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001. talking points	Re: Civil Society/Labor and Environment (5 pages)	ca. 04/1998	P1/b(1)
002. talking points	Re: Global Electronic Commerce (3 pages)	04/07/1998	P1/b(1)
003. paper	U.S. Position for the Third Free Trade Area of the Americas Preparatory Committee Meeting [cover only] (1 page)	02/03/1998	P1/b(1)
004. list	Attachement F: Illustrative List of Concrete Progress Measures (3 pages)	02/10/1998	P1/b(1)
005a. presentation	FTAA Business Facilitation - Proposal for actions to be implemented before Year 2000 (3 pages)	ca. 02/1998	P1/b(1)
005b. paper	Re: Costa Rican FTAA Business Facilitation Proposal (3 pages)	ca. 02/1998	P1/b(1)

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P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20508

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98-32

FOR IMMEDIATE RELEASE
Friday, March 20, 1998

Contact: Jay Ziegler
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STATEMENT BY U.S. TRADE REPRESENTATIVE CHARLENE BARSHEFSKY REGARDING FTAA TRADE NEGOTIATIONS

United States Trade Representative Charlene Barshefsky today announced that the Fourth FTAA Trade Ministers provided a solid foundation for a comprehensive and successful launch of substantive negotiations at the Santiago Summit. Following the meeting of Trade Ministers representing thirty-four countries, Ambassador Barshefsky issued the following statement:

"The United States achieved all of its key objectives here, setting the stage for a comprehensive and successful launch of substantive negotiations at the Santiago Summit. We have set a strong foundation for negotiations and we have made important progress on labor and environmental issues with the FTAA. Keep in mind the central fact behind this effort: Our market is open to other countries' products -- other countries' markets should be open to ours. The average tariff in the rest of Latin America is four times as high as ours.

"Our efforts in Costa Rica move us an important step forward toward the President's and other leaders' vision of a hemispheric free trade agreement by 2005. An open and fair trading system in this hemisphere will benefit American workers, companies, and consumers.

"The United States, led by President Clinton, has been the driving force for open markets in our Hemisphere and around the world. In the FTAA, the Hemisphere looks to us for leadership. We will continue to play a central leadership role, and the San Jose outcomes reflect this fact. Specifically, today's meeting cements a number of critical U.S. objectives:

- "Establishing Miami as the negotiating center for the first three years of FTAA negotiations. Miami was not only the site for the first leaders' meeting, it is also the hub for the United States' trade with Latin America.

- "Ensuring U.S. leadership throughout the entire negotiation period, with the United States co-chairing with Brazil the FTAA process during the crucial closing period of the negotiations.

- "Establishing, for the first time ever, a committee to expand the involvement of environmental, labor and academic groups and to examine these issues within the FTAA process itself. This is a major step forward and clearly establishes that all stakeholders will have direct access to the FTAA process, through ministerial consideration of all views.

- "Creating nine working groups for trade negotiations which play to America's strengths, including agriculture, market access, services, and, importantly, intellectual property rights.

- "We now have a formula that provides in a single undertaking the framework for one final, comprehensive deal that gives the United States leverage to break down the most pernicious trade barriers in the region.

- "Recommitting FTAA countries to make concrete process by the year 2000. Specifically, Ministers called for agreements on business facilitation in such areas as customs procedures, professional services, and IPR by the turn of the century.

- "Building an awareness of the importance of duty free cyberspace. We have established an expert government-private sector working group that will make recommendations at our next FTAA meeting. We continue to pursue this agenda simultaneously in the WTO, where the largest players have signed on to our approach."

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FTAA Negotiation Framework, Page Two

Negotiating Groups for the first 18 months
(May 1988 - October 1999)

Negotiating Group	Presidency	Vice-Presidency
Market Access	Colombia	Bolivia
Investment	Costa Rica	Dominican Republic
Services	Nicaragua	Barbados
Government Procurement	United States	Honduras
Dispute Settlement	Chile	Uruguay-Paraguay
Agriculture	Argentina	El Salvador
Intellectual Property	Venezuela	Ecuador
Subsidies, Antidumping, and Countervailing Duties	Brazil	Chile
Competition Policy	Peru	Trinidad and Tobago

Participation of Civil Society in FTAA

Environment, Labor, and Academic Issues Committee	Chair TBD	

Electronic Commerce

Expert Committee on Electronic Commerce	CARICOM	

Presidency and Vice-presidency of the Consultative Group on Smaller Economies for the first period of 18 months
(May 1998 - October 1999)

Smaller Economies	**Jamaica**	**Guatemala**

IV MEETING OF MINISTERS RESPONSIBLE FOR TRADE
San José, Costa Rica
March 19, 1998

Negotiation Sites

May 1998- February 2001	March 2001- February 2003	March 2003- December 2004
Miami, Florida	Panama	Mexico City, México

Presidencies of the FTAA Negotiation Process

May 1998- October 1999	November 1999- April 2001	May 2001- October 2002	November 2003- December 2004^{+}
Canada	Argentina	Ecuador	Co-presidency between Brazil and United States*
(Argentina - Vice Presidency)	(Ecuador - Vice Presidency)	(Chile - Vice Presidency)	

* - No Vice Presidency 2003-2004
$^{+}$ - Co-presidency continues thru close of negotiations

Venue of the meetings of the Trade and Negotiating Committee (TNC) for the first period (May, 1998 - October 1999):

1. Buenos Aires, Argentina
2. Surinam
3. Bolivia

Testimony of Ambassador Richard W. Fisher
Deputy United States Trade Representative
on the Free Trade Area of the Americas
before the
Trade Subcommittee
House Ways and Means Committee
Tuesday, March 31, 1998

Thank you, Mr. Chairman and Members of the Committee. It is a great honor for me to be here to share with you the progress that we have made in constructing the Free Trade Area of the Americas (FTAA) and to discuss reasons that it makes so much sense for us to negotiate the FTAA.

Free Trade Area of the Americas

When President Clinton and his counterparts in the 33 democratic countries in the Hemisphere met just a little over three years ago in Miami, they recognized that the prosperity of the XXX million people in our hemisphere depends on continued growth in trade among us. They also understood that trade would expand only if we continue to build upon the market opening measures that already were being undertaken in the Western Hemisphere. They agreed, therefore, to move forward from the Uruguay Round and to go beyond the existing bilateral and sub-regional free trade agreements. They committed our countries to a revolutionary vision of open markets across the continents of North and South America---creating a free trade area that would raise our standards of living, improve the working conditions of our peoples and better protect the environment in the Americas.

The Dynamism of the Western Hemisphere

The Miami vision of an entire hemisphere moving cooperatively toward greater prosperity is being realized. The Western Hemisphere has been a truly dynamic region over the last three years. It has become the largest regional destination for U.S. exports of goods -- over 40 percent of total U.S. merchandise exports went to the region in 1997. U.S. exports to the region grew 17.4 percent last year, compared to 5.65 percent growth to the rest of the world. These export increases accounted for two-thirds of U.S. export growth worldwide in 1997. U.S. exports to Latin America (including Mexico) and the Caribbean in the second half of 1997 exceeded our exports to the European Union. And Mexico surpassed Japan to become our second largest export market. One of the principal reasons that we are experiencing this expansion of trade with Latin America is their dramatic reorientation in trade policy. In some instances the changes in policy are as revolutionary as those which occurred in Eastern and Central Europe at the beginning of this decade.

Even as countries in our region have been tested by economic and political pressures and even as countries in other regions have experienced serious economic setbacks, the overall course in the Western Hemisphere has been one of faster economic growth, lower, inflation, expanded opportunities, and growing confidence in facing the global marketplace. A major reason for this positive record has been our countries' steadfast and cooperative efforts, striving for more open trade, greater transparency in economic regulations, increased privatization, sound macroeconomic policies, and efforts by the private sector to increase its competitiveness. It is important to continue the forward momentum that has distinguished this Hemisphere. There is a consensus among the 34 countries that the FTAA is an essential ingredient in maintaining that momentum.

Americans' Stake in Trade Expansion

Even with this positive outlook in the Americas, however, there continues to be apprehension among our peoples about the road forward, and there is a lack of clarity about the benefits that will result from the monumental undertaking that was envisioned by President Clinton and the other 33 leaders in Miami. It's ironic because our economy today is one of the most prosperous in decades. Unemployment has fallen to the lowest levels in nearly 25 years. We have created over 14 million jobs in the last five years. And yet our citizens are still concerned about the words "Free Trade." The idea of "opening other markets" is too nebulous. To say that tariffs are four times higher in the rest of the Americas compared to the United States does not resonate. What does this all mean to your constituents? Or more importantly, how do we make clear to those with confidence in our economy that international trade has played an enormous role in our economic expansion? Thirty-eight percent of our GDP growth in the last five years has come from exports. If we had given up on trade five years ago, how much of that thirty-eight percent would we have given up?

The people of America have one overriding concern, even in our booming economy: How can I ensure my family's financial security? For over 60 million Americans, their financial security is directly tied to their ownership of America's companies. This is as true for blue-collar workers and farmers as it is for white-collar computer experts. It applies to women as well as men, and to people of all races. The growth and security of their pension funds, their Individual Retirement Accounts, their Thrift Savings Plans, their 401K accounts, and their other mutual fund holdings all depend upon the earnings of companies competing in the global marketplace. To generate those earnings, companies have to grow. In order to grow, they need to expand their businesses and increase their sales in real terms. And that requires expanding markets and expanding the volume of exports of goods and services into the future to maintain and increase the prosperity we know today.

within the FTAA, and playing a central leadership role in the FTAA. As a result of the San Jose Ministerial, there will be a real negotiation launched by the Leaders in Santiago on April 18-19. The San Jose Declaration is comparable to the 1986 Punta del Este Declaration that initiated the Uruguay Round negotiations. The United States will provide the venue for the negotiating groups and the administrative secretariat supporting those meetings for the first three years in Miami. A structure with leadership determined through end of negotiations in 2005 was established, with the United States serving as one of the co-chairs during the endgame of the negotiations . Canada, our neighbor, will be the Chair of the overall process for the first 18 months. The United States will chair, along with Brazil, for the final two years of the negotiations. The Chairman of the overall FTAA process will head both the Ministerial and the Trade Negotiations Committee (TNC), which will provide the overall direction and management to the negotiations. The Ministers, confident that their Leaders will approve the negotiating plan forthwith at their Summit meeting, set the date for the TNC's first meeting for no later than June 30, 1998. The TNC will be comprised of the 34 Vice Ministers for Trade.

The Ministers decided to start with nine negotiating groups, which cover all the areas identified by the Leaders at their Miami meeting in 1994, thus beginning negotiations simultaneously in all these substantive areas. They also recognized that this structure will be changed over time; they indicated that the negotiating structure would be flexible so that it could be modified over time as required to ensure continued positive progress in the negotiations. Again, we were able to reach consensus on setting a date for the initial meetings of the Negotiating Groups -- no later than September 30, 1998.

We also were able to achieve the establishment of a Committee on Electronic Commerce, comprised of both government and private sector experts, to make recommendations on how to increase and broaden the benefits to be derived from the electronic marketplace. For the first time in the FTAA process, we have a created a joint government-industry group. This is in keeping with one of President Clinton's main principles in this area, having the private sector lead in developing the rules of global electronic commerce. This expert committee will look at the range of issues in this area and then report back to Ministers with recommendations on the approach that should be taken.

Of course, the electronic medium is not a new subject for the FTAA. Throughout the preparatory stage of the FTAA, we have used the Internet to provide greater transparency to the process. The FTAA Homepage (**www\alca-ftaa.org**) includes all of the final products of the FTAA Working Groups---in all four official languages of the hemisphere.

One of the greatest threats to hemispheric integration is not the difficulty of the negotiations but the apprehension of our respective civil societies about the process of negotiation. The 34 Ministers were highly cognizant of this fact at the meeting last week. Thus, for the first time in any large trade negotiation, we have created a Committee on Civil Society. This is a major step forward in the FTAA process. The Committee will be comprised of government representatives. They will receive input at the hemispheric level directly from labor, environmental, business, academic and other non-governmental interests, analyze that advice, and then provide recommendations directly to the Ministers. We expect the organizational details of this committee to be worked out at the first meeting of the TNC this June. Establishing such a committee ensures that all stakeholders will have direct access to the FTAA process, with Ministerial consideration of their views. There is now a recognition that there has to be a process related to labor and environmental issues that ensures transparency in the FTAA negotiations and allows for the views of all members of civil society into those negotiations.

Principles and Objectives of the Negotiations

In addition to transparency during the negotiations, another key principle we achieved for the negotiations is that the FTAA would not simply add yet another set of rules for business to contend with. We reached consensus that the bilateral and sub-regional agreements (such as MERCOSUR and the Andean Community) can coexist with the FTAA only to the extent that the rights and obligations under those agreements are not covered by or go beyond those of the FTAA. The FTAA will provide a single set of rules throughout the hemisphere.

In addition, we agreed that the FTAA should improve upon the WTO rules and disciplines, wherever possible and appropriate. In this way, we will ensure that we reach a final comprehensive deal that breaks down the most serious trade barriers in the region and does not merely reiterate the accomplishments attained at the end of the Uruguay Round. We aim for the FTAA Agreement to be a balanced, comprehensive, state-of- the-art Agreement. The outcome of the negotiations will be a "single undertaking", in the sense that signatories to the final FTAA Agreement will have to accept all parts of it and cannot pick and choose among the obligations to which they will adhere.

Among the most important objectives from the standpoint of the United States are:

- To progressively eliminate tariffs, non-tariff barriers, as well as other measures with equivalent effects, which restrict trade. Especially, to bring under greater discipline trade-distorting practices for agricultural products, including those that have effects equivalent to agricultural export subsidies.

- To promote customs mechanisms and measures that ensure operations are conducted with transparency, efficiency, integrity, and accountability.

- To develop an efficient and transparent system of rules of origin, including nomenclature and certificates of origin.
- To eliminate and prevent unnecessary technical barriers to trade.
- To liberalize trade in services to achieve hemispheric free trade under conditions of certainty and transparency.
- To ensure adequate and effective protection of intellectual property rights, taking into account changes in technology.
- To guarantee that the benefits of FTAA liberalization process are not undermined by anti-competitive business practices.
- To establish a fair and transparent legal framework for investment and related flows.
- To make our trade liberalization and environmental policies mutually supportive.
- To further secure the observance and promotion of worker rights, renewing FTAA countries' commitments to the observance of internationally recognized core labor standards.

Santiago Summit

There is within Latin America a golden opportunity to build upon this progress and make clear that the entire hemisphere is committed to free and open markets. The Santiago Summit is a perfect forum for doing so.

The Leaders will give impulse to the negotiations, which will conclude by December 31, 2004, with concrete progress by the end of the century. We expect them to approve the San Jose negotiating plan, which includes a mandate that the Negotiating Groups achieve considerable progress by the year 2000, including agreeing on measures for adoption before the end of the century.

Conclusion

It is with great determination, optimism and excitement that we and our 33 trading partners in this Hemisphere have recommended the commencement of negotiations on the Free Trade Area of the Americas at the Santiago Summit this April 18-19. We have come a long way together. Taken as a whole, the progress toward the FTAA is astounding. Small countries, large countries, island countries, countries of varied languages and backgrounds have come together to work toward an agreement that will ultimately bring the benefits of trade to all the people of the Hemisphere. We have learned more about each other -- our economies, our aspirations, our fears, and, most important, our mutual commitment to improving the lives of our citizens. This commitment is what brought the Leaders of the Hemisphere to Miami in December 1994. It is the reason that they will announce the initiation of the negotiations in Santiago in two and a half weeks, and it is what will bring us to completion of the negotiations by 2005.

We certainly are grateful to you, Mr. Chairman, and to the members of this sub-committee for the support that you have given us during this process. We look forward to consulting closely and frequently with you and your colleagues in the Congress as we move forward with the FTAA. Once again, I appreciate this opportunity to report to you on the progress that we have made to date and on the steps that we plan to take in the immediate future.

Thank you, Mr. Chairman. I am willing to answer any question you or the distinguished members on this Committee may have of me with regard to the FTAA.

