

TRIP REPORT
SEPTEMBER 1, 2004

Andean Regional TCB Project:

Trip Report and Preliminary Recommendations



NATHAN
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Contents

Executive Summary	ii
Andean Regional TCB Project - Trip Report	1
The Status and Scope of Andean Bilateral TCB Programs	2
Importance of a Regional TCB Program	5
Narrowing the Scope of the Andean Regional TCB Programs	6
Three-Stage Approach to Addressing Implementation Issues	7
Specific Programs for Stages One and Two	8
Regional SME Workshop	11
Labor Training and Outreach	12
Annex A. Proyecto Crecer TCB Programa Regional - Primera Misión Exploratoria	
Annex B. Principales Actividades Financiadas por el Proyecto CRECER: setiembre 2003-setiembre 2004	
Annex C. Ecuador Bilateral TCB Projects	
Annex D. Bolivia's Bilateral TCB Projects	

Executive Summary

A Technical Capacity Building (TCB) Program for the Andean Region is well positioned to examine and quickly address implementation needs that arise from the U.S.–Andean Free Trade Agreement (FTA) negotiations. Working closely with the USAID Missions and the TCB Working Group, the TCB Program will help to foster cooperation and the integration of Andean governments and public sector interests. It also will fill a gap between differing resources and orientations of USAID bilateral programs. In that regard, the regional TCB program should seek to complement and integrate successful bilateral initiatives, so that all the Andean countries can benefit and bring greater balance to their TCB strategies.

Implementation is the second of three phases of the TCB process, the first being preparation and training and the third long term adjustment assistance. Phase II support is not generally contemplated in the USAID bilateral and international donor activities reviewed by a Nathan Associates/CRECER team during a brief visit to the region and analysis of on going and planned activities. Therefore, implementation should be the principal focus of the regional TCB program, starting with initiatives to improve outreach and interaction with civil society to obtain support for fundamental trade reform. In the coming months, the program should start preparing for early interventions in specific implementation areas that are ripe for quick action. Our suggested projects include:

1. Government Public Outreach Coordination (from October 2004) and Regional Journalism Training (beginning in November 2004)
2. Regional Small and Medium Enterprise (SME) Workshop with possible consultant follow-up (beginning November 2004)
3. Labor Training and Outreach (beginning December 2004)
4. TBT and/or SPS Transparency and Conformity Assessment Assistance (2005)
5. Rules of Origin Training for Customs Officials and Brokers (2005 - 2006)

Our recommendations are described in detail in the section on specific programs. They only consider the time and budget allocation for the next 12-18 months. We believe projects 1-3 could be completed within the next 5 months (Stage One), while analysis and preparation for

projects 4-5 would be initiated during Stage One and fully launched over the following 12 months (Stage Two). We also provide some preliminary suggestions for future interventions under an extended regional program of 4-5 years (Stage Three).

The proposed projects are intended to closely reflect the agenda of the TCB Working Group, but recognize the need to remain responsive and flexible as their work progresses. Program refinements will require ongoing close cooperation with the USAID Missions and the Working Group participants. Our proposals are based on needs expressed by at least two Andean countries in the course of interviews with government and private sector representatives, and the priority needs expressed by the Andeans in the FTAA process. Though the focus of our interviews and analysis has been on Bolivia, Ecuador and Peru, we welcome the participation of Colombia in all proposed activities.

Andean Regional TCB Project – Trip Report

From August 9 to August 18, Paul Moore and Rosa Ana Balcazar of Proyecto Crecer and Colleen Morton of Nathan Associates, Inc., conducted a series of meetings in Lima, Quito, and La Paz to determine priorities for possible regional TCB activities in each country, specifically relating to the ongoing free trade area (FTA) negotiations with the United States (See list of contacts in Annex A). Subsequently, Mr. Moore and Ms. Balcazar have conducted additional meetings and follow up conversations from Lima. This paper provides a brief summary of the findings during these discussions and our review of documentation that was provided during our tour. We also examined existing documents regarding Andean TCB needs, in particular each country's priority list in response to the Free Trade Area of the Americas (FTAA) Hemispheric Cooperation Program (HCP). Our observations also reflect Nathan Associate's experience in other TCB projects, including the CAFTA regional project managed by Ms. Morton.

The team's goal was to identify cross-cutting issues and needs in at least two of the three countries that we visited. Such needs also must have a regional scope (that is, collective events or programs that could be easily applied in more than one country) and should be amenable to rapid implementation, due to the short-term, intermediate character of the project as defined. Our understanding of the parameters of this project is that all activities for the Andean region should be targeted for the next 12-18 months, with a projected total budget of US\$2 million. In addition, all project activities should help provide the basis for the launching of a broader and longer term regional program that would extend over the next 4-5 years.

USAID categorizes TCB assistance broadly into three phases:

1. *Participation* (negotiations preparation, transparency, public outreach);
2. *Implementation* (legal/regulatory changes, including funding and training for their compliance; public/private sector consciousness raising and cooperation to ensure monitoring and compliance); and,

3. *Adjustment* (ensuring ability to respond to new commercial opportunities, export promotion, private sector development and financing, infrastructure, etc.).

