



Testimony

Before the Subcommittee on International Trade, Committee on Finance, U.S. Senate

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**FREE TRADE AREA OF  
THE AMERICAS**

**United States Faces  
Challenges as Co-Chair of  
Final Negotiating Phase and  
Host of November 2003  
Ministerial**

Statement of Loren Yager, Director  
International Affairs and Trade



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# Highlights

Highlights of [GAO-03-700T](#), a testimony before the Subcommittee on International Trade, U.S. Senate Committee on Finance

## Why GAO Did This Study

Since 1998, the 34 democratic nations of the Western Hemisphere have been negotiating a Free Trade Area of the Americas agreement to eliminate tariffs and create common trade and investment rules for these nations. The United States will co-chair, with Brazil, the final phase of the negotiations, due to conclude in January 2005. GAO was asked to (1) review challenges that the United States faces as co-chair of the final negotiating phase and (2) discuss risks that the United States may encounter, as host, in Miami, of the November 2003 ministerial meeting.

## What GAO Recommends

The Office of the U.S. Trade Representative (USTR) should intensify U.S. preparations and regularly evaluate whether resources and plans are sufficient to carry out the tasks and mitigate the risks associated with its responsibilities as co-chair of the negotiations and host of the November ministerial. These are related to USTR's (1) increased workload, (2) planning for the ministerial, (3) funding sources, and (4) security needs at the ministerial.

[www.gao.gov/cgi-bin/getrpt?GAO-03-700T](http://www.gao.gov/cgi-bin/getrpt?GAO-03-700T).

To view the full report, including the scope and methodology, click on the link above. For more information, contact Loren Yager at (202) 512-4347 or [YagerL@gao.gov](mailto:YagerL@gao.gov).

## FREE TRADE AREA OF THE AMERICAS

### United States Faces Challenges as Co-Chair of Final Negotiating Phase and Host of November 2003 Ministerial

#### What GAO Found

The United States faces several challenges as co-chair of the final phase of Free Trade Area of the Americas negotiations. First, USTR, which is responsible for co-chairing these negotiations and hosting the November 2003 ministerial, has not added appreciably to its staff, despite the sharply increased workload. Second, the goals of this phase—such as achieving improved market access for the 34 nations—are ambitious and will require serious, substantive trade-offs. Finally, the negotiations are proceeding on the same timeline as several other complex trade negotiations involving the United States. In fact, the resolution of a key issue, agricultural subsidies, has been linked to ongoing negotiations in the World Trade Organization. Currently, these negotiations are bogged down.

Moreover, important risks are already apparent in current U.S. plans for hosting the November 2003 Miami ministerial meeting. Gaps exist in several key areas important to successfully hosting a major trade ministerial. For example, USTR has limited experience in planning and providing logistics for such a meeting. Furthermore, USTR is getting little support from other federal agencies. In addition, no federal agency has yet received any funding for the November event, which is projected to cost \$10 million. Finally, USTR is likely to encounter protestors at the November ministerial. Failure to link security, funding, and logistics at a prior ministerial caused serious problems for the organizers of that event.

#### Contrasting Events Surround 2002 Quito Ministerial Meeting



Members of Americas Business Forum meet inside during 2002 Quito Ministerial (left) as police secure outside area against anti-FTAA demonstrators.

Source: GAO (left photo) and Centro de Medios Independientes de Ecuador. Used with permission.

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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the readiness of the United States to successfully perform as co-chair (with Brazil) of the Free Trade Area of the Americas negotiations process and host of the November 2003 ministerial meeting. As you know, work on the Free Trade Area of the Americas, or FTAA, agreement is one of the most significant ongoing trade negotiations for the United States. In fact, the Bush administration has made establishing the FTAA one of its top trade priorities. Negotiations toward establishing this agreement among the 34 democratic nations of the Western Hemisphere have formally been under way since 1998. Such an agreement would eliminate tariffs and create common trade and investment rules for these nations. The final phase of FTAA negotiations began last November and is scheduled to conclude with the completion of the agreement in January 2005. Today, I will first review the challenges that the United States faces, as co-chair of this final phase of FTAA negotiations. Second, I will discuss the risks that the United States may encounter as host of the November ministerial in Miami.

