United States Government Initiatives to Build Trade Related Capacity in Developing and Transition Countries

Main Report

October 2001

Prepared by the United States Agency for International Development

The United States is a world leader in helping developing countries benefit from trade liberalization and a growing volume of global trade opportunities. The President's **2001 International Trade Agenda** emphasizes the priority to "help developing countries and emerging markets begin the process of integrating themselves into the world trading system."[1] Trade capacity building activities implemented by a broad range of U.S. Government agencies assist developing and transition countries to participate in and benefit from expanding global trade.

[1] Office of the United States Trade Representative, *2001 International Trade Agenda*, May 2001.

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List of Acronyms

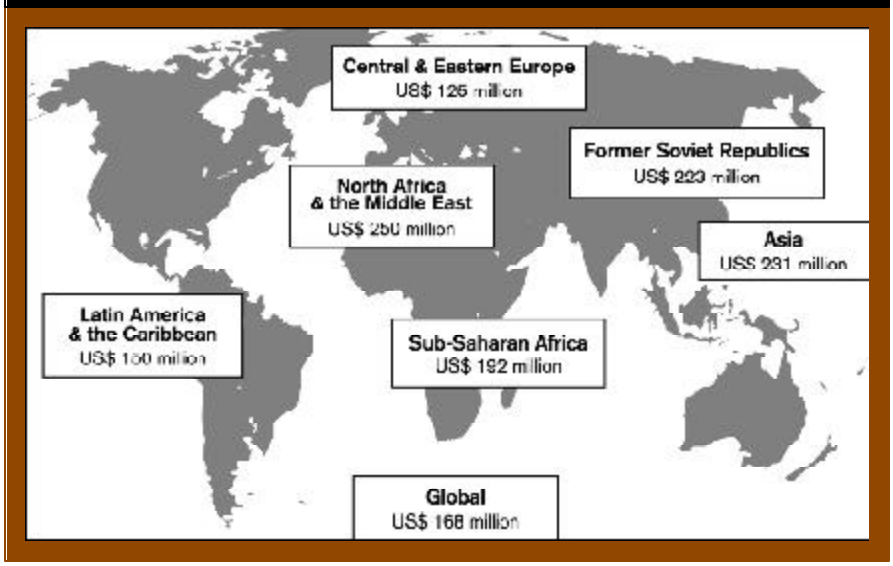
AGOA	African Growth and Opportunity Act (United States)
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
ASYCUDA	Automated System for Customs Data
CARICOM	Caribbean Common Market
CITES	International Convention on Trade in Endangered Species
CLDP	Commercial Law Development Program
COMESA	Common Market for Eastern and Southern Africa
ECOWAS	Economic Community of West African States
FAO	Food and Agriculture Organization (United Nations)
FTAA	Free Trade Area of the Americas
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
IESC	International Executive Service Corps (United States)
IFC	International Finance Corporation (World Bank Group)
ILO	International Labor Organization (United Nations)
IMF	International Monetary Fund
IPPC	International Plant Protection Convention (United Nations)
MERCOSUR	Southern Cone Common Market (South America)
MFN	Most Favored Nation (GATT)
NAFTA	North American Free Trade Agreement
NGO	Non-Governmental Organization
NIST	National Institute of Standards and Technology (United States)
OECD	Organization of Economic Cooperation and Development
OPIC	Overseas Private Investment Corporation (United States)
SADC	Southern African Development Community
TRIMS	Trade Related Investment Measures
TRIPS	Trade Related Aspects of Intellectual Property Rights
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
USCS	United States Customs Service
USDA	United States Department of Agriculture
USDOC	United States Department of Commerce
USDOE	United States Department of Energy
USDOL	United States Department of Labor
USDOT	United States Department of Transportation
USEPA	United States Environmental Protection Agency
USFTC	United States Federal Trade Commission
USSBA	United States Small Business Administration
USTDA	United States Trade and Development Agency
USTR	United States Trade Representative
VAT	Value Added Tax
WAEMU	West African Economic and Monetary Union
WAEN	West African Enterprise Network.
WTO	World Trade Organization

Introduction, Survey Objectives, and Highlights

Introduction

The United States is committed to working in partnership with developing countries and transition economies to remove obstacles to development, among which are barriers to trade. Trade positively affects economic growth because it provides access to imported inputs and new technology; utilizes a country's comparative advantage; allows producers to exploit economies of scale; opens production to international competition, thereby stimulating innovation; and provides consumers access to a greater variety of products at lower prices. The foreign assistance programs of the United States recognize that increased multilateral trade liberalization via a rules-based trading system must be coupled with trade capacity building measures.

Graph 1. U.S. Government Funding for Trade Capacity building by Geographic Region FY1999 – FY2001



In the summer of 2001 the United States Government undertook a survey of its programs and activities that promote trade-related capacity building in developing countries and transition economies around the world. All major federal government departments and agencies were contacted—over 35 in all—and nearly 30 reported providing assistance and support in trade capacity building. (See Annex A: Survey methodology for a list of U.S. Government departments and agencies.)

The results of the survey demonstrate that the United States is devoting substantial resources to a wide range of activities, totaling about US$ 1.3 billion in funding for trade capacity building activities over the three-year period of fiscal years 1999 through 2001. The cumulative total includes US$ 327 million in fiscal year 1999, US$ 457 million in fiscal year 2000, and US$ 556 million in FY 2001. Not only are the annual amounts large, but they are growing.

Objectives of the Survey

The general objective of the survey is to measure and describe those United States assistance programs which help developing and transition economies to increase their capacity to engage in international trade. Specifically the survey was designed to:

- Gather information on United States Government trade capacity building activities and funding obligated in fiscal years 1999, 2000, and 2001.
- Track trends in the levels of United States Government funding by the types of trade capacity building activities, as well as by countries and regions in which these activities are being implemented.
- Describe some key program and project initiatives in trade capacity building to illustrate the type of activities the United States Government supports.

Chapter 2 of this report describes United States Government efforts in support of WTO awareness, accession and participation in WTO agreements by developing and transition countries. The chapter highlights the efforts of those developing and transition countries that the United States has assisted in their efforts to join the WTO as full members. Also detailed is United States Government support for WTO agreements of particular interest and concern to developing and transition countries.

Chapters 3 – 12 describe United States Government support for building the physical, human and institutional capacity of these countries to participate in and benefit more broadly from a rules-based global trading system. Maximum benefit from participation in a WTO rules-based trading system comes about only when developing countries and transition economies have the required institutional, physical and human capacity to take advantage of trade opportunities. The capability of an economy to mount an effective supply response to global trade has many dimensions that overlap

Types of Trade Capacity Building Assistance

The United States Government assists countries to become aware of, accede to, and participate in the World Trade Organization (WTO) and the global trading system. In addition, assistance is provided to build the physical, human, and institutional capacity of these countries to participate in and benefit more broadly from rules-based trade. The effective trading capability of an economy has many dimensions that overlap extensively with the broad needs of economic development. The types of foreign assistance in support of those objectives include the following:

WTO Awareness and Accession – To provide a basic understanding of the WTO Agreements, helping access candidates to identify changes to laws, regulations, policies, and procedures necessary to complete negotiations on the terms of WTO membership.
WTO Agreements – To support countries' efforts towards compliance and implementation, including institution building so that developing and transition countries may reap the benefits of membership.
Trade Facilitation – To lower the costs of engaging in international trade, assistance to business support agencies and market development services, private business organizations, information services, and technology transfer.
Human Resources and Labor Standards – To help workers participate in the gains from trade and protect their rights in trade related sectors, support for workforce skills development, worker rights and labor standards, elimination of child labor exploitation and gender bias.
Financial Sector Development – To help make financial systems responsive to the needs of trade, reforms in banking and securities markets and implementation of laws and regulations that protect and promote trade-related investment.
Trade-Related Infrastructure Development – To build the physical capacity to conduct international commerce, support for trade-related telecommunications, marine ports, airports, and related facilities.
Environment – To assure that trade is environmentally neutral or positive, efforts to improve environmental regulations and standards, as well as to promote transfer of environmental technology for sustainable development.
Competition Policy – To assure that participation in international trade is conducted on an equal footing and benefits consumers, support for developing and promoting competition, including strengthening antitrust laws and eliminating local monopolies.
Agricultural Development – To extend the benefits of trade to rural sectors, support for trade-related aspects of agriculture technology development and agribusiness.
Services – To help developing and transition countries engage in international services trade, support for the services sectors in those countries.
Governance and Inter-Agency Coordination – To make government trade programs more accountable, trade policies and regulations more transparent, and to improve planning and communications among government agencies working in trade policy formulation and implementation.

extensively with the broad needs of economic development. These chapters describe the United States trade-related capacity building activities of its development assistance and technical cooperation in key program areas. (See box on page 4.)

Highlights of the Results

The United States is funding a broad range of activities in support of trade-related capacity building. Though resources are especially concentrated in trade facilitation, human resources and labor standards, financial sector development, and infrastructure development, significant funding has been provided for nearly a dozen diverse types of trade capacity assistance. Table 1 summarizes the allocation of funds between major trade capacity building categories.

The diversity of trade capacity building assistance types is matched by the diversity of United States Government agencies that assist to promote trade capacity in developing countries and transition economies. Though a few agencies account for the bulk of the effort, nearly thirty United States Government departments, agencies, and offices are involved in providing trade capacity building assistance. (See Annex A for full details.)

The United States supports developing and transition countries in their efforts to become full participants in the World Trade Organization (WTO) rules-based trading system. Of the total US$ 1.3 billion in funding for trade capacity building support that the United States provided in the period 1999–2001, US$ 117 million, or 9 percent, was devoted to support for WTO awareness, accession and participation in the specific Agreements. Table 2 provides funding details with respect to specific assistance for Agreements.

United States assistance in trade-related capacity building is wide-ranging from a regional perspective as well. As illustrated in Graph 2 and Table 3, the United States has funded trade capacity building programs and activities in every region of the developing world,

Table 1. United States Support for Building Trade Capacity by Assistance Category FY 1999 – FY 2001 (US$ Millions)

	FY1999	FY2000	FY2001	Total[1]
WTO Awareness and Accession	7.0	11.7	16.0	34.7
WTO Agreements	9.9	35.3	36.9	82.1
Trade Facilitation	59.2	90.7	95.0	244.9
Human Resources and Labor Standards	40.1	84.2	132.1	256.4
Financial Sector Development	106.8	64.0	63.0	233.8
Infrastructure Development	9.6	26.9	33.1	69.7
Environment	19.7	29.3	31.4	80.4
Competition Policy	19.6	28.7	37.8	86.2
Agricultural Development	25.8	34.7	32.5	92.9
Services	10.1	15.8	26.1	52.0
Governance and Inter-Agency Coordination	18.1	26.2	44.1	88.6
Other	0.5	9.2	7.6	17.2
Total Trade Capacity Building[1]	**326.5**	**456.7**	**555.6**	**1,338.8**

[1] Due to rounding, numbers in columns or rows may not sum to totals.

Table 2. United States Support for WTO Awareness, Accession, and Participation in Agreements FY 1999 – FY 2001 (US$ Millions)

	FY1999	FY2000	FY2001	Total[1]
WTO Awareness and Accession	7.0	11.7	16.0	34.7
WTO Agreements	9.9	35.3	36.9	82.1
Trade in Goods	1.7	5.5	2.7	9.8
Agreement on Agriculture	2.3	9.3	4.1	15.8
Sanitary and Phyto-Sanitary Measures	1.6	3.6	6.5	11.7
Technical Barriers to Trade	0.7	2.2	4.5	7.4
Trade-Related Investment Measures	~ ~	1.2	2.0	3.2
Anti-Dumping	0.1	0.7	~ ~	0.8
Customs Valuation Methods	0.6	1.3	3.5	5.4
Rules of Origin	0.1	0.7	1.5	2.3
Import Licensing Procedures	0.0	0.6	1.4	2.0
Subsidies and Countervailing Measures	0.1	1.2	0.2	1.5
Safeguards	0.1	1.3	0.1	1.4
Trade in Services	~ ~	1.2	3.4	4.6
Intellectual Property Rights	0.8	2.8	3.5	7.1
Dispute Settlement	0.5	0.4	0.3	1.1
Trade Policy Review Mechanism	0.6	1.8	1.5	4.0
Government Procurement	0.7	1.5	1.9	3.9
Total All WTO–related Support[1]	16.9	47.0	52.9	116.8

~ ~ Indicates funding greater than zero but less than fifty thousand dollars.

[1] Due to rounding, numbers in columns or rows may not sum to totals.

including global programs that benefited all regions.

United States trade capacity building assistance is reaching countries in all stages of development and transition, as illustrated in Graph 3. (See Annex B for the list of countries.) For 1999–2001, 12 percent of the assistance went to countries defined by the United Nations as Least Developed Countries. Transition economies, which include those of the former Soviet Republics and Central and Eastern Europe, received 30 percent and other developing countries the remainder.

In the funding totals, every effort has been made to capture as many United States Government trade capacity building initiatives as possible. (The survey methodology is described in Annex A.) However, activities reported here are not all inclusive, but illustrative. Selected activities are described to illustrate the approaches taken in various areas.

