The Free Trade Area of the Americas—A Broken Consensus

By Laura Carlsen | December 4, 2003

In the end, the ministerial meeting to negotiate a Free Trade Area of the Americas in Miami was not a bust like the World Trade Organization meeting in Seattle 1999, nor a walkout like the WTO meeting in Cancun 2003. But the heavily diluted agreement announced in Miami revealed what the other two meetings had presaged: the free trade consensus in the Americas has been broken.

Since the early nineties, the free-trade consensus was blithely assumed by the Bush Sr. and Clinton administrations to be the basis of hemispheric relations for the twenty-first century. In 1990, George Bush Sr. announced the goal of creating the "Enterprise of the Americas"—a free trade area stretching from Alaska to Tierra del Fuego. At the Miami Summit in 1994, President Clinton presented the formal proposal for a Free Trade Area of the Americas (FTAA).

But the view that the plan would be a "win-win" proposition for nations throughout the hemisphere soon ran up against a different reality. Already the Zapatista rebellion had served as a global reminder of the huge disparities in wealth and equity that still exist, and questioned the assumption that the whole world aspired to corporate-led globalization.

Later, evaluations of the North American Free Trade Agreement (NAFTA) began to show that all was not honey and butter in the land of free trade. A decade of job losses in the U.S., and environmental deterioration and increased poverty in Mexico all belied the initial, rosy forecasts for NAFTA and, by extension, the FTAA. People in other developing countries had begun to view Mexico not with envy but as a cautionary tale.

The collapse of the Argentine economy also weakened faith in free trade. Along with Chile, Argentina was Latin America's model of prosperity built on economic integration and structural adjustment. Then the system imploded, leaving massive unemployment and financial and political crisis. Previously marginal alternatives, including cooperatives and new forms of grassroots organizing, gained strength in the vacuum.

The most recent blow to the consensus has been the renegade stance of the Lula government. Although the Brazilian position is hard to characterize—conflicting views exist within Brazilian society and even within the cabinet itself—one thing is clear: the nation will not sign on to an FTAA as envisioned by Washington. Although Brazil did finally agree to continue negotiations and uphold the 2005 deadline for agreement, it reserved the right to opt out of clauses crucial to U.S. interests and to negotiate as a block alongside the other countries of the Southern Common Market (Mercosur).

Despite the obvious breakdown of consensus, the U.S. negotiating team went to Miami determined to avoid a breakdown of formal talks. That negotiators accepted the "opt-out" clause reveals the strength of that determination. The areas likely to be removed are precisely areas in which U.S. business has the greatest stake, particularly the extension of intellectual property rights.

But the only way to avoid killing the pact was to hastily negotiate terms on which to continue negotiating, then stage a chummy press conference announcing a flimsy, fast-tracked accord.

Another reason for haste was that image-conscious negotiators were receiving heavy pressure from the streets of Fortress America. The lower numbers and peaceful behavior of protestors made the militarized response of the City of Miami look boorish at best. The effort to equate global justice demonstrators with terrorists appeared ludicrous when fifty-year-old union members and nonviolent activists were met with tear gas and rubber bullets. Miami's bid to be "a model of homeland security" followed the Iraq script a little too well, as excess bravado made victims of hundreds of civilians.

An Argentine negotiator reportedly described the resulting FTAA text as a skeleton that we now need to flesh out.

The description sounds a little like reviving the dead, and that may well be the case. The time between now and future negotiations will serve more to heighten differences than to resolve them. The Southern Common Market is attempting to consolidate as a regional alternative to a U.S.-dominated hemispheric trade and investment regime. Citizen movements against the free-trade model are growing in almost all Latin American and Caribbean countries, as well as the U.S. and Canada.

On the other hand, NAFTA-like trade and investment agreements remain a goal of U.S. policy. The Central American Free Trade Agreement is on the boards and the U.S. plans to draw up FTAs with Colombia and Peru in the second half of 2004, and Ecuador and Bolivia soon after. This one-on-one process could lead to less equitable terms for poor countries than would have been available through the FTAA.

Opinions are split. Some argue that the WTO and FTAA meetings mark the defeat of the free trade model. Others argue that it's alive and well, but taking new, more nefarious forms in bilateral negotiations.

At this point, the broken consensus represents, more than anything else, an historic opportunity. It calls on us all to take a closer, more critical look at trade and investment policy—who benefits, who loses, what's needed, and what's not.

It also teaches that this process should never again be limited to a closed circle of government negotiators. Millions of people feel the effects on their daily lives and must have a voice in creating new, more equitable policies.

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