

**United States Government Initiatives to  
Build Trade-Related Capacity in  
Developing Countries and Transitional Economies**

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**Compiled by the U.S. Agency for International Development**

**July 2000**



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## EXECUTIVE SUMMARY

The capacity of developing countries and transitional economies to participate in the multilateral trading system will be an important factor in the evolution of a global economy that works for everyone.

This issue has attracted growing attention in the international community. The United States Government has intensified its own efforts and committed increased resources in recent years to helping developing countries and transitional economies build their trade capacities.

At the request of the National Economic Council, the United States Agency for International Development has undertaken a survey of the relevant programs and activities of U.S. Government agencies that promote trade-related capacity building. The results of the survey demonstrate that the United States Government is devoting substantial resources in a wide range of activities to build the trade capacity of developing countries and transitional economies around the world. Specifically, the survey revealed four key points:

**First, over the past two years, the U.S. Government has committed more than \$600 million toward strengthening the trade capacity of developing countries and transitional economies.**

FY 1999: \$246.2 million  
FY 2000: \$372.8 million  
Total: \$619.0 million

**Second, in recognition of the complexity of strengthening trade capacity, the U.S. Government is providing assistance in a broad range of technical areas that complement and reinforce one another, as described below.**

**To promote WTO accession,** the U.S. Government assists developing countries in preparing comprehensive master plans for WTO accession, building the institutional capacity for negotiating accession, and building private sector and political support for WTO accession.

**To improve trade policies,** the U.S. Government supports the efforts of developing countries and transitional economies in reducing barriers to free trade, including excessive tariffs, non-tariff barriers, import bans and quotas, subsidies and price controls, and anti-dumping legislation. This assistance is provided on a country-by-country basis and, in some cases, in the context of promoting regional trade agreements.

**To create a sound legal and regulatory framework for trade,** the U.S. Government's assistance focuses on protecting intellectual property rights, promoting commercial law reform, promoting fair and open competition, and identifying and removing the regulatory and administrative barriers to trade.

**To facilitate trade,** the U.S. Government provides assistance to build the capacity of local institutions (including industry and business associations, training institutions, consulting firms, women's business associations, and non-governmental organizations) to provide trade-related information and support services to local businesses.

**To address technology needs and standards requirements,** the U.S. Government is assisting countries to develop their Internet and electronic commerce capabilities, as well as expanding opportunities for technology transfer and harmonizing industry and other standards.

**To facilitate the movement of goods across borders,** the U.S. Government supports countries in their efforts to reform and modernize customs laws and operations. An important component of this assistance involves streamlining the administration of customs in order to reduce processing times, facilitate border crossings, and improve economic efficiency.

**To strengthen the human resource base for trade,** the U.S. Government provides extensive education and training. This gives people in developing countries and transitional economies the knowledge and skills they need to participate in the global economy. In addition, the U.S.

Government has programs to assist countries in strengthening worker protection, reducing or eliminating the use of child labor, and enforcing worker rights.

**To address the financial constraints to trade,** the U.S. Government has developed numerous programs to facilitate access to finance for small and medium-sized enterprises, many of which are exporters or are planning to enter export markets. More broadly, the U.S. Government supports fiscal and financial sector reform and capital markets development, as both are critical to creating a strong and stable financial environment for trade.

**To build the infrastructure needed to engage in international trade,** the U.S. Government helps developing countries and transitional

economies strengthen their policies and management of power, water and telecommunications services, as well as transportation systems, ports and airports.

**To ensure sustainable and environmentally-sound development,** the U.S. Government has initiated a number of programs that focus on the environmental issues associated with trade and investment promotion. These programs help countries strengthen their analytical, policy and institutional capacities so that they can promote trade and investment, while protecting the environment.

**U.S. Support for Building Trade Capacity  
1999 and 2000 (US \$ millions)**

	FY1999	FY2000	Total*
WTO Accession	7.4	10.8	18.2
Trade Policy Reform	18.4	31.4	49.8
Legal and Regulatory Reform	22.2	39.8	61.9
Trade Facilitation	26.0	34.5	60.5
Technology and Standards	13.4	23.7	37.1
Customs	10.9	18.9	29.8
Human Resources	39.3	83.8	123.1
Finance	68.1	68.5	136.6
Infrastructure	3.0	13.8	16.8
Environment	20.4	23.4	43.8
Foreign Investment/Incentives	5.1	4.4	9.5
Other	12.0	19.9	31.8
<b>Total</b>	<b>246.2</b>	<b>372.8</b>	<b>619.0</b>

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\* Note: Differences in the total vs. each year are due to rounding

**Third, the U.S. Government has trade capacity-building programs and activities in every region of the developing world. The programs differ significantly in content, reflecting the diversity of needs in developing countries and transitional economies. However, the volume of assistance is remarkably similar from region to region. A common thread across the regions is a focus on WTO accession and compliance.**

**In sub-Saharan Africa,** the U.S. Government supports a broad range of trade capacity-building activities, including initiatives to promote WTO compliance, trade policy reform, regional economic integration, infrastructure development, access to technology and information, workforce development, and stronger business support services. The U.S. Government's Partnership for Economic Growth and Opportunity in Africa promotes increased African participation in the multilateral trading system.

**In the Middle East and North Africa,** the U.S. supports countries' efforts to accede to the WTO and comply with its requirements. It also assists in strengthening the capacity of local institutions to provide information and support services to small- and medium-sized firms that have the capacity to trade. As a result of the Wye River Accords, the U.S. has planned a number of trade capacity-building activities in the West Bank and Gaza.

**In Latin America and the Caribbean,** the U.S. Government provides technical assistance, training and research on WTO compliance issues, especially customs and the harmonization of standards. Its assistance also helps countries to address their obligations under the Free Trade Area of the Americas. Environmental sustainability and protection of workers rights are also critical areas.

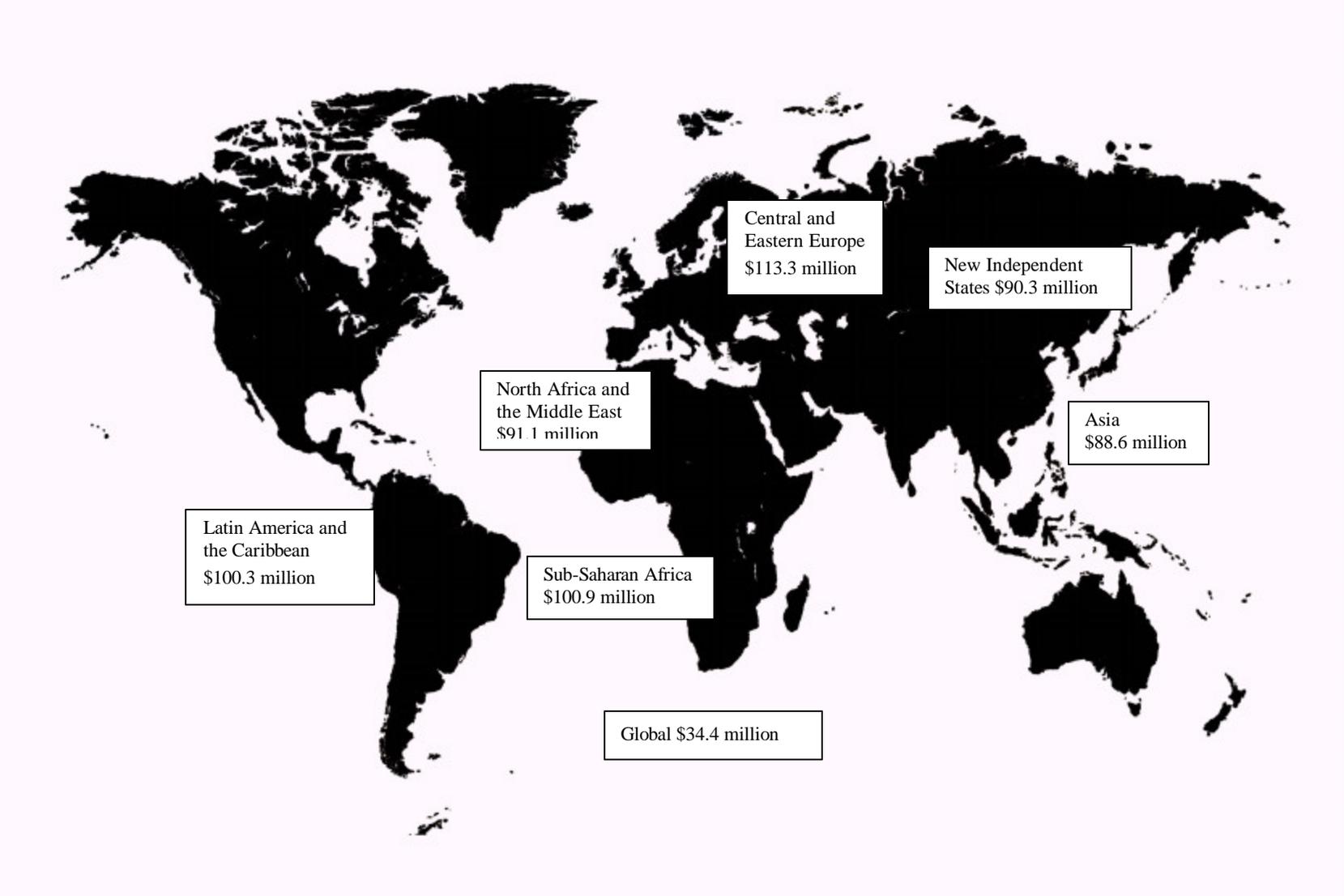
**In Asia,** most of the U.S. Government's activities focus on complex trade areas such as compliance with WTO requirements in intellectual property rights. In Southeast Asia, there has also been renewed emphasis on financial sector reform in the wake of the financial crisis that began in 1997.

**In Central and Eastern Europe and the New Independent States,** the U.S. government has initiated a number of programs to strengthen the ability of the private sector to participate in international trade. Another important thrust is WTO accession, especially in Russia, Ukraine, Moldova, Albania and Macedonia.

**Lastly, U.S. trade-related activities build the capacity of both the public and private sector, strengthening the ability of government to create a sound policy framework and strengthening the ability of the local businesses to engage in international and regional trade.**

In summary, U.S. leadership in the international effort to help developing countries and transitional economies build their capacity to trade is helping to achieve a more inclusive multilateral trading system that expands opportunities and contributes to broadly shared human progress.

# ***Regional Breakdown of U.S. Support for Building Trade-Related Capacity 1999 and 2000 Combined***



## CHAPTER I: INTRODUCTION

The capacity of developing countries and transitional economies to participate in the multilateral trading system will be an important factor in the evolution of a global economy that works for everyone. The industrialized, developing and transitional economies have a common interest in expanding participation in efficient international markets that contribute to economic growth and the well being of people everywhere.

This issue has attracted growing attention in the development strategies of many countries, and in the supporting cooperation programs of many donors and multilateral organizations.<sup>1</sup> The United States Government has intensified its own efforts and committed increased resources in recent years to helping developing countries and transitional economies build their trade capacities.

At the request of the National Economic Council, the United States Agency for International Development has undertaken a survey of the relevant programs and activities of U.S. Government agencies that promote trade-related capacity building. The survey was conducted in May and June 2000.

### THE PURPOSE OF THE SURVEY

The objective of this survey is to capture – both quantitatively and qualitatively – the U.S. Government’s initiatives that build and strengthen the capacity of developing countries and transitional economies to engage in international and regional trade. Specifically, the survey was designed to:

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<sup>1</sup> See, for example, *Survey of DAC Members’ Cooperation for Capacity Development in Trade*, OECD, 1997; *Guide to WTO-Related Technical Assistance Resources for Sub-Saharan Africa*, USAID, USTR, 1999. An informal compilation of the on-going trade and trade-related projects and programs of the United Nations Development Program dated June 2000 identifies a portfolio of more than \$140 million.

- Gather quantitative information on the total amount of funds obligated by the U.S. Government for building trade capacity in fiscal years 1999 and 2000.
- Obtain a quantitative breakdown of the types of activities funded by the U.S. Government in trade capacity building, as well as the regions in which they are being implemented.
- Gather qualitative information on some of the U.S. Government’s key programs and activities in trade capacity building, thereby illustrating the type of activities the U.S. Government supports.

This survey is not intended to be a comprehensive catalog of all of the U.S. Government’s activities in trade capacity building. Every effort has been made to capture as many initiatives as possible in the quantitative data. However, the qualitative descriptions of the U.S. Government’s activities are not intended to be all-inclusive. Rather, this report highlights key initiatives so as to provide a picture of the types of trade-related activities supported by the U.S. Government.

### HIGHLIGHTS OF THE RESULTS

The results of the survey demonstrate that the United States is devoting substantial funding in a wide range of activities to build the trade capacity of developing countries and transitional economies around the world. Specifically, the survey revealed four key points:

**First, the U.S. Government has committed more than \$600 million toward trade capacity-building activities over the past two years.** In fiscal year 1999, the U.S. Government obligated \$246 million for trade capacity-building activities. In fiscal year 2000, the U.S. Government obligated \$372 million. This not only represents substantial amounts on an annual basis, but also substantial growth between years.

**FY 1999: \$246.2 million**

**FY 2000: \$372.8 million**

**Total: \$619.0 million**

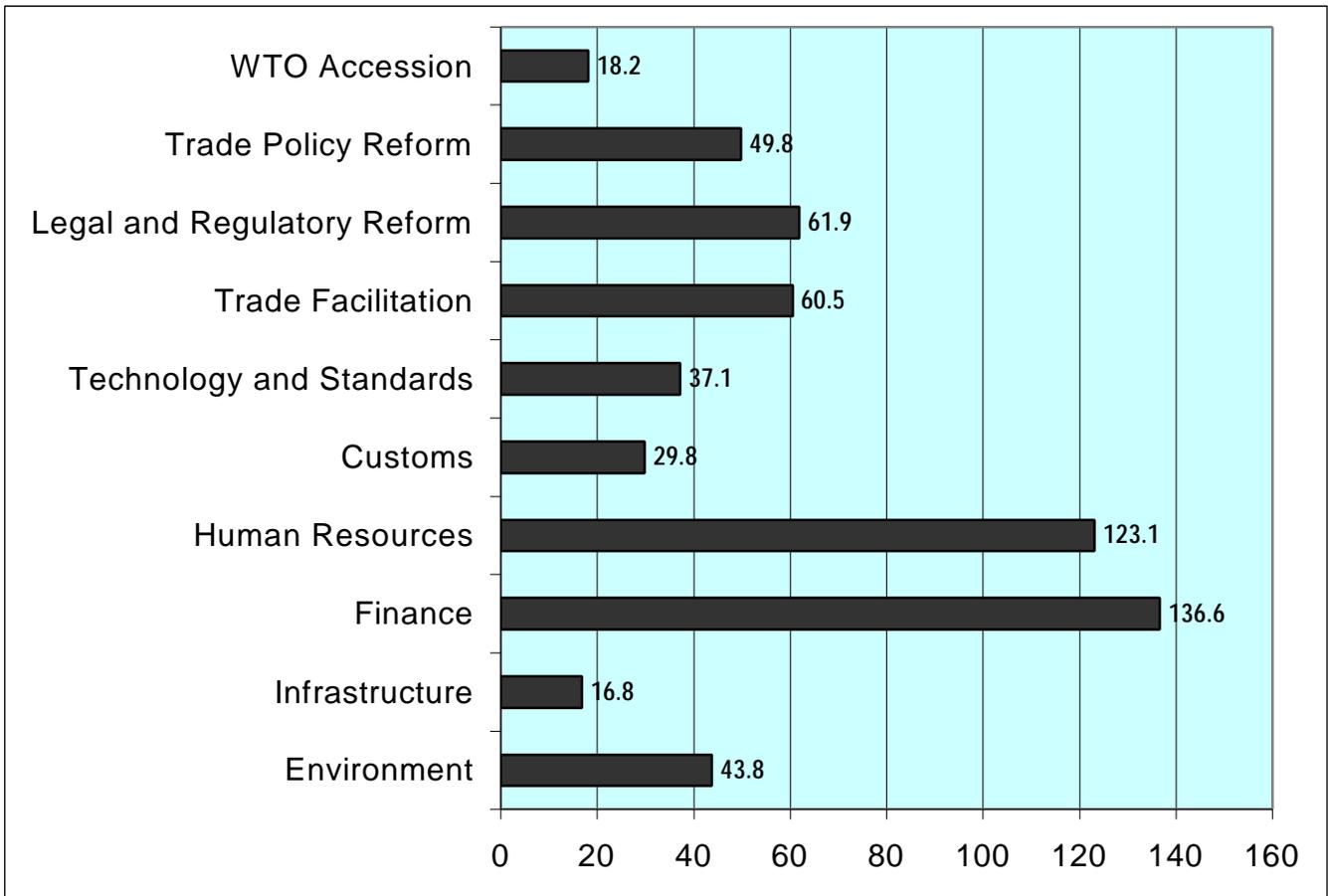
**Second, the U.S. Government is funding a broad range of activities in support of trade-related capacity building.** This reflects, in part, the complexity of building trade capacity in developing countries and transitional economies. There are a multitude of factors that affect a country's ability to engage in international trade, ranging from the country's trade policy regime to a number of less direct factors, including the country's human resource base, the quality of its infrastructure, its access to technology, and the stability and strength of its financial sector. These factors complement and reinforce one another in building trade capacity – or alternatively, they may constrain a country's ability to trade effectively in international markets.

The chart below illustrates the various types of activities that the U.S. Government is currently

funding that build and strengthen trade capacity building in developing countries and transitional economies. In addition, the chart on page 4 provides detailed information from the survey on the amount of funding the U.S. Government has devoted to each type of activity in fiscal years 1999 and 2000. The data illustrate these important points:

- In fiscal year 1999 and 2000 combined, the U.S. Government obligated more than \$220 million to initiatives in WTO accession, trade policy reform, trade facilitation, customs reform and other trade-related legal and regulatory reforms. These combined initiatives accounted for 35% of the U.S. trade capacity-building activities in the two fiscal years. These types of initiatives have a very direct impact on the capacity of developing countries to engage in international trade.

**U.S. Support for Building Trade-Related Capacity  
1999 and 2000  
(\$US million)**



- In fiscal year 2000, the U.S. Government obligated nearly \$84 million to human resource development related to trade-related capacity building. A significant portion of these funds – \$60 million – is allocated to an extensive Department of Labor program to protect workers’ rights with a focus on Latin America and the Caribbean.
- Based on the quantitative and qualitative data collected from the agencies, it appears that one of the emerging areas of growth is technology and standards. This reflects not only the growing relevance of e-commerce and other Internet-based initiatives to trade, but also the importance of meeting international standards for agricultural and other products.

**Third, the U.S. Government’s assistance in trade-related capacity building is not only wide-ranging from a technical perspective, but also from a regional perspective.** As illustrated in the chart to the right, the U.S. Government has funded trade capacity-building programs and activities in every region of the developing world.

Looking at fiscal years 1999 and 2000 combined, Central and Eastern Europe has received the largest share of funds obligated in the two fiscal years combined (18%), followed by sub-Saharan Africa (16%) and Latin America and the Caribbean (16%). Asia received the smallest share of funds obligated in the two years combined (14%). Overall, the volume of assistance is remarkably similar from region to region.<sup>2</sup>

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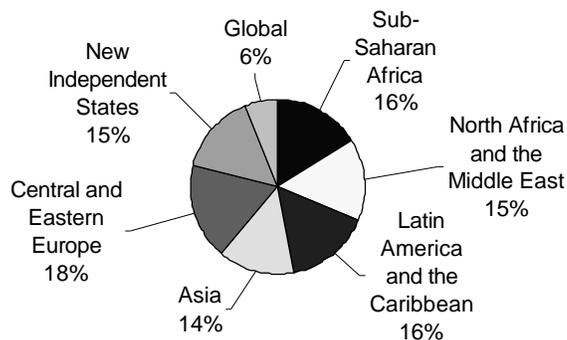
<sup>2</sup> The numbers for Latin America and the Caribbean are higher than might be anticipated. The Department of Labor’s workers’ rights program accounts for nearly \$30 million of the \$39.2 million (77%) amount obligated for FY 1999 and \$60 million of the \$68.5 million obligated for FY 2000. Similarly, the numbers for Asia are also surprisingly high. The U.S. Asian Environmental Partnership accounts for a significant portion of the funds: \$15 million of the \$31 million (48%) obligated for FY 1999 and \$15 million of the \$57 million (26%) obligated for FY 2000.