Graph 2. Distribution of Funds by Geographic Region FY 1999 – FY2001

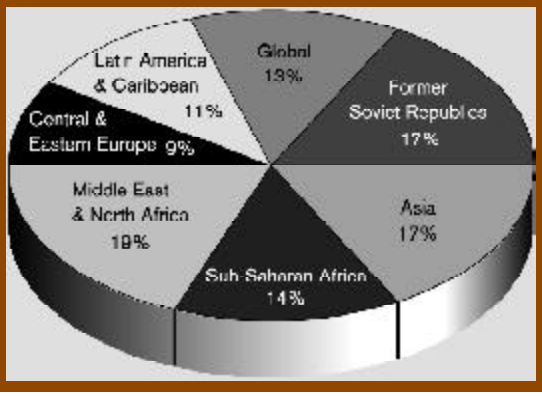
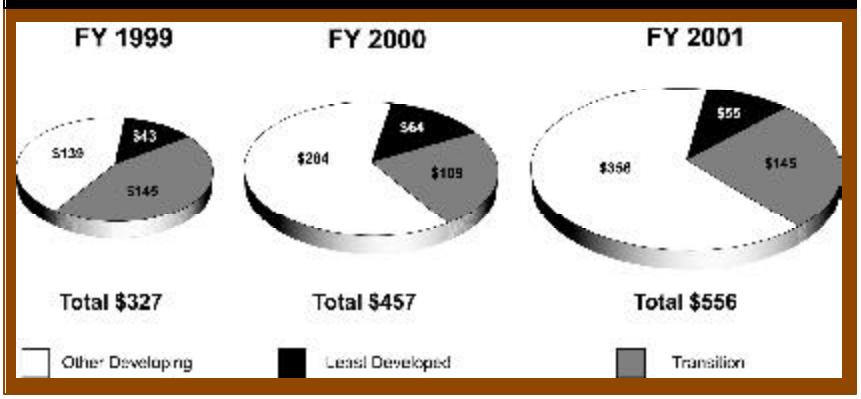


Table 3. United States Support for Building Trade Capacity by Geographic Region FY 1999 – FY 2001 (US$ Millions)

	FY1999	FY2000	FY2001	Total[2]
Middle East and North Africa	21.1	110.4	118.3	249.8
Asia	48.5	69.6	113.6	231.7
Sub-Saharan Africa	65.8	74.7	51.4	192.0
Former Soviet Republics	80.6	65.6	76.7	222.9
Central and Eastern Europe	56.6	29.4	38.5	124.5
Latin America and the Caribbean	41.6	55.6	53.0	150.3
Global[1]	12.3	51.3	104.0	167.6
All Developing and Transition Countries[2]	326.5	456.7	555.6	1,338.8

[1] Assistance programs involving countries from two or more regions and for which country and regional breakdowns were not feasible.
[2] Due to rounding, numbers shown in columns and rows may not sum to totals.

Graph 3. Distribution of Funds by Country Group US$ Millions



See *Survey Methodology* section at end of report for details regarding allocation of funding for global activities among country groups.

WTO Awareness, Accession, and Agreements

WTO Awareness and Accession

Over the three-year period 1999–2001, the United States provided US$ 34.7 million to increase developing and transition countries' awareness of the benefits, rights, and responsibilities of WTO membership and to assist countries in the accession process to become members of the organization.

U.S. Department of Commerce

Full appreciation for the rights and benefits from participation in a WTO rules-based trading system has yet to reach many segments of the public and private sectors in developing and transition countries. As many of them are not yet members of the organization, greater awareness of WTO issues and coordination and communication between the government and the private sector is also desirable to build support for accession. Accordingly, funds have been used to sponsor seminars for public and private leaders about the nature of WTO and the benefits it provides to member countries.

In sub-Saharan Africa for instance, the United States Government has, since 1999, focused on disseminating information on the WTO, the accession process, and the implementation of the various WTO agreements. This aid package has consisted primarily of trade policy workshops that focus on: demonstrating the benefits of trade reform and open markets; clarifying general rights and obligations under the WTO and current issues before the WTO; and addressing particular aspects of the WTO that relates to host-country interests. To date, these workshops have been presented in Benin, Ghana, Kenya, Zambia, Madagascar, Mozambique, Namibia, Senegal, and the Economic Community of West African States (ECOWAS).

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 phyto-sanitary 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.

For 12 developing and transition countries seeking to accede to the WTO, the United States has funded technical advisors and other help related directly to guiding government agencies and legislative bodies in meeting accession requirements. (In addition, the United States has provided these countries as well as others seeking accession, trade capacity building support that reinforces their accession efforts. This support is included in the totals and descriptions of United States trade capacity building initiatives in Chapters 3 through 12.)

In Yugoslavia, for example, the United States is funding a program designed to help the government implement policy, legal, and regulatory reforms to ensure full compliance with WTO agreements and build institutional capacity to handle the process of preparing and negotiating accession to the WTO, to address post–WTO accession related matters (e.g. notification and dispute settlement), and to administer and enforce WTO–related laws.

The United States also provides technical assistance on WTO accession matters through the United States Department of Commerce's Commercial Law Development Program that has implemented activities in the countries of Eastern Europe and the Former Soviet republics, including Albania, Moldova, Russia, and Ukraine. The Program has provided resident trade experts to these countries to serve in an advisory role with government ministries tasked with trade policy and negotiations. Additionally, the Program conducts short-term programs including seminars and in-country workshops on specific issues. The Program also supports the respective governments' efforts to accede to the WTO and improves the legal climate for doing business in those countries. Specific Commercial Law Development Program activities include:

- Analysis of laws and regulations pertaining to WTO compliance;
- Counsel to improve the customs regulations and procedures for WTO compliance;
- Regulatory reform;
- Studies of legislative actions necessary for WTO accession;
- Extending information on the benefits and responsibilities of WTO membership to public institutions and private enterprises; and
- Training in specific elements of WTO accession requirements and trade liberalization.

The United States Agency for International Development (USAID) also has a program to assist Lebanon's accession process. The objectives are to help Lebanon to complete all initial work necessary to engage in the first

Georgian Accession to the WTO

Georgia initiated the process of accession to the World Trade Organization in July, 1996 with an application for observer status. Just over three years later, in October, 1999, the WTO General Council formally approved Georgia's accession. For most of that time, USAID provided technical assistance to help the government of Georgia fulfill the requirements of the demanding process of accession.

Once the government of Georgia had made a firm commitment to WTO accession, the USAID assistance program was able to work closely with the government, bring in short-term advisors, sponsor visits by Georgian delegations to the WTO, and respond to requests for assistance on developing legislation and intellectual property issues. The resident advisor programs enabled the government of Georgia to understand the process and adhere to a regular schedule of meetings on key issues.

Measured by the start and end dates of the application process, Georgia represents a case of remarkably rapid WTO accession. The USAID–funded projects established valuable working relationships with local Georgian lawyers, as well as other donors working in the country.

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 helping Lebanon to develop a comprehensive WTO accession master plan. USAID will also help implement the accession steps detailed in the plan. The master plan and subsequent technical assistance addresses 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 defining 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 WTO Representative;
- 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, sanitary, phyto-sanitary, 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; and
- Potential obstacles to WTO accession and strategies to overcome them.

For FY 2002 the United States Government will continue to assist the Government of Russia in its efforts to gain entry to the WTO. The focus of the United States effort will be to strengthen the institutions that will implement Russia's WTO obligations following accession. In addition, the U.S. Government will support the Russian government's campaign to inform the public and private sectors of the benefits and obligations of WTO membership.

WTO Agreements

The WTO Agreement encompasses the Multilateral Agreement on Trade in Goods, the General Agreement on Trade in Services (GATS), the Agreements on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the Understanding on Rules and Procedures Governing the Settlement of Disputes, the Trade Policy Review Mechanism and the Plurilateral Trade Agreements.

Developing and transition countries which became members of the WTO at its outset in 1995 still must make the same changes as countries going through the accession process, even though, as members, they were given more extended periods than developed countries to come into compliance with WTO commitments. Compliance with WTO agreements often requires extensive changes in policies, laws, and regulations in a wide range of areas. These can impose significant demands on the limited institutional resources of some developing and transition countries.

In addition, the legal framework may need modification to improve transparency, administrative and judicial procedures, and criminal/civil procedures and penalties. Meeting WTO commitments 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 private and political support for WTO participation.

Over the three-year period 1999–2001 the United States provided US$ 82.1 million to help developing and transition countries understand and comply with the various WTO Agreements. While this funding covers support to developing and transition countries related to all WTO agreements, descriptions are given below of United States assistance in support of compliance with respect to several specific ones:

- Agreement on Agriculture
- Agreement on Application of Sanitary and Phyto-Sanitary Measures
- Agreement on Technical Barriers to Trade
- Agreement on Anti-Dumping
- Agreement on Customs Valuation
- Agreement on Subsidies and Countervailing Measures
- Agreement on Trade in Services
- Agreement on Trade-Related Aspects of Intellectual Property Rights

Agreement on Agriculture

Agricultural trade issues played a central role in the GATT Uruguay Round of trade negotiations. Each signatory made a number of commitments on market access, reduced domestic agricultural support levels and reduced export subsidies. One of the major objectives of this agreement was to eliminate non-tariff border measures and replace them with tariffs that are bound and scheduled for reduction and eventual elimination. WTO members are also required to reduce the value of direct export subsidies. In the case of developing countries, the reductions are two-thirds

those of developed countries over a ten-year period, with no reductions applying to the Least Developed Countries.* Subject to certain conditions, the Agreement does not require developing countries to make commitments on subsidies to reduce the costs of marketing exports of agricultural products or internal transport and freight charges on export shipments.

The United States provided US$ 15.8 million over the period 1999–2001 to assist developing countries comply with their commitments under the WTO Agreement on Agriculture. (Note: The United States provided an additional US$ 92.9 million during the period for trade related agriculture development. See Chapter 9 for details.) With regard to the WTO Agreement on Agriculture, the U.S. assistance supported data gathering and analysis critical to determining levels at which tariffs should replace non-tariff barriers and aided in the crafting of national legislation on agricultural imports and exports that is WTO-consistent.

The United States Department of Agriculture (USDA) plays a key role in this area by assisting countries to evaluate trade policies associated with agricultural sectors. The USDA works to strengthen the ability of emerging market countries to develop sustainable agricultural systems and strengthen and enhance trade links between the United States and those countries. Under this initiative, sixty-nine officials from developing and transition 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 agricultural trade.

Through a variety of training programs, the United States has a fostered greater understanding of the commitments embodied in the Agreement on Agriculture. For example, in September 2000 USDA's Foreign Agricultural Service organized a WTO training session for senior level policy makers and analysts from the Baltics and Moldova. The training focused on how to establish an effective interagency clearance process, to work with the private sector, and to prepare and review WTO notifications. As part of their training, participants traveled to Geneva to participate in a meeting of the WTO Committee on Agriculture to gain first-hand experience in the workings of the Organization. The program provided a better understanding of the ongoing agriculture negotiations and gave the trainees the technical expertise with which to engender political support for current WTO issues within their own countries.

USAID

In the Philippines, the United States provided technical advice to help the government comply with the special agriculture safeguards conditions of the WTO Agreement on Agriculture. United States advisors worked with Philippines Government agencies and legislative officials in drafting WTO-consistent safeguard legislation, participated in technical working group meetings, and conducted briefings to key members in Congress. In July 2000 the Safeguards Act of 2000 was signed into law.

Agreement on Sanitary and Phyto-Sanitary Measures

The Agreement on the Application of Sanitary and Phyto-Sanitary Measures establishes rules and procedures to ensure that national sanitary and phyto-sanitary regulations address legitimate human, animal and plant health concerns, do not arbitrarily or unjustifiably discriminate against other WTO members' agricultural and food products, and are not disguised restrictions on international trade. Sanitary and phyto-sanitary measures protect against risks associated with plant or animal borne pests and diseases, additives, contaminants, toxins and disease-causing organisms in foods beverages or feed stuffs.

The Agreement requires that measures be based on science and developed through systematic risk assessment procedures. At the same time, the Agreement preserves every WTO Member's right to choose the level of protection it considers appropriate with respect to sanitary and phyto-sanitary risks. Member countries may use international standards, guidelines and recommendations where they exist, or may use measures which result in higher standards if there is scientific justification. The standard setting bodies recognized in the Agreement are the Organization for International Epizootics which covers animal health; the International Plant Protection Convention which covers plant health; and the Codex Alimentarius which covers food safety.

The United States provided US$ 11.7 million over the period 1999–2001 to strengthen the sanitary and phyto-sanitary measures of developing and transition countries. This assistance supported activities to establish: process and production methods; testing, inspection, certification, and approval procedures; statistical methods and sampling procedures; risk assessment methods; and quarantine treatment.

USDA manages a Technical Resolu-

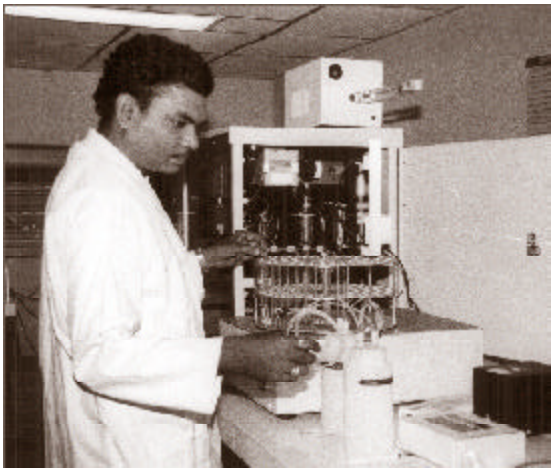
* Note: The WTO provides special arrangements for compliance to the Least Developed Countries as defined by the United Nations. See Annex B for a list of the least developed countries that have received United States support for trade capacity building during the period examined in this survey.

tion 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 bio-safety 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 Bio-safety 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 bio-safety issues.
- Assistance to Mexican meat plant managers to ensure compliance with the USDA Food Safety and Inspection Service's Pathogen Reduction/Hazard Analysis Critical Control Point Regulations.
- A study tour for a team from the Lithuanian State Veterinary Service that met with United States 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 Former Soviet republics. 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 seven 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 Philippines is currently in the process of completing its sanitary and phyto-sanitary standards and ensuring that these conform to international standards. It is also strengthening its capability in enforcing the same. U.S. advisors assisted the Department of Agriculture formulate WTO-consistent sanitary and phyto-sanitary rules for meat imports. They also helped improve the Department's institutional structure and procedures for more effective and efficient sanitary and phyto-sanitary rules implementation.



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Agreement on Technical Barriers to Trade

The Agreement on Technical Barriers to Trade establishes rules and procedures regarding the development, adoption and application of voluntary product standards, mandatory technical regulations and the procedures (such as testing or certification) used to determine whether a particular product meets such standards or regulations. Its aim is to prevent the use of unnecessary technical requirements as barriers to trade.

The Agreement applies to a broad range of industrial and agricultural products, with the exception of sanitary and phyto-sanitary measures which are covered under a separate agreement discussed above. Standards, technical regulations and conformity assessment procedures are to be developed and applied on a non-discriminatory basis, transparently, and with guidelines, when appropriate. The Agreement can cover both the physical characteristics of products as well as the processes by which products are manufactured.

The United States provided US$ 7.4 million during the period 1999–2001 in support of developing and transition country participation in the WTO Agreement on Technical Barriers to Trade.

For example, the United States recently provided $640,000 to the World Bank to assist African countries to participate in the development of standards and to disseminate information on standards to facilitate their market access. Under the project, Kenya, Mozambique, Nigeria, South Africa and Uganda are receiving support and advice to establish and meet standards as they apply to agriculture, light manufacturing and other exports. This advice and support will enable the five nations to boost exports and raise incomes.

