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Integral

Center for Studies on Economic Integration and International Trade

1. The Center for Studies on Economic Integration and International Trade – a non-profit Civil Association, with Legal Status under Resolution No. 951 of the Office of the Inspector General of Justice of the Argentine Republic, with offices at Avenida Callao 1975, 10th floor “A,” 1024 Buenos Aires, Argentine Republic, is an institution comprised of professionals in different areas, with experience in the processes of regional economic integration. Its objective is to promote analysis and debate regarding issues of economic integration and international trade, through the conducting of research studies, conferences and multidisciplinary workshops.
2. In this capacity, we appear before the Committee of Governmental Representatives regarding the Participation of Civil Society of the Free Trade Area of the Americas (FTAA), for the purpose of stating our position regarding this negotiation.
3. Negotiation of the Free Trade Area of the Americas (FTAA)
 - The economies of the member countries of the FTAA have been subjected to different and heterogeneous processes that range from far-reaching unilateral trade openings to the clinging to protectionist policies. In those terms, member countries have a favorable expectation with respect to the FTAA, but based fundamentally on the benefits that each of them seek to achieve with full implementation of the FTZ. Past experiences on the subject of dismantling of tariff and non-tariff barriers enable us to assert that the success of the FTZ should be based on reciprocity of conditions of access to the market.
 - The Declaration of San Jose, Costa Rica and its subsequent ratification at the Summit of Presidents of the Americas of Santiago de Chile marks the start of a negotiation process whose objective is to achieve a hemispheric free trade zone, that is, an area of trade preferences that will establish certain rules for discriminating in favor of the participants in the free trade zone (FTZ) in relation to the rest of the world.
 - This implies that upon concluding the negotiation and the FTZ taking effect, the products of the zone shall have a competitiveness ‘plus’ in relation to competing ones from third countries in the hemispheric market.
 - In other words: the objective of this negotiation is not free trade as a principle, but rather the creation of a FTZ based on intra-zonal tariff preferences. Within this framework, access to the zonal market by area members must necessarily result in relatively more favorable conditions than for third countries.

- Besides differences in size and structure of the FTAA economies, there is a set of related disciplines that should be negotiated under the premise of rigorous respect for said reciprocity, given that its present status prohibits such a stipulation *a priori*. By way of example, in a FTZ with balanced rules and strict reciprocity of concessions, exports of member countries must be subject to anti-dumping legislation based on the corresponding WTO agreement, excluding limitatively recourse to domestic legislation that does not respect this commitment.
4. Fundamental principles of the negotiation: in this scheme of ideas, we uphold the following fundamental principles in relation to the conducting of the negotiation:
- **Prevalence of the *single undertaking* principle**, not with the intent of impeding the progress of the negotiations, but rather with a minimum guarantee indispensable for evaluating the balance of the process as a whole in light of all of the concessions and conditions.
 - **Opposition to the making of interim agreements** utilizing the negotiation of the FTZ as a type of institutional umbrella, since said agreements would deny the ability to make a global evaluation of the negotiation. To accept the possibility of interim agreements would imply rejecting the very objective of the negotiation, which is not to agree on isolated points, but rather to agree on them to the extent that they comprise the related disciplines necessary to attain the stage of the FTZ. For interim agreements to exist, a FTZ is not necessary, since same can be achieved through bilateral or multilateral agreements on isolated issues.
 - **Conducting the negotiation by sub-regional blocks**, so as to achieve full compatibility of the FTZ with the different processes of regional integration existing on the continent, which may be in an advanced phase of regional integration that should not be reversed.
 - **Prevalence of the principle of gradualism in the negotiation**, for the purpose of aiding the balance of the concessions.
 - **Existence of simultaneity between the timetable for tariff liberalization and the establishment of a timetable for harmonization or elimination of non-tariff restrictions and health and plant health rules.**
 - **That the measures for facilitation of the negotiations may constitute specific progress in meeting the year 2000 goal**, though noting its definition with clarity so that same does not include substantive issues that should be the subject of negotiation.
5. Objectives of the negotiation: in terms of what was stated, we propose that the negotiation guarantee the following items, for the purpose of making the basic principles of the Declaration of San Jose, Costa Rica compatible with the objectives of the FTZ:
- **Total elimination of non-tariff barriers** that some of the Governments impose on the greater part of their tariff list.

- **Total elimination of direct and indirect subsidies on agricultural and agro-industrial production.**
 - **Elimination of restrictions imposed by national legislation on governmental purchases**, so that companies belonging to the FTZ can compete on equal terms in said operations.
 - **The existence of a dispute resolution system** that guarantees that preferential intrazonal exchange will be subject to the rules that may be negotiated and agreed on in the FTAA and not on the discretionary application of the respective national legislation.
6. In the opinion of this Study Center, these aims, completely lawful, are the indispensable basis for the existence of a FTZ that balances the interests of weaker economies with those of the strongest ones.

Buenos Aires, March 25, 1999

Rodolfo R. Rua Boiero

President of the Center for Studies on Economic Integration and International Trade