

# Reframing U.S. Trade Policy In the Americas

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Andrew Winning/Reuters

People demonstrate against U.S. push for a Free Trade Area of the Americas during the last Summit of the Americas.

Since 2002, in different ways, the Bush administration has shown clear animosity to the multilateral negotiating bodies that have traditionally guided international relations since World War II. In this article, I propose to succinctly analyze how that position has facilitated the growing imposition of U.S. unilateralism through a particularly aggressive strategy focused

essentially on negotiating a growing number of bilateral trade agreements.

This strategy has three main objectives: 1) securing greater advantages than could be obtained through long-term multilateral negotiations; 2) imposing on the countries being negotiated with commitments and rules of functioning that the U.S. has not yet managed to impose through the World Trade Organization (WTO), the United Nations (UN) or the Free Trade Area of the Americas (FTAA); 3) building a web of bilateral accords in which the United States is the dominant negotiating partner and that stands

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in the way of other proposals of alternative forms of integration coming from other countries.

The ultimate aim of these three objectives is the progressive restructuring of international economic relations of the countries that make up the United States' periphery and semi-periphery, among which the Americas are a privileged part.

Despite the firmness with which these objectives are being pursued, we must say that the U.S. administration has not altered the main guidelines of its traditional trade strategy a whit by apparently abandoning multilateral negotiations and seeking bilateral agreements. With the latter, it is simply seeking to advance by other means that do not necessarily exclude a long-term multilateral approach.

The bilateral accords or agreements among several parties promoted by the United States function as a lever to build what could be called a compartmentalized multilateralism in the not very distant future. Its main characteristic would consist of the agglomeration of many different accords—mainly bilateral—with a similar pattern of negotiation imposed by U.S. interests. These accords, at first glance unrelated among each other because they involve different countries, actually have one thing in common: they function around a

single hegemonic integrating axis, the United States, and, since they are all situated in a single regional space, can be transformed into part of a broader agreement. One example of this would be the way in which U.S. negotiators have acted in the negotiations for the Free Trade Area of the Americas (FTAA): they have been pointing to the construction of a dense trade network within which bilateral agreements and accords among several countries can exist beneath the protective mantle of a broad multilateral accord.

#### NEW TENDENCIES IN U.S. TRADE POLICY

In recent years, unilateralism has become predominant in U.S. policy. Most of its relations with the rest of the world are regulated by it, and through it, the U.S. imposes its economic, political and military interests.

In an international context in which U.S. hegemony is virtually complete, unilateralism is expressed in the two main trends that guide the country.

The first tendency manifests clearly how the United States is restructuring its participation in the international order, which implies not only its gradual abandonment of multilateral practices, but also the neutralization of any exogenous initiative that might improve the rules that currently apply to international multilateral institutions.

This means, on the one hand, that the United States openly shows considerable disinterest in fostering any fundamental change in the international institutions that sustain the world order. On the other hand, it shows a clear determination to stop any change proposed by other countries that might

improve the current state of international relations.

Thus, while most countries consider that a better balance of power within the UN Security Council is urgently needed and are pushing for a reform to make it more consistent with the current balance of forces, the United States' UN representative proposed a strategy to undermine the agreement finally reached, imposing 400 amendments to a document that was only 39 pages long.

The second tendency consists of making a priority of bilateral negotiations, whether with a single country or with a predetermined group of countries, with the aim of more effectively imposing its own rules and interests, which would undoubtedly be more difficult in a multilateral negotiation.

In this manner it seeks to eliminate, whether temporarily or permanently, the power of other countries or groups of countries who represent a threat to its hegemonic interests. It proposes to break existing alliances and equilibria among other countries and bilaterally impose certain rules that in the long run will affect others.

This is the case of the negotiation of bilateral agreements with each of the countries of the Mercosur, except Brazil; the multiplication of the bilateral free trade agreements with Latin American countries, which have undermined the multilateral negotiating power of the FTAA, specifically negating the initial commitment of considering all countries under the single undertaking proposal or using NAFTA as a framework agreement to be imposed in negotiations with other Latin American countries.

U.S. trade unilateralism could not have been successful if it had not had

the approval of the Trade Promotion Authority, thanks to which the U.S. government abandoned its multilateral trade strategy (the WTO) and is pushing for bilateral negotiations that obviously favor its unilateral practices.

#### SEEKING THE REASONS

The U.S. government justifies these changes using the following arguments:

- 1) They say that with the years, multilateral trade negotiations have become increasingly unproductive, slow and difficult because they have not been able to achieve agreements that completely satisfy U.S. interests. This opinion has been particularly supported by pressure from the U.S. Congress, which thinks that the time has past when unilateral initiatives should be taken in the spheres of international trade in which its interests are being blocked. In this sense, the experience they have accumulated through different hemispheric trade summits, particularly since Cancún, Mexico, and more recently in Mar de Plata, Argentina, leads them to fully justify their eluding multitudinous negotiations and their inclination for a kind of unilateral bilateralism.
- 2) Another reason that also justifies the United States' relative disinterest in multilateral bodies is Congress's demands on all bilateral negotiations. This conditions legislative approval of trade agreements to their being compatible with U.S. legislation. This requirement became more important with the approval of the Trade Promotion Authority, which determined that whatever was ne-

gotiated internationally had to live up to a standard of protection similar to that which exists under U.S. law. Clearly, making an international trade agreement compatible with U.S. legislation can be more easily negotiated in a bilateral agreement than in a multilateral one.

