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

Summary Report

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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.

Overview

United States Government Support for Trade Capacity Building

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 FY 1999 – FY 2001

In the summer of 2001 the U.S. Government undertook a survey of its programs and activities that promote trade-related capacity building in developing countries and transition economies around the world. The results of the survey demonstrate that the United States is devoting substantial resources in a wide range of activities, totaling more than 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 1999, US$ 457 million in 2000, and US$ 556 million in 2001. Not only are the annual amounts large, but they are growing.

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 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 accession 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 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 & Interagency 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.

Highlights of the Survey 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 building assistance. Table 1 summarizes the allocation of funds between major trade capacity building categories.

The diversity of assistance is matched by the diversity of U.S. Government agencies that provide such assistance. Though a few agencies account for the bulk of the effort, nearly two dozen departments and agencies are involved. (See *Survey Methodology* section at end of report 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 details about the funding for assistance with respect to specific Agreements.

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	4.0
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.

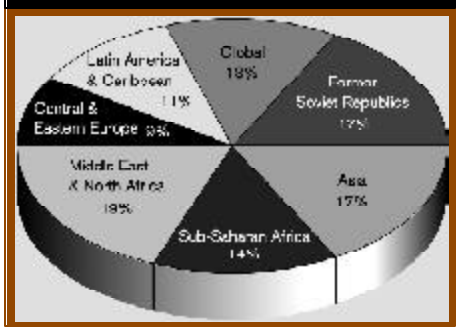
United States assistance in trade-related capacity building is wide-ranging from a regional perspective as well. As illustrated in Graph 2 and Table 3, the United States has funded trade capacity building programs and activities in every region of the developing world, including global programs that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

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

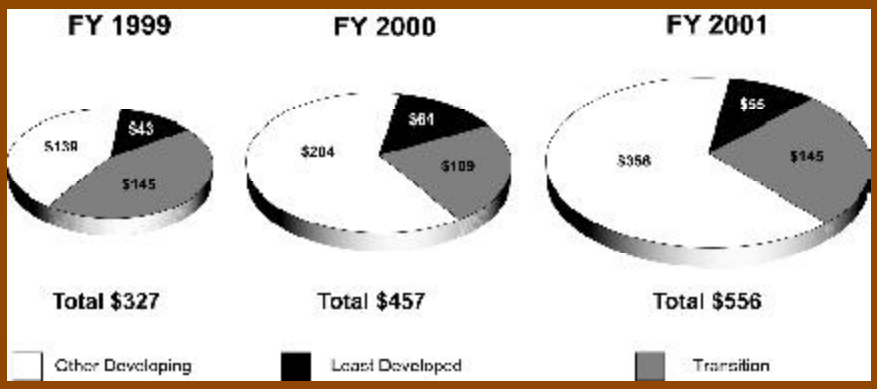
[1] Assistance programs involving countries from two or more regions and for which country and regional breakdowns were not feasible.
[2] Due to rounding, numbers shown in columns and rows may not sum to totals.

Graph 2. Distribution of Funds by Geographic Region FY 1999 – FY 2001



Graph 3 shows that United States trade capacity building assistance is reaching countries in all stages of development and transition. (See *List of Countries in the Survey* section at end of report.) 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.

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.

In the funding totals, every effort has been made to capture all U.S. Government trade capacity building initiatives. The specific activities described on the pages that follow illustrate the range of activities undertaken.

WTO Awareness and Accession

U.S. Support for WTO Awareness and Accession

1999	$7.0 million
2000	$11.7 million
2001	$16.0 million
Total	$34.7 million

Due to rounding, numbers in column may not sum to total.

The U.S. Government provides assistance to increase the awareness of the benefits, rights, and responsibilities of WTO membership in several countries. In many countries planning to accede to the WTO, the U.S. Government also provides assistance to identify and prepare revisions to those laws, regulations, policies, and procedures necessary to achieve compliance with WTO requirements for full membership. With so many countries in Eastern Europe and Central Asia seeking WTO membership, WTO accession activity has tended to be focused in that region.

