



The FTAA Hemispheric Cooperation Program

A Partnership for the Future



N O V E M B E R 2 0 0 3





“We will promote development from the bottom up, helping citizens find the tools and training and technologies to seize the opportunities of the global economy.”

**— PRESIDENT GEORGE BUSH,
MONTERREY, MEXICO, MARCH 22, 2002**





A Vision for Implementing the FTAA Hemispheric Cooperation Program



First HCP roundtable, Inter-American Development Bank, Washington, D.C., October 14, 2003

The 34 countries of the FTAA have made great strides since the FTAA was launched at the 1994 Miami Summit of the Americas. At that meeting, the FTAA governments declared a “Partnership for Development and Prosperity: Democracy, Free Trade and Sustainable Development in the Americas.” Since that time, it increasingly has become evident that trade capacity building (TCB) contributes to more beneficial trade agreements for all trade partners and accelerates poverty elimination and economic growth in developing countries.

In light of this, at the Quito Ministerial in November 2002, the FTAA Ministers approved “the Hemispheric Cooperation Program. 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.”

The Ministers also confirmed the view that the Hemispheric Cooperation Program will be a central element of the FTAA

“Trade capacity building stands at the nexus of trade and development. All nations gain when developing countries are able to harness the power of trade and openness to boost economic growth and accelerate poverty reduction. The United States is committed to more than just negotiating open markets. In partnership with developing countries, we are crafting practical solutions that enable them to actively participate in — and benefit more fully from — the global trading system.”

— AMBASSADOR ROBERT B. ZOELICK,
CANCÚN, MEXICO, SEPTEMBER 9, 2003





through economic growth, development, and poverty reduction. In addition, this program will respond to the challenges of development arising from trade liberalization, in general, and the implementation of the FTAA, in particular. It will also involve the private sector and civil society in the identification of proposals and execution of programs.

The United States firmly believes that the FTAA countries can come together as donors and recipients in partnership through the Hemispheric Cooperation Program to fulfill the vision our leaders expressed in 1994.

THE HEMISPHERIC COOPERATION PROGRAM IN ACTION

AFFIRMING A PARTNERSHIP FOR DEVELOPMENT AND PROSPERITY

The Hemispheric Cooperation Program will enable all participating countries to benefit fully from hemispheric free trade. As the largest economy in the Hemisphere, the United States understands and embraces the fact that it has a responsibility to help smaller and economically disadvantaged countries more effectively trade with neighbors. The Hemispheric Cooperation Program gives donors such as the United States the opportunity to find innovative ways to work with other resource partners.

As part of this partnership for hemispheric development, recipient countries also have responsibilities. By showing a commitment to the process that results in a positive return on TCB assistance, developing countries can attract even more resource partners in the future. As a vehicle to mobilize assistance, the United States envisions a Hemispheric Cooperation Program in which each recipient country:

- Develops, refines, and periodically updates its TCB Strategy, assisted where appropriate by the development assistance community;
- Works closely with donors, public sector agencies, and the private sector (for-profit and non-profit) through roundtables and other consultations to mobilize financial and non-financial resources to respond to the country's prioritized assistance needs; and



Ambassador Adhemar Bahadrian, Brazil, Ambassador Peter Allgeier, USA, and President Enrique Iglesias, IDB

"USTDA's capacity building efforts facilitate the development of trade infrastructure and strengthen the links of developing countries to the global economy. These efforts recognize that trade is an essential and integral component of development."

**— DIRECTOR THELMA J. ASKEY,
U.S. TRADE AND DEVELOPMENT AGENCY,
LOS CABOS, MEXICO, OCTOBER 24, 2002**





- Utilizes TCB assistance as a catalyst for making the reforms and investments essential to foster trade-driven economic growth, poverty reduction, and sustainable development.

TCB STRATEGIES

Identifying and prioritizing each country's needs in national or sub-regional TCB strategies is the first step in mobilizing financial and non-financial resources. As the foundation, the TCB strategies provide a framework to: (1) help recipient countries foster a demand-driven dialogue with potential resource partners; and (2) focus on the priority needs of national or sub-regional policy makers, regulators, and other stakeholders. The TCB strategies convey the political will and commitment of those countries to establish the FTAA and maximize the benefits of free trade for the country's citizens.



Ambassador Juan Enrique Fischer, Uruguay

FIRST HEMISPHERIC COOPERATION PROGRAM DONOR-COUNTRY ROUNDTABLE

On October 14-15, 2003, the first Hemispheric Cooperation Program Donor-Country Roundtable was organized by the Tripartite Committee and hosted by the Inter-American Development Bank. At the roundtable, countries including Brazil, Canada, Chile, Mexico, and the United States expressed their commitment to provide assistance. In turn, recipient countries also showed their commitment to the process by taking the significant step of submitting 1 regional and 25 national TCB strategies.