**Fourth, these activities build the capacity of both the public and private sector, strengthening the ability of government to create a sound policy framework and strengthening the ability of local businesses to engage in international and regional trade.**

The quantitative data give a good indication of the amount the U.S. Government has spent on various types of trade capacity-building activities. However, the actual programs and projects initiated by the U.S. Government in these areas tell a much richer story about what the U.S. Government is doing to support trade-related capacity building. Chapter II of this report looks at each of the categories of trade-related assistance and highlights some of the U.S. Government’s key projects and activities. Chapter III looks at each region of developing world and presents the types of trade capacity-building activities funded by the U.S. Government.

### U.S. Support for Trade Capacity-Building Activities

**Regional Distribution  
1999 and 2000**



	FY 1999	FY 2000	TOTAL
<b>Total USG Funds Obligated for Trade Capacity Building(US \$)</b>	246,163,678	372,812,123	618,975,801

#### Funds Obligated by Functional Categories (US\$)

WTO Accession	3.0%	7,400,352	2.9%	10,773,071	3%	18,173,422
Trade Policy Reform	7.5%	18,400,668	8.4%	31,455,637	8%	49,856,305
Legal and Regulatory Reform	9.0%	22,173,621	10.7%	39,757,742	10%	61,931,364
Trade Facilitation	10.6%	26,017,514	9.2%	34,466,477	10%	60,483,991
Technology Standards	5.4%	13,373,089	6.4%	23,733,161	6%	37,106,250
Customs	4.4%	10,913,749	5.1%	18,872,231	5%	29,785,980
Human Resources	16.0%	39,278,168	22.5%	83,781,681	20%	123,059,849
Finance	27.7%	68,107,468	18.4%	68,478,954	22%	136,586,422
Infrastructure	1.2%	3,032,588	3.7%	13,798,136	3%	16,830,724
Environment	8.3%	20,424,114	6.3%	23,403,231	7%	43,827,345
Foreign Investment/Incentives	2.1%	5,073,350	1.2%	4,428,913	2%	9,502,263
Other	4.9%	11,968,996	5.3%	19,862,888	5%	31,831,885
<b>Total</b>	<b>100%</b>	<b>246,163,678</b>	<b>100%</b>	<b>372,812,123</b>	<b>100%</b>	<b>618,975,801</b>

#### Funds Obligated by Region (US\$)

Sub-Saharan Africa	15.0%	36,854,621	17.2%	64,053,403	16%	100,908,024
North Africa and the Middle East	11.2%	27,566,587	17.0%	63,501,736	15%	91,068,323
Latin America and the Caribbean	19.2%	47,206,897	14.3%	53,138,459	16%	100,345,356
Asia	12.7%	31,155,266	15.4%	57,441,059	14%	88,596,325
Central and Eastern Europe	21.7%	53,392,320	16.1%	59,948,545	18%	113,340,865
New Independent States	14.3%	35,269,516	14.8%	55,010,989	15%	90,280,505
Global	6.0%	14,718,470	5.3%	19,717,932	6%	34,436,402
<b>Total</b>	<b>100%</b>	<b>246,163,678</b>	<b>100%</b>	<b>372,812,123</b>	<b>100%</b>	<b>618,975,801</b>

## CHAPTER II: U.S. GOVERNMENT'S TRADE CAPACITY-BUILDING INITIATIVES

This chapter examines the U.S. Government's portfolio of activities from a functional perspective and focuses on the qualitative dimension of the U.S. Government's activities. This chapter does not attempt to capture all of the U.S. Government's efforts in trade capacity building. Rather, it aims to highlight some of the key projects, programs, and activities funded by the U.S. Government in ten functional categories. These include:

- WTO Accession
- Trade Policy Reform
- Legal and Regulatory Reform
- Trade Facilitation
- Technology and Standards
- Customs
- Human Resources
- Finance
- Infrastructure
- Environment

### WTO ACCESSION

The World Trade Organization (WTO) member states negotiate and agree upon legal ground rules for international commerce to ensure that trade flows as smoothly, predictably and freely as possible. Participation in this multilateral trade system can aid economic growth by providing developing and transitional economies access to new markets for their export products, and can improve national economic efficiency by giving domestic firms access to lower cost inputs and capital, while also providing the incentive of increased competition.

Acceding to the WTO is a complex and challenging process. Accession typically requires extensive changes in policies (e.g. trade, investment, competition, fiscal, pricing), laws, and regulations in a wide range of areas including intellectual property, customs,

services, licensing, sanitary and phytosanitary measures and other standards, agriculture, trade-related investment measures, subsidies, and government procurement. In addition, the legal framework may need modification to improve transparency, administrative and judicial procedures, and criminal/civil procedures and penalties. Acceding to the WTO involves almost every ministry and state body and requires intense coordination among them. Furthermore, coordination between the government and the private sector is desirable to build necessary private and political support for accession.

In 1999 the United States Government provided approximately \$7.4 million to WTO accession capacity-building activities; for 2000 approximately \$10.8 million is budgeted for these activities. The U.S. has recently provided technical assistance for the WTO accession process in Jordan, Lebanon, Russia, Ukraine, Kyrgyzstan, Macedonia, and Moldova.

In Jordan, the United States has focused its technical assistance on the series of policy changes needed for successful accession to the WTO and on ensuring continued support from the Government of Jordan upon accession. A long-term policy advisor and supplemental short-term experts in the field accomplished the following accession-related tasks:

- Developed an accession master plan outlining steps and actions needed for accession and assisted the government in updating the plan on a regular basis to reflect progress in negotiations.
- Provided in-country and Geneva-based training to the negotiation team regarding various aspects of the accession process, formalities and terminology.
- Assisted the Government of Jordan in replying to questions raised by working party members and assisted in the preparation of replies to more than 15 sets of

questions raised by the U.S., Australia, the European Union, Switzerland, Canada and Japan.

- Assisted the Government of Jordan in preparing a variety of issues papers on topics such as state trading, import licensing, and trade and customs fees.
- Monitored and updated the legal drafting agenda and translated into English more than 40 laws, drafts, and standards for submission to the WTO Secretariat.
- Assisted in preparing more than a dozen conformity charts for compliance with WTO agreements.
- Assisted in reviewing and commenting on the final accession package (report by working party, service schedules, and protocol of accession).

The United States also worked to build private sector and political support within Jordan for accession. U.S. advisors worked with the WTO Unit at Jordan's Ministry of Industry and Trade to launch a WTO awareness campaign that included seminars and discussions involving private sector, public sector and academia, as well as WTO brochures outlining the process and benefits of accession, and meetings with the press. Without domestic political and private sector support, Jordan's highly effective accession process would not have been possible.

The U.S. Agency for International Development (USAID) is currently developing a program, similar to the one conducted in Jordan, to provide technical assistance to Lebanon's accession process. The main objectives of this assistance are to assist Lebanon in completing all initial work necessary to engage in the first round of multilateral negotiations; build the institutional capacity for negotiating accession; and build private sector and political support for WTO accession. In order to achieve these objectives, USAID is assisting Lebanon in developing a comprehensive WTO accession master plan. USAID will also provide technical assistance to help implement the accession steps detailed in the plan. The master plan and subsequent technical assistance will address the following:

- A detailed schedule for preparation and submission to the WTO Secretariat of all necessary accession materials and documents including the Memorandum on the Foreign Trade Regime and its Annexes.
- The institutional base required to support the accession process and conduct negotiations including the roles and responsibilities of ministries and state bodies, the WTO Unit, the WTO Technical Working Group, the WTO Policy Working Group, the Council of Ministers, the Parliament, the Office of the President, and Lebanon's Representative at the WTO in Geneva, Switzerland.
- Trade, investment, pricing, competition, fiscal, and subsidy policy reforms necessary to conform to the WTO agreements.
- The development of laws in areas such as intellectual property, customs, trade, licensing, standards, sanitary, phytosanitary, and agriculture, including target dates for drafting the laws at the ministerial level, submission to and adoption by the Council of Ministers, enactment by the Parliament, and signature by the President.
- Legal acts (regulations, decrees, and instructions) that need to be adopted with target dates for drafting at the ministerial level and adoption by the Council of Ministers.
- Institutions that need to be established in order to conform to the WTO requirements.
- An agenda for conducting training and awareness programs and private-public sector fora.
- Potential obstacles to WTO accession and strategies to mitigate these obstacles.

The United States also provides technical assistance on WTO accession matters through the U.S. Department of Commerce's Commercial Law Development Division (CLDD). The CLDD has implemented programs in the countries of Eastern Europe and the New Independent States, including Russia, Ukraine, Macedonia, and Kyrgyzstan. The CLDD has provided resident trade experts to these countries to serve in an advisory role with the leading government ministries tasked with

trade policy and negotiations. Additionally, the CLDD conducts short-term programs including seminars and in-country workshops on specific substantive issues. The program helps support the respective governments' efforts to accede to the WTO and helps improve the legal climate for doing business in those countries. Specific activities undertaken as part of CLDD programs include:

- Analysis of laws and regulations pertaining to WTO compliance.
- Counsel to improve the customs regulations and procedures for WTO compliance.
- Regulatory reform in sectoral areas.
- Advice on industrial and regional subsidies in terms of WTO compliance.
- Studies of legislative actions necessary for WTO accession.
- Promotion of the benefits of WTO membership to public institutions and private enterprises.
- Training on specific elements of WTO accession requirements and trade liberalization.

## **TRADE POLICY REFORM**

Given the demonstrated link between trade openness and economic growth, the U.S. Government supports efforts on the part of developing and transitional economies to integrate themselves into the world trading system. To open its export and import markets, a country must often undertake major policy reform to comply with WTO requirements and to reduce barriers to trade, including excessive tariffs, non-tariff barriers, import bans and quotas, subsidies and price controls, and anti-dumping legislation.

Many developing and transitional economies are characterized by weak technical and policy analysis skills in the area of trade policy. These weaknesses impede their ability to identify and introduce the reforms that are needed to reduce tariffs and non-tariff barriers to trade, thereby impeding their ability to integrate into the global trading system and to use trade to foster economic growth. To overcome these

weaknesses, the United States Government has undertaken measures to enhance regional trade and has provided country-specific assistance in trade policy reform. In 1999 the United States Government provided approximately \$18.4 million to trade policy and reform capacity-building activities; for 2000 approximately \$31.4 million is budgeted for these activities.

## **Regional Trade Integration**

Regional trade agreements are one mechanism for developing and implementing needed trade policy reforms in developing and transitional economies. Regional trade associations create a system of rules designed to secure free and fair trade conditions for member states. Membership requires understanding, accepting and, most importantly, implementing policies that reduce trade barriers and comply with the rules. This is no small task and there is often a lack of capacity in developing countries, both in the public and private sectors, to effectively develop and implement trade agreements. The U.S. Government is in the position to provide technical assistance to those parties in government ministries and the business community that are mutually responsible for assuring that the benefits of membership are realized.

An example of this type of technical support in the trade policy reform area is USAID's assistance to the Southern African Development Community (SADC) Trade Protocol. The Trade Protocol is designed to improve economic development in the region through the further liberalization of intra-regional trade in goods and services. However, several obstacles have stood in the way of accomplishing the goals of the Trade Protocol. These obstacles included member states' lack of resources and skills necessary to evaluate and negotiate issues associated with the Protocol, insufficient trade and tariff data, and a low awareness among the business community about the contents of the Trade Protocol and therefore a low commitment to its implementation. USAID has played an important role in mitigating many of these obstacles, and in bringing the public and private sectors together on the negotiating process. Resident advisors were provided to Swaziland,

Zambia, Tanzania, and Malawi and were effective in helping these countries determine the impact of the trade agreement on their national revenues. USAID conducted private-sector workshops in 10 SADC countries in which government officials, economists and business leaders worked together to help the larger business community in each country understand the Protocol and how it would affect national business. In January 2000, the SADC Trade Protocol was ratified. U.S. technical assistance will now focus on implementation issues, such as assisting members improve their customs procedures, standardize valuation and determination of origin methods, and remove other inefficiencies in the clearance process. Assistance will also help build local capacity to identify other non-tariff barriers to trade such as health, safety and industrial standards, road transportation, foreign exchange restrictions, import licensing and quantitative restrictions.

USAID has also provided assistance to another regional trade association, the Common Market for Eastern and Southern Africa (COMESA). A team of experts reviewed the existing COMESA regime on Rules of Origin to assess its adequacy in supporting the growth of intra-COMESA trade. The team visited a representative sample of COMESA countries in order to learn firsthand from relevant players both in government and the private sector their level of knowledge, impressions, opinions, criticism and/or recommendations regarding the rules. The project team also conducted business surveys in a number of COMESA countries to gather data on the way companies work with existing rules and what problems they face. In addition, they looked at Rules of Origin work underway within the World Customs Organization and the World Trade Organization, so as to propose new rules for COMESA that would be consistent with the prevailing international rules. The team concluded that knowledge of COMESA and their Rules of Origin was limited among the business community in Eastern and Southern Africa, and for those who were knowledgeable, lengthy procedures to secure Certificates of Origin and lack of "in house" ability to make calculations to determine if products qualify precluded them from taking advantage of the

benefits of these rules. These and other study findings were presented to COMESA's Secretariat along with five salient recommendations for changes to the Rules of Origin system. Many of the proposed changes have been accepted by the Secretariat and will encourage more companies to trade within the region. Future technical assistance will assist COMESA in adopting these recommendations.

USAID has also recently launched the West Africa Regional Program, which will focus on assisting and supporting the West Africa Economic and Monetary Union and the Economic Community of West African States.

Support for trade capacity building in Latin America and the Caribbean has been a priority for USAID under its mandate to support the Summit of the Americas. At the December 1994 Miami Summit, the heads of state of the Hemisphere's 34 democracies agreed to pursue greater hemispheric prosperity through open markets, hemispheric integration, and sustainable development. They signed the Summit of the Americas Declaration of Principles and Action including a pledge to establish the Free Trade Area of the Americas (FTAA) by 2005.

The Summit also recognized that developing countries, especially smaller economies, face important challenges to their full participation in the process of economic integration. To address these challenges, the Summit Plan of Action pledged that technical assistance would be provided to facilitate integrating the smaller economies and to increase their level of development. USAID has worked with other donors, regional trade-supporting institutions, U.S. Government agencies, and the public to implement trade capacity-building programs throughout the Latin America and Caribbean region.

In a specific example, USAID has supported continued participation of the Caribbean Community countries in the hemispheric economic integration process through technical assistance to support compliance with WTO obligations, business facilitation measures (e.g., customs), and public participation in the process of negotiating external trade agreements.

Examples of activities in these three areas include: educating policy makers and technical experts on the WTO Agreement on Sanitary and Phytosanitary Measures and identifying ways for countries to meet their obligations; working with the U.S. Customs Service on express shipments, simplified procedures and risk analysis; and providing support for Caribbean non-governmental organizations to participate in research and dialogue on trade-related environmental issues. In addition, USAID is supporting the participation of CARICOM member countries in coordinating their external trade negotiations through the provision of the Caribbean Trade Information Network, "Virtual Secretariat", an Internet-based GroupWare system that provides a forum for sharing FTAA, WTO, and other trade-related information among members.

### **Support for National Trade Policy Reform**

Enhanced participation in global trade requires concerted policies to open a country's domestic markets to free trade through compliance with WTO requirements, and to remove barriers to exports that constrain a nation's firms from entering global markets. The governments of developing and transitional economies often lack the technical capacity and the resources needed to conduct thorough analyses needed to identify essential policy, regulatory, and legislative reforms.

USAID's Development Economic Policy Reform Analysis (DEPRA) Project supports the Government of Egypt's economic reform program for trade policy, deregulation, and financial sector strengthening by developing enhanced institutional and individual capacities for economic policy research and analysis. U.S. technical assistance strengthens Egypt's ability to formulate trade policy and regulatory reforms by enhancing the government's ability to gather reliable data and to provide accurate factual information, detailed analysis, and credible recommendations for effective reform initiatives. The DEPRA project has conducted policy studies in the following areas:

- An analysis of the benefits to Egypt of existing economic integration arrangements

with other Middle East nations in terms of increased market access within the region, as well as increased leverage in trade negotiations with developed nations. The study made 13 recommendations as to how Egypt should proceed to take advantage of the positive net national economic welfare benefits accruing from multilateral trade liberalization and economic integration.

- A study, conducted at the request of the Government of Egypt, describing the specific obligations imposed upon Egypt under the WTO/GATT. The study found 853 Egyptian obligations and commitments, some of which may require Egypt to reformulate its international trade policies and re-design its trade-related legal and regulatory regime.
- An assessment of the current system for collecting and analyzing trade data.
- A review of Egypt's quality controls on both domestic and imported products and the adverse effects that many of these regulations have on the economy.
- A study to determine if sufficient data are available in Egypt to compute effective rates of protection industry by industry and, if so, to develop an institutional capacity for calculating and analyzing effective rates of protection for various industrial sectors as tariff rates are reduced.
- An assessment of the potential for removing barriers to trade between the European Union and Egypt in processed fruits and vegetables. The assessment includes a recommended strategy for removing these barriers.
- An evaluation of the ways to permit greater competition in port services, thereby lowering costs and facilitating the growth of Egyptian exports. The study includes a draft action plan for policy and regulatory reforms.
- An analysis that identified factors that constrain Egypt's furniture exports and designed strategies to encourage furniture producers to expand their markets globally.

In Ghana, USAID's Trade and Investment Reform Program helps the Government of Ghana and the private sector identify and implement trade policy reforms that are needed in order for Ghana to attract investment and compete on the international market. Concentrating on the promotion of non-traditional exports such as wood products, handicrafts, household accessories, processed foods and African textiles and garments, recommended policy reforms focus on eliminating and revising regulations that adversely impact Ghana's international competitiveness in these sectors. Important policy achievements have included legislation eliminating controls on foreign exchange earned from non-traditional exports, streamlining export clearance requirements, and the introduction of bonded warehouse and duty-drawback mechanisms to exempt imported inputs from customs duties when used in the production of products for export. The program has also been successful in activating a dialogue between public and private sectors on the subject of policy reform, and strengthening the capacity of both groups to advocate and participate in the policy change process. The program has been instrumental in the establishment and subsequent operation of an Interministerial Committee on Competitiveness made up of key public and private sector representatives.

In Uganda, the United States Government is assisting the Ugandan Government and the private sector build local capacity to meet obligations agreed to in the WTO, as well as similar obligations under regional trade agreements such as the East African Cooperation and COMESA. The activity is expected to help institutionalize the role of the private sector in the formulation of Uganda's trade policy and negotiating positions. U.S. technical assistance will help the government and the private sector evaluate and, as appropriate, reform policies in the following areas: customs valuation, licensing, standards and technical barriers to trade, sanitary and phytosanitary requirements, agriculture, tariffs, rules of origin, and consistency of local commercial law with WTO requirements.

USAID is helping to reduce Zambia's internal and external barriers to trade and investment through the Zambia Trade and Investment Enhancement Activity. One of the components of the technical assistance is to reduce cumbersome legal, regulatory and judicial procedures for key trade-related actions such as customs valuation or phytosanitary certification for export. A second component is to build the capacity of public and private sector partners to effectively communicate, manage, and advocate for continued improvements in trade policy and legal, regulatory, and judicial regimes. This will be accomplished through a series of workshops, conferences, training sessions, and observation tours. A third component of the program is to foster linkages among producers, suppliers, processors, traders, supporters and consumers within and outside of Zambia.

Agriculture is an important component of trade policy in developing countries. The U.S. Department of Agriculture (USDA) has played an active role in assisting countries evaluate their trade policies associated with their agricultural sectors. Through the Cochran Fellowship Program, USDA has worked to strengthen the ability of middle income countries, emerging markets and emerging democracies to develop sustainable agricultural systems and strengthen and enhance trade links between the U.S. and those countries. Under this initiative, sixty-nine government officials from several countries attended seminars and conference sessions on trade policy and WTO compliance. Issues focused on how international and domestic trade policies are formulated, negotiated, and implemented. Major trade agreements were analyzed to gain an understanding of their agricultural components. The training improved the understanding of WTO standards and procedures that facilitate and govern international trade.