Agreement on Anti-Dumping

The Agreement on Anti-Dumping sets forth detailed rules and disciplines prescribing the manner and basis on which WTO members may take action to offset the injurious dumping of products imported from another member. This Agreement contains very specific rules in areas such as the detailed calculation of the dumping margin, the determination of injury or threat thereof, and evidence to be used and duration of the anti-dumping duties. The United States provided US$ 0.8 million in assistance to help developing and transition countries create conditions for meeting their WTO anti-dumping commitments.

For example, the United States has supported the initiatives of the Philippine government to align its laws on anti-dumping with the WTO Agreement on Anti-Dumping. The country's prior anti-dumping law contained provisions inconsistent with the Agreement. The U.S. program was designed to correct these inconsistencies

by helping to develop a new anti-dumping law. The technical assistance provided was in the form of technical comments on draft bills, participation in the technical working group for the draft bills, briefings to members of the legislature, and backstop support to the different agencies during deliberations and for the House committee panel during the bicameral conference meeting. In June 1999, the Philippines President signed into law a WTO–consistent Anti-Dumping Act.

Agreement on Customs Valuation

The purpose of the Agreement on Customs Valuation is to ensure that the valuation of goods for customs purpose, such as for the application of duty rates, is conducted in a neutral and uniform manner precluding the use of arbitrary or fictitious customs values. The WTO Agreement sets forth an obligation that customs valuation shall, except in specified circumstances, be based on the actual price of the goods to be valued, which is generally shown on the invoice. This price, plus adjustments for certain elements, equals the transaction value and constitutes the first and most important method of valuation in the Agreement. Developing country members were provided a delay of five years from the date of their respective enactment of the Uruguay Round Agreement for the implementation of the Agreement on Customs Valuation.

Experience has demonstrated that implementation of the Agreement often represents a first step by developing countries toward reforming their customs regimes and ultimately moving to a more broad rules-based border environment for conducting trade transactions. The United States Government has provided US$ 5.4 million over the period 1999–2001 to assist developing and transition economies worldwide to reform and modernize their customs laws and operations. Though this often begins with or includes assistance with valuation, it extends to building capacity to conducting more efficient customs processing systems generally.

In the Philippines, for example, 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 FY 2000, USAID provided technical assistance in the customs area designed to assist African countries in expediting the movement of goods across borders and in complying with the WTO customs valuation agreement. It is also assisting regional trade organizations on matters such as better harmonization of procedures and the introduction of a regional customs-bond guarantee scheme.

In Guatemala, a USAID funded 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, in order to better implement certain provisions of the Customs Valuation Agreement

USAID has provided comprehensive technical assistance to Jordanian Customs: to bring the country's customs procedures and regulations into compliance with WTO requirements; to train Customs officials, brokers, and the private sector in the new procedures and valuation methods; create the necessary customs institutional framework; and to provide computerized customs systems and install the necessary hardware and software.

In China, the United States Customs Service (USCS) is providing technical assistance in customs valuation and helping to make the Port of Shanghai a model customs entry point by November 2001, when China will host the APEC Leaders' meeting. As part of a public–private partnership, USCS has completed an on-site

Improving the Performance of the Customs Administration in Armenia

During the month of March 2000, a team of international experts on customs operations convened a diagnostic workshop on the Customs Administration of Armenia. This USAID-funded project drew upon American, Canadian, and British expertise. The workshop accomplished four objectives:

- Determined the expectations of the Government of Armenia with respect to the performance and operations of its Customs Administration;
- Identified issues, problems, and challenges in meeting those expectations;
- Developed a work plan with the Customs Administration that identified solutions, costs, and time frames to improve the performance of Armenian Customs; and
- Ensured that the plan is consistent with international customs standards and WTO agreements.

In addition to the workshop itself, the team of customs experts held a series of meetings and interviews with numerous officials and organizations—both in and out of government—with a stake in the performance of customs. These groups and individuals included importers, exporters, freight forwarders, the airport authority, other government ministries, NGOs, business organizations, and multilateral organizations. The team of customs experts completed their diagnostic report in April 2000 and in March 2001, the Government of Armenia approved the "Action Plan for Customs Reform."

assessment of the current status of customs processing in Shanghai and has developed a cutting-edge training program for Shanghai customs officers.

The 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.

For example, in support of the Asia–Pacific Economic Cooperation (APEC) group of Pacific Rim countries, the USCS has provided technical assistance on customs issues such as temporary importation, risk management, express consignments, and valuations in China, 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.

Agreement on Subsidies and Countervailing Measures

The Agreement on Subsidies and Countervailing Measures provides rules and disciplines for the use of government subsidies and the application of remedies through either WTO dispute settlement or countervailing duty action to address subsidized trade that causes harmful commercial effects. The Agreement currently divides subsidy practices among two categories: prohibited subsidies; and permitted yet actionable subsidies.

The United States has provided US$ 1.5 million in support of developing country compliance with the WTO Agreement on Subsidies and Countervailing Measures. Support has been directed toward developing a better understanding of the fine line between allowable measures and those that are subject to a dispute.

For example, United States sponsored advisors, working with Philippines government agencies to mold a WTO–consistent policy, conducted briefings with key members of both Houses of Congress, helped draft legal language introducing WTO-consistent provisions into the bills, and provided technical support during the bicameral conference committee meeting. The assistance at the bicameral conference in August 1999, led to an "Act Strengthening the Mechanisms for the Imposition of Countervailing Duties" consistent with the WTO Agreement which was signed into law.

USAID

General Agreement on Trade in Services

The General Agreement on Trade in Services is designed to reduce or eliminate governmental measures that prevent services from being freely provided across national borders or that discriminate against locally established service firms with foreign ownership. The Agreement provides a legal framework for addressing barriers to trade and investment in services. It includes specific commitments by WTO Members to restrict their use of those barriers and provides a forum for further negotiations to open services markets around the world.

The General Agreement on Trade in Services (GATS) covers all internationally traded services as defined by the agreement in four classes: services supplied from one country to another (e.g. international telephone calls), officially known as "cross-border supply"; consumers or firms making use of a service in another country (e.g. tourism), officially known as "consumption abroad"; a foreign company setting up subsidiaries or branches to provide services in another country (e.g. foreign banks setting up operations in a country), officially "commercial presence"; and individuals traveling from their own country to supply services in another (e.g. fashion models or consultants), officially "presence of natural persons."

The United States has provided US$ 4.6 million in funding over the period 1999–2001 for assistance to developing and transition countries in support of the General Agreement on Trade in Services. The assistance is directed towards helping countries liberalize and deregulate their services sector.

For example, United States has helped many countries to create a market-oriented legal and regulatory environment for their telecommunications services. This encourages the development of electronic commerce and the businesses that it supports. Through the Internet for Economic Development program, which includes 21 developing countries, USAID has helped several governments prepare new laws to eliminate monopolies on telecommunications services covered by GATS.

In Egypt, USAID funded a conference on the GATS Agreement that was sponsored by the Egyptian Government and the United States Department of Commerce (USDOC). The conference helped increase the level of knowledge in both the government and private sector about the importance of trade in services. The United States also provided a technical consultant to help the Egyptian Government examine the legal and regulatory framework needed to support obligations in the GATS agreement.

Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)

The Agreement on Trade-Related Aspects of Intellectual Property Rights sets minimum standards of protection for copyrights, trademarks, geographical indications, industrial designs, patents and related information. Minimum standards are established by the TRIPS Agreement for the enforcement of intellectual property rights in civil actions for infringement and, at least in regard to copyright piracy and trademark counterfeiting, in criminal actions and actions at the border. The United States has provided US$ 7.1 million in assistance over the period 1999–2001 to developing and transition countries in support of the TRIPS Agreement.

To help developing countries comply with TRIPS, for example, the United States 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 in the administration of intellectual property law, including patent and trademark examination and copyright protection.

The PTO also conducts seminars and training programs to assist countries in the enforcement of intellectual property rights. Countries receiving this assistance 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 a strengthening intellectual property rights project in Egypt that assists Egypt in improving the protection of intellectual property and complying with WTO standards on intellectual property rights. Specific activities and accomplishments to date include:

- Drafting and amending intellectual property rights laws to be consistent with the WTO TRIPS agreement;
- Preparing legal guidelines 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 preparing guidelines on the types of action that would be appropriate in selected cases;
- Training government employees in intellectual property rights issues, including TRIPS implementation and border enforcement; and
- Help to conduct conferences and public awareness campaigns concerning intellectual property rights issues.

Trade Facilitation

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Trade facilitation encompasses activities that lower the cost of engaging in international trade. During the three-year period 1999–2001 the United States provided US$ 244.9 million in trade facilitation support for:

- Strengthening the capacity of public agencies to design and implement sound policies that promote economic growth and to provide reliable and timely market information and statistics;
- Fostering private trade associations to represent the interests of the business community and building linkages between United States enterprises and companies in developing countries and transition economies;
- Bringing information technology within reach of small entrepreneurs; and
- Promoting technology transfer and adoption of standards.

Strengthening the Capacity of Government Institutions to Facilitate Trade

Developing and transition country governments are re-defining their roles in supporting and promoting economic growth through the private sector. The United States Government helps strengthen the abilities of developing countries and transition country governments in two key areas: designing and implementing policies and practices that promote economic growth and integration into the world economy; and providing reliable and timely trade data and market information to domestic private enterprises. Both USAID and USDA play leading roles in providing this type of assistance.

USAID helps developing country governments strengthen 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. Government policy makers and business leaders need better, more reliable, timely information on the economy than is presently available in order to make policy and business decisions.

The United States also has established bi-national commissions in order to increase and establish dialogue if trade 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. 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.

Fostering Private Business Support Organizations and International Business Linkages

Private business support organizations and trade associations can be crucial to trade facilitation by offering services that are often too costly for any one firm to obtain alone. For example, business support organizations may provide: trade leads, partners and contacts for businesses, data and information on export markets, training in foreign business practices and export requirements, and organization for trade missions. They may also 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.

In sub-Saharan Africa, for example, USAID has sponsored the creation and operation of "enterprise networks", three regional associations of young and dynamic businessmen and women. The Enterprise Networks have a dual mission to improve the business climate 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.

USAID also fosters trade and investment linkages between the United States and developing countries. Several activities under USAID's Africa Trade and Investment Policy Program bring together American companies with African counterparts to promote trade. The South African International Business Linkages Project, funded under the Program, 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 Africa Trade and Investment Policy Program activities, one focusing on trade development in natural products and the other focusing on market liberalization and business linkages for cocoa producers, were initiated and provide promising new opportunities for United States and African firms.

The United States Small Business Administration (USSBA) 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 United States, have been organized for Mexico, South Africa and a number of missions from India, among others. In September 2000, for instance, Mexican small business operators traveled to the United States to meet with American counterparts as part of a cooperative agreement with Mexico's Ministry of Economy and National Development Bank to expand trade and investment linkages and transfer small and medium business know-how.

In 1999, the USSBA worked with the Corporate Council of Africa to bring a delegation of American small business operators to South Africa to build trade linkages between the two countries. As a result, a number of joint ventures were developed, and, in the case of South Africa, an office was opened to establish a youth entrepreneur training program. The USSBA has special efforts underway, through the South African Department of Trade and Industry, to establish linkages between small and medium businesses and counterparts in the United States to help expand two-way trade opportunities.

USAID, in FY 2001, assisted the Zambia Investment Center to upgrade its web site and establish an investor-tracking system. USAID has also provided technical assistance to the Zambia Investment Center in the form

of computer hardware and software. Previously, USAID supported the production of an Investor Road Map which has enabled the Zambian Investment Center to focus on the remaining obstacles to attracting investment, especially foreign direct investment, to Zambia. The Investor Road Map is being used by other USAID projects as well as by other donors as a reference document. Assistance to the Zambia Privatization Agency stands out for its accomplishments. With over 250 state-owned enterprises privatized in major sectors such as agribusiness, tourism, mining and others by the year 2000, the now efficiently run private companies stand poised to enable Zambia to play an expanding role in global trade.

In the West Bank/Gaza, USAID launched the Market Access Program in 1999. The 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. The program focuses 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 United States 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 buyers and prospective investors, address export requirements and documentation, and organize participation in trade shows.

In Macedonia, the United States 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 managers to participate more effectively in the global trading system.

In Romania, USAID launched, in FY 2000, a program for strengthening a broad range of private business support organizations as a vehicle for building the long-term capacity of the micro, small and medium-enterprise sector.

Each year, the United States Trade and Development Agency (USTDA) organizes a number of conferences and orientation visits designed to bring together overseas infrastructure sponsors and American firms. These events lead to the formation of mutually beneficial business partnerships that use American technology to help developing and transition countries meet their trade-related infrastructure needs.

The United States Department of Commerce (USDOC) has established a Business Information System to provide a source for trade leads, market information and other business-related data for both American firms and firms based in the former Soviet republics. The system helps establish the search for business partners and provides market reports on a regional basis. It also sponsors business seminars, round-table conferences, and supports training efforts in the former Soviet republics.

The United States–sponsored 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. The IESC has a long record of accomplishment in strengthening local businesses all over the developing world with support and funding from USAID.

Other initiatives that facilitated trade directly at the enterprise level include:

- The United States 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.
- In the West Bank/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.

Bringing Information Technology within Reach of Local Firms

Access to international market information in today's global economy requires access to modern telecommunications and information technology. The United States government supports several initiatives aimed at widening and deepening access to information technology particularly among the least developed nations.

In Africa, the USAID–funded "Leland Initiative" extends the benefits of the global information revolution among countries in the region. The Initiative is a five-year 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; and
- 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 United States Government is helping to increase the availability of trade informa-

tion throughout Africa in the areas of new market development, 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. They have 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.

The USTDA is also actively supporting telecommunications projects around the world. For example, USTDA has approved a grant to the Algerian national electricity supplier to partially fund a feasibility study on the implementation of a supervisory control and data acquisition system and fiber optic transmission lines to enable the firm to become an alternate telecommunications services carrier in the country.

Supporting the Internet for Development Among Developing Countries

Based in part on the successes and experiences of the Leland Initiative, in late 1998 the United States 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; and
- 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 implemented in 21 developing and transition countries. In some cases, the impact on trade is indirect, through a general enhancement of Internet connectivity and expertise. In many case, the trade impact is more direct:

- In Uganda, for example, the United States is providing computers, Internet connectivity, and training to link professional organizations across the country to facilitate information sharing on health, business development, and education issues;
- In Bulgaria, the United States 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; and
- In Guatemala, the United States is helping to develop a financial network to serve small businesses with lending activities, to establish a network of community-based "telecenters" in small towns to facilitate access to information and e-commerce activities, and to support Internet-based resource centers in teacher training schools.