My testimony is based on our recently published report on this subject.<sup>1</sup> It is also based on our past and ongoing work on the FTAA negotiations process.<sup>2</sup>

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## Summary

The United States faces several challenges as co-chair of the final phase of the FTAA negotiations. First, the Office of the U.S. Trade Representative (USTR), which handles the negotiations, has not added appreciably to its staff, despite the sharply increased workload and responsibilities associated with co-chairing the FTAA negotiations. Second, the goals of this negotiating phase are ambitious and may be difficult to achieve. For example, FTAA negotiations on market access commitments—considered the “heart” of an agreement—will require serious trade-offs among the

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<sup>1</sup>See U.S. General Accounting Office, *Negotiations Progress, but Successful Ministerial Hinges on Intensified U.S. Preparations*, [GAO-03-560](#) (Washington, D.C.: Apr. 11, 2003).

<sup>2</sup>See U.S. General Accounting Office, *Free Trade Area of the Americas: Negotiators Move Toward Agreement That Will Have Benefits, Costs to U.S. Economy*, [GAO-01-1027](#) (Washington, D.C.: Sept. 7, 2001); U.S. General Accounting Office, *Free Trade Area of the Americas: April 2001 Meetings Set Stage for Hard Bargaining to Begin*, [GAO-01-706T](#) (Washington, D.C.: May 8, 2001); and U.S. General Accounting Office, *Free Trade Area of the Americas: Negotiations at Key Juncture on Eve of April Meetings*, [GAO-01-552](#) (Washington, D.C.: Mar. 30, 2001).

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participating nations. In addition, finalizing the FTAA agreement will require the 34 participating nations to bridge wide, substantive differences on topics such as investment and intellectual property. Finally, FTAA negotiations are taking place at the same time as several other complex trade negotiations that often involve the same issues and staff. Indeed, the resolution of key issues for the hemisphere, such as agricultural subsidies, has been linked to negotiations in the World Trade Organization (WTO) that are presently bogged down.

Although current U.S. plans for hosting the FTAA Trade Ministerial in Miami in November 20 and 21, 2003, are at an early stage, important risks are already apparent. Officials with prior experience in hosting ministerial meetings told us that certain key elements must be in place soon to successfully host a major trade ministerial, notably experienced staff, a clear plan, sufficient funding, and adequate security. However, our examination of agency records and other documents reveals that current U.S. plans leave gaps in several of these areas. For example, USTR has sole responsibility for all facets of planning and logistics, a complex task. However, USTR has limited institutional experience in this area and is getting little support from other federal agencies, such as the Department of State. In addition, although current estimates are that the FTAA ministerial will cost \$10 million, no federal agency has yet received any funding for this event, and the local organizers are just beginning fundraising efforts. Failure to mitigate similar risks caused serious logistical and security problems at the last major trade ministerial hosted by the United States, the 1999 Seattle WTO ministerial.<sup>3</sup>

In our report, we recommend that USTR intensify preparations and regularly evaluate whether its resources and plans are sufficient to successfully carry out the tasks and mitigate the risks associated with co-chairing the FTAA negotiations and hosting the November 2003 ministerial meeting.

In commenting on our report, USTR and the Department of State agreed with our overall message. However, USTR stressed that it believes plans for hosting the ministerial are currently at an appropriate stage of development.

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<sup>3</sup>See U.S. General Accounting Office, *World Trade Organization: Seattle Ministerial: Outcomes and Lessons Learned*, [GAO/T-NSIAD-00-86](#) (Washington, D.C.: Feb 10, 2000).

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## Background

The United States has long been a key player in the FTAA negotiations. Now, in addition to participating as a major negotiating country charged with advancing its own position with the FTAA negotiations, the United States has assumed responsibility in two other areas. First, this past November, the United States became co-chairman (with Brazil) of the negotiations. In this capacity, the United States has assumed responsibility for leading the FTAA process as a whole forward to its conclusion. Second, in conjunction with this role, the United States will serve as host of a hemispheric trade ministerial in November of this year. As such, it is responsible for providing facilities and making logistical and security arrangements for that meeting.