## **LEGAL AND REGULATORY REFORM**

In many countries, a major constraint to attracting private investment and generating an increase in commercial trading activities is the absence of a predictable, facilitative, and enforceable legal and regulatory environment.

Such an environment is a necessary foundation for sustainable investment and trading activities. Legal and regulatory reform is a key element in efforts to improve a country's capacity to trade.

The U.S. Government has provided technical assistance in legal and regulatory reform, with a focus on areas such as intellectual property rights, commercial law, competition, consumer protection and antitrust activities. In 1999 the United States Government provided approximately \$22.2 million to help identify and implement reforms to developing countries' legal and regulatory frameworks; for 2000 approximately \$39.8 million is budgeted for these activities.

### **Intellectual Property Rights**

The WTO has emphasized the importance of protecting intellectual property rights across international boundaries through its adoption of the Trade-Related Intellectual Property Rights Agreement (TRIPs). The agreement provides for the protection of patents, industrial designs, trademarks, copyrights and related rights, layout design of integrated circuits, geographical indications, at least *sui generis* protection of plant varieties, and protection of undisclosed information as intellectual property rights.

To help developing countries comply with TRIPs, the U.S. Department of Commerce's Patent and Trademark Office (PTO) provides extensive technical assistance in legislative reform and intellectual property rights enforcement. To assist in legislative reform, the PTO conducts assessments of a country's laws and regulations to determine compliance with TRIPs and provides recommendations on how to reform those areas of law and regulation that are not in compliance with TRIPs. Through its Visiting Scholars Program, the PTO also provides classroom and hands-on training on the administration of intellectual property law, including patent and trademark examination and copyright protection. The PTO also conducts seminars and training programs that focus on assisting countries in the enforcement of intellectual property rights. Countries in which the Patent and Trademark Office has provided technical assistance on intellectual property

rights include Kenya, Ghana, Mozambique, India, Brazil, Poland, Mexico, Russia, Georgia, Lithuania, Macedonia, Malaysia, Sri Lanka, Thailand, Uzbekistan, Oman, the Dominican Republic, Lebanon and Cyprus.

USAID sponsors the \$5.7 million Strengthening Intellectual Property Rights in Egypt project, which provides technical assistance to assist Egypt in improving the protection of intellectual property and complying with WTO standards on intellectual property rights. Specific activities under this project include:

- Drafting and amending intellectual property rights laws to be consistent with the WTO-TRIPs agreement.
- Preparing guidelines legal advice on intellectual property rights issues.
- Modernizing the Industrial Property Offices in order to bring them up to date with international developments and intellectual property standards.
- Preparing a draft law authorizing the TRIPs Contact Point to take action in certain types of intellectual property cases and guidelines on the types of action that would be appropriate in selected cases.
- Training government employees in regard to intellectual property rights issues, including TRIPs implementation and border enforcement.
- Preparing conferences and public awareness campaigns concerning intellectual property rights issues.

In the Philippines, a component of USAID's Accelerating Growth, Investment, and Liberalization with Equity project provides assistance to improve compliance with TRIPs. Specific activities have included drafting regulations for copyrights and related rights; drafting a law on plant variety protection and working with proponents to advocate the passage of the law; and providing assistance to encourage the passage of a bill for layout design of integrated circuits.

### **Competition and Anti-Trust Activities**

For trade to flourish, countries must create an environment in which fair and open competition

is encouraged. In recent years, the United States Government has been active in providing technical assistance to countries introducing or revitalizing antitrust regimes in Central and Eastern Europe, the former Soviet Union, Latin America and Africa. The objective is to assist the responsible authorities in these countries in promoting a culture of competition and, more specifically, in establishing the legal and institutional framework for ensuring that markets function competitively.

Experts from the U.S. Department of Justice and the U.S. Federal Trade Commission have worked with foreign antitrust officials on developing policies, drafting new antitrust laws or amendments to existing laws, analyzing individual cases, and providing advice on a wide range of issues that these antitrust officials might encounter. Technical assistance has included helping local officials understand investigative techniques; providing recommendations for the structure and administration of agencies that address competition and anti-trust issues; and conducting legal and economic analyses of issues such as market definition, market dominance, horizontal and vertical agreements, merger review, and privatization.

The U.S. Federal Trade Commission (FTC) administers a Competition Policy Technical Assistance Program to improve the enforcement of competition laws in Central and Eastern Europe, the former Soviet Union, Latin America, the Caribbean and South Africa. The FTC provides long- and short-term advisors and sponsors conferences to assist the responsible authorities of these countries to lay the legal, institutional, regulatory and policy framework for the promotion of competition and the protection of consumers. In Brazil and Argentina, for example, experts have provided technical assistance and training in areas such as strengthening competition policy legislation and strengthening enforcement capacity. The FTC has also offered internships to antimonopoly officials from developing countries to provide on-the-job training in U.S. competition law enforcement strategies and economic analysis.

In Nigeria, Angola, West Africa, and the Southern African Development Community

countries, the U.S. Department of Commerce provides technical assistance, training, and consultative services to policy makers, regulators, judges, and lawyers to improve the legal environment for doing business. For example, in Mozambique, the United States has been assisting an alliance of business organizations and the Ministry of Commerce to simplify and even abolish certain company registration requirements and to abolish export/import licenses. To further develop an environment for fair competition in Mozambique, the U.S. Department of Commerce has provided assistance to a new Center for Alternative Dispute Resolution to train arbitrators, promote the use of alternative dispute resolution contracts, and train judges on enforcement of alternative resolution dispute decisions.

### **Regulatory and Procedural Reform**

The Investor Roadmap represents one of the U.S. Government's most important success stories in building trade capacity through legal and regulatory reform. This tool, designed and implemented by USAID in collaboration with the Foreign Investment Advisory Services, is designed to identify and facilitate removal of regulatory and administrative barriers to private investment and trade. The Investor Roadmap methodology combines diagnostic analysis, consensus-building efforts and focused technical assistance to reform government regulations and procedures that affect private investors. It has been very effective in catalyzing reforms to streamline burdensome regulations and procedures that constrain private investment and trade.

The Roadmap is carried out in two phases. The first phase produces a diagnostic study that delineates in a step-by-step fashion the various processes a private business must complete to become operational in full compliance with all laws, regulations, procedures, and institutional practices in a given jurisdiction. Once investment constraints are identified in the diagnostic study, a series of interventions are conducted to catalyze regulatory and procedural reforms that will encourage and facilitate, rather than hobble, private investors. Further technical

assistance is provided during a second phase of activities to build process improvement capacity into specific government agencies. This is necessary to ensure that reform efforts are ongoing.

USAID has implemented the Investor Roadmap in more than 25 developing countries around the world. The results have been dramatic in quantitative and qualitative ways. In the short term, many countries have achieved concrete and measurable reforms, resulting in improved processing times, reductions in paperwork and forms required of investors, and dissemination of procedural guidelines. For example, in Kenya, USAID identified ways to streamline procedures for obtaining licensing approvals and assisted the Government of Kenya to execute these changes; and in Tanzania, USAID helped the government to simplify import clearance and immigration procedures.

What can be more profound over the long-term, however, are the Roadmap's results in changing the mindset of the public sector. Principles of investor-focused governance are infused throughout public agencies, and civil servants and businesses are sensitized to the needs and constraints of one another. This is the foundation for long-term and sustainable reform.

The Africa Trade and Investment Policy (ATRIP) Program represents a collaborative effort among a number of U.S. Government agencies, including the U.S. Agency for International Development, the Overseas Private Investment Corporation, the Trade and Development Agency, and others. ATRIP helps African countries to improve the legal and regulatory framework affecting trade and investment activities. Under the program, the U.S. Government has provided technical assistance in a broad range of areas, including WTO compliance, tariff reform, trade regulations, investor roadmap initiatives, and contract law. The funding for ATRIP programs was \$22 million in FY 1999 alone.

### **Commercial Law Reforms**

When a country's legal and regulatory framework supports open competition among all firms and includes adequate processes for

dispute resolution, markets are more efficient and competitive advantages for trade are enhanced. U.S. technical assistance helps countries reform their commercial laws, which helps make their firms more competitive on the world market. Through a USAID Regional Program, a grant was provided to the Caribbean Law Institute to work with the attorney generals in the CARICOM region on the development of commercial legal reforms that will foster sustainable trade. Technical assistance included fair competition and consumer protection, dispute resolution, and environmental law issues.

USAID's Commercial Law Program in Central Asia provides technical support to adopt key legal and regulatory reforms necessary to support the development of a market-friendly environment for trade and investment in Kazakhstan, the Kyrgyz Republic, Uzbekistan, and Turkmenistan. Specifically, the Commercial Law Program provides technical assistance in the modification of laws and regulatory provisions relating to international trade and foreign investment.

### **Trade Remedies Activities**

Despite multilateral and bilateral agreements to ensure fair and open trade among countries, there may be situations in which a country is subject to unfair trading practices by another country. To assist developing countries understand and implement trade remedies, the U.S. International Trade Commission conducts technical seminars on U.S. practices and procedures regarding antidumping, subsidies/countervailing duty, and safeguards investigations. For example, a trade remedies course addresses procedural issues (e.g., chronology of events, rights of parties, data collection, record-keeping and treatment of confidential information); determinations relating to injury, or threat thereof, (e.g., like-product, negligibility, cumulating, material retardation); injury analysis (consideration of volume, price, and impact of subject imports); and procedures and practice for judicial review and removal of orders.

## TRADE FACILITATION

Trade facilitation encompasses a broad range of activities that affect a country's ability to engage in international trade. While trade policy and the legal and regulatory framework provide a structure for a country's trade system, trade facilitation encompasses the non-physical infrastructure and support -- for example, information, knowledge and skills training, advocacy, contacts and brokering assistance -- which facilitate the actual process of trading goods and services. The U.S. Government promotes trade facilitation through four distinct channels:

- At the highest level, the U.S. Government strengthens the capacity of governments to design and implement sound policies that promote economic growth and to provide reliable and timely economic data and statistics.
- At an intermediate level, the U.S. Government is implementing programs in many countries to strengthen the capacity of business support organizations. These organizations represent the interests of the business community in promoting market-oriented policy reform and provide skills and training to the business community.
- The U.S. Government has selected programs that work directly at the enterprise level to strengthen the capacity of local businesses to engage in international trade.
- Finally, some U.S. Government programs focus on building linkages between U.S. companies and companies in developing countries and transitional economies.

In 1999 the United States Government provided approximately \$26 million for trade facilitation activities; for 2000 approximately \$34.5 million is budgeted for these activities.

### **Strengthening the Capacity of Government to Facilitate Trade**

Over the past decade, the role of government has shifted dramatically in most developing countries and transitional economies. Governments have increasingly re-defined their role to focus on facilitating and promoting

economic growth through the private sector, rather than owning and controlling economic assets. In this context, the U.S. Government has played -- and continues to play -- a leading role in assisting developing countries and transitional economies to make the critical transition from state-owned and dominated economies to market-oriented growth.

This transition has had important implications for the role of government vis-à-vis trade in developing countries and transitional economies. U.S. assistance has focused on two key areas: strengthening the ability of governments to design and implement policies and practices that promote economic growth and integration into the world economy, and strengthening the ability of governments to provide sound, reliable and timely statistical data and information.

The U.S. Government works closely with government policy-makers in an effort to develop sound policies and programs to strengthen the small and medium-sized business community, thereby strengthening its capacity to trade. The U.S. Small Business Administration (SBA) and USAID are lead agencies for these types of efforts. For example, the U.S. Small Business Administration is working in close collaboration with Argentina's Ministry for Small and Medium Enterprises in the design of a broad range of policies and programs, including: the establishment of guaranteed loan programs for small business; the development of small business set-asides for government procurement; the design of programs to encourage women entrepreneurs; and the creation of small business development centers as sources of technical assistance for the small business community. In addition, the SBA's international visitors program makes agency staff available for exchanges of views, workshops and conferences. The program receives between 400 and 500 visitors annually from developing countries, including more than 100 individuals from China.

Sound trade policy is built on accurate, reliable and timely statistical information. Building trade capacity frequently means strengthening the capacity of developing and transitional economies to collect and disseminate trade-related data. Both USAID and the U.S.

Department of Agriculture play leading roles in providing this type of assistance. USAID focuses on assisting developing country governments in strengthening their capacity to collect, analyze and disseminate trade-related and other economic data. For example, USAID in Egypt is launching the Data Access and Transmission Activity, a major initiative designed to assist the Government of Egypt in its efforts to modernize its national accounts and to meet international standards in preparing and releasing economic data. In order for government policy makers, private investors, financiers, traders, and all the other economic actors to make wise policy and business decisions, they need better, more reliable, timely information on the economy than is presently available.

Timely and accurate statistical data are particularly crucial for the agricultural sector of most developing countries. This is an area where the U.S. Department of Agriculture (USDA) plays an important role. Two examples from Mexico and South Africa illustrate the type of assistance the USDA provides.

Currently, the USDA is implementing a four-year, \$2.5 million initiative to strengthen Mexico's systems for developing and disseminating agricultural information. The objective is to improve the ease with which public and private decision makers can obtain critical market intelligence about Mexico's food and agriculture sectors, and increase the reliability of Mexico's official data and statistics. The major thrust of this project has been to build the capacity of Mexico's Ministry of Agriculture to develop and utilize agricultural production statistics and to forecast production trends for key commodities. Mexican analysts trained to produce these forecasts are developing commodity-by-commodity analyses of Mexico's trade competitiveness. Accurate information on agricultural conditions in Mexico will enable Mexico and the U.S. to address equitably questions of market access and to deal with existing barriers to bilateral trade.

The U.S. Department of Agriculture (USDA) has been working with the South African National Department of Agriculture (NDA), to

improve agricultural statistics in South Africa. Specifically, the USDA has trained its South African counterparts in the design of statistical surveys and questionnaires, sampling techniques, and data analysis. USDA has also provided assistance in the development of an information system that can provide accurate and timely data to the many players in South Africa's agricultural sector.

### **Strengthening the Capacity of Business Support Organizations**

The U.S. Government, primarily through the U.S. Agency for International Development, provides extensive assistance to develop and strengthen business support organizations. Business support organizations can be crucial to trade facilitation in that they offer a mechanism for providing services that are often too costly for any one firm to obtain on an individual basis. For example, business support organizations provide trade leads, partners and contacts for businesses; provide data and information on export markets; provide training in foreign business practices and export requirements; organize trade missions; and serve as advocates for policy changes that affect the ability of local businesses to trade in international markets. These organizations may include: chambers of commerce at the national, regional or local level; industry or business associations; women's business associations; for-profit consulting firms; non-governmental organizations that provide technical assistance or training; or business training organizations. Below are some concrete examples of how the U.S. Government is working to promote trade capacity building through business support organizations.

In Africa, the United States, through USAID, has been the lead donor in facilitating the creation of the Enterprise Networks, three regional associations of young and dynamic businessmen and women in West Africa, East Africa and Southern Africa. The Enterprise Networks have a dual mission: to improve the business climate in Africa and to promote trade and investment within the region and internationally. The West African Enterprise Network (WAEN) was created in 1993 and has quickly grown from an informal association to a

legally registered and formally chartered organization of 300 members in 12 countries. Based on the success of the WAEN, USAID has been supporting the creation of enterprise networks in East Africa and Southern Africa over the past two years.

In the West Bank and Gaza, the U.S. Government is supporting the development of Paltrade, a private sector trade organization. Its primary objective is to facilitate trade by Palestinian firms. U.S. assistance is geared toward strengthening the various services offered by Paltrade, including policy dialogue and advocacy, market representation, coordination of Palestinian participation at exhibitions and trade events, training, business contacts and directories, statistical references and research, promotional materials, and joint venture promotion.

In the West Bank and Gaza, USAID launched the Market Access Program (MAP) in 1999. The MAP program is designed to work with the public and private sectors to develop a new economic framework, promote a business friendly environment, attract foreign investment, stimulate innovation, and increase market share and exports. MAP is focused on building institutions and developing a network of sustainable private sector organizations able to effectively deliver services and articulate policy change. In addition, USAID's Small Business Support Program has upgraded information services at nine chambers of commerce and fourteen other business associations.

In Bulgaria, the U.S. Peace Corps has assisted in the creation of a non-governmental organization, the Regional Economic Development Authority. Peace Corps volunteers have strengthened this organization's capacity to locate foreign traders and prospective investors, address export requirements and documentation, and organize participation in trade shows.

In Macedonia, the U.S. Government has helped to establish the Macedonian Business Resource Center. This institution aims to transform new and newly privatized Macedonian enterprises and agribusiness into viable, competitive businesses. A key objective is to train entrepreneurs, executives and management to

participate more effectively in the global trading system.

In Romania, the U.S. Agency for International Development has embarked on a major effort to strengthen a broad range of business support organizations. Launched in FY 2000, this \$6 million program focuses on strengthening business support organizations as the vehicle for building the long-term capacity of the micro, small and medium-enterprise sector.

### **Strengthening the Capacity of Local Businesses**

Typically, the U.S. Government builds the capacity of local institutions to meet the needs of businesses in developing countries. However, in some selected programs, U.S. assistance is provided directly to local businesses. Most notably, the International Executive Service Corps (IESC) draws upon the expertise of retired business executives from the United States to provide highly-specialized, hands-on technical assistance to businesses in developing countries. As illustrated in the box on the following page, the IESC has had a long and successful record of strengthening local businesses all over the developing world with the support and funding of the U.S. Agency for International Development. Other initiatives that provide assistance to facilitate trade directly at the enterprise level include:

- In Ghana, U.S. volunteers are working with small businesses to develop non-traditional exports, and in Peru, the Microenterprise and Small Producer Project has provided training and assistance to microentrepreneurs involved in handicraft production, with a resulting increase in export and domestic sales.
- The U.S. Department of Agriculture's Emerging Markets Program extended forty-five fellowships in 1999 to qualified recipients in central and eastern Russia, Ukraine and Kazakhstan for training in integrated food distribution and food wholesale and retail activities.

## THE INTERNATIONAL EXECUTIVE SERVICE CORPS

The IESC has been working in close collaboration with Egyptian firms for more than 20 years to introduce modern business practices and increase productivity, sales, investment and trade. IESC provides more than 200 volunteer executives each year to work with Egyptian firms. The following are recent IESC program accomplishments in facilitating trade for Egyptian firms.

**Alenza:** This woman-owned and managed manufacturer of ladies lingerie started business with two used sewing machines, three women employees and a talent for designing. At the beginning, each machine operator made a complete finished garment. Attempts were made to establish an effective production assembly line, each a failure. Enter the experienced (ex-Van Heusen) volunteer executive. Within a month of his arrival, a smooth-running assembly line was in operation. Production increased from 10 garments per worker to 30 and has since risen to over 45. Employment increased by 30%. To support added production, the volunteer executive designed and implemented a fabric-inspecting device and properly sized cutting tables, reducing overall production costs by 65%. Increased production capability allowed Alenza to open up export markets in South Africa and other Arab countries. Recently, the firm signed a large contract to produce swimwear cover-ups for Israel. In the words of Alenza's owner, CEO Madam Faiza Sammaika, "We could never have accomplished this without IESC help."

**Fanopak:** This family-owned and managed business (father, son, and daughter, all visually impaired) produces flavorings and spices. With the help of the IESC, it recently entered the fragrance market. Orders increased by \$250,000. Currently, IESC is assisting Fanopak in introducing direct marketing. Through IESC guidance, this company's products were also able to pass U.S. and FDA inspection standards.

**Diab Agricultural Reclamation:** This company has benefited from 15 IESC projects carried out by various volunteer executives including grape propagation, growth and harvesting, asparagus growth/harvesting, and a tissue culture lab that is presently being utilized for potatoes, bananas and strawberries. Exports due to both quality and quantity of production have increased by 50%, largely in strawberries, to European markets.

- In the West Bank and Gaza, USAID's Small Business Support Program, has provided technical assistance to more than 200 client firms, and training in production technology, quality control, marketing, product standards and business operations to more than 2,227 participants. The overall objective of the four-year program was to strengthen the competitiveness of Palestinian firms in international export markets.

