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FROM THE AMERICAN PEOPLE

USAID Bureau for Latin America and the Caribbean

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Administrator Fore Visit Showcases Colombia's Transformation – and Need for Free Trade Agreement to Create Lasting Success

During her visit to Colombia, Administrator Henrietta Fore paid tribute to Colombia's leaders for bringing security, prosperity and justice to Colombia and highlighted the role USAID support has played in Colombia's success. Fore signed a statement with Foreign Minister Jaime Bermúdez committing the United States and Colombia to continued cooperation, and co-signed an agreement with Vice President Francisco Santos and Afro-Colombian leaders to support the Commission for the Advancement of Afro-Colombians. She also met with USAID-supported microenterprises that employ demobilized combatants, former coca growers, and internally displaced persons.

Administrator Fore also stressed the need for ratification of the Free Trade Agreement (FTA). To consolidate the gains it has made, Colombia needs



investment, trade, and economic growth. The FTA will build on Colombia's development achievements by providing jobs and economic opportunity, diminishing the attraction of illicit activities, and sustaining progress in securing peace and democracy.

New USAID Report Calls For Trade-Led Agricultural Diversification (T-LAD) in CAFTA-DR Countries

To support CAFTA-DR treaty countries in responding to the challenge of diversifying their agricultural and rural economies, USAID recently completed a study, *Optimizing the Economic Growth and Poverty Reduction Benefits of CAFTA-DR: Accelerating Trade-Led Agricultural Diversification*, to assess these countries' capacity to diversify their agricultural sectors. The study finds that CAFTA-DR countries face a number of significant impediments to diversifying their agricultural and rural sectors. These include the legacy of protectionism, continued economic dependence on low-value basic grains, the failure of the industrial sector to generate good jobs and other factors.

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Message from the Acting Assistant Administrator

This inaugural edition of the USAID Latin America and the Caribbean Bureau newsletter focuses on USAID trade-related activities in the region, including our new study, "Optimizing the Economic Growth and Poverty Reduction Benefits of CAFTA-DR: Accelerating Trade-Led Agricultural Diversification," a groundbreaking report which concludes that Central America's often overlooked agriculture sector holds great potential as an engine for growth, and that the success of CAFTA-DR depends in part on treaty partners and donors making the right investments for trade-led agricultural diversification. We hope you will find this information useful.

José R. Cárdenas
Acting Assistant Administrator
USAID Bureau for Latin America



Haitian business leaders in I-TRADE training on trade opportunities under the HOPE bill

Accelerating T-LAD (continued from page 1)

The study also finds that, while agriculture has been undervalued as a generator of growth, support for agriculture as a percentage of public spending declined from 7.8% in 1980 to 2.25% in 1999.

These impediments are significant, since under CAFTA-DR, tariffs on 14 “sensitive” agricultural products will phase out over 15+ years, putting those farmers who have not shifted into higher-value crops or value-added products at risk, and limiting the positive impact of the treaty.

Accelerating T-LAD recommends several measures to CAFTA-DR countries and donor stakeholders, including improving rural infrastructure, strengthening plant and animal health and food-safety, and public campaigns on the practical impact of CAFTA-DR to encourage diversification.

The report also addresses the current food crisis, concluding that although current high prices for commodities favor net food producers, a diversification strategy would help smaller-scale producers to raise their incomes, hence their ability to buy food.

The full report is available online at http://www.usaid.gov/locations/latin_america_caribbean/. Briefings on the T-LAD study can be arranged by contacting Kerry Byrnes at kbyrnes@usaid.gov.

HAITI: HOPE Legislation and I-TRADE Program Inspire Public-Private Dialogue and Belief that “We Can Do Something for Haiti”

Disaster brings urgency to improving trade and business environment

Since the inception of I-TRADE (USAID Haiti’s Investment Trade and Association Development program), public-private dialogue has been a key strategic tool for generating informed discussion on improving Haiti’s trade and business enabling environment. With Haiti currently recovering from one of the worst natural disasters in its recent history, there is an acute urgency to improving Haiti’s trade and business enabling environment in order to attract investments and create jobs.