- 3) The third justification argues that in bilateral negotiations it is easier to negotiate, supersede previous commitments and establish the basis for broader negotiations than in a multilateral accord. For example, the trade agreements with Chile, Central America and the Dominican Republic, Australia and Morocco include stipulations about patents that are very similar to provisions of U.S. law. This is an attempt to integrate the regulations into a sufficiently large number of agreements so that later on it will be simpler to impose on countries which have traditionally obstructed some of the United States' strategies, such as the European bloc. Thanks to this, little by little, the United States has managed to disseminate and impose its legal model beyond its borders.

One of the most interesting aspects of the U.S.'s new international trade strategy can be seen in the way it has managed to convince its main partners of the need to comply with a certain "eligibility prerequisite", which obligates them to make the economic changes and reforms that in the long run will facilitate the implementation of the economic interests not only of the U.S. government, but also of the multinational corporations.

Frequently governments that want to negotiate a trade agreement with the United States try to comply with these

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prerequisites without taking into account the interests of their own citizens. In the long run, this leads to high political costs for the country, as has been the case of the structural adjustment policies applied in all the countries of Latin America.

In this context, the U.S. strategy consists of taking advantage of its counterparts' asymmetries. It demands trade liberalization and imposes related norms in other fields beyond trade, such as protection for foreign investment, services and intellectual property. This is just what U.S. negotiators have been imposing in the Free Trade Area of the Americas.

Why has Washington complicated an initially unified hemispheric negotiation like the FTAA by launching talks for a series of bilateral free trade agreements that inevitably made all the Latin American countries compete with each other?

Because this approach offers enormous advantages. One would be the elimination of groups of countries aligned around a common demand, such as agricultural policy or a specific industrial policy. In a bilateral negotiation, there is no danger because it is carried out face to face without the possibility of different countries forging tactical alliances as can happen in a multilateral context.

This tactic can also be seen in the case of the U.S. proposal to the ASEAN countries in 2002 which aimed to build a series of bilateral free trade agreements favoring U.S. interests. However, any Asian country that wanted to participate in this kind of initiative had to first fulfill two prerequisites: being a member of the World Trade Organization and signing a Trade and Investment Framework Agreement (TIFA). These kinds of conditions sought mainly to pave the way for a future bilateral negotiation with the United States and allow for WTO and TIFA negotia-

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tors to first economically discipline the country.

As if that were not enough, more recently an alternative strategy has been put into play called "competitive liberalization." This consists of simultaneously negotiating in different multilateral and bilateral arenas, which in the long run increases the degree of trade liberalization and promotes eventual global agreements. This offers the U.S. enormous advantages because it is an incentive for many small countries facing different multilateral pressures to seek advantages in bilateral negotiations that would be difficult to obtain in a broader forum. This is the reason the Central American coun-

tries accepted negotiating the Central American Free Trade Agreement (CAFTA) instead of waiting for the conclusion of the FTAA.

It is from this point of view that an "agreement a la carte" like the one the U.S. proposed in the FTAA to negotiating countries makes sense, since in that case, the Latin American countries could take on different levels of commitment about a series of minimum rights and obligations with regard to trade issues. Also, those countries that wanted to advance more could do so through bilateral accords or agreements among several countries.

In the long run, this program is more harmful for the peripheral countries, particularly the Latin American ones, because by proposing more flexible negotiations, it transfers definitions that cannot be achieved in "a common minimum" to the bilateral sphere and puts many countries at a greater disadvantage *vis-à-vis* the United States.

#### CONCLUSIONS

It is clear that the old maxim of "divide and conquer" continues to be the main way the United States is proceeding internationally. This formula has been successfully applied in multilateral bodies such as the General Agreement on Tariffs and Trade (GATT) and now the WTO. It has also proven its success if we look at the way bilateral agreements with the United States have proliferated, particularly since 1985 when it signed its first agreement with Israel.

Despite this, multilateralism continues to be an important way to achieve the objectives of its international trade policy, and it has no interest in des-

trouying it, but rather in remodeling it according to its own interests.

Thanks to the skillful way it has imposed its rules in every new set of talks, at the same time linking them up to other negotiations, the United States, without having to resort to multilateral negotiations, has managed to impose its criteria about investment, subsidies, government procurement, laws on competition, intellectual property and patents, among other things, amply surpassing the mere sphere of trade.

The matter for most concern is the inclusion of the issues of security and aid since 2003. These are both included in the Middle East Free Trade Zone and, more recently, in the Security and Prosperity Partnership of North America, proposed in 2005, which indicates the increasingly high level of politization of trade negotiations.

Bilateralism is not a strategy exclusive to the U.S. government: these kinds of agreements have also proliferated among the countries of Latin America, which makes me think that if in the long run this kind of negotiation predominates, the multilateral trade system will unavoidably be profoundly damaged.

Paradoxically, the vast majority of countries agree to participate in a trade system ruled by free trade. However, those same countries are increasingly expressing their skepticism about free trade guided by multilateral negotiations and prefer to limit their interests to their region or their preferential markets.

Meanwhile, by continuing to accept bilateral negotiations, the periphery as a whole is opening the door for the unilateralism of the great powers to continue to be the rule that must be obeyed. ■■■