

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 Impact Analysis of Trade Agreements

June 26th to July 3rd, 2004

Sucre, 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

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 Impact Analysis of Trade Agreements

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Sucre, Bolivia



Several participants with Liliana Otero (INTEGRAL) and Elisa Gallo (FIU)



Walter Núñez (BTBC Program, Chemonics), Carl Cira (SOAC/FIU), Vice Minister Isaac Maidana and Rodolfo Rúa Boiero (INTEGRAL)



Denise Fernandez USAID CTO y Margaret Enis, Deputy Officer USAID/Bolivia



Carl Cira (SOAC/FIU), Vice Minister Isaac Maidana and the President of the Cámara Agropecuaria del Oriente CAO

OBJECTIVES

- Provide with analytical and practical training on techniques for impact analysis of trade negotiations, with special emphasis on determining priorities for negotiating on the Free Trade Area of the Americas (FTAA).
- Train in the identification of priority and/or sensitive sectors / products within the negotiation, as well as priority and / or sensitive issues as regards the balance of concessions between different issues of the negotiation agenda.
- Develop the elements for applying impact analysis techniques to the development of arguments and negotiating positions.

- Train by means of a role-playing negotiation exercise in the development of a national negotiating position and design of a negotiation strategy, through the application of the results and conclusions of an impact analysis.

PROGRAM CONTENT

Impact Analysis of Trade Agreements on Domestic Economies

- Impact Analysis: Introduction and basic notions.
- Methodology for impact analysis development.
- Types of impact analysis: general equilibrium and partial equilibrium (sectors, trade flows).
- Impact analysis characteristics: advantages and disadvantages.
- The logic implicit in the impact analysis and its limitations.

Impact Analysis as a Tool of Trade Negotiations - Elements for the development of Impact Analysis and its limitations

- The actual context and the formulation of hypothesis of analysis.
- The availability and management of information.
- The impact analysis as a tool for the development of negotiating positions and the design of negotiation strategies.
- The models theoretical conclusions and their complementarities with the intuitive analysis.

Impact study of trade negotiations on the Bolivian economy

Role Playing Negotiation Exercise: Designing a Negotiation Strategy and Developing a National Negotiating Position in the FTAA Negotiation Process Scenario

- Study case – Sectors and selected negotiation issues. Related FTAA Negotiation Groups.
- Methodology for the role playing exercise
- Impact analysis hypothesis to be applied to the simulation negotiation
- Sectoral dossiers.

WORKSHOP DEVELOPMENT

The Workshop on Impact Analysis of Trade Agreements was successfully presented from June 26 to July 3, 2004 to 35 Bolivians, 22 from the public sector and 13 from the private sector. The participants were involved in or connected with the negotiation of international trade agreements, and with a few exceptions, most had attended the prior FIU Bolivia Trade Negotiation Course in March – April and the FIU Market Access Workshop in May. Individuals from La Paz, Cochabamba and Santa Cruz and representatives of industrial, agricultural and exporting groups were included. The workshop was inaugurated at the Capital Plaza Hotel on Saturday June 26th, with opening remarks by Rodolfo Rúa Boiero, President of INTEGRAL and Walter Nuñez, Chemonics BTBC Trade and Investment Area Manager.

Introduction to the Analysis of the Impacts of Trade Agreements on National Economies

FIU/SOAC Senior Research Associate, INTEGRAL Director and Workshop Academic Coordinator, Rúa Boiero gave a short presentation and description of the content and philosophy of the workshop. He briefly explained the methodology to be used in imparting the needed background and fundamentals and for conducting the impact analyses and managing the simulated negotiation exercises. INTEGRAL instructor Elena Di Vico, then conducted a two hour session explaining the two main methodologies for impact analysis, the general equilibrium and the partial equilibrium methods.

Impact Analysis as an Element of Trade Negotiations – Methods and Limitations

The utility of impact analysis from several strategic standpoints was analyzed. The way that actual context and the formulation of hypothesis of analysis are entangled. The availability and management of information as a necessary step to prepare an adequate negotiating position. The impact analysis as a tool for the development of negotiating positions and the design of negotiation strategies. The validity of impact models theoretical conclusions and their complementarities with the intuitive analysis. How to interpret each of the impact analysis findings and to relate them to the interests represented.

Impact Analysis of Trade Negotiations on the Bolivian Economy

The methodology and results of an actual recent impact analysis provided by Chemonics of the effects on Bolivia's relative position of participation in the hemispheric trade negotiation context was explained and discussed in detail. This session provoked strong interest and discussion, as the participants became more aware of the levels of sophisticated analysis that are important and useful to clarify the stakes for Bolivia in the FTAA and in the US –Andean bilateral FTA.

Role Playing Exercise - Design of a National Negotiating Strategy in the FTAA Negotiation Context

- **Explanation and Preparation**

The Study Case, covering actual factual and statistical information on three areas of the Bolivian economy – agroindustry with emphasis on the oleaginous sector, manufactures with emphasis on the textile sector, intellectual property rights, plus a fourth dossier on positions of Bolivian civil society, was explained in detail and each of the three sectors to be involved in the negotiation was reviewed as well as the current FTAA Negotiating Groups that relate to the particular sectoral issues was discussed and highlighted. Selected issues from the bracketed text of the draft FTAA agreement were noted. The description of the methodology for the role playing exercise itself was explained and the participants were assigned their individual roles as government and private sector and civil society representatives and members of the three economic sectoral groups, agroindustry, manufacturing with emphasis on textiles, and the set of sectors affected by intellectual property rights. The impact analysis hypotheses applicable to the role playing exercise were covered in detail. Finally, the dossiers of information and reading material for each of the three sectors and for the civil society representatives were distributed and explained over a four hour period. During discussion and question periods participants offered their own experiences for comment and analysis and clarifying questions were answered.