In preparation for public-private work on a strategic plan for the garment industry to take advantage of trade opportunities under the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act, I-TRADE delivered training on the HOPE legislation to ensure effective participation by all sides. The training, organized in collaboration with the HOPE Commission, gathered senior leadership from the public and private sectors. As one government official said, “This session was particularly revealing ... now I am ready to advocate for and support the implementation of HOPE together with the private sector.”

Another facet of this effort is I-TRADE support for the new *Conseil National de la Compétitivité* (CNC) to sustain public-private dialogue. An initial presentation on Rwanda’s competitiveness achievements provided added impetus for the launch of the CNC, and CNC is now embarking on strategic planning.

With the HOPE training and the CNC event, I-TRADE has inspired and encouraged dialogue by sharing information and bringing public and private sector leaders together. As a senior government official noted at the end of the HOPE training, there is a new sense of confidence that “we can do something for Haiti.”

CAFTA-DR Trade Capacity Building (TCB) Committee Meeting in November to Assess Progress, Coordinate on TCB Needs and Priorities

The Trade Capacity Building Committee, a key component to the success of CAFTA-DR, will meet in the Dominican Republic November 4–6, 2008. Chaired by USAID and USTR, committee meetings provide treaty partners an opportunity to discuss the progress in implementing National Action Plans (NAPs) for trade capacity building. For the November meeting, treaty partners will present current needs and priorities, donors will provide updates on assistance programs, including USAID's regional assistance program, and Department of Treasury and the Overseas Private Investment Corporation will give presentations on financing opportunities.

USAID's main priority is helping U.S. trading partners build capacity to trade, especially in implementing the treaty's "rules of trade" provisions (e.g., upgrading sanitary and phytosanitary, customs, and intellectual property rights systems). As importantly, USAID-funded development assistance is helping small-scale farms and firms to utilize trade as an engine to raise incomes by better targeting their productive resources (land, labor, capital, and technology) to benefit from the market opportunities afforded under the treaty. Readers interested in more detailed information on USAID funding and activities for trade capacity building (TCB) in support of CAFTA-DR are invited to access the searchable USG TCB Database at: <http://gesdb.cdie.org/tcb/index.html>

Briefs from LAC Bureau and Missions

LAC Presents at Americas Competitiveness Forum II: LAC and Chemonics used the Second Americas Competitiveness Forum in Atlanta to present initial findings from a new survey of competitiveness councils in the region. The presentation received positive feedback from several council representatives. LAC and Chemonics plan to expand on this work through a series of case studies on how competitiveness councils fit within and impact on a country's broader competitiveness system, including related international donor projects.

El Salvador: Vice President Launches Salvadoran Food Export Campaign in Washington: Vice President Ana Vilma de Escobar, a former USAID employee, launched the campaign with a new slogan, "Siente el Sabor de tu Tierra" ("Taste the flavor of your country"). USAID assisted the GOES by strengthening its export promotion agency and supporting creation of its export promotion strategy. Currently USAID is assisting 80 additional small and micro-enterprises to become qualified suppliers to Wal-Mart through the agricultural diversification, export promotion and artisan development programs.

Costa Rica: Court Blocks U.S. Trade Pact Approval: Costa Rica's highest court overturned an intellectual property law that the Costa Rican legislature had passed to comply with the provisions of CAFTA-DR. The Constitutional Court ruled that lawmakers improperly passed the bill without consulting indigenous groups. In view of this delay, the six current CAFTA-DR members agreed to give Costa Rica an extension to January 1, 2009 to complete the implementation process.

Bolivia: President Bush proposes suspension of ATPDEA benefits: On September 26 President George W. Bush notified the U.S. Trade Representative of his intention to suspend Bolivia's designation as a beneficiary country under the Andean Trade Preference Act (ATPA) and Andean Trade Promotion and Drug Eradication Act (ATPDEA), due to its failure to cooperate adequately on counter-narcotics over the past 12 months. The U.S. House of Representatives and Senate have since approved extensions of the ATPA/ATPDEA. This legislation would not stop the White House suspension of Bolivia, but would allow Bolivia to qualify for the trade benefits should cooperation improve.

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