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Highlights

Highlights of [GAO-05-166](#), a report to Chairman, Senate Committee on Finance and House Committee on Ways and Means

Why GAO Did This Study

If completed, the Free Trade Area of the Americas (FTAA) agreement would encompass an area of 800 million people and about \$13 trillion in production of goods and services, making it the most significant regional trade initiative presently being pursued by the United States. The 34 democratic nations of the Western Hemisphere formally launched negotiations towards a FTAA in 1998, and set a January 2005 deadline for concluding a FTAA agreement. GAO was asked to analyze (1) progress made in FTAA negotiations since GAO's last (April 2003) report (2) factors that have been influencing the FTAA's progress; and (3) future prospects for the FTAA.

USTR disagreed with our report, stating it was a poorly framed portrayal of progress and problems in the negotiations, overemphasized the role of the United States and Brazil in the current impasse, and did not give sufficient weight to U.S. efforts to make progress. GAO made several changes in response, but disagreed with USTR's assessment. The Departments of State, Commerce, and Agriculture provided technical comments, which we incorporated.

www.gao.gov/cgi-bin/getrpt?GAO-05-166.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Loren Yager at (202) 512-4347 or YagerLj@gao.gov.

FREE TRADE AREA OF THE AMERICAS

Missed Deadline Prompts Efforts to Restart Stalled Hemispheric Trade Negotiations

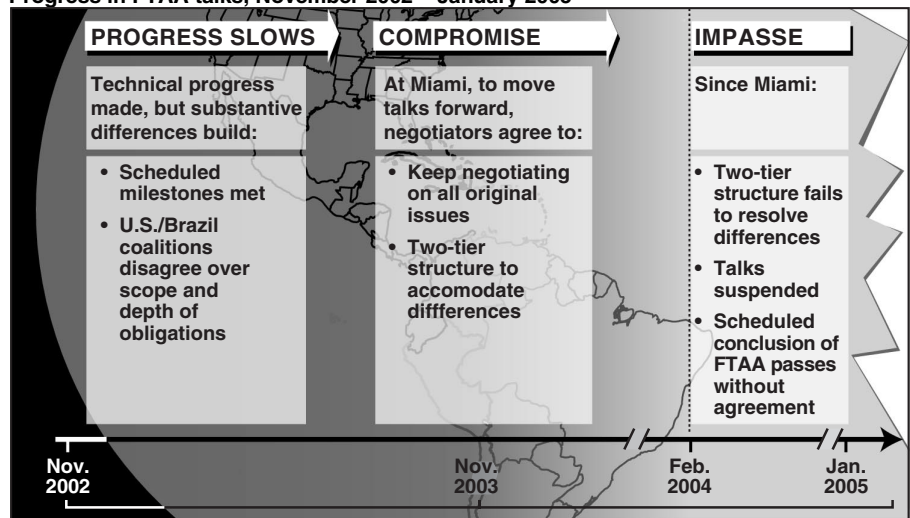
What GAO Found

Since our April 2003 report, FTAA negotiations reached an impasse that remains unbroken. Prior to the November 2003 FTAA Ministerial in Miami, negotiators made technical advances, but differences over the scope and depth of obligations in the FTAA slowed substantive progress. Despite adopting a new structure at Miami, negotiations have been suspended since early 2004, and the scheduled conclusion of the FTAA in January 2005 expired without agreement. This spurred recent efforts to re-start the talks.

Three factors have been impeding progress in the FTAA negotiations: (1) the United States and Brazil have made little progress in resolving basic differences on key negotiation issues, (2) member governments have shifted energy and engagement from the FTAA to bilateral and multilateral trade agreements, and (3) two mechanisms intended to facilitate progress—a new negotiating structure and the co-chairmanship by the U.S. and Brazil—have so far failed to do so.

Although in the Fall of 2004 participants and experts were pessimistic about near-term prospects, many believe that integrating the hemisphere is still worth pursuing and hope that FTAA talks can be revived in 2005. Some believe that progress on agriculture at the World Trade Organization and the upcoming 2005 Summit of the Americas could spur movement on the FTAA. However, many still see finally concluding the FTAA as linked to further WTO progress and to renewal of U.S. Trade Promotion Authority, which facilitates U.S. Congressional approval in mid-2005. Nevertheless, officials from many of the nations and regional groups we contacted indicate continued commitment to establishing a mutually beneficial FTAA.

Progress in FTAA talks, November 2002 – January 2005



Source: GAO.