

South America Regional

The Challenge

The U.S. Congress renewed the Andean Trade Promotion and Drug Eradication Act (ATPDEA) to promote economic alternatives to drug-crop production in the Andean region that includes Peru, Bolivia, Colombia and Ecuador. The South America Regional Program complements both the ATPDEA and the Trade Promotion Agreements now under negotiation. The program addresses common challenges these countries face, which prevent them from taking full advantage of this expanded market access. These challenges include the perception of high risk that thwarts trade and investment, the lack of straightforward pro-trade policies and trade infrastructure. Country specific technical assistance has been provided to: improve the enforcement of labor and intellectual property laws; strengthen competitiveness through the development of appropriate product and service standards; expand investment through improved competition policy; and streamline customs operations for the more efficient transfer of goods.

Objectives, Sectors and Workforce

Mission Director: Hilda Arellano

MCA Status: Not a Candidate

PEPFAR Focus Country: No

Provided or Received Services From Other Missions: Provided

Program Budget (Appropriations by Objective)		FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07	2005 SO Performance Score		Direct SO Admin. Cost Ratio
530-001 Andean Trade Capacity Building		2,400	1,817	1,485	2,000	-16.7%	1.21	Exceeded	0.00
Country Total		2,400	1,817	1,485	2,000	-16.7%			

Program Budget (Appropriations by Account)		FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Development Assistance		2,400	1,817	1,485	2,000	-16.7%
Total		2,400	1,817	1,485	2,000	-16.7%

Program Budget by Sector and Account		FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Economic Growth	DA	2,400	1,817	1,485	2,000	-16.7%
Total		2,400	1,817	1,485	2,000	-16.7%

Other Major Donors:

Bilateral: None

Multilateral: European Union, Inter-American Development Bank, and the International Labor Organization.

South America Regional PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2004 Actual	FY 2005 Actual	FY 2006 Current	FY 2007 Request
Development Assistance	2,400	1,817	1,485	2,000
Total Program Funds	2,400	1,817	1,485	2,000

STRATEGIC OBJECTIVE SUMMARY				
530-001 Andean Trade Capacity Building				
DA	2,400	1,817	1,485	2,000

Mission Director,
Hilda Arellano

Data Sheet

USAID Mission:	South America Regional
Program Title:	Andean Trade Capacity Building
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	530-001
Status:	Continuing
Planned FY 2006 Obligation:	\$1,485,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2007 Obligation:	\$2,000,000 DA
Year of Initial Obligation:	2002
Estimated Year of Final Obligation:	2007

Summary: The USAID Andean Trade Capacity Building (TCB) Program consists of three main components: enhancing the technical capacity of Andean countries (Bolivia, Colombia, Ecuador, Peru) to prepare for and implement a Free Trade Agreement (FTA) with the United States; increasing regional compliance with the rules of trade emerging from trade negotiations and trade agreements; and strengthening the capacity of entrepreneurs to participate in global markets. The program is designed to increase the ability of these countries to take part in trade negotiations, implement the rules of trade and seize economic development opportunities offered by international trade. Currently the TCB Program is actively engaged in the U.S.-Andean FTA negotiations with Colombia, Ecuador, and Peru, with Bolivia participating as an observer and potential signatory at a later date. USAID implements the Andean Trade Capacity Building program in coordination with the Trade Capacity Building Working Group of the U.S.-Andean Free Trade Agreement. This group comprises representatives from U.S. Missions in the Andean region, other U.S. Government agencies, national authorities involved in trade matters in each country, and multilateral and regional institutions for cooperation and development.

Inputs, Outputs, Activities:

FY 2006 Program:

