

FREE TRADE AREA OF THE AMERICAS
SEVENTH MEETING OF MINISTERS RESPONSIBLE FOR TRADE IN THE HEMISPHERE

MINISTERIAL DECLARATION

QUITO, ECUADOR
1 NOVEMBER 2002

1. We, the Ministers Responsible for Trade in the Hemisphere, representing the 34 countries participating in the negotiations of the Free Trade Area of the Americas (FTAA) held our Seventh Ministerial Meeting in Quito, Ecuador, on 1 November 2002 with the intent to review progress in the FTAA negotiations so as to establish guidelines for the next phase of these negotiations, which are to conclude no later than January 2005 in accordance with the terms agreed by our Heads of State and Government at the Third Summit of the Americas, held in Quebec City in April 2001, and to seek its entry into force as soon as possible thereafter, but in any case no later than December 2005, and we commit ourselves to meeting these goals.*
2. We recognize the significant contribution that economic integration, principally through the FTAA, will make to the attainment of the objectives established in the Summit of the Americas process, including strengthening democracy, creating prosperity and realizing human potential. We reiterate that the negotiation of the FTAA will take into account the broad social and economic agenda contained in the Miami, Santiago and Quebec City Declarations and Plans of Action with a view to contributing to raising living standards, increasing employment, improving the working conditions of all people in the Americas, improving the levels of health and education and better protecting the environment.
3. We note with satisfaction that the process of building the FTAA advanced in this, the third, 18-month phase, under the chairmanship of the Republic of Ecuador despite the deterioration in current global and hemispheric economic conditions and heightened international tensions in the political and social arenas that have been evidenced in recent times. We register our concern over this situation, which is characterized by a decline in international trade and investment flows. We reiterate our commitment to avoid, to the extent possible, adopting policies or measures that may adversely affect regional trade and investment. With the intent of contributing to the expansion of world trade, we reaffirm our commitment that the results of the FTAA shall not raise additional barriers to other countries.
4. Among the achievements of this third phase of negotiations we wish to single out the fulfillment of tasks necessary for fulfilling the terms of the Buenos Aires Ministerial Declaration, fundamentally the elaboration of a second draft of the consolidated chapters prepared by the Negotiating Groups and the preliminary work of the Technical Committee on Institutional Issues (TCI) on the general and institutional aspects of the future FTAA Agreement, the initiation of market access negotiations in agricultural and non-agricultural goods, services, investment, and government procurement on 15 May 2002; the approval of the methods and modalities for negotiation to be applied in the next phase of the process and setting of the timetable for the exchange of market access offers with initial offers beginning on 15 December 2002¹; the definition of modalities on the notification of the base tariff, the approval of the guidelines or directives for the treatment of differences in levels of development and size of the economies; and the Hemispheric Cooperation Program (HCP) which is attached in Annex III to this Declaration.
5. We reaffirm the principles and objectives that have guided our work since the First Summit of the Americas, in particular, the basic principle of consensus in decision making within the FTAA process and the achievement of a balanced and comprehensive agreement that is also consistent with the rules and disciplines of the World Trade Organization (WTO). We reaffirm that the result of the FTAA negotiations shall constitute a comprehensive single undertaking that incorporates the rights and obligations that are mutually agreed for all member countries. We reiterate that the FTAA can coexist with bilateral and sub-regional agreements, to the

* Venezuela reiterates its reservation expressed in the Quebec City Declaration, with respect to the entry into force of the FTAA in 2005.

¹ In accordance with derestricted document FTAA.TNC/20/Rev.1, which may be consulted on the FTAA official website at <http://www.ftaa-alca.org/tn20r1e.doc>

extent that the rights and obligations under these agreements are not covered by or go beyond the rights and obligations of the FTAA. We confirm the importance of making continuous, balanced, and substantial progress in all subject areas under negotiation, and also reiterate the need for the negotiating process to be conducted in a transparent and flexible manner so that all FTAA countries consider the results of the negotiating process to be balanced. We also reiterate that the rights and obligations of the FTAA shall be shared by all the countries.