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## Co-chairmanship Poses Challenges for United States

The United States faces three key challenges as it takes on the responsibility, together with Brazil, of co-chair of the negotiations charged with guiding the FTAA process forward to a successful conclusion by January 2005: (1) handling a substantial increase in its workload, (2) managing the intensified negotiating pace and substantively difficult trade-offs associated with concluding an FTAA agreement, and (3) simultaneously juggling the FTAA and several other complex trade negotiations.

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## Workload and Negotiating Pace to Increase, but Resources Not Commensurate

### Workload to Increase

The first key challenge for the USTR as co-chair of the FTAA process will be handling the increased workload as negotiations intensify, without an appreciable increase in staff. The co-chair's responsibilities are considerable. They include providing leadership to the negotiating process and regular guidance to the 10 negotiating groups and special committees charged with developing the FTAA rules, specific market access commitments, and institutional arrangements that will together comprise an FTAA agreement. The United States must also coordinate with Brazil, the other co-chair, on a daily basis.

Despite general recognition that co-chairing will involve more work for the United States than chairing on its own, USTR only has about half as many staff devoted to co-chairing the FTAA negotiations as previous chairs have had. Presently, USTR has two staff working full-time on the day-to-day

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FTAA co-chairmanship tasks. Two other staff devote some of their time to the co-chair function and some to advancing U.S. positions in the FTAA negotiations. Brazil currently has five staff handling the co-chair function and plans to add a sixth. Ecuador, which chaired the negotiations from April 2001 to October 2002, had eight people working on substantive issues and additional people working on logistics. Canada, which chaired the negotiations from March 1998 to November 1999, had eight people, with access to others for special projects. To mitigate this situation, USTR is seeking to bolster its resources quickly by borrowing staff from other agencies. Although it has recently had limited success,<sup>4</sup> funding caps and other concerns may make agencies reluctant to detail more people to USTR without receiving reimbursement.

Several past FTAA chairs have told us that the consequence of a U.S. failure to adequately staff the co-chairmanship could be a slowdown of FTAA negotiations. These negotiations have reached a critical juncture with the launch of market access talks on February 15, 2003. Any slowdown could make it even more difficult to achieve substantial results by the November 2003 Miami ministerial.

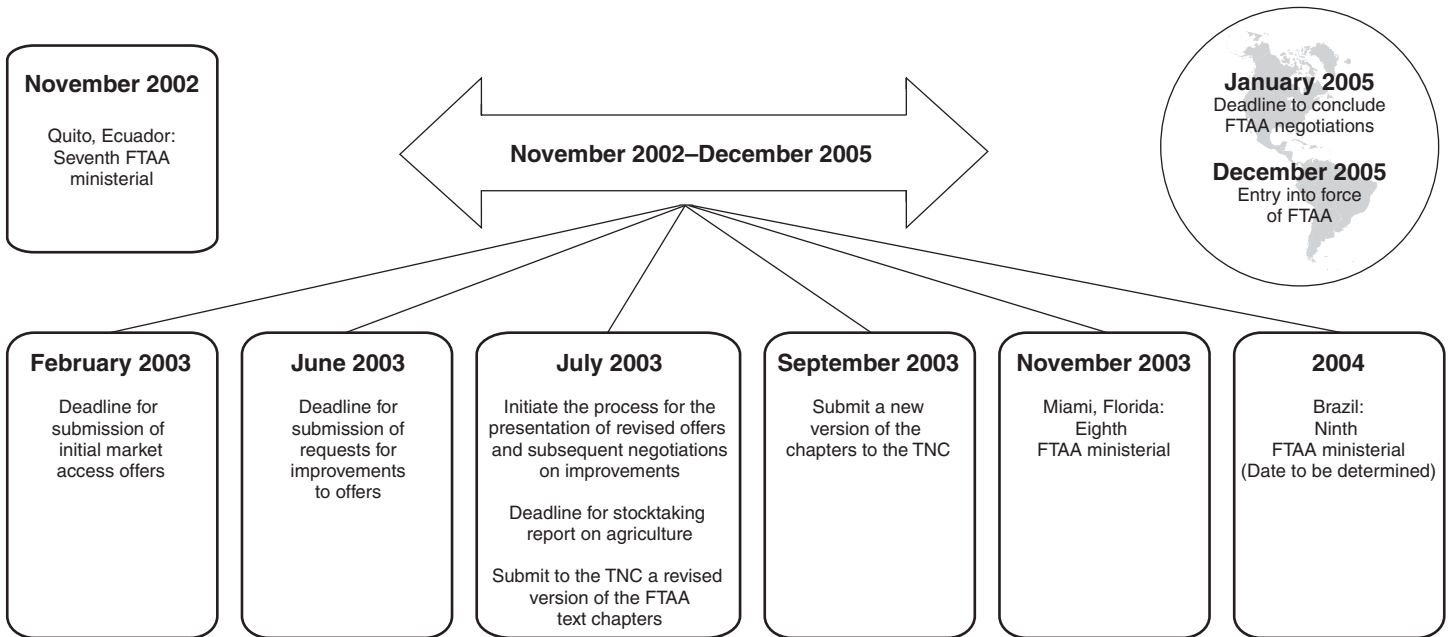
#### FTAA Negotiations Intensifying, as Are Substantive Demands