The United States assists developing and transition countries in their efforts to:

- evaluate current trade practices in the context of the WTO rules-based system;
- conduct public awareness campaigns to build private sector and public support for WTO accession;
- train government and business officials on accession requirements and trade liberalization;
- draft new laws and regulations for implementing WTO commitments; and
- build institutional capacity for the accession process and fuller participation in the WTO system.

Examples of U.S. Assistance

- Trade policy workshops in sub-Saharan Africa on the benefits of trade reform and open markets; clarifying general rights and obligations under the WTO and current issues before the WTO.
- Assistance to help Georgia become a WTO members in 1999, Jordan and Albania in 2000, and Moldova in 2001.
- Assistance to Kazakhstan, Kyrgyzstan, Uzbekistan, and Turkmenistan in advancing the early stages of their WTO membership.

Georgian Accession to WTO in 1999

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, the United States provided technical assistance to help the government of Georgia fulfill the requirements of the demanding accession process.

Once the government of Georgia had made a firm commitment to WTO accession, a U.S. technical 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 decisions on key issues.

Measured by the start and end dates of the application process, Georgia represents a case of remarkably rapid WTO accession. The United States sponsored activities established valuable working relationships with local Georgian lawyers, as well as other international donors working in the country on trade-related issues.

USAID / Suzanne Murphy

U.S. Support for WTO Agreements

1999	$9.9 million
2000	$35.3 million
2001	$36.9 million
Total	$82.1 million

Due to rounding, numbers in column may not sum to total.

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.

Compliance with these Agreements often requires extensive and wide-ranging changes in policies, laws, and regulations. The United States is helping developing and transition countries meet the terms of the agreements.

The United States assists developing and transition countries in their efforts to:

- evaluate current trade practices in the context of the WTO rules-based system;
- assess current trade reform packages;
- train government and business officials on requirements of the various multilateral trade agreements;
- draft new laws and regulations for implementing WTO commitments; and
- set up the technical facilities needed to apply sanitary and phyto-sanitary standards.

Examples of U.S. Assistance

- Assistance to sub-Saharan African countries to participate in the development of standards and to disseminate information on standards to facilitate their market access.

Participation in WTO Agreements by Egypt

The United States is supporting the Government of Egypt's economic reforms in trade policy, deregulation, and financial sector strengthening by enhancing the government's ability to gather reliable data and to provide accurate information, detailed analysis, and credible recommendations for effective reform initiatives. Specific accomplishments related to WTO agreements include:

- Established the methods for Egypt's calculation of detailed and comprehensive effective rates of protection, a first step in import tariff reduction.
- Identified and supported ways to permit greater coordination of inspection procedures for inports leading to reduced handling time and costs.
- Constructed a trade data base to help comply with WTO agreements.
- Enabled the Government of Egypt to make an informed reaction to the WTO trade policy review reports.
- Assisted in the successful drafting and implementation of Egypt's anti-dumping law, to come into compliance with that WTO agreement.
- Supported a conference and technical assistance to increase the level of knowledge in both the government and the private sector on the General Agreement on Trade in Services.

- Support for the initiatives of the Philippines government to align its laws on anti-dumping with the WTO Agreement on Anti-Dumping.
- United States–sponsored seminars and training programs that assist countries in the enforcement of intellectual property rights. Several hundred developing country government officials from all regions have received training.

U.S. Department of Commerce

WTO Agreements: Customs Valuation Methods

U.S. Support for Customs Valuation Methods

1999	$0.6 million
2000	$1.3 million
2001	$3.5 million
Total	$5.4 million[1]

[1] This figure is included in the US$ 82.1 million for WTO Agreements. Due to rounding, numbers in column may not sum to total.