## Fostering Linkages Between the U.S. and Developing Countries

The U.S. Government also provides assistance in order to foster trade and investment linkages between the United States and developing countries.

The Africa Trade and Investment Program (ATRIP) brings together U.S. companies with African counterparts to promote trade. The South African International Business Linkages (SAIBL) Project, funded under the ATRIP initiative, provides database, marketing and matchmaking assistance to small and medium-sized firms that are seeking increased trade, investment and transfer of technology with American firms. In 1999, two new ATRIP projects, one focusing on trade development in natural products and the other focusing on market liberalization and business linkages for cocoa producers, will provide promising new opportunities for U.S. and African firms.

The U.S. Government has established bi-national commissions in order to increase and establish dialog if disputes and problems arise. The U.S.-Ukraine Committee on Trade and Investment and the U.S.-Uzbekistan, Trade, Investment and Energy Committee are two examples of mechanisms for exchanging information and working to resolve problems affecting trade and business. Other similar groups include the U.S.-Armenia Business and Investment Association, the American-Georgian Business Development Council and the U.S.-Azerbaijan Chamber of Commerce.

In South Africa, there are special efforts underway, through the South African Department of Trade and Industry, to establish linkages between small and medium South African businesses to counterparts in the U.S. Such linkages help expand two-way trade opportunities.

The U.S. actively encourages foreign trade initiatives on behalf of small business, supporting small business trade missions to overseas markets. Reverse trade missions, where foreign small business groups visit the U.S., have been organized for Mexico, South Africa

and a number of missions from India, among others.

- The U.S. Foreign Agricultural Service implements projects that enhance market development in the agricultural industry. The Baltics Dairy Initiative promotes U.S.-Baltic State industry relationships through the exchange of mutually beneficial agribusiness technology. Sample dairy sector-enhancement activities include an eight-person delegation from the Baltics to Pennsylvania for a study tour and an eleven-U.S. person dairy training and activity development team to three Baltic States in early 2000.
- In the New Independent States, the U.S. Government has established a Business Information System (BISNIS). BISNIS provides a source for trade leads, market information and other business-related data for both U.S.- and NIS-based companies. It helps in the search for partners and in providing market reporting on a regional basis. It also sponsors business seminars, round-table conferences and supports training efforts in the NIS.

## **TECHNOLOGY AND STANDARDS**

Among the difficulties developing countries face in expanding their trade programs are the lack of appropriate technologies and inconsistent product standards. As technology continues to drive innovation and economic expansion, developing countries run the risk of being less competitive if they are not able to take advantage of technological advancements such as the Internet and electronic commerce. The development and adoption of consistent standards is also essential for countries that seek to take advantage of the global market.

The United States Government engages in many capacity-building activities that help developing countries overcome obstacles related to technology and standards. These activities have primarily focused on assisting countries to develop their Internet and electronic commerce capabilities, expanding opportunities for technology transfer, and harmonizing industry

and other standards. In 1999 the United States Government provided approximately \$13.4 million to capacity-building activities associated with technology and standards; for 2000 approximately \$23.7 million is budgeted for these activities.

## **The Internet and Electronic Commerce**

The United States is focused on helping developing countries develop Internet and electronic commerce capabilities. The Internet is emerging as a low cost pathway that allows information to be more accessible, transferable and manageable. Ready access to information is becoming the catalyst that transforms economic and social structures around the world and supports fast-paced sustainable development. Improving developing countries' access to the Internet is an effective way of facilitating technology transfers as it provides users instant access to a wealth of technical information, publicly available software, and interactive learning opportunities. In addition, electronic commerce is re-creating the world's economy as liberalization and increased competition transform information-based industries. The United States assists developing and transitional economies to take advantage of these opportunities providing technical assistance on policy reforms characterized by liberalization, open competition, and universal access.

The Leland Initiative has been the U.S. Government's primary program to extend the benefits of the global information revolution to Africa, including connection to the Internet and other Global Information Infrastructure technologies. This Initiative is a five-year, \$15 million effort to extend full Internet connectivity to twenty or more African countries in order to promote sustainable development. The project:

- Promotes policy reforms to reduce barriers to open connectivity.
- Facilitates low-cost, high-speed access to the Internet by identifying appropriate hardware, assisting with full Internet connectivity, and assisting private sector Internet service providers to develop their industry.

- Introduces proven mechanisms to build networks of active users and increase the ability of African societies to use the communication and information tools of the Internet.

Through the Leland Initiative, the U.S. Government is helping to increase the availability of trade information in the region in the areas of new market development and investment and trade promotion. Under the initiative, experts have installed high-speed national Internet gateways in Mali, Mozambique, Madagascar, Rwanda, Guinea, Côte d'Ivoire, and Benin; installed a national university gateway in Ghana; and connected scores of user institutions. More than 40 private Internet service providers have commenced operations in sub-Saharan Africa since the beginning of the initiative, and Leland Initiative trainers have trained more than 1,500 user institutions.

Based in part on the successes and experiences of the Leland Initiative, in 1999 the U.S. Government launched the Internet for Economic Development Initiative. This program seeks to empower developing countries to develop and utilize the Internet to energize their economies, gain access to knowledge that can improve standards of living, and foster the free flow of ideas. Specifically, the Internet for Economic Development Initiative:

- Encourages the creation of a pro-competitive policy and legal regulatory environment where the Internet and electronic commerce can flourish.
- Spurs the deployment of advanced information infrastructure to remote and urban areas through collaboration with multinational organizations, non-governmental organizations, and the private sector.
- Provides education and training to local entrepreneurs, knowledge workers, policy makers, and regulators.
- Fosters the use of specific Internet applications such as micro e-commerce, tele-medicine, distance education, environmental surveillance, and improved access to government services.

This initiative is currently being applied in Ghana, Guinea, Mozambique, South Africa, Uganda, Egypt, Morocco, Bulgaria, Guatemala, Haiti, and Jamaica. For example, in Ghana, the U.S. is implementing a broad array of activities to extend the Internet and strengthen its use, including a program to join the World Bank, Schools-on-Line and the GLOBE program in linking schools and using the Internet to train local government officials. In Uganda, the U.S. is providing computers, Internet connectivity and training to link two professional organizations across the country to facilitate information sharing on health, business development, and education issues. In Bulgaria, the U.S. has sponsored a team of experts to evaluate opportunities for further technical assistance, including an activity to facilitate e-commerce and international networking of Bulgarian business and economic associations. In Guatemala, the U.S. is helping to develop a financial network to serve small businesses with micro-lending activities, working to establish a network of community-based telecenters in small towns to facilitate access to information and e-commerce activities, and supporting Internet-based resource centers in teacher training schools.

### **Technology Transfer**

Technology transfer is an important component of U.S. efforts to help developing countries take advantage of global market opportunities. As noted above, some of the projects undertaken in the Leland and Internet for Economic Development Initiatives have included the provision of hardware and software. The United States Government also supports technology transfer in a broad range of areas.

The U.S. Department of Energy's Office Environmental Management conducts an aggressive technology development program aimed at creating innovative solutions to help the Department of Energy (DOE) clean up the U.S. nuclear weapons complex. This program provides the scientific foundation for new approaches and technologies that result in significant reductions in risk, cost, and schedule associated with the nuclear weapons complex clean up. To identify and evaluate international

technologies that can accelerate DOE cleanup operations, the DOE collaborates with international government organizations, academic institutions, and private industry to expand information sharing, scientific exchanges, and technology development and demonstration projects. One of the benefits of this program has been improved trade capabilities in developing countries. Developing countries have significantly benefited from collaboration with the DOE in the following areas: increased understanding of Intellectual Property Rights protection; receipt of U.S. patents for technologies; and opening of new international markets through exposure from collaboration with DOE. Technical capabilities are developed and imported into the U.S. and to other countries as a result of technology development and deployment. Specific activities conducted under this technology development program include:

- In Russia, collaboration with the Ministry of Atomic Energy for the Russian Federation is focused on identifying Russian technologies that offer unique approaches to current environmental management problems. To date, over 48 collaborative projects have been implemented, resulting in the demonstration of six innovative technologies. In addition, three U.S. patents have been granted for newly identified Russian technologies that are available for DOE application.
- In Poland, cooperation between DOE and the Institute for Ecology of Industrial Areas of the Republic of Poland is concentrated on the development and demonstration of technologies that address soil and groundwater contamination problems. Current technologies that are being demonstrated include both phyto- and bioremediation. These projects recently identified 36 previously unknown microbes that have the potential to greatly expand the implementation of phyto- and bioremediation in the U.S. and around the world.

Another way technology can help facilitate trade is to provide the means by which potential

buyers and sellers learn about the products and services available.

The Global Technology Network (GTN) is a collaborative effort between the U.S. Agency for International Development, U.S. Department of Commerce, Export-Import Bank, U.S. Department of Agriculture, U.S. Small Business Administration, Environmental Protection Agency, and Overseas Private Investment Corporation. The purpose of the GTN program is to promote commercial linkages between U.S. businesses and businesses in partner countries in the areas of: environment and energy technology, communications and information technology, agribusiness technology, and health technology. GTN representatives in 17 countries identify companies that could significantly improve their business by partnering with a U.S. company or a company in other participating countries. The GTN representatives prepare "leads" that are forwarded via the Internet to industry specialists, who in turn match the lead against a database of approximately 2000 participating U.S. companies. GTN also works in collaboration with 26 U.S. state trade development offices.

Through the Agriculture Technology Utilization and Transfer and the Growth through Globalization projects, USAID is assisting the Egyptian private sector to increase profitability and export earnings. The adoption of new technologies has increased the volume and value of targeted sector exports as well as the efficiency of the service sector that supports all Egyptian exports. In addition, USAID has helped establish private sector business associations, which can serve as efficient means for transferring technology to the private sector.

### **Harmonization and Development of Standards**

Developing countries must create or adopt commonly used global technological, industrial, and other standards in order to compete in the global market.

The U.S. Department of Agriculture (USDA) manages the Technical Resolution Fund to address technical barriers to trade in emerging markets worldwide. The Fund provides

resources for technical assistance, training, exchanges of expertise, and workshops to address such topics as biosafety and biotechnology, meat residue monitoring, pesticide use, irradiation of produce, and protocols for shipping fresh produce. Specific projects have included:

- A Middle East and North Africa Regional Workshop on Biosafety and Plant Genetic Engineering that provided a forum for ministry officials, researchers, producers, consumers, and local media to meet, learn about, and discuss biotechnology and biosafety issues.
- Assistance to Mexican meat plant managers to ensure compliance with the U.S. Department of Agriculture, Food Safety and Inspection Service, Pathogen Reduction/Hazard Analysis Critical Control Point Regulations.
- A study tour for a team from the Lithuanian State Veterinary Service met with U.S. Food and Drug Administration officials and visited processing facilities and laboratories to learn how chemical residues in meat are monitored in the United States.

The USDA's Harmonization and Commercialization of Global Seed Systems project helps establish regional integration in seed trade and harmonization as well as commercialization of seed policies and regulations in Africa, Asia, and the New Independent States. As part of this program, the United States helped administer the founding congress of the African Seed Trade Association, which was attended by participants from 21 African and 7 other countries. The association will provide a mechanism for communication between African countries, facilitating regional harmonization of policies, liberalization of national markets, and integration into international markets.

The U.S. Department of Commerce's National Institute of Science and Technology implements the Global Standards Program, which monitors developments in standards and conformity assessment activities in the Western Hemisphere, the European Union, Russia and the New Independent States, Central Europe, the

Middle East, and the Asia-Pacific region. The Global Standards Program conducts standards-related economic and policy analyses, and organizes and coordinates training in U.S. practices in conformance testing, standards development, and measurement systems. In addition, the Global Standards Program operates the National Voluntary Conformity Assessment Program, which recognizes competent accreditors of laboratories, certifiers, or registrars of quality assessors, and provides assurance to other governmental bodies regarding conformity assessment of products regulated in those countries.

Finally, the United States Government assists capacity-building activities through exchange programs. The International Visitors Program sponsored by the U.S. Department of Commerce's National Institute of Standards and Technology (NIST) enables guest researchers to come to the United States for several weeks to a year to work on topics such as materials research, standards assessments and metrology issues. These programs foster the exchange of knowledge between American and participating countries' researchers. The NIST also implements the Special American Business Internship Training Program, which provides up to six weeks hands-on training to experts from Russia and the New Independent States in standards development, conformity assessment and quality management. The training includes a two-week orientation at the National Institute of Standards and Technology, followed by four weeks of intensive training with various companies, private sector standards developers, testing laboratories, and product certifiers. The goal is to help participants improve standards and quality control processes in their home countries and foster business and technical contacts between U.S. and program participants.

## **CUSTOMS**

Improving the ease with which firms can move imports and exports across international borders is a key element in strengthening a country's trade capacity. Reforming a country's customs laws and procedures can facilitate the movement of goods, increase the economic returns from

trade, and improve transparency and reduce opportunities for corruption.

The U.S. Government has been assisting developing and transitional economies worldwide to reform and modernize their customs laws and operations. This assistance falls into two broad categories: harmonization of tariff structures and customs practices in compliance with WTO requirements and measures to improve customs administration in order to reduce processing times, facilitate border crossings, and improve economic efficiency. In 1999 the United States Government provided approximately \$10.9 million to customs development activities; for 2000 approximately \$18.9 million is budgeted for these activities.

The U.S. Customs Service (USCS) of the Department of the Treasury promotes the sustainable development of foreign customs organizations in order to facilitate, improve, and standardize international trade and enforcement. International cooperation is promoted by USCS by negotiating Customs Mutual Assistance Agreements with key trading partners in an effort to expand law enforcement cooperation in the international arena. These agreements establish a legal framework for sharing trade, regulation, and law enforcement information more effectively. The USCS technical assistance programs involve all aspects of customs activities, including customs monitoring technology, general management improvement, automation, and import/export procedures.

### **Harmonization of Tariff Structures and Customs Practices**

In support of the Asia Pacific Economic Cooperation Organization (APEC), the USCS has provided technical assistance on customs issues such as temporary importation, risk management, express consignments, and valuations in Brunei, China, Chinese Taipei, Indonesia, Malaysia, the Philippines, Papua New Guinea, Thailand, and Vietnam, as well as other APEC members. The USCS has also provided technical assistance to implement border enforcement procedures for protecting

intellectual property rights and facilitating the administration of the WTO's Valuation Agreement on standard procedures for valuing goods.

In the Philippines, USAID is providing assistance to the Bureau of Customs and the Department of Finance in drafting an amendment to a bill designed to remove inconsistencies in the customs valuation agreement portion of the Philippines' WTO agreement. Assistance is also being provided to the Bureau of Customs to effectively implement the proposed law and conduct a post-entry audit following its passage.

In Central America, the U.S. Government has provided significant technical assistance, training, and research to support the region's efforts to reform its regional trade regime. This assistance has contributed to the adoption by Central American countries of a more outward-oriented regional integration model characterized by lower external tariffs, accelerated implementation of WTO commitments, and reductions in non-tariff trade barriers. For example, in Guatemala, a study was recently completed on customs control and release systems. The study examined current systems for the control and release of commercial cargo, current insurance practices, and specific, related local issues of concern. The study recommended an approach to implement a modified control and release system in Guatemala.

### **Customs Administration**

In Trinidad and Tobago, the U.S. Customs Service has provided assistance to speed the processing of legitimate cargo while reducing fraud and fighting drug trafficking. Specifically, the USCS has helped construct two stations where ocean container cargo is inspected and processed; trained and manned marine patrol; and provided training on such tools as the use of drug detector dogs.

In China, the USCS is helping to make the Port of Shanghai a model customs entry point by November 2001, when it will host the APEC Leaders' meeting. USCS has completed an on-site assessment of the current status of Customs

processing in Shanghai and has developed a cutting-edge training program for Shanghai Customs officers.

In Southeast Europe, the USCS is helping to improve border operations in Bulgaria, Croatia, Macedonia, Moldova and Romania to increase economic stability and international trade and investment. Technical assistance has included:

- Increasing the use of automation at Romania's international airport to streamline the import process.
- Establishing a review team at Romania's major seaport to identify shipments for customs violations, set inspection priorities, and provide case leads for investigative services.
- Developing viable intelligence unit within Romania's Customs Administration.
- Enhancing the capacity of the Macedonian Mobile Enforcement Unit.
- Implementing a communications system for the Macedonian Blace Border crossing into Kosovo.
- Assisting Moldovans in establishing joint border operations with the Ukraine.
- Developing a plan for Moldova to reduce the number of agencies represented at border crossing to reduce processing times.
- Reengineering entry procedures for diplomatic shipments to Moldova.

USAID has provided comprehensive technical assistance to Jordanian Customs to bring the country's customs procedures and regulations into compliance with WTO requirements; train Customs officials, brokers, and the private sector in the new procedures and valuation methods; create the necessary customs institutional framework; and provide computerized customs systems and install the necessary hardware and software. New customs procedures and laws are also being developed to support the conversion of port of Aqaba into a Freeport, and to establish an independent customs unit for the Aqaba free zone.

U.S. technical assistance to Tanzania identified problematical customs procedures. U.S. advisors then helped develop simplified customs

procedures, including the introduction of a single bill of entry, a reduction in the number of goods required to get a pre-shipment inspection, the introduction of a random inspections system, the adoption of the ASYCUDA system, and computerization of some Customs operations.

In the West Bank/Gaza, a state-of-the-art customs duty suspension regime has been designed for the Gaza Industrial Estate. USAID technical assistance included the development of a standard operating procedures manual and comprehensive training for Customs officials.

## **HUMAN RESOURCES**

An important element of trade capacity is the human resource base. Developing countries generally have a weak capacity to keep pace with the rapid economic and social changes arising from globalization. In many cases, an insufficient supply of skilled workers limits a country's ability to engage in trade and to produce higher value-added goods for world markets. Education is key to individual economic and social progress and to the defense of core labor standards and other human rights. Therefore, human resource development is an essential component of trade-related capacity building. Human resource development includes such elements as advancing education and training, developing workforce skills, providing worker protection, reducing or eliminating child labor, and enforcing worker rights.

In 1999 the United States Government provided approximately \$39.3 million to assist developing countries in enhancing their human resources capacities; for 2000 approximately \$83.8 million is budgeted for these activities.

### **Education and Training**

The United States provides education and training to help developing countries expand their human resources capacities. As indicated in the previous sections of this chapter, U.S. Government-sponsored technical assistance projects typically include training to help build local capacity in the areas addressed by each specific project. In addition, the U.S.

Government supports programs that focus on more general training and education issues.

USAID has established The Center for Human Capacity Development, which provides field support, technical leadership, and research to help countries improve education and training. Specifically, the Center helps:

- Develop comprehensive policies for improved learning environments and universal completion of basic education.
- Develop cost effective adult literacy and early childhood development programs.
- Provide support for the implementation and continuous improvement of distance education systems.
- Improve higher education policies and develop community support for better access to higher education.
- Facilitate the use of technology in education.
- Develop institutional and management capacity for education programs.

### **Workforce Development**

The convergence of two major worldwide trends, globalization and increasing numbers of unemployed and under-employed young adults, point to a clear and present need to develop integrated workforce processes that can enable a country to enter and stay competitive in the world marketplace. The global marketplace experiences rapid and dynamic changes, so it is important that countries have a workforce that rapidly adapts to those changes. USAID implements the Global Workforce in Transition initiative to help developing countries assess and improve their ability to produce, support, and sustain a flexible, qualified, and mobile workforce. The program assists developing countries to establish workforce development systems that integrate decision-making networks of representing government, industry employers, workers, consumers, education and training institutions, and other stakeholders who plan and act collaboratively. Integrated workforce development systems help to link the needs of industry, government, school systems, and students to enable industries to notify schools what skills are needed and to help schools

properly prepare workers.

USAID has developed a workforce diagnostic tool that provides a methodology for systematically evaluating the level of congruency between the demands of the market, the requirements of employers, the available training, and the available skills in the labor pool. By looking at each of these elements, industry, policy-makers and training providers can better visualize and evaluate options for improving workforce adaptability to changing requirements. This new strategic planning tool has been used by governments in Egypt, South Africa, and Sri Lanka to develop strategies for addressing youth unemployment and other labor and education development issues.