A second key challenge facing USTR is the intensifying pace of the FTAA negotiations. To conclude a final agreement by January 2005, much remains to be done. In fact, various FTAA negotiating group meetings have been scheduled for practically every day for the coming 6 months. As our report explains, although considerable technical groundwork has been laid since FTAA negotiations were formally launched in 1998, up to now, FTAA negotiations did not involve serious, substantive trade-offs. This lack of substantive movement is a concern to some observers, given that only 20 months remain until the January 2005 deadline for concluding an FTAA agreement. The overall timetable for FTAA negotiations and key milestones for the current phase are depicted in figure 1.

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<sup>4</sup>In mid-March, USTR announced that a senior Department of State official will be loaned to the agency effective June 23, 2003, to head the U.S. delegation to the FTAA's vice ministerial level Trade Negotiations Committee. The official has been ambassador to the Republic of Azerbaijan since October 2000. Prior to being nominated to serve in Azerbaijan, he was principal deputy to the ambassador-at-large and special advisor to the Secretary of State for the New and Independent States of the former Soviet Union (1997-2000), where he had direct responsibility for U.S. relations with Ukraine, Central Asia, and the Caucasus. (This addition basically means that the senior USTR person presently responsible for this role will no longer have to split her time among the Chile Free Trade Area (FTA), Central American FTA, and FTAA negotiations, as well as the North American Free Trade Area (NAFTA) and other duties.) Another Department of State detailee is expected this summer.

**Figure 1: FTAA Time Frames and Milestones, 2002–2005**



Source: GAO.

Note: The TNC refers to the Trade Negotiations Committee. The TNC guides the work of the negotiating groups and other committees and groups and decides on the overall architecture of the agreement and institutional issues.

Five of the nine FTAA negotiating groups—agriculture, market access, services, government procurement, and investment—finally began work negotiating concrete market access commitments, or schedules to liberalize trade, in mid-February 2003. These negotiations are considered very important, because they will determine how much trade and investment will actually be liberalized and how rapidly trade barriers will be removed. Even though all 34 FTAA countries met the deadline for submitting initial offers on industrial and agricultural market access, many of these offers were conservative. For example, in contrast to the U.S. offer, several nations placed sizeable shares of their trade into the longest phaseout category (more than 10 years) or excluded some key items from liberalization. In addition, some nations have not yet made offers on investment, services, and government procurement. Ultimately, achieving substantial liberalization will be difficult, because the tariffs of many FTAA participants are high, and tariffs are an important source of government revenue for many FTAA nations.