6. We reaffirm our commitment to take into account in designing the FTAA, the differences in levels of development and size of economies in the Hemisphere, in order to ensure that these economies participate fully in the building of, and benefits resulting from, the Agreement and to create opportunities for these countries. We therefore welcome the incorporation of this commitment in document FTAA.TNC/20/Rev.1 as one of the general principles of the methods and modalities for the negotiations in the areas of market access, agriculture, investment, services, and government procurement.

7. We reiterate that one of our general objectives is to strive to make our trade liberalization and environmental policies mutually supportive, taking into account work undertaken by the World Trade Organization and other international organizations, and to promote sustainable development in the Hemisphere.

8. We further recognize the importance of strengthening throughout the Hemisphere, national actions and cooperation in order to ensure that the benefits of trade liberalization, the protection of the environment, and human health are mutually supportive.

9. We also propose to secure, in accordance with our respective laws and regulations, the observance and promotion of internationally-recognized core labor standards, renewing our commitment to observe the International Labour Organization (ILO) 1998 Declaration on Fundamental Principles and Rights at Work and its Follow-up, acknowledging that this organization is the competent body to promote, set and deal with these core labor standards.

10. We note that the Inter-American Conference of Ministers of Labor (IACML), acting on the Declaration and the Plan of Action of the Quebec City Summit, established at its Ottawa Conference (2001) a Working Group on the Labor Dimensions of the Summit of the Americas process, to examine *inter alia* questions of globalization related to employment and labor, and we would appreciate receiving a report on the results thereof.

11. We reject the use of labor or environmental standards for protectionist purposes. Most Ministers recognized that environmental and labor issues should not be utilized as conditionalities nor subject to disciplines, the non-compliance of which can be subject to trade restrictions or sanctions.

12. We consider that the establishment of the FTAA, through increased trade flows, trade liberalization and investment in the Hemisphere, shall contribute to growth, job creation, higher standards of living, greater opportunities, and poverty reduction in the Hemisphere. For this to be possible, the establishment of the FTAA shall promote the application of policies oriented to economic development, promoting the generation of employment and the effective operation of labor markets in the Hemisphere.

13. We also recognize the importance of encouraging the promotion of financial policies that are conducive to the growth of hemispheric trade and investment, which could help address the external debt problem of some countries in the Hemisphere.

14. We also recognize the progress achieved in the implementation of the obligations assumed by our governments within the context of the Uruguay Round of multilateral trade negotiations, as well as the activities associated with the work program agreed at the Fourth Ministerial Conference of the World Trade Organization, which took place in Doha, in November, 2001. We reaffirm our commitment to complete the negotiation of the Doha Development Agenda by January 2005. Given that the FTAA will be compatible with and will build on the WTO, where possible, our negotiations must take cognizance of the ongoing developments in the WTO, which constitute part of the Doha Agenda. In this regard we attach importance to achieving the objectives of particular interest to FTAA countries.

15. We ratify the importance of agriculture for the economies of the region, the integral and non-discriminatory treatment of which in the FTAA negotiations will contribute to generating employment, reducing poverty and fostering social stability. We reaffirm the hemispheric commitment to the elimination of export subsidies affecting trade in agricultural products in the Hemisphere and to the development of disciplines to be adopted for the treatment of all the other practices that distort trade in agricultural products, including those which have

an equivalent effect to agricultural export subsidies, and to make substantive progress in the market access negotiations. 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. In order that the Trade Negotiations Committee (TNC) can achieve its objective of ensuring balanced progress and the timely conclusion of the negotiations, we instruct the Negotiating Group on Agriculture (NGAG) to intensify its work with the view to presenting to the TNC, before its fourteenth meeting, a report on the progress achieved in all the subjects under consideration by the NGAG.

16. Recognizing the importance of this issue, we reiterate the instruction issued to the Negotiating Group on Subsidies, Antidumping and Countervailing Duties (NGADCV) in Buenos Aires in 2001, to intensify efforts to reach a common understanding with a view to improving, where possible, the rules and procedures for the operation and enforcement of the trade remedy laws.

