

Posted on Thu, Apr. 21, 2005

## TRADE

# Lula: FTAA is 'off the agenda'

**Brazil's president calls a free trade zone "off the agenda" for South America's largest economy, focusing instead on relations with its neighbors.**

BY ALAN CLENDENNING

Associated Press

**SAO PAULO** - Forging a deal for a 34-nation free trade zone that would stretch from Alaska to Argentina is "off the agenda" for Brazil, President Luiz Inácio Lula da Silva said Wednesday.

Lula made the comments about the proposed Free Trade Area of the Americas to a gathering of labor leaders in the capital of Brasilia just days before Secretary of State Condoleezza Rice was to visit Brazil, the largest economy in South America.

"For two years, FTAA has not been discussed in Brazil, because we took it off the agenda," Lula said, according to a text of his remarks released by the presidential press office.

Instead, Brazil has focused on strengthening trade ties among its Latin American neighbors and with the Mercosur trade bloc made up of Brazil, Argentina, Paraguay and Uruguay.

It was Lula's most pointed statement since taking office 2 ½ years ago that the FTAA is a low priority for Brazil.

The Brazilian president made the blunt remarks the same day a Florida delegation was wrapping up a four-day trade mission to Brazil to press Miami's bid to be chosen as the site of the permanent headquarters for the proposed free trade zone. Florida Secretary of State Glenda Hood; Charles E. Cobb, the chairman of Florida FTAA, and his wife Sue Cobb, who is ambassador to Jamaica; and Florida FTAA President Jorge L. Arrizurieta led the group.

The FTAA zone was expected to be among the topics to be discussed during Rice's visit to Brazil. Negotiators from the United States and Brazil are leading the talks to create the zone, which would be the world's largest.

But Lula on Wednesday suggested that Latin America's largest country is more interested in boosting trade with its neighbors than it is with the United States under an FTAA.

"How did we take it off the agenda?" Lula asked. "By strengthening Mercosur, creating the South American community of nations and trying to establish a new standard of relations between South American countries."

The effort to create an FTAA involving every country in the Western Hemisphere except Cuba has been stalled for years, with Brazil and the United States far apart on a number of issues -- including U.S. protections for American farmers and Brazil's laws covering the protection of intellectual property rights.

Negotiators missed an original January 2005 deadline for wrapping up the talks even under a scaled-down two-tier approach that has been dubbed "FTAA lite" by critics.

Under that approach, developed at a ministerial meeting in Miami in November 2003, all countries would agree to basic trade liberalization. But those countries wanting a fuller regimen of free trade could opt to do

so.

But in November then-U.S. Trade Representative Robert Zoellick said Brazil and the Mercosur countries were putting up stiff resistance on key issues needed to break a deadlock over the formation of the zone.

He warned that the Mercosur countries risked being isolated as a group while the United States signs regional free trade agreements with a host of other Latin American countries.

In March, acting U.S. Trade Representative Peter Allgeier and Brazilian negotiator Adhemar Bahadian said some progress had been made and that they hoped to schedule a meeting of deputy trade negotiators from all 34 countries involved in the discussions by late April or early May.

Herald staff writer Jane Bussey contributed to this report.