Customs valuation is an example of U.S. assistance in implementing a WTO Agreement. This Agreement aims to ensure that the valuation of goods for customs purposes, such as for the application of duty rates, is applied neutrally and uniformly.

Efficient and transparent customs valuation and administration is critical to the free flow of goods and services across borders. The United States has supported efforts of developing and transition countries to streamline their customs systems and bring them up to international standards.

The United States is assisting developing and transition countries in their efforts to:

- harmonize tariff structures and customs procedures in conformity with WTO agreements;
- introduce data processing equipment and training to reduce customs processing time;
- improve border enforcement procedures; and
- foster public dissemination of customs duties and application procedures.

Examples of U.S. Assistance

- In the Philippines, training Bureau of Customs officials in transactions valuation methods of calculating duties.
- In Tanzania, assistance in reducing the number of steps and amount of time required of importers in obtaining customs clearances.
- In China, helping to set up a cutting edge customs service training program and make the Port of Shanghai a model customs entry point.

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 been working 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 to provide the public with detailed information on customs services and provide periodic updates on changes to customs regulations. United States advisers helped the Kazakhstani Customs Department design and introduce the web site. Most of the information on the web site is presently in Russian. 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 anonymously to report 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.

- In Moldova, assistance in establishing joint customs border operations with Ukraine.
- In Armenia, working with the government to produce an Action Plan for Customs Reform.
- In Central America, providing technical assistance, training, and policy research to support the region's efforts to reform its customs regime.

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U.S. Support for Trade Facilitation

1999	$59.2 million
2000	$90.7 million
2001	$95.0 million
Total	$244.9 million

Due to rounding, numbers in column may not sum to total.

Developing and transition countries can maximize benefits from participating in a rules-based trading system when they possess the institutional, physical, and human capacity to compete in the global marketplace. The U.S. Government provides assistance in a broad range of activities that lower the costs of engaging in international trade.

The United States is assisting developing and transition countries in their efforts to:

- strengthen the capacity of public agencies to design and implement sound policies that promote economic growth;
- foster private trade associations to increase business development and business linkages;
- increase access to information services; and
- promote technology transfer and standards adoption.

Examples of U.S. Assistance

- In Mali, Peru, and Guatemala a business development services grant program helps promote crafts suitable for export and link artisans with overseas importers.
- In Egypt, the United States helps the private sector compete in global markets by adopting new technologies, improving management practices, and meeting international standards, particularly in high-value horticulture and processed food commodities for export.

Private Sector Support for Trade Liberalization in Mozambique

In many developing countries, it is the business community that is most cognizant of the benefits of trade and therefore takes the initiative to advocate 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, the United States sponsored a countrywide series of discussions of the opportunities and costs of trade liberalization, with particular focus on the Southern African Development Community (SADC) free trade area. With the support of its members, the private business group convinced the government to reverse its previous policy. Consequently, the Government of Mozambique decided that it would implement that free trade agreement at the same pace as other SADC member countries.

The United States now directly supports a 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 implement and comply with its WTO obligations. Today in Mozambique, both the public and private sectors are stronger supporters and advocates of open trading systems.

- In Uganda, the Competitive Enterprise and Trade Expansion Project has helped the coffee, fish, and cotton industries to improve their export competitiveness and increase foreign exchange earnings. The project has enabled strategies to be drafted, public–private working groups to be formed, and action plans to be implemented. The project will provide similar assistance to the information technology sector in the near future.

USAID / Nancy Long

U.S. Support for Human Resources and Labor Standards

1999	$40.1 million
2000	$84.2 million
2001	$132.1 million
Total	$256.4 million

Due to rounding, numbers in column may not sum to total.

The human resource base is an important element in every country's ability to engage in trade and to produce competitively higher value-added exports. The practices of child labor and gender bias introduce inefficiencies, deny an education to future workers, and further constrain economic development. The United States provides funding, training, and technical assistance to develop and protect the workforce of developing and transition economies.