THE WHITE HOUSE

Office of the Press Secretary
(Santiago, Chile)

For Immediate Release April 19, 1998

FACT SHEET

PROSPERITY AND FREE TRADE AT THE SANTIAGO SUMMIT

After addressing second-generation reforms in education, governance, democracy and poverty alleviation, the leaders turned to trade, financial stability, information technology, energy and transportation. Economic growth and integration in the Americas will profoundly effect the prosperity of the United States in the 21st century. Consider the following:

- In the last four years, exports have generated more than one-third of US economic growth.
- US exports to our Western Hemisphere partners grew by $42 billion last year, accounting for nearly two thirds of US export growth worldwide.
- US exports to the region grew three times faster last year than exports to the rest of the world.
- US exports to Latin America and the Caribbean in the second half of 1997 exceeded US exports to the European Union countries.

To continue the economic liberalization and integration of the hemisphere, and to make sure no citizen is left behind in the new global economy, the Summit leaders agreed to the following:

Launch of the Free Trade Area of the Americas: Advancing US Priorities and Making Sure Trade Benefits Everyone

At the Summit, the 34 leaders agreed to launch negotiations to create a Free Trade Area of the Americas -- a thriving market of 800 million people from Alaska to Argentina. Since the 1994 Miami Summit, the trade ministers of the Summit nations have been laying the groundwork for the launch today of formal negotiations -- to deliver concrete progress by the year 2000 and conclude the agreement by 2005.

Leaders agreed on specific principles, goals and procedures for FTAA negotiations:

- There will be nine initial negotiating groups covering U.S. priority issues: market access, investment, services, government procurement, dispute settlement, agriculture, intellectual property rights, competition policy, and subsidies, anti-dumping and countervailing duties.

- The United States will work to progressively eliminate tariffs and other measures that restrict trade; to promote customs mechanisms that ensure that trade is conducted with transparency, efficiency, integrity and accountability; to strengthen protection of intellectual property rights; and to develop disciplines curbing anti-competitive business practices.

- A Committee on Electronic Commerce -- composed not just of government officials but also of private sector experts -- will recommend a work plan to promote rules for electronic commerce in the hemisphere.

- A Committee on Civil Society will -- for the first time in any trade negotiation -- provide a formal mechanism for labor and environment groups and other non-government organizations to make recommendations on shaping the globalization process -- so that all citizens can benefit from trade.

- Miami will be the site of the negotiating groups and the administrative secretariat of the FTAA for the first three years.

- Canada will chair the effort for the first 18-month period. The United States and Brazil will co-chair for the last two years of the negotiations.

- In addition, governments will cooperate to promote core labor standards recognized by the International Labor Organization. The IDB and World Bank will devote $307 million over the next three years and USAID $15 million to programs designed to strengthen respect for core labor standards and modernize the capacities of labor ministries.

Cooperation to Strengthen Financial Systems and Sustain Growth

One month after the Miami Summit, the Mexican peso crisis hit. Instead of turning inward, the nations of the hemisphere embraced greater openness: They took needed measures to make their financial systems more resilient, standing them in good stead to weather the recent turbulence from Asia. The average inflation rate in Latin America fell to less than 10% last year, compared with 61% in 1994, and more than 200% in 1990. National savings rates last year averaged nearly 18% of GDP - 20% higher than in 1990. To deepen these reforms, the Summit leaders agreed to:

- Strengthen banking supervision in the hemisphere, including by adopting the Basel Core Principles for Effective Banking Supervision -- the first region to embrace this commitment.

- Establish sound reporting and disclosure standards. Already, seven countries in the region have signed on to the International Monetary Fund's Special Data Dissemination Standard to help investors make well-informed decisions.

- Improve banking and securities market clearance and settlement systems in the hemisphere in order to facilitate the transparency, efficiency and security of domestic and cross-border transactions.

Sustaining Growth through Information Technology, Infrastructure, Energy and Anti-Corruption Measures

The Summit participants agreed to additional measures to ensure economic growth and integration:

<u>Information Technology</u>: Recognizing the importance of information technology in the 21^{st} century, leaders pledged cooperative efforts to develop the hemisphere's electronic infrastructure. These efforts complement President Clinton's Framework for Global Electronic Commerce. This initiative promotes private-sector led development of a Global Information Infrastructure, which will facilitate use of the Internet for every aspect of daily life -- social, economic, political, health. Leaders undertook the following commitments:

- In an important first step, established with the private sector, Inter-American Development Bank and World Bank, the Internet site *Americas-edu.org* to enhance distance learning and provide educational services and content for the people of the Americas.

- To strengthen the capacity of nations to benefit from the knowledge-based global economy by promoting, among other actions, telecommunications as a central focus of national and regional integration.

- To work with the private sector to rapidly expand telecommunications networks and adopt strategies to make basic telephone service and the Internet accessible to all.

- To work with the private sector to develop applications for electronic networks that take into account differing socio-economic conditions and languages and that support education, health, agriculture and electronic commerce.

Infrastructure: To facilitate the public-private partnerships that will build the bridges, roads, and ports tying the economies of the Americas together, the Inter-American Development Bank will establish standards aimed at ensuring fair competition among contractors.

Energy: To fuel the growth of the Americas while protecting the environment -- especially addressing climate change -- the Summit nations will further the integration of hemispheric energy markets, encourage movement to clean energy systems and promote honest and efficient energy regulation.

Corruption. Twenty-three countries have signed and eight countries have already ratified the OAS Anti-Corruption Convention, which requires nations to outlaw bribes, as the United States already does. President Clinton has submitted the Convention to the United States Senate for ratification. Building on the Convention, the Summit nations agreed to develop effective measures to combat all forms of corruption, bribery, and related unlawful practices in commercial transactions and to promote domestic legislation to oblige senior public officials to declare their personal assets and liabilities.

# # #

Ministerial Declaration of San José

SUMMIT OF THE AMERICAS
FOURTH TRADE MINISTERIAL MEETING
SAN JOSE, COSTA RICA
MARCH 19th, 1998

I. INTRODUCTION

1. We, the Ministers Responsible for Trade, representing the 34 countries which participated in the Summit of the Americas, in Miami, in December 1994, met at the IV Ministerial Meeting on Trade in San José, Costa Rica to review the results of the preparatory work for the negotiations of the Free Trade Area of the Americas (FTAA) with the intent to recommend to our Heads of State and Government the initiation of the negotiations.

2. We note the progress achieved in trade liberalization in this Hemisphere since the Miami Summit of the Americas as a result of the implementation of the obligations assumed by our Governments in the context of the Uruguay Round of Multilateral Trade Negotiations and of the World Trade Organization (WTO); the widening and deepening of existing sub-regional and bilateral integration and free trade agreements; the signing of new agreements; and the unilateral trade liberalization measures adopted by some countries. Even as countries in our region have been tested by financial and other economic pressures, the overall course in the Americas has been one of faster economic growth, lower inflation, expanded opportunities, and confidence in participating in the global marketplace. A major reason for this positive record has been our countries' steadfast and cooperative efforts to promote prosperity through increased economic integration and more open economies. We are confident, therefore, that the FTAA will improve the well being of all our people.

3. With the intent of contributing to the expansion of world trade, we reaffirm our commitment that the FTAA shall not raise additional barriers to other countries, and we will continue to avoid to the greatest extent possible the adoption of policies that adversely affect trade in the hemisphere.

4. Furthermore, we reiterate that the negotiation of the FTAA shall take into account the broad social and economic agenda contained in the Miami Declaration of Principles and Plan of Action with a view to contributing to raising living standards, to improving the working conditions of all people in the Americas and to better protecting the environment.

5. In designing the FTAA we shall take into account differences in the levels of development and size of the economies in our Hemisphere, to create

opportunities for the full participation of the smaller economies and to increase their level of development.

6. We recognize the wide differences in the level of development and size of economies existing in our Hemisphere and we will remain cognizant of these differences as we work to ensure their full participation in the construction of the FTAA.

7. We reviewed and approved the work submitted to us by the Preparatory Committee of Vice-Ministers on how to proceed with the negotiations of the FTAA.

II. INITIATION OF THE NEGOTIATIONS

8. We recommend to our Heads of State and Government that they initiate negotiation of the FTAA during the II Summit of the Americas, which will be held in Santiago, Chile, on April 18 and 19, 1998, in accordance with the objectives, principles, structure, venue and other decisions set forth in this Declaration.

9. We reaffirm the principles and objectives that have guided our work since Miami, as set out in Annex I, including inter alia that the agreement will be balanced, comprehensive, WTO-consistent, and will constitute a single undertaking. It will take into account the needs, economic conditions and opportunities of the smaller economies. The negotiations will be transparent and built on consensus decision making. The FTAA can co-exist with bilateral and sub-regional agreements, to the extent that the rights and obligations under these agreements are not covered or go beyond the rights and obligations of the FTAA. We remain committed to concluding the negotiations no later than 2005 and to achieving concrete progress toward the attainment of this objective by the end of the century.

III. STRUCTURE AND ORGANIZATION OF THE NEGOTIATIONS

10. We have agreed to an initial structure for the negotiations. This structure is flexible and we expect to modify it over time as required to assist the negotiations. We will exercise the ultimate oversight and management of the negotiations and therefore we will meet as required and no less than every 18 months. We establish the Trade Negotiations Committee (TNC) at the Vice-ministerial level. The TNC will have a Chairman and a Vice-Chairman. The TNC will select the Chairman and Vice Chairman of each negotiating group. The TNC will have the responsibility of guiding the work of the negotiating groups and of deciding on the overall architecture of the agreement and institutional issues. The TNC is to take the overall responsibility of ensuring the full participation of all the countries in the FTAA process. It will also ensure that this issue, in particular the concerns of the smaller economies and concerns related to countries with different levels of development will be dealt with within each negotiating group. The TNC should meet as required and no

less than twice a year. It should hold its first meeting no later than the 30th of June, 1998.

11. We establish 9 negotiating groups on : market access; investment; services; government procurement; dispute settlement; agriculture; intellectual property rights; subsidies, antidumping and countervailing duties; and competition policy. The Chairman and Vice-Chairman of each group will be selected taking into account the need to maintain geographic balance among countries. They will serve for a period of 18 months or until the subsequent ministerial meeting. As a general principle, there should not be immediate reelection of the Chair and Vice-chair. This principle establishes a presumption against immediate reelection, but should not be inflexibly applied. The negotiating groups will be guided in their work by the general principles and objectives in Annex I as well as specific objectives in Annex II. We mandate the TNC in its first meeting to develop a work program for the negotiating groups in order to ensure that they begin their work no later than the 30th of September, 1998. We have agreed that the meetings of the negotiating groups will be held in a single venue which will rotate among the following three countries:

Miami, United States:	From May 1, 1998 to February 28, 2001
Panama City, Panama:	From March 1, 2001 to February 28, 2003
Mexico D.F., México:	From March 1, 2003 to December 31, 2004

The period for which Mexico hosts the venue of the negotiations will be up to the conclusion of the negotiations.

The countries that will have the Chair and Vice-Chair of the negotiating groups for the first 18 month period will be the following:

Negotiating Group	Chair	Vice-Chair
Market Access	Colombia	Bolivia
Investment	Costa Rica	Dominican Republic
Services	Nicaragua	Barbados
Government Procurement	United States	Honduras
Dispute Settlement	Chile	Uruguay-Paraguay
Agriculture	Argentina	El Salvador
Intellectual Property Rights	Venezuela	Ecuador
Subsidies, Antidumping and Countervailing Duties	Brazil	Chile
Competition Policy	Peru	Trinidad and Tobago

Work in different groups may be interrelated, such as agriculture and market access; services and Investment; competition policy and subsidies, antidumping and countervailing duties; among others. The TNC shall identify linkages and outline appropriate procedures to ensure timely and effective coordination. We agree to give the mandate to the relevant negotiating groups to study issues relating to: the interaction between trade and competition policy, including antidumping measures; market access and agriculture, in order to identify any areas that may merit further consideration by us. The groups involved will report their results to the TNC no later than December 2000. This is without prejudice to decisions made by the TNC to dissolve, establish or merge groups. Likewise, the negotiating groups may establish ad-hoc working groups.

Chairmanship of the FTAA

12. The Chairmanship of the FTAA process will rotate among different countries at the end of each Ministerial Meeting. The country that will chair the FTAA process will host the Ministerial Meetings and will also chair the TNC.

The countries that will hold the Chair and Vice-chair of the FTAA process will be:

	May 1, 1998- Oct. 31, 1999	**Nov. 1, 1999- April 30,2001**	**May 1, 2001- Oct. 31, 2002**	**Nov. 1, 2002- Dec. 31, 2004**
Chair	Canada	Argentina	Ecuador	Co-chair between Brazil and the United States of America
Vice-chair	Argentina	Ecuador	Chile	

The period in which the United States of America and Brazil exercise the Co-chairmanship will be until the conclusion of the negotiations.

In the last period, from November 1st, 2002 to December 31st, 2004, there will be at least two Meetings of Ministers Responsible for Trade, one in each Co-chair country.

In the first 18 month period, three meetings of the TNC will be held, one in each of the following countries: Argentina, Suriname and Bolivia. In the second 18 month period, from November 1, 1999 to April 30, 2001, the first meeting will be held in Guatemala will hold the first meeting of the TNC.

Consultative Group on Smaller Economies

13. We have agreed to establish a Consultative Group on Smaller Economies, open to the participation of all the FTAA countries, and reporting to the TNC. For the first period, the Chair will be Jamaica with Guatemala serving as Vice-chair. Succession criteria will be the same as those applying to the negotiating groups. The Consultative Group will have the following functions:

a) follow the FTAA process, keeping under review the concerns and interests of the smaller economies; and will

b) bring to the attention of the TNC the issues of concern to the smaller economies and make recommendations to address these issues.

Administrative Secretariat for the Negotiations

14. We have agreed to create an Administrative Secretariat for the negotiations, which will conclude no later than the year 2005. It will report to the TNC and will:

a) provide logistical and administrative support to the negotiations;
b) provide translation services for documents and interpretation during the deliberations;
c) keep the official documents of the negotiation; and
d) publish and distribute documents.

This Administrative Secretariat will be located at .the same venue as the meetings of the negotiating groups. It should be funded from local resources and existing resources of the Tripartite Committee Institutions. We recommend our Governments to instruct their representatives in the institutions of the Tripartite Committee –in particular the Inter American Development Bank- to allocate appropriate existing resources within their institutions to support the Administrative Secretariat.The TNC will determine the size and composition of the staff and will appoint the Head of the Secretariat.

Tripartite Committee

15. We express our appreciation to the Tripartite Committee for the technical and logistical support given during the preparatory phase of the FTAA negotiation. We request that the respective institutions of the Tripartite Committee continue to provide the appropriate existing resources necessary to respond positively to requests for technical support from FTAA entities, including reallocation for this purpose if necessary. Furthermore, we ask the three institutions to provide technical assistance related to FTAA issues to member countries, particularly smaller economies, at their request, according to the procedures of the respective institutions.

16. We also express our appreciation and reiterate our interest, that the pertinent multilateral, regional and sub-regional institutions continue to offer, in their areas of recognized specialization, additional contributions in response to specific requests from the TNC and the negotiation groups.

IV. OTHER ISSUES

Participation of Civil Society

17. We reaffirm our commitment to the principle of transparency of the negotiation process, to facilitate the constructive participation of the different sectors of society. We also reaffirm our commitment to the Belo Horizonte Ministerial Declaration and to paragraph 4 of the Singapore Ministerial Declaration of the WTO.

We recognize and welcome the interests and concerns that different sectors of society have expressed in relation to the FTAA. Business and other sectors of production, labor, environmental and academic groups have been particularly active in this matter. We encourage these and other sectors of civil societies to present their views on trade matters in a constructive manner. We have, therefore, established a committee of government representatives, open to all member countries, who shall select a chair. The committee shall receive these inputs, analyze them and present the range of views for our consideration.

In this regard, we value the contributions made by the business sector through the Business Fora of the Americas of Denver, Cartagena, Belo Horizonte and San José.

Concrete progress by the year 2000

18. We reaffirm our commitment to make concrete progress by the year 2000. We direct the negotiating groups to achieve considerable progress by that year. We instruct the TNC to agree on specific business facilitation measures to be adopted before the end of the century, taking into account the substantive work that has already emanated from the FTAA process.

