

CHEMONICS INTERNATIONAL INC.



BOLIVIA TRADE AND BUSINESS COMPETITIVENESS (BTBC)

USAID - Bolivia

Contract No. PCE-I-00-98-00015-00 Task Order No. 11



Workshop on Market Access

May 2nd to May 9th, 2004

Santa Cruz, Bolivia



BACKGROUND

The overall project objective was to help Bolivia reduce poverty through increased investment and employment creation, as a result of improvements in productivity and access to external markets. The project is focused on the following priorities, among other:

A. Activities Geared to Improving the Business Environment, Including Institutional Strengthening

Aimed to improve the business environment and operative conditions in Bolivia through the elimination of systemic constraints in order to improve competitiveness and assist economic growth and exports. Factors that will contribute to this “productive environment” include, among other:

- Effective institutional, legal, administrative and regulatory conditions;
- Development of human resources, especially in the area of foreign trade and negotiation, and;
- Coordination and collaboration between the private and public sectors, especially in those efforts oriented to the use of concessions offered by key commercial agreements like the Andean Trade Preferences and Drug Eradication Act (ATPDEA).

Component A.4. Assistance in Training Bolivian Negotiators

Bolivia was benefited by the Andean Trade Preference Act, a unilateral concession of tariff preferences by the U.S., and is a member of the Andean Community of Nations and Associate Member of the Mercosur bloc. It is also a member of the World Trade Organization. In November 2003 at the Miami Western Hemisphere Trade Ministerial, the U.S. announced its intention to negotiate a bilateral trade agreement with the countries of the Andean Community, including Bolivia. Thereafter, the USAID/Bolivia BTBC program was tasked with supporting Bolivian efforts to prepare for the eventual negotiations with the U.S.

On March 23, 2004, BTBC signed a subcontract with Florida International University (FIU) via its Summit of the Americas Center (SOAC) of the Latin American and Caribbean Center, to carry out, by means of its partner, Integral, three courses in international negotiations, as part of the support BTBC was offering the GOB and the Bolivian private sector to improve its capacity to participate in the hemispheric and global economy.

The courses were:

- International Trade Negotiations Skills
- Market Access
- Trade Agreement Impact Analysis

Workshop on Market Access

May 1 to 9, 2004
Cochabamba, Bolivia



Course Participants and Instructors, at Hotel Casa Campestre, Santa Cruz

OBJECTIVES

To help Bolivian public sector officers and private sector representative to acquire deep knowledge of the FTAA negotiation process Chapter on Market Access and on all the issues related to a multilateral negotiation on such issue of the international trade agenda.

PROGRAM CONTENT

The International and Regional Context: Interaction of Multilateral and Regional Integration Processes.
The “Bilateralization” of the FTAA

- Detailed update on current negotiations in the WTO, FTAA and regional and bilateral contexts Key political and economic factors impacting the FTAA and other regional negotiations
- Trade relations of Bolivia
- US trade policy in Latin America, with details on the US-Chile, and US-Central America FTAs
- Bolivia in the FTAA and in the US – Andean bilateral FTA

Explanation and Analysis of the Draft FTAA Chapter on Market Access

- Detailed review and highlighting of selected issues from the bracketed text of the draft FTAA Chapter on Market Access
- Safeguards and their application and effects
- Tariff reduction modalities and alternatives
- Non-tariff barriers
- Rules of origin, and customs procedures and business facilitation measures
- Interaction of the Market Access agenda with other negotiating groups and their relation to the overall issues of the global FTAA agenda

Simulation Negotiation Exercise – Drafting a New Version of the FTAA Chapter on Market Access

- Detailed and systematic presentation and explanation of the Study Case
- Roles allocation as representatives of countries which were to negotiate individually or in regional trading blocs (thus, participants were assigned to 23 different countries, with the number of participants for each country in accordance with the actual attendance at meetings of the NGMA)
- Study and discussion of Case Study Manual and distributed Reading Materials
- Simulation Negotiation Exercise

DEVELOPMENT OF THE WORKSHOP

The Workshop on Market Access was successfully presented to 33 Bolivians from both public and private sectors who were involved in or connected with the negotiation of international trade agreements, and with a few exceptions, were the same persons who had attended the prior Intensive International Trade Negotiation Course in March – April. There were 22 public and 11 private sector representatives. Individuals from La Paz, Cochabamba and Santa Cruz and representatives of industrial, agricultural and exporting groups were included.

