

Trade ministers wrap up FTAA summit ahead of schedule

Bilateral trade ties hurt by US textile row, says China

AFP, Miami

Trade ministers from the hemisphere working on the Free Trade Area of the Americas agreement wrapped up work late Thursday one day ahead of schedule, with a deal that scales back the original plan for a free trade bloc of 34 nations.

The move skirts what some people thought was a likely collapse of the talks, but downscales the ambitious goals set when the plan was envisioned back in 1994.

Protesters opposed to the FTAA clashed with riot police earlier in the day, as tens of thousands of union workers and sympathizers marched against a pact.

A phalanx of police officers, standing arm to arm in rows sometimes four deep, kept the protesters far from the swank hotel where trade ministers were meeting. Hundreds more police waited on side streets as reinforcements.

An estimated 25,000 protesters, mostly belonging to mainstream US labor unions, marched and raised their fists against the FTAA, which they say will result in environmental abuses and a loss of jobs.

At least 76 protesters were arrested, most after sundown, police said.

"We're moving the FTAA into a new phase, from general concepts to positive realities and opportunities, to a practical stage," said US Trade Representative Bob Zoellick, as he closed the event at a press conference along with representatives of all the other countries.

"These are important steps forward, but very important work lies ahead," he said. "We're moving into an intensive phase."

Talks to complete the FTAA, which would create the world's largest free trade area, with a market of some 800 million people, "could be successfully concluded by the end of next year," said Brazilian Foreign Minister Celso Amorim.

Upcoming talks should focus on lower tariff barriers, the summit declaration said, while the thorny issue of agricultural subsidies and dumping will now be resolved by the World Trade Organization, as the United States wanted.

Negotiators also sidestepped addressing controversial issues such as investment, intellectual property and government purchases.

AFP, Beijing

China warned the United States Friday bilateral trade will be hurt if import quotas are slapped on textile products, as the US Federal Reserve chief cautioned against "creeping protectionism".

US Ambassador Clark Randt was called in by Chinese Vice Minister of Commerce Ma Xihong for an emergency meeting Thursday, a day after he was hauled in by Vice Foreign Minister Zhou Wenzhong, the Xinhua news agency said.

Simmering tensions between the trading giants flared this week when Washington, under pressure to protect US jobs in sensitive industries ahead of a presidential election campaign, said it would cap imports of Chinese bras, knit fabrics and dressing gowns.

Ma told Randt the US decision would negatively impact China-US trade and harm the United States' domestic interests.

She said China "hopes the US will fully recognize the negative impact on normal trade between the two countries caused by abusing safeguard measures on fabric products", and urged Washington to withdraw "its wrong decision".

As the row rumbled on, US Federal Reserve chairman Alan Greenspan called for action to counter "creeping protectionism" in the United States and elsewhere that threaten the global economy.

The influential Federal Reserve chief warned, without specifically naming the disputes, that protectionism was a threat to the international economic recovery fueled by freer global trading.

In a speech at a financial conference in Washington, he said that "the costs of any new such protectionist initiatives, in the context of the wide current account imbalances, could significantly erode the flexibility of the global economy".

"Consequently, it is imperative that creeping protectionism be thwarted and reversed."

China's Ma said the US decision did not conform to the US Committee for the Implementation of Textile Agreements's procedure on special safeguards against Chinese textile products and garments.

"The US administration's decision to request negotiations regardless of the fact runs against the WTO principles on free trade, transparency and non-discrimination," Ma said.

China has warned it could retaliate but has not been specific, although it said Thursday it was studying plans to impose duties on some US manufacturing products.

The flap comes just weeks before Premier Wen Jiabao arrives in Washington.

The Financial Times Friday said he would go equipped with a new, softer philosophy on trade that Beijing hopes may help reduce tensions.