Electronic Commerce

19. We noted the rapid expansion of Internet usage and electronic commerce in our Hemisphere. In order to increase and broaden the benefits to be derived from the electronic marketplace, we welcome the offer of Caricom to lead a joint government-private sector committee of experts that will make recommendations to us at our next meeting.

Acknowledgement

20. We wish to express our gratitude to the Government of Costa Rica for its notable contribution to the advance of the FTAA process during the last year, by presiding over the deliberations of the Preparatory Committee of the Negotiations, as well as the IV Meeting of the Ministers Responsible for Trade in the Hemisphere, which concluded the preparations to initiate the FTAA negotiations.

Annex I

GENERAL PRINCIPLES AND OBJECTIVES

The negotiations for the construction of the FTAA will be guided by the following General Principles and Objectives :

GENERAL PRINCIPLES

a) Decisions in the FTAA negotiating process will be made by consensus.

b) Negotiations will be conducted in a transparent manner to ensure mutual advantage and increased benefits to all participants of the FTAA.

c) The FTAA Agreement will be consistent with the rules and disciplines of the WTO. With this purpose, the participating countries reiterate their commitment to multilateral rules and disciplines, in particular Article XXIV of the General Agreement on Tariffs and Trade (GATT) 1994 and its Uruguay Round Understanding, and Article V of the General Agreement on Trade in Services (GATS)

d) The FTAA should improve upon WTO rules and disciplines wherever possible and appropriate, taking into account the full implications of the rights and obligations of countries as members of the WTO.

e) The negotiations will begin simultaneously in all issue areas. The initiation, conduct and outcome of the negotiations of the FTAA shall be treated as parts of a single undertaking which will embody the rights and obligations as mutually agreed upon.

f) The FTAA can co-exist with bilateral and sub-regional agreements, to the extent that the rights and obligations under these agreements are not covered by or go beyond the rights and obligations of the FTAA.

g) Countries may negotiate and accept the obligations of the FTAA individually or as members of a sub-regional integration group negotiating as a unit.

h) Special attention should be given to the needs, economic conditions (including transition costs and possible internal dislocations) and opportunities of smaller economies, to ensure their full participation in the FTAA process.

i) The rights and obligations of the FTAA will be shared by all countries. In the negotiation of the various thematic areas, measures such as technical assistance in specific areas and longer periods for implementing the obligations could be included on a case by case basis, in order to facilitate the adjustment of smaller economies and the full participation of all countries in the FTAA.

j) The measures agreed upon to facilitate the integration of smaller economies in the FTAA process shall be transparent, simple and easily applicable, recognizing the degree of heterogeneity among them.

k) All countries shall ensure that their laws, regulations and administrative procedures conform to their obligations under the FTAA agreement.

l) In order to ensure the full participation of all countries in the FTAA, the differences in their level of development should be taken into account.

General Objectives

a) To promote prosperity through increased economic integration and free trade among the countries of our Hemisphere, which are key factors for raising standards of living, improving the working conditions of people in the Americas and better protecting the environment.

b) To establish a Free Trade Area, in which barriers to trade in goods and services and investment will be progressively eliminated, concluding negotiations no later than 2005 and achieving concrete progress toward the attainment of this objective by the end of this century.

c) To maximize market openness through high levels of disciplines through a balanced and comprehensive agreement.

d) To provide opportunities to facilitate the integration of the smaller economies in the FTAA process in order to realize their opportunities and increase their level of development.

e) To strive to make our trade liberalization and environmental policies mutually supportive, taking into account work undertaken by the WTO and other international organizations.

f) To further secure, in accordance with our respective laws and regulations, the observance and promotion of worker rights, renewing our commitment to the observance of internationally recognized core labor standards and acknowledging that the International Labor organization is the competent body to set and deal with those core labor standards.

Annex II

OBJECTIVES BY ISSUE AREA

We have agreed that the negotiations for the construction of the FTAA, in the different issue area, will be guided by the following objectives:

MARKET ACCESS

a) Consistent with the provisions of the WTO, including article XXIV of the General Agreement on Tariffs and Trade (GATT 1994) and its Understanding on the Interpretation of Article XXIV of the General Agreement on Tariffs and Trade 1994, to progressively eliminate, tariffs, and non tariff barriers , as well as other measures with equivalent effects, which restrict trade between participating countries.

b) All tariffs will be subject to negotiation.

c) Different trade liberalization timetables may be negotiated.

d) To facilitate the integration of smaller economies and their full participation in the FTAA negotiations.

AGRICULTURE

a) The objectives of the negotiating group on Market Access shall apply to trade in agricultural products. Rules of origin, customs procedures and Technical Barriers to Trade issues will be addressed in the Market Access negotiating group.

b) To ensure that sanitary and phytosanitary measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries or a disguised restriction to international trade, in order to prevent protectionist trade practices and facilitate trade in the hemisphere. Consistent with the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), said measures will only be applied to achieve the appropriate level of protection for human, animal or plant life or health, will be based on scientific principles, and will not be maintained without sufficient scientific evidence.

   Negotiations in this area involve identifying and developing measures needed to facilitate trade, following and examining in depth the provisions set down in the WTO/SPS Agreement.

c) To eliminate agricultural export subsidies affecting trade in the Hemisphere.

d) To identify other trade-distorting practices for agricultural products, including those that have an effect equivalent to agriculture export subsidies, and bring them under greater discipline.

e) Agricultural products covered are the goods referred to in Annex I of the WTO Agriculture Agreement.

f) Incorporate progress made in the multilateral negotiations on agriculture to be held according to Article 20 of the Agreement on Agriculture, as well as the results of the review of the SPS Agreement.

RULES OF ORIGIN

a) To develop an efficient and transparent system of rules of origin, including nomenclature and certificates of origin, in order to facilitate the exchange of goods, without creating unnecessary obstacles to trade.

CUSTOMS PROCEDURES

a) To simplify customs procedures, in order to facilitate trade and reduce administrative costs.

b) To create and implement mechanisms to exchange information in customs issues among FTAA countries.

c) To design effective systems to detect and combat fraud and other illicit customs activities, without creating unnecessary obstacles to foreign trade.

d) To promote customs mechanisms and measures that ensure operations be conducted with transparency, efficiency, integrity and responsibility.

INVESTMENT

a) To establish a fair and transparent legal framework to promotes investment through the creation of a stable and predictable environment that protects the investor, his investment and related flows, without creating obstacles to investments from outside the hemisphere.

STANDARDS AND TECHNICAL BARRIERS TO TRADE

a) To eliminate and prevent unnecessary technical barriers to trade in the FTAA, based on the proposals contained in the Common Objectives Paper approved by the Working Group.

SUBSIDIES ANTIDUMPING AND COUNTERVAILING DUTIES

a) To examine ways to deepen, if appropriate, existing disciplines provided in the WTO Agreement on Subsidies and Countervailing Measures and enhance compliance with the terms of the WTO Agreement on Subsidies and Countervailing Measures.

b) To achieve a common understanding with a view to improving, where possible, the rules and procedures regarding the operation and application of trade remedy laws in order to not create unjustified barriers to trade in the Hemisphere.

GOVERNMENT PROCUREMENT

a) The broad objective of negotiations in government procurement is to expand access to the government procurement markets of the FTAA countries.

More specifically, the objectives are :

a) To achieve a normative framework that ensures openness and transparency of government procurement processes, without necessarily implying the establishment of identical government procurement systems in all countries;

b) To ensure non-discrimination in government procurement within a scope to be negotiated ;

c) To ensure impartial and fair review for the resolution of procurement complaints and appeals by suppliers and the effective implementation of such resolutions.

INTELLECTUAL PROPERTY RIGHTS

a) To reduce distortions in trade in the Hemisphere and promote and ensure adequate and effective protection to intellectual property rights. Changes in technology must be considered.

SERVICES

a) Establish disciplines to progressively liberalize trade in services, so as to permit the achievement of a hemispheric free trade area under conditions of certainty and transparency ;

b) Ensure the integration of smaller economies into the FTAA process.

COMPETITION POLICY

The objectives of the negotiations are :

a) General Objectives:

- To guarantee that the benefits of the FTAA liberalization process not be undermined by anti-competitive business practices.

b) Specific Objectives:

- To advance towards the establishment of juridical and institutional coverage at the national, sub-regional or regional level, that proscribes the carrying out of anti-competitive business practices;
- To develop mechanisms that facilitate and promote the development of competition policy and guarantee the enforcement of regulations on free competition among and within countries of the Hemisphere.

DISPUTE SETTLEMENT

a) To establish a fair, transparent and effective mechanism for dispute settlement among FTAA countries, taking into account inter alia the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes.

b) To design ways to facilitate and promote the use of arbitration and other alternative dispute settlement mechanisms, to solve private trade controversies in the framework of the FTAA.

Work in different groups may be interrelated, such as agriculture and market access; services and investment; competition policy and subsidies, antidumping and countervailing duties; among others. The TNC shall identify linkages and outline appropriate procedures to ensure timely and effective coordination. We agree to give the mandate to the relevant negotiating groups to study issues relating to: the interaction between trade and competition policy, including antidumping measures; market access and agriculture, in order to identify any areas that may merit further consideration by us. The groups involved will report their results to the TNC no later than December 2000. This is without prejudice to decisions made by the TNC to dissolve, establish or merge groups. Likewise, the negotiating groups may establish ad-hoc working groups.

RESULTS OF THE SAN JOSE TRADE MINISTERIAL SAN JOSE, COSTA RICA -- MARCH 19, 1998

Initiation of Negotiations:

- Ministers unanimously recommended that their Leaders initiate negotiation of the FTAA during the Santiago Summit and provided recommendations on the initial structure, objectives, principles, and venues of the negotiations.

  -- San Jose Declaration initiating FTAA negotiations is comparable to the 1986 Punta del Este Declaration that initiated the Uruguay Round negotiations.

- Negotiations will begin simultaneously in all substantive areas.

- Negotiations will conclude by December 31, 2004, with concrete progress by the end of the century.

  -- Ministers agreed that Negotiating Groups are to achieve considerable progress by the year 2000, including agreeing on measures for adoption before the end of the century.

Structure of the Negotiations:

- Chairmanship of the FTAA Negotiations has been agreed for the entire period, as follows:

  May 1, 1998-Oct. 31, 1999: Canada
  Nov. 1, 1999-April 30, 2001: Argentina
  May 1, 2001-Oct. 31, 2002: Ecuador
  Nov. 1, 2002-Dec. 31, 2004: Co-chair between the United States and Brasil

  -- The Chairman of the FTAA Negotiations will head both the Ministerial and the Trade Negotiations Committee (TNC), which will provide the overall direction and management to the negotiations. The <u>TNC's first meeting will be held no later than June 30, 1998.</u> The TNC consists of the 34 Vice Ministers for Trade.

- Nine initial Negotiating Groups have been established, with the following chairmen (and vice chairmen) <u>for the first 18 months of negotiations:</u>

Market Access:	Colombia	(Bolivia)
Agriculture:	Argentina	(El Salvador)

Services:	Nicaragua	(Barbados)
Government Procurement:	United States	(Honduras)
Investment:	Costa Rica	(Dominican Republic)
Intellectual Property:	Venezuela	(Ecuador)
Subsidies/AD/CVD:	Brasil	(Chile)
Competition Policy:	Peru	(Trinidad & Tobago)
Dispute Settlement:	Chile	(Uruguay/Paraguay)

-- All Negotiating Groups are to hold their initial meeting no later than September 30, 1998.

-- The negotiating structure is flexible, and the Ministers expect to modify it over time as required to assist the negotiations.

- A Committee of all governments will be established to receive input from business, labor, environmental, academic and other non-governmental interests, to analyze the advice, and to provide recommendations to the Ministers of Trade. We expect the organizational details of this committee to be established at the first meeting of the Trade Negotiations Committee (TNC) in June.

- A Committee on Electronic Commerce was established; it will be a government-private sector committee of experts, chaired by CARICOM, to make recommendations on how to increase and broaden the benefits to be derived from the electronic marketplace.

- A Consultative Group on Smaller Economies was established to bring to the attention of the TNC the smaller economies' interests and concerns. The Consultative Group initially will be chaired by Jamaica, with Guatemala as Vice Chairman. It is not a negotiating group, and it is open to all 34 countries' participation.

Venue:

- All negotiations will be at the same site, which will rotate as follows:

Miami:	May 1, 1998-Feb. 28, 2001
Panama City:	March 1, 2001-February 28, 2003
Mexico City:	March 1, 2003-December 31, 2004

Administrative and Technical Support:

- An Administrative Secretariat will be established at the site of the negotioation to provide logistical and administrative support; to provide translation services for documents and to maintain the offical documents of the negotiations; to arrange interpretation during the negotiating sessions; and to publish and distribute documents.

-- The Administrative Secretariat will be funded from local (i.e., negotiating site) resources and existing resources from the Inter-American Development Bank, the OAS, and the UN Economic Commission for Latin America and the Caribbean (ECLAC).

-- Negotiating Groups may continue to request technical support from the Tripartite Committee, which is a committee composed of the three institutions above. The Tripartite Committee provided such technical support to the FTAA Working Groups during the past three years.

Principles and Objectives of the Negotiations:

The San Jose Declaration contains General Principles for the Negotiations, as well as General and Specific Objectives.

Among the most important principles from the standpoint of the United States are:

- The FTAA should improve upon WTO rules and disciplines wherever possible and appropriate.
- Negotiations will be conducted in a transparent manner.
- The outcome of the negotiations will be a "single undertaking", in the sense that signatories to the final FTAA agreement will have to accept all parts of it---cannot pick and choose among the obligations.

Among the most important objectives from the standpoint of the United States are:

- To progressively eliminate tariffs, non-tariff barriers, as well as other measures with equivalent effects, which restrict trade.

  -- To bring under greater discipline trade-distorting practices for agricultural products, including those that have effects equivalent to agricultural export subsidies.

- To promote customs mechanisms and measures that ensure operations are conducted with transparency, efficiency, integrity, and accountability.
- To develop an efficient and transparent system of rules of origin, including

nomenclature and certificates of origin.

- To eliminate and prevent unnecessary technical barriers to trade.
- To liberalize trade in services to achieve hemispheric free trade underconditions of certainty and transparency.
- To ensure adequate and effective protection of intellectual property rights, taking into account changes in technology.
- To guarantee that the benefits of FTAA liberalization process are not undermined by anti-competitive business practices.
- To establish a fair and transparent legal framework for investment and related flows.
- To make our trade liberalization and environmental policies mutually supportive.
- To further secure the observance and promotion of worker rights, renewing FTAA countries' commitments to the observance of internationally recognized core labor standards.

CIVIL SOCIETY/LABOR AND ENVIRONMENT

ISSUE

Addressing environment and labor issues and assuring transparency in the FTAA negotiations has been a USG priority during preparations leading up to this Summit. We succeeded in having established within the FTAA process a committee of government representatives to receive and analyze input from all sectors of civil society, including environment and labor. The committee will present the views of civil society to the Trade Ministers during the negotiations. It is the first time ever such a committee has been formed during trade agreement negotiations and is a major step forward toward assuring that all stakeholders have access to the FTAA negotiating process. Given the resistance of Trade Ministers to addressing labor and environment, the USG should emphasize the importance of these issues to the ultimate success of the FTAA.

TALKING POINTS

- Our decision in Miami was visionary -- to create a free trade area in our Hemisphere to move us to greater prosperity. Economic integration and free trade are key factors in raising our standards of living, improving working conditions of our people, and better protecting the environment in the Americas.

- We in the United States are delighted that at San Jose our trade ministers recognized that transparency is indispensable to success of the FTAA negotiations. We cannot afford to have our efforts to negotiate a good agreement jeopardized by a citizenry who believes that their concerns were ignored because the process had no mechanism for considering them.

- The mechanism created in San Jose, a committee of government representatives, will ensure the consideration of the views of all members of civil society (labor, environmental, business, academic, and others) as the negotiations proceed. We must work together to ensure the organization and operation of this committee provides an effective channel of communication for these groups which is so vital to their support of the FTAA.