### **Workers' Protection**

Countries increasingly recognize that protecting their workforce promotes the nation's longer-term industrial potential, and increases its competitiveness and economic growth. The U.S. has thus initiated a technical cooperation program to improve workers' access to social safety nets in developing countries. The U.S. Department of Labor's International Labor Affairs Bureau, working with cooperative national governments, will administer this program. Illustrative projects include assistance with pension reform in Poland, Hungary and Slovenia; dislocated workers programs in Ukraine; and veterans' employment and training programs in South Africa and Nigeria.

Workers' protection not only involves increasing access to social safety nets, but may involve promoting their health both within the workplace and overall. As part of the Department of Labor's bilateral technical cooperation program, the U.S. will aim to strengthen occupational safety and health. Specific projects are being planned for Bangladesh, Ukraine and South and Central America.

### **Child Labor**

In many developing countries, children are removed from school at an early age in order to work and provide additional income for their families. This practice addresses a short-term

need, but constrains the long-term ability of those children, and thus of the country as a whole, to develop the skills and capabilities necessary for future economic development. By retarding the education and skill-level of its future workers, these countries will be less able in the long-term to attract investment in higher-skill based industries.

In recognition that child labor negatively affects the trade and economic growth potential of developing countries in the long run, the U.S. and other bilateral and multilateral donors are working to assist these countries in the regulation of child labor practices. In particular, the U.S. entered a cooperative agreement with the International Labor Organization to promote International Program for Elimination of Child Labor (IPEC) objectives. To help developing countries regulate their child labor practices, the U.S. provides technical assistance to develop appropriate regulations and to strengthen the institutions responsible for monitoring labor practices. For example, in South Africa the U.S. provided training and operational support to strengthen the South African Department of Labor's capability to abolish child labor. Through the IPEC program the U.S. is also helping to develop statistical surveys and baseline information to assess the prevalence of child labor and the conditions under which children enter the labor market. These statistical information and monitoring programs will help host countries develop and implement laws and regulations to reduce the problems of child labor. U.S.-funded statistical information and monitoring programs have been initiated in Brazil, Ghana, Nigeria, Romania, Uganda and Zambia, in addition to a region-wide program for Central America and the Caribbean.

### **Labor Rights**

The U.S. aims to promote universal labor standards in developing countries, including the promotion of labor rights, which will strengthen the long-term viability of these countries' industries in the global trading system. In support of the International Labor Organization's Declaration of Fundamental Principles and Rights at Work, the U.S. has initiated a program to help developing countries

secure basic labor protections, including the right to organize. U.S. technical assistance to promote labor rights focuses on strengthening institutions to enact and enforce appropriate legislation. Countries in which the U.S. is helping to improve labor law administration include Bolivia, Colombia, Ecuador, Peru, Cambodia, Indonesia and Ukraine. The U.S. will also work directly with industry to promote various worker protections. Specific activities include projects to strengthen industrial relations systems in Kenya, Tanzania, Uganda, Nigeria, Morocco, Central America, and the Caribbean.

In addition, the United States Government is working in conjunction with the Inter-American Development Bank to strengthen workers' rights and to improve governmental institutional capacity to enforce labor codes, protect core labor standards and promote better labor management.

### **FINANCE**

A country's overall financial development is an essential component of its capacity to trade. At the most basic level, finance eases the flow of exports and imports; exporting firms must have access to letters of credit or other types of export financing to secure the requisite financing for international trade. In addition, reliable access to low-cost capital allows a nation's firms and exports to expand at a faster rate.

Most developing countries possess underdeveloped financial markets and suffer financial constraints. The U.S. thus works in developing countries to assist in mitigating the financial constraints to trade by focusing on strengthening public and private financial intermediaries, institutions and capital markets. Specific activities include financing workshops and efforts to assist the banking, insurance and foreign exchange systems and the government's management and supervision of fiscal, monetary, public finance, insurance and capital market activities. In 1999 the United States Government provided approximately \$68.1 million for finance capacity-building activities; for 2000 approximately \$68.5 million is budgeted for these activities.

## **Trade Financing**

Firms engaging in trade need access to financing and need to understand how financing options best apply to them. The U.S. Department of Commerce's Commercial Law Development Division conducts project- and trade-financing workshops for companies in developing countries. The International Project Financing Workshops addresses issues relevant to obtaining asset-based financing for companies in developing countries, particularly loans from bilateral and multilateral agencies. Topics addressed in the workshop include the legal frameworks for project financing, the significance of the terms found in typical financing documents, and negotiation strategies. The International Trade Finance Workshop addresses issues relevant to obtaining financing for the international trade of goods; particular attention is paid to the financing available from bilateral and multilateral agencies.

By helping to establish enterprise funds in Central and Eastern Europe and the New Independent States, the United States Government has also helped facilitate access to financing for small and medium-sized enterprises (SMEs). Enterprise funds are independent, non-profit organizations modeled after venture capital management companies with the goal of promoting private sector development and providing finance and technical assistance to SMEs as well as larger firms. The purpose of these funds is to invest in local enterprises, disburse technical assistance grants, provide business education and training, and raise private capital. Loans offered by the enterprise funds assist in the expansion of the SMEs, many of which are exporters or are planning to enter export markets.

## **Fiscal and Financial Sector Reform**

Overall fiscal and financial sector reform programs implemented in developing countries by the U.S. have significant direct and indirect effects on their capacity to trade. Reform programs may focus on central banks and other financial institutions, which allow for financing of exports. In addition, a stable macroeconomic environment, which is reliant on the fiscal health

of a country, is important for the vibrancy of the export sector.

The U.S. Treasury Department provides technical assistance to encourage policy reform and general modernization in the conduct of public and private financial activities. Technical assistance has addressed budget and macroeconomic policy, tax policy and administration, government debt issuance and management, financial institution policy and regulation, and financial crimes law enforcement. Countries that have had resident advisors assisting in central government budgeting, public debt management, tax policy and administration and enforcement include Armenia, Georgia, Kyrgyzstan, Moldova, Russia and Ukraine.

The U.S. also provides direct assistance to developing countries for financial sector reform, which is essential to support their export sectors. This was particularly apparent during the East Asian financial crisis that began in Thailand in 1997. The crisis revealed the necessity to restructure banks and corporations in the affected Asian countries, a process that is still ongoing. As a result of the crisis, exports from the affected countries grew by only 1% between 1997 and 1998 after an annual growth rate of 11% over the previous ten years.

In response to the crisis, the U.S. Department of State and USAID instituted the Accelerating Economic Recovery in Asia (AERA) initiative in Indonesia, the Philippines and Thailand. In Indonesia, the program supports technical assistance to improve the finance and accounting systems of the Indonesian Bank Restructuring Agency. In the Philippines, the program has helped enhance the Central Bank of the Philippines' ability to identify and respond to individual bank crises by strengthening the power of the Central Bank to investigate banks, provide stricter roles on insider loans, and permit greater foreign participation in the banking sector.

## **Capital Markets Development**

The development of a capital market in a country is essential for developing countries to mobilize domestic savings and foreign

investment to finance long-term investments. In addition, a developed bond market will help a country finance its ambitious plans for industrial and infrastructure growth, thus leading to increased trade. The U.S. Government is involved in assisting with the development and regulation of capital and credit markets in developing countries.

An example of a U.S. capital market expansion activity is USAID's Financial Institutions Reform and Expansion (FIRE) project in India, which was completed in 1998, but will resume in 2000. FIRE helped reform and expand India's financial institutions. Technical advisors assisted in the establishment of a securities depository, a clearing corporation, trade guarantee funds, and a stock lending system that has helped establish a more efficient market with appropriate risk containment measures. Advisors also identified and recommended ways to reduce constraints in the bond market. In addition, technical assistance was also important for building strong regulatory organizations and enhancing transparency in the market. Regulatory and exchange personnel received training on such topics as investor protection, insider training, and disclosure rules.

USAID's Strengthening Economic Growth and Institutional Reform program has also helped to strengthen capital markets. The program includes activities to:

- Identify barriers to international trade capital flows between countries and determine policy approaches to reduce them.
- Coordinate regulations on the various trading and financial entities in regard to their roles as underwriters and market makers—in particular, regulations on the deposit and investment functions of banks and insurance programs.
- Assist authorities in the creation of public information programs to enhance the attractiveness of capital market-based securities to small savers both through the creation of new instruments and by increasing the public awareness of existing ones.

The U.S. Securities and Exchange Commission has conducted training workshops to assist countries from the New Independent States in the development of transparent, well-regulated securities markets. Specific training activities have included programs on enforcement and market oversight, regulation and supervision of market intermediaries, review of issuer disclosure documents, and record-keeping, reporting and oversight requirements.

## **Insurance**

When a firm has access to insurance to offset some of its business and operations risk, the firm is able to use its available capital for more productive uses, such as expanding its production and export capacities. To help developing countries establish and enhance their insurance sectors, the U.S. Department of Commerce has joined with the International Insurance Foundation to create an International Insurance Technical Assistance Partnership Program. The program consists of three components:

- Education and training seminars for both foreign insurance regulators and supervisors and foreign private sector executives on how to develop and operate within an efficient and sound insurance regulatory framework.
- Regulatory framework advisory services, which will provide a resident advisor to work directly with the government ministry responsible for insurance regulation in the development of legislation and policies that will create and supervise a functioning insurance sector.
- Industry research and analysis to maintain exposure to new ideas and new solutions to problems of insurance regulation and oversight.

Specific activities include a broad technical assistance program in Egypt that is focused on strengthening supervisory capacity and growing the insurance market. In early 2000, the program sponsored a study tour for a delegation of Egyptian insurance officials representing the Egyptian Insurance Supervisory Authority and the Ministry of Economy and Foreign Trade. A similar mission to Vietnam provided technical

assistance to the Vietnamese finance ministry to stimulate the evolution of Vietnam's insurance market into an open and transparent market covered by adequate legal provisions.

The United States Government has also sponsored projects to strengthen the regulatory structure of the insurance sector in Brazil, Poland, Hungary and the Czech Republic. The U.S. Government will be implementing assistance programs to modernize and upgrade insurance markets in Morocco, Romania, India and Central America.

## **INFRASTRUCTURE**

There is a direct link between a country's ability to trade and the scope and quality of its physical infrastructure. The ability of developing countries to compete in global markets will depend on their development of more competitive productive capacities such as power, water and telecommunications services, and more efficient international delivery mechanisms such as transportation systems, ports, and airports. The United States Government administers a variety of initiatives and projects that seek to assist developing countries in the establishment and refinement of sound infrastructure to enhance a country's ability to engage in international trade. Principal U.S. Government trade-related infrastructure activities include the Open-Skies Initiative, the Safe-Skies for Africa Initiative, the Nigeria Transportation Project, hurricane reconstruction activities in Central America, and the Gaza Industrial Estate. In 1999 the United States Government provided approximately \$3 million for infrastructure development activities; for 2000 approximately \$13.8 million is budgeted for these activities.

### **Transportation**

The "Open-Skies" initiative is the cornerstone of the U.S. Department of Transportation's air service liberalization strategy. An Open-Skies agreement permits unrestricted international air service between the participating countries. Specifically, it means that each country's airlines are allowed to fly between any city in their home country and any city in the

participating countries. This type of agreement maximizes potential competition and facilitates service through cooperative arrangements among the participating countries' airlines. Such liberalization allows airlines around the world to link their networks to capture the enormous efficiencies of larger networks, lessen the effects of infrastructure constraints, and produce and market improved service to more destinations. Alliances with foreign airlines also provide a number of other important advantages, such as market presence, experience, and expertise of the partners in their respective homelands.

Open-Skies agreements are helping to stimulate demand, thus leading to pro-competitive changes in industry structure, and providing substantial price benefits for consumers. On a broader scale, the availability of efficient international air transportation will greatly enhance the future expansion of international commerce and the development of the emerging global marketplace. Currently, the United States maintains 46 bilateral Open-Skies agreements. Broken down by region, 18 are in Europe, 12 in Latin America and the Caribbean, 7 in the Asia/Pacific, 5 in Africa, and 4 in the Middle East.

Africans recognize the importance of aviation safety for increased trade and investment and long-term economic development. The Safe-Skies Initiative, administered by the U.S. Department of Transportation, is intended to promote sustainable improvements in aviation safety and security in Africa, and to create the environment necessary to foster the growth of aviation services between Africa and the United States. The initiative complements U.S. Government efforts to conclude "Open-Skies" agreements with key African countries and promote code share agreements between U.S. and African airlines. Specific goals include: quadrupling, from two to eight, the number of sub-Saharan African countries that meet International Civil Aviation Organization safety standards; improving airport security at 12 African airports within three years; and improving regional air navigation services. The United States conducts surveys of aviation safety and security for those countries that participate in the Safe-Skies Initiative, and then

provides technical assistance and training to improve and enhance their aviation infrastructure. The following countries have been invited to participate in the Safe-Skies Initiative: Angola, Cameroon, Cape Verde, Côte d'Ivoire, Kenya, Mali, Namibia, Tanzania and Zimbabwe.

In Nigeria, the development of an efficient, well-maintained transportation system is a fundamental building block to increasing the country's capacity to trade. The U.S. Department of Transportation is assisting Nigeria to rehabilitate its transportation infrastructure, with specific emphasis on aviation given the priority of reestablishing direct air service between Nigeria and the United States. Specifically, the goals of these efforts are to:

- Support efforts to modernize the Murtala Mohammed International Airport, and the Nigerian aviation system through equipment procurement, technical assistance and training.
- Assist in the assessment of Lagos port, and privatization of services at Nigeria's two major ports, and assist with automation and security.
- Assist in the development of an oversight system to assist Nigeria in maintaining its transportation infrastructure.
- Begin the process of privatizing the rail lines, and establishing a mass transit service in Lagos.

The U.S. is also actively working to repair damaged transportation infrastructure. Hurricanes Mitch and George caused considerable flooding damage to many Central American and Caribbean countries in 1998. The storms ravaged Honduras, Nicaragua, Guatemala, El Salvador, the Dominican Republic and Jamaica. In many of these countries, critical infrastructure was decimated, severely crippling the ability of these countries to conduct international trade. In most cases, USAID's role in the reconstruction process complements the activities of other donors, mainly the World Bank and the Inter-American Development Bank.

While USAID is assisting all affected countries in the reconstruction effort, a significant proportion of USAID resources have been directed to Honduras, which suffered by far the most damage. In Honduras, USAID's work focuses on rebuilding roads and bridges in rural areas that are critical to connect small and medium producers with major highways and bridges rebuilt by other donors. Specifically, efforts focus on rehabilitating and upgrading all secondary and tertiary roads, with associated bridges, in the six most-affected departments covering about one third of the country. The program will also undertake labor-intensive, environmentally sound, disaster prevention work along these roads. The U.S. Government, through USAID, the U.S. Geological Survey and other U.S. agencies will also provide the basic information on rivers, stream flows, reservoirs, landslides, and watersheds needed by the Government of Honduras, private business, and all other donors to rebuild highways, bridges, flood control infrastructure, water and sewage systems, and communities to specifications which will withstand future floods.

### **Telecommunications**

The development of an effective and efficient telecommunications sector is a key component of a country's ability to compete in the global marketplace. To enhance the capacity of developing countries to manage and expand their communications infrastructure, the United States has helped establish the United States Telecommunications Training Institute (USTTI). USTTI is a non-profit joint venture between the U.S. communications industry and the U.S. Government that provides tuition-free telecommunications and broadcast training courses to telecommunications and broadcasting officials from developing countries. USTTI training includes courses on satellite technology, spectrum management, distance learning, WTO and privatization implementation, wireless, Internet, e-commerce, and broadcasting. This training provides developing country officials information about the latest technologies and effective ways to manage telecommunications infrastructures.

USAID's Southern Africa Regional Telecommunications Restructuring Program provides technical assistance to improve telecommunications sectors in Southern Africa. Activities under this program have included:

- Establishment of practices, policies for interconnection, spectrum management, type approval, license processing, and performance monitoring.
- Drafting of a telecommunications law that has served as a model to countries in the region as they attempt to reform their national telecommunications sectors.
- Detailed policy analysis and recommendations to assist Southern African regulators on the complex issues of interconnection, tariff rebalancing, and universal service.
- Establishment of the Telecommunications Regulators' Association of Southern Africa, a regional body designed to build regulatory capacity in the region and ensure uniformity of regulation and coordinated action among regulators.
- Annual regional conferences on regulatory topics such as interconnection, access charges, tariffs, and the impact of new technologies and service-delivery mechanisms.
- Development of strategic and professional development plans for African regulators.

To assist members of the Organization of Eastern Caribbean States in their efforts to open their telecommunications markets and set up a common regulatory agency, the United States Government provided funding for a series of workshops for Caribbean telecommunications regulators. The workshops advised regulators on key measures needed for market opening and provided training on particular regulatory issues as they relate to electronic commerce and Internet-based services.

## **Industrial Estate/Economic Zone Development<sup>4</sup>**

USAID has recently begun a major new initiative in Jordan to establish the Aqaba Special Economic Zone. The zone is envisaged as a duty free zone that will attract major foreign and domestic private investment, creating an "economic growth pole" for increased trade and investment in the impoverished Southern Jordan region. Key components of USAID's assistance include:

- **Establishment of the Legal and Regulatory Framework:** USAID is assisting the Aqaba Special Economic Zone (ASEZ) in designing the by-laws and regulations governing tax issues, immigration, business establishment, environment and land use.
- **Integrated Land Use and Infrastructure Planning:** USAID's technical advisors are working in close collaboration with the ASEZ in order to develop all of the necessary plans for the zone's infrastructure requirements. For example, the team is developing plans for the design of a zone customs regime; developing a strategy for the private provision of infrastructure services; developing and implementing new environmental management standards; and providing training in property management, infrastructure management and environmental management.
- **Institutional and Organizational Development of the ASEZ Authority.** An extremely important component of USAID's assistance is building the institutional capacity of the ASEZ Authority. This includes: developing the organizational structures of the ASEZ Authority and the staffing plan; devising the capital and operation budget; developing standard operations procedures; and training the key staff. As part of the training effort, USAID

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<sup>4</sup> In accordance with U.S. law, USAID has determined and certified that USAID assistance to establish or develop export processing zones in Jordan and Gaza, including Free Trade Zones and Qualifying Industrial Zones, is not likely to cause a loss of jobs within the United States.

plans to organize two international study tours to gain exposure to international best practice, investor attraction, special economic zone operations, and customs operations.

The Gaza Industrial Estate (GIE) is an important element of U.S. efforts to promote economic growth, investment, and expanded trade by Palestinian firms. The U.S. Government has taken a leadership role in helping overcome political and bureaucratic obstacles to the development of the estate, especially the need for Palestinian-Israeli agreement on security and access procedures. U.S. support to the GIE includes USAID-financed analysis of the infrastructure requirements, environmental impacts, legal and regulatory constraints, and security/access issues for the GIE. USAID has also financed critical elements of the estate's off-site structure: water supply systems, water storage tanks, and a 2.2-megawatt stand-by generator.

## **ENVIRONMENT**

As part of its commitment to sustainable development, the United States Government supports capacity-building efforts that specifically address environmental issues associated with trade and investment liberalization as well as efforts to strengthen underlying legal and regulatory systems. The United States Government actively undertakes capacity-building efforts in the following three broad areas related to environmental protection:

- Promoting integrated policies in developing countries to protect the environment while raising social and economic standards.
- Promoting environmentally sustainable international trade and investment liberalization.
- Building support for environmentally sound trade and investment.

Trade and investment liberalization will produce maximum benefits when it is operating within a sound, supportive domestic policy framework and pursued in tandem with environmental protection. Economic and environmental problems have common roots in policy, market,

and governance failures. Therefore, the United States Government is actively working to strengthen developing countries' analytical, policy, and institutional capacities with respect to trade, investment, and the environment. In 1999, the U.S. Government provided approximately \$20.4 million to fund trade capacity-building activities that address environmental protection issues; for 2000 approximately \$23.4 million is budgeted for those activities.