Promoting technology transfer and standards

Among the difficulties developing countries face in expanding their trade programs are the lack of appropriate technologies and 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. The United States Government engages in many capacity-building activities that help developing countries overcome obstacles related to technology and standards that limit their global market opportunities. These activities have primarily focused on expanding opportunities for technology transfer and harmonizing industry standards.

To identify and evaluate international technologies that can accelerate nuclear and petroleum waste cleanup operations, the United States Department of Energy (USDOE) 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 capabilities in transition countries to patent and sell these technologies globally.

For example, 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 deployment of three innovative technologies which include: a "Universal Solvent Extraction Technology" that removes cesium, strontium, and trans-uranium elements from acid

nuclear waste; a "Pneumatic Pulsating Pump" to retrieve high-level of nuclear waste from storage tanks; and a "Hybrid Plasma Induction Cold Crucible Melter" for treatment, on a pilot-scale, of solid mixed radioactive wastes. In addition, three United States patents have been granted for newly identified Russian technologies that are available for USDOE application.

Cooperation between USDOE 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 and marketing these technologies to other nations. Current technologies that are being demonstrated include both phyto- and bio-remediation projects that recently identified 36 previously unknown microbes that have the potential to greatly expand the implementation of phyto- and bio-remediation in the United States and around the world.

Technology transfer builds trade opportunities at even the very local level. USAID is working with craft producers and export agents in Mali and Peru to help develop products suitable for export and link the artisans with overseas importers. In addition, USAID is giving aid to Guatemalan artisans that are working with a local association of exporters to facilitate craft promotion and export to foreign markets.

Through its 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 to provide information about new technologies.

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The United States Department of Commerce's (USDOC) National Institute of Science and Technology (NIST) implements the Global Standards Program, which monitors developments in standards and conformity assessment activities in the Western Hemisphere, the European Union, Russia and the Former Soviet republics, 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 conformance testing, standards development, and measurement systems. In addition, the NIST operates the National Voluntary Conformity Assessment Program, which recognizes competent accreditation of laboratories, certifiers, or registrars of quality assessors, and provides assurance to other governmental bodies regarding conformity assessment of products regulated in those countries.

The International Visitors Program sponsored by the United States Department of Commerce's 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 of hands-on training to experts from Russia and the former Soviet republics 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 United States and program participants.

Human Resources and Labor Standards

An important element of trade capacity is the human resource base. Developing countries are challenged 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.

USAID / Valerie Franchi

During the period 1999–2001, the United States provided US$ 256.4 million in assistance for human resource capacity building and labor protection. Support for human resources development is aimed at enhancing a country's ability to participate fully in the global market through:

- Developing workforce skills;
- Protecting worker rights; and
- Eliminating child labor practices.

Supporting Workforce Skills Development

The convergence of globalization and increasing numbers of unemployed and underemployed young adults points to a clear need to develop integrated workforce processes that can enable a country to enter and stay competitive in the world marketplace. As the global marketplace undergoes rapid and dynamic changes, countries need policies that enable their workforces to adapt.

USAID implements a 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 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 also developed a workforce diagnostic tool to evaluate 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 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.

Fostering Workers' Rights and Protection

Countries increasingly recognize that protecting their workforce promotes the nation's longer-term industrial potential and increases its competitiveness and economic growth.

The United States Department of Labor (USDOL) has developed technical assistance projects in two broad trade-related areas: "Social Safety Nets" to compensate workers dislocated by trade, and "Protecting the Basic Rights of Workers." In the Social Safety Nets program, the USDOL provides technical cooperation worldwide to strengthen developing countries' abilities to draw up and institutionalize social safety net policies and programs needed to foster worker protection and economic growth.

Projects under this program are targeted at promoting workforce development and employment creation, strengthening unemployment insurance and pension systems, developing reliable labor market information systems, and improving workplace safety and health. Another important aspect of this program is to help reduce labor conflict and industrial strife in pursuit of creating a more favorable environment for local enterprises to prosper in an increasingly competitive global economy. Illustrative projects include dislocated workers programs in Ukraine and veterans' employment and training programs in South Africa and Nigeria.

In the area of protecting workers' rights, USDOL is working with the United Nations' International Labor Organization (ILO) to assist countries to implement core labor standards. The funds, managed by the Department of Labor, are targeted at countries where there is a clear need for assistance and a willingness among the government, employer and worker representatives to adhere to the principles of the ILO Declaration of Fundamental Principles and Rights at Work.

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

USAID works with the American Center for International Labor Solidarity, or the Solidarity Center, the international branch of the AFL-CIO, worldwide to strengthen the labor movement and to ensure a positive contribution to the democratic, political, social, and economic development of each country. Activities include developing the capacity of trade and labor unions to better represent workers, to emphasize gender equity and female workforce participation, to improve salaries and benefits, to create and enforce labor standards and codes of conduct, and to eliminate child labor. Trade related examples that illustrate the Solidarity Center's work include:

- In Ghana, the Solidarity Center is working to promote gender equity in the trade union movement, allowing for greater female participation at both the union and government levels.
- In Mozambique, support for trade union education and training programs has significantly increased and upgraded workers' negotiating skills which has led to an increase in the national minimum wage.
- In Bangladesh, continued support to a women's workers' union federation helped to place children in schools, ensured that minimum wage issues were placed on the Parliament's agenda, and negotiated workers' concerns with factory management.
- In Nigeria, Brazil, and Ghana gender neutral language has been incorporated into labor laws and discrimination based on sex has been prohibited.

Encouraging Elimination of Child Labor

In many developing countries, children do not attend school or are removed from school at an early age to work and provide additional income for their families. This addresses a short-term need, but constrains the long-term ability of those children—and the country as a whole—to develop the skills necessary for future economic development. By retarding the education and skill-level of its future workers, these countries will be less able to attract investment in higher-skill industries.

Combating exploitative child labor worldwide is a major United States priority. The primary actor for the United States Government is USDOL, funding projects in 43 countries that focus on eliminating child labor in hazardous occupations, enabling countries to effectively participate in the ILO's International Program on the Elimination of Child Labor, assessing the magnitude and nature of child labor, and increasing public awareness of the issue.

For example, USDOL provided funding to the ILO for support of a three-year program in Pakistan that removes children from working the carpet looms and places them in schools. Carpet weaving is one of the largest export-oriented cottage industries in Pakistan. In 1998, the ILO's International Program on the Elimination of Child Labor and the Pakistan Carpet Manufacturers and Exporters Association signed an agreement to address the issue of child labor in the carpet industry. With local non-governmental organizations (NGOs) serving as implementing partners, the project seeks to reduce the incidence of child labor in the carpet sector in Punjab province.

The project has yielded encouraging results. The project's goal is to provide 8,000 carpet-weaving children aged 14 and under, and 2,000 of their younger siblings, with non-formal education. To date, the project has provided over 7,500 child weavers with non-formal education and has prevented 977 younger siblings from entering work.

By project's end, 300 non-formal education centers will be established in selected villages to cater to children's needs. At the centers, child weavers and their siblings have access to recreational facilities and health and counseling services. The project also intends to provide pre-vocational education opportunities to older children, who have completed non-formal education, to help them enter the formal employment sector. Furthermore, some 2,000–3,000 adults from families with carpet-weaving children will receive training and access to micro-credit to start income-generating enterprises.

Since carpet weaving by children has been traditionally practiced, the success of the project rests on strategies being acceptable and practical within the targeted communities. Carpet-weaving communities were initially reluctant to discuss child labor as families feared loss of their only source of revenue. The atmosphere of distrust soon shifted as a result of social mobilization and awareness-raising activities. Through the establishment of 170 Village Education Committees and 130 Family Education Committees, village leaders and parents became instrumental in project development and remain active in ongoing monitoring of workplaces and the non-formal education centers.

USAID / Betty Snead

This project has proved the effectiveness of a community-based approach in addressing child labor in a traditional informal sector. In future years, the ILO hopes to expand this strategy to additional districts. In July 2001, Pakistan decided to ratify the ILO Convention 182 on the Worst Forms of Child Labor that calls each member-state to take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labor as a matter of urgency.

Getting Children Away from Work and into School

In December 1998, USDOL launched a successful two-year pilot project for the Elimination and Prevention of Child Labor in the Municipality of Costanza, Dominican Republic. Developed as an action program of the ILO's International Program on the Elimination of Child Labor and funded by USDOL, a local NGO implemented the project that yielded significant results.

The project's goal was to withdraw 250 children from high-risk agricultural work that exposes children to hazards, including harmful agricultural chemicals, and impedes their ability to attend school. Exceeding expectations, over 460 children were withdrawn. The school enrollment rate increased from 79 percent in 1998 to 89 percent in 2000. Since lack of personal identification is an obstacle to school enrollment, the project provided 49 children with birth certificates. The project was able to achieve impressively high retention rates. There was only a 1 percent dropout rate, and 98 percent of first grade students were promoted to the next level.

Other project activities included sensitizing the community to the hazards of the worst forms of child labor, and involvement of community members in a monitoring system for school attendance and activities on plantations. Over 50 awareness-raising and social mobilization activities were carried out for parents, community leaders, teachers, volunteers, and farmers. Some 81 micro-loans were extended to families with child laborers, to enable the separation of children from work and prevent siblings from entering hazardous work environments. Moreover, a Local Network for the Elimination of Child Labor was formed among 27 organizations and acted as an instrument for channeling community participation and coordination in seeking solutions to child labor.

Overall, the success of the Costanza project was based on a multifaceted approach. In the seven communities targeted within the municipality, children identified as engaged in especially dangerous agricultural activities were evaluated on an individual basis in areas of family, education, psychology, and health. Children received services based on their needs. Prior to school enrollment, the children removed from hazardous agricultural work participated in a three-month course to facilitate adaptation, socialization, and preparation for school entry.

Through the entire project cycle, activities were carried out with collaboration and input from local authorities, parents, farmers, schools, community leaders, volunteers, and the children. The model is replicable because it is based on joint efforts and the components are simple, flexible, and require minimal resources. In the second phase of this project, the local authorities have committed to freeing Costanza of child labor by moving beyond the agricultural sector and eradicating all instances of the worst forms of child labor in the entire municipality.

Financial Sector Development

USAID / Andrew Courtney

To participate efficiently in international trade, a country needs sound monetary and banking policies, transparent fiscal and financial regimes, and functioning capital and insurance markets. To increase physical capacity, a country also needs a legal, regulatory and licensing framework that encourages domestic and foreign investment. In support of developing and transition countries' efforts to address trade-related financial sector requirements, the United States provided US$ 233.8 million over the three-year period 1999–2001.

Monetary and Financial Sector Reform

The private trading sector cannot perform well if it operates in an unstable financial environment. The United States Treasury has undertaken, in collaboration with USAID, an extensive worldwide program of technical assistance, relying on resident advisors and short-term experts, in the areas of budgeting, tax policy, tax administration, cash management, debt management, and macroeconomic policies.

In 2001, the program began to focus on the poorest, most heavily indebted African countries that have received debt relief. It aims to ensure that the resources freed by debt relief are put to good use. Uganda is among the countries that will have a resident advisor under a program funded by the United States Treasury and USAID African Trade and Investment Policy Program.

Extensive aid to banking has also been provided. In response to the Asian financial crisis, the United States Department of State and USAID launched the Accelerating Economic Recovery in Asia initiative in Indonesia, the Philippines, and Thailand. In Indonesia, the program supports technical assistance to improve the financial and accounting systems of the Indonesian Bank Restructuring Agency. In the Philippines, the program has enhanced the Central Bank of the Philippines' ability to identify and respond to individual bank crises by strengthening its power to investigate banks, provide stricter rules on insider loans, and permit greater foreign participation in the banking sector.

Capital Market Development

Capital markets, in which stocks and bonds can be traded and new money raised, are among the least developed financial institutions in developing countries. Business growth must be based on long-term investment rather than an over-reliance on the banking system. For this to occur, reform of capital market institutions is essential and, at the same time, reliable information must be available to investors.

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

- Support development of share trading infrastructure, clearance and settlement systems and regulatory oversight including the critical role of self regulation by industry participants themselves; and
- 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 United States Securities and Exchange Commission has conducted training workshops to assist countries from the former Soviet republics 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.

USAID has undertaken this work in other regions as well. In India and the Philippines, the United States has supported reforms to reduce the excessive time required for trade transactions to be settled and to improve the security of the process. The United States has also assisted national regulatory bodies to obtain the necessary legislative authority and the tools to oversee the market properly, including the licensing of brokers. In India, there has been a ten-fold increase in trading volume, and the settlement process decreased from 21 to 5 days.

Introducing Improved Accounting Standards in Transition Economies

The foundation of financial sector development is the improvement of accounting standards to provide managers and investors with accurate information. An extensive USAID accounting reform program helps transition countries meet the need for market-based financial information as privatization and economic restructuring take place. The program involves:

- Adoption of International Accounting Standards and the International Standards of Auditing and technical assistance to make the conversion and establish certification procedures; and
- Creation of national and regional accounting associations and linkages to the international professional community.

Kazakhstan, Kyrgyzstan, Moldova, Georgia, Armenia, Ukraine, and the Former Yugoslav Republic of Macedonia have achieved full conversion to International Accounting Standards with United States assistance. USAID in partnership with the OECD, the EU, the World Bank, and UNCTAD have also created the Southeastern European Partnership for Accountancy Development covering Bosnia, Bulgaria, Croatia, Greece, the Former Yugoslav Republic of Macedonia, Yugoslavia, and Romania to develop standards to facilitate harmonization with the European Union.

Enterprise Finance and Infrastructure Lending

A variety of activities facilitate enterprise finance. The United States Department of Commerce's Commercial Law Development Program, for example, conducts workshops to teach companies how to qualify for loans from international bilateral and multilateral agencies. Workshops are also held on issues involved in the financing of the international sale of goods.

The Commercial Law Development Program establishes enterprise funds which are independent, nonprofit organizations modeled after venture capital management companies that promote private sector development and provide financial and technical assistance to small and medium firms. Enterprise funds invest in local businesses, disburse technical assistance grants, provide business education and training, and raise private capital. Loans offered by the enterprise funds assist in the expansion of small and medium size firms, many of which are exporters or planning to enter the export market.

The United States Export-Import Bank and the Overseas Private Investment Corporation (OPIC) make loans for American investors' participation in infrastructure and other projects that can lead to increased trade in goods and services. For example, the U.S. Export-Import Bank loan to improve the Zagreb–Dubrovnik highway expanded Croatia's physical capacity to export. Another loan to Trinidad's international airport will enhance tourist traffic to that country.