Applying this approach, we examined past and future bilateral activities in each country and how they could be complemented by a regional program. Given these parameters, we have developed an outline for five potential projects, with recommendations for possible future work in a notional second stage of the regional program, beyond June 2006.

The Status and Scope of Andean Bilateral TCB Programs

Our principal contacts in each country were the USAID mission and their local consultants who manage their bilateral programs. (NB: We met with the USAID/Bogotá Mission Director for Economic Development in Lima but did not visit Colombia). Specific USAID bilateral TCB programs are briefly described below. Program lists, as presented by the bilateral programs, are listed in the referenced annexes. The team also met with government officials from each TCB Working Group who were very enthused by the creation of a regional TA program. To the extent possible, we also interviewed other donor agencies and representatives of the private sector in each country.

OTHER DONOR ACTIVITY

One of our more important findings is that the Inter-American Development Bank (IADB), the Andean Development Corporation (CAF) and the World Bank are also providing extensive trade capacity building assistance, but with a particular emphasis on country-specific activities that fall into USAID phases I and III.

The CAF is focusing on regional activities, providing funding for travel of the Andean negotiators. It also has organized “scene setter” video conferences regarding the issues discussed by the TCB Working Group, such as customs, labor and small and minority enterprises (SMEs). In addition, the CAF is undertaking a series of regional analyses on intellectual property rights, government procurement and environmental issues in the context of the negotiations. IDB and World Bank country-specific activities are detailed in the country sections below.

It is apparent that close coordination among the donors is essential to managing TCB programs in a cost-effective manner. We understand that the major donors agreed during the Lima Round to develop a joint overview of TCB activities and applaud that initiative. Such an overview will ensure greater efficiency in prioritizing projects, better resource management and avoid duplication of efforts. Andean governments also will be able to present a coherent package of technical assistance programs to the public addressing concerns about implementation, adjustment, transparency, equity, etc.

PERU

Of the three countries we visited, Peru is furthest advanced in preparation and outreach, due to USAID supported projects being undertaken by CRECER. Other USAID/Peru Mission programs related to TCB include funding for the Andean Community secretariat to coordinate regional sanitary and phytosanitary (SPS) laws, and an analysis of Peru's implementation of the WTO Agreement on Customs Valuation.

CRECER has carried out a number of trade-related outreach projects (see Annex B), including a seminar on trade agreements for media representatives from around the Andean region; development of SME success stories; and a nationwide gathering of chambers of commerce in Cuzco. CRECER also funded the participation of negotiators in the Harvard trade training programs and has funded a short training program for government officials who are not negotiators but who need to understand the ramifications of a rules-based international trading system (e.g., foreign ministry officials and commercial attachés).

The CAF is supporting the *Consejo Empresarial para las Negociaciones Internacionales* (CENI), which is the Peruvian private sector advisory group to the government negotiating team. Meanwhile, the IDB has earmarked US\$7.15 in direct assistance to the Foreign Trade Ministry (Mincetur). These new funds will include institutional organization, training, hardware/software, consultations with civil society, and export promotion. We did not meet with World Bank officials, though we know from previous reports carried out by Nathan that in June 2003 the Bank initiated a US\$20 million Trade Facilitation and Productivity Improvement Project in Peru.

Peru's representative to the Andean TCB Working Group has tabled a series of proposals covering a number of bilateral project requests, including SME outreach, support for specific agricultural and manufacturing industries, and training on occupational health standards. Most of these requests are not prioritized and cost allocations have not been clearly delineated. They also generally are of a bilateral nature, and attempt to address specific industry needs. Nevertheless, some of these projects could have a regional component, and we have considered them in our recommendations below.

ECUADOR

Ecuador came into the negotiations late and after entry was hobbled until recently by an internal debate between the Central Bank and the Ministry of Foreign Trade over who had the lead in the negotiations. The Ministry was finally designated as the lead, but lacks much of the skilled manpower (i.e., trained economists) enjoyed by the Bank. As a result, Ecuador lags in preparation and outreach. The private sector, though it has access to the government negotiators, is not involved in outreach or information campaigns, such as those we have seen in Peru and Bolivia (described below). The private sector also is hampered by the historical, economic and political division between Guayaquil and Quito. Our discussion with a private

sector representative revealed that there is a strong need to develop private sector support and to build a “cultura exportadora,” especially among SMEs.

USAID/Quito, through its local TCB contractor, has launched a series of activities to train and prepare government and private sector officials on trade issues. (See Annex C.) These activities have covered a number of important negotiating topics that had also been taken up under the rubric of the Hemispheric Cooperation Plan. Some of these included short seminars on SPS and Rules of Origin, as well as an analysis of financial services regulations. Several of these issues could be followed up with more detailed technical assistance that focuses on the implementation of final provisions in the FTA relating to these topics. USAID/Quito is now working with Carana Corporation, under the USAID/Washington IQC with that firm, to undertake an outreach program to improve public awareness of the TLC.