### **Integrated Policies to Protect the Environment**

Sustainable development requires the balancing of economic development, social considerations, and environmental protection. U.S. capacity-building activities help to develop economic, social, and environmental policies that are integrated to help ensure that they are mutually beneficial and do not undermine one another. For example, to promote broad economic reform and sustainable water and energy resources management in the Central Asian Republics, U.S. technical assistance has focused on developing, advocating, and implementing environmental and energy policy and regulatory reforms that will enhance regional cooperation and foster sound and sustainable economic development. As another example, the United States Government has provided technical assistance to help prepare a five- to eight-year environmental strategy for the Caribbean region that analyzes and prioritizes the region's environmental issues, including biological diversity conservation and ecosystem management, sustainable tourism, economic and social development and sustainable trade, and integrated water management.

Trade and investment liberalization will not promote sustainable development if developing country governments are not fully versed in developing, implementing, and enforcing environmental regulatory policies, practices, and legal frameworks. To strengthen developing countries' institutional capacity in these areas, U.S. agencies have provided training and technical assistance to help countries around the world strengthen and enforce their domestic environmental laws and their obligations under

multilateral and regional environmental agreements. For example, the U.S. Department of Justice provides environmental protection training and institutional development activities that focus on strengthening and enforcing environmental law. Many of the activities support capacity-building efforts for enforcement of the Convention on Trade in Endangered and Threatened Species, the Montreal Protocol on Substances that Deplete the Ozone Layer, and other multilateral environmental agreements. Technical assistance activities include environmental enforcement and compliance training conducted in South Africa, Guatemala, and Thailand; training for Mexican officials on illegal trade in birds; and training Asian officials in wildlife law enforcement.

The United States Agency for International Development has an environmental law program that provides environmental legal and policy support to promote sustainable development and rule of law. Program areas include sustainable urbanization, bio-diversity and natural resources management, trade and economic growth, clean production policy, environmental impact assessment, and democracy and environmental governance. The program trains local specialists in the design and implementation of a wide variety of legal and regulatory policy activities.

### **Environmentally Sustainable International Trade and Investment Liberalization**

Sustainable management of natural resources depends on striking a balance between the preservation and renewal of resources and their use for economic well being. Developing country governments, institutions, and communities need access to the latest policies, practices, and technologies to promote the sustainable management of natural resources, providing the foundation for sustainable national economic development.

The U.S. Department of Agriculture (USDA) is an active participant in a variety of international programs aimed at controlling and preventing the spread of harmful pests and diseases. Increasingly, these programs use new

technologies, including biological control methods, which are environmentally friendly and reduce dependence on chemical controls. For example, USDA's Animal and Plant Health Inspection Service participates in foreign programs to control screwworm, medfly, and, most recently pink hibiscus mealybug in Mexico, Central America, and the Caribbean. These cooperative programs accomplish multiple objectives: allowing for the control of harmful pests, including invasive species, which may threaten agriculture and/or the environment; creating opportunities for safe trade while bringing high-risk pathways under regulatory control; and promoting the transfer of new technologies, including environmentally friendly control tools, between countries.

Another example of providing access to the appropriate information and technologies is USDA's effort to introduce remote sensing and field technologies to monitor the health and status of forests and to apply these technologies to specific management issues. In cooperation with a number of countries, including Indonesia, Brazil, Mexico, and Russia, this program aims to develop more effective monitoring approaches using integrated, cost-effective technologies applicable to a range of forest types. The program also focuses on such issues as illegal logging, concessionaire performance, forest regeneration, carbon sequestration, fire impact, and indices of forest health.

It is important that countries have the policies, practices, and technologies necessary to set conditions to control and mitigate the environmental impacts of trade and investment activities. U.S.-sponsored assistance in this area has included developing guidelines for sustainable harvest of corals for export in Indonesia and promoting education and action on limiting trade-driven cyanide fishing practices in Asia and Mexico.

The U.S. Department of Commerce/National Oceanic and Atmospheric Administration's (NOAA) climate change activities also help promote sustainable management of natural resources. In partnership with scientists and resource managers in developing countries and with other U.S. Government agencies, NOAA is

working to realize the potential of climate prediction as a powerful tool for sustainable economic development and environmental stewardship. A number of projects use climate-forecasting technology to promote food security and reduce vulnerability to climate-related disasters around the world. The United States, through its representative agencies, has collaborated with regional institutions in Africa, Latin America, and Asia to improve the international institutional framework for consideration of seasonal forecasting and applications issues.

### **Support for Environmentally Sound Trade and Investment**

A critical component of trade and investment liberalization is the ability of individual and group stakeholders to understand and participate in the identification and resolution of trade, investment, and environmental conflicts. Transparency, public participation, and stakeholder access to information are essential to ensuring that trade and investment activities give adequate attention to environmental and social needs.

USAID's Latin American and Caribbean Trade and Environment Program is designed to enhance the understanding of and promote action on key trade/environment issues in support of environmentally sound trade and expanded trade with the Free Trade Area of the Americas. Activities include:

- Funding the first comprehensive regional analysis of trade and environment issues presented at the Hemispheric Meeting on Trade and Environment hosted by the Government of Costa Rica in 1998.
- Sponsoring regional consultations by government, industry, non-governmental organizations, and investors in the mining, forestry, and industrial exports sectors on "trade and environment." These consultations discuss the business benefits of clean production, market opportunities for eco-certified products, international environmental standards (ISO 14000), "greening" of private investment, and regulatory frameworks.

- Co-sponsoring with the Inter-American Development Bank an international seminar attended by government, industry, and investors, on "Trade and Environment: Environmental Competitiveness and Market Expansion for Paraguay."
- Contributing to the development, launching, and ongoing implementation of the Bolivia Summit governance initiative, "The Inter-American Strategy for Public Participation in Sustainable Development."
- Supporting a consultation by Latin American government, private sector, and non-governmental organizations on trade-related environmental challenges and trade policy.

To support the free exchange of information and promote public participation in environmental decision making, the U.S. Environmental Protection Agency has a program to develop regional environmental centers in the New Independent States. Building on the successful model of the Regional Environmental Center established in Budapest, Hungary in 1990, the EPA and the European Union are assisting in the development of five new centers in Ukraine, Moldova, Russia, the Caucasus, and Central Asia. The regional environmental centers serve as non-governmental organizations that work with environmental non-governmental organizations, businesses, and government in raising awareness of key regional environmental issues related to the development of market-driven economies, including the environmental impact of specific trade and investment liberalization activities.

Another example of helping developing countries to assess and mitigate environmental problems, including those associated with trade activities, while ensuring stakeholder participation is the U.S. sponsorship of the United States-Asia Environmental Partnership (U.S.-AEP). U.S.-AEP is a public-private initiative that promotes environmentally sustainable development in Asia and is jointly implemented by several U.S. Government agencies. U.S.-AEP's goal is to promote a "clean revolution" in Asia through the development and adoption of less-polluting and

more resource-efficient products, processes, and services in the Asia region. The program has four component groups:

- Clean Technology and Environmental Management seeks to improve the environmental performance of Asian industry.
- Technology Transfer helps match Asian environmental needs to U.S. technology and expertise.
- Policy promotes the tenets of sustainable development among decision-makers in Asia.
- Urban aims to bring about an environmental transformation in Asian cities and municipalities.

Activities have included policy analysis to incorporate environmental considerations into Asian industrial/development programs, regular environmental assessments, performance monitoring, data collection, analysis systems development, and information management and dissemination. U.S.-AEP is active in Bangladesh, Hong Kong, India, Indonesia, South Korea, Malaysia, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand, and Vietnam.

## CHAPTER III: U.S. GOVERNMENT'S TRADE CAPACITY-BUILDING INITIATIVES BY REGION

The United States Government has devoted significant amounts of funds to building the trade capacity of developing countries and transitional economies in recent years. While Chapter II examined the U.S. Government's portfolio of activities from a functional perspective, this chapter looks at the portfolio from a regional perspective, examining the unique challenges posed by each region and the types of trade capacity-building programs designed and implemented by the U.S. Government to address these challenges. Specifically, this chapter examines U.S. Government trade capacity-building initiatives in the following geographical regions:<sup>5</sup>

- Sub-Saharan Africa
- North Africa and the Middle East
- Latin America and the Caribbean
- Asia
- Central and Eastern Europe and the New Independent States

### SUB-SAHARAN AFRICA

In sub-Saharan Africa, there is increased recognition that economic integration into the multilateral trading system is necessary to achieve the economic stability and growth needed to address the overwhelming issues of hunger, population growth, civil strife and environmental degradation. While 37 out of 47 sub-Saharan African countries belong to the WTO, these countries lack the technical skills and knowledge to implement the trade, legal and regulatory reforms needed to comply with their WTO and regional trade agreements. In addition to the need for policy reform, the region suffers from numerous other impediments to international trade, including weak infrastructure and limited access to technology, business

support services, skills enhancement and information. In recent years, sub-Saharan Africa has become a significant focus of U.S. trade capacity-building activities in the world and, in fiscal year 2000, accounted for more than 17% of all U.S. funding for trade-related assistance. U.S. assistance to the region consists of a wide range of activities that encompass the breadth of trade capacity-building measures and seek address all of the above impediments to trade.

### WTO Compliance

Trade capacity-building is a key component of the Clinton Administration's new comprehensive Africa trade policy, whose cornerstone is the Partnership for Economic Growth and Opportunity in Africa (Partnership Initiative). The Initiative's objectives are to support economic reform in the region, enhance U.S. - Africa economic engagement, and increase African participation in the multilateral trading system.

An important component of the Partnership Initiative is Africa Trade and Investment Policy (ATRIP) program. ATRIP is a multi-year initiative that was launched in 1998. It provides training and technical support for reforming the trade and investment climate of African countries. Specifically, ATRIP assists African countries address WTO compliance issues through two types of workshops: WTO Awareness workshops and WTO Preparedness workshops. WTO Awareness workshops aim to heighten the awareness and support for the WTO; support trade-friendly policy reforms; foster dialogue between the public and private sector; and develop the capacity within the countries to continue the process of information dissemination.

The WTO Preparedness workshops are the second stage of activities. Their objectives are to provide follow-up and continuity of WTO-related technical assistance; deepen understanding of WTO agreements and compliance issues relevant to the region or country; and identify important constraints

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<sup>5</sup> The Survey Questionnaire specified the countries included in each of these regions. Please see Annex B, Attachment 3 for the detailed breakdown of countries included in each region.

affecting a country's ability to meet compliance requirements. Participants in these workshops include both public and private sector representatives from the Common Market for Eastern and Southern Africa (COMESA), South Africa, Uganda, Senegal, Côte d'Ivoire and Mali. These workshops have generated increased demand for WTO-related training in the countries of the West African Economic Monetary Union (WAEMU), Nigeria, Madagascar and Zambia.

The U.S. also implements activities on a bilateral basis to enact the policy reforms that are necessary for WTO compliance. For example, the U.S. is providing technical assistance to the Government of Uganda and the Ugandan private sector to develop the country's capacity to meet the obligations agreed to in the WTO. The following are specific areas of focus: customs valuation, licensing, standards and technical barriers to trade, sanitary and phytosanitary requirements, consistency of local commercial law with WTO requirements, and agricultural issues. The U.S. is also on the verge of initiating a new trade and investment program in Zambia. A major component of this program will be the reduction of cumbersome legal, regulatory, and judicial processes for key trade-related actions such as customs valuation and phytosanitary certifications for export. The program will also assist in building the capacity of public and private sector partners in Zambia to effectively communicate and advocate for continued improvements in trade policy and the legal, regulatory and judicial regimes.

### **Trade Policy Reform**

In addition to WTO compliance, trade policy reforms can also be directed toward improving the competitiveness of a particular export sector and facilitating integration into regional trade agreements. In Ghana, the U.S. assists the government and the private sector to identify and implement trade reforms in order to promote non-traditional exports (NTEs) such as wood products, handicrafts, household accessories, and textiles. U.S. activities have resulted in important policy achievements such as the elimination of controls on foreign exchange earned from NTEs, streamlining of export

clearance requirements, and the establishment of bonded warehouse and duty-drawback mechanisms to exempt imported inputs from customs duties when used in the production of products for export.

In its support of regional trade agreements, the U.S. works in close cooperation with the Southern African Development Community (SADC), COMESA, the Economic Community of West African States (ECOWAS) and WAEMU. The focus of U.S. activities is similar across each regional agreement and involves assisting the member countries to fulfill their obligations concurrent to all agreements. U.S. activities contribute to the elimination of intra-regional trade barriers and improving the flow of goods and services by streamlining customs procedures, standardizing valuation and determination of origin methods, and removing other inefficiencies in the clearance process. In addition, with U.S. Government assistance, member states are addressing non-tariff barriers such as health, safety and industrial standards, road transportation, foreign exchange restrictions, import licensing and quantitative restrictions. The U.S. conducted a review of the COMESA regime on Rules of Origin and discovered that the rules were difficult to understand and therefore apply; the review proposed a series of changes in the regime that would simplify the rules and facilitate their implementation. The COMESA Secretariat has adopted many of the changes to the Rules of Origin system that were proposed by the study.

The Equity and Growth through Economic Research is a multi-year USAID activity supporting economic and social policy analysis in Sub-Saharan Africa, including trade policy analysis. Its primary goal is to increase the availability and the use of policy analysis by both public and private sector decision-makers. By improving the availability and use of analysis and the participation of Africans in such activity, policy reforms that foster rapid, equitable and sustainable growth, including reform of the trade environment, are more likely to be adopted and implemented.

## Infrastructure

Of all of the impediments to trade in sub-Saharan Africa, one of the most important is the region's lack of infrastructure. While the U.S. and other donors, especially multilateral organizations such as the World Bank, provide financing for the construction of large infrastructure projects in Africa, the U.S. also fulfills a necessary role in streamlining infrastructure policies, especially in the area of air transport and energy.

The U.S. is particularly active in promoting air transport-related infrastructure in Africa for increased trade and investment. Two initiatives address the need for liberalizing industry policy and improving aviation safety and security procedures in the region. The Open-Skies Initiative, a global project, is being implemented in five countries in Africa to improve and increase competitive services in the airline industry. An Open-Skies agreement permits unrestricted international air service between the participating countries. The second initiative, Safe Skies for Africa, intends to promote sustainable improvements in aviation safety and security in Africa, thereby creating the environment for increased aviation services between the U.S. and the region. Activities under the Safe Skies initiative include conducting surveys of current safety and security procedures in African countries and training to address any deficiencies and meet International Civil Aviation Organization safety standards.

The U.S. has also implemented activities aimed at promoting the trade of energy in Southern Africa. During 1998 and 1999, the U.S.-funded ATRIP program supported the development and transfer of a long-term planning model for regional power trade and investment among the countries of the Southern Africa Power Pool. The main application for the model will be to identify opportunities for investments that will increase cross-border power trade, thereby increasing competition among power generators, reducing power costs to consumers, and reducing greenhouse gas emissions over the next 20 years.

## Trade Facilitation

Another important focus of U.S. activities in sub-Saharan Africa is trade facilitation. The ability of firms in the region to engage in international trade is hampered by lack of business support services and information, as well as the lack of management and marketing skills. U.S. assistance generally focuses on small and medium-size enterprises that produce non-traditional exports such as processed foods, wood products, handicrafts, textiles, and others. For example, U.S. Peace Corps volunteers in Ghana are working with small businesses to develop markets for their non-traditional exports.

One of the most important examples of the U.S. government's effort to facilitate trade in Africa is the creation of the Enterprise Networks. The Enterprise Networks are regional associations of young and dynamic businessmen and women in West Africa, East Africa and Southern Africa. The Enterprise Networks have a dual mission: to improve the business climate in Africa and to promote trade and investment within the region and internationally. The West African Enterprise Network (WAEN) was created in 1993 and has quickly grown from an informal association to a legally registered and formally chartered organization of 300 members in 12 countries. Based on the success of the WAEN, USAID has been supporting the creation of enterprise networks in East Africa and Southern Africa over the past two years.

The U.S. Government also funds programs that facilitate trade and investment linkages between the United States and Africa. The ATRIP program links U.S. and African companies in order to promote U.S. - Africa trade. With the support of ATRIP, South African International Business Linkages (SAIBL) project is providing database, marketing, and matchmaking assistance to small and medium-size enterprises that are seeking increased trade, investment, and transfer of technology with American firms. In 1999, two new ATRIP projects were initiated: one focuses on trade development in natural products and the other focuses on market liberalization and business linkages for cocoa producers in West Africa.

The U.S. Government also has a number of programs to strengthen the ability of public and private institutions to provide timely, accurate and reliable trade-related information. In the context of Africa, the U.S. Government places particular emphasis on the ability to collect, analyze and disseminate information on agriculture and food security issues. A leading example of this type of initiative is the Regional Trade and Comparative Advantage Project. The goal of this project is to gather and disseminate research on the impact of regional trade on agricultural production, comparative advantage and food security in Eastern and Southern Africa. Through a series of cooperative agreements and sub-agreements with African institutions, the project funds cutting-edge research from local analysts. In addition, the project has established an electronic communications network so as to strengthen information sharing and dissemination among African researchers and policy-makers. The ultimate objective is to provide policy-makers with the information they need to carry out meaningful changes in the way regional trade is conducted in eastern and southern Africa, thereby improving food security.

### **Technology**

The low level of Internet connectivity in sub-Saharan Africa inhibits these countries' ability to access the wealth of information that is available on the worldwide web and promote electronic commerce. Through the Leland Initiative, the U.S. is helping to increase the level of trade information in the region. The Leland Initiative is a five-year \$15 million U.S. Government effort to extend full Internet connectivity to twenty or more African countries. The project seeks to address the obstacles to expanded access within each country by supporting policy reform, facilitating low cost, high-speed access to the Internet, and introducing proven mechanisms to build networks of active users. Under the Initiative, U.S. experts have contributed to the installation of high-speed national Internet gateways in seven countries and connected scores of user institutions.

### **Looking Ahead**

The U.S. intends to strengthen its future trade capacity-building activities in sub-Saharan Africa, particularly in light of the recent signing of the African Growth and Opportunity Act (AGOA), the cornerstone of the Partnership Initiative. AGOA will establish a vigorous U.S. trade and investment policy toward Africa and will provide enhanced market access under the Generalized System of Preferences Program for the region's trade reformers. In addition, reform of the customs system, including to countries in WTO Customs Valuation Compliance, will be a major activity in the near future. Through a variety of initiatives, the U.S. will work with sub-Saharan African governments and the private sector to encourage trade and investment liberalization. The thrust of U.S. funded initiatives should remain the same, addressing all of the components of trade capacity-building to fully integrate these countries into the global economy.

### **MIDDLE EAST AND NORTH AFRICA**

Over the past two decades, the countries in the Middle East and North Africa (MENA) have experienced slow growth and poor performance in their export sectors. Many of these countries' economies have been dependent on the oil-rich Gulf States, which have served as the primary destination of their exports and workers. The countries of the Middle East and North Africa have increasingly begun to focus on the need to diversify their economies and expand their private sectors in order to increase employment and economic growth. Recognizing the importance of these reforms for regional stability, the U.S. has lent large support to these countries' reform efforts. In addition, as a result of the Wye River Accords, the U.S. pledged approximately \$400 million of foreign assistance to the West Bank and Gaza for economic stability.

Trade capacity building is an important element of the overall economic reform programs in MENA countries and a principal focus of U.S. assistance to the region. According to the survey results, Middle East and North African

countries accounted for 17% of total U.S. funding for trade-related capacity building in developing countries in fiscal year 2000. To meet the demands of a growing labor force, these countries must expand trade and investment and promote the private sector.

The main thrust of U.S. trade-related activities in the MENA region is in the areas of WTO accession and compliance, and trade facilitation. The U.S. implements initiatives in these particular areas in order to improve the overall trade policy environment for private sector firms and to provide them with the information and support services they need to participate fully in international trade. There is also increasing recognition of the potential of neighboring countries as new markets, particularly in North Africa, and electronic-commerce.

### **WTO Accession and Compliance**

WTO accession and compliance is a key focus of U.S. assistance in the Middle East and North African. The U.S. was pivotal in promoting Jordan's accession to the WTO in December 1999 and is now providing in-depth assistance to facilitate Lebanon's accession efforts. U.S. support includes assistance to: develop an accession master plan; build the institutional capacity for negotiating accession; and build public and private sector support for WTO accession. Upon accession, the U.S. implements activities to help countries understand and fulfill their WTO obligations, which can take the form of trade and legal and regulatory reforms, and harmonization of standards.