- As we proceed with hemispheric economic integration, we must keep in mind the pace of progress on related fronts, such as the protection of the environment and the observance and promotion of workers rights.. Mindful that the FTAA negotiations will conclude by 2005, we should work to make the processes for achieving hemispheric integration consistent with and mutually supportive of our other commitments at the Miami Summit and the Santa Cruz Summit on Sustainable Development, as well as those made at this Summit in Santiago.

BACKGROUND

Recognizing the importance of environment and labor both substantively and politically, the USG has consistently taken the position throughout the preparations leading up to this Summit that trade liberalization and environmental policies must be mutually supportive and that the observance and promotion of worker rights should be further secured. We obtained strong commitments in the San Jose Declaration as well as in the Santiago Declaration and Plan of Action to ensure transparency through a mechanism for considering civil society's concerns in the FTAA process itself.

U.S. efforts over the last three and a half years have not been warmly received by many of our FTAA partners. In San Jose, we were ultimately successful in having the Trade Ministers establish a committee of government representatives to receive views from various sectors of society, including environment and labor. Once it has reviewed and analyzed them, this committee is to present the range of views to the Ministers. This step, while judged modest by our environment and labor NGOs, is highly significant: for the first time ever, a committee has been established during the course of trade negotiations to expand the involvement of all sectors of civil society and to assure that all stakeholders have access to the process. It will be important to ensure at the June Trade Negotiations Committee (TNC) meeting that the organizational details of the committee of government representatives result in an effective channel of communication for members of civil society.

Our efforts for strong environment language in the Santiago Declaration and Plan of Action have been partially successful. There are other sections of the Declaration and Plan of Action that address labor concerns, including core labor standards, education and training of worker, and combating child exploitation. The trade provisions of both the Santiago Declaration and Plan of Action commit to a transparent FTAA negotiating process and to taking the objectives of improving working conditions and protecting the environment into account as we move toward Hemispheric economic integration.

Organized labor's call for recognition in the FTAA process began in Denver where the Interamerican Regional Organization of Workers (ORIT, by its Spanish initials) and the AFL-CIO jointly sponsored a parallel forum to the Business Forum with representatives from labor organizations in most countries in the hemisphere attending. As the Business Forum of the Americas gained greater access to the Trade Ministers, organizers of the Labor Forum sought to broaden their representation to emphasize their objection to the lack of access to the process afforded civil society in contrast to that offered to the business community. At Belo Horizonte, the Workers of the Americas' Forum, joined with the Our Americas' Forum, a broad group of NGOs, including the environment, women's groups, and indigenous people, to demonstrate the solidarity of their concerns. In San Jose, a similar group of primarily Central American NGOs, including some unions associated with ORIT and two from the AFL-CIO, held a forum to build solidarity in the region.

Several major U.S. environmental NGOs are fully invested in the FTAA process. At the San Jose Ministerial in March, U.S. NGOs brought together about twenty environmental NGOs from throughout Latin America for a two-day strategic planning seminar prior to the Ministerial. They issued a Declaration, calling on the FTAA governments to "establish an action plan and formal mechanism to integrate the principles of sustainable development, including a formal negotiating group on trade, environment and sustainable development with equal status to other negotiating groups established in the FTAA process." These NGOs are anticipating with cautious optimism the TNC's articulation of the organizational details of the Trade Ministers' committee of government representatives.

Labor, environmental, and other NGOs are prepared for this Summit also. They have issued a Call to Action for a Summit of the Peoples of the Americas to be held April 15-18 in Santiago. Since the initial invitation, Labor NGOs decided to hold a Forum on April 16 or 17, which will be separate from the Peoples Summit. Approximately 45 people from about 20 countries are registered for the Labor Forum, including representatives from the AFL-CIO and other U.S. labor groups. The agenda for the Peoples Summit includes panels on the Multilateral Agreement on Investment, energy, biodiversity, sustainable development, and citizen participation, as well as other topics.

April 7, 1998

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FROM: JC Williams (395-9449)
USTR

SUBJECT: Talking Points on Civil Society/Labor and Environment for the Santiago Summit briefing book

Attached please find draft talking points on Civil Society/Labor and Environment for the briefing book for the upcoming Santiago Summit. Please give me comments by 3:00pm today. The document must go forward by cob today for inclusion in the briefing book. Phone (395-9449)or fax (395-4579). Thanks. JC

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P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Concrete Progress

Issue

The Summit Plan of Action includes the mandate to Ministers to "achieve concrete progress in the negotiations by the year 2000 and agree on specific business facilitation measures to be adopted before the end of the century." At the San Jose Ministerial, we agreed

Talking Points:

- It is very important to show concrete progress by the end of the century, as Leaders agreed at Miami.
- We should not wait until 2005 to show tangible results; we need to be making it easier now to do business across the Hemisphere.
- We all should support a very ambitious approach, including the identification of meaningful measures for adoption by the end of 1999.
- Some examples of concrete progress measures include:

  -- in the customs area, implementing a code of conduct for customs officials in accordance with the Arusha Declaration (to avoid arbitrary or even corrupt customs treatment) and developing obligations to implement the Cancun Memorandum on customs procedures for express shipments (to speed the processing through customs of such shipment that often are vital to businesses);

  -- in the services area, implementing mutual recognition agreements (MRAs) in the licensed professions (e.g., architecture, engineering, and accountancy) and adhering to the WTO Professional Services Framework Agreement for mutual recognition of licensing accreditation by professionals;

  -- in the area of telecommunications, implementing MRAs for certification of telecommunications equipment; and,

  -- in the area of government procurement, implementing an agreement on transparency and due process in government procurement procedures.

Background

In light of the agreement of the Leaders that concrete progress toward the construction of the FTAA be attained by the end of the century, the TNC at its first meeting will identify business facilitation measures to be implemented by the year 2000. The TNC should take into consideration, as appropriate, the recommendations of the Americas

Business Forum on measures for concrete progress.

While to date there has been no agreement on the definition of "business facilitation measures," the U.S. believes that concrete progress should include the full implementation of countries' WTO obligations and the conclusion and implementation of agreements, as appropriate and feasible, that could be implemented on a provisional or a definitive basis.

The U.S. floated an illustrative list of concrete progress measures with other countries in the PrepCom process leading up to the San Jose Ministerial. Such measures could include (beyond those noted in your talking points above), among others:

Anti-Corruption:

- taking the necessary steps to adhere to the OAS Inter-American Convention Against Corruption and depositing instruments of ratification with the OAS;

Telecommunications:

- taking the necessary steps to adhere to the WTO Basic Telecommunications Reference Paper, in order to harmonize commitments among all 34 FTAA countries by the year 2000 and foster effective implementation of the pro-competitive regulatory principles set forth by the WTO agreement;

Investment -- Arbitration:

- taking the necessary steps to accede to arbitral conventions including the New York Convention and the 1965 Convention on the Settlement of Investment Disputes between States and Nationals of Other States;

Intellectual Property Rights:

- taking the necessary steps to adhere to and implement existing multilateral or regional agreements, including the Brussels Convention, WIPO Copyright Treaty, the WIPO Performances and Phonograms Treaty, Berne Conventions, Paris Convention, Budapest Treaty, Patent Cooperation Treaty, and Trademark Law Treaty by the end of the century.

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5 December 1997

JOINT EU-U.S. STATEMENT ON ELECTRONIC COMMERCE

1. Global electronic commerce, driven by the development of the Internet, will be an important engine for growth in the world economy in the 21st century. Electronic commerce offers considerable new opportunities for business and citizens in all regions of the world. In particular, small companies will be able to obtain unprecedented access to world-wide markets at low costs and consumers will be able to choose from an even wider range of products and services. Electronic commerce will enhance productivity across all sectors of our economies, further encourage both trade in goods and services and investment, create new sectors of activities, new forms of marketing and selling, new revenue streams and, most importantly, new jobs. Services liberalization, particularly of the basic telecom services, plays a key role in underpinning the growth of electronic commerce.

2. We encourage an open dialogue between governments and the private sector world-wide in order to construct a predictable legal and commercial environment for the conduct of business on the Internet. We recognize that electronic commerce requires a coherent, coordinated approach internationally. Where government agreements are appropriate, we also commit ourselves, to work together constructively along with our trade partners within the appropriate multilateral institutions and other fora to reach coherent and effective solutions preferably at a global level. In this regard, we agree on the importance of fully involving all countries, including developing countries.

3. We agree to work towards the development of a global marketplace where competition and consumer choice drive economic activity, on the basis of the following guidelines:

(i) That the expansion of global electronic commerce will be essentially market-led and driven by private initiative. It should take into account the interests of all stakeholders, in particular of consumers, libraries, schools and other public institutions, as well as the need to ensure the widest use possible of new technologies.

(ii) That the role of government is to provide a clear, consistent and predictable legal framework, to promote a pro-competitive environment in which electronic commerce can flourish and to ensure adequate protection of public interest objectives such as privacy, intellectual property rights, prevention of fraud, consumer protection, and public safety.

(iii) That industry self-regulation is important. Within the legal framework set by government, public interest objectives can, as appropriate, be served by international or mutually compatible codes of conduct, model contracts, guidelines, etc. agreed upon between industry and other private sector bodies.

(iv) That unnecessary existing legal and regulatory barriers should be eliminated and the emergence of new ones should be prevented. Where legislative action is deemed necessary, it should not be to the advantage or disadvantage of electronic commerce compared with other forms of commerce.

(v) That taxes on electronic commerce should be clear, consistent, neutral and non discriminatory.

(vi) That it is important to enhance the awareness and confidence of citizens and SMEs in electronic commerce and to support the development of relevant skills and network literacy.

(vii) That interoperability, innovation and competition are important for the development of a global marketplace, and that, in this context, voluntary, consensus-based standards, preferably at an international level, can play an important role.

4. Specifically, we agree to work towards:

(i) A global understanding, as soon as possible, that:

- when goods are ordered electronically and delivered physically, there will be no additional import duties applied in relation to the use of electronic means.
- in all other cases relating to electronic commerce, the absence of duties on imports should remain.

(ii) The effective implementation by 1 January 1998 of the commitments on basic telecommunication services included in the schedules of commitments attached to the WTO General Agreement on Trade and Services (GATS) and the completion of the second phase of the Agreement on Information Technology Products by summer 1998.

(iii) The ratification and implementation, as soon as possible, of the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty.

(iv) Ensuring the effective protection of privacy with regard to the processing of personal data on global information networks.

(v) The creation of a global market based system of registration, allocation and governance of Internet domain names which fully reflects the geographically and functionally diverse nature of the Internet.

5. Furthermore, we agree on:

(i) Active support for the development, preferably on a global basis, of self-regulatory codes of conduct and technologies to gain consumer confidence in electronic commerce, and in doing so, to involve all market players, including those representing consumer interests.

(ii) Close co-operation and mutual assistance to ensure effective tax administration and to combat and prevent illegal activities on the Internet..

(iii) The important positive role that electronic commerce can play in developing a coherent approach to international work on trade facilitation.

(iv) Close co-operation in jointly defined areas of R&D and electronic commerce technologies, in the framework of the EU-US Science and Technology Agreement, as well as in appropriate business pilot projects.

(v) Continuing substantive bilateral discussions at experts level, including, as appropriate, both government and private sector participants, on the issues mentioned above as well as other issues, such as government procurement; contract law and regulated professions; liability; commercial communication; electronic payments; encryption; electronic authentication/digital signatures; and filtering and rating technologies.

(vi) Close co-operation with a view to encouraging the exchange of statistical data on electronic commerce.

6. Where necessary to achieve these goals, we will continue our discussions with a view to reaching consensus in the appropriate multilateral fora, which may include, for example, the WTO, the OECD, WIPO, and UNCITRAL. We strongly encourage continued work within the EU-U.S. Information Society Dialogue, the Trans-Atlantic Business Dialogue and the EU-U.S. Joint Study.

7. We will examine progress towards achieving these goals at our forthcoming Summits.

FTAA AND SMALL ECONOMIES

The smaller and poorer economies in Latin America and the Caribbean are deeply concerned that implementation of the FTAA could cause them serious adjustment costs and damage their economic and political stability. The countries of the English-speaking Caribbean are particularly vocal about this issue. They want preferential treatment granted to all "smaller" countries in the negotiations and financial assistance to help them in the adjustment process.

The U.S. position is to recognize that countries differ widely in their levels of development and size. We agree with the principle that "special attention should be given to the needs, economic conditions (including transition costs and possible internal dislocations) and opportunities of smaller economies to ensure their full participation in the FTAA process" (from the General Principles of the Ministerial Declaration of San Jose).

The United States, along with most FTAA countries, cannot agree that smaller economies should be guaranteed preferential treatment a priori, across the board. We believe any form of special treatment should be negotiated on a case-by case basis reflecting the specific needs of individual countries. We participated actively in the FTAA Working Group on Smaller Economies and intend to continue to do so in its successor – the Consultative Group on Smaller Economies, established by the San Jose Ministerial.

There is consensus among FTAA participants that all countries in a position to do so (including the larger and relatively-more-advanced developing countries) should provide technical assistance to help smaller economies to participate in the FTAA negotiations and to implement the obligations of the FTAA. We have asked the smaller developing countries to identify their specific technical assistance needs. Many have already done so by responding to questionnaires designed for this purpose, and the OAS trade unit is currently processing this data -- to be presented at the first meeting of the Consultative Group. Meanwhile, some technical assistance programs are already underway.

Concerning financial assistance for structural adjustment, we believe this is an issue which should not be handled within the FTAA, but within the specialized organizations for such assistance, such as the IDB or IBRD. We note that many lending programs for structural adjustment are currently underway or being planned.

Talking Points

- The United States encourages the smaller economies of the hemisphere to realistically identify the specific technical needs that will help them to implement the obligations of the FTAA, once established. We understand that this process is well-underway in many countries.

- As regards financial assistance for structural adjustment, these projects can best be pursued ~~within~~ the specialized organizations which already exist to provide such assistance, such as the IDB or IBRD. We note that many lending programs for structural adjustment are currently underway or being planned.

- While we recognize the special needs of smaller economies, we believe that these needs can be effectively addressed through Consultative Group on Smaller Economies established by the San Jose Ministerial, not by granting preferential treatment.

- That said, we were pleased that the Ministers decided to establish the Consultative Group and intend to participate actively in the group.

Inside U.S. Trade

An Inside Washington Publication

An exclusive weekly report on major government and industry trade action

March 23, 1998

Special Report

FINAL FTAA DECLARATION FALLS SHORT OF AT LEAST TWO KEY U.S. DEMANDS

SAN JOSE, COSTA RICA — Hemispheric trade ministers late last week agreed on a comprehensive blueprint for the Free Trade Area of the Americas, for which negotiations will begin on Sept. 30, 1998. The final agreement on the structure and substance of the FTAA falls short of at least two key U.S. demands regarding labor and environment and quick negotiating results by 2000, according to the March 19 FTAA ministerial declaration.

Instead of agreeing to a U.S. proposal for study groups that would have made recommendations on promoting worker's rights and environmental protection in the hemisphere, the ministers established a committee to hear the views of non-governmental groups representing academics, labor activists or environmentalists along with business representatives. But the committee is not obligated to actually consider the views expressed, according to senior trade officials.

The final declaration also does not heed a U.S. call for early results in the negotiations. Instead, it calls on negotiating groups to make "considerable progress" by the year 2000, and instructs vice ministers to agree on business facilitation measures to be implemented by that time.

The final negotiating principles and objectives do not contain language that agreements reached at an early stage of the negotiations may be implemented prior to the formal negotiations. That demand was included in the March 18 draft FTAA declaration that emerged from this week's vice ministers meeting.

U.S. Trade Representative Charlene Barshefsky praised the final agreement as reflecting what the U.S. wanted to accomplish. "The United States achieved all of its key objectives here, setting the stage for a comprehensive and successful launch of substantive negotiations at the Santiago Summit," she said in a March 20 statement. "We have set a strong foundation for negotiations and we have made important progress on labor and environmental issues with the FTAA."

In a March 19 press conference, Barshefsky downplayed the differences between the new committee and the study groups on labor and environment the U.S. had sought. "We were successful for the first time in 40 years of pushing for the creation of an environment and labor committee," she said. But she conceded that the new committee is not limited to hearing from labor and environment representatives, but will also hear from academics and business groups.

"This was an extremely hard and extremely difficult negotiation," she said.