After eight months of negotiations, the Ecuadorian government recently approved a \$2.9 million project similar to the IDB program described for Peru, although it does not include an export promotion component. We also understand the World Bank has a \$50 million “International Trade and Integration Project” that has yet to be implemented, but contains several components oriented towards institutional development of the trade ministry and export promotion capabilities.

Ecuador’s representative to the TCB Working Group indicated that outreach, customs, SMEs, and Science and Technology were discussed in general terms at the last round. He noted that they have not received many specific demands from the negotiating Working Groups, since most are focused on the negotiations themselves. Labor will be on the agenda at the next round. SMEs will be permanently on the agenda. In his view our focus on SMEs should be in the development of an export base, including through facilitation of small business collectives, vertical integration, and better access to credit.

BOLIVIA

Though not yet officially a part of the FTA negotiations, Bolivia is active in the TCB Working Group. Bolivia is now reaping the benefits of a relatively open market. The business community, led by the *Cámara de Exportadores*, has launched an energetic campaign to win public support for free trade and for participation in the negotiations (traditional agricultural and mining chambers are not as proactive or supportive of free trade). The campaign, “*Bolivia Exporta - Bolivia Crece*,” is supported through USAID/La Paz’s bilateral program and includes the development of “success stories,” radio advertisements and public seminars and conferences, all of which seek to incorporate SMEs. Another component of the campaign is to assist the development of the textile, leather wood furniture and jewelry industries.

The USAID Bolivia mission also funds *Programa Bolivia Competitiva en Comercio y Negocios*, which has provided training, including simulations, for government negotiators and for two

trade impact studies (see Annex D). Unfortunately, most USAID/La Paz TCB funds have been redirected to Economic Support Funds, leaving no resources this fiscal year for further outreach and work on implementation issues (assuming Bolivia does eventually join in the negotiations). We were not able to meet with other international donors, though we understand the IDB, as in other Andean countries, is providing technical support to the Ministry.

Both the USAID Mission and the government participants in the TCB Working Group were very enthusiastic about the journalism training that took place in Peru, which was attended by four Bolivian journalists. The GOB provided the team with a proposal building on that approach aimed at Bolivian press and opinion leaders. The proposal also incorporates the idea of a regional event for Andean journalists in Mexico or Costa Rica, it being felt that those countries' experiences with negotiating and implementing an FTA with the United States could be highly educational (NB: This is the most concrete, regional TCB proposal we have received to date). However, similar to our conversations with Working Group participants in other countries, clear consensus and identification of more detailed TCB needs has not yet evolved.

Importance of a Regional TCB Program

Each Andean country has implemented successful bilateral TCB programs, some of which could be replicated in the other countries (for example, Bolivia's SME success story initiative could be replicated in Ecuador). However, the emphasis and balance of bilateral support varies by country (more issue training in Ecuador vs. public outreach in Bolivia) and all countries could certainly benefit from more resources to meet additional TCB needs. Moreover, with the creation of a TCB Working Group within the FTA negotiation, a response mechanism in the form of a regional TCB program is of even greater importance. Indeed, it is advantageous to have a regional TCB project launched as the negotiations are going on, in order to help identify and prioritize TCB needs and meet them quickly. (The regional program in CAFTA was not put in place until after the negotiations, and Working Group members experienced difficulty in generating concrete proposals and getting projects started until well after the negotiations concluded). Among other things, the Andean regional TCB program could help to:

- Share experiences among the successful bilateral programs and add regional components where appropriate.
- Work with Missions and bilateral programs, develop regional activities that will complement bilateral activities and treat issues with a strong regional flavor or strong rationale for region-wide cooperation.

- Bring Andean government and private sector officials together and stimulate discussion, cooperation and greater regional integration on specific topics where such regional coordination is not already occurring;
- With the guidance and close coordination with the USAID Missions and the TCB Working Group, streamline TCB proposals and priorities and anticipate the TCB needs that are identified during the negotiations; and,
- Respond quickly to the TCB Working Group so that capacity constraints do not unnecessarily forestall the Andeans' ability to take advantage of the FTA.

Narrowing the Scope of the Andean Regional TCB Programs

There is no shortage of issues and problems that a regional TCB assistance strategy could address. However, given the limited scope and resources identified for this intermediate project, it will be important to focus with precision on activities not elsewhere being implemented, and even more importantly on activities that represent a coherent short-term strategy to address regional implementation needs.

USAID missions already have funded a number of Phase I activities, including economic impact studies and some training for negotiators, whose trade ministries also are supported by IDB and CAF funds and projects. Moreover, with the negotiations approaching the mid point, further training for negotiators would come too late and would take these officials away from their preparatory work. While a small pool of regional funds could be set aside for targeted and justifiable training needs, we believe the negotiating preparations and training have or are being addressed as well as can be expected with the available bilateral resources.

Phase III adjustment programs require significant, long term funding and will need to address specific internal issues that differ in each country. For example, Bolivia has far lower average tariffs than Peru, which will create different revenue and domestic industry issues in each country. And Peru's customs administration appears to be much more advanced than Ecuador's. Other international donors are already active in assisting the Andean countries in adjustment and broader competitiveness and macro-economic activities, including in some countries methods to improve credit access for SMEs and export promotion programs. A second-stage regional TCB program could undertake adjustment projects, but it would require a longer commitment and substantially more financial resources than available to this first-stage effort.