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FTAA participants must also agree on the final legal text or rules on such complex topics as intellectual property rights and competition policy. To give you an idea of the magnitude of this task, the draft FTAA agreement made public last November was nearly 400 pages long. Moreover, most of the text was in brackets, which signified disagreement among the 34 participating nations. Bridging these disagreements may be difficult, given the number and diversity of nations participating. Several FTAA participants, including the United States, are among the wealthiest nations in the world. But some FTAA participants, such as Haiti, are among the poorest, and others are small or isolated in geographic terms.

To deal with the problem of differences in the 34 participants' wealth and size, the November 2002 Quito ministerial launched a Hemispheric Cooperation Program. This program is considered vital to building a necessary consensus among the FTAA participants. The program's goal is to identify critical priorities and help marshal funds that would bolster the capacity of the lesser-developed nations to negotiate, implement, and benefit from an FTAA. Participants' interests within the FTAA negotiations differ, even among the largest countries. According to reports, although the U.S.'s work with Brazil is going smoothly, Brazil's commitment to the FTAA and to its deadlines remains unclear. Recently, for example, Brazil's Foreign Minister stated that the FTAA completion deadline of 2005 is too ambitious.

Indeed, FTAA negotiators have set ambitious goals for the coming months. By June 15, 2003, the five groups negotiating market access will exchange requests for revised offers. All ten negotiating groups are working to provide vice ministers with a revised text at their next meeting on July 7, 2003 (in El Salvador). The goal is to have a rather advanced agreement by this November's FTAA ministerial in Miami.

#### Other Trade Negotiations Occurring Concurrently

A third challenge facing the United States as co-chair is that other major negotiations are occurring concurrently with the FTAA. For example, the U.S. Trade Representative has notified Congress of his intent to pursue free trade agreements with (1) five nations of Central America, (2) Australia, (3) the South African Customs Union,<sup>5</sup> and (4) Morocco, and USTR has started negotiations toward this end. Meanwhile, the Doha Development round of WTO negotiations involving 146 nations and a similarly broad set of issues will officially be at the midpoint at the

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<sup>5</sup>A customs union including South Africa, Lesotho, Botswana, Namibia, and Swaziland.



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September 2003 WTO ministerial. Some of the same USTR staff are involved in these concurrent negotiations. Moreover, several issues of importance to U.S. trade partners in the hemisphere, notably agriculture subsidies and trade injury remedies, are linked to ongoing negotiations at the WTO. The U.S. position is that the WTO is the appropriate forum to deal with domestic agriculture subsidies, but many other FTAA participants maintain that domestic agriculture support needs to be addressed in both the FTAA and the WTO. The November 2002 Quito ministerial declaration notes the importance of progress in both the WTO and FTAA agriculture negotiations.<sup>6</sup> However, WTO negotiators missed a March 31, 2003, deadline to establish modalities, or the rules and guidelines for agricultural liberalization, as well as other deadlines in other areas under negotiation. We noted in a September 2002 report that meeting this deadline was a crucial indicator of the likelihood of success in the overall negotiations.<sup>7</sup> Lack of progress in these WTO negotiations has caused concern about prospects for progress in FTAA negotiations.

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## Gaps in U.S. Preparations for Hosting November 2003 Ministerial Pose Risks

The United States will host the Eighth FTAA Trade Ministerial in Miami in November 2003, just 6 months from now. This ministerial is particularly significant, because it will occur just over a year before the slated conclusion of FTAA and WTO negotiations. As host, the United States has numerous responsibilities, but U.S. planning for the ministerial is at an early stage. Given the lead times involved, however, intense efforts are needed to fill the remaining gaps in the areas of expertise, planning, funding, and security.

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<sup>6</sup>Specifically, the Quito ministerial declaration states:

We recognize that, in a global market, we must have significant results in the negotiations on agriculture, both in the FTAA and in the WTO. In this context, we must also take into account the practices by third countries that distort world trade in agricultural products. We also recognize that our respective evaluation by country or group of countries, of the results in the market access negotiations in agriculture in the FTAA, will depend on the progress we can reach in other subjects that are part of the agriculture agenda.