The course was inaugurated at the Hotel Casa Campestre by Walter Nuñez, Chemonics BTBC Trade and Investment Area Manager and Carl Cira, director of FIU's Summit of the Americas gave brief opening remarks and Rodolfo Rúa Boiero, FIU/SOAC Senior Research Associate, INTEGRAL Director and Workshop Academic Coordinator, then gave a presentation and description of the content and philosophy of the Workshop. He explained the methodology to be used in imparting the needed background and fundamentals and for conducting and managing the simulated negotiation exercises.

The conceptual sessions given informed and updated the group in the detail on current negotiations in the WTO, FTAA and regional and bilateral contexts, as well as some of the key political and economic factors impacting the FTAA and other regional negotiations, and the trade relations of Bolivia. Subjects covered were the WTO Doha Round, the failed Cancun Ministerial, the relationships between the Doha agenda, the FTAA and regional integration progress and prospects, the history of US trade policy in Latin America over the past 20 years and the US-Chile, and US-Central America FTAs. Bolivia's relative position in the hemispheric trade picture provoked strong interest and discussion as well as awareness on the stakes for Bolivia in the FTAA and in the US –Andean bilateral FTA, and the degree of dependency on the US unilateral preferences, particularly in textiles and clothing.

The Explanation and Analysis of the latest Draft FTAA Chapter on Market Access gave a detailed review and highlighting of selected issues from the bracketed text of the Draft including a breakdown of tariff reduction processes – both highly technical areas. The session on dumping, subsidies and safeguards and their application and effects evoked lively exchanges. Ample discussion and responses to questions and

participant comments characterized these sessions. Appropriate practical examples were provided of the importance of the particular negotiation phase and the opportunities for advantage or potential loss of ground. Points were illustrated with anecdotal and experiential examples from actual past negotiations. During discussion and question sessions several participants offered their own experiences for comment and analysis.

The explanation of tariff reduction modalities and alternatives, non-tariff barriers, rules of origin, and customs procedures and business facilitation measures – all with reference to the treatment of each of these crucial market access elements in the draft FTAA Chapter, and the interaction of the Market Access agenda with other FTAA negotiating groups and their relation to the overall issues of the global FTAA agenda, gave a full picture of all the issues involved in a negotiation on market access and the complexity of their intricate interrelation and therefore of the uttermost importance of properly weighing benefits, risks and consequences when defining the national negotiating position.

Simulation Negotiation Exercise

The distributed Workshop Manual contained a section detailing the real characteristics of the economies and primary products and exports of each country involved in the FTAA negotiation process. Together with the role assignments, every participant received basic indications regarding the negotiating position of the country they represented.

The pre-negotiation process began with formation of subgroups with possible negotiating affinities, and the preparation of individual country negotiating positions, the process gradually took form and all participants drafted their positions. The participants settled into their assigned roles and began developing country positions and group and subgroup technical positions and negotiation goals. As the relations and alliances among the country representatives and blocs developed, participants progressively took their roles and lively discussions and quick caucuses outside the negotiation room began to occur.

Drafting of proposed wording for sections of relevant possible declarations began to happen and participants continued to work on the final negotiation and production of the new draft. Discussions focused on the agenda issues, related to Rules of Origin, Methods and Modalities, Small Economies Special and Differential Treatment and Safeguard Clauses. Canadian and US development cooperation and technical assistance conditions were soon advanced as trade-offs for the enforcement of specific origin and safeguards requirements within the FTAA. The negotiation required numerous informal meetings between country delegations, seeking a balanced text that could be acceptable for all parties according to their initial negotiating positions. There was a remarkable level of the debate around the negotiating table, when, as the final draft was to be finalized, all participants made their best efforts to arrive at agreement, and interventions on positions were in all cases duly sustained and adequately defended. Finally, the exercise stood adjourned, with only one bracket remaining in the final text, due to the Mercosur position, bracket that could not be solved within the exercise.

Closing Session

During the last session, the instructors remarked that group's attitude was very positive, and participants were serious and active in both the preparatory phase and in the simulated negotiation, involving themselves eagerly in the negotiation process, and working together to define, refine and discuss their negotiating positions and to prepare documentation and positions, assuming their assigned roles fully, staying "in character" with their assigned identities.