The U.S. is also providing assistance on WTO compliance in Egypt. These activities complement U.S. efforts within the U.S.-Egypt Partnership for Economic Growth and Development to promote trade-related policy reforms via the Sector Policy Reform (SPR) program. The SPR program promotes reforms in trade, regulation, privatization and the fiscal and financial sectors that are needed to create an open, competitive and market-oriented economy. Key areas of focus for trade policy reform are the reduction of tariffs, the elimination of non-tariff barriers, strengthening intellectual property rights, and the promotion of

contract enforcement and dispute resolution mechanisms. An example of one such activity is the Administration of Justice Support Activity, which provides training to judges on intellectual property rights and modern commercial law trends.

In 2000 and beyond, the U.S. will continue to implement activities aimed at assisting the Government of Egypt in understanding its WTO requirements and implementing the necessary trade and legal and regulatory changes to meet compliance. These activities will again focus on tariff reduction, the strengthening of intellectual property rights, removing remaining agricultural sector controls, reforming insurance and capital market supervision and fostering information-based policy-making.

### **Legal and Regulatory Reform**

The U.S. – North Africa Economic Partnership (USNAEP), also known as the Eizenstat Initiative, was launched in 1998 with the aim of fostering private-sector led growth and trade in Algeria, Morocco, and Tunisia. Under the aegis of the multi-agency USNAEP program, USAID designed the Maghreb Regional Trade and Investment Initiative. This initiative seeks to address the legal, policy and regulatory constraints to increasing trade and investment in the three North African countries. In 1999, USAID funded several activities under the USNAEP banner, including the first phase of “Investor Roadmap” studies in all three Maghreb countries, which diagram all of the barriers to investment. In Morocco, the second phase of the study was launched, which focuses on building consensus among the key decision-makers on the priority areas for reform and adopting an action plan for implementing changes in the country's investment regime.

An additional \$5 million of funding for the USNAEP was approved for FY2000. In 2000, USNAEP program activities in Morocco will likely include the third stage of the Investor Roadmap activity, assistance with the development of Morocco's domestic debt market by the Treasury Department, and assistance on insurance sector liberalization to be carried out by the Department of Commerce.

Possible activities in Tunisia and Algeria include a conference and/or training on the simplification of procedures for trade and investment, support for Algeria's privatization and commercial law reform efforts, and technical assistance on debt reform in Algeria.

### **Trade Facilitation**

In addition to the policy-level trade assistance provided to the countries of the Middle East and North Africa, U.S. efforts at private sector expansion include enhancing trade facilitation measures within the region. U.S. activities in Middle East and North African countries encompass all areas of trade facilitation from skills development to institution-building.

The U.S. and Morocco signed a Trade and Investment Framework agreement in 1994. Subsequent to the agreement, U.S. activities have included, but are not limited to, increasing contacts between trade associations and developing dispute mechanisms. In 1999, the U.S. conducted a successful seminar and organized an observation tour to Canada and the U.S. on "North American Approaches to SME Promotion". As a result of these activities, the Small and Medium Enterprises (SME) Charter is now under consideration in the Moroccan parliament. The SME Charter will codify a formal process for collaboration between the Government of Morocco and SMEs in administrative reforms, business services support and access to financial resources.

In Jordan, the Jordan-U.S. Business Partnership initiative aims to provide firm-level assistance to improve marketing, quality standards and management at small and medium-size companies. Similarly, in the West Bank and Gaza, the Market Access Program (MAP) supports key industry associations to develop forward looking sector strategies and implement specific programs to enhance the capacity of member firms to compete effectively in global markets. MAP support to the Palestinian trade promotion association PALTRADE was instrumental in ensuring the success of the first Palestinian trade fair in Israel in December 1999. The fair attracted thousands of buyers and generated more than \$14 million in sales.

PALTRADE, with U.S. support, has been an effective advocate for the Palestinian private sector on a range of trade and commercial policy issues.

Many of the activities in trade facilitation in the MENA countries involve the agricultural sector, which has the potential to be a major source of exports in the region. In Egypt, USAID's "Agriculture Technology Utilization and Transfer" and "Growth through Globalization" activities assist the Egyptian private sector to increase profitability and export earnings from high-value horticulture commodities. The adoption of new technologies increased the volume and value of targeted sector exports; most notably, exports of cotton and cotton yard rose by 36% and 10% respectively. Strawberry exports doubled during the same time period and are expected to earn 70% more than last year. The development of private sector business associations contributed to these results. The Horticulture Exporters' Association is one such organization that benefited from U.S. assistance. In 1999, the Association focused on four areas of advocacy: transportation bottlenecks (port and airport handling facilities and services), taxation, pesticide regulation, and patent rights.

### **Looking Ahead**

While continuing to assist MENA countries with the legal and regulatory reforms for WTO compliance, the U.S. will also address other legal and regulatory reforms that are not necessarily WTO-specific—including enhancing the environment for investment and electronic-commerce.

The U.S. has selected both Morocco and Jordan to be part of the U.S. Internet for Economic Development Initiative. This initiative seeks to assist developing countries in four major areas:

- Encouraging the creation of a pro-competitive policy and legal and regulatory environment where the Internet and electronic-commerce can flourish.
- Spurring the deployment of advanced information infrastructure to remote urban areas through collaboration with multinational organizations, NGOs and the private sector.

- Providing education and training to local entrepreneurs, knowledge workers, policy-makers and regulators.
- Fostering the use of specific Internet applications such as micro electronic-commerce, telemedicine, distance education, environmental surveillance, and improved access to government services.

Under the initiative, a team of U.S. experts has been working on a detailed assessment and analysis of information technology policy in Morocco, including an agenda for implementing electronic-commerce. As an initial step in Jordan, the U.S. has approved a grant to the Information Technology Association of Jordan to foster development of Jordan's information technology (IT) industry. The grant will promote the development of IT human resources, education and training, marketing, electronic-commerce, and e-government. It will also support public-private sector dialogue to promote a policy and regulatory environment that helps the private sector to lead in accelerating the development of Jordan's information and communication technologies sector.

## **LATIN AMERICA AND THE CARIBBEAN**

The Latin America and Caribbean (LAC) region presents a contrasting socioeconomic picture. Despite remarkable economic and social progress during the 1990s, poverty and inequality remain serious threats to both sustained growth and democracy. Income inequality continues to be, as it has been historically, the most unequal of any region in the world.

LAC is a region that has recently suffered a variety of severe economic and environmental challenges. The global financial crisis, which prompted capital flight and reduced demand for LAC exports, highlighted the fragility of economic progress in the region. The high degree of volatility in international finance and trade reduced the average growth rate in the region from a high of 5.4% in 1997 to zero in 1999. Other discouraging effects have been low export prices, growing current account deficits,

reduced capital inflows and rising unemployment rates. The worst crises to hit the region, however, were natural disasters. El Niño severely affected the Andean subregion, while fires in Brazil, Central America, and Mexico destroyed millions of hectares of land. Most notably though, hurricanes Mitch and George, the most destructive of the century, pounded Central America and the Caribbean, causing losses over \$10 billion.

The Summit of the Americas, beginning in Miami in 1994, and culminating in Santiago in April 1998, has established the principal agenda for the U.S. Government's foreign policy in the region. A key Summit objective is to reduce poverty and increase social services through regional economic integration. To this end, at the 1994 Miami Summit, the heads of state of the Hemisphere's 34 democracies signed a pledge to establish the Free Trade Area of the Americas (FTAA) by 2005. As such, trade-related capacity building in LAC has been a U.S. Government priority under its mandate to support the Summit of the Americas. Furthermore, in the wake of recent financial crises and environmental disasters, the U.S. Government is redoubling its efforts, particularly in the area of trade capacity building, to ensure that the momentum achieved in Miami and Santiago is maintained. In fiscal year 2000, the U.S. Government obligated more than \$53 million to the region, more than 14% of its world-wide assistance in trade capacity building.

## **WTO Compliance**

A major component of the U.S. Government's trade capacity-building agenda in the region is to promote awareness and implementation of its commitments and requirements under multilateral trade arrangements. While supportive of the FTAA and WTO, the ability of many Latin American countries to participate in these multilateral arrangements is severely limited by a shortage of technical expertise to implement existing trade agreements and commitments, dismantle trade barriers, and enhance the region's trade competitiveness. As such, the U.S. Government has focused on providing technical assistance, training, and

research throughout the region on WTO compliance issues—especially customs and the harmonization of standards.

The U.S. Government has supported the Caribbean Community (CARICOM) countries in the economic integration process through technical assistance to support trade liberalization reforms consistent with meeting WTO obligations in telecommunications, agriculture (sanitary and phytosanitary measures), and customs. For example, the U.S. has provided training and technical assistance to strengthen CARICOM member countries' understanding of their commitments under the WTO Customs Valuation Agreement.

To further increase CARICOM countries' capacity to participate in external trade negotiations, USAID established the Trade Information Network "Virtual Secretariat," an information and communication system that links CARICOM's regional trade-supporting institutions and member country trade ministries. This Internet-based network provides a forum for sharing FTAA, WTO and other trade-related information among members to advance external trade negotiations, assist members in implementing trade liberalizing policies, developing negotiation platforms, and sharing trade-related information.

In a similar capacity, USAID assisted in the development of the Caribbean Agricultural Trade Policy Project. This project provides technical assistance and training to support CARICOM's participation in the WTO and FTAA processes by improving technical and analytical capacity in trade policy, increasing understanding of economic adjustment options and consequences, and raising awareness of benefits from lower trade and investment barriers.

Within the multilateral trade arrangement umbrella, the U.S. Government has been particularly active regarding agricultural issues. For example, the U.S. Department of Agriculture is assisting CARICOM countries in meeting their WTO Enquiry Point obligations under the Sanitary and Phytosanitary Agreement. Through this assistance, four CARICOM countries have satisfied this

obligation and are now assisting other member countries with these requirements. USAID's Caribbean Food Safety Initiative assists CARICOM members in designing and implementing food safety systems to meet international and U.S. standards. In addition to workshops and technical assistance, a food safety needs assessment is presently being conducted for each CARICOM country to determine future needs.

In South America, the U.S. is providing technical assistance to assist the Government of Guyana in developing an action plan to meet its WTO/FTAA obligations and requirements. The Guyanese Ministry of Trade is also receiving assistance to determine trade policy needs and assess current staff skills. In an effort to improve the legal and regulatory framework for trade in Brazil and Argentina, U.S. experts provided technical assistance and training to strengthen competition policy legislation and related enforcement capacity. Likewise, in an effort to improve telecommunications infrastructure, the Federal Communications Commission conducted a series of workshops in the Eastern Caribbean to assist Organization of Eastern Caribbean States countries in their efforts to open their telecommunications markets and set up a common regulatory agency.

In Central America, the U.S. Government recently completed a study on customs control and release systems in Guatemala. The study examined the country's current systems for controlling and releasing commercial cargo, as well as its current insurance practices. The study provided recommendations for improving the control and release system in Guatemala.

### **Trade Facilitation**

In addition to technical assistance focused on WTO compliance and FTAA readiness, the U.S. also funds activities aimed at strengthening small businesses, to ensure that they can participate in, and benefit from, increased international trade. In the Caribbean, the U.S. is working to foster increased trade in non-traditional sectors to overcome the difficulties facing many of these nations as a result of the decline in banana production and the prospective

loss or curtailment of existing European Union trade preferences. The U.S. is providing assistance to entrepreneurs to increase production and marketing of services, increase production and marketing of non-traditional agricultural commodities, and develop and market sustainable tourism products.

### **Infrastructure**

The U.S. is working to repair damaged transportation infrastructure. Hurricanes Mitch and George caused considerable flooding damage to many Central American and Caribbean countries in 1998. The storms ravaged Honduras, Nicaragua, Guatemala, El Salvador, the Dominican Republic and Jamaica. In many of these countries, critical infrastructure was decimated, severely crippling the ability of these countries to conduct international trade. USAID's work includes rebuilding roads and bridges to connect small and medium producers with major highways and bridges.

### **Looking Ahead**

In the next few years, the U.S. Government will continue to emphasize technical assistance, training, and research in its regional trade capacity-building agenda. Key areas of assistance will be implementation of the FTAA and assistance to smaller economies. The Summit of the Americas recognized that developing countries, especially smaller economies, face important challenges to their full participation in the process of economic integration. To address these challenges, the Summit Plan of Action pledged that technical assistance would be provided to facilitate integration and increase their level of development. Specifically, the U.S. will advance smaller economy and developing country compliance with WTO obligations, accelerate implementation of priority business facilitation measures, and foster increased public participation in the FTAA process.

Environmental sustainability has also recently become a critical issue for the Latin America and Caribbean region given its present state of development and rich endowment of natural resources. Hence, the U.S. has designed the

Latin America and Caribbean Trade and Environment Program to enhance understanding and promote action on key issues related to trade and the environment. This program is funding the first comprehensive regional analysis of trade and environment issues, and promoting the benefits of clean production and market opportunities for eco-certified products.

Through the new Caribbean Regional Program, USAID is working with the Caribbean Community on diversifying and deepening economic areas of competitive advantage (such as tourism/services and non-traditional agriculture), and increasing regional trade, market access, and competitiveness. In this, the Caribbean Regional Program will seek to ensure participation of small, medium, and microenterprises and the application of sound environmental practices.

## **ASIA**

Two factors shape U.S. trade-related assistance to Asia: the overall importance of private sector-led trade among Asian countries and the region's (especially Southeast Asia's) greater integration in the multilateral trading system, compared to other areas of the world. The region accounted for 15.4% of total trade-related U.S. funding in fiscal year 2000.

The majority of U.S. activities in Asia focus on more complex trade areas such as compliance with WTO requirements in intellectual property rights and financial sector development rather than trade facilitation, for example, which is much more prevalent among U.S. activities in Africa and the Near East. However, there are a few exceptions, reflecting the varied levels of economic development among countries within the region. For example, in Bangladesh and Mongolia, the U.S. implements activities that focus on supporting the efforts of small- and medium-sized enterprises to trade, especially agribusiness firms. In addition, as Asian countries experience rapid industrialization, the U.S. provides assistance to ensure that increased participation in international trade and investment does not come at the expense of the environment or workers' rights.

## **WTO Compliance**

Within Asia, the U.S. is particularly active in assisting Indonesia and the Philippines to understand and implement their WTO obligations through trade, legal and regulatory reforms. The U.S. has provided support to the Government of Indonesia for nearly six years in undertaking reforms required to comply with the regulations of the multilateral trading system. Examples of past programs include training courses in each of the major negotiating issues of the Uruguay Round, technical assistance in the preparation of Uruguay Round proposals, and extensive legal assistance in the preparation of the domestic laws needed to implement the Uruguay Round agreements. More recently, the U.S. was involved in preparing and presenting briefings to Government of Indonesia officials to assist in the preparations for WTO ministerial and committee meetings.

Over the past several years, the U.S. has assisted the Government of the Philippines to liberalize its trade and investment regime. WTO compliance is an important element of this effort. In 1999, the U.S. helped improve anti-dumping and countervailing duty laws and contributed to the partial opening of the retail-services sector to foreign investment. The U.S. also assisted in efforts to open aviation and port services to greater competition. Finally, the U.S. helped with the implementation of import valuation systems based on WTO-standard methods. In 2000, the U.S. will continue to advance legislation for intellectual property rights and will support the Philippines' regular, triennial revision of its tariff-reduction program.

The United States also participates actively in the Asia Pacific Economic Cooperation (APEC) by providing technical assistance on intellectual property rights issues associated with the WTO Trade-Related Intellectual Property Rights (TRIPS) agreement and customs issues such as valuations, temporary importations, risk management and express consignments. Among the countries of South Asia, the U.S. is mostly active in Sri Lanka and India on compliance with the WTO TRIPS agreement and in Bangladesh on agriculture-related issues. In 1999, U.S. advisors helped the Government of

Sri Lanka draft comprehensive reforms to its Intellectual Property Rights Law. Similarly, the U.S. is planning a program on the review of trade-related intellectual property rights laws in India. In Bangladesh, the U.S. co-sponsored a workshop and circulated reports analyzing the potential impact of WTO compliance on the country's agriculture sector and food security.

## **Finance**

Another important area for U.S. trade-related assistance to Asia is financial sector reform and development. Across the region, the U.S. is active in bolstering the financial sectors of Asian countries as part of their overall efforts to increase their international competitiveness.

In Sri Lanka and Mongolia, the U.S. aims to improve the framework for trade and investment through financial market reforms. In Sri Lanka, the main focus of U.S. activities is to strengthen the country's capital markets. In 1999, U.S. activities resulted in the adoption of significant new rules and procedures by the Colombo Stock Exchange (CSE) and Sri Lankan Securities and Exchange Commission. Among these new rules are listing rules of corporate debentures through the CSE and a code of conduct for primary dealers of government debt securities. In Mongolia, where the focus of U.S. activities is in assisting in the country's transition to a market-led economy, the U.S. lends support in the area of bank restructuring. In 1999, the U.S. provided resources to assist the Bank of Mongolia in implementing an IMF-approved bank restructuring plan. This led to liquidation of two large, but insolvent banks, whose closure has had a dramatic positive impact on the financial health of the Mongolian banking system.

In Southeast Asia, there has been renewed emphasis on financial reform following the Asian financial crisis that began in 1997. In response to the crisis and in order to promote the resumption of new credit (including trade financing), the U.S. has provided technical assistance to the Bank of Indonesia, the Indonesia Bank Restructuring Agency and the Jakarta Initiative Task Force. The technical assistance focuses on debt restructuring, bank supervision, and bank recapitalization. In the

Philippines, the U.S. expanded its assistance to the Central Bank for strengthening bank supervision, and will add assistance for foreign-exchange risk management. In addition, the U.S. is continuing to strengthen regulations for the country's Security Exchange Commission (SEC), stock exchange, and clearing corporation. In 1999, with U.S. support, SEC procedures for securities investigation have been adopted and Government of the Philippines support and passage of a revised Securities Act should succeed in 2000.

### **Looking Ahead**

While future U.S. Government activities will continue to focus on strengthening the competitiveness of Asian economies through support for WTO compliance and financial development, the U.S. will also assist these countries address their concerns for the environment and their workers. There is increasing awareness in Asia of the importance of balancing economic growth with environmental sustainability. In addition to exports of natural resources, much of the growth in Asia over the past decade has resulted from industrial growth and increased trade. The U.S. has been active in promoting clean technologies for these growing industrial sectors. Through the U.S.-Asia Environmental Partnership (U.S.-AEP), the U.S. provides clean technology and expertise and training on environmental management to firms in Asian countries. In the Philippines, the U.S. is encouraging the industrial sector to practice clean technology/environment management, particularly through the adoption of environmental management systems and by obtaining International Standardization Organization (ISO) certification.

Finally, the U.S., in conjunction with governments in Asia, will implement activities to curb the use of child labor. Through the International Labour Organization, the U.S. has implemented regional programs in Southeast Asia to remove children in the informal footwear manufacturing industry and the fishing industry. In addition, in 1999, the Asia Pacific Economic Cooperation (APEC) accepted a U.S. Department of Labor proposal to conduct a

project in order to identify strategies for eliminating the use of child labor. This represented the first time that the 21 economies of APEC agreed to cooperate on one of the core labor standards.

## **CENTRAL AND EASTERN EUROPE AND NEW INDEPENDENT STATES**

The development challenge in Central and Eastern Europe (CEE) and the New Independent States (NIS) remains one of transforming previously authoritarian, centrally-planned societies into market-led democracies with vibrant economies, open political systems and a strong civil society. U.S. trade capacity-building activities in the two regions have focused on assisting these countries with their WTO accession efforts and enhancing the ability of their private sectors to participate in international trade. These activities are intended to ensure that the CEE and NIS regions succeed in their transition. The faster and more sustainable this transition, the higher the chances are for regional stability and mutual economic prosperity. U.S. assistance to build trade capacity in the NIS and CEE regions amounts to 16% and 14.8% of total trade-related funding, respectively, in fiscal year 2000.