OPIC provides financing through direct loans and loan guaranties that supply medium and long term financing to ventures that have important U.S. equity or management participation. Examples of OPIC direct loans are a coffee farm in Guatemala and a medical device manufacturing plant in Costa Rica. Examples of OPIC loan guaranties are a gas pipeline from Bolivia to a Brazilian power plant and hotel projects in Africa and Latin America that will generate foreign exchange through tourism and business travel.

OPIC also makes investments through OPIC–supported investment funds that address the need for private equity and thereby provide a catalyst for private sector development. An example is the Southeast Europe Equity Fund that serves the Balkans which invested, in conjunction with Hungarian and Greek telecommunications firms, in the privatization of the largest telecommunications company in Macedonia. In Africa, a fund called Modern Africa has a continent-wide portfolio of mostly telecommunications companies, that furthers trade integration with the rest of the world. OPIC has also established a Maritime Fund which will facilitate investment in developing country ports, maritime support services and regional shipping operations that will enhance trade flows.

Insurance Services

When a firm has access to insurance to offset some of its business and operations risk, it is able to use its available capital for more productive uses. To help developing countries establish and enhance their insurance sectors, the United States 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 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, that provide resident advisors to work directly with governments to develop legislation and policies that will support a functioning insurance sector; and
- Industry research and analysis to develop new approaches to insurance regulation and oversight.

Specific activities include a broad technical assistance program in Egypt to strengthen government capacity and to supervise 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 has also sponsored projects to strengthen the regulatory structure of the insurance sector in Brazil, Poland, Hungary, and the Czech Republic and will be implementing assistance programs to modernize and upgrade insurance markets in Morocco, Romania, India, and Central America.

OPIC insures American investments in developing and transition economies against risks such as expropriation, inability to convert profits, or repatriate assets. A number of these investments, which would not take place without this risk coverage, have the effect of increasing export earnings in the host country.

For example, OPIC provided insurance coverage for investments in foreign exchange generating hotel projects in Brazil; telecommunications projects in Columbia, Jamaica, and Brazil; and agricultural export promotion projects in Zambia and Lesotho.

In Armenia, in a joint operation with the International Finance Corporation (IFC) arm of the World Bank, OPIC extended both loans and political risk insurance for the privatization and modernization of the historic Hotel Armenia. The project will stimulate tourism and attract potential foreign investors.

In support of its regional initiative in North Africa and the Middle East, OPIC issued political risk insurance to a large gas processing venture in Algeria's southern desert. The project includes the development and operation of gas fields and is

expected to significantly increase production and exports.

In Bulgaria, where foreign confidence was shaken by the war in Kosovo, OPIC's political risk insurance will enable an American company, which had a joint venture with the Bulgarian power authority, to continue the modernization of a major power plant that will supply both domestic and foreign demand. The project will also improve the environment by reducing sulfur and carbon dioxide emissions.

Infrastructure Development

USAID / Kristine Heine

Inadequate infrastructure is a common constraint on international trade in developing economies. The United States, over the three-year period (1999–2001), has provided US$ 69.7 million in support of the following types of infrastructure activities:

- Regional planning and development;
- Transportation networks; and
- Telecommunications design.

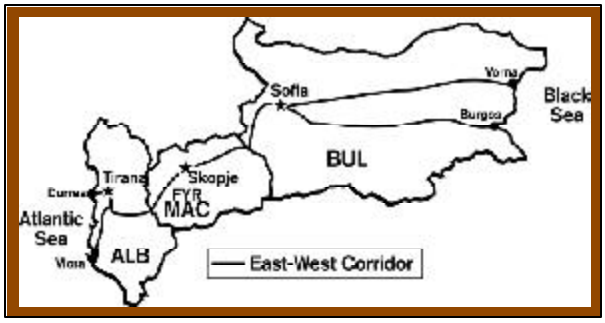
Regional Planning and Development

One of the most effective ways to stimulate trade is to improve regional transport networks.

The United States is currently implementing a South Balkan Development Initiative (SBDI) to help Albania, Bulgaria, and the Former Yugoslav Republic of Macedonia obtain United States private sector equipment and services to upgrade their transportation, communications, and power infrastructures. The broad goal is to build the infrastructure needed for increased trade and economic development in the region.

United States assistance has included feasibility studies and technical assistance grants administered through the United States Trade and Development Agency (USTDA). The assistance provides technical expertise to help alleviate transportation bottlenecks and to assist in long-term development and maintenance of an east–west surface transportation corridor that runs from the Black Sea to the Adriatic. Instead of each country making independent plans for its road and rail systems, Albania, Bulgaria, and the Former Yugoslav Republic of Macedonia are undertaking joint projects for the introduction of traffic counting and analysis equipment and highway mobile laboratory equipment for the region.

United States support has helped the three countries form a Balkan Transportation Coordinating Group, with a secretariat office in Sofia, Bulgaria, to identify regional transportation projects. The Group is also exploring ways to make the east–west southern Balkan route into an economic corridor that includes not only road transport but also a future oil pipeline running from Bourgas in Bulgaria to Vlore in Albania. Major airports and a future telecommunications network are contemplated within the corridor to help connect the region with the world. Further, the United States Government is exploring SBDI expansion to include Bosnia-Herzegovina, Croatia, and Romania within the study and grant assistance program.



Transportation Networks

The Department of Transportation has been active in promoting international competition in aviation and efficient use of airport facilities. The Department, along with USTDA, has undertaken a program to improve aircraft safety which also has the by-product of identifying infrastructure deficiencies. It also assists more generally in the improvement and modernization of transport networks.

In 1998, the United States Government launched an interagency initiative, Safe Skies for Africa, to promote aviation safety and security in Africa. The program recognizes that safe skies are a prerequisite for increased trade and investment, as well as long-term economic growth, in the region.

The United States role in "Safe Skies" is as technical advisor and facilitator of actions undertaken by Africans to enhance aviation safety and security in their home countries. The USTDA has played an active role in this effort, funding two orientation visits in 2001 for representatives from participating countries to come to the United States.

During their visits, African officials met with government and private sector aviation representatives who helped them to identify their baseline aviation infrastructure positions and to develop action plans to address deficiencies. In addition, the orientation visits

Building the Infrastructure for Trade in India

India is a key member of the global trading system and an important trading partner of the United States. The Government of India has declared the next 10 years the "Decade of Development" and has established a goal of doubling the country's per capita income by 2010. To achieve this ambitious objective, India requires the infrastructure to trade its products internationally and to have access to competitively priced goods from overseas.

India's development is also a high USTDA priority, and transportation is one of the Agency's major infrastructure development activities. USTDA recently provided grants for legal and technical assistance in conjunction with the Maroli Port Project. This project will develop an all-weather multi-cargo port in Gujarat, as a gateway to the landlocked regions of central and northern India.

In addition, USTDA is funding a feasibility study and workshops for the Airports Authority of India as part of a long-term effort to promote Indian aviation infrastructure. The Authority is developing modern communication, navigation, surveillance, and air traffic management systems for India's aviation sector that will help the country meet the expected growth and demand for air passenger and cargo service over the next decade. Increased trade capacity is a critical component of India's ability to achieve its own development objectives. As India seeks to connect more fully to the international marketplace, USTDA is playing an active role in helping to establish the necessary infrastructure.

provided Africans with exposure to United States technology and solutions for upgrading their air traffic management systems, security technologies, communication systems, and airport infrastructure. These measures, when implemented, will greatly increase Africa's ability to do business with the world.

Major trade-related infrastructure projects receiving U.S. financial support during the period of the survey include rehabilitation of Nigeria's transport facilities and Mozambique's railroad system. In Nigeria, the United States has extended assistance to modernize the Murtala Mohammed International Airport and the Nigerian aviation system, assess Lagos port and privatization of port services, implement an oversight system for maintenance, and aid the privatization of railways and the establishment of a mass transit service in Lagos.

USAID provided funding to support the restructuring and privatization of Mozambique's three main railroads which link Swaziland, South Africa, Zimbabwe, and Malawi to the country's Indian Ocean ports. The first concession to become operational—in September, 2001—was the line linking Malawi to the port of Maputo.

The United States 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 late 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 has been directed to Honduras, where 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. The United States Government—through USAID, the United States Geological Survey, and other United States 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.

USAID

Telecommunications Design

The United States Government and the American communications industry have created a nonprofit joint venture that provides developing and transition countries with free training and technical assistance in telecommunications and broadcasting including satellite technology, spectrum management, Internet and e-commerce. USAID has sponsored these services in its Southern Africa Regional Telecommunications Restructuring Program which has the following activities:

- Establishing policies for interconnection, spectrum management, licensing, and performance monitoring;
- Drafting a model telecommunications law;
- Analyses of interconnection and other policy issues;
- Establishment of a regional regulators association; and
- Creation of a development program for 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.

Environment

USAID

The United States understands that 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.

As part of its commitment to sustainable development, the United States Government conducts several technical cooperation and assistance programs that specifically address environmental issues associated with trade and investment liberalization as well as efforts to strengthen underlying environmental regulatory systems. The United States over the three-year period 1999–2001 has provided US$ 80.4 million to undertake capacity building efforts in the following three broad areas related to environmental protection:

- Promoting regulations and integrating policies that protect the environment while raising social and economic standards;
- Fostering the transfer of environmentally sustainable production technologies; and
- Supporting environmentally sound trade and investment.

Promoting Environmental Regulations and Policies

United States capacity building activities help develop economic, social, and environmental policies that are integrated to ensure that they are mutually beneficial and do not undermine one another. For example, to promote broad economic reform and sustainable water and energy resource management in the Central Asian Republics, United States 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.

In addition, 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 that is critical to the region's tourism trade.

United States agencies provide 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. The United States Department of Justice (USDOJ), for example, provides environmental protection training and institutional development activities that focus on strengthening and enforcing environmental law. Many of these USDOJ 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.

USAID has an environmental law program that provides environmental legal and policy support to promote sustainable development and rule of law. Its programs in sustainable urbanization, bio-diversity and natural resources management, trade and economic growth, clean production policy, environmental impact assessment, and democracy and environmental governance train local specialists in the design and implementation of a wide variety of legal and regulatory policy activities.

Fostering the Transfer of Environmentally Sustainable Technologies

Sustainable management of natural resources depends on striking a balance between the preservation and renewal of resources and their use for trade and 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 United States 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 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 appropriate information and technologies relates to the timber trade. USDA introduces developing and transition countries to remote sensing and field technologies to monitor the health and status of forests which are applied to specific sustainable timber management, extraction, and trade. 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 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.

Supporting 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 America and Caribbean Trade and Environment Program is designed to enhance the understanding of and promote action

Building an Environmental Partnership with Asia

An example of helping developing countries to assess and mitigate environmental problems, including those associated with trade, while ensuring stakeholder participation, is the United States–Asia Environmental Partnership. The Partnership is a public–private initiative that promotes environmentally sustainable development in Asia and is jointly implemented by several United States Government agencies. The United States–Asia Environmental Partnership is active in Bangladesh, Hong Kong, India, Indonesia, South Korea, Malaysia, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand, and Vietnam.

The program 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 region. The program has four components:

- ***Clean Technology and Environmental Management*** to improve the environmental performance of Asian industry;
- ***Technology Transfer*** to match Asian environmental needs to United States technology and expertise;
- ***Policy*** to promote the tenets of sustainable development among decision-makers in Asia; and
- ***Urbanization*** to bring about an environmental transformation in Asian cities and municipalities.

Recent trade-related accomplishments of the program include: institutionalizing the ISO 14000 series of environmental standards in ten Asian countries; generating over 5,800 trade leads on environmental goods and services between American and Asian firms; sponsoring inter-governmental dialogue on the enforcement of environmental standards; and engaging NGOs to act as public environmental watchdogs and provide information for public and private decision-makers on environmentally sound trade and investment practices.

on key trade/environment issues in support of environmentally sound trade and expanded trade within the Free Trade Area of the Americas (FTAA). Activities include:

- Sponsoring regional consultations on "trade and environment" by government, industry, nongovernmental organizations (NGOs), and investors in the mining, forestry, and industrial export sectors. 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.
- 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 consultations among Latin American governments, the private sector, and NGOs on trade-related environmental challenges and trade policy.

To foster the free exchange of information and promote public participation in environmental decision-making, the United States Environmental Protection Agency (USEPA) has a program to create regional environmental centers in the former republics of the Soviet Union. Building on the successful model of the Regional Environmental Center established in Budapest, Hungary in 1990, the USEPA 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 work with environmental NGOs, 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.

Competition Policy

USAID

For trade to flourish, countries must create an environment in which open competition is encouraged. Over the period 1999–2001, the United States provided US$ 86.2 million in assistance to developing and transition countries to support establishment of the legal and institutional framework for ensuring that markets function competitively. Specifically, the United States has supported increased competition by:

- Fostering antitrust laws and regulatory reform; and
- Implementing trade remedy activities.

Fostering Antitrust Laws and Regulatory Reform

Experts from the United States Department of Justice (USDOJ) and the United States Federal Trade Commission (USFTC) have worked with foreign antitrust officials to develop policies, draft antitrust laws or amend existing laws, analyze individual cases, and provide advise on a wide range of issues that 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 antitrust issues; and conducting legal and economic analyses of issues such as market definition, market dominance, horizontal and vertical agreements, merger review, and privatization.

The USDOJ and USFTC administer a Competition Policy Technical Assistance Program to improve the enforcement of competition laws in Central and Eastern Europe, the republics of the former Soviet Union, Latin America, the Caribbean, and South Africa. This program is funded through interagency agreements with USAID and provides these countries with long- and short-term technical assistance in developing the legal, institutional, regulatory, and policy framework for the promotion of competition and the protection of consumers. Assistance has included internships, conferences and on-the-job training for antimonopoly officials from developing and transition countries in law enforcement strategies.

In Brazil and Argentina, for example, the program has promoted the overall goal of the Free Trade Area of the Americas (FTAA) agreement through events such as a series of competition seminars in which members of the smaller MERCOSUR regional grouping participated with members of the Andean Community grouping. Future plans are to extend the assistance program to all five Andean Community members and Panama in late 2001. The program utilizes existing partnerships with larger economies of the hemisphere, such as Brazil and Argentina, to extend competition policy training to smaller countries in the region. One accomplishment of the program has been an antitrust cooperation agreement between the United States and Brazil and a prospective agreement with Argentina.

