

03/14/2003 Entry: "US Sees Completed Australia Trade Pact in '04"

By Doug Palmer

WASHINGTON (Reuters) - A top U.S. trade official Tuesday outlined an ambitious timetable for finishing negotiations on a free trade deal with Australia next year, ignoring the advice of U.S. agricultural groups that oppose the pact without a broader international agreement.

Ralph Ives, assistant U.S. trade representative for the Asia-Pacific region, told trade policy specialists there was "no firm deadline" for concluding the U.S.-Australia Free Trade Agreement.

Nonetheless, he said he was "sure both parties want to complete the FTA negotiations as soon as possible, certainly some time in 2004. And I'm sure that both would like that to be in the early part, rather than the later part, of that year," Ives said.

The timetable raises concerns for U.S. farm groups that oppose concluding a free trade agreement with Australia before members of the World Trade Organization have come to terms on a package of international farm trade reforms.

They fear a bilateral trade deal with Australia would be one-sided, with U.S. farmers losing much more than they gain because of differences in the relative size of the two markets.

To blunt the impact of increased competition from Australia, farm groups want the negotiations with Canberra to proceed on a parallel track with the WTO talks, which are currently targeted for completion by January 2005.

However, many trade experts doubt the WTO talks will finish on time and suggest they could drag on until 2007, when the Bush administration's current grant of trade negotiating authority from Congress expires.

R.D. Folsom, executive director of the American-Australia Free Trade Agreement Coalition that includes about 230 business groups supporting the agreement, said he was not worried about the ability of agricultural groups to block congressional approval of a FTA with Australia if the WTO talks drag on or collapse.

"They're strong groups, but I don't think that will happen," Folsom said. "My view is (the agreement) will be completed early next year, it will be moved to the Congress quickly and I'm hoping for a vote before August 2004."

Jan Adams, minister counselor at the Australian Embassy, said U.S. beef, sugar and dairy farmers were exaggerating the ability of Australia to expand production and swamp the U.S. market with increased imports.

Australia is a huge island that "only has soil right around the edges. You can't grow anything" in the interior, she said.

But Gregg Doud, chief economist of the National Cattlemen's Beef Association, said Australia already supplies one-third of total U.S. beef imports. Last year, Australia's beef shipments to the United States were valued at \$884 million, he said.

Cattlemen would be strongly opposed to an Australian free trade agreement if the Bush administration delivers it to Congress before the world trade talks are completed, Doud said.

"We'd just have to say 'Look, we can't do this Australian thing until we have a multilateral round put together. That's our position,'" Doud said.

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