### **WTO Accession**

During the Soviet era, trade between Russia, the former Soviet republics and many parts of Central and Eastern Europe was inextricably linked. The regions now recognize the importance of integrating themselves into the multilateral trading system. Nine of the twelve NIS countries are involved in the WTO. Kyrgyzstan and Georgia acceded to the WTO in 1998 and 2000, respectively, with significant support from the U.S. An additional seven NIS countries have applied for membership and currently have observer status. While the majority of CEE countries are WTO members (the most recent being Latvia in early 1999), the remaining Baltic and Balkan countries are all observer governments and are currently seeking membership.

The major thrust of U.S. trade-related activities in the region is aimed at the WTO accession efforts, especially in Russia, Ukraine, Moldova, Albania and Macedonia. The U.S. has provided long-term resident advisors to work in close collaboration with these countries' Ministries of Trade and other relevant ministries on WTO issues. The advisors analyze laws and regulations to assess their compliance with WTO requirements; counsel the governments on improving customs regulations and introducing other sectoral regulatory reform issues; advise on industrial and regional subsidies; conduct studies of legislative actions necessary for WTO accession; and conduct outreach to the public and private sectors on the benefits of WTO membership. In addition to long-term advisory services, the U.S. also implements short-term programs. These programs consist primarily of workshops and training on WTO agreements regarding such issues as intellectual property rights and harmonization of standards. In 1999, the U.S. conducted a workshop to assist the Russian Government's implementation of international standards in sanitary phytosanitary measures. The U.S. also conducted a training program for Ukraine and Russia on the enforcement of intellectual property rights.

### **Trade Facilitation**

A second major area of U.S. assistance is in the area of trade facilitation, particularly in terms of improving the availability of inputs that can facilitate trade, such as business support services, market information and management training. The U.S. is strengthening trade facilitation services in a number of ways. The U.S. is active in establishing trade linkages with the NIS and CEE. The U.S.-Ukraine Committee on Trade and Investment and the U.S.-Uzbekistan, Trade, Investment and Energy Committee are two examples of mechanisms for exchanging trade-related information. In addition, the Committees serve as sites for resolving trade and business disputes. Other similar commissions include the U.S.-Armenia Business and Investment Association, the American-Georgian Business Development Council and the U.S.-Azerbaijan Chamber of Commerce.

The U.S. also works directly with firms directly in the region in order to enhance their technological and management skills, and provide important trade leads. The U.S. Department of Agriculture's Emerging Market Program has been active in Russia, Ukraine, and Kazakhstan in providing training in the areas of food integration and food wholesale and retail activities. In 1999, it extended forty-five fellowships to qualified recipients in these three countries. The Department of Agriculture is also implementing the Baltic Dairy Initiative, which promotes U.S.-Baltic State industry relationships through the exchange of mutually beneficial agribusiness technology. As part of this program, representatives of the Baltic dairy industry took a study tour to Pennsylvania; U.S. dairy specialists also traveled to the Baltics to provide industry-specific training.

The U.S. has assisted in the development of electronic trade networks. As part of the Stability Pact in Southeast Europe, the U.S. Government has launched a multi-agency initiative called the Global Technology Network (GTN). In 1999, the GTN successfully established a regional electronic trade-leads network in Macedonia, Bulgaria, Croatia and Romania, which has already generated \$2 million in new trade deals. It is linked to over 300,000 small and medium-size enterprises in the U.S., has agreements with 32 U.S. state and trade development offices, and runs three U.S. outreach offices. A similar program to enhance trade information was implemented in the NIS region.

Similarly, the U.S. Government-run Business Information System for the NIS (BISNIS) provides a source of trade leads, market information and other business-related data for both U.S. and NIS-based companies. BISNIS' web site and e-mail services provide information on market developments, specific industry surveys, time-sensitive trade and investment leads, and potential joint venture partner companies. In 1999, through a network of local representatives in the NIS, BISNIS identified and promoted more than 350 trade leads and more than 425 partner leads. These leads were distributed through BISNIS electronic and print publications.

A fourth area of U.S. trade facilitation assistance is in the transportation sector. A major joint U.S.-World Bank project, the Trade and Transport Facilitation for Southeast Europe program, was recently launched and will entail \$68 million in World Bank loans to improve the physical infrastructure of border crossings in the region, plus a \$9 million package of U.S. funding for technical assistance. While the majority of the program is aimed at improving the border operations and customs activities of the countries of Southeast Europe, the U.S. is also strengthening trade facilitation services by providing training and assisting in the development of trade-related websites for trucking, freight forwarders and exporters/importers.

Finally, the U.S. has assisted NIS countries in the collection of official national statistics related to trade. The U.S. is training official statistical services in Russia and Kazakhstan in data collection and statistical sampling methodologies.

### **Looking Ahead**

In the next few years, the U.S. will continue to assist in the WTO accession efforts of the countries in the NIS and CEE region. Upon accession, activities will shift toward assisting these to comply with WTO provisions. In particular, under the Stability Pact in Southeast Europe, the U.S. will implement activities focused on trade policy reform for both WTO accession and compliance in nine countries in the area, including the Balkan countries. Trade facilitation will also continue to be an important area of U.S. trade-related assistance in order to promote the private sector in the countries of the two regions.

**ANNEX A:**  
**LIST OF INDIVIDUALS CONTACTED FOR THE SURVEY**

## **LIST OF INDIVIDUALS CONTACTED FOR THE SURVEY**

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**ANNEX B:**  
**SURVEY METHODOLOGY AND QUESTIONNAIRE**

## METHODOLOGY

The objective of this survey is to capture – both quantitatively and qualitatively – the U.S. government’s initiatives that build and strengthen the capacity of developing countries and transitional economies to engage in international and regional trade. This survey was conducted over a five-week period beginning in May 2000. The survey team used a five-step process. Each of the steps is described below.

### Defining the U.S. Agencies to Be Surveyed

Initially, the survey team identified a universe of 26 U.S. Government agencies that might participate in the survey, including all of the institutions in the U.S. Government’s Trade Promotion Coordinating Committee (TPCC) and a few other institutions. The survey team held preliminary discussions with each of the agencies regarding the survey and their involvement in building trade capacity in developing countries and transitional economies. Institutions that had no trade capacity-building activities in their portfolio were not included in the survey.<sup>6</sup> Following these preliminary discussions, the survey team administered the survey at the following 14 U.S. Government agencies. A complete list of the individuals contacted for the survey is included as Attachment A to this report.

- Agency for International Development
- Customs Department
- Department of Agriculture
- Department of Commerce
- Department of Justice
- Department of Labor
- Department of Transportation
- Department of Treasury
- Environmental Protection Agency
- Federal Trade Commission
- Office of the U.S. Trade Representative
- Overseas Private Investment Corporation
- Peace Corps
- Small Business Administration

### Developing the Survey Instrument

The survey team developed a survey instrument that aimed to capture the quantitative and qualitative information needed to meet the objectives of the survey. The final survey instrument utilized by the team is included in Annex B to this report.

One of the most difficult methodological issues in designing the survey instrument was to define the range of activities that might be considered trade capacity-building activities. The survey’s key objective was to focus on those activities that were directly or closely linked to strengthening the capacity of developing countries and transitional economies to trade. However, recognizing that many factors are closely linked to building trade capacity, the survey encompassed twelve primary areas where the U.S. government might have programs. These twelve areas included the following:

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<sup>6</sup> Some of these institutions included the Department of Defense, Department of the Interior, the Council of Economic Advisors, Office of Management and Budget, the President’s Council on Sustainable Development, the Department of Housing and Urban Development, and the Department of Health and Human Services.

1. WTO Accession
2. Trade Policy Reform
3. Legal and Regulatory Reform
4. Trade Facilitation
5. Technology and Standards
6. Customs
7. Human Resources
8. Finance
9. Infrastructure
10. Environment
11. Foreign Investments/Incentives
12. Other

The survey instrument provided a further breakdown of these twelve primary categories into subcategories so that each of the agencies would have a clear understanding of the types of activities to be included in each category and in the survey as a whole. This breakdown is included in Annex B as Attachment 2 to the survey instrument.

A second methodological issue was the breakdown of countries by region, as well as the definition of what countries would be included in the list of developing and transitional economies. The survey team used the DAC List of Aid Recipients as the basis for generating the list of developing countries and transitional economies. The survey team then categorized the countries according to six geographical regions. The breakdown of the countries by region is included in Annex B as Attachment 3 to the survey instrument.

1. Sub-Saharan Africa
2. Middle East and North Africa
3. Latin America and the Caribbean
4. Asia
5. Central and Eastern Europe
6. New Independent States

A final objective of the survey was to identify only those U.S. Government-funded initiatives that aim to build the trade capacity of developing countries and transitional economies. Hence, if the primary objective of an activity was to promote U.S. exports to developing countries or other overseas markets, the activity was not included in the survey. This necessarily precluded the participation of several U.S. Government agencies in the survey, including the Export-Import Bank and the Trade and Development Agency, as well as numerous programs funded by the Department of Commerce, the Department of Agriculture and other agencies. In some cases, the U.S. government has funded programs that focus on building mutually beneficial trade linkages between the U.S. and developing countries; these programs enable developing country firms to engage in international trade, and hence, have been included in the survey.

### **Conducting the Interviews with U.S. Government Agencies**

The survey team administered the instrument through one-on-one or group interviews at each of the fourteen U.S. government agencies listed above. Each agency was given a copy of the survey instrument in advance so that the requested information could be gathered prior to the interview. During the interviews, the team members explored the organizations' trade capacity initiatives in greater depth. The interviews were conducted over a four-week period beginning in early May 2000.

## **Analyzing and Synthesizing the Data**

The final two weeks of the survey period were devoted to analyzing and synthesizing the data collected from the fourteen agencies.

## **Survey on the U.S. Government's Key Initiatives to Promote Trade Capacity Building in Developing Countries and Transitional Economies**

Interviewer	
Date of Survey	

### **Purpose of the Survey**

We are conducting a survey on behalf of the National Economic Council (NEC) to identify and quantify the U.S. Government's trade capacity building activities in developing countries and transitional economies. The U.S. Government will present the results of the survey at the upcoming G-8 meeting to be held in Okinawa in July 2000.

This survey focuses on initiatives that strengthen the trade capacity of developing countries and transitional economies only. Activities that focus on promoting U.S. exports to developing countries and other overseas markets should not be included in the survey.

### **Contact Information for Institution Surveyed**

Institution	
Name of Bureau/Unit Surveyed	
Name of Principal Contact	
Title of Principal Contact	
Phone Number	
Fax Number	
Email Address	

- 1. The survey team has been asked to develop a profile of the U.S. Government’s major initiatives in trade capacity building. For each major initiative, the team will need to obtain the information contained in Attachment 1, including a description of the initiative's objectives, its specific activities, its funding for FY1999 - FY2001 and the results achieved to date.
  - a. Please identify your major trade capacity building initiatives in the following categories. Attachment 2 provides a breakdown of the types of activities that fall within each category.
  - b. At the time of the interview, please provide the information needed to complete Attachment 1 for these initiatives, preferably through existing documentation.
  - c. Please identify those initiatives that have been most successful.

**Category**

Trade Policy and Reform

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Trade Facilitation

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WTO Accession

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Legal and Regulatory Reform

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Technology and Standards

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Customs

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Human Resources

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Finance

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Infrastructure

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Environment

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Foreign Investment/Incentives

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Other

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2. Estimate the total amount of funds you have obligated toward trade capacity building in developing countries and transitional economies during the following periods. This should include the funding for all of the institution's major initiatives described above, as well as the funding for smaller trade capacity building activities.

<b>FY1999</b>	<b>FY2000</b>	<b>FY2001</b>

3. Of this total, what percent of the funding is from other U.S. Government institutions?

<b>FY1999</b>	<b>FY2000</b>	<b>FY2001</b>

4. Of this total please estimate the percentage that has been allocated to each of the primary categories in Attachment 2:

<b>Categories</b>	<b>FY1999</b>	<b>FY2000</b>	<b>FY2001</b>
Trade Policy and Reform			
Trade Facilitation			
WTO Accession			
Legal and Regulatory Reform			
Technology and Standards			
Customs			
Human Resources			
Finance			
Infrastructure			
Environment			
Foreign Investment/Incentives			
Other _____			
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

5. Of the total in question 2 please estimate the percentage that has been allocated to each of the following regions. (Refer to Attachment 3 for the composition of the regions by country):

<b>Region</b>	<b>FY1999</b>	<b>FY2000</b>	<b>FY2001</b>
Asia			
Latin America and the Caribbean			
Sub-Saharan Africa			
North Africa and the Middle East			
Central and Eastern Europe			
Newly Independent States			
Global			
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

6. What are the institution's top two priorities in the trade capacity building area for each of the following regions? (Select from the list of primary categories provided in Attachment 2).

<b>Region</b>	<b>Priority One</b>	<b>Priority Two</b>
Asia		
Latin America and the Caribbean		
Sub-Saharan Africa		
North Africa and the Middle East		
Central and Eastern Europe		
Newly Independent States		
Global		

7. During the period covered by this survey (FY1999-FY2001), have you or are you planning to collaborate on trade capacity building activities with any of the multilateral organizations listed here

- The World Bank
- IMF
- OECD
- WTO
- WCO
- ITC
- UN Agencies
- Asian Development Bank
- European Bank for Reconstruction & Development
- Inter-American Development Bank
- African Development Bank
- Bilateral Aid Agencies
- Other Regional or Multilateral Organizations

Yes \_\_\_\_\_  
 No \_\_\_\_\_

8. If you have collaborated with any of these multilateral institutions, identify them and describe the type of collaboration and, if applicable, the source of funding.

<b>Multilateral Institution</b>	<b>Type of Collaboration</b>

9. What new initiatives/activities do you have planned for trade capacity building in FY2001 and beyond?

1.

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2.

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3.

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4.

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10. Do you have any comments or other additional information related to this survey?

**ATTACHMENTS**

Attachment 1: Description of Major Initiative

Attachment 2: Categories of Trade Capacity Building Activities

Attachment 3: Regional Breakdown

## Attachment 1: Description of Major Initiative

<b>Institution</b>	
<b>Name of Bureau/Unit Surveyed</b>	
<b>Name of Initiative</b>	
<b>Code for Initiative (e.g., Project Code)</b>	
<b>Country(ies)</b>	

### Funding by FY

<b>FY1999</b>	
<b>FY 2000</b>	
<b>FY 2001</b>	

<b>Source(s) of Funding</b>	
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<b>Objectives</b>
<b>Activities</b>
<b>Results to date</b>

## Attachment 2: Categories of Trade Capacity Building Activities

This survey should include activities directly or closely linked to strengthening the capacity of developing countries and transitional economies to trade.

Primary Categories	Subcategories
Trade Policy and Reform	<ul style="list-style-type: none"> <li>• Regional Trade Agreements</li> <li>• Trade Regime (tariffs, non-tariff barriers, etc...)</li> <li>• GATT, GATS, Anti-Dumping, Import Licensing</li> <li>• Safeguards</li> <li>• Subsidies/Price Controls</li> <li>• Development of Statistics</li> </ul>
Trade Facilitation	<ul style="list-style-type: none"> <li>• Business Support Services</li> <li>• Business Organizational Development (e.g., Chambers of Commerce, industry associations)</li> <li>• Trade Information</li> <li>• Market Development</li> </ul>
WTO Accession	<ul style="list-style-type: none"> <li>• Awareness</li> <li>• Master Plan for Accession</li> </ul>
Legal and Regulatory Reform	<ul style="list-style-type: none"> <li>• Commercial Code</li> <li>• Dispute Resolution</li> <li>• Fair Trade; Antimonopoly</li> <li>• Competition Policy and Consumer Protection</li> <li>• Specialized Judicial Institutions and Procedures</li> <li>• Government Procurement Reform</li> <li>• Public Reporting</li> </ul>
Technology and Standards	<ul style="list-style-type: none"> <li>• Sanitary and Phytosanitary Standards</li> <li>• Metrology Standards Technology Quality</li> <li>• Technology Transfer</li> <li>• Product Standards</li> <li>• Health Standards</li> <li>• E-commerce</li> <li>• Information Technology</li> <li>• Technical Barriers to Trade</li> </ul>
Customs	<ul style="list-style-type: none"> <li>• Rules of Origin</li> <li>• Pre-shipment Inspection (PSI)</li> <li>• Freight Forward Facilitation</li> <li>• Customs Valuation</li> <li>• Customs Procedures</li> <li>• Institutional Strengthening</li> </ul>

	<ul style="list-style-type: none"> <li>• Electronic Data Interchange (EDI)</li> </ul>
<i>Human Resources</i>	<ul style="list-style-type: none"> <li>• Labor Standards</li> <li>• Worker Rights/Unions</li> <li>• Workforce Development</li> <li>• Business Education</li> <li>• Social Aspects of Liberalization</li> </ul>
Finance	<ul style="list-style-type: none"> <li>• Trade Finance/Insurance/Guarantees</li> <li>• Financial Sector Development</li> <li>• Monetary Policy</li> <li>• Foreign Exchange Policy</li> <li>• Fiscal Policy</li> <li>• Capital Markets</li> <li>• Commodity Boards</li> </ul>
Infrastructure	<ul style="list-style-type: none"> <li>• Telecom</li> <li>• Transport</li> <li>• Ports</li> <li>• Airports</li> <li>• Power and Water</li> <li>• Industrial Estates/Zones</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Environmental Standards</li> <li>• Environmental Technology</li> </ul>
Foreign Investment and Incentives	<ul style="list-style-type: none"> <li>• TRIMS</li> <li>• TRIPS</li> <li>• Subsidies</li> <li>• Countervailing Duties</li> </ul>

**Attachment 3: Regional Breakdown**

Sub-Saharan Africa	Asia & Oceania	North Africa & the Middle East	Latin America & the Caribbean	Central & Eastern Europe	Newly Independent States (NIS)
Angola	Afghanistan	Algeria	Antigua and Barbuda	Albania	Armenia
Benin	Bangladesh	Bahrain	Argentina	Bosnia & Herzegovina	Azerbaijan
Botswana	Bhutan	Egypt	Barbados	Bulgaria	Belarus
Burkina Faso	Burma (Myanmar)	Iran	Belize	Croatia	Georgia
Burundi	Cambodia	Iraq	Bolivia	Czech Republic	Kazakhstan
Cameroon	China	Jordan	Brazil	Estonia	Kyrgyzstan
Cape Verde	Cook Islands	Lebanon	Chile	Hungary	Moldova
Central African Republic	Fiji	Morocco	Colombia	Latvia	Russia
Chad	India	Oman	Costa Rica	Lithuania	Tajikistan
Comoros	Indonesia	Saudi Arabia	Cuba	Macedonia, FYR	Turkmenistan
Congo	Kiribati	Syria	Dominica	Malta	Ukraine
Congo, D.R.	Korea, North	Tunisia	Dominican Republic	Poland	Uzbekistan
Cote d'Ivoire	Laos	West Bank	Ecuador	Romania	
Djibouti	Malaysia	Yemen	El Salvador	Serbia & Montenegro	
Equatorial Guinea	Maldives		Grenada	Slovakia	
Eritrea	Marshall Islands		Guatemala	Slovenia	
Ethiopia	Micronesia, Fed. States		Guyana	Turkey	
Gabon	Mongolia		Haiti		
Gambia	Nauru		Honduras		
Ghana	Nepal		Jamaica		
Guinea	Niue		Mexico		
Guinea-Bissau	Pakistan		Nicaragua		
Kenya	Palau Islands		Panama		
Lesotho	Papua New Guinea		Paraguay		
Liberia	Philippines		Peru		
Madagascar	Samoa		St. Kitts & Nevis		
Malawi	Solomon Islands		St. Lucia		
Mali	Sri Lanka		St. Vincent & Grenadines		
Mauritania	Thailand		Suriname		
Mauritius	Tonga		Trinidad & Tobago		
Mozambique	Tuvalu		Uruguay		
Namibia	Vanuatu		Venezuela		
Niger	Vietnam				
Nigeria					
Rwanda					
Sao Tome & Principe					
Senegal					
Seychelles					
Sierra Leone					
Somalia					
South Africa					
Sudan					
Swaziland					
Tanzania					
Togo					
Uganda					
Zambia					
Zimbabwe					



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