<sup>7</sup>See U.S. General Accounting Office, *World Trade Organization: Early Decisions are Vital to Progress in Ongoing Negotiations*, [GAO-02-879](#) (Washington, D.C.: Sept. 4, 2002).

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## Responsibilities of the Host of an FTAA Ministerial Are Numerous, Important

The host of an FTAA ministerial is generally responsible for providing facilities, transportation, and security for both the ministerial and the Trade Negotiations Committee meeting, a gathering of vice ministers that precedes the ministerial. In addition, separate forums for the business community and civil society typically accompany FTAA ministerials. Each of these events involves hundreds of people, including many high-level officials requiring appropriate protocol and special security measures. The task of the United States as host is especially complex, because USTR must coordinate actively with local officials and oversee host city preparations to ensure they are satisfactory. Successfully executing the many responsibilities of an FTAA ministerial host is critical, given the importance of ministerial meetings in the negotiations.

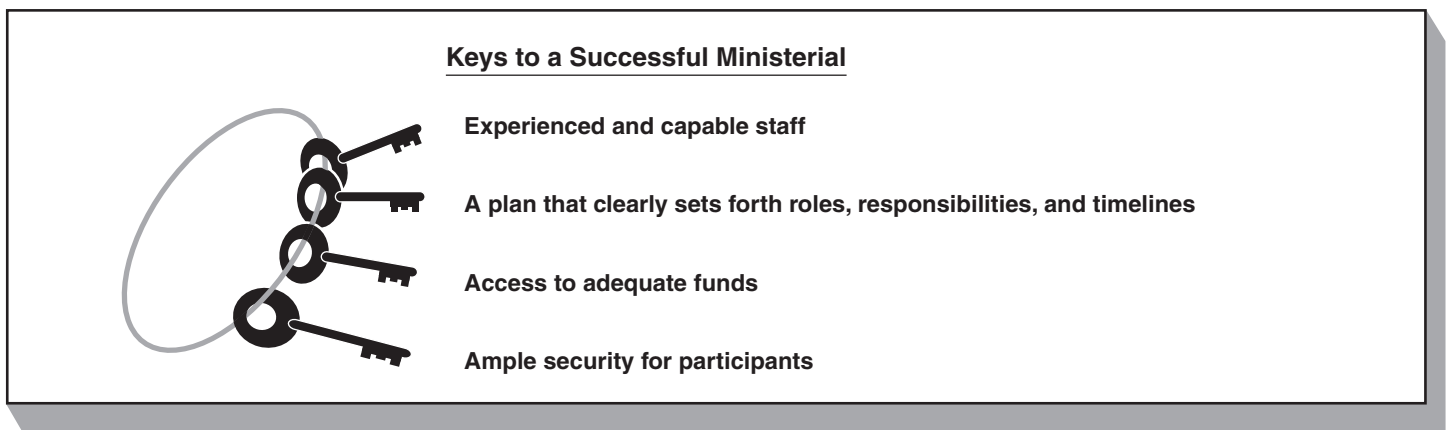
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## Several Factors Critical to Success

Our discussions with cognizant officials suggest that hosts must have several basic elements in place to fulfill the responsibilities outlined above (see fig. 2). Particularly important is having (1) staff experienced in bringing together all the different components including logistics, budgeting, and procurement; (2) a plan that clearly sets forth responsibilities and timelines for putting in place necessary logistical arrangements; (3) access to funds to pay for expenses; and (4) assurance of adequate security.

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**Figure 2: Keys to a Successful Ministerial**



Source: GAO.

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## USTR Lacks Experience Hosting; Miami Has Track Record but Wants Support

USTR has sole responsibility for organizing the FTAA ministerial. As an agency, it has relatively little institutional experience in this area, however, and it is receiving limited assistance from other agencies with expertise.