She emphasized that the committee was part of the FTAA process and has a structure exactly like the other groups. The language ministers agreed to shows "that elements of civil society have got to be brought in or the FTAA process itself will be threatened," according to Barshefsky.

She also downplayed the fact that FTAA ministers have made no commitments to act on the views they hear through this committee. She highlighted the fact that negotiators do not necessarily have to adhere to any business recommendations either, and that no country has assurances that its position will prevail in a given negotiation.

"This is the nature of negotiations and the formulation of agreements," she said. "You set priorities, you make choices, you take good ideas, you reject bad ideas."

Barshefsky only briefly addressed the declaration's language on concrete progress in the negotiations. In her March 19 press conference, she emphasized the agreement to implement business facilitation measures by that year, which she said would be defined at the first meeting of the Trade Negotiation Committee in June. In her March 20 statement, Barshefsky said these measures would cover areas of customs procedures, professional services, and intellectual property.

The U.S. proposal to have FTAA nations endorse tariff-free electronic commerce received little support from countries such as Canada. According to a March 18 draft, the U.S. had sought declaration language that would have committed countries to continue the current practice of not imposing customs duties on electronic submissions.

Instead, the final declaration sets up an expert committee of government and private specialists that will make recommendations on how to increase and broaden the benefits to be derived from electronic commerce. Barshefsky said it was "very important" for the U.S. to establish a business-government group. "This comports with one of the President's key electronic commerce objectives, which is the need for the private sector to lead in electronic commerce."

She said that setting up this committee builds an awareness of the importance of duty-free cyberspace, and pointed out that the U.S. is pressing its initiative multilaterally. "We continue to pursue this agenda simultaneously in the WTO [World Trade Organization], where the largest players have signed off on our approach," she said in a March 20 statement.

The final FTAA declaration contains does not contain an outright commitment not to impose new trade barriers, but

continued on next page

Business Groups Split on Key FTAA Issues . . . p.8

only pledges such a standstill "to the greatest extent possible." The document also sets up the structure of the FTAA with rotating chairmanships, secretariats and nine negotiating groups for the first eighteen months of the negotiations.

The declaration also lays out general objectives and principles for the negotiations, as well as objectives for the various issue areas.

The final declaration leaves open when the results of the FTAA will be implemented if they are negotiated by the year 2005. The objectives for the market access issue area states only that the FTAA will "progressively eliminate tariffs, non-tariff barriers a well as other measures with equivalent effects, which restrict trade between participating countries," according to the final declaration.

The text does not make any reference to a date, and does not stipulate whether the trade liberalization would cover all or substantially all trade. In contrast, the March 18 draft presented to the trade ministers by the vice ministers shows that some countries pushed language stating trade barriers should be removed progressively starting in the year 2005. That draft language also showed that countries disagreed whether barriers should be removed for "all trade" or "for the substantial trade."

Regarding trade remedy law, the final declaration no longer contains language supported by Mexico, Chile and others that could have challenged the use of antidumping law in the FTAA. The March 18 vice ministerial draft section on the objectives for the subsidies, antidumping and countervailing duty group asked for an examination of "the possibility of eliminating antidumping measures in the future framework of a Free Trade Area of the Americas."

San José Ministerial Declaration

Ministerial Declaration of San José
SUMMIT OF THE AMERICAS FOURTH TRADE MINISTERIAL MEETING
SAN JOSE, COSTA RICA
MARCH 19th, 1998

I. INTRODUCTION

1. We, the Ministers Responsible for Trade, representing the 34 countries which participated in the Summit of the Americas, in Miami, in December 1994, met at the IV Ministerial Meeting on Trade in San José, Costa Rica to review the results of the preparatory work for the negotiations of the Free Trade Area of the Americas (FTAA) with the intent to recommend to our Heads of State and Government the initiation of the negotiations.

2. We note the progress achieved in trade liberalization in this Hemisphere since the Miami Summit of the Americas as a result of the implementation of the obligations assumed by our Governments in the context of the Uruguay Round of Multilateral Trade Negotiations and of the World Trade Organization (WTO); the widening and deepening of existing sub-regional and bilateral integration and free trade agreements; the signing of new agreements; and the unilateral trade liberalization measures adopted by some countries. Even as countries in our region have been tested by financial and other economic pressures, the overall course in the Americas has been one of faster economic growth, lower inflation, expanded opportunities, and confidence in participating in the global marketplace. A major reason for this positive record has been our countries' steadfast and cooperative efforts to promote prosperity through increased economic integration and more open economies. We are confident, therefore, that the FTAA will improve the well being of all our people.

3. With the intent of contributing to the expansion of world trade, we reaffirm our commitment that the FTAA shall not raise additional barriers to other countries, and we will continue to avoid to the greatest extent possible the adoption of policies that adversely affect trade in the hemisphere.

4. Furthermore, we reiterate that the negotiation of the FTAA shall take into account the broad social and economic agenda contained in the Miami Declaration of Principles and Plan of Action with a view to contributing to raising living standards, to improving the working conditions of all people in the Americas and to better protecting the environment.

5. In designing the FTAA we shall take into account differences in the levels of development and size of the economies in our Hemisphere, to create opportunities for the full participation of the smaller economies and to increase their level of development.

6. We recognize the wide differences in the level of development and size of economies existing in our Hemisphere and we will remain cognizant of these differences as we work to ensure their full participation in the construction of the FTAA.

7. We reviewed and approved the work submitted to us by the Preparatory Committee of Vice-Ministers on how to proceed with the negotiations of the FTAA.

II. INITIATION OF THE NEGOTIATIONS

8. We recommend to our Heads of State and Government that they initiate negotiation of the FTAA during the II Summit of the Americas, which will be held in Santiago, Chile, on April 18 and 19, 1998, in accordance with the objectives, principles, structure, venue and other decisions set forth in this Declaration.

9. We reaffirm the principles and objectives that have guided our work since Miami, as set out in Annex I, including inter alia that the agreement will be balanced, comprehensive, WTO-consistent, and will constitute a single undertaking. It will take into account the needs, economic conditions and opportunities of the smaller economies. The negotiations will be transparent and built on consensus decision making. The FTAA can co-exist with bilateral and sub-regional agreements, to the extent that the rights and obligations under these agreements are not covered or go beyond the rights and obligations of the FTAA. We remain committed to concluding the negotiations no later than 2005 and to achieving concrete progress toward the attainment of this objective by the end of the century.

III. STRUCTURE AND ORGANIZATION OF THE NEGOTIATIONS

10.We have agreed to an initial structure for the negotiations. This structure is flexible and we expect to modify it over time as required to assist the negotiations. We will exercise the ultimate oversight and management of the negotiations and therefore we will meet as required and no less than every 18 months. We establish the Trade Negotiations Committee (TNC) at the Vice-ministerial level. The TNC will have a Chairman and a Vice-Chairman. The TNC will select the Chairman and Vice Chairman of each negotiating group. The TNC will have the responsibility of guiding the work of the negotiating groups and of deciding on the overall architecture of the agreement and institutional issues. The TNC is to take the overall responsibility of ensuring the full participation of all the countries in the FTAA process. It will also ensure that this issue, in particular the concerns of the smaller economies and concerns related to countries with different levels of development will be dealt with within each negotiating group. The TNC should meet as required and no less than twice a year. It should hold its first meeting no later than the 30th of June, 1998.

11. We establish 9 negotiating groups on : market access; investment; services; government procurement; dispute settlement; agriculture; intellectual property rights; subsidies, antidumping and countervailing duties; and competition policy. The Chairman and Vice-Chairman of each group will be selected taking into account the need to maintain geographic balance among countries. They will serve for a period of 18 months or until the subsequent ministerial meeting. As a general principle, there should not be immediate reelection of the Chair and Vice-chair. This principle establishes a presumption against immediate reelection, but should not be inflexibly applied. The negotiating groups will be guided in their work by the general principles and objectives in Annex I as well as specific objectives in Annex II. We mandate the TNC in its first meeting to develop a work program for the negotiating groups in order to ensure that they begin their work no later than the 30th of September, 1998. We have agreed that the meetings of the negotiating groups will be held in a single venue which will rotate among the following three countries:

Miami, United States: From May 1, 1998 to February 28, 2001

Panama City, Panama: From March 1, 2001 to February 28, 2003

Mexico D.F., México: From March 1, 2003 to December 31, 2004

The period for which Mexico hosts the venue of the negotiations will be up to the conclusion of the negotiations.

The countries that will have the Chair and Vice-Chair of the negotiating groups for the first 18 month period will be the following:

Negotiating Group	Chair	Vice-Chair
Market Access	Colombia	Bolivia
Investment	Costa Rica	Dominican Rep.
Services	Nicaragua	Barbados
Government Procurement	United States	Honduras
Dispute Settlement	Chile	Uruguay-Paraguay
Agriculture	Argentina	El Salvador
Intellectual Property Rights	Venezuela	Ecuador
Subsidies, Antidumping and Countervailing Duties	Brazil	Chile
Competition Policy	Peru	Trinidad/Tobago

Work in different groups may be interrelated, such as agriculture and market access; services and investment; competition policy and subsidies, antidumping and countervailing duties; among others. The TNC shall identify linkages and outline appropriate procedures to ensure timely and effective coordination. We agree to give the mandate to the relevant negotiating groups to study issues relating to: the interaction between trade and competition policy, including antidumping measures; market access and agriculture, in order to identify any areas that may merit further consideration by us. The groups involved will report their results to the TNC no later than December 2000. This is without prejudice to decisions made by the TNC to dissolve, establish or merge groups. Likewise, the negotiating groups may establish ad-hoc working groups.

Chairmanship of the FTAA

12.The Chairmanship of the FTAA process will rotate among different countries at the end of each Ministerial Meeting. The country that will chair the FTAA process will host the Ministerial Meetings and will also chair the TNC.

The countries that will hold the Chair and Vice-chair of the FTAA process will be:

May 1, 1998- Oct. 31, 1999
Chair Canada Vice-chair Argentina

Nov. 1, 1999- April 30, 2001
Chair Argentina Vice-Chair Ecuador

May 1, 2001- Oct. 31, 2002
Chair Ecuador Vice-Chair Chile

Nov. 1, 2002- Dec. 31, 2004
Co-chair between Brazil and the United States of America

The period in which the United States of America and Brazil exercise the Co-chairmanship will be until the conclusion of the negotiations.

In the last period, from November 1st, 2002 to December 31st, 2004, there will be at least two Meetings of

Ministers Responsible for Trade, one in each Co-chair country.

In the first 18 month period, three meetings of the TNC will be held, one in each of the following countries: Argentina, Suriname and Bolivia. In the second 18 month period, from November 1, 1999 to April 30, 2001, the first meeting will be held in Guatemala will hold the first meeting of the TNC.

Consultative Group on Smaller Economies

13. We have agreed to establish a Consultative Group on Smaller Economies, open to the participation of all the FTAA countries, and reporting to the TNC. For the first period, the Chair will be Jamaica with Guatemala serving as Vice-chair. Succession criteria will be the same as those applying to the negotiating groups. The Consultative Group will have the following functions:

a) follow the FTAA process, keeping under review the concerns and interests of the smaller economies; and will

b) bring to the attention of the TNC the issues of concern to the smaller economies and make recommendations to address these issues.

Administrative Secretariat for the Negotiations

14. We have agreed to create an Administrative Secretariat for the negotiations, which will conclude no later than the year 2005. It will report to the TNC and will:

a) provide logistical and administrative support to the negotiations;

b) provide translation services for documents and interpretation during the deliberations;

c) keep the official documents of the negotiation; and

d) publish and distribute documents.

This Administrative Secretariat will be located at the same venue as the meetings of the negotiating groups. It should be funded from local resources and existing resources of the Tripartite Committee Institutions. We recommend our Governments to instruct their representatives in the institutions of the Tripartite Committee — in particular the Inter American Development Bank — to allocate appropriate existing resources within their institutions to support the Administrative Secretariat.The TNC will determine the size and composition of the staff and will appoint the Head of the Secretariat.

Tripartite Committee

15. We express our appreciation to the Tripartite Committee for the technical and logistical support given during the preparatory phase of the FTAA negotiation. We request that the respective institutions of the Tripartite Committee continue to provide the appropriate existing resources necessary to respond positively to requests for technical support from FTAA entities, including reallocation for this purpose if necessary. Furthermore, we ask the three institutions to provide technical assistance related to FTAA issues to member countries, particularly smaller economies, at their request, according to the procedures of the respective institutions.

16. We also express our appreciation and reiterate our interest, that the pertinent multilateral, regional and sub-regional institutions continue to offer, in their areas of recognized specialization, additional contributions in response to specific requests from the TNC and the negotiation groups.

IV. OTHER ISSUES

Participation of Civil Society

17.We reaffirm our commitment to the principle of transparency of the negotiation process, to facilitate the constructive participation of the different sectors of society. We also reaffirm our commitment to the Belo Horizonte Ministerial Declaration and to paragraph 4 of the Singapore Ministerial Declaration of the WTO.

We recognize and welcome the interests and concerns that different sectors of society have expressed in relation to the FTAA. Business and other sectors of production, labor, environmental and academic groups have been particularly active in this matter. We encourage these and other sectors of civil societies to present their views on trade matters in a constructive manner. We have, therefore, established a committee of government representatives, open to all member countries, who shall select a chair. The committee shall receive these inputs, analyze them and present the range of views for our consideration.

In this regard, we value the contributions made by the business sector through the Business Fora of the Americas of Denver, Cartagena, Belo Horizonte and San José.

Concrete progress by the year 2000

18. We reaffirm our commitment to make concrete progress by the year 2000. We direct the negotiating groups to achieve considerable progress by that year. We instruct the TNC to agree on specific business facilitation measures to be adopted before the end of the century, taking into account the substantive work that has already emanated from the FTAA process.

Electronic Commerce

19. We noted the rapid expansion of Internet usage and electronic commerce in our Hemisphere. In order to increase and broaden the benefits to be derived from the electronic marketplace, we welcome the offer of Caricom to lead a joint government-private sector committee of experts that will make recommendations to us at our next meeting.

Acknowledgement

20.We wish to express our gratitude to the Government of Costa Rica for its notable contribution to the advance of the FTAA process during the last year, by presiding over the deliberations of the Preparatory Committee of the Negotiations, as well as the IV Meeting of the Ministers Responsible for Trade in the Hemisphere, which concluded the preparations to initiate the FTAA negotiations.

Annex I

GENERAL PRINCIPLES AND OBJECTIVES

The negotiations for the construction of the FTAA will be guided by the following General Principles and Objectives :

GENERAL PRINCIPLES

a) Decisions in the FTAA negotiating process will be made by consensus.

b) Negotiations will be conducted in a transparent manner to ensure mutual advantage and increased benefits to all participants of the FTAA.

c) The FTAA Agreement will be consistent with the rules and disciplines of the WTO. With this purpose, the participating countries reiterate their commitment to multilateral rules and disciplines, in particular Article XXIV of the General Agreement on Tariffs and Trade (GATT) 1994 and its Uruguay Round Understanding, and Article V of the General Agreement on Trade in Services (GATS).

d) The FTAA should improve upon WTO rules and disciplines wherever possible and appropriate, taking into account the full implications of the rights and obligations of countries as members of the WTO.

e) The negotiations will begin simultaneously in all issue areas. The initiation, conduct and outcome of the negotiations of the FTAA shall be treated as parts of a single undertaking which will embody the rights and obligations as mutually agreed upon.

f) The FTAA can co-exist with bilateral and sub-regional agreements, to the extent that the rights and obligations under these agreements are not covered by or go beyond the rights and obligations of the FTAA.

g) Countries may negotiate and accept the obligations of the FTAA individually or as members of a sub-regional integration group negotiating as a unit.

h) Special attention should be given to the needs, economic conditions (including transition costs and possible internal dislocations) and opportunities of smaller economies, to ensure their full participation in the FTAA process.

i) The rights and obligations of the FTAA will be shared by all countries. In the negotiation of the various thematic areas, measures such as technical assistance in specific areas and longer periods for implementing the obligations could be included on a case by case basis, in order to facilitate the adjustment of smaller economies and the full participation of all countries in the FTAA.

j) The measures agreed upon to facilitate the integration of smaller economies in the FTAA process shall be transparent, simple and easily applicable, recognizing the degree of heterogeneity among them.

k) All countries shall ensure that their laws, regulations and administrative procedures conform to their obligations under the FTAA agreement.

l) In order to ensure the full participation of all countries in the FTAA, the differences in their level of development should be taken into account.