At the meeting, FTAA countries were joined by many donor institutions that expressed their commitment to the process, including:

- The World Bank (IBRD)
- The Inter-American Development Bank (IDB)

Highlights of U.S. Assistance

Over the past three years, total United States support for TCB in the Latin American and Caribbean region has increased significantly: \$150 million in 2003, up from \$91 million and \$62 million in 2002 and 2001, respectively (see Annex, p.8). In addition to the U.S. Agency for International Development (USAID), which provides a significant portion of this increased funding, over 10 other U.S. agencies conduct programming in the hemisphere.

The following summaries provide only a few illustrations of ways in which U.S. support for trade capacity building can be mobilized within each of the three TCB areas.

Trade Negotiation Preparation and Participation

- **Caribbean** - With USAID assistance, the Caribbean Community's (CARICOM) Regional Negotiating Mechanism (RNM) created a Virtual Secretariat that links the 7 RNM offices with the 15 CARICOM member states' Trade Ministries. The network enables member countries to collaborate and exchange information on trade-related matters and coordinate positions for FTAA negotiations. Ongoing USAID support has facilitated training and assisted the development of the Virtual Secretariat through a website that provides the private sector with access to CARICOM documents relevant to the FTAA negotiations.
- **Honduras** - USAID's Policy Enhancement and Productivity (PEP) project assists the Honduran Ministry of Industry and Commerce (SIC) in building a world-class trade education and negotiating unit. The PEP program helps SIC to disseminate trade-related information to civil society and the private sector, and to make the negotiation process as democratic, participatory, and transparent as possible. PEP also supported the creation of the Information System for Trade Negotiations (SINC), which enables negotiators to access trade information, documents, and databases in real time.





- The Organization of American States (OAS)
- The U.N. Economic Commission for Latin America and the Caribbean (ECLAC)
- The U.N. Commission on Trade and Development (UNCTAD)
- The Andean Development Corporation (CAF)
- The Caribbean Development Bank (CDB)
- The Central American Bank for Economic Integration (CABEI)
- The Inter-American Institute for Cooperation in Agriculture (IICA)

The objectives of this first Hemispheric Cooperation Program Donor-Country Roundtable were to (1) formally introduce the Hemispheric Cooperation Program to the institutional donor community and (2) advance the dialogue between recipient countries and donors on their national or sub-regional TCB strategies, with a focus on identifying ways in which donor resources could be more effectively mobilized and coordinated to help recipient countries.



Yolanda Mayora, Ministry of Economy, El Salvador

Key highlights and outcomes of the Donor-Country Roundtable included:

- Focusing the attention of the donor community to the Hemispheric Cooperation Program and how it aims to be driven by TCB strategies prepared by the countries themselves.
- Providing the recipient countries within the various sub-regions an opportunity to begin focusing on cross-cutting TCB needs. This helps those countries identify the TCB needs that are of highest priority within each sub-region.

Trade Commitment Implementation

- **Central America** - USAID's Central America Economic Integration Program works with Labor, Transportation, and Justice Ministries to harmonize labor, highway, and intellectual property laws and regulations. It also supports an intra-regional trade dispute settlement mechanism to efficiently settle regional disputes. These steps will help Central America more quickly implement the FTAA. The ongoing negotiation of the U.S.-Central American Free Trade Agreement (CAFTA) has given impetus to much of the FTAA-relevant TCB assistance received by the Central American countries.
- **Central America** - The U.S. Department of Labor recently awarded a \$6.75 million grant to the Foundation for Peace and Democracy (FUNPADEM) to work with ABT Associates to implement the project "Strengthening Labor Rights in Central America". FUNPADEM will work with tripartite bodies (labor ministries, employers, and workers), and non-governmental organizations, to ensure that information about labor laws and services is made available to the widest audience possible. FUNPADEM also will work with labor ministries to develop innovative ways to ensure compliance and resolve disputes. Additionally, the Cersso (Regional Occupational Safety and Health Center), funded by the U.S. Department of Labor, provides occupational safety and health (OSH) equipment and training to Central American Labor Ministries and has worked with over 100 maquila factories to analyze OSH issues and evaluate the return on OSH investments.
- **Central America** - The U.S. Trade and Development Agency (USTDA) has begun work in the five Central American countries involved in the US-CAFTA negotiations, supporting the following sectors in response to their respective priorities: energy policy and production, transportation and trade corridors, maritime port infrastructure and operations, telecommunications infrastructure and regulatory technical assistance, and IT solutions for trade barriers and advanced IT training.
- **Dominican Republic** - USAID supports the Dominican Republic trade agreement compliance and implementation efforts in sanitary and phytosanitary (SPS) – food safety, animal health,





Minister K.D. Knight, Jamaica

- Helping the FTAA countries and the donor community to begin to “mainstream” TCB into the conceptualization and implementation of the donors’ development assistance strategies and the countries’ national development planning.
- Advancing the dialogue among countries on how the Hemispheric Cooperation Program can best be a useful vehicle in helping recipient countries mobilize TCB assistance.