Given these considerations, the current regional program is best suited to address implementation needs (Phase II). Of the three phases, implementation has so far received the least funding but will be in highest demand as the negotiations conclude and the domestic approval and the regulatory and legislative amendment process begins in earnest next year. Indeed, the TCB regional program was created to respond to the TA needs that will arise from

the negotiations. Because most elements of the FTA will reflect U.S. trade objectives, a USAID regional program (as opposed to the international lending institutions) is in the best position to identify resources to assist the Andean countries with the technical, regulatory and legal advice they will need.

Three-Stage Approach to Addressing Implementation Issues

We have identified several regional TCB implementation programs within the parameters discussed above. Given the potential volume of needs that could come out of the negotiations and the fact that the TCB Working Group is continuing to identify specific TCB needs, we have divided these projects into three stages:

- Stage One – to be implemented over the next 5-6 months as the negotiations continue (concluding by the end of February 2005).
- Stage Two – covering the subsequent 12 months (or approximately until June 2006), though some of the initial analytical work projected for Stage Two could be undertaken during Stage One.
- Stage Three – incorporating projects to be implemented over a longer period under an expanded, possibly 4-5 year regional program. Such projects could incorporate additional activities relating to implementation (particularly in difficult areas such as environment, government procurement, and IPR) as well as adjustment and responsiveness programs.

These programs should not be viewed as prejudging the outcome of the TCB Working Group. The regional program should be flexible and adaptive, while maintaining a coherent strategy to effectively assist the region with important implementation priorities and needs.

STAGE ONE

We interpret implementation as an ongoing process, which begins even before the negotiations are completed. For instance, it is important to start building public support for adoption and implementation of the final agreement, even before negotiations are concluded. For the Andeans an important subcomponent and high priority is outreach to, and winning the support of SMEs. Accordingly, Stage One work can include outreach efforts, training for journalists and, if necessary, outreach training for government officials. Such training should focus on the development of outreach capacities by public and private sector entities, and for institutions, such as private sector advisory groups, that could continue to function in a monitoring capacity, at the conclusion of the talks.

STAGE TWO

It will be in the interest of both the Andean governments and the U.S. government to have rapid and effective implementation of key components of the trade accords. Several of these provisions will require significant effort by the Andean governments in order to achieve effective compliance and to reap the benefits of the FTA. These high priority issues have already been identified by the Andeans themselves, not only in the course of the current FTA negotiations, but also in the context of the ongoing FTAA talks and the Hemispheric Cooperation Plan. Many also relate to current commitments under the World Trade Organization that have not been fully or effectively implemented. Prime among them are removing technical barriers to trade, dealing with sanitary and phytosanitary standards and enforcing rules of origin determinations. We see these challenges, in addition to the labor provisions that are unique to the U.S. FTA model, as ripe for early intervention and the development of a regional agenda over the next 12 months.

These four topics will certainly be refined and revised over the course of the next several months as the TCB Working Group continues to meet. Therefore, we suggest that a template for activities on these four topics be developed and submitted to the TCB Working Group for their approval prior to launching any related activities.

STAGE THREE

Activities over the medium and long term will need to focus on remaining implementation issues, as well as on the whole range of adjustment and responsiveness challenges, including competitiveness, infrastructure and regulatory reform. We would anticipate that some of the more severe implementation challenges in the region would include monitoring and enforcement of the services, government procurement, IPR and environmental provisions. While there likely will be common commitments by all Andean countries in these areas, developing regional TA programs may best be suited for a post-negotiation phase and provided under a second, longer term and larger regional TCB program. Accordingly, the current regional program could work to identify needs in these areas next year and program their implementation over a period of several years.

Specific Programs for Stages One and Two

With these observations in mind, the following one-page descriptions provide an outline for five regional projects during the first and second stages, including justification, timeframe and anticipated costs. To the extent possible, all of these projects will include SMEs and consider their specific needs. These projects are conceptual in scope and will require ongoing work with the missions and the TCB Working Groups and possibly the input of short-term technical consultants. The CRECER Regional TCB manager will be responsible for

coordinating this ongoing cooperative process. We anticipate, for instance, that Stage One activities may uncover additional priorities for Stage Two. Apart from managing and refining these programs, the Regional TCB manager's ongoing work will be to anticipate and identify solutions to future demands of the TCB Working Group and develop programs for Stage Three.

Unless noted otherwise, the participation and costs of these projects contemplates only Bolivia, Ecuador and Peru. We welcome the opportunity to extend any of these programs to Colombia and will adjust projected costs accordingly. The projects we propose for the next 12-18 months are

1. Regional Journalism Training and Government Public Relations Coordination
2. Regional SME Workshop
3. Labor Training and Outreach
4. TBT and/or SPS Transparency and Conformity Assessment Assistance
5. Rules of Origin Training for Customs Officials and Brokers

REGIONAL JOURNALISM TRAINING AND GOVERNMENT PUBLIC RELATIONS COORDINATION

Meeting Regional Objective: The media are the most influential sources of information regarding the negotiating process and the opportunities it creates. However, most journalists and opinion leaders in the Andean region lack the understanding of basic trade and economic issues necessary to accurately and effectively inform the public. CRECER has initiated a successful journalism training event that included four Bolivian and two Colombian journalists and seeks to continue the training outside of Peru. The Mission and government in Bolivia are particularly enthusiastic about the journalism training and would like to see it continue. Ecuador is particularly in need of assistance in outreach (Note: We suggest this program be coordinated with the Carana Corp. outreach and promotion activities.)