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Until late April USTR had four permanent staff working part-time on planning the FTAA ministerial, only one of these staff has significant experience in logistics, security, and administration. USTR had received substantial help in planning the last major trade ministerial it hosted, the 1999 Seattle WTO ministerial, including assistance from several Department of State officials with previous international conference planning experience.<sup>8</sup> The Department of State is not providing similar support for the November 2003 FTAA ministerial, however, largely due to budgetary constraints. In fiscal year 1995, the Department of State was receiving \$6 million to fund and support U.S. participation in international conferences. By fiscal year 1999, this appropriation had been discontinued, with no commensurate increase to USTR's budget for trade meetings.<sup>9</sup>

As a result, USTR plans to rely heavily on Miami's expertise to carry out the November 2003 meeting. Miami hosted the 1994 Summit of the Americas that launched the FTAA initiative, and the city has hosted other major events. However, the Miami organizers (committees and individuals representing both private and public sectors in South Florida, including the jurisdictions of the city of Miami, the county of Miami-Dade, the city of Coral Gables, and the city of Miami Beach), informed us that they would like more support from the federal government. In particular, on the premise that the workload and need for coordination will increase as the ministerial draws closer, they would like a full-time federal staff person to be detailed from the Department of State to Miami in a liaison capacity as soon as possible. (This had been done for the 1994 Summit of the Americas, also in Miami.)

#### Plans for Ministerial in Early Stages; Intense Preparations Required

Both the federal government's and Miami's plans for hosting the November 2003 ministerial are in early stages. Some of the specific tasks identified in FTAA guidelines have been accomplished, and more are in process. For example, accommodations for delegates and meeting space have been selected. However, the USTR and Miami both agree that much remains to be done between now and the November 2003 ministerial. Among other things, a budget that clearly outlines funding sources and responsible

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<sup>8</sup>Although some records are available, including timelines and task lists, the Department of State does not have written guidelines on how to plan such an event, and no formal, written "lessons learned" were prepared after the Seattle WTO ministerial.

<sup>9</sup>In fiscal year 2000, the Department of State received a separate appropriations for the Seattle ministerial.

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parties must be finalized; meeting space configured; a security plan developed; and arrangements for providing credentials, translation, administrative support, and other services made. The FTAA Administrative Secretariat requires the United States to provide both the Secretariat and the delegates with details of the U.S. arrangements for the November FTAA ministerial by late September 2003. Making all of the required arrangements by then will require intense preparations on the part of both the USTR and Miami officials.

**Funding Has Not Been Secured,  
and Funding Responsibilities  
Are Still Unclear**

Among other things, funding for the FTAA ministerial has not been secured. As of early May, a budget for the event had not been finalized, local fund-raising had just begun, and no federal agencies had received funding for the FTAA ministerial meeting. Current estimates are that the ministerial will cost \$10 million. Although some funding requirements can be met through in-kind contributions, expenses that require an outlay of funds are expected to total about \$3 million and will be incurred within the next 2 months. Such expenses include making deposits for hotels and transportation and paying the firms supporting the FTAA Web site and preparing delegate credentials.

Relying on the host city to pay the majority of the costs is a model the United States has followed at past summits and trade ministerials where a host committee, or an organizing group composed of local representatives associated with the host city, paid for the majority of the costs. For example, this model was used for a ministerial meeting of the International Telecommunications Union held in 1998 in Minneapolis, Minnesota. Some experiences with host committees have been unsuccessful, however. For example, at the 1999 Seattle WTO ministerial, decisions to rely on the host committee, and the committee's ultimate failure to raise sufficient funds, caused problems at the meeting. In addition, costs kept escalating as year-long planning efforts continued, ultimately reaching \$24 million.<sup>10</sup> This amount is considerably higher than the December 1998 budget of \$9 million. Moreover, it is nearly as large as USTR's entire fiscal year 2001 budget, which was \$29 million.

No federal agency has yet received funding for the FTAA ministerial. The USTR has only requested \$200,000 for the FTAA ministerial, or 2 percent of the currently projected cost, but this is in the President's fiscal year

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<sup>10</sup>Security expenses accounted for more than half of the total cost, amounting to \$14 million.