The United States is assisting developing and transition countries in their efforts to:

- build workforce development skills and integrated workforce development systems that link the needs of industry, government, schools, and students in support of trade-related occupations;
- promote worker's rights and protection by improving occupational safety and health, and by increasing access to social safety nets such as pension plans and support for workers dislocated by trade liberalization; and
- support international efforts to eliminate child labor by removing children from abusive labor conditions and providing them with suitable education alternatives.

Examples of U.S. Assistance

- In the context of high unemployment, South Africa and Nigeria have used U.S. assistance to develop programs that reintegrate recently discharged military combatants into civilian trade-related occupations. As many as 50,000 ex-combatants in Nigeria alone have benefited from this reintegration.

Combating Child Labor in Pakistan's Export-Oriented Carpet Industry

The United States has provided funding for the ILO's International Program on the Elimination of Child Labor and its efforts to reduce the incidence of child labor in the export-oriented carpet sector of Punjab province, Pakistan.

With the support of the Pakistan Carpet Manufacturers and Exporters Association, and local NGOs serving as implementing partners, this three-year project has yielded significant and encouraging results:

- In selected parts of the country, 7,500 of 8,000 children in the carpet-weaving industry aged 14 and under were removed from carpet weaving and provided with non-formal education. Almost 1,000 of their younger siblings were provided with education and were able to avoid being forced into work.
- Close to 300 non-formal education centers have been established where former child weavers and siblings have access to education and recreational facilities, and health and counseling services.
- There is a program in place for 2,000–3,000 adults from families with at-risk children to receive training and access to micro-credit to start their own income-generating enterprises.

- In Ukraine, the United States trained coal miners and managers to improve mine safety in trade-related resource industries.
- In Egypt, Sri Lanka, and South Africa, the United States has developed and applied a workforce diagnostic tool that comprehensively examines training requirements and available skills in the labor force, including the business, information technology, and tourism sectors.
- In India and Malawi, U.S. assistance increases HIV/AIDS awareness in the workplace and protects worker rights in trade-related industries.
- In Nigeria, Brazil, and Ghana, the United States has helped those countries incorporate gender-neutral language into labor laws and prohibit discrimination based on sex.

U.S. Support for Financial Sector Development

1999	$106.8 million
2000	$64.0 million
2001	$63.0 million
Total	$233.8 million

Due to rounding, numbers in column may not sum to total.

Finance is a prerequisite for trade. Its components are a stable money and fiscal regime, functioning private financial markets, including access by enterprises to loans and investment. The United States provides support for the development of the financial sector in developing and transition countries.

The United States is assisting developing and transition countries in their efforts to:

- undertake tax, budget, and banking sector reform;
- create and improve legal and institutional frameworks for capital markets;
- improve insurance regulation;
- provide financial training for enterprises; and
- foster the lending for and insuring of export-related infrastructure projects.

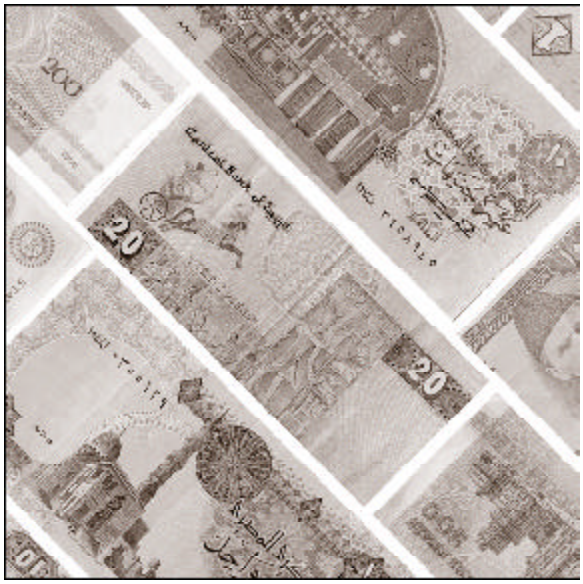
Examples of U.S. Assistance

- In the Philippines, assisting in securities law reform.
- In India and the Philippines, helping to bring clearance and settlement procedures up to international standards in securities trading.
- In seven Central Asian countries, assistance in the conversion to international accounting and auditing standards.