17. We welcome the guidelines and directives for the treatment of the differences in the levels of development and size of economies.² We instruct the TNC to ensure that all the negotiating groups, in particular those undertaking market access negotiations, translate these guidelines into specific measures so that they are reflected in the results of the negotiations. Furthermore, we instruct the TNC, with the support of the Consultative Group on Smaller Economies (CGSE) and the Tripartite Committee, to report to us at our next meeting on the results of the progress achieved in relation to the treatment of differences in the levels of development and size of economies in each of the Negotiating Groups.

18. In support of the FTAA, we approve the Hemispheric Cooperation Program as a priority of all our governments. The Program is intended to strengthen the capacities of those countries seeking assistance to participate in the negotiations, implement their trade commitments, and address the challenges and maximize the benefits of hemispheric integration, including productive capacity and competitiveness in the region. We note that the Program includes a mechanism to assist these countries to develop national and/or sub-regional trade capacity building strategies that define, prioritize and articulate their needs and programs pursuant to those strategies, and to identify sources of financial and non-financial support. We instruct the TNC, with the support of the CGSE, to supervise the HCP. We commit to complete national and/or sub-regional trade capacity building strategies and the related programs in order to make expeditious progress under the HCP, and to assist in the identification of predictable and multifaceted sources of financial and non-financial support for meeting the objectives of the HCP. While these strategies are being prepared, the HCP will also respond to immediate assistance needs for the purpose of strengthening the participation of countries in the negotiations. We further instruct the TNC, with the support of the Tripartite Committee, to facilitate meetings of the CGSE, inviting appropriate development and financial officials, international financial institutions, international agencies, and interested private entities, to discuss financing and implementation of the HCP and to report to us at our next meeting.

Guidance on the Negotiations to Create the FTAA

19. We underscore the importance of the TNC having provided initial guidance on the methods and modalities for the negotiations, which have enabled the negotiations to begin on market access for agricultural and non-agricultural goods, services, investment, and government procurement and we instruct the TNC to continue to provide guidance on this issue. We also note the progress made by the different negotiating groups and committees, which will play a decisive role in completing the negotiations. All negotiations shall be conducted in a transparent manner to ensure mutual advantage and increased benefits to all FTAA participants. We note the discussion on the methods for making tariff concessions and instruct the TNC to continue its discussion on principles, including the regional most-favored-nation (MFN) principle, to guide the negotiations. We reiterate that, in the development of offers, the negotiations shall give expression to the differences in the levels of development and size of economies.

20. We instruct the TNC and other FTAA entities to work at a pace that meets the deadlines that have been set and taking into account the capacity, concerns, and interests of the participating countries including the differences in the levels of development and size of the economies. We reiterate the importance of ensuring that

² In accordance with derestricted document FTAA.TNC/18, which may be consulted on the FTAA official website at <http://www.ftaa-alca.org/tn18e.doc>

progress is made in all the Negotiating Groups, in conformity with the general principles agreed at our meeting in San Jose.

21. In order to meet the deadlines to secure the entry into force of the FTAA Agreement, the Negotiating Groups should develop work programs consistent with the timetables for the exchange of initial offers established by the TNC; that is, between 15 December 2002 and 15 February 2003. We encourage the Groups to present comprehensive offers that contribute effectively to the liberalization of hemispheric trade, taking into account treatment according to the differences in levels of development and size of economies. This will facilitate the review of offers and submission of requests for improvements to offers between 16 February and 15 June 2003. We also remind countries that they should initiate the process for the presentation of revised offers and subsequent negotiations on improvements as of 15 July 2003. We instruct the TNC to supervise the process of presentation of offers on market access in the five negotiating groups dealing with this issue (NGMA, NGAG, NGSV, NGIN, and NGGP), taking into account the need to ensure confidentiality of the offers, and at the same time recognizing the multilateral nature and transparency of the process. We instruct the TNC to review the process of presentation of offers, with the objective of verifying progress in the market access negotiations and evaluating the offers as a whole. The Chairs of these Negotiating Groups shall also present to the TNC periodic reports on the progress they have made in these areas.