After the debriefing and wrap-up by the instructors, each participant was invited to give an overview of the negotiating position of his delegation, as well as his evaluation of the objectives reached within the

final agreed new draft. All present agreed that it had been an extraordinary and useful experience, and that the Workshop had exceeded the expectations of participants and instructors alike. The similarity between the exercise and the scenario of a real FTAA Market Access negotiation was particularly stressed, as well as the benefits for public and private sector representatives of experiencing the intensity and technical complexity of modern trade negotiation agendas. Several persons noted the importance of playing roles different from their own reality. They said this had allowed them to understand the other parties' strengths and weakness, especially for those who played the roles of the most powerful countries. They especially emphasized that the need to reach consensus was a powerful motivator at the negotiating table and noted that this condition obliged all to develop a dynamic understanding of eventual potential benefits and losses as a result of the negotiation to reach consensus. Also, those whose country assignment obliged them to negotiate alone emphasized how they had to improve their creativity to obtain alliances that could help them defend their interests. The open debriefing, evaluation and discussion continued for about an hour and a half.

One private sector participant, speaking on behalf their colleagues, expressed their satisfaction with the workshop results and congratulated USAID-Chemonics for the initiative, as well as for the technical capabilities of the instruction team. Chemonics closed the debriefing by emphasizing the importance of this training and the lessons to be learned from it, especially as related to the real possibility of negotiating effectively in defense of the small economies and least developed countries.

The workshop was conducted in an atmosphere of cooperativeness that combined seriousness of purpose with a good level of friendly interchange among FIU instructors and Bolivian participants throughout. Again, as in the prior Bolivia trade course from March 30 – April 7, SOAC/INTEGRAL staff greatly appreciated the constant support of Chemonics project manager Walter Nuñez and his assistant Jimena Jáuregui.

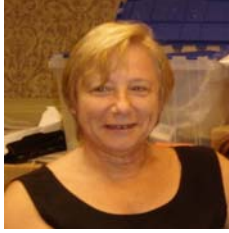
INSTRUCTORS TRAINING TEAM



Carl A. Cira, J.D., Director of the Summit of the Americas Center of the Latin America and Caribbean Center at Florida International University. Attorney (Boston College Law School, John Carroll University); former Deputy Chief, Foreign Commerce Section, Antitrust Division, U.S. Department of Justice; Former Mission Director, USAID/Colombia, 1997-1999. International trade policy analyst. Course Director and instructor.



Rodolfo Rúa Boiero, Ph.D. Economics; President, Center for Studies on Economic Integration and International Trade (INTEGRAL), Buenos Aires and Miami, economist and trade policy advisor to Argentine, Brazilian, Uruguayan and Paraguayan public and private sectors, veteran negotiator of various bilateral and Mercosur trade and tariff agreements; representative of Argentine Chamber of Commerce to Business Network for Hemispheric Integration (BNHI); Academic Director and instructor.



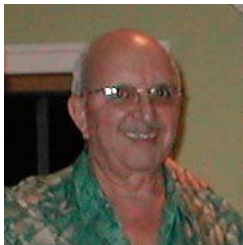
Elena Di Vico, Ph.D. Economics; INTEGRAL; Former President of the National Commission of Foreign Trade of the Argentine Republic. Public Accountant and Master in Economic Sciences, expert in antidumping remedies, countervailing duties and safeguards and Representative before WTO Technical Committees, for which she was Coordinator, 1996 to 1999. Consultant for IADB and World Bank.



Dra. Lilana Otero, INTEGRAL, pharmacist and biochemist, regulated sectors expert and Mercosur negotiator; pharmaceutical industry consultant and negotiation training specialist.



Ing. Jorge Bardier, Engineer; INTEGRAL, President of the Uruguayan International Trade Association, manufacturer and exporter, expert on rules of origin, experienced trade negotiator.



Carlos Restaino, Engineer; INTEGRAL, former executive with Gillette, Inc., management consultant and trade negotiation advisor, LAIA negotiator and market access specialist.



Elisa N. Gallo, M.A., Ph.D. candidate (Economics); Instructor FIU Department of Economics and Summit of the Americas Center Programs Coordinator.