Fiscal and Financial Reform Program

The United States has created an extensive network of technical assistance in the areas of budgeting, tax policy, tax administration, cash management, debt management, banking sector reform, and general macroeconomic policy advice. The initial emphasis was on the former Soviet Republics and more recently Southeastern Europe. The new policy thrust in 2001 is sub-Saharan Africa, especially the poorest and most heavily indebted. Examples include:

- In Croatia, U.S. advisors at both the ministerial and operating levels have designed new measures to improve budget management, treasury cash flow, and government debt.
- In Romania, all aspects of the Ministry of Finance functions have resident advisors, working with the IMF in some cases. One of them has written a paper on investment-for-export strategy that became the basis for a new policy.
- In Bosnia, a resident financial institutions advisor is assisting the privatization of fourteen banks including criteria, plans, and methodologies.



USAID / Andrew Courtney

U.S. Support for Infrastructure Development

1999	$9.6 million
2000	$26.9 million
2001	$33.1 million
Total	$69.7 million

Due to rounding, numbers in column may not sum to total.

For countries that lack the transport, port, and communications facilities needed to participate more fully in global trade, the United States provides technical and financial assistance to stimulate domestic and foreign investment in the expansion and upgrading of those facilities and services.

The United States is assisting developing and transition countries in their efforts to:

- assess other countries' management of telecommunications, transport, and other sectors to gain insights into how the United States and other WTO member countries resolve their trade infrastructure needs;
- study the technical and financial feasibility of infrastructure projects and investments;
- plan, design, and construct infrastructure; and
- train specialists in the operation and maintenance of maritime ports, airports, and telecommunications facilities.

Examples of U.S. Assistance

- In sub-Saharan Africa, technical and financial support has been provided for the expansion of Internet connectivity.
- For developing and transition country officials from all regions, a training institute was established to offer courses in international telecommunications standards and other issues.
- The "Safe Skies for Africa" initiative promotes aviation safety and security, recognizing that safe skies are a prerequisite for increased trade and investment, as well as long-term economic growth.

South Balkans Development Initiative

The South Balkan Development Initiative is helping Albania, Bulgaria, and the Former Yugoslav Republic (FYR) of Macedonia develop and integrate transportation infrastructure along an east-west corridor traversing the three nations from the Black Sea to the Adriatic Sea. A goal of the initiative is to build the transport infrastructure capacity needed for increased regional trade and economic development. Among its activities, the initiative has:

- Assisted to complete feasibility studies for nearly three dozen surface transportation projects.
- Launched a government procurement process to acquire construction and communications equipment to alleviate some of the region's immediate transportation bottlenecks and meet the maintenance requirements of the corridor.
- Assisted Albania, Bulgaria, and FYR Macedonia in the formation of a Balkan Transportation Coordinating Group to identify projects and coordinate regional transportation initiatives.
- Initiated the discussion of 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, airports, and telecommunications network.

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U.S. Support for Environmentally Sustainable Trade

1999	$19.7 million
2000	$29.3 million
2001	$31.4 million
Total	$80.4 million

Due to rounding, numbers in column may not sum to total.

Trade can facilitate access to technologies that contribute to environmental preservation. A well-managed environment and natural resource base can enhance trade opportunities in areas like nature tourism and sustainable harvesting of forest and marine products. The U.S. Government works with developing and transition countries to build their capacity to undertake environmentally sound trade and investment.

The United States is assisting developing and transition countries in their efforts to:

- craft environmental regulatory legislation;
- increase awareness and understanding of international environmental standards among WTO member trading partners;
- train government officials in the enforcement of national environmental laws; and
- transfer environmental technologies from U.S. enterprises to developing country settings.