22. We instruct the TNC, the Negotiating Groups, and the Technical Committee on Institutional Issues to achieve consensus on the greatest possible number of issues in each of the draft chapters of the FTAA Agreement. Delegations should seek the appropriate guidance on an ongoing basis in order to resolve differences in an expeditious manner. The Negotiating Groups and TCI are instructed to submit to the TNC before its fourteenth meeting a revised version of the chapters for the TNC's consideration and guidance. They are instructed to submit a new version of the chapters to the TNC no later than eight weeks before our next meeting at the end of 2003.

23. We reaffirm the role of the TNC as the executive body of the negotiating process and direct it to intensify its efforts to guide the overall negotiating process. The overall management of the process includes, *inter alia*, guiding the work of the different FTAA entities, while striving to maintain steady progress in all negotiating areas, in accordance with their objectives and mandates; deciding on the overall architecture of the FTAA Agreement – general and institutional aspects -, and ensuring that the agreement is internally consistent; supervising the general work of the Technical Committee on Institutional Issues; ensuring the transparency of the negotiating process; supervising the work of the Administrative Secretariat; supervising the work of the Sub-Committee on Budget and Administration; supervising requests made to the Tripartite Committee, establishing priorities, where necessary; continuing to analyze the treatment of differences in the level of development and size of the economies of the Hemisphere; ensuring the successful implementation of the Hemispheric Cooperation Program; and facilitating a meeting of appropriate development and financial institutions and agencies to discuss the financing and implementation of the HCP.

24. We instruct the TNC to undertake an evaluation of progress in the negotiations and formulate the guidance that it considers necessary for the Negotiating Groups to fulfill the general and specific objectives within their respective mandates, for the purpose of seeking to ensure progress, timely conclusion and a balanced result of the negotiations. We also instruct the TNC to present us with a report at our next meeting that includes its overview of the negotiation and the fulfillment of the mandates issued to the Negotiating Groups. In pursuance of this objective, we instruct the Co-Chairs of the TNC to include these issues as a standing item on its agenda for future meetings.

25. We reiterate our instructions to the TNC to continue to identify links between the FTAA entities, specifying the appropriate procedures for ensuring effective and timely coordination.

26. We instruct the TNC to assess, in consultation with the Negotiating Groups, on an ongoing basis, whether there is a need to create new negotiating groups or sub-groups, where appropriate, taking into account the progress achieved by existing Groups.

27. We instruct the TNC to convene at least three meetings before the next Ministerial Meeting; the meetings shall be held in the cities of Port of Spain, San Salvador, and Puebla, respectively.

Rotation of Chairs and Vice Chairs

28. We recognize the work completed by the Chairs and Vice Chairs of the different Negotiating Groups and other FTAA entities during this phase of the negotiations, whose support has been crucial to the advances made in the process. In accordance with the terms agreed at the San Jose Meeting, we approve the new roster of Chairs and Vice Chairs for the various FTAA entities who will serve during the next phase of negotiations, which is submitted herewith as Annex II. In the case of the resignation or permanent absence of a Chair of an FTAA entity, the Vice Chair will act as Chair. Likewise, the existing Chairs may preside over the entity concerned for an additional period. In our next meeting, a new roster of Chairs and Vice Chairs will be approved.

Transparency and the Participation of Civil Society

29. We reaffirm our commitment to the principle of transparency in the FTAA process and recognize the need to enhance and sustain participation of the different sectors of civil society in the hemispheric initiative.

30. In accordance with our commitment to transparency assumed at the Santiago and Quebec City Summits, we agree to publish the second draft of the FTAA Agreement on the official FTAA website in the four official languages today.

31. We appreciate the views that various sectors of civil society have provided us in the last year and a half and especially in parallel to the Nicaragua and Dominican Republic Vice Ministerial meetings and, within the framework of this meeting. We appreciate the recommendations made by the Seventh Americas Business Forum and the Civil Society Fora, organized with a broad representation of civil society, with whom we met in Quito. We encourage the holding of similar events organized parallel to the Ministerial and Vice Ministerial meetings with a broad representation of civil society. We also recall our meeting with civil society within the framework of the Quebec City Summit of the Americas. The views expressed constitute a valuable contribution to the negotiations, and we urge civil society to continue to make contributions in a constructive manner on trade-related issues of relevance to the FTAA.

