

10-14-2005

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LADB Staff. "Andean Nations Push for Trade Agreement with US by 2006." (2005). <https://digitalrepository.unm.edu/notisur/13421>

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Andean Nations Push for Trade Agreement with US by 2006

by LADB Staff

Category/Department: Latin America

Published: 2005-10-14

Colombia, Ecuador, Peru, and the US have completed their 12th round of free-trade agreement talks in Cartagena, Colombia, and negotiators are expressing qualified optimism that they will have a finished document ready before the end of the year. Colombia and Peru have a particular interest in completing the process before their 2006 electoral cycles get underway, but several obstacles remain, and no firm deadline for completion is in place. As a finished document gets closer, protestors in the Andean countries have ramped up demonstrations against an Andean Free Trade Agreement (AFTA), with protestors in Colombia registering fatalities.

Negotiators: "No deadline," but hopes for December completion

Prior statements from negotiators had looked forward to completion of the document first by March and later by October of 2005, but, as assistant US trade representative Regina Vargo said to reporters on Sept. 27, "We don't have a deadline."

US negotiators are looking forward to progress ahead of the December ministerial meeting of the World Trade Organization (WTO) in Hong Kong, but Vargo says closing work during this "window of opportunity over the next two months...will be challenging." She says the structure of negotiations is allowing different negotiating groups to set their own pace for face-to-face and video conferences. She says the governments of Colombia and Peru have "indicated their desire to conclude in advance of entering the electoral period" of 2006.

Another reason the governments are pushing for December completion is the imminent expiration of the Andean Trade Promotion and Drug Eradication Act (ATPDEA) that month. The act was set up as an alternative economic strategy to encourage businesses other than the cultivation of illicit crops and the US has said that it does not plan to renew it. Two of the most controversial areas of discussion are intellectual property and agriculture.

Latin American farmers fear that they will have little ability to compete with subsidized, high-tech farm products imported from the US, while intellectual-property discussions might make it more difficult for pharmaceutical consumers to purchase low-price generics. During the Cartagena round there was no discussion of ethanol or sugar in the exchange of offers.

Vargo also said there were "still significant differences" in areas like customs cooperation, market access, anti-circumvention measures, and Tariff Preference Levels (TPLs). She said USTR head Rob Portman was talking to congressional representatives to see if he could "garner broader bipartisan support" for incorporating labor and environmental standards, including standards from the International Labor Organization (ILO), into the treaty.

Compared with the five Latin American countries involved in the Central American Free Trade Agreement (CAFTA), the GDP of the three Andean nations is more than double the six CAFTA countries. The total GDP of AFTA countries, based on estimated figures for 2004, would come to US\$485.9 billion. CAFTA countries showed an estimated GDP of US\$216.6 for the same period. Nonetheless, the US Chamber of Commerce has stated that the CAFTA nations, after Mexico, represent the largest market for US goods in Latin America.

Responding to a question about whether strong political opposition to the CAFTA agreement in the US Congress (see NotiCen, 2005-08-04) discouraged Andean negotiators, Vargo said that the Andean countries "looked at CAFTA debate and saw the US would be moving forward with its trade agenda." The 13th round of negotiations is set to convene in Washington, DC, Oct. 17-21.

Can Ecuador compete?

Peru and Colombia are the strongest Andean economies in the AFTA talks, with 2004 GDPs of US\$155 billion and US\$281 billion, respectively. Ecuador's GDP did not reach a total of US\$50 billion last year, and, with the political turmoil of 2005, will likely grow little economically. Like a small whaling boat being dragged along by a harpooned whale, Ecuador is locked into AFTA, even though some Ecuadoran analysts do not think the country will be able to compete effectively with its neighbors.

Julio Cesar Delgado, director of the Instituto Nacional de Investigacion Agropecuaria (Iniap), said in late September that "we are in diapers" relative to neighboring Colombia and Peru in agricultural development. He said there was a lack of training and diminishing resources for scientific research toward agricultural improvement. Perhaps as compensation for its relative economic weakness in the AFTA arrangement, Ecuador has solicited both Mexico and Chile for negotiations toward bilateral free-trade agreements.

The negotiating team for Ecuador in the AFTA talks has been replaced since President Alfredo Palacio came to power in April (see 2005-04-29, 2005-09-23), but Vargo characterized the new team as "prepared and focused." She said they had familiarity with the talks from the beginning, and she "did not perceive diminishment of interest" on Ecuador's part.

Bolivia suspends US trade negotiating activities until 2006

An even weaker economy in the Andean region is Bolivia, which has been attending AFTA talks as an observer nation. At the urging of the US, Bolivia suspended its activities toward negotiating with the US until next year, in hopes that its political troubles would be resolved by then (see other article in NotiSur this edition). Prior Bolivian efforts to join AFTA failed, leaving the country with the unfavorable option of negotiating bilaterally with the US (see NotiSur, 2005-05-20).