General Objectives

a) To promote prosperity through increased economic integration and free trade among the countries of our Hemisphere, which are key factors for raising standards of living, improving the working conditions of people in the Americas and better protecting the environment.

b) To establish a Free Trade Area, in which barriers to trade in goods and services and investment will be progressively eliminated, concluding negotiations no later than 2005 and achieving concrete progress toward the attainment of this objective by the end of this century.

c) To maximize market openness through high levels of disciplines through a balanced and comprehensive agreement.

d) To provide opportunities to facilitate the integration of the smaller economies in the FTAA process in order to realize their opportunities and increase their level of development.

e) To strive to make our trade liberalization and environmental policies mutually supportive, taking into account work undertaken by the WTO and other international organizations.

f) To further secure, in accordance with our respective laws and regulations, the observance and promotion of worker rights, renewing our commitment to the observance of internationally recognized core labor standards and acknowledging that the International Labor Organization is the competent body to set and deal with those core labor standards.

Annex II

OBJECTIVES BY ISSUE AREA

We have agreed that the negotiations for the construction of the FTAA, in the different issue area, will be guided by the following objectives:

MARKET ACCESS

a) Consistent with the provisions of the WTO, including Article XXIV of the General Agreement on Tariffs and Trade (GATT 1994) and its Understanding on the Interpretation of Article XXIV of the General Agreement on Tariffs and Trade 1994, to progressively eliminate, tariffs, and non tariff barriers, as well as other measures with equivalent effects, which restrict trade between participating countries.

b) All tariffs will be subject to negotiation.

c) Different trade liberalization timetables may be negotiated.

d) To facilitate the integration of smaller economies and their full participation in the FTAA negotiations.

AGRICULTURE

a) The objectives of the negotiating group on Market Access shall apply to trade in agricultural products. Rules of origin, customs procedures and Technical Barriers to Trade issues will be addressed in the Market Access negotiating group.

b) To ensure that sanitary and phytosanitary measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries or a disguised restriction to international trade, in order to prevent protectionist trade practices and facilitate trade in the hemisphere. Consistent with the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), said measures will only be applied to achieve the appropriate level of protection for human, animal or plant life or health, will be based on scientific principles, and will not be maintained without sufficient scientific evidence.

Negotiations in this area involve identifying and developing measures needed to facilitate trade, following and examining in depth the provisions set down in the WTO/SPS Agreement.

c) To eliminate agricultural export subsidies affecting trade in the Hemisphere.

d) To identify other trade-distorting practices for agricultural products, including those that have an effect equivalent to agriculture export subsidies, and bring them under greater discipline.

e) Agricultural products covered are the goods referred to in Annex I of the WTO Agriculture Agreement.

f) Incorporate progress made in the multilateral negotiations on agriculture to be held according to Article 20 of the Agreement on Agriculture, as well as the results of the review of the SPS Agreement.

RULES OF ORIGIN

a) To develop an efficient and transparent system of rules of origin, including nomenclature and certificates of origin, in order to facilitate the exchange of goods, without creating unnecessary obstacles to trade.

CUSTOMS PROCEDURES

a) To simplify customs procedures, in order to facilitate trade and reduce administrative costs.

b) To create and implement mechanisms to exchange information in customs issues among FTAA countries.

c) To design effective systems to detect and combat fraud and other illicit customs activities, without creating unnecessary obstacles to foreign trade.

d) To promote customs mechanisms and measures that ensure operations be conducted with transparency, efficiency, integrity and responsibility.

INVESTMENT

a) To establish a fair and transparent legal framework to promote investment through the creation of a stable and predictable environment that protects the investor, his investment and related flows, without creating obstacles to investments from outside the hemisphere.

STANDARDS AND TECHNICAL BARRIERS TO TRADE

a) To eliminate and prevent unnecessary technical barriers to trade in the FTAA, based on the proposals contained in the Common Objectives Paper approved by the Working Group.

SUBSIDIES ANTIDUMPING AND COUNTERVAILING DUTIES

a) To examine ways to deepen, if appropriate, existing disciplines provided in the WTO Agreement on Subsidies and Countervailing Measures and enhance compliance with the terms of the WTO Agreement on Subsidies and Countervailing Measures.

b) To achieve a common understanding with a view to improving, where possible, the rules and procedures regarding the operation and application of trade remedy laws in order to not create unjustified barriers to trade in the Hemisphere.

GOVERNMENT PROCUREMENT

a) The broad objective of negotiations in government procurement is to expand access to the government procurement markets of the FTAA countries.

More specifically, the objectives are :

a) To achieve a normative framework that ensures openness and transparency of government procurement processes, without necessarily implying the establishment of identical government procurement systems in all countries;

b) To ensure non-discrimination in government procurement within a scope to be negotiated ;

c) To ensure impartial and fair review for the resolution of procurement complaints and appeals by suppliers and the effective implementation of such resolutions.

INTELLECTUAL PROPERTY RIGHTS

a) To reduce distortions in trade in the Hemisphere and promote and ensure adequate and effective protection to intellectual property rights. Changes in technology must be considered.

SERVICES

a) Establish disciplines to progressively liberalize trade in services, so as to permit the achievement of a hemispheric free trade area under conditions of certainty and transparency ;

b) Ensure the integration of smaller economies into the FTAA process.

COMPETITION POLICY

The objectives of the negotiations are :

a) General Objectives:

- To guarantee that the benefits of the FTAA liberalization process not be undermined by anti-competitive business practices.

b) Specific Objectives:

- To advance towards the establishment of juridical and institutional coverage at the national, sub-regional or regional level, that proscribes the carrying out of anti-competitive business practices;
- To develop mechanisms that facilitate and promote the development of competition policy and guarantee the enforcement of regulations on free competition among and within countries of the Hemisphere.

DISPUTE SETTLEMENT

a) To establish a fair, transparent and effective mechanism for dispute settlement among FTAA countries, taking into account inter alia the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes.

b) To design ways to facilitate and promote the use of arbitration and other alternative dispute settlement mechanisms, to solve private trade controversies in the framework of the FTAA.

Work in different groups may be interrelated, such as agriculture and market access; services and investment; competition policy and subsidies, antidumping and countervailing duties; among others. The TNC shall identify linkages and outline appropriate procedures to ensure timely and effective coordination. We agree to give the mandate to the relevant negotiating groups to study issues relating to: the interaction between trade and competition policy, including antidumping measures; market access and agriculture, in order to identify any areas that may merit further consideration by us. The groups involved will report their results to the TNC no later than December 2000. This is without prejudice to decisions made by the TNC to dissolve, establish or merge groups. Likewise, the negotiating groups may establish ad-hoc working groups.

FTAA Negotiation Framework

Negotiating Groups for the first 18 months (May 1998 - October 1999)

Negotiating Group	Presidency	Vice-presidency
Market Access	Colombia	Bolivia
Investment	Costa Rica	Dominican Republic
Services	Nicaragua	Barbados
Government Procurement	United States	Honduras
Dispute Settlement	Chile	Uruguay-Paraguay
Agriculture	Argentina	El Salvador
Intellectual Property Rights	Venezuela	Ecuador
Subsidies, Antidumping and Countervailing Duties	Brazil	Chile
Competition Policy	Peru	Trinidad and Tobago

Participation of Civil Society in FTAA

Environment, Labor, and Academic Issues Committee	Chair TBD	

Electronic Commerce

Expert Committee on Electronic Commerce	CARICOM	

Presidency and Vice-presidency of the Consultative Group on Smaller Economies for the first period of 18 months (May 1998 - October 1999)

Smaller Economies	Jamaica	Guatemala

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FTAA BUSINESS GROUPS SPLIT ON INTERIM DEALS, STANDSTILL COMMITMENT

Hemispheric business groups last week failed to reach agreement on the crucial issue of whether final agreement on a Free Trade Area of the Americas (FTAA) should be preceded by interim steps to reduce barriers to trade in the region. In addition, the groups were unable to find any common ground on the issue of whether countries should make a commitment not to impose new trade restrictions during the course of the negotiations, according to the report of business representatives to FTAA trade ministers.

"No consensus was reached regarding as to when the standstill clause must be applied," the Business Forum of the Americas wrote in a March 18 report to FTAA ministers. "Some participants believe that it should be applied at the beginning of negotiations while others believe it should be done at the end of the process."

The same division evident among the business groups on standstill was reflected in the final ministerial FTAA declaration issued on March 19. "With the intent of contributing to the expansion of world trade, we reaffirm our commitment that the FTAA shall not raise additional barriers to other countries, and we will continue to avoid to the greatest extent possible the adoption of policies that adversely affect trade in the hemisphere," the declaration said.

The final report of the Business Forum fell short of the vision outlined by U.S. Chamber of Commerce President and Chief Executive Officer Thomas Donohue, who on March 17 issued a strong plea to the group for a standstill commitment at the launch of the FTAA. He argued that such a pledge would be an illustration that business will not use pending negotiations as an excuse for not opening markets.

"Our countries should agree at the outset not to raise or impose new tariffs, or to impose new non-tariff barriers to trade in goods and services during the talks," he said in a speech to the Fourth American Business Forum in San Jose.

"This is absolutely crucial -- otherwise, many will have difficulty viewing the Free Trade Area talks as serious negotiations," Donohue emphasized.

A U.S. trade official said last week that one way to keep interest alive in the FTAA is to convince business that the negotiations are actually moving. "Especially in the private sector, they have to believe that this is the real negotiation," the official said in a March 17 interview. But he insisted that this will be "obvious" once the negotiating groups are set up.

The split regarding the interim agreements that may be reached before 2005 was couched in terms of a difference in the "interpretation of the single undertaking principle and its relation with interim agreements" in the business recommendations.

Some groups argued that interim pacts are "incompatible" with a single undertaking, a position taken by Brazil and other members of the Southern Cone Common Market (Mercosur). Others "believe that the FTAA should not limit the possibility of putting into effect or implementing given partial or sectoral agreements before overall negotiations are completed," the report states.

Brazilian business groups have argued strongly against efforts by U.S. organizations to win agreement for having interim agreements by the year 2000.

The business division regarding the interim agreements is also reflected in the final FTAA declaration issued by ministers on March 19. In their March 19 declaration, the ministers called on negotiating groups to "achieve considerable progress" by 2000, and instructed the Trade Negotiation Committee to agree to specific business facilitation measures to be adopted before the end of the century (see related story).

This language represents a defeat for the U.S. and other countries which had sought a commitment that FTAA nations would strike interim deals as a way of living up to the commitment made by hemispheric leaders in 1994. At the Summit of the Americas that year, leaders agreed that negotiations should make "concrete progress" by 2000.

The U.S. had urged that FTAA countries, which had transition periods for their WTO commitments until 2000, would implement them at that time. In addition, the U.S. argued that concrete progress could be made by striking interim agreements in such areas as government procurement, standards and customs practices that would go into effect before the conclusion of the negotiations in 2005.

The Business Forum report suggested a number of business facilitation measures that can be taken quickly to improve conditions for trade in the hemisphere. It offered specific recommendations in the areas of market access, investment, intellectual property and subsidies.

The Business Forum brought together over 1,000 business representatives from throughout the hemisphere.

The full report of the Business Forum of the Americas -- San Jose is available on *Inside U.S. Trade*'s internet service *World Trade Online*.

General Objectives and Principles of the Negotiations
February 12
5:00 p.m

1. GENERAL OBJECTIVES

a) To promote prosperity through increased economic integration and free trade among the countries of our hemisphere, which are key factors for raising standards of living, improving the working conditions of people in the Americas and better protecting the environment.

b) To establish a Free Trade Area, in which barriers to trade in goods and services and investment will be progressively eliminated, concluding negotiations no later than 2005 and achieving concrete progress toward the attainment of this objective by the end of this century.

c) **[To establish fair, transparent and predictable rules and disciplines that will protect and promote investment]**

d) To maximize market openness through high levels of disciplines through balanced and comprehensive agreements , building on the existing agreements in the hemisphere.

e) To provide opportunities to facilitate the integration of the smaller economies in the FTAA process *in order to realize* their opportunities and *increase* their level of development.

f) **[To ensure that our trade liberalization and environmental policies are mutually supportive, taking into account efforts undertaken by the GATT/WTO and other international organizations.]**

g) **[To further secure the observance and promotion of workers rights, as defined by appropriate international conventions.]**

2. GENERAL PRINCIPLES

a) **[Negotiations will be held in a transparent manner to ensure the full participation of all the member countries of the FTAA.]**

b) **[Consensus is a fundamental principle for decision making in the FTAA process.]**

c) The FTAA Agreement will be consistent with the rules and disciplines of the World Trade Organization, WTO. With this purpose, the participating countries reiterate their commitment with multilateral rules and disciplines, in particular with Article XXIV of GATT-1994 and its Understanding of the Uruguay Round, and Article V of the General Agreement of Trade in Services, GATS.

d) **[The FTAA will attempt to improve upon WTO rules and disciplines wherever possible and appropriate.]**

e) The agreements reached will be balanced and comprehensive in scope, considering the interests of all countries.

f) [Negotiations will develop according to the sequence of each issue area, without excluding sectors or products]

g) Negotiations will begin simultaneously in all issue areas, under the agreement that all the agreements reached constitute a single undertaking which shall embody all the rights and obligations mutually agreed upon for its implementation. **[However, agreements reached at an early stage may be implemented on a provisional or a definitive basis by agreement prior to the formal conclusion of the negotiations. Early agreements shall be taken into account in assessing the overall balance of the negotiations.]**

h) The FTAA can co-exist with bilateral and subregional agreements, to the extent that the rights and obligations under these agreements are not covered by or go beyond the rights and obligations of the FTAA.

i) [Countries may negotiate and join the FTAA individually or as members of a sub-regional integration group negotiating as a unit.]

j) The agreements will not raise new barriers to trade and investment with non FTAA member countries.

k) From the beginning of the negotiations, participating countries will avoid adopting, to the greatest extent possible, policies that adversely affect trade in the hemisphere.

l) [Negotiations shall include trade in goods and services, investment and government procurement *at all levels of the political-administrative structure* of the countries negotiating the Agreement].

l) [The political administrative scope of the negotiation shall be subject to negotiation].

m) Special attention shall be given to the special needs, economic conditions (including transition costs and possible internal dislocations) and opportunities of smaller economies, to ensure their full participation in the FTAA process.

n) The rights and obligations of the FTAA will be shared by all countries. In the negotiation of the various thematic areas, measures such as technical assistance in specific areas and longer periods for implementing the obligations could be included on a case by case basis, in order to facilitate the adjustment of smaller economies.

o) The measures agreed upon to facilitate the integration of smaller economies in the FTAA process shall be transparent, simple and easily applicable, recognizing the degree of heterogeneity among them.

OBJECTIVES OF THE NEGOTIATION BY ISSUE AREA OF NEGOTIATION

1. WORKING GROUP ON MARKET ACCESS

a. To progressively eliminate, ***[starting in the year 2005]***, tariffs, and non tariff barriers , ***[for the substantial trade] [for all trade]*** as well as other measures with equivalent effects, which restrict trade between participating countries, consistently with the provisions of the WTO, including Article XXIV of the General Agreement on Tariffs and Trade 1994 (GATT 1994) and its Understanding on the Interpretation of Article XXIV of the General Agreement on Tariffs and Trade 1994

b. All tariffs will be subject to negotiation.

c. ***[Different trade liberalization time tables can be drawn up which could include special treatment for countries, sectors and products].***

d. To facilitate the integration of smaller economies and their full participation in the FTAA negotiations.

2. WORKING GROUP ON CUSTOMS PROCEDURES AND RULES OF ORIGIN

Rules of Origin

a. To develop an efficient and transparent system of rules of origin, including nomenclature and certificates of origin, in order to facilitate the exchange of goods, without creating unnecessary obstacles to trade.