Examples of U.S. Assistance

- In Central America, support is provided for biological control of harmful crop pests and for systems to monitor pesticide residues.
- In Asia, a partnership was formed between American enterprises and countries in the region to transfer environmentally sound production and pollution abatement technologies from the United States to export industries in the region.
- In Russia, assistance was provided in the patenting and marketing of nuclear and petroleum waste clean-up technologies that can be licensed internationally.
- Globally, support is being given for sustainable, environmentally based enterprises including nature tourism, bio-prospecting and sustainable forest management and timber harvesting as new sources of foreign exchange earnings.

Environmental Technology Trade in Eastern Europe and the Former Republics of the USSR

The United States is assisting the Eastern European countries, Russia, and the Central Asian Republics in the clean-up of petroleum and nuclear waste. Other programs to privatize state-owned enterprises and to increase their trade competitiveness are also fostering regional environmental coordination. This cooperation has led to several trade-related benefits for the countries, including:

- In Poland, the United States has helped local researchers to patent technologies for the bio-remediation of petroleum waste sites using microbial materials not found in any other country.
- In Russia, a Nuclear Cities Initiative helps conduct market surveys and prepare proposals for attracting foreign investment in nuclear products monitoring and handling. The Initiative is also developing alternative uses for these nuclear sites, including selling telecommunications and computer programming and data processing services.

USAID

Competition Policy

U.S. Support for Competition Policy

1999	$19.6 million
2000	$28.7 million
2001	$37.8 million
Total	$86.2 million

Due to rounding, numbers in column may not sum to total.

For trade to flourish, countries must create an environment in which open competition is encouraged. The proper institutional and legal framework must be established to implement and enforce competition policies. The United States provides support to developing and transition countries to establish the necessary framework to foster competition.

The United States assists developing and transition countries in their efforts to:

- conduct legal and economic analysis of market structures;
- reform regulatory systems;
- draft and implement antitrust laws;
- adopt investigative techniques to enforce antitrust laws; and
- implement trade remedies activities.

Examples of U.S. Assistance

- A Competition Policy Technical Assistance Program has hosted internships and conferences for antimonopoly officials from governments in Europe, Central Asia, Latin America, and South Africa.
- In South America, the United States has provided competition policy training for government officials from some of the smaller countries in the region. This training has been conducted in the context of building a Free Trade Area of the Americas.

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.

USAID

U.S. Support for Agricultural Development

1999	$25.8 million
2000	$34.7 million
2001	$32.5 million
Total	$92.9 million

Due to rounding, numbers in column may not sum to total.

In many developing countries, the agricultural sector plays a dominant role in the supply of both domestic and export products. By supplying assistance to improve the quality and efficiency of production and distribution, the United States helps to increase the supply and marketability of exports, as well as rural incomes.

The United States is assisting developing and transition countries in their efforts to:

- establish sanitary standards in agricultural export commodities;
- increase the accuracy of agricultural market information and its diffusion to public and private sectors;
- conduct research to increase production and eradicate disease; and
- disseminate modern technology and standards through education and by eliminating legal and institutional barriers.

Examples of U.S. Assistance

- In Ecuador, United States–sponsored statisticians are assisting in the design of its first agricultural census in 25 years to improve marketing information.
- In Ghana, food producers are being assisted to comply with foreign phyto-sanitary standards.
- In Central America, the Cold Chain Initiative is helping build facilities to market perishable commodities.

Market Reform in China

China has been moving steadily towards a competitive market and away from a centrally planned system as it prepares to enter the WTO. To help make the transition, the United States is giving assistance to:

- Create a sample survey of crops, production, costs, and yields to compare with its traditional reports.
- Compile and publish commodity reports to take into account international supply and demand.
- Develop methods of identifying agricultural information gaps, as well as the statistical tools needed to eliminate them.
- Provide economic analysis to policy makers to help them understand the workings of global agricultural markets.

