

Other factors could affect the FTAA negotiations as well. The US "Plan Colombia" has upset many people in Latin America, and could undermine support for a deal. Political instability is also a factor in Bolivia, Peru and Ecuador. And Venezuela, under President Hugo Chavez, has been a thorn in the US side. Finally, trade tensions between Canada and the US could heat up, with the end of the Softwood Lumber Agreement, and threats from the US to impose punitive duties on Canadian lumber exports.

The FTAA Negotiations

The two most relevant agreements for understanding the FTAA negotiations are the WTO and NAFTA. With few exceptions, the NAFTA goes deeper in terms of liberalization than the WTO. Indeed, the NAFTA text has been highly influential in entrenching similar language in the Agreements of the World Trade Organization.

The WTO permits member countries to enter regional economic integration agreements, provided that these regional pacts have "substantial sectoral coverage" and liberalize further than the WTO agreements. What this means for the FTAA is that it must be "WTO plus," i.e. the sections of the agreement must at least meet the WTO benchmarks for liberalization. Like the NAFTA, the FTAA may also cover areas not currently in (or not fully covered by) the WTO, such as common rules on investment, government procurement and competition policy.

From the perspective of Canadian and US negotiators, a NAFTA-like agreement is the objective for the FTAA. The US would like an agreement that makes it the hub economy to everyone else's spokes. The US also views the FTAA negotiations as part of a broader strategic context with regard to influencing negotiations in other arenas that involve big players such as the EU and Japan. The US can use positions agreed to in the FTAA to leverage gains on a multilateral basis at the WTO. In this way, bilateral, regional and global trade initiatives reinforce one another.

The tenor of the FTAA negotiations may also be affected if a new round of WTO negotiations is successfully launched, and if so, by how expansive the round will be. The next WTO Ministerial is now scheduled for November 2001 in the desert kingdom of Qatar, far away from pesky protesters.

Currently, the FTAA negotiations are caught up in procedural issues. Some countries, like the US and Chile, want to accelerate the timeline for completion of the deal, but this is being resisted by many South American and Caribbean countries. There are disputes over when the "real negotiations" will start, with some countries favouring a start date as late as June 2002. And negotiators are still coming to grips with issues around how the negotiating process will be structured.