It would be useful to integrate into this training some training for government press relations staff to build capacity for productive media relations over the long term.

Description: Building on the success of the CRECER project in Peru, we will use local and regional experts to hold a one- to two-day seminar/workshop outside of the capitol in both Ecuador and Bolivia (e.g., Cuenca, Santa Cruz) in October. Working with the USAID missions, we would target 10-15 journalists and opinion leaders in each country and design the program according to needs and local factors.

As a corollary to this activity we could hold a one-day gathering of Andean and U.S. government officials who are responsible for public outreach and interagency coordination. The workshop, held on the margins of the Guayaquil Round, would brief officials on our journalism training activities, and examine issues, such as messaging, inter-agency coordination, crisis control, and developing an institutional dialogue with civil society. The latter could lead to ideas and initiatives to help strengthen such institutions in the Andean region and to stimulate the development of more transparent and reliable information channels.

As a followup in November, we would organize a three-day journalism training event for journalists from all four Andean countries in Mexico. Our objective would be to ensure the participation of the core group of journalists included in the October training, in addition to those CRECER has already trained in Peru. As the most fully integrated US trade agreement, NAFTA and Mexico's adaptation thereto will be the focus of discussion and analysis. The event will bring together journalists from the Andean region to discuss their experiences and perspectives on the ongoing Andean FTA negotiations.

Estimated Cost: \$200,000

Timeframe: Bilateral and Government Events: October 2004
Regional Event: November 2004

Regional SME Workshop

Meeting Regional Objectives: It is estimated that over 90 percent of businesses in the three Andean countries are SMEs, and there is an enormous amount of informal commercial activity that is common throughout the Andean region. Winning the political support of SMEs and integrating them into the mainstream, competitive trading environment is a broad and challenging task, but it is a high priority for the Andean governments, which have requested that it be a regular part of the TCB Working Group agenda throughout the negotiations.

Background/Description: Many SME issues will need to be addressed at the national level and in a Phase III TCB program, including access to credit and support for specific industries. However, a regional gathering of SME leaders could help facilitate discussion among Andean SMEs, create a forum to compare experiences (including success stories) and examine effective SME programs in other countries that could be emulated. More in depth SME work, including at the sectoral level could be undertaken in Stage Three of a regional program in coordination with international lending institutions who are already actively involved in this field.

Activities: With the help of a small number of U.S.-based consultants we would propose to organize a two- to three-day regional seminar in a central location in the Andean region, where we would invite seven to eight key leaders of public and private sector SME organizations from each country (representing both agricultural and non-agricultural producers). Speakers would be drawn from Nathan's large database of SME experts and would examine issues such as establishment of competitive production clusters, identifying sectors with export potential, market analysis strategies, and successful SME-oriented export development programs (e.g., EXPRO in El Salvador and Agexpront in Guatemala). Speakers would provide information on best practices and explore models developed in other regions, not just for increasing exports to the United States, but also to increase integration, improve supply chains, and decrease transactions costs at the national and regional level. Based on these discussions, we would develop a preliminary report for possible next steps in developing a pilot program for a few key products in one or two Andean countries. This set of activities could be incorporated into the follow-on regional project or could be addressed by other donors.

Estimated Cost: \$100,000

Timeframe: Starting December 2004

Labor Training and Outreach

Meeting Regional Objectives: The opposition of most labor groups to an FTA is a region wide problem and, indeed, a problem in the United States. The inclusion of labor issues in trade negotiations is still controversial, both inside the United States and elsewhere. However, it has become almost standard practice in US FTAs to include some sort of monitoring, if not enforcement provisions relating to the implementation of national labor laws and standards. Since these topics have not been included explicitly in the FTAA negotiations, or in the Andean Community integration arrangements, neither government nor civil society has a good appreciation of what the labor provisions are likely to touch on. Labor already has been discussed at the Working Group, though not at any detailed level. However, we know Peru's Ministry of Health has submitted a request for education and assistance on occupational health issues and our informal conversations with other Working Group members suggests a common interest. In addition CRECER has just completed an analysis of Peru's labor laws and has identified possible areas for technical assistance. Labor also was an issue that the USAID Mission in Bogotá identified as a possible regional topic.

Background/Description: Both the NAFTA and CAFTA offer examples of how labor topics may be treated in the Andean FTA. In particular, it is assumed that the provisions will establish some sort of coordination/cooperation mechanism to promote the adoption of common labor standards and practices among the trade partners. It is likely that the agreement also will include provisions for the monitoring and enforcement of national labor laws and standards, particularly those outlawing child labor, slave labor, and provisions that protect the right to organize.