Fostering Competition in the Retail Pharmacy Market in Romania

In early 2000, the Romanian Competition Council learned that the Ministry of Health had authorized the pharmacists' association to approve licenses for pharmacy locations. The association's rules authorized a maximum number of licenses in each community on a per capita basis and ordered that no new license be authorized within 250 meters of an existing pharmacy. The pharmacist's association argued that the rules were necessary to encourage pharmacists to operate in underserved low-income areas; the effect was to discourage the entry of new competitors for established businesses in high-demand areas.

Advisors from the Federal Trade Commission (FTC) advised the Romanian Competition Council of the economic effects of the pharmacy association's restrictions, of American law limiting professional associations' ability to restrict competition, and the arguments for and against challenging the restrictions. The Competition Council ordered the pharmacy association to remove the restrictions on new entry. Actions such as these set important precedents for the rest of the economy.

Following the Council's decision, some pharmacy chains entered the Romanian market. The new chains have stores that are open around the clock. At least one investor told an FTC advisor that the Competition Council's decision had removed the regulatory roadblocks to his opening a chain of drugstores.

In Nigeria, Angola, West Africa, and the Southern African Development Community countries, the United States Department of Commerce provides technical assistance, training, and consulting 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 streamline company registration requirements and to abolish export/import licenses. To further develop an environment for 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.

The Africa Trade and Investment Policy Program represents a collaborative effort among a number of United States Government agencies, including USAID, Department of State, Treasury, Department of Commerce, Department of Agriculture and the office of the US Trade Representative to help African countries improve the legal and regulatory framework affecting trade and investment. Under the program, the United States Government has provided technical assistance in a broad range of areas, including WTO compliance, tariff reform, trade regulations, investor roadmap initiatives, and contract law.

Through the USAID Central America Regional Program, a grant was provided to the Caribbean Law Institute to work with the attorneys general in the CARICOM region on the development of commercial legal reforms that will foster sustainable trade. Technical assistance included competition and consumer protection, dispute resolution, and environmental law issues.

USAID's Commercial Law Program in Central Asia provides technical support for 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.

Implementing Trade Remedies Activities

Despite multilateral and bilateral agreements to ensure open trade among countries, there may be situations in which a country is subject to unfair trading practices by another. To assist developing countries implement trade remedies, the United States International Trade Commission (USITC) conducts technical seminars on American 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, material retardation); injury analysis (consideration of volume, price, and impact of subject imports); and procedures and practice for judicial review.

Agricultural Development

USAID

Agriculture is a large part of the national economy of many developing and transition countries, and agriculturally based trade is correspondingly important to their economic growth. The Department of Agriculture (USDA), working with USAID and the United States Food and Drug Administration, supplies technical assistance to developing and transition countries, in a number of different fields, to improve and expand their farm and forest export products. United States assistance to trade-related capacity building in agriculture totaled US$ 92.9 million over the three-year period 1999–2001 for activities in:

- Agricultural marketing and export promotion; and
- Agricultural research and technology transfer

Agricultural Marketing and Export Promotion

The United States recognizes that meeting the sanitary standards of import markets is an important first step that developing and transition countries must take to sell agricultural commodities in international markets. In sub-Saharan Africa, the United States Department of Agriculture (USDA) Foreign Agricultural Service (FSA) has several programs governing the quality of agricultural products that are traded. A program for the Community of East and Southern African (COMESA) countries explains international standards and conventions governing plant protection to local authorities and the private sector. It also explains United States technical standards, provides risk assessments, and deals with food safety issues.

In Ghana, the USDA Animal and Plant Health Inspection Service (APHIS) is assisting food producers and processors comply with United States and European phyto-sanitary and other health standards. APHIS has also consulted with local authorities in the Caribbean and South Africa, held risk assessment seminars in Russia and the Philippines, and trained foreign inspectors at its facilities in the United States.

In Central America, USDA supported the Ministries of Agriculture in Honduras and Nicaragua in creating Mediterranean fruit fly-free zones. They will eventually facilitate the development of nontraditional agriculture exports to the United States. Also in Honduras, the construction of a mango hot water treatment plant was sponsored to promote growing Honduran export crops enabling them to meet United States sanitary standards. In Egypt, at the port of Dakhela, USDA is assisting authorities to upgrade a laboratory to test the safety of meat and poultry import and exports.

In East Africa, USDA sponsored a project to reduce import costs by harmonizing trade and transportation standards for commerce between Uganda, Kenya, and Tanzania. Selected officials are being training in the regulation and handling of agricultural products so that the countries can work together to address technical issues.

A second critical step in expanding agricultural trade is building the capacity of developing and transition countries to collect, analyze, and report statistics needed to monitor agriculture sector performance, to formulate agriculture policies and to implement agriculture programs. The United States Government funded a multiyear effort to reform and improve Mexico's crop statistics through training in data collection methodologies, organizing central databases, and analyzing market information. The objective is to build the capacity of Mexico's Ministry of Agriculture to develop and utilize production statistics and forecast trends for key commodities. As a result, analysts are now producing commodity-by-commodity studies of Mexico's agricultural trade competitiveness. More accurate information enables the Ministry to address questions regarding market access and barriers to trade.

USAID / Nancy Long

In South Africa, USDA has a similar program to improve agricultural statistics. By providing training in the design of surveys, questionnaires, and sampling techniques, USDA is helping develop a system that can provide timely and accurate agricultural data. The system provides improved tracking of supplies and insight into the availability of commodities for the export market.

In Ecuador, United States University researchers—along with USDA statisticians—are working on the design, execution, and analysis of an agricultural database, while training local authorities on data collection methods. The results will provide the government and local producers with more accurate estimates of national production figures and crop export potential. Programs in Russia and Kazakhstan have similar objectives. USDA is providing assistance to survey the private farming sector regarding crop production and output and, at the same time, is measuring various market and other business linkages of medium to large farms to increase efficiency in the agricultural sector.

In Romania, American Universities teamed with USDA to provide advisory assistance to develop the policy and regulatory environment for a market system, business linkages and investment in the agricultural sector, and the commercial use and sustainable management of agricultural natural resources. Furthermore, the United States Government is helping China conduct production surveys in an effort to understand market forces and identify linkages and overlap between the domestic and international commodity markets.

A third step for fostering the agricultural trade of developing and transition countries, is building institutions that can provide technical assistance directly to farmers and merchants about how to produce for and participate in international markets. USDA FSA sponsors a multi-country program called AGLink, which funds the travel of foreign agricultural specialists to the United States for on-the-job training in financial management and product marketing. Farmers throughout the world learn improve their business skills regarding issues of farm production, processing, and packaging, with the intent of improving efficiency and increasing output.

Another program, the Cold Chain Initiative, funded by USDA FAS, addresses the distribution issue of perishable food commodities in countries throughout Latin America, South Africa, and Vietnam. By establishing a handling and transportation network for the perishable goods, the initiate helps to insure that food products arrive to and from export and import markets with out spoiling. For example, Nicaragua received financing

and support to enhance its cold storage facility at Managua Airport.

In 2001, two new USAID projects were started to improve the quality and increase the return to small export commodity producers. The first is Specialty Coffee Promotion in Eastern Africa, designed to enhance the market potential of high-grade specialty coffee from Ethiopia, Kenya, Rwanda, Uganda, Tanzania, and Burundi. By strengthening the African Fine Coffees Association into a self-sustaining private sector organization, it will establish an exchange to supply price and trade information to small land holders.

The second project is the Sustainable Tree Crops Project/Cocoa. The objectives of the project are to improve quality, reinforce farmer associations to negotiate better prices, provide improved market information, and remove policy and regulatory barriers between cocoa producers and United States buyers.

Agricultural Research and Technology Transfer

For developing and transition countries, low productivity caused by obsolete technology or unsustainable production practices is a barrier to competitive agricultural exports. Therefore, the United States helps build developing country capacity to generate or introduce and adopt new technologies which promote eficiency and boost productivity.

The USDA Agriculture Research Service collaborates with counterpart agencies in developing and transition countries to investigate how food production may be improved or plant diseases eradicated. An example is a joint project with the University of Costa Rica to develop nutritious and safe products from millions of tons of edible fish dumped by shrimpers. Another is the collaboration of USDA and the Institute of Tropical Agriculture in Benin to develop a product which prevents the contamination of corn.

Working with American producers, the USDA established a series of dairy workshops for farmers in the Baltic States to improve standards and transfer more recent technology. Similar initiatives include USDA help in establishing a milk testing laboratory in Bulgaria and cooperation between United States and Egyptian scientists for research and workshops in the fields of biological and environmental technologies, manufacturing and information technologies, and the education of researchers, officials, and consumers about the use of genetically modified organisms.

USDA also has a project in sub-Saharan Africa to promote the commercialization and transformation of technology into profitable products. The activities include the development of natural products and their trade outlets, food processing methods, and the acquisition of foreign technology and the use of information to compete in foreign markets.

Services

In addition to assisting countries as they participate in the General Agreement on Trade in Services (GATS), the United States also provides technical assistance to foster the growth of international trade in services by those countries. Business training in accounting, planning, marketing, and strategy development builds the capacity of local companies to engage in services trade. Resident advisors, using diagnostic tools designed by the U.S. Government, help developing and transition country governments to identify and remove barriers to a growing services sector. Technical assistance augments local capacity for tourism, energy, insurance, construction, health, and many other services sectors that engage in trade. Over the three-year period 1999–2001, U.S. assistance totaled $52.0 million for activities that supported the building of trade capacity in the services sectors of developing and transition countries.

USAID / Nate Orr

U.S. assistance has benefited just about every services sector in one country or another. Much of the activity has been focused on helping developing and transition countries to:

- strengthen their tourism industries;
- foster their capacity to trade in financial services across borders; and
- increase the competitiveness of energy services sectors for trade with neighboring countries.

Often, however, U.S. assistance in the services sector area is a component of a larger and more generalized activity. For example, United States assistance to improve the overall investment climate in the Philippines, and thereby facilitate trade, had a significant component that addressed service sector issues. Or in Russia, where the Nuclear Cities Initiative has a primarily environmental focus, an important component of that activity has been the development of services industries that can engage in international trade. In many countries, U.S.–sponsored training in International Accounting Standards is primarily a means for trade facilitation, but also augments the trade capacity of local management consulting and business services firms.

As is true for all the categories of U.S. trade capacity building assistance in this report, the funding data shown for "Services" are the estimate of that portion of activities that helped to build the capacity for trade in services. Funding totals for activities that cut across trade assistance categories are not placed in both assistance categories. Only the appropriate share of the total for each activity is included in the category.

Tourism Services

Tourism, including eco-tourism and adventure tourism, are sectors with tremendous growth potential for many developing and transition countries. In Mongolia, for example, USAID funded a program called The Competitiveness Initiative, with tourism among the three economic sectors of focus. The initiative has been responsible for introducing competitiveness terminology into the language of Mongolian business and thereby shifting attitudes from "production for production's sake" to marketing Mongolian products to the world. On competitiveness issues in the tourism sector, U.S. assistance has been responsible for beginning public–private sector cooperation. The Prime Minister has put one of his economic advisors in charge of coordinating competitiveness activities between government agencies and the private sector, resulting in the development of multi-year competitiveness action plans.

The Competitiveness Initiative in Mongolia has fostered more than just a government response. At industry shows around the world, the United States has sponsored the attendance by Mongolian tour operators. This resulted in business partnerships being formed between Mongolian tour operators and international travel companies, as well as a favorable image of Mongolia being formed in the adventure travel media.

In Sri Lanka, the United States has supported the creation of a tourism industry "cluster" that is led by private sector stakeholders and introduced global best practices to local industry. The cluster is developing a competitiveness strategy for the tourism industry.

USAID funding has made major contributions to the promotion and development of tourism in Ghana's Central Region. These activities have been related to the stabilization and rehabilitation of three historic monuments, as well as development of the Kakum Nature Park and Assin Attandanso Reserve.

In South Africa, the tourism sector was the "test pilot" for the application of a highly effective diagnostic tool, "Workforce

The Road to Economic Growth in Lebanon Runs Through the Services Sector

In Lebanon, the tourism and regional financial services sectors are among the most promising areas for sustained economic growth. U.S. assistance has supported the development of those sectors at various stages of the process. With respect to regional financial services, U.S. assistance enabled the Government of Lebanon to draft modern securities legislation. The implementation of this reform expanded the foundation for Lebanon's regional financial services industry. Next, U.S. assistance played a key role in strengthening the country's financial clearinghouses. This technical assistance resulted in efficient and competitive clearance, settlement, and depository activities.

U.S. assistance continued its support for regional financial services in Lebanon by helping to draft national economic sector strategies in finance and tourism. This technical assistance identified more than a dozen reform initiatives for the government, with more than half of those initiatives now being implemented. All of the technical assistance to build trade capacity in key services sectors in Lebanon is complemented by U.S. support for the country's WTO accession and compliance with the General Agreement on Trade in Services.

The support work for regional financial services and tourism in Lebanon benefited greatly from being conducted in the context of WTO accession assistance. U.S. assistance in this area places great emphasis on trade capacity building both before and after WTO accession. The target audiences for the awareness and education activities includes the government, the private sector, academia, the media, and nonprofit organizations.

Development: Skills for Competitiveness." The United States worked with the Ministry of Labor to help facilitate the strategic planning capacity of the newly formed Sector Education and Training Authorities. An action plan has been developed to bring industry and training stakeholders together, leading to an enhanced human resources base in the tourism sector. In Egypt, the United States is also providing similar assistance to the tourism sector.

Financial Services

The United States supports the development of financial systems as necessary components of a competitive economy. (See Chapter 5 for details on this type of assistance.) In addition, some U.S.–targeted assistance enables a developing or transition country to provide financial services beyond its borders.

In Vietnam, support from the U.S. Trade and Development Agency enabled the State Securities Commission to prescribe operational processes for the trading, clearance, and settlement functions of its fledgling National Stock Exchange. As Vietnam's financial markets mature, their capacity for inter-regional trade in financial services will be augmented.

Energy Services

In the Central Asian Republics, U.S. assistance is facilitating regional cooperation and trade in energy resources management. For example, U.S. policy specialists are training and establishing partnerships with the Kazakhstan Energy Association and the Kazakhstan Electric Grid Operating Company. By presenting new ideas and technologies in the region, U.S. assistance will increase efficiency in heat and power systems and strengthen the trade capacity of companies providing energy services.

In Nepal, the United States helped the private sector to participate more fully in hydropower production, enabling the development of electricity exports. In addition, for developing countries in Latin America and transition countries in Central Europe, the United States sponsored training, orientation visits, and conferences for officials in the energy and transportation industries.

