

CHEMONICS INTERNATIONAL INC.



**BOLIVIA TRADE AND BUSINESS COMPETITIVENESS
(BTBC) USAID - Bolivia
Contract No. PCE-I-00-98-00015-00 Task Order No. 11**



**Intensive International Trade
Negotiation Skills Course
March 30 - April 7, 2004
Cochabamba, 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

Intensive International Trade Negotiation Skills Course

March 30 - April 7, 2004

Cochabamba, Bolivia



Course Participants and Instructors, at Hotel Hacienda Kaluyo, Cochabamba

OBJECTIVES

To improve Bolivian public sector officers and private sector representative background and the training to confidently and adequately define trade negotiating positions and strategies in an actual international negotiation setting.

PROGRAM CONTENTS

- Multilateral Trade Negotiations
- Models of Regional Integration
- Current National Actors And Positions
- Models of Multilateral Trade Negotiations - Explication and Analysis of Elements - Protagonists and Negotiation Methods
- Technical Barriers to Trade – definitions, importance, impact on market access
- Conducts within the negotiations
- Preliminary Simulation Negotiation Exercise – The Ministerial Miami Declaration of November 2003
- Simulation Negotiation Exercise – Harmonization of a Technical Barrier to Trade in an Imperfect Customs Union

COURSE DEVELOPMENT

The Intensive International Trade Negotiations Skills, was held at the Hotel Hacienda Kaluyo, in Cochabamba, from March 30th to April 2004, Bolivia and included 32 participants, 21 from the public sector (primarily from the Ministry of Foreign Relations, but also from Economic Development, Agriculture, and Customs) and 11 from private business and export organizations and technical entities.

The course was officially opened with the remarks by Walter Nuñez, from Chemonics International and Carl Cira, from the Summit of the Americas Center.

The conceptual presentations that followed are highlighted below.

Multilateral Trade Negotiations – Models of Regional Integration - Current National Actors And Positions
Current political and economic factors impacting the FTAA and other regional negotiations, and the trade relations of Bolivia. The new negotiation context post-Miami Ministerial and outlined the major changes in the FTAA process, including the main differences in negotiating positions and the elements of the changed landscape after the retreat from the “single undertaking” mode that prevailed since the 1995 initiation. The recent historical and policy review of international trade policies of the U.S. toward Latin America and Bolivia and their domestic and international aspects, limits, and problems, from the Caribbean Basin Initiative of 1984, and the main unilateral, multilateral and bilateral instruments of US trade policy in the region and the prospects for FTAA conclusion in 2004.

The mapping of the panoply of trade agreements in the Hemisphere, demonstrating the complicated set of interrelated bilateral and multilateral pacts and how these agreements and negotiations related to the FTAA, the WTO and the integration process. Q&A was focused on Bolivian options and relative strengths and weaknesses, comparative advantages in pursuing bilateral as opposed to multilateral options, and the convenience/need to protect the present levels of US concessional preferences under ATPA in whatever negotiation context. The design and implementation of national negotiation strategies within the context of simultaneous trade negotiations at the multilateral, regional and bilateral levels was presented and the specific relationship between the FTAA and the existing subregional integration processes, in particular, Mercosur and the Andean Community was covered. A contextual scene-setting review of the relevant economic and trade situations in Latin America, with special focus on Bolivia was given as well as the factors to be considered in determining Bolivia’s negotiating posture and national strategy in this context were discussed, as well as the need to seek alliances and coalitions of countries in the FTAA context. This session was complemented with round table led by Rodolfo Rúa Boiero aimed at identifying which were the most controversial or difficult issues for Bolivia and what were the possible trade-offs, thus leading to a rich interchange of opinions among participants and instructors.

Models of Multilateral Trade Negotiations – Explication and Analysis of Elements – Protagonists and Negotiation Methods

Systematic breakdown, analysis and discussion of the various elements of the multilateral trade negotiation process, and the steps to be covered in order to enhance success feasibility within the complex scenario of the multilateral trade negotiations. FIU instructors from the Center of Studies on Economic Integration and International Trade (INTEGRAL), Carlos Restaino y Liliana Otero , led this phase. Each of the six lecture sessions was punctuated by appropriate practical examples of the importance of the particular negotiation phase and the opportunities for advantage or potential loss of ground. The instructors also illustrated their points with anecdotal and experiential examples from actual past negotiations showing the range of possibilities that can be used according to the different

negotiating situations. During discussion and question sessions several participants offered their own experiences for comment and analysis.

Preliminary Negotiation Simulation Exercise “The Declaration of Miami - 2003” – (Short Negotiation Practice) At the end of this full day of examination of the stages of an international trade negotiation, participants were given their first practice negotiation exercise. Each participant was assigned a role as the representative of an FTAA country at the 2003 Trade Ministerial Meeting in Miami (except for Bolivia). Four issues were to be treated in the discussion and a consensus document dealing with these was to be negotiated. The issues were:

1. The end date for the FTAA negotiations and the date of its entry into effect;
2. Inclusion of labor and environmental language in the FTAA;
3. The treatment of agricultural subsidies; and
4. Antidumping and Countervailing duties.

Participants grouped into the four groups that negotiate as regional trading blocs (Mercosur, Central America, CARICOM, and the Andean Community) and those who represented the countries that negotiate individually made the correspondent coalitions according to their common interests. The task at hand was to formulate positions and produce draft language.

Negotiation Simulation Exercise “Harmonization of a Technical Barrier to Trade in an imperfect Customs Union” The case involves the interests of four countries, the public and private sectors of each, (regulatory bodies, trade associations, manufacturers, importers, and consumers or patients), and participants were assigned roles accordingly. The task at hand was to develop their country and sectoral position in accordance to the role assigned and the negotiation goals and the drafting the proposed wording of relevant possible agreement between parts.

The Closing Session involved a comparison between the draft agreement achieved in the exercise with the actual outcome of the Mercosur negotiation, followed by and a lively and good-natured question, comment and discussion session.

All present agreed that it had been an extraordinarily rich and useful experience, and the course had exceeded the expectations of participants and instructors alike.

Mr. Nuñez expressed the thanks of the BTBC program and the involved Bolivian institutions to FIU and praised the evident full collaboration of the participants and the richness of the experience for all. Several of the participants also rose to laud the course and expressed their personal gratitude for the opportunity and the experience. Helena Rico, an experienced Ministry of Foreign Relations negotiator, was selected by the participants to express the satisfaction and appreciation of the group for the authenticity and the rigor of the experience. Ms Rico noted their particular contentment with the friendly and relaxed comportment of instructors group in mingling freely with the participants throughout and in being constantly available for consultation and coaching.

INSTRUCTORS TRAINING TEAM



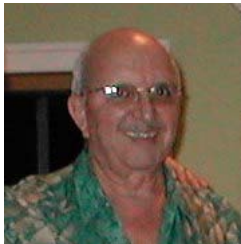
Carl A. Cira, J.D., Director of the Summit of the Americas Center of the Latin America and Caribbean Center at Florida International University. Attorney (Boston College Law School, John Carroll University); former Deputy Chief, Foreign Commerce Section, Antitrust Division, U.S. Department of Justice; 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.



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.