- A project in East Africa is improving the quality and increase the return to small exporters of specialty coffee by better price and trade information.
- Joint research has been undertaken with Costa Rica to develop nutritious and safe products from the millions of tons of edible fish that are dumped by shrimp boats.
- Cooperation between American and Egyptian scientists is being financed for research and workshops in the fields of biological, environmental, and manufacturing technologies.

USAID

U.S. Support for Trade in Services

1999	$10.1 million
2000	$15.8 million
2001	$26.1 million
Total	$52.0 million

Due to rounding, numbers in column may not sum to total.

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. Technical assistance augments local capacity for tourism, energy, health, and many other services sectors that engage in trade. To fully engage in global commerce, developing and transition countries need to tap the potential of their economies for trade in services.

Often, however, U.S. assistance in the services sector is a component of a larger and more generalized activity. For example, U.S. assistance to improve the overall investment climate in a country will typically provide support to a diverse range of sectors in the economy, including some services sectors. As is true for all the categories of U.S. 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.

The United States is assisting developing and transition countries in their efforts to:

- evaluate current restraints to services sectors;
- increase public and private sector awareness of the importance of services sectors and their needs;
- improve human resources in services; and
- reform the regulatory environment for services.

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. United States 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.

Examples of U.S. Assistance

- In Ghana and Armenia, the United States helped to develop tourism-led economic growth through the private sector by supporting preservation of natural and historical sites.
- In Mongolia, the United States has created new business relationships in the tourism sector and helped to train public officials and tour operators.
- In Nepal, the United States helped the private sector to participate more fully in hydropower production, enabling the development of electricity exports.
- 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 tourism, energy, and transportation industries.

U.S. Support for Governance and Inter-Agency Coordination

1999	$18.1 million
2000	$26.2 million
2001	$44.1 million
Total	$88.6 million

Due to rounding, numbers in column may not sum to total.

Strong public institutions create a secure and enabling environment for trade and investment. The United States assists developing and transition countries to create more efficient, transparent, and accountable institutions and shares its experience with inter-agency coordination of trade reforms. Sound coordination among government agencies ensures that the broad range of trade reforms are widely understood and systematically implemented.

The United States is assisting developing and transition countries in their efforts to:

- reform procedures and laws in the financial, banking, and corporate sectors to be more open and accountable;
- promote more transparent public expenditure management;
- encourage public–private sector dialogue and monitoring of public institutions by civil society and local government; and
- support coordination among public agencies involved in the formulation, negotiation, and implementation of trade policy.

Examples of U.S. Assistance

- In the Philippines, the United States helps to improve economic governance by strengthening management of the Bureau of Internal Revenue, modernizing import valuations, enforcing commercial law, and improving the transparency of banking institutions.

Economic Governance in Asia

The five-year initiative Accelerating Economic Recovery in Asia is addressing weaknesses in Southeast Asia's economic and governance systems.

- In the Philippines, these activities supported the strengthening of the Securities and Exchange Commission and resulted in the adoption of procedures for securities investigation and new rules for adjudication.
- In Indonesia, assistance to the Jakarta Initiative Task Force facilitated the execution of debt restructuring deals for 18 companies and contributed to the adoption of four key laws (competition, anti-corruption, arbitration, and secured transactions).
- In Thailand, commercial bank training for approximately 3,000 executives and staff from 12 Thai banks helped strengthen bank supervision.

- In Indonesia, the United States helped in the establishment of an Anti-Corruption Commission, as well as a Good Corporate Governance Code.
- The United States sponsors resident advisors on WTO participation issues in several transition countries to foster inter-agency coordination within the host country government.

USAID / Office of Transition Initiatives

Survey Methodology

This report summarizes the findings from a survey of the 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 phytosanitary 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 are likely to be understated for that period. 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 modest adjustments when final 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 With Activities Included in this report

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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