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2004 budget request for the year that begins October 1, 2003. At a minimum, USTR will have to pay for the expenses of its staff participating in the event, for setting up and staffing a fully equipped office in which U.S. delegates can work, for basic translation services, and for certain aspects of security. To reduce costs, USTR had planned to use computers and other equipment procured for the September 2003 Cancun WTO ministerial for the Miami FTAA ministerial. To date, however, USTR has not been given approval by the Office of Management and Budget to submit a request for a \$1.3 million supplemental appropriation that would fund this procurement.

USTR has stated that Miami will provide the vast majority of funds for the ministerial. USTR plans to rely on Miami's desire to be the site of the permanent FTAA Administrative Secretariat as incentive to raise the necessary funds. However, the Miami organizers believe the federal government will also assume some financial responsibility because, in their view, the ultimate host of the ministerial is the federal government. Both parties have agreed to use the budget development process to identify funding sources and apportion financial and logistical responsibilities. However, this breakdown is still being discussed.

USTR has sought to forestall any possible funding difficulties through signing an agreement with the Miami organizers for them to provide a statement of fund-raising principles and periodic status reports. So far, the four Miami municipalities involved have drafted a memorandum of understanding regarding their financial support of the meeting. Under the memorandum, they agreed to provide in-kind and cash support according to a yet-to-be specified formula.<sup>11</sup> This agreement allows signatories to withdraw, however, if they determine that they can no longer financially participate.

## Security Is Critical

Another key risk the United States will face in Miami is ensuring the security of participants. Previous trade ministerials have involved extensive security requirements, in part because these events have attracted protestors opposing globalization. USTR expects around 6,000 participants at the Miami ministerial. The number of protestors expected, however, ranges between 20,000 and 100,000, according to both USTR and the Miami organizers, compared to 9,000 participants and 50,000 protestors

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<sup>11</sup>The four municipalities involved are the city of Miami, the county of Miami-Dade, the city of Coral Gables, and the city of Miami Beach.

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at the Seattle WTO ministerial. In a February 2000 report,<sup>12</sup> we noted that protestors interfered with the Seattle WTO ministerial by causing delays and disrupting proceedings. Protestors also threatened and, in some cases, assaulted delegates. Local reports indicated that 92 protestors and bystanders and 56 police officers were injured, and that downtown Seattle businesses suffered \$3 million in property damage. At the FTAA ministerial in Quito, Ecuador, protestors were also present, and a breakdown in order at a meeting between trade ministers and civil society groups raised security concerns.

According to USTR officials, the need to link logistics and security is an important lesson learned after the security problems experienced at the Seattle ministerial and is a critical component of the planning for the Miami event. At the Seattle ministerial, security costs accounted for more than half of the expenses incurred, in part because security had not been factored into logistical arrangements from the beginning. USTR's goal is to have a security plan finalized by May 30, 2003.

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## Conclusions

In summary, Mr. Chairman, despite 4 years of talks, considerable work remains in order to culminate an initiative that the hemisphere's 34 democratically elected leaders once embraced as key to integrating their economies, improving growth and equity, and strengthening democracy. With a January 2005 deadline for completion, our work suggests that the United States faces challenges as co-chair of the final phase of FTAA negotiations and as host of a major trade ministerial in Miami just over 6 months from now. Filling gaps in human and financial resources is critical to success and will require intense preparations on the part of both USTR and the Miami organizers between now and November. As a result, in our report, we recommend that USTR intensify U.S. preparations and regularly evaluate whether resources and plans are sufficient.

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Mr. Chairman and Members of the Subcommittee, this concludes my prepared statement. I will be pleased to answer any questions you may have.

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<sup>12</sup>See [GAO/T-NSIAD-00-86](#).

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## Contacts and Staff Acknowledgments

For future information on this testimony, please call Loren Yager or Kim Frankena at (202) 512-8124. Individuals making key contributions to this testimony included Venecia Rojas Kenah, R. Gifford Howland, Rona Mendelsohn, Kirstin Nelson, Jon Rose, and Marc Molino.

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