miami here was that the officials were able to develop an agreed paper to give the Ministers were sufficiently digestible for all. The other factor was that the USA wanted this badly and Brazil did not want to be tagged as a spoiler.

But the protest got nasty. Early today there were more police than protestors. A police source advised there were 8,000 officers providing security. Estimates last week of 50,000 to 70,000 protestors headed for Miami will not be realized. Local TV coverage from one of the ubiquitous helicopters suggest that early this morning 1,000 would be more accurate. As the unusually cool morning warmed up a bit, more protestors emerged but still less than 10,000.

There have been scuffles, batons, concussion grenades, stun guns and pepper gas used to disperse unruly protestors and at least 37 arrests. The police have been effective in confiscating weapons, gas masks and other weapons of mass agitation. We were told some demonstrators will try to get arrested so they can claim the police started it. But others are ensuring on their own that their demonstrations are peaceful. The United Steel Workers Union has its own marshals surrounding their members to keep the agitators out of their demonstration.

The business delegates (including only a very few Canadian delegates) having completed their Americas Business Forum discussions are leaving their hotel in droves. They are generally disappointed by the reduced ambition and the lack of suspense. As for the demonstrators - some wonder why are they going to so much trouble to stop what many consider to be a failure.

Ministers moved into closed meeting this morning after Ambassador Zoellick in the opening session set the stage for the closing ceremony. Brazilian Foreign Minister Amorim said that the countries have been talking about the Architecture and now are thinking about where to put the furniture. In some households, placing the furniture is more difficult than building the house. If it has taken this long to get the architecture right, even if the 34 FTAA participants do a good job on Market Access, the key issues are tied into progress in the WTO. We can expect another statement that all participants are keen to move ahead and re-engage in the Doha Round. A bit more leading through example and less adding another dimension to papering over a failure might help. The APEC Leaders declaration did not restart discussions in Geneva.

During the AD workshop I was struck by the resistance of many to do concrete things to help smaller, less affluent economies. There is an impression that Ministers are more willing to address this than their business communities.

The core FTAA problems are similar to the stumbling blocks at Cancun. A crucial objective for many is mitigating the impact of U.S. domestic support which has distorted supply and price globally but particularly in the Western Hemisphere. It is clear that the USA will not disarm unilaterally. It is safe to link one's own sensitive issues to progress on U.S. subsidies because unless they are challenged in the WTO and found to be inconsistent, they have a very long expected life.

The other issue identified by Brazil is Anti-dumping practices. Their focus is U.S. application of these laws but Canada's own system is not much different and also raises concerns. While Canada shares the U.S. view that the WTO is the appropriate place to deal with so-called unfair trade laws, it has offered a number of suggestions for differential application of these disciplines within the FTAA. This is an approach which must be considered very carefully as it is difficult to justify differential treatment in light of WTO non-discrimination obligations.

In our workshop on anti-dumping, it is interesting that all of the consensus issues involved reinforcing WTO disciplines, not relaxing them. On two issues where there was near consensus, both rejecting special treatment for developing countries, consensus was blocked by the Private Sector Organization of Jamaica. South American users of anti-dumping were very forceful in their interventions against subsidized competition and imports priced at less than full cost plus an amount for profit.

The Brazilian approach to the FTAA menu is that one size does not fit all. They do not agree that U.S. attempts to isolate them by tying up the rest of South America in FTAs will work. But the bilateral initiatives will continue. This raises questions of timing and the interest of candidates for U.S. FTAs to do additional deals once they have access to the USA. Market access can be like bringing a new product to market. Number one becomes entrenched and difficult to dislodge.

Minister Pettigrew in briefing us made it clear that there had been significant progress over the last few days. It would have been devastating for Canada if the United States had launched a broad series of regional and individual FTAs on a hub and spoke basis. Canada has kept the FTAA alive on a broad basis and this is very important in the longer term.

One should not forget that after Cancun, there was widespread speculation that the FTAA would be derailed here and this has not happened. The next step is the Summit of Americas in Mexico in January where our new Prime Minister will meet his hemispheric colleagues - some of whom will be aware of his excellent reputation in the financial area in the G-20.

The negotiators have their marching orders for the next year and we expect that Ministers may get a fresh injection of political will from their leaders early next year.