Such provisions are usually not welcomed by developing countries because authorities and businesses fear they will result in their industries becoming less competitive. Thus, one of the main educational tasks would be to utilize case studies to illustrate how better protection of labor rights and other investments in human capital can lead to greater competitiveness and productivity, higher incomes, greater equality, and other socially desirable outcomes. Discussion of legal and regulatory reforms carried out in Mexico post-NAFTA, and how the functions of the NAFTA Labor Commission functions also could be studied.

Proposed Activities: We would propose to carry out a series of training seminars for government officials on labor standards in the United States, Canada, Mexico and Chile, and how these have been integrated into the framework of trade relations established between these countries. We would further propose to provide expert consultants on labor law and standards (including occupational health) to individual governments to assist them in analyzing their legal, regulatory and institutional frameworks for the enforcement and protection of labor rights.

Cost: \$400,000

Timeframe: Analysis: From September 2004; Implementation: From January 2005

TBT AND/OR SPS TRANSPARENCY AND CONFORMITY ASSESSMENT ASSISTANCE

Meeting Regional Objectives: The Andeans ranked SPS and TBT first and third, respectively, in their submissions for the Hemispheric Cooperation Plan. Ecuador has since undertaken some informational activities in this area and the CAN, with funding from USAID, is in the process of developing a manual of SPS regulations for eventual dissemination. An SPS initiative could build on this activity. Our preliminary analysis also suggests the region is lacking in laboratory and conformity assessment facilities and expertise. Given that the SPS and TBT chapters largely reinforce commitments already agreed under the respective WTO Agreements, there is a good deal of similar groundwork in both SPS and TBT that could be laid now.

Background/Description: Working with technical experts and the U.S. Missions we would propose to undertake a more in-depth analysis of SPS/TBT needs in the region. Such an analysis would address the likely effectiveness and feasibility of short to medium term projects; the degree of transparency within the existing standards-making process and conformity assessment issues common to TBT and SPS agreements. The second state of this project would be broken out into two subcomponents, one focusing on TBT and the other on SPS. Based on our experience in the CAFTA region, we could quickly develop a regional program of government and private sector training and technical assistance for the Andean region that would complement the various competitiveness initiatives being undertaken by the IDB and World Bank.

Estimated Cost: \$650,000

Timeframe: Analysis: October 2004 to February 2005

Implementation: April to November 2005

RULES OF ORIGIN TRAINING FOR CUSTOMS OFFICIALS AND BROKERS

Meeting Regional Objectives: Rules of Origin (ROO) is a complex but important element of trade facilitation and the free flow of goods. From the day the FTA takes effect, it will be critical that exporters, importers and customs officials clearly understand the FTA's ROO, so that eligible Andean and U.S. products receive the reduced or eliminated duty to which they are entitled. The U.S. ROO system, which largely relies on a shift of tariff headings, is particularly complex for textiles and apparel. In the case of regional content, Andean authorities and producers will need to know how to certify origin. ROO ranks second overall among the Andean governments' priorities as reflected in their submissions for the Hemispheric Cooperation Plan.

Background/Description: Prior to launching a full-scale project on ROO certification and enforcement, a more detailed analysis of the level of training and understanding of Andean Customs officials in the area of ROO would be desirable. This could be carried out by the Regional TCB manager in coordination with a customs expert, perhaps in conjunction with staff from the Andean Community secretariat. Many individual tariff line, and/or "specific" rules will not be known until the negotiations are concluded, but a procedural training program for each Andean country, culminating in a regional event for all customs officials, could be undertaken as the negotiations proceed.

Follow-up activities would involve intensive training for authorities, for export/import brokers, and for trade associations, so that the rules are clearly understood before the FTAs are enacted in each country.

Estimated Cost: \$650,000

Timeframe: Analysis: January to May 2005

Implementation: June 2005 to 2006

Annex A. Proyecto Crecer TCB

Programa Regional - Primera Misión Exploratoria

Equipo de la Misión: Colleen Morton (consultora); Paul Moore (Jefe del Programa) y Rosa Ana Balcázar (coordinadora del Proyecto CRECER)

Relación de Personas Entrevistadas

LIMA – PERU (9-10 de Agosto)

Institución	Cargo	Persona
1. USAID/Perú	Jefe, Equipo de Desarrollo Económico	Richard Newberg
2. USAID/Colombia**	Jefe, Economista	Paul Davis
	Economista	Francisco Gonzáles
3. Ministerio de Comercio Exterior y Turismo (MINCETUR)	Jefa de la Mesa de TCB para la negociación del TLC con USA	Mercedes Araoz
4. Banco Interamericano de Desarrollo (BID)	Especialista Sectorial	Gonzalo Deustua
5. Corporación Andina de Fomento (CAF)	Programa Andino de Competitividad	Marcela Benavides
6. Comunidad Andina (CAN). Secretaria General	Coordinadora	Elsa Luengo
	Gerente de Administración Financiera de la Cooperación	Fernando Planas
. Consejo de organizaciones de la Micro Pequeña y Mediana Empresa (COMPYMEP)	Presidente	Rómulo Fernández
7. Perú Cámaras	Presidente	Samuel Gleiser