Governance and Inter-Agency Trade Coordination

Strong public institutions create a secure and enabling environment for trade and investment. The United States Government provides assistance to developing and transition countries to help develop efficient, transparent, and accountable institutions with clearly defined policies and procedures. Moreover, national decisions on trade policy cut across a range of public agencies and institutions all of which need to participate in a coordinated fashion to assure the benefits of participation in global trade are realized. United States assistance to trade-related capacity building in governance and inter-agency coordination totaled US$ 88.6 million over the three-year period 1999–2001.

USAID / Office of Transition Initiatives

Governance and inter-agency coordination cut across many of the trade capacity building areas discussed earlier in this report. They are addressed separately here in recognition of the importance to trade of clear and open information flows between government and the private sector and among government agencies which collectively have a role in the formulation and implementation of trade policy. The examples below were described earlier in the report but are referred to again, to the extent that a share of their funding related directly to their governance, transparency, and inter-agency coordination aspects.

In the Philippines, USAID assistance is helping improve efficiency, transparency, and accountability of institutions in the management of an enabling environment for investment. Ongoing and planned activities include strengthening management of the Bureau of Internal Revenue, modernizing import valuations, reforming non-transparent practices in the stock market through strengthening of the Philippine Securities and Exchange Commission, strengthening and enforcement of commercial law, and improving transparency and accountability of banking institutions.

In addition, USAID is helping the Philippines to open up key sectors (ports, aviation, roads, power, information technology, and grains marketing) to competition and to implement WTO reforms (grains sector reform, biotechnology, customs valuation, intellectual property rights, plant variety protection, and sanitary and phyto-sanitary measures). These initiatives are complemented by constituency-building activities, monitoring by civil society and local government, and improving enforcement capabilities.

USAID's Accelerating Economic Recovery in Asia program incorporates corporate and public governance as one of its cornerstones. In the Philippines, USAID assistance resulted in the adoption of procedures for securities investigation and new rules for adjudication of corporate disputes. In Indonesia, USAID activities contribute to the adoption of four key laws, decrees, and regulations in 1999 (i.e., the critical competition law that defines rules for competitive behavior by firms, anticorruption law, arbitration law, and secured transactions law). The secured transactions law provides a previously lacking legal basis for registering secured interests in assets used as collateral.

Indonesia's trade performance has been constrained in many ways by lack of effective governance and transparency difficultues. The country's financial crisis in the last half of the 1990's, the political transition, and the extensive array of policy measures adopted have demonstrated the need for broad domestic ownership of the reform process. A USAID–supported advisory team is working with the Indonesian government to engage the Indonesian public in the country's national reform agenda. The team is providing input to the Indonesian government's macroeconomic strategy, broadly but with emphasis on budgeting and measures to promote recovery.

Through periodic White Papers, the team also coordinates public input to the Government of Indonesia in its agenda-setting exercises, including the country's five-year development plan and the annual action plan/budget submissions. Most of the issues identified by the team have been emphasized in the national agenda and have gained a sympathetic ear from key Indonesian policy-makers for a development strategy based on maximizing employment in line with comparative advantage and open markets. As a result and despite pressing financial concerns, Indonesian tariffs have been cut in half, and despite protectionist pressures from local industries, the Indonesian government maintained its policy of gradual tariff reductions.

Inter-agency coordination helps developing and transition country governments to function more effectively in the trade policy arena. In support of the Government of Algeria's efforts to accede to the World Trade Organization, the U.S. Department of Commerce's Commercial Law Development Program advised the Algerian Government on the inter-ministerial process necessary to affect WTO accession.

In Jordan, which acceded to the WTO with significant U.S. support, USAID's post-accession assistance in 2001 is starting to build improved capacity within the government to formulate, negotiate, and implement trade policy and international market access agreements—by, for example, improved trade economic analysis—as well as improving intra-governmental and private sector coordination in development of Jordan's trade policy.

Web-based Customs Data in Kazakhstan

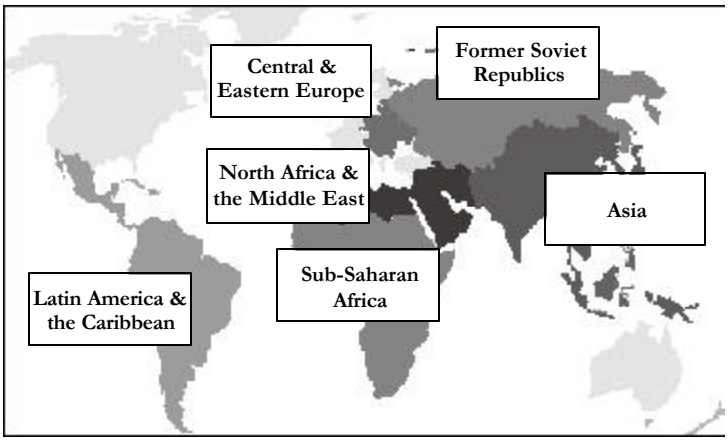
In Kazakhstan, lack of access to reliable information on customs regulations has hindered individuals and firms from expanding their trade-related businesses. United States customs and computer experts have worked with the Customs Department in Almaty since 1999 to increase the transparency and efficiency of customs operations.

In early February 2001, the Customs Department launched a new web site (almaty.keden.kz) to provide the public with detailed information on customs services and provide periodic updates on changes to customs regulations. United States advisors helped the Kazakhstani Customs Department design and introduce the web site. Most of the information on the web site presently is in Russian, but an English-language section of the site is being developed to include translations of relevant legislation and regulations.

The public may also use the web site to report anonymously illegal actions by customs officers or comment on the information service. The web site is aimed at facilitating greater public access to customs-related legislation, reducing abuse of the customs system by customs officials, and removing an impediment to the trading operations and success of local and foreign businesses.

Trade Capacity Building Initiatives by Region

The United States Government has funded trade capacity building programs and activities in every region of the world. Looking at fiscal years 1999, 2000, and 2001 combined, the regional distribution of the US$ 1.3 billion in United States trade capacity building assistance is 17 percent for the republics of the former Soviet Union, 17 percent for Asia, 14 percent for Sub-Saharan Africa, 19 percent for the Middle East and North Africa, 9 percent for Central and Eastern Europe, 11 percent for Latin America and the Caribbean, and 13 percent for global programs.



This provides a regional focus for many of the trade capacity building initiatives described earlier in this report. Several trade capacity assistance initiatives have a regional focus, such as the United States–Asian Environmental Partnership and the South Balkans Development Initiative.

In some regions, trade capacity building assistance has been in support of regional trade groupings formed among developing and transition countries. In Africa and Latin America, in particular, regional trade agreements are important to implementing needed trade policy reforms. 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. The United States Government has worked to assure that the benefits of membership in regional trade agreements are realized within the WTO framework.*

Trade Capacity Building in Eastern Europe and the Former Soviet Republics

The largest share of United States assistance for trade capacity building has been to Eastern Europe and the former Soviet republics and reflects the transition nature of economies in the region. The transition affects the entire range of trade-related policies and institutions. The economies in this region are generally changing along two tracks: (1) increased integration with the global economy, both by participation in the WTO and by improved trade competitiveness, and (2) regional cooperation on the energy, transportation, and financial aspects of trade. The US$ 347.4 million that the United States has provided in assistance to countries in the region during the three-year 1999–2001 period helps on both fronts.

More than half of the countries in the region have joined the WTO, with many having acceded relatively recently. Nearly all of the non-member countries in the region have attained Observer status at the WTO and are working on achieving full accession. It is appropriate, therefore, that United States assistance to this region covers the full range of trade capacity building activities.

In many Eastern Europe countries, the United States Treasury International Affairs Technical Assistance program provides resident advisors, working directly with host country governments, to help establish the enabling environment for trade capacity. Banking and financial systems are being reformed to provide the necessary financial infrastructure for trade. Tax and fiscal policies are being made more sound in order to provide a stable macroeconomic environment for trade to flourish. International accounting standards are being adopted in order to promote both trade and investment.

In Russia, the United States Commercial Law Development Program (CLDP) provides a variety of assistance in the development and implementation of laws and agreements affecting trade and investment. In order to accomplish these objectives, the program utilizes experts and short-term advisors and conducts training through workshops and seminars. Since 1995, for example, the Commercial Law Development Program has facilitated Russia's WTO accession process in particular, and integration into the global economy in general, by conducting over forty programs. The Program has trained Russian lawmakers, regulators, judges, and educators in the areas of agriculture, customs, intellectual property rights, regulatory reform, trade policy, and standards. As Russia moves toward WTO accession, knowledge of the benefits of membership in the WTO will be increased through the launch of a Russian-language web site that will inform the public and private sectors about the WTO.

United States assistance for trade capacity building in the region is helping in the recovery of economic sectors that had come under severe stress during the early years of the transition. For example, the Program to Revitalize Agriculture through Regional Investment was implemented from 1997 through 2001. This activity sought to improve the agribusiness investment climate in selected regions via the development of policies and institutions that are conducive to investment and trade in agriculture.

In addition, United States assistance has helped many countries in the region to participate more fully in the WTO and its agreements. In recent years, United States assistance has played a catalytic role in helping Albania (2000) and Moldova (2001) become members of the WTO. (See Chapter 2).

Also, as part of the Stability pact, CLDP through its Southeast Europe Initiative program supports the facilitation of regional trade among the countries of Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, and Romania. In June 2001, a working group of trade ministry officials from each Southeast European country, sponsored by the United States, concluded a memorandum of understanding on trade liberalization and facilitation. To support this progress at the multilateral level, the Southeast Europe Initiative trained trade policy advisors in each country in the quantitative analytical methods used to support decisions to liberalize trade.

In the Central Asian Republics, the United States is providing technical assistance to five countries in order to foster regional cooperation on energy trade and infrastructure development.

Trade Capacity Building in Asia

United States trade-related assistance in Asia is shaped by the overall importance of private sector–led trade and the region's greater integration in the multilateral trade system. Over the three-year period, 1999–2001, United

* Note: GATT's drafters believed that so long as regional trade arrangements eliminated trade barriers within the regional trade area of member countries, they should be viewed as a step toward free trade. Accordingly, GATT explicitly creates an exception to the Agreement's Most Favored Nation (MFN) obligation by allowing countries to establish trade associations that accord special trade privileges to member countries, such as lower tariffs, without making such privileges available to all other WTO members. Specifically, the GATT MFN exception applies to three types of associations: (1) a free trade area, (2) a customs union, and (3) an "interim agreement" necessary for the formation of a free trade area or a customs union.

States trade capacity building assistance to the region totaled US$ 231.7 million.

In addition to Asian countries cited earlier in this report, the United States' trade capacity building activities are often conducted in the context of regional groupings such as the Asia Pacific Economic Cooperation (APEC) and the ASEAN Free Trade Area or as in South Asia, sub-regional activities such as the USAID–sponsored South Asia Regional Energy Initiative which supports the development and intra-regional trade of clean energy resources.

However, country-specific activities are dominant. In Indonesia, for example, the United States provides assistance to complement Indonesia's active participation in multilateral trade negotiations. USAID has helped the Government formulated APEC action plans that include tariff and other trade policy reforms. USAID projects have also responded to a number of requests to help meet WTO notification requirements and to formulate Indonesian trade laws consistent with WTO principles (e.g., intellectual property and antidumping). Current work focuses on helping the government become actively engaged in WTO services negotiations.

In India, a USAID–funded "Financial Institutions Reform and Expansion" project supports the Government of India to raise the efficiency, transparency, and integrity of its capital markets to international standards. Currently, USAID assists with institutional capacity building of the Securities Exchange Board of India and self-regulatory institutions (exchanges, depositories, and clearinghouses), development of a legal and regulatory framework for investor protection, and development of futures and options markets and long-term bond markets.

In Thailand, United States assistance from the regional Accelerating Economic Recovery for Asia program provides training to help commercial banks make better lending decisions and manage risks more effectively, while providing investors with more reliable information. Participating institutions' financial contribution to the program, participation in the design of the training program, and train-the-trainers sessions help ensure that resources are leveraged for a lasting, positive impact.

The United States–Asia Environmental Partnership is a multi-agency, public–private initiative to promote environmentally sustainable development in 11 Asian economies. The Partnership provides clean technology, expertise, and training in environmental management to Asian firms. In the Philippines, the United States has encouraged the industrial sector to practice clean technology and environmental management, particularly through the adoption of environmental management systems and by obtaining International Standardization Organization certification.

Trade Capacity Building in Sub-Saharan Africa

Expanding African trade is fundamental if growth in the continent is to accelerate. With its wealth of natural resources, such as petroleum and minerals, traditional agricultural exports of coffee and cocoa, and increasing potential for export of manufactured goods and services such as tourism, Africa is well placed to take advantage of trade-related assistance.

The United States plays an active role in support of regional trade associations in sub-Saharan Africa and in strengthening African nations as global trading partners through regional programs. United States funding for trade capacity

SADC as a Catalyst for Mozambique Trade Policy

Despite some rationalization of the country's most favored nation (MFN) tariff structure in early 1997, Mozambique's government and private sector remained ambivalent about trade liberalization. Mozambique, still recovering from a 15-year civil war that had destroyed much of its public infrastructure and private industry, was under consensus that more openness would destroy what little was left of Mozambique's industrial sector, as well as threaten the government's revenue base. Accordingly, official government policy on the SADC free-trade area was that the country would "join," but only begin tariff reductions in the eighth year, when all other members had completed theirs.

In many developing countries, it is the business community that is most cognizant of the benefits of free trade and therefore takes the initiative to advocate for trade policy reform. Such was the case in Mozambique. At the request of a nascent private sector policy group, the Confederation of Mozambican Business Associations, USAID sponsored a countrywide series of discussions of the opportunities and costs of liberalization, with particular focus on the SADC free trade area, which was perceived as less threatening and more manageable than a more decisive move towards "globalization." By the end of October 1998, with the support of its members, the group convinced the government to reverse its previous policy. Mozambique decided it would implement the SADC free-trade agreement at the same pace as the rest of the countries.

USAID now supports the mixed private–public negotiating team at the SADC free trade area sessions. Mozambique began implementation of the SADC free trade area on August 31, 2001. The Government has indicated that it is eager to tackle its WTO obligations, and trade, once buried in another directorate, has received a key institutional promotion. An early step in this process will be an effort funded by USAID to "mainstream" the trade considerations into Mozambique's long-term development plans. This will be followed by further work with both the public and private sectors to maintain the momentum for liberalization over the next several years.

building in the region complements the Africa Growth and Opportunity Act (AGOA) and totaled US$ 192.0 million during the three-year period 1999–2001.