The workshop featured a specially designed negotiation problem based on the instructors team's prior analysis of the mentioned Bolivian economic sectors and the civil society positions. The parallel context was the ongoing FTAA process and more particularly, the eventual Bolivian adhesion to the separate US-Andean FTA negotiations in early 2005.

The negotiation exercise objective was to develop a simulated unified national negotiating position and strategy in the FTAA negotiation context.

- **Individual Reading, Study and Discussion Day**

Participants spent this entire day first, in familiarizing themselves with the role playing exercise supporting materials, and then in the development and production of group positions. A set of guidelines for the systematic review of the theoretical instruction sessions as well as for the practical negotiating case was provided. Participants were instructed to concentrate on identification of the most important information in accordance with the roles that they had been assigned. They were to

develop both an individual negotiating position and a group position based on the explanation of the interests represented in their assigned roles.

Participants were asked to begin to meet informally with potential allies and to use the study day productively and progressively to produce a preliminary analysis of their sectoral position, those of potential allies as well as potential adversaries beginning to define potential trade-offs and strategies to achieve their ends. At the end of the day, participants were required to deliver their written negotiating positions, according to the group and role assigned.

The pre-negotiation processes began and proceeded smoothly in most cases, as new participants were integrated smoothly into the groups. As the day went on, the group organization process gradually took form and all four groups had drafted their positions by the close of the day's sessions.

- **First Day of Sectoral Negotiations**

The day was devoted to the simultaneous meetings of the four different negotiating groups. Each group had to negotiate among themselves to evolve a consensus sectoral position in preparation for the coming joint negotiating sessions. The work was occasionally difficult as the simulation of the roles of the representatives of government ministries and specialized agencies relevant to the sector had to assume leadership and drive the process. The harmonization of positions proceeded with the resolution of conflicts with certain private sector representatives. The sectoral negotiations were increasingly overshadowed by awareness of the strong biases of the civil society representatives and their innate mistrust of governmental and private sector representatives. A strong militant position on the part of the group representing civil society made the negotiations more difficult, slowed progress and extended the meetings well into the night. Drafting of proposed wording for sections of relevant possible declarations began to happen.

- **Final Day of Sectoral Negotiations. Beginning of National Negotiations**

The morning sessions were devoted to final negotiation and production of the three sectoral position papers and the civil society negotiating manifesto.

Once that done, all participants gathered to begin a national negotiating conference aimed at the development of a unified Bolivian negotiating position to be derived from the positions of the four individual working groups. FIU instructors carefully monitored participants during their deliberations that ran past midnight. The negotiation of a national position continued throughout the morning, with the document expressing the consensus national position completed and delivered to the instructors by midday. In the afternoon two hours were set aside for a review of the sectoral negotiating positions. An hour was set aside to present and discuss the national negotiating position and to critique the different strategic and tactical techniques demonstrated by participants.

- **Conclusion of the Workshop – Press Conference**

A simulated press conference was held to pepper the principal representatives with typical probing and hostile questions concerning the reasons that they came to the positions they had and seeking explanations and defense of their work and its utility and benefits for Bolivia. Thus, all participants became aware of the importance of wisely communicate to their peers, authorities and other interested parts, the consensus achieved, taking notice that adequate dissemination of what has been done is as relevant as the deed itself.

Workshop Closure

Instructors provided an hour of evaluation and discussion of the entire program and participants' comments and views were given and discussed. This Workshop was by far the most complex of the three presented and the four separate teams routinely worked long hours together to define, refine and discuss their negotiating positions and to prepare documentation and positions. All agreed that it had been an extraordinary and useful experience, and that the Impact Analysis Workshop had exceeded the expectations of participants and instructors alike. The similarity between the exercise and the difficult reality of working out national negotiating positions was particularly stressed. The instructors remarked how well-prepared the group was and how enthusiastically had immersed themselves in the negotiation exercise. And again, people remarked on the satisfaction that they felt as well as the benefits for public and private sector representatives of experiencing the intensity and technical complexity of modern trade negotiation agendas.

Certificates of Successful Completion of the 60 hour FIU Impact Analysis Workshop were provided to all those participants who had fulfilled the attendance requirements for the event. The Certificates Conferral Ceremony included the presence of USAID/Bolivia Deputy Private Sector Officer Margaret Enis, Issac Maidana Bolivian Vice Minister of Agriculture, and the President of the Cámara Agropecuaria del Oriente CAO, one of the most important private organizations in Bolivia. Next day, Saturday, July 3rd, a special briefing program for Bolivian officials was conducted.

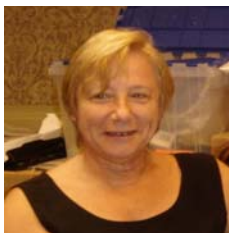
INSTRUCTORS TRAINING TEAM



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.



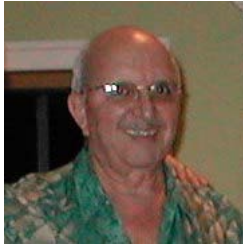
Rodolfo Rúa Boiero, Ph.D. Economics; President, Center for Studies on Economic Integration and International Trade (INTEGRAL), Buenos Aires and Miami, economist and trade policy advisor to Argentine, Brazilian, Uruguayan and Paraguayan public and private sectors, veteran negotiator of various bilateral 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.



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.