QUITO – ECUADOR (11-12 de Agosto)

Institución	Cargo	Persona
1. USAID/Ecuador	Gerente del Proyecto. Crecimiento Económico	María Lorena Correa
	Office Director Office of Economic Growth and Development	Rick Garland
	Asistente del Proyecto	Alicia Guzmán
2. Proyecto SALTO (Proyecto de Fortalecimiento de Microfinanzas y Reformas Macroeconómicas)/DAI	Consultor	Esteban Vega
	Director del Proyecto	Alexander Shapleigh
3. Corporación Andina de Comercio (CAF)	Ejecutiva Programa Andino de Competitividad	Olga Patricia Roncacio
4. Banco Interamericano de Desarrollo (BID)	Especialista Sectorial	Guillermo Arrivillaga
5. Ministerio de Relaciones Exteriores	Primer Secretario Negociador para la Mesa de TCB	Xavier Aliaga
6. Asociación de Industriales Textiles del Ecuador/ Empresas Pinto S.A.	Empresario. Representante del Sector de Empresas Grandes del Sector Privado en las negociaciones TLC con USA	Mauricio Pinto
7. Consultor APOYO. Investigación de Mercados	Gerente Técnico Cuantitativo	Gabriel Labó

LA PAZ – BOLIVIA (16-17 de Agosto)

Institución	Cargo	Persona
1. USAID-Bolivia	Sub-Directora Equipo de Oportunidades Económicas	Margaret Enis
	Comunicaciones y Oficial de Asuntos Públicos	Walter Mur
2. Chemonics-Programa Bolivia Competitiva en Comercio y Negocios (BTBC)	Chief of Party	Jules Lampell
	Gerente de Políticas de Competitividad	Walter Nuñez
3. Cámara de Exportadores (Camex)	Gerente General	José Kuhn
4. Vice-Ministerio de Comercio	Asesor	Sergio Calderón
	Asesor	Rodney Pereira

Annex B. Principales Actividades Financiadas por el Proyecto CRECER: setiembre 2003-setiembre 2004

1. Fortalecimiento de la capacidad negociadora y de comercio exterior en el marco del Acuerdo de Libre Comercio con EEUU.

- Transferencia de experiencias internacionales en negociación de países que ya tienen un acuerdo comercial con Estados Unidos como El Salvador, Chile y México. Las visitas de los representantes de estos países han servido para consolidar el *benchmarking* y aprovechar las lecciones aprendidas de estas experiencias para su aplicación directa a la negociación del TLC.
- Estudio sobre el impacto sectorial y regional del ATPDEA.
- Adaptación de curso de la Universidad de Harvard para la capacitación a funcionarios de gobierno (en comercio; manejo macroeconómico y relaciones exteriores) en análisis económico del comercio exterior y técnicas de negociación.
- Asesoría a empresas exportadoras de alimentos a los EEUU acerca del cumplimiento de la Ley contra el Bioterrorismo. Se buscó atender y resolver todas las consultas sobre los problemas y dificultades para cumplir con los requerimientos de las normativas, así como mantener informadas a las empresas exportadoras de alimentos sobre las últimas publicaciones del FDA con relación a esta ley.
- Estudios sobre transparencia para la promoción de exportaciones y competitividad municipal para las exportaciones.
- Estudios sobre el desarrollo de potencial para exportación de servicios.
- Foro sobre situación actual y potencial de las exportaciones de servicios.
- Capacitación en HACCP y estándares de calidad en la cadena de café. Se trabajó en cinco zonas cafetaleras del país.

- Estudios sectoriales: algodón y azúcar.
- Estudio sobre Regulación Laboral en el Perú a propósito de la discusión de la nueva Ley General del Trabajo.
- Estudio sobre los aspectos laborales del TLC con EEUU para el Perú.
- Estudios para la generación de Planes de Exportación Regionales
- Asistencia técnica al Ministerio de Comercio para la implementación de un modelo de equilibrio general y parcial que permita anticipar los impactos del TLC en las principales variables de comercio y macroeconómicas.