LOOKING TO FUTURE ROUNDTABLES

The United States believes that the Hemispheric Cooperation Program provides an excellent opportunity for each country, through roundtables and other consultations, to have a dedicated dialogue with potential resource partners on trade related assistance needs. This dialogue will help to ensure that the TCB provided by a resource partner is responsive to a country’s priority needs. Future roundtables will be used to:

- Introduce new ideas and mobilize potential TCB resource partners, including improving consultations between and among various ministries.
- Actively work with regional institutions to help them target their regional assistance programs to better complement needs in the TCB strategies.

and plant health – measures, intellectual property rights, and government procurement. In addition, technical assistance is being provided to establish the new Foreign Trade and Agreement Administration, which will be responsible for overseeing implementation of trade agreements.

- **Uruguay** - USDA enhanced the Uruguayan Customs Authority’s capability to inspect cargo at key ports of entry through a grant for technical assistance that developed recommendations for “Customs Toolkits.”

Adaptation to Integration

- **Bolivia** - The USAID-supported Bolivian Trade and Business Competitiveness Program (BTBC) helps Bolivia overcome systemic constraints to trade and competitiveness by improving production efficiency and export capacity. At the industry level, this assistance promotes exports to global markets in key sectors, such as textiles, leather, jewelry, and wood products. At the national level, BTBC supports the government in its efforts to improve the policy environment for business and trade.
- **Caribbean** - The U.S. Department of Labor funded the Program for the Promotion of Management-Labor Cooperation, which assists small, medium, and large enterprises in the Caribbean to develop strategic options and apply management practices that are best suited to help them make the transition to hemispheric integration. Employer, worker and governmental organizations are cooperating to develop policies and promote services designed to minimize industrial conflict, foster enterprise development, and achieve higher levels of productivity.
- **Dominican Republic** - USDA supports the Dominican Republic’s efforts to attract private investment in the mining sector in a sustainable manner by providing technical assistance to the Unidad Corporativa Minera to strengthen its institutional capacity with regard to environmental protection. This technical assistance involves reviewing and strengthening staffing and organizational structures; assessing existing regulations and recommending improvements; and evaluating training and equipment needs.





- Ensure adequate information flow between resource partners and TCB stakeholders throughout the public sector and the ultimate beneficiaries in the private sector and broader civil society.

LESSONS LEARNED

Through the national or sub-regional TCB strategies, certain needs are becoming clear:

In **Trade Negotiation Preparation and Participation**, countries are identifying the need to strengthen the technical capacity of negotiators and support staff in a broad array of trade disciplines. This helps a country to do a better job preparing sound negotiating positions. Integral to this process is establishing or strengthening trade policy consultative processes both within government and among the government, the private sector and civil society. This helps to factor labor and environment issues into trade negotiations.



Gabriel Duque Mildenberg, Ministry of Trade, Industry, and Tourism, Colombia.

In **Trade Commitment Implementation**, countries are identifying the need for assistance in strengthening their implementation of sanitary and phytosanitary (food safety, animal health and plant health) measures, customs valuation methods, government procurement regulations, competition policy and intellectual property rights.

In **Adjustment to Integration**, countries are identifying the need to strengthen their ability to benefit from trade in key sectors where the countries have natural comparative advantages. These needs include rural diversification and small business development.

The United States stands ready to work with the countries of the hemisphere to address the needs of the developing countries in all three areas.

- **Ecuador** - The U.S. Department of Labor supports Ecuador's efforts to combat the worst forms of child labor through a \$2-million, 36-month International Labor Organization-International Program on the Elimination of Child Labor Timebound Program. The project will utilize an area-based strategy to provide assistance in four target sectors and support information collection, education, healthcare, income generation, and awareness to prevent and eliminate these worst forms of child labor. The project is expected to benefit over 2,000 working children and an additional 2,000 children at risk of entering child labor.
- **El Salvador** - USAID is assisting El Salvador's efforts to reap the benefits of free trade through multiple rural and agricultural diversification programs. Through its FINTRAC and CLUSA de El Salvador programs, USAID helps farmers and agri-businesses acquire new technologies, such as drip irrigation, to improve production. This assistance also builds their capacity to identify, analyze, and seize trade opportunities in new export markets.
- **Jamaica** - USAID assists small- and medium-sized enterprises (SMEs) in Jamaica to improve their competitive position in export markets by underwriting the "Business Clinics for Small Enterprises" education series. The clinics, which are open to more than 1,200 SMEs, provide hands-on training in finance, management, marketing, and strategic planning. As a result, Jamaican SMEs are improving business operations and winning new international markets.
- **Peru** - USTDA provided a grant to the Organismo Supervisor de Inversión Privada en Telecomunicaciones (OSIPTEL) to assess the conditions and level of competition of local, long-distance, wireless, and international telecom service, as well as cable television service, and the current role of OSIPTEL. In addition, the grant helps OSIPTEL develop a strategic plan for improving their current functions, including staff training. USTDA is funding similar technical assistance activities for telecom regulatory bodies in El Salvador and Honduras.