32. Likewise, we encourage the organization of regional and national seminars related to the process of establishing the FTAA. We welcome the results of the various national seminars organized by FTAA countries and the North American regional seminar held in Merida, Mexico. We also take note of the fora and seminars on FTAA negotiations that different civil society organizations have carried out in the countries of the region and we invite them to present the conclusions of their work to the Committee of Government Representatives on the Participation of Civil Society (the Committee).

33. We reiterate the need to increase participation of the various civil society sectors in this hemispheric initiative, and likewise we instruct the Committee to foster a process of increased and sustained two-way communication with civil society to ensure that it has a clear perception of the development of the FTAA negotiation process. We also reiterate that all the FTAA entities, including the TNC, are to issue public statements at the conclusion of each of their meetings, and we instruct the TNC to provide guidance to the entities so as to ensure a substantial increase in the quality of the information provided. To this end, we instruct the Committee to continue its work to keep promoting transparency, and to identify and foster the use of best practices for outreach and consultation with civil society. We also instruct the TNC to ensure the timely improvement of the official FTAA website and the incorporation of more information on the FTAA process. We further exhort all countries in the Hemisphere to strengthen and deepen their consultation process with civil society at the national level.

34. We are grateful for the contributions received in response to the Third Open and Permanent Invitation that were provided on an ongoing basis to the Negotiating Groups and other entities and we reiterate our instruction to the Committee to continue to forward to the FTAA entities the contributions submitted by civil society that refer to their respective issue areas, and those related to the FTAA process in general.

35. We consider that the Committee is an important mechanism for fulfilling our commitment to transparency and we instruct the Committee to continue its work. We welcome the Third Report, which describes the activities of the Committee as well as the range of contributions received during this phase. We also instruct that the Third Report of the Committee be published on the official FTAA website. We further instruct this Committee to continue to forward contributions to FTAA entities as well as to submit a new report for our next

meeting outlining its activities and the range of views it has received from individuals and organizations in the Hemisphere.

Electronic Commerce

36. We have received, with appreciation, the Third Report of the Joint Government-Private Sector Committee of Experts on Electronic Commerce (Joint Committee) with recommendations on how to expand and broaden the benefits of electronic commerce for the Western Hemisphere. We instruct that the Third Report of the Committee be published on the official FTAA website, and sent to the relevant Negotiating Groups for their consideration.

Tripartite Committee

37. Once again, we express our appreciation for the support provided by the Tripartite Committee (the Inter-American Development Bank, the Organization of American States, and the United Nations Economic Commission for Latin America and the Caribbean) to the FTAA negotiations in general and, to the different FTAA entities, in particular. We recognize their technical, analytical, and financial contribution to the hemispheric integration process. We encourage the Tripartite Committee to continue to support the negotiations and reiterate the need for their continued collaboration in the stage of negotiations that begins as of this day.

FTAA Administrative Secretariat

38. We appreciate the invaluable and substantial support provided by the Government of the Republic of Panama, the private sector, and community to the Administrative Secretariat for the duration of its operations in Panama City. We recognize the logistical support for negotiations provided by the Administrative Secretariat. We take note of the progress made in preparing for the transfer of the Administrative Secretariat to Puebla, Mexico, and convey our highest appreciation to the Government of Mexico and the Tripartite Committee for the steps taken to cover the costs of the transfer of the Administrative Secretariat and its future operation in the city of Puebla during the final stage of the negotiations.

Recognition

39. We thank Nicaragua, Venezuela, Panama, and the Dominican Republic for organizing the meetings of the TNC and the Republic of Ecuador for serving as Chair of the FTAA during this third phase of negotiations and for the organization of this Seventh Ministerial Meeting.

Future Meetings

40. We shall hold in this final period, which runs from November 2002 to January 2005, two meetings of the Ministers Responsible for Trade; i.e., in the fourth quarter of 2003 in Miami, United States, and in 2004 in Brazil.