Increase Trade and Investment (\$1,485,000 DA). To develop strategies and identify regional priorities, USAID continues to facilitate coordination with Bolivia, Colombia, Ecuador, and Peru through a trade capacity building working group during and following the FTA negotiations. Beginning in FY 2006, as FTA negotiations move towards completion, USAID is funding expert analyses and technical training for the four countries. Training consists of techniques for overcoming technical barriers to trade, strengthening transparency, improving the notification of regulations and building private sector awareness within the regulations. Overcoming technical barriers concerning the trade of processed agricultural products will be reviewed and assistance will be provided for its resolution. Technical assistance and training to host governments in the area of labor is improving regulatory frameworks for the Labor, Occupational Safety and Health Inspection Systems of Ecuador and Bolivia as well as enhancing the implementation of labor inspection systems in all four countries. Training and technical assistance in intellectual property rights of regulatory agencies and small and medium enterprises will increase utilization of brand registration, trademarks, and patents in the four countries. USAID is also supporting efforts to increase FTA awareness and other trade agreements. Further, USAID is building consensus in favor of an FTA with the U.S. in the Andean Executive and Legislative Branches, the private sector, with key civil society representatives, and the media. Principal contractors/grantees: Nathan Associates and other implementers to be determined through a competitive process.

FY 2007 Program:

Increase Trade and Investment (\$2,000,000 DA). USAID plans to continue providing technical assistance to national authorities to facilitate compliance with the World Trade Organization (WTO) and FTA standards in the following areas: technical trade barriers, labor, intellectual property rights, and environment. USAID plans to continue to fund efforts to increase stakeholder and public awareness related to the FTA and the challenges and benefits associated with it (awareness, challenges and benefits of other trade issues such as the Free Trade Area of the Americas (FTAA) and WTO are also a focus). In addition, USAID may provide technical assistance to targeted small and medium enterprises in

the participating countries to improve their competitiveness and help them benefit from trade agreements. Principal contractors and grantees: To be determined through a competitive process.

Performance and Results: During Fiscal Year 2005, the program focused on the prioritized areas of competition policy, World Trade Organization (WTO) customs valuation, and sanitary-phytosanitary measures and food safety. USAID financed activities through an interagency agreement with the U.S. Federal Trade Commission (FTC) and the Department of Justice (DOJ) who provided training to 190 high level government officials responsible for competition enforcement in the Andean countries. In Bolivia and Ecuador technical assistance facilitated the drafting of competition legislation in Colombia and it facilitated the investigation of anti-competitive practices in the cement industry. Training and technical assistance in competition policy have allowed Colombia and Peru to engage in issues raised in the WTO Working Group on the Interaction between Trade and Competition Policy (WGTCP), specifically within the area of anti-competitive practices. Training and technical assistance through the U.S. Customs and Border Protection Agency improved Columbia's and Peru's compliance with the WTO Custom Valuation Agreement related to compliance in the application of its customs valuation methodology. Technical assistance and consultancies provided by U.S. Department of Agriculture experts to Andean regulators led to a better understanding of sanitary and phytosanitary rules. Regional TCB technical training during the FTA negotiations and follow up on TCB activities helped to facilitate closure of three FTA chapters: Competition Policy, Customs, and Sanitary and Phytosanitary rules; and made solid gains to chapters closed after the end of the fiscal year. Through the Andean Artisans Entrepreneurs Initiative (AAEI) more than 3,800 artisan households have strengthened their capacity to participate in global markets. Thus, as a result, new sales from artisans reached \$1.158 million during the reporting period.

By FY 2007, USAID expects that several Andean countries (Colombia, Ecuador, Peru, and possibly Bolivia) will conclude bilateral free trade negotiations with the United States, and that the countries will increase their compliance with WTO norms. As a result, trade flows to and from the Andean region will increase, stimulating economic growth, new income and employment opportunities, and reducing poverty in the Andean region. Specifically, USAID assistance will lead to achievement of consensus among negotiating partners on key technical issues, regional convergence of approaches related to FTA and WTO standards, and establishment of monitoring/enforcement systems. In addition, USAID expects that the ATA activity will generate cumulative new sales of \$2.5 million.

US Financing in Thousands of Dollars

South America Regional

	ACI	DA
530-001 Andean Trade Capacity Building		
Through September 30, 2004		
Obligations	5,000	2,400
Expenditures	2,151	400
Unliquidated	2,849	2,000
Fiscal Year 2005		
Obligations	0	1,817
Expenditures	1,653	100
Through September 30, 2005		
Obligations	5,000	4,217
Expenditures	3,804	500
Unliquidated	1,196	3,717
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2006 NOA		
Obligations	0	1,485
Total Planned Fiscal Year 2006		
Obligations	0	1,485
Proposed Fiscal Year 2007 NOA		
Obligations	0	2,000
Future Obligations	0	0
Est. Total Cost	5,000	7,702