On Sept. 2 the Washington Office on Latin America (WOLA) and the Asamblea Permanente de Derechos Humanos de Bolivia (APDHB) delivered a petition from Bolivia to the office of the USTR requesting that the US extend existing trade preferences to Bolivia beyond their expiration on December 31, 2006. The letter had 146 signatures from various Bolivian individuals and

organizations, including 37 federal representatives, nine senators, 12 congressional committees, 53 trade unions, 31 nongovernmental organizations, and four religious institutions.

"The extension of these trade preferences is critically important to Bolivia, as roughly 10,000 jobs rely directly on them. The loss of so many jobs in a country with such high unemployment would be devastating," said Jeff Vogt of WOLA. Asked about the petition, Vargo called it a "premature letter" and said it was "not a topic up for discussion."

Indigenous, student anti-AFTA protestors killed

Protests against the agreement have grown as the negotiations have come closer to completion. With the protests, the deaths of protestors in Colombia have increased. In Cali, Colombia, student protestors faced gunfire on Sept. 26, with 21-year-old Johnny Silva suffering fatal wounds. Silva was a chemistry student at the Universidad del Valle during protests against AFTA and high electric-service rates, but some newspaper reports stated that Silva's friend said he was not taking part in the protests. Metropolitan police denied responsibility for his death, saying they were not carrying arms. They also claimed their officers did not enter the campus, which conflicted with statements by university officials.

On Oct. 9, one indigenous protestor died and 15 were wounded during marches against AFTA in La Virginia in the department of Risaralda. About 6,000 Chami indigenous people faced off against government forces there, according to the Organizacion Nacional Indigena de Colombia (Onic), which gathers together about one million native peoples of 71 ethnicities. In other parts of the country, marches of several thousand indigenous peoples also showed opposition to trade agreements with the US.

Government authorities like President Alvaro Uribe called on the groups not to march since the protests were "impracticable," but organizers said they would protest and not block transit routes.

Alberto Wazorna, a protest leader, said rioting erupted after police provoked the marchers when they reached a major highway near Viterbo, 209 km west of Bogota. "It was not necessary for the police to confront us, we were walking peacefully," he said.

A National Police spokesman had no immediate comment on the accusations, but confirmed that a 53-year-old Indian died after inhaling tear gas. At least 15 others, including several children, were wounded, the spokesman said, speaking on condition of anonymity according to police briefing rules. Arhuago Ganan, an indigenous spokesperson from the department of Caldas, said, "We indigenous continue in the middle of the armed conflict. They kill us, threaten us, and displace us from our lands." National strikes against President Uribe and AFTA also took place Oct. 11 in Bogota and other cities, following the indigenous mobilizations.

The Central Unitaria de Trabajadores (CUT) said it hoped to bring half a million protestors to oppose AFTA and Uribe's efforts to change the Constitution so he can run for a second presidential term next year.

One indigenous chief, Francisco Cuchillo, could not attend the march. He was found shot to death in his home in Ginebra, in the department of Valle. His daughter, Lili Cuchillo, said her father died of three gunshot wounds from unknown assailants while he was preparing to join a labor-indigenous march to Cali against AFTA. "We denounce this murder because it represents an attack against our communities," said Lili Cuchillo. "They took our leader away from us." Human rights organizations classify Colombia as one of the deadliest places to be a labor organizer.

In Peru and Ecuador, indigenous and agricultural sectors have also mobilized opposition to the treaty. A statement titled "The free trade agreement sacrifices national interests" was officially released Sept. 22 by lawmakers from Colombia, Ecuador, Peru, and Bolivia. The declaration denounced "the intransigence of the US in questions that are extremely sensitive for the economies of our nations and the failure by the Andean governmental negotiators to take a firm stance."

The legislators say the free-trade agreement will compromise the future development of their countries, "especially affecting the poorest, while seriously limiting the ability of our states to adequately play the role of regulator and redistributor, in order to contribute to eliminating the existing gaps created by inequality and injustice."

Trade agreements must be negotiated "on an equal footing," take into account the asymmetries between the participating countries, and implement "adequate compensation mechanisms," and they "should not impede the protection and development of the respective domestic markets," say the lawmakers. The legislators 23 from Bolivia, 15 from Ecuador, 14 from Colombia, and one from Peru say the free-trade agreement, more than a mere trade deal, implies the acceptance of a long-term model of development that will have an influence on regional security and stability, environmental sustainability, and regional integration processes, "under the argument that a few of our products will have access to the US market."

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