Customs Procedures

a. To simplify customs procedures, in order to facilitate trade and reduce administrative costs.

b. To create and implement mechanisms to exchange information in customs issues among FTAA countries.

c. To design effective systems to detect and combat fraud and other illicit customs activities, without creating unnecessary obstacles to foreign trade.

d. To promote custom mechanisms and measures that ensure operations be conducted with transparency, efficiency, integrity and responsibility.

3. WORKING GROUP ON INVESTMENT

a. To establish a fair and transparent legal framework that leads to a stable and predictable environment that protects investors, their investment and related flows ;[**and stimulate the development of investment opportunities, without creating improper obstacles to extra-hemispheric investments, in accordance with paragraph 2 of the Cartagena Declaration and paragraph 2 of the Belo Horizonte Declaration.]**

4. WORKING GROUP ON STANDARDS AND TECHNICAL BARRIERS TO TRADE

a. To eliminate and prevent unnecessary technical barriers to trade in the FTAA, based on the proposals contained in the Common Objectives Paper approved by the Working Group.

5. WORKING GROUP ON SANITARY AND PHYTOSANITARY MEASURES

a. Ensure that sanitary and phytosanitary measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries or a disguised restriction to international trade, in order to prevent protectionist trade practices and facilitate trade in the hemisphere. Based on the Agreement of the WTO/SPS, said measures shall only be applied to achieve the appropriate level of protection for human, animal or plant life or health, shall be based on scientific principles, and shall not be maintained without sufficient scientific evidence.

b. Negotiations in this area involve identifying and developing measures needed to facilitate trade, following and examining in depth the provisions set down in the WTO Agreement on the Application of Sanitary and Phytosanitary Measures.

6. WORKING GROUP ON SUBSIDIES ANTIDUMPING AND COUNTERVAILING DUTIES

a. Eliminate agricultural export subsidies affecting trade in the Hemisphere.

b. Identify other trade distorting practices for agriculture products including those that have an effect equivalent to agricultural export subsidies and bring them under greater discipline.

c. Examine ways to deepen, if appropriate, existing disciplines provided for in the WTO Agreement on Subsidies and Countervailing Measures and enhance compliance with the terms of the WTO agreement on subsidies and countervailing measures.

d. Achieve a common understanding with a view to improving, where possible, the rules and procedures regarding the operation and application of trade remedy laws in order to not to create unjustified barriers to trade in the Hemisphere.

e. The negotiations must examine the possibility of eliminating anti-dumping measures in the future framework of a Free Trade Area of the Americas.

7. WORKING GROUP ON SMALLER ECONOMIES

All contents of the table were considered in the sections of general objectives.

8. WORKING GROUP ON GOVERNMENT PROCUREMENT

a. The broad objective of negotiations in government procurement is to expand access to the government procurement markets of the FTAA countries.
More specifically, the objectives of the negotiations are :

- To achieve a normative framework that ensures openness and transparency of government procurement processes, without necessarily implying the establishment of identical government procurement systems in all countries ;

- To ensure non-discrimination in government procurement within a scope to be negotiated ; and

- To ensure impartial and fair review for the resolution of procurement complaints and appeals by suppliers and the effective implementation of such resolutions.

9. WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS

a. To reduce distortions in trade in the Hemisphere and to promote and ensure adequate and effective protection to intellectual property rights.

b. Changes in technology should be taken into account.

10. WORKING GROUP ON SERVICES

a. Establishment of disciplines to progressively liberalize trade in services, so as to permit the achievement of a hemispheric free trade area under conditions of certainty and transparency.

b. Ensure the integration of smaller economies into the FTAA process.

11. WORKING GROUP ON COMPETITION POLICY

General Objectives :

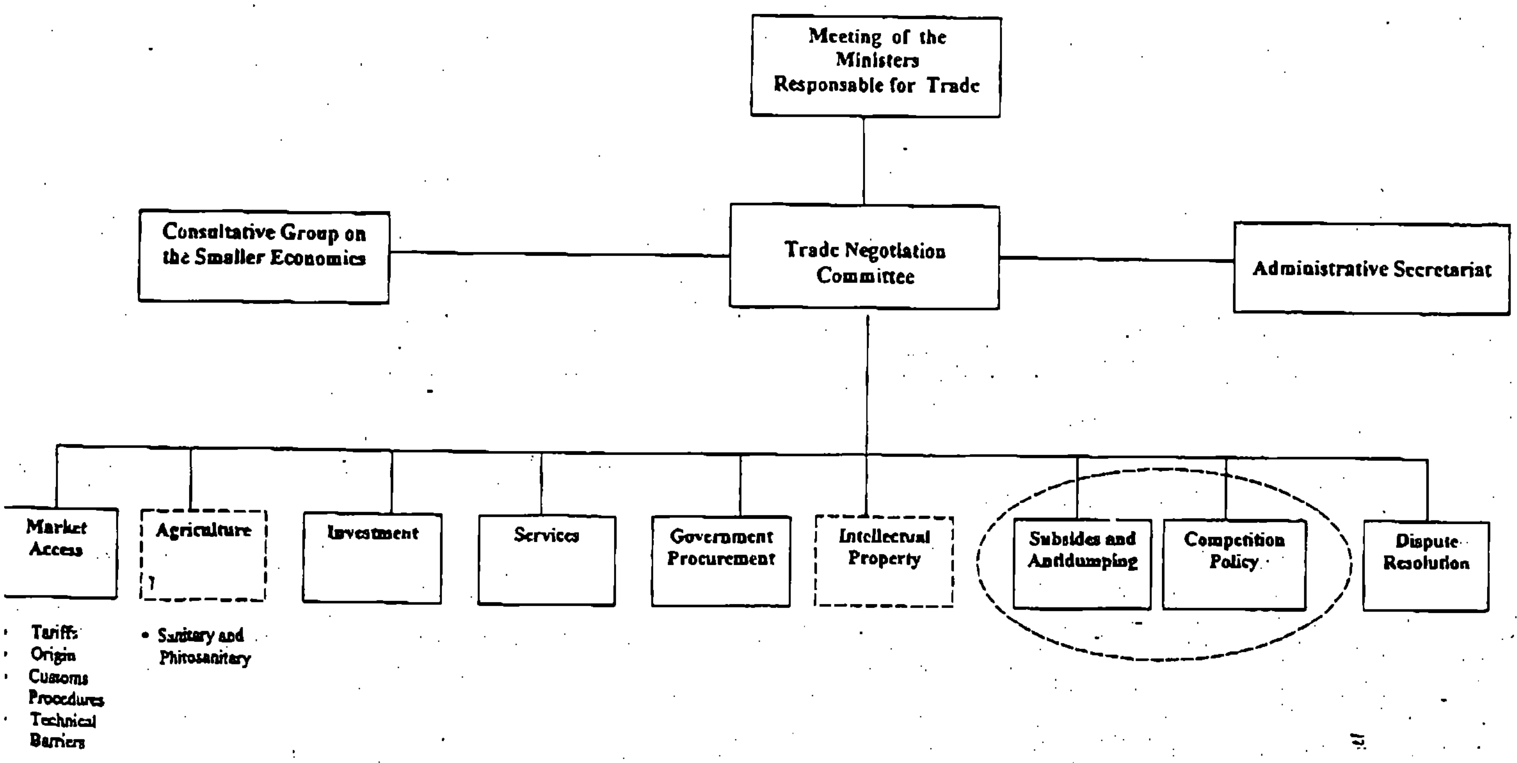
a. To guarantee that the benefits of the FTAA liberalization process not be undermined by anti-competitive business practices.

Specific Objectives :

a. To advance towards the establishment of juridical and institutional coverage at the national, sub-regional or regional level, that proscribes the carrying out of anti-competitive business practices;

b. To develop mechanisms that facilitate and promote the development of competition policy and guarantee the enforcement of regulations on free competition among and within countries of the Hemisphere.

STRUCTURE OF THE NEGOTIATIONS OF THE FTAA



TERMINOS DE REFERENCIA PARA EL GRUPO CONSULTIVO SOBRE ECONOMÍAS MÁS PEQUEÑAS

Los Ministros acordaron establecer un Grupo Consultivo sobre Economías más Pequeñas, el cual estará abierto a todos los paises y responderá al Comité de Negociaciones Comerciales. El Grupo tendrá las siguientes funciones:

1. Seguir el proceso de ALCA, dando seguimiento a las inquietudes e intereses de las Economias más Pequeñas
2. Llevar a la atención del Comité de Negociaciones Comerciales los temas de interés para las Economías más Pequeñas y hacer las recomendaciones pertinentes.

TERMS OF REFERENCE FOR THE CONSULTATIVE CONSULTATIVE GROUP ON SMALLER ECONOMIES

Ministers decided to establish a Consultative Group on Smaller Economies, open to all countries and reporting to the Trade Negotiations Committee. The Group will have the following functions:

1. Follow the FTAA process, keeping under review the concerns and interests of the smaller countries.
2. Bring to the attention of the Trade Negotiations Committee, issues of concern to smaller economies and make recommendations to address these issues.

TERMS OF REFERENCE FOR REVIEW OF THE FEASIBILITY STUDY ON CREATION Of A TEMPORARY ADMINISTRATIVE SECRETARIAT FOR NEGOTIATION OF THE FREE TRADE AREA OF THE AMERICAS
(Prepared by the OAS-IDB-ELAC Tripartite Committee at the request of the Ministers of Trade in the Western Hemisphere)

At the Third Meeting of the FTAA Preparatory Committee, delegates from the 34 countries of the Hemisphere agreed to the following:

1. The site of the Secretariat and the site of the negotiations will be located in the same place;

2. Secretariat support staff should be reduced from that proposed in the feasibility study.

3. The legal framework for creation of the Administrative Secretariat will be defined by the terms contained in option E, Chapter V of LEGAL REQUIREMENTS, in the document, "Feasibility Study for an Administrative Secretariat for FTAA Negotiations."

These agreements imply the need for requesting the Tripartite Committee to revise the study in accordance with the following criteria:

1. The Secretariat, which reports to the Negotiating Committee, will carry out the functions established in Annex 4 of the Belo Horizonte Ministerial Declaration:

    a) Provide logistical and administrative support for the negotiating groups;

    b) Arrange for translation of documents and interpretation during deliberations;

    c) Maintain official negotiation documents;

    d) Arrange for document distribution and publication.

2. Taking into account the need to minimize costs and bureaucracy, personnel must be reduced. Administrative personnel should be reduced from 13 to (4) (5) (6) staff members. Additional personnel may be contracted on a temporary basis.

3. Operating costs will be shared among the host city and the Tripartite Committee institutions within existing financial resources of the three institutions and in conformity with their legal procedures.

4. The study should reflect wages prevailing in the local market.

5. The official documents will be published in the following languages: Spanish, English, Portuguese, and French.

    Ministerial Meetings will be held in the four languages indicated above.

    Vice-Ministerial Meetings and the meetings of Negotiating Groups will be held in at least English and Spanish.

FTAA
SECRETARIAT - NEGOTIATIONS VENUE

VARIABLE	PANAMA	MIAMI	MEXICO	KINGSTON	BOGOTÁ-SANTA FE	LIMA	RIO DE JANEIRO
.INFRASTRUCTURE	*Complimentary* As needed with potential for future growth	*Complimentary* 230 m^2	*Complimentary* As needed	*Non-Complimentary* As needed	*Complimentary* As needed, up to 1000 m^2	*Complimentary* 850 m^2 to 1700 m^2	*Complimentary* 400 m^2
. CONTRIBUTIONS TO THE)PERATION OF THE :ECRETARIAT	Building, unlimited Internet access, rooms for simultaenous meetings, residences for delegations or offices for delegations of smaller economies. Building in the Centro Bancario. A house for each subregional group.	*Complimentary* Intelligent building Auditoriums, meeting room. Phones, cellular phones, computers, lap-tops, internet, fax facilities for delegates.	Building. Telephone equipment			Building with internet access	*Complimentary* Intelligent building Auditoriums Meeting rooms, fax, computers, lap-tops, internet.
. LOGISTIC SUPPORT	*Non-Complimentary* Availability of translation/interpretation Immigration/customs assistance	*Non-Complimentary* Availability of translation/interpretation services at reduced cost, Immigration/customs assitance	*Non-Complimentary* Availability of translators and interpreters	*Non-Complimentary*. Availibity of translators/interpreters, transportation, Immigration assistance	*Non-Complimentary* Availability of translation/interpretation Convention Center with rooms for multiple use	*Non-Complimentary* Availability of translation/interpretation	*Complimentary* translation/ interpretation, services, reception, recording and parking. Inmigration / customs assistance
. FINANCIAL SUPPORT		$250,000.00 annualy					$250,000.00 Business sector
. ACCESS lon-Stop lights | Connecting flights	19/59	82/219	13/84	6/105	13/42	17/55	21/48
.COSTS FOR THE ELEGATIONS	Airline tickets/lodging Reduced hotel rates	Airline tickets/ lodging Special hotel rates	Airline tickets/ lodging Corporate hotel rates	Airline tickets/ lodging Corporate hotel rates	Airline tickets/ lodging Corporate hotel rates	Airline tickets/lodging Corporate hotel rates	20 % discount on air fare Lodging: special rates
er Diem (New York=100%)	60.50%	91.20%	68.50%	82.80%	84.70%	102.80%	89.30%

ource: Country delegations
(5-6): Tripartite Committee Report

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. paper	U.S. Position for the Third Free Trade Area of the Americas Preparatory Committee Meeting [cover only] (1 page)	02/03/1998	P1/b(1)

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P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
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Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

ATTACHMENT A

Organization and Issues of the FTAA negotiations
(Draft U.S. Proposal, February 10, 1998)

Management of the negotiations (Functions).

- ***Ministerials: Establishment of dates and the future role***

The San Jose Declaration should recommend that at least two dates for future Ministerials be set: October 1999 for the next Ministerial after San Jose, and a Ministerial "mid-term review" in June 2001. Setting October 1999 for the next Ministerial would give impetus to the Negotiating Groups to work apace for a year (in light of October 1998 date by which all the Negotiating Groups should have held their first meeting) and allow for any immediate "corrections" to the work program established in each Negotiating Group. This also would help ensure that those Negotiating Groups negotiating interim agreements reach closure on those negotiations by the October 1999 Ministerial allowing for "concrete progress" by the end of the century.

- ***Trade Negotiation Committee (TNC)***

The Trade Negotiation Committee (TNC) should consist of the 34 Vice Ministers or Chief FTAA negotiators. The TNC should meet twice a year and serve as a forum to which political questions should be taken by any of the Negotiating Groups. The TNC would provide the supervision of the negotiations between Ministerials and provide an additional element of transparency to the negotiating process, which is especially important for the smaller economies. The TNC would be chaired by selection among the 34 Vice Ministers on individual merit. The Chair of the TNC will rotate at Ministerial meetings. Meetings of the TNC will take place at the site where the negotiations and temporary administrative secretariat are located, or at another agreed site

The TNC should hold its first organizational meeting before the end of June 1998.

- ***Negotiating Groups: Overall mandate and initial timetable***

Each Negotiating Group will develop the text of the FTAA chapter (and negotiate implementation schedules where appropriate), with the aim of producing a bracketed text of the entire FTAA for Ministers by the time of the Ministers' "mid-term review" in June 2001. Texts should reflect the FTAA overall objective of a comprehensive, state-of-the-art, hemisphere-wide free trade agreement as well as assume full adherence to the obligations of the WTO Agreement, if one exists in its respective discipline. The Negotiating Groups should be guided by the objectives and general principles for the negotiations.

For those Negotiating Groups addressing areas in which the Ministers mandate concrete progress measures be implemented, the negotiations on these concrete measures should be concluded by the October 1999 Ministerial.

Each Negotiating Group also should continue efforts begun in the Working Group stage toward ensuring timely and full implementation of countries' WTO obligations.

Negotiating Groups should take into account the findings of the Study Group on Environment and Trade and the Study Group on Labor and Trade.

Negotiating Groups should hold their first organizational meeting before the end of October 1998.

- ***Chairmanship of* the negotiating groups**

Negotiating Groups would be chaired by officials put forward in advance of the San Jose Ministerial by individual countries (e.g., the way countries indicated in advance whom they were putting forward as candidates for chairing the 12 Working Groups). Chairs would serve until the next Trade Ministerial, at which point there would be fresh decisions to appoint new chairs or to extend certain existing chairs. Each Negotiating Group would elect a Vice Chair to assist the Chair, with a presumption that the Vice Chair would be from a different country than the Chair. The Vice Chair would assume Chairmanship if the original Chair no longer could serve (e.g., because of changes in national government or retirement from government service).

