



LAC-IEE-04-55

### CATEGORICAL EXCLUSION

**Activity Location** : Peru; South America Regional

**Activity Title** : Special Objective: Participation of the Andean Countries  
in Free Trade Agreements

**Activity Number** : SpO 530-001  
SO 598-021  
SO 020-002

**Funding** : SpO 530-001: \$19,000,000  
SO 598-021: \$2,000,000  
SO 020-002: \$400,000

**Life of Activity** : to September 30, 2007

**IEE Prepared by** : Miriam Choy, USAID/Peru Program Office

**Recommended Threshold Decision** : Categorical Exclusion

**Bureau Threshold Decision** : Concur with Recommendation

**Comments:**

This activity will provide consultations to assist Andean countries in preparing and implementing comprehensive trade capacity building strategies on a national and regional basis. Pursuant to 22 CFR 216.2(c)(2)(i), (iii) and (xiv) a **Categorical Exclusion** is issued for this activity. It is evident from the attached Request for Categorical Exclusion that it will not have an impact on the natural or physical environment.

\_\_\_\_\_  
Date \_\_\_\_\_  
George R. Thompson, P.E.  
Bureau Environmental Officer  
Bureau for Latin America & the Caribbean

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Attach: Request for CE

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**Initial Environmental Examination (IEE)**  
**Request for Categorical Exclusion**  
**Amendment to LAC-IEE-02-52**

**Activity Location** : Peru: South America Regional

**Activity Title** : Special Objective: Participation of the Andean Countries in Free Trade Agreements.

**Activity Number** : SpO 530-001  
SO 598-021  
SO 020-002

**Funding** : SpO 530-001  
Original \$5,000,000  
Amendment: \$14,000,000

**Additional Funding** : SO 598-021: \$2,000,000  
SO 020-002: \$400,000

**Life of Project** : Extended until September 30, 2007

**IEE Prepared by** : Miriam Choy, USAID/Peru Program Office

**Recommended Threshold Decision:** **Categorical Exclusion**

**Background:** As per LAC-IEE-02-52, the LAC Bureau's Deputy Environmental Officer issued a Categorical Exclusion for LAC Regional Special Objective 598-019, "Continued participation of LAC sub-regional trading blocs in the Free Trade Area of the Americas process achieved". This contemplated the increase of the SpO funding from \$4.2 million to \$9.2 million. Subsequently, pursuant to the USAID reorganization, LAC/RSD approved the transfer of the Andean Regional Trade Capacity Building Program to the Peru Mission. On September 25, 2002, the AA/LAC approved an amendment to the LAC Regional SpO19 transferring to USAID/Peru the responsibility of implementing a regional \$5 million SpO for "Continued Participation of the Andean Community in the Free Trade Area of the Americas" (530-001).

This year, in order to respond to the recent USG intention to enter into a Free Trade Agreement with Peru and Colombia, and later with Bolivia and Ecuador, this Special Objective 530-001 is being amended to: a) increasing the life-of-objective funding from \$5 million to \$14 million; b) extending the final date of the Special Objective from September 30, 2005 to September 30, 2007; and c) refining the Special Objective title to reflect the new focus on bilateral trade agreements.

In addition, to contribute to the SpO 530-001's intermediate results, the Mission received \$2.0 million from Regional SO 598-021, Advancing Development Cooperation Opportunities in the

Hemisphere Program (HP) for Trade Capacity Building; and b) \$400,000 from SO 020-002, Building Public Private Alliance between USAID and the U.S. Cocoa Industry to strengthen the capacity of Andean small and medium cocoa producers and enterprises to trade in global markets. This alliance will bring together a network of interested institutions and initiatives currently involved in supporting the region's cocoa sector at a national level through the creation of a regional alliance secretariat office in Lima, Peru.

**Summary:** Under this Special Objective, USAID will support efforts of Andean countries to obtain Free Trade Area of the Americas (FTAA) membership by 2005, and more recently for entering into Free Trade Agreements (FTA) with the U.S. The SpO will assist Andean countries in implementing World Trade Organization (WTO) and FTAA "rules of trade", strengthen regional capacity to assist countries in preparing for FTAA/FTA-related trade negotiations, and strengthen targeted beneficiary capacity to participate in global markets. The program is implemented through a Special Objective Agreement (SOAG) with the Andean Community's General Secretariat, Inter Agency Agreements with USG agencies, Task Orders under EGAT Pillar IQC mechanisms, and, through grants to non-governmental organizations (NGOs) and Public International Organizations (PIOs).

**Description** – The increased funding and extended time-frame of the SpO will enhance USAID's ability to respond to the demands in Andean countries for trade capacity building to facilitate progress towards bilateral free trade agreements with the U.S., as well as the Free Trade Area of the Americas, and to strengthen targeted beneficiaries' access to global markets, among them, small and medium cocoa producers and enterprises. As part of the Free Trade Agreement (FTA) negotiations, a special TCB program will be implemented, which will enhance awareness of the Andean countries (Peru and Colombia and later Bolivia and Ecuador) as to the importance of the FTA in their economies, will facilitate the approval process by building consensus, and will contribute to the implementation of reforms to enhance the countries' abilities to take advantage of the expanded access to markets. USAID will also be able to continue providing support for training, improving quality and/or product design to meet market demand, and establishing producer links with global markets. Technology transfer, research dissemination, improved access to market information, and identification and elimination of policy constraints will be the primary means of improving quality and market access of selected products.

**Recommended Environmental Determination:** It is recommended that a **categorical exclusion** be approved for the activities to be financed under this Amendment, since they will encompass the same type of interventions covered by the original IEE and Threshold Decision No. LAC-IEE-02-52, and that fall within the classes of actions described under 22 CFR 216.2(c)(2):

- (i) -- "*Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.)*";
- (iii) -- "*Analyses, studies, academic or research workshops and meetings*"; and
- (xiv) -- "*Studies, projects or programs intended to develop the capability of recipient to*