2. Outreach

- Estudio de actitudes y percepciones a cargo de DATUM Internacional. Esto con el fin de recoger información cualitativa y cuantitativa a través de una encuesta general a la población y consultas específicas a informantes claves como representantes gremiales; microempresarios; autoridades de gobierno, representantes del Congreso; representantes de la sociedad civil organizada; medios de comunicación; entre los más importantes.
- Seminario Andino para periodistas: rol de los medios de comunicación en las negociaciones del Tratado de Libre Comercio. El primer seminario andino se realizó en julio del 2004 con la presencia de Diego Fonseca, Director de América Economía, como expositor principal. El seminario convocó a periodistas de los principales medios de prensa escrita y hablada de Bolivia y Quito, así como periodistas locales.
- Seminario Regional Sur con periodistas. Como en el caso de Lima, este evento fue realizado en el Cuzco con la presencia de periodistas de la zona sur andina del Perú.
- Estudio de casos de éxito de MYPIMES. A la fecha se ha realizado cerca de cinco crónicas regionales que están siendo revisadas. Se espera completar 20 e un inicio y luego 50 para ser publicadas en un texto escrito de difusión amplia.
- Talleres regionales (norte, centro y sur del país) de información, comunicación y capacitación sobre el TLC y sus beneficios. Estos talleres buscaron generar mayor participación ciudadana en la discusión de los temas asociados a la negociación del TLC con EEUU y difundir información frente al gran desconocimiento del tema que se diagnóstico a partir de las encuestas de DATUM. Las audiencias con la que se ha trabajado fueron: periodistas; empresarios medianos y pequeños; grandes empresarios; cámaras de comercio de Lima y Regionales; estudiantes universitarios; funcionarios de gobierno; entre los más importantes.
- Seminario Regional de Cámaras de Comercio en el Cuzco. Este es un esfuerzo conjunto de CRECER y la Cámara de Comercio del Cuzco para promover la discusión de los temas comunes que atañen a las Cámaras Regionales en cuanto a desarrollo empresarial regional con proyección al comercio exterior. El evento contempla la exposición de prestigiosos expertos de Chile y México.

- Talleres para MYPIMES. Construcción participativa de una posición frente al TLC desde las bases de las MYPIMES.

3. Contribución al desarrollo de nueva y más moderna infraestructura para la competitividad sobre la base de la experiencia nacional e internacional.

- Preparación del Primer Plan Nacional de Desarrollo Portuario. Financiamiento compartido con el Banco Mundial para el desarrollo del Primer Plan Nacional de Desarrollo Portuario. Actualmente, esta asistencia técnica está en proceso. Para ello lo cual se han contratado expertos internacionales que están apoyando el trabajo de la Autoridad Portuaria Nacional y del equipo técnico del Ministerio de Transportes. Se esperan los primeros resultados para setiembre de este año.
- Estudio sobre la concesión del puerto de Matarani. CRECER ha financiado estudios para documentar los beneficios y lecciones aprendidas de experiencias recientes en la concesión e intervención del sector privado en la provisión de servicios públicos que atienden al comercio exterior.
- Programa de Protección de los Buques y las Instalaciones Portuarias: Código ISPS. Con el aporte de CRECER a la fecha, se logró que 32 puertos se encuentren con status de aprobación y siete con status de auditorias de un total de 39 puertos peruanos que realizan operaciones de importación y exportación. Las metas futuras, aparte de culminar con la certificación de los puertos, es mantener los programas de seguridad en cada instalación portuaria e incrementar todo el sistema de seguridad en los puertos trabajando conjuntamente con los administradores portuarios, la comunidad portuaria

4. Facilitación de mecanismos e instrumentos que promuevan la inversión privada.

- Estudio para introducir modificaciones a los convenios de estabilidad jurídica (sea esta tributaria, de impuestos o de otra índole). Esto con el fin de hacer más racional el otorgamiento de beneficios tributarios y/o impositivos a las empresas que quieran realizar grandes inversiones extranjeras en el Perú.

Annex C. Ecuador Bilateral TCB Projects

5. Visit by Head of Department of Communications from the Chilean Foreign Ministry
6. Training for Journalists on Competition Law
7. Facilitator for Inter-Institutional Network on Competition
1. Bio-Terrorism Videoconference
2. Visit by Costa Rican Negotiators
3. Consultant Advice for the Negotiations Team
4. Financial Services Committee/FTA
5. Hemispheric Cooperation Program (HCP) Update
6. Seminar on Rules of Origin
7. FTA Web Site Development
8. Impact Studies
9. Sanitary/Phytosanitary Measures
10. Dissemination of Information on the FTA to Civil Society (pending)
11. Customs Reform (pending)
12. Services
13. Financial Services

Annex D. Bolivia's Bilateral TCB Projects

- Aproximadamente 50 empresas asistidas en las tres principales ciudades de Bolivia (La Paz, Cochabamba y Santa Cruz)
- Asistencia técnica por medio de expertos nacionales y extranjeros, en materia de entrenamiento de personal, capacitación en diseños industriales, montaje de líneas y plantas de producción y patronaje.
- Promoción y búsqueda electrónica de productos y mercados
- Prospección de mercados de exportación
- Apoyo a empresas para participación en ferias nacionales e internacionales
- Estudios para el mejoramiento de los mecanismos de financiamiento
- Estudios para el fortalecimiento de la cadena forestal – comercialización de materia prima forestal.
- Diseño de catálogos comerciales

Área de Mejoramiento del Entorno Competitivo

- Estudios de Impacto en la economía nacional referidos a la apertura internacional
- Estudios para el fortalecimiento de las capacidades bolivianas de comercio
- Entrenamiento de negociadores internacionales
- Entrenamiento de alta gerencia para PYMEs
- Fortalecimiento del régimen de propiedad intelectual en Bolivia
- Fortalecimiento institucional de las organizaciones del sector exportador
- Formulación de Planes de Negocios para firmas seleccionadas
- Asistencia técnica al Ministerio de Desarrollo Económico
- Campaña nacional para el fortalecimiento de la conciencia exportadora