CONTINUED COMMITMENT

Successful TCB assistance programs through the Hemispheric Cooperation Program strengthen the environment for trade, complement the FTAA Agreement’s foundation for attracting investment, and accelerate job creation, ultimately leading to increased economic growth and poverty reduction. The United States recognizes that TCB assistance works best when it is demand-driven—when it responds to the unique priorities and needs identified by recipient countries. That is why the United States will continue to support strongly the Hemispheric Cooperation Program — because it is driven by the recipient countries themselves.

"I think that one of the merits of the Hemispheric Cooperation Program is precisely for the countries and international organizations and agencies to work together and in a coordinated fashion to achieve this objective."

**— PRESIDENT ENRIQUE V. IGLESIAS,
INTER-AMERICAN DEVELOPMENT BANK,
WASHINGTON, DC, OCTOBER 14, 2003**





ANNEX

U.S. Government Trade Capacity Building Assistance 1999-2003 Latin America and the Caribbean

TCB Category	1999	2000	2001	2002	2003
WTO Awareness	.	104,392	593,783	1,267,000	1,169,392
WTO Agreements (Sum of)	661,154	3,012,494	3,893,838	3,574,275	6,193,724
Agreements on Trade in Goods	.	709,699	.	.	190,000
Agreement on Agriculture	200,004	.	320,760	610,000	.
Agreement on Sanitary and Phytosanitary (SPS) Measures	5,000	1,681,256	2,809,378	1,659,580	2,851,280
Agreement on Technical Barriers to Trade (TBT)	157,000	118,000	150,000	360,920	1,417,920
Agreement on Customs Valuation Methods	.	.	530,000	358,580	.
Agreement on Rules of Origin	68,000	97,000	83,700	79,300	20,600
Agreement on Subsidies and Countervailing Measures (CVM)	.	.	.	11,480	.
Agreement on Safeguards	.	.	.	8,200	.
General Agreement on Trade in Services (GATS)	.	.	.	138,580	.
Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs)	.	111,000	.	299,185	1,703,924
Agreement on Disputes Settlement	231,150	295,539	.	12,300	.
Agreement on Trade Policy Review Mechanism	.	.	.	36,150	.
Agreement on Government Procurement	10,000
Trade Facilitation (sum of)	11,851,254.	16,172,145	15,683,254	20,834,849	50,880,006
Customs Operation and Administration	.	.	.	717,818	1,795,649
E-Commerce and Information Technology	.	.	.	661,963	4,066,249
Export Promotion	.	.	.	3,644,898	17,230,871
Business Services and Training	.	.	.	14,113,019	17,435,171
Regional Trade Agreements (RTA)	.	.	.	1,485,950	10,244,548
Other Trade Facilitation	.	.	.	211,200	107,518
Human Resources and Labor Standards	19,671,377	16,724,774	9,621,722	27,215,014	32,117,067
Financial Sector Development and Good Governance	2,526,600	1,781,849	3,010,255	1,256,167	7,459,417
Physical Infrastructure Development	6,000,400	11,398,532	9,503,549	3,519,353	5,724,460
Environmental Trade and Standards	1,489,000	3,793,968	3,113,512	5,238,524	10,559,351
Competition Policy and Foreign Investment	810,014	986,230	1,148,079	5,754,519	2,167,741
Trade-Related Agriculture	8,173,096	9,105,197	10,207,171	14,322,072	28,374,253
Tourism Sector Development	.	800,000	2,151,930	1,775,075	2,901,463
Other Services Development	778,005	93,000	1,716,610	2,194,500	617,525
Government Transparency and Interagency Coordination	168,000	454,887	296,200	3,844,990	1,490,055
Other TCB	299,977	582,451	699,639	.	.
Total¹	52,428,877	65,009,918	61,639,540	90,796,337	149,654,452

Source: USG Trade Capacity Building Database, USAID's Development Information Services <http://quesdb.cdie.org/tcb/index/html>.

¹ Data in columns may not sum to total due to rounding.





“Trade capacity building is one of the most important things USAID does all over the world. ...that’s very important because [TCB] will make a profound difference in the capacity for [Latin America and the Caribbean] countries to take advantage of [the Free Trade Area of the Americas].”

**— ANDREW NATSIOS, ADMINISTRATOR,
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT,
WASHINGTON, D.C.,
SEPTEMBER 24, 2002**