The selection of Negotiating Group Chairs should be based on a "clean slate," i.e., there should be a presumption that current Chairs of the Working Groups would not automatically become the Chairs of the Negotiating Groups established in the same issue areas.

- ***List of Initial Negotiating Groups to be established:***

    Negotiating Group on Market Access.

    Negotiating Group on Investment.

    Negotiating Group on Services.

    Negotiating Group on Government Procurement.

    Negotiating Group on Subsidies and Export-Related Practices.

Negotiating Group on Competition Policy.

Negotiating Group on Intellectual Property Rights.

Negotiating Group on Antidumping and Countervailing Duties.

Negotiating Group on Dispute Settlement

- ***Description of area of responsibility and specific mandates for each Negotiating Group***

Negotiating Group on Market Access (NGMA). The NGMA will address tariffs in both the agricultural and industrial sectors, covering substantially all trade as required by GATT Article XXIV. In addition, the NGMA will address non-tariff measures, safeguards, and other measures affecting imports.

Given that the areas of technical barriers to trade, customs valuation and procedures, including rules of origin and their implementation, and sanitary and phytosanitary measures will have a direct influence on the effectiveness of most measures under the FTAA related to market access, the NGMA will call upon experts in these areas to address these issues as they require attention.

These experts also will meet, as necessary, as "break-out" groups or ad hoc groups and be accountable under the umbrella of the NGMA. The TBT and SPS experts would consider practical mechanisms for strengthening regional adherence to the relevant WTO (TBT/SPS) Agreement obligations, including mechanisms to facilitate and enhance broader regional participation and cooperation in the development of international standards; would address regional barriers to trade; and, would address identified areas that need further strengthening. The customs procedures and rules of origin experts would address fundamental issues, both with regard to developing rules of origin and proceeding with hemisphere-wide customs simplification, with a view to developing both general principles and fundamental obligations, and would consider practical mechanisms for strengthening regional adherence to the relevant WTO (Customs Valuation/PSI) Agreement obligations.

The NGMA will continue to maintain the hemispheric databases on tariff and non-tariff measures to assist in the conduct of the negotiations in this area.

Negotiating Group on Investment (NGI). The NGI initially will develop provisions for an Investment Chapter in the FTAA Agreement which will provide a set of general obligations applicable to investment in both goods and services. Country-specific lists of limited exceptions and reservations to those obligations will be detailed in an annex to the Investment Chapter. The NGI also will identify an investor-to-state dispute mechanism and assist in the development of a mechanism for state-to-state investment disputes.

Negotiating Group on Services (NGS). The NGS initially will develop provisions for a Services Chapter for the FTAA Agreement to establish rules affecting three of the four modes of delivery of services, i.e. excluding commercial presence which would be dealt with in the NGI. The obligations in the FTAA Chapter on services will apply in principle to all sectors. A list of negotiated, limited, specific exceptions and reservations will be detailed in an annex to the Services Chapter.

Negotiating Group on Government Procurement (NGGP). The NGGP initially will develop provisions for a Government Procurement (GP) Chapter in the FTAA Agreement to address transparency in government procurement. The NGGP then will develop provisions for the GP Chapter to address non-discrimination and list in an annex entities to be covered. Both the transparency provisions as well as the non-discrimination provisions and annex on coverage will form the final GP Chapter of the FTAA Agreement.

Negotiating Group on Subsidies and Export-Related Practices (NGSERP). The NGSERP will address subsidies, export practices with effects similar to export subsidies and other forms of export-related practices which may distort or restrict trade in or with the hemisphere. Beyond the issue of subsidies as it is defined and/or addressed in WTO Agreements, the scope of this work would potentially encompass such practices as differential export taxes; export rebates; export restrictions and prohibitions; and price pooling and other export practices of state trading enterprises.

In those areas where comprehensive and meaningful reform and disciplines can only be obtained in a multilateral setting, the NGSERP would strive to develop consensus on the best ways to advance progress in reform efforts in WTO bodies, seeking to maximize the Western Hemisphere's leverage in the multilateral process.

Negotiating Group on Competition Policy (NGCP). The NGCP initially will develop provisions for a Competition Policy (CP) Chapter in the FTAA Agreement to address the enactment and enforcement of competition policy laws which proscribe anticompetitive business conduct as well as address consultation, cooperation, and coordination of efforts between and among countries in the hemisphere with respect to antitrust investigations. The NGCP then will develop provisions for the CP Chapter on designated monopolies and state enterprises to ensure that trade liberalization achievements in the FTAA are not undermined by anticompetitive conduct or discrimination by these entities.

Negotiating Group on Intellectual Property Rights (NGIPR). The NGIPR will develop provisions for an IPR Chapter for the FTAA Agreement to establish both substantive standards in all areas of intellectual property as well as enforcement obligations. The provisions in the FTAA Chapter will build upon existing international agreements; create additional standards concerning the availability, scope, use, and enjoyment of IPR with respect to copyright and neighboring rights, encrypted program-carrying satellite signals, trademarks, patents, layout designs of integrated circuits, trade secrets, protection of test data and industrial designs, including provisions as necessary to address changes in technology (i.e. copyright and biotechnology); and, provide for enforcement of IPR, including civil and administrative remedies, provisional measures, criminal procedures and penalties, and requirements related to border measures.

Negotiating Group on Antidumping and Countervailing Duties (NGAC). The NGAC will negotiate procedural transparency and due process provisions, and also will center its efforts generally on improving understanding of and compliance with WTO rules. After analyzing case studies and exchanging views on the various procedural and administrative means by which investigating authorities are conducting proceedings and allowing involved parties to defend their interests, the NGAC will seek to identify a set of minimum common standards or preferred methods of implementation which could improve the transparency of and procedures regarding the process by which AD/CVD laws are applied, lessen costs to authorities and the parties, and avoid unjustified impediments to intra-Hemispheric trade.

Negotiating Group on Dispute Settlement (NGDS). The NGDS will continue with its terms of reference as mandated at the Belo Horizonte Ministerial until bracketed texts are produced, i.e., by the time of the Ministers' "mid-term review" in June 2001, at which time an additional specific mandate will be provided.

- ***Study Groups to be established***

Study Group on Environment. At the Belo Horizonte Ministerial the Ministers agreed to keep the issue of environment and its relation to trade under consideration, in light of further developments in the work of the WTO Committee on Trade and Environment (CTE). At this stage in the FTAA process, the establishment of a Study Groups on the linkage between environment and trade is appropriate. At a minimum, this Study Group should respond to the Miami Summit mandate that "[f]ree trade and increased economic integration are key factors for sustainable development. This will be furthered as we strive to make our trade liberalization and environmental policies mutually supportive, taking into account efforts undertaken by the GATT/WTO and other international organizations."

Study Group on Labor. At this stage in the FTAA process, the establishment of a Study Group on the linkage between labor and trade is appropriate. At a minimum, this Study Group should respond to the Miami Summit mandate that "[a]s economic integration in the Hemisphere proceeds, we will further secure the observance and promotion of worker rights, as defined by appropriate international conventions."

ATTACHMENT B

Terms of Reference for FTAA Study Group on Environment
(Draft U.S. Proposal, February 10, 1998)

Bearing in mind the following commitments made by the Leaders and the Ministers of Trade:

- In Miami: "Free trade and increased economic integration are key factors for ...better protecting the environment" and "Free trade and increased economic integration are key factors for sustainable development. This will be furthered as we strive to make our trade liberalization and environmental policies mutually supportive, taking into account efforts undertaken by the GATT/WTO and other international organizations" and "Develop environmental policies and laws with the goal of ensuring that economic integration of the region occurs in an environmentally sustainable manner.

- In Denver: "We are committed to transparency in the FTAA process. As economic integration in the Hemisphere proceeds, we welcome the contribution of the private sector and appropriate processes to address the protection of the environment [...], through our respective governments."

- In Cartagena: "We reaffirm our commitment to transparency in the FTAA process. We direct our Vice Ministers to consider appropriate processes to address the protection of the environment. After having received the report of the committee that will be presented at the WTO Ministerial Meeting in Singapore, we will consider creating a study group on this issue based upon recommendations from our Vice Ministers. To this end, we and our Vice Ministers will consider how to proceed in the construction of the FTAA in this area."

- In Belo Horizonte: "The issue of the environment and its relation to trade has been considered by our Vice Ministers since the Cartagena meeting and is the subject of ongoing discussions within the WTO and within the FTAA process. We will keep this issue under consideration, in light of further developments in the work of the WTO Committee on Trade and Environment." and "We reiterate our commitment to transparency in the FTAA process. In this sense, we consider the inputs from stakeholders of our civil societies to be important to our deliberations including those from the labor sectors, and we encourage all countries to take them into account through mechanisms of dialogue and consultation."

The Ministers establish a Study Group on Environment with the following terms of reference:

1. Examine the work of the WTO Committee on Trade and Environment (CTE) and identify any points of relevance to the construction of the FTAA. In particular, the Study Group should review CTE's work on the environmental benefits of removing trade restrictions and distortions.

2. Discuss how to better inform and foster a dialogue with members of civil society/general public on issues related to economic integration and the environment, and provide recommendations to the Trade Negotiations Committee (TNC).

3. Compile information on environment-related provisions in the existing sub-regional and bilateral arrangements in the hemisphere, and identify the various methods of addressing environmental issues in existing trade agreements and arrangements: MERCOSUR, NAFTA, Andean Community, Central American Common Market, CARICOM, with the goal of identifying relevant relationships between economic integration and environmental issues.

4. Exchange views on the extent to which other trade-related activities stemming from the 1996 Santa Cruz Summit on Sustainable Development, the trade-related elements of the Declaration and Agenda 21 resulting from the 1992 Rio Summit on Sustainable Development, and sustainable development-related activities stemming from the 1994 Miami Summit might provide guidance on making our trade liberalization and environmental policies mutually supportive in the hemispheric integration process.

5. Provide recommendations to the TNC on appropriate processes to address the protection of the environment during the construction of the FTAA.

The Study Group should encourage the participation of representatives from the Hemisphere's environmental ministries. It should be open to receiving contributions from outside interested parties concerning the subjects under examination by the Study Group.

The Study Group will hold its first meeting before the end of October 1998, and provide its initial findings at the October 1999 Ministerial.

ATTACHMENT C

Terms of Reference for FTAA Study Group on Labor
(Draft U.S. Proposal, February 10, 1998)

Bearing in mind the following commitments made by the Leaders and the Ministers of Trade:

- In Miami to "further secure the observance and promotion of worker rights, as defined by appropriate international conventions. We will avoid disguised restrictions on trade, in accordance with the GATT/WTO and other international obligations."

- In Denver to welcome "appropriate processes to address the protection of the environment and the further observance and promotion of worker rights, through our respective governments."

- In Cartagena, to "recognize the importance of further observance and promotion of worker rights and the need to consider appropriate processes in this area, through our respective governments."

- In Belo Horizonte, to "transparency in the FTAA process," and to "consider the inputs from stakeholders of our civil societies to be important to our deliberations including those from the labor sectors, and we encourage all countries to take them into account through mechanisms of dialogue and consultation."

The Ministers establish a Study Group on Labor with the following terms of reference:

1. Discuss how to better inform and foster a dialogue with members of civil society/the general public on issues related to economic integration and its benefits for and effects on workers, and provide recommendations to the Trade Negotiations Committee (TNC).

2. Exchange views on the statements and recommendations provided in the "Declaration of the Tenth Inter-American Conference of Ministers of Labor" resulting from the Labor Ministerial meeting in Buenos Aires in 1995, the "Declaration of the Tenth Inter-American Conference of Ministers of Labor, Presented at the Meeting of Ministers of Trade, Belo Horizonte (Brazil), May 1997," and develop appropriate responses to them for the TNC's review and for transmittal to the Ministers of Labor for their consideration at their subsequent meeting.

3. Compile information on labor-related provisions in the existing sub-regional and

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bilateral arrangements in the hemisphere, and identify the various methods of addressing labor issues in existing trade agreements and arrangements: MERCOSUR, NAFTA, Andean Community, Central American Common Market, CARICOM, with the goal of identifying relevant relationships between economic integration and labor issues.

4. Exchange views on the extent to which other labor-related activities in the hemisphere, such as those stemming from the 1995 Inter-American Conference of Ministers of Labor and the Santiago Summit of the Americas, might provide guidance on promoting worker rights in the hemispheric integration process.

5. Provide recommendations to the TNC on appropriate processes to further secure the observance and promotion of working rights as hemispheric integration proceeds.

The Study Group should encourage the participation of representatives from the hemisphere's labor ministries. It should be open to receiving contributions from outside interested parties concerning the subjects under examination by the Study Group.

The Study Group will hold it initial meeting before the end of October 1998, and provide its initial findings to the October 1999 Ministerial.

ATTACHMENT D

Proposal for FTAA Negotiating Site
(Draft U.S. Proposal, February 10, 1998)

- All negotiating groups should meet at a single site to minimize cost to delegations and facilitate participation by countries in which one official may have responsibility for several negotiating groups.
    - Also, a single site greatly reduces the burden on the Administrative Secretariat to arrange consistently high-caliber clerical and logistical support.
- The host city should be responsible for funding conference rooms and office equipment (e.g., computers, telephones, fax machines, photocopiers, etc.).
- Ministerials would continue to be funded by the host country.
- The Trade Negotiating Committee ordinarily would meet at the site of the negotiating groups but could meet in other locations if invited to do so and if the host country paid for the incremental costs of holding the Trade Negotiating Committee meeting at that location. (Incremental costs would include per diem and airfare of the Administrative Secretariat to host site and provision of clerical/logistical support, any increase in fees for interpretation/translation, etc.)

ATTACHMENT E

Proposal for FTAA Temporary Administrative Secretariat
(Draft U.S. Proposal, February 10, 1998)

Background

At the conclusion of the III Trade Ministerial Meeting, the Trade Ministers asked the Tripartite Committee to undertake a feasibility study on alternatives for establishing a temporary Administrative Secretariat to support the FTAA negotiations. The Ministers agreed the temporary Administrative Secretariat should undertake the following tasks:

- provide logistical and administrative support for the negotiating groups;
- arrange for translation of documents and interpretation during deliberations;
- maintain official negotiation documents; and
- arrange for document distribution and publication.

Assumptions

- Administrative Secretariat should be organized in a way to minimize cost and bureaucracy.

- Administrative Secretariat will be accountable to an appropriate body of the FTAA (see below).

- Administrative Secretariat will prepare transcriptions of bracketed text from negotiating sessions. (The Tripartite Committee will compile inventory-like documents if requested by the negotiating groups. The Negotiating Group Chairs will prepare minutes, if any.)

Proposal

- Administrative Secretariat staff should consist of an office manager and 3 administrative employees (i.e., one for logistics, one to catalog and maintain documents, one to oversee translation of documents).

- Staff for the temporary Administrative Secretariat would consist of 4 officials funded by a contract or technical cooperation agreement with the individual Tripartite Committee institutions; this obviates the need for legal chartering of new institution or new grants of privileges and immunities.

- Staff would be located at the same site as the negotiating groups' meetings.

- Office Director would take his/her direction from an appropriate FTAA body (either a "secretariat board of directors" composed of a geographically-representative group of FTAA officials or the full Trade Negotiating Committee) -- not from any of the Tripartite Committee institutions.

- Administrative Secretariat would contract translation and interpretation support at the negotiating site.

- Logistical/Clerical support for negotiation sessions would either be provided by the host city or be contracted by the Administrative Secretariat. The Administrative Secretariat would supervise the clerical support staff.

- Costs of the Administrative Secretariat (e.g., telephone expenses, publication and distribution costs, photocopying, office supplies, and costs of contracts (e.g., the interpretation/translation services and clerical/logistical services, if not provided by host city)) would be borne by the Tripartite Committee institutions within existing financial resources of the three institutions by reprogramming funds (e.g., existing OAS voluntary funds) or through a technical cooperation agreement (in the case of the IDB).