A major element of American commitment to the region is the AGOA passed by the United States Congress in 2000.* Since 1998, the African Trade and Investment Policy program has been a key vehicle of the United States Government for providing trade related technical assistance in the region. The program is an interagency effort under the auspices of the National Security Council and is administered by USAID. The program works to create an enabling environment for trade and investment within Sub-Saharan Africa and has funding over 100 projects since its inception.

For its 14 member states, the Southern African Development Community (SADC) 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 include 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 a role in overcoming 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. United States 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, including 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 to learn firsthand from players 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 the 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 are consistent with the prevailing international rules.

The team concluded that knowledge of COMESA and its Rules of Origin was limited within the business community, and businesses that were knowledgeable were precluded from taking advantage of the rules by lengthy procedures to secure Certificates of Origin and lack of "in-house" ability to determine product quality. These and other study findings were presented to COMESA's Secretariat along with recommendations for changes to the Rules of Origin system. Many of the proposed changes have been accepted and will encourage more companies to trade within the region. Future technical assistance will assist COMESA in adopting these recommendations.

In West Africa, the Office of the United States Trade Representative (USTR) is providing technical assistance to the West African Economic and Monetary Union (WAEMU). In view of WAEMU's ambitious agenda for economic integration in West Africa, USTR intends to collaborate on an assessment of pending barriers to implementing that agenda and to conduct a high-level conference in the United States on means of overcoming those barriers. Conference issues are expected to include, among others: implementation of the common external tariff, strengthening of regional regulatory bodies, investment promotion, and commercial dispute settlement.

Support also comes from USAID, which recently launched its West Africa Regional Program. The program will focus on assisting WAEMU and the Economic Community of West African States (ECOWAS). Already underway are efforts to train commercial bankers, conduct a warehouse receipts study in the cross-border trade context, support a regional gas pipeline and regional power pool, link West African and American businesses, and assist women's business associations active in cross-border trade.

* Note: The United States Africa Growth and Opportunity Act (AGOA) extends tariff reductions to all eligible countries in sub-Saharan Africa. In much the same way that the United States has provided technical assistance for full participation in WTO, the United States is also offering assistance to African countries so that they can take full advantage of the benefits of AGOA. One key to this is simply providing information to and conducting ongoing dialogue with African countries concerning the customs-eligibility and other requirements of AGOA. These activities are expected to permit Africa to seize more quickly the opportunities for exports to the United States that, as provided by AGOA, are expected to arise from the dramatic expansion of the Generalized System of Preference product list and from improved market access for apparel and textiles.

Trade Capacity Building in the Middle East and North Africa

Over the past two decades, the countries in the Middle East and North Africa have experienced slow growth and poor performance in their export sectors. These countries have increasingly focused on the need for private sector expansion and trade integration in order to increase employment and economic growth. Egypt and the Maghreb countries have worked on bilateral Trade and Investment Framework Agreements with the United States. The United States has provided US$ 249.8 million over the 1999–2001 period in support of trade capacity building programs, including WTO participation, in the Middle East and North Africa.

The United States–North Africa Economic Partnership was launched in 1998 with the aim of fostering private sector–led growth and trade in Morocco, Tunisia, and Algeria. Under the aegis of the partnership program, USAID designed the Maghreb Regional Trade and Investment Initiative to address the legal, policy, and regulatory constraints to increased trade and investment in North Africa. United States assistance helps strengthen commercial law, promote United States–Maghreb university partnerships, provide business training, develop debt markets, and promote the development of information and communications technologies. Internet connections between Chambers of Commerce in the Maghreb and United States businesses have been established through USAID's Global Technology Network. Other activities include:

- In Morocco, United States assistance is currently helping to implement recommendations coming out of the first two phases of the "Investors Roadmap," a study on barriers to investment. The Department of Commerce's Commercial Law Development Program is providing assistance to insurance sector liberalization. The Treasury Department is also helping to develop Morocco's domestic debt market.
- In Tunisia, the USAID–sponsored Global Technology Network is establishing Internet connections between local Chambers of Commerce and United States businesses. The Department of Commerce is working on the simplification of procurement procedures, electronic commerce, and commercial law orientation. Inter-university partnerships and Humphrey Fellowships help establish university linkages and business training in Tunisia.
- In Algeria, United States assistance, such as Department of Commerce assistance on WTO commercial law, helps prepare the country for WTO accession. The Department of Treasury also provides assistance with debt management.

Trade Capacity Building in Latin America and the Caribbean

The Latin America and Caribbean Region is a strong participant in global and regional trade initiatives. All 32 developing countries in the region are members of the World Trade Organization, and at the Miami Summit of the Americas in December 1994, the heads of state of the hemisphere's 34 democracies agreed to establish the Free Trade Area of the Americas (FTAA) by 2005. The United States has supported trade capacity building in the region with US$ 150.3 million over the period 1999-2001.

The Miami Summit of the Americas recognized that developing countries, especially smaller economies, face challenges to achieving full participation in economic integration. To address these challenges, the Summit Plan of Action pledged technical assistance to these countries to facilitate integration and promote economic development. Additionally, while supportive of the WTO and the FTAA, the ability of many Latin American countries to participate in these multilateral agreements is limited by a shortage of technical expertise to implement existing trade agreements, dismantle trade barriers, and enhance the region's trade competitiveness. Along with assistance to enhance economic integration, the United States Government provides technical assistance, training, and research throughout the region on WTO compliance and FTAA implementation.

Central America's preparation for membership in the FTAA gains support from USAID's regional programs designed to increase participation in global markets. The programs facilitate regional involvement in trade regimes, such as the WTO and FTAA, support Central American integration, and strengthen elements of economic and trade infrastructure. USAID's work with Central American governments helped improve trade openness through tariff reductions and the expansion of intra-regional trade. Success has also been experienced in expanding the adoption of intellectual property rights laws, protecting workers' rights, and advancing the energy and telecommunications sectors.

In the Caribbean, the Treaty of Chaguaramas established the Caribbean Community (CARICOM) in July 1973. The 15 CARICOM island member countries face similar external economic challenges because of their relative small sizes (geographic, demographic and economic) and their heavy dependence on external trade. The 1997 Bridgetown Accord committed the United States and the CARICOM to cooperate on a wide range of mutual concerns and interests. USAID supports the Bridgetown Plan of Action to encourage the smaller economies in the Caribbean to consider early implementation of internal adjustments to enhance their ability to participate effectively in the FTAA.

The Dominican Republic recently ratified free trade agreements with both Central America and the CARICOM. These agreements provide unprecedented opportunities for trade-driven economic growth and poverty reduction.

Coordinating and Communicating Trade Policies in The Caribbean

Through discussions among representatives of CARICOM, USAID, and the Inter-American Development Bank, the need for a communications vehicle for CARICOM member nations to facilitate coordination on trade policy and external trade negotiations was recognized. As a result, USAID and the Inter-American Development Bank provided funding to establish the Caribbean TradeNet. TradeNet is fully functioning as of February 2001, and provides:

An electronic system for CARICOM's 15 trade ministers, and a London-based chief negotiator, for sharing information on the trade negotiation process, and assisting members in actions such as implementing trade liberalization and developing negotiation platforms.

A public Internet site for information on current trade regulations, standards and practices, trade flow data, and other information. This assists CARICOM countries in the FTAA process, and provides access to trade-related data for private sector organizations.

The agreements also increase the need for the Dominican Republic to reduce tariffs, lift restrictions on foreign investment, open government procurement to foreign participation, and eliminate other anti-competitive practices and trade-distorting controls. USAID's work with the Dominican Republic focuses on trade, investment and financial policy activities that accelerate the policy and institutional reforms necessary to make the country more competitive in global markets and prepared for membership in the FTAA.

A joint effort between the CARICOM Secretariat, the Inter-American Development Bank, USAID, the USDA's Animal and Plant Health Inspection Service and the United States Food and Drug Administration developed a model approach to assist countries in meeting WTO Sanitary and Phyto-Sanitary obligations. The program developed protocols and fielded a team of specialists in food safety, and animal and plant health to each CARICOM country to assess agricultural health and food safety systems, and recommend policies and frameworks to help the countries meet international sanitary and phyto-sanitary standards. The CARICOM members are using the frameworks to achieve greater harmony among national and regional food safety infrastructures, to promote technical cooperation among developing countries, and to leverage support from international donor groups.

Other trade capacity building projects in the region utilize partnerships between United States Government agencies. For example, in the four windward Caribbean island countries of Dominica, Grenada, St. Lucia, and St. Vincent and the Grenadines, USAID is working with the USDA on the Caribbean Agricultural Competitiveness project and the Caribbean Agricultural Trade Policy project. USAID also works with the United States Federal Trade Commission (USFTC) and the Department of Justice on Caribbean Competition Policy Reforms, and the Department of Transportation on the CARICOM "Virtual Secretariat." In the Southern Cone Common Market (MERCOSUR) countries of Argentina, Paraguay, and Uruguay, USAID partnered with the USFTC and the Department of Justice on Competition Policy Technical Assistance. In the Andean region, work is being performed with the USDA on sanitary and phyto-sanitary reforms, and the USFTC on Andean Competition Policy Reforms.

Survey Methodology

This report summarizes the findings from a survey of U.S. Government trade capacity building initiatives conducted during July to September 2001. It updates and expands on a similar survey conducted a little more than a year earlier in March and April 2000.

Both surveys covered the same set of the U.S. Government agencies and offices, including major branches and departments of the U.S. government based in Washington, D.C. and field offices and overseas missions of the United States Agency for International Development (USAID). However, two important differences between the 2000 and 2001 survey are worth noting:

- In the 2001 survey, greater awareness and better planning resulted in a more comprehensive set of survey responses from agencies and overseas field missions than was the case in the 2000 effort. Responses from several offices were omitted from the 2000 report, as information was not received in time for publication; and

- For the updated and expanded 2001 report, U.S. Government agencies were requested to provide funding information for *all* trade capacity building activities, regardless of the amount. For the 2000 report, agencies and missions were requested to report only *major* trade capacity building activities that involved funding of over US $1.0 million in any given year, FY 1999 or 2000.

These expanded reporting requirements result in a more complete picture of U.S. trade capacity building funding obligations in the 2001 report.

In order to preserve the integrity of the data, survey respondents were instructed to apply a rigorous standard for trade capacity building support. Activities were limited to those that related directly to increasing the ability of developing and transition countries to participate in global trade agreements, to engage more actively in trade itself, or to assure the benefits of trade are widespread among economic groups. For example, basic agricultural research, basic education and health programs, while certainly contributing to building national productive capacity, were not included because they lacked any direct link to trade. However, research on methods to control pests that were consistent with phyto-sanitary requirements on export crops, was considered to have an impact on a country's ability to expand its participation in trade.

Every effort has been made to report numbers accurately. However, some cautions are warranted. Some agencies found it difficult to estimate full funding levels for 1999; as a result, those numbers may have been understated in some cases. Also funding obligations for FY 2001 were provided before the books closed on the U.S. Government fiscal year, which ended September 30, 2001. Therefore, some numbers may be subject to adjustments when official obligation figures become available.

A note on the tables and graphs:

The global funds in Table 3 are allocated to the country groups in Graph 3 as follows: In FY 1999, 42.9 percent to other developing countries, 13.5 percent to least developed countries, and 43.6 percent to transition countries; in FY 2000, 62.3 percent to other developing countries, 14.3 percent to least developed countries, and 23.4 percent to transition countries; and in FY 2001, 64.3 percent to other developing countries, 10.2 percent to least developed countries, and 25.5 percent to transition countries. The percentages are based on each country group's share of the fiscal year total, excluding the global funds.

United States Government Agencies Reporting Trade Capacity Building Activities

U.S. Department of Agriculture
- Agricultural Marketing Service
- Agricultural Research Service
- Animal and Plant Health Inspection Service
- Cooperative Research, Education, and Extension Service
- Economic Research Service
- Food Safety and Inspection Service
- Foreign Agriculture Service
- Forestry Service

U.S. Department of Commerce
- Patent and Trademark Office
- Commercial Law Development Program
- National Institute of Standards and Technology

U.S. Department of Energy
U.S. Department of Justice
U.S. Department of Labor
U.S. Department of State
U.S. Department of Transportation
U.S. Department of Treasury
U.S. Customs Service
U.S. Agency for International Development
- Overseas Field Missions
- Regional Bureaus and Central Program Offices

Environmental Protection Agency
Export Import Bank
Federal Trade Commission
Office of the U.S. Trade Representative
Overseas Private Investment Corporation
Peace Corps
Small Business Administration
Trade and Development Agency

List of Countries in the Survey

This list of countries represents the reported recipients of U.S. Government trade capacity building assistance in FY 1999, 2000, and/or 2001.

Sub-Saharan Africa

Angola*
Benin*
Botswana
Burkina Faso*
Cameroon
Congo, D.R.*
Eritrea*
Ethiopia*
Ghana
Guinea*
Kenya
Lesotho*
Liberia*
Madagascar*
Malawi*
Mali*
Mauritius
Mozambique*
Namibia
Nigeria
Rwanda*
Senegal*
Seychelles
Somalia*
South Africa
Swaziland
Tanzania*
Togo*
Uganda*
Zambia*
Zimbabwe

North Africa & the Middle East

Algeria
Egypt
Jordan
Lebanon
Morocco
Tunisia
West Bank/Gaza**
Yemen*

Asia

Bangladesh*
Cambodia*
China
India
Indonesia
Malaysia
Mongolia
Nepal*
Pakistan
Philippines
Sri Lanka
Thailand
Vietnam

Latin America & the Caribbean

Argentina
Bolivia
Brazil
Chile
Colombia
Costa Rica
Dominica
Dominican Republic
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti*
Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay
Peru
St. Lucia
St. Vincent & the Grenadines
Trinidad & Tobago
Venezuela

Former Soviet Republics

Armenia
Azerbaijan
Georgia
Kazakhstan
Kyrgyzstan
Moldova
Russia
Tajikistan
Turkmenistan
Ukraine
Uzbekistan

Central and Eastern Europe

Albania
Bosnia & Herzegovina
Bulgaria
Croatia
Czech Republic
Hungary
Macedonia, Former Yugoslav Republic of
Poland
Romania
Turkey
Yugoslavia

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*Indicates a Least Developed Country (LDC) as defined by the United Nations.
** The current status of West Bank/Gaza is subject to the Israeli–Palestinian Interim Agreement, with its permanent status to be determined through further negotiation.

Cover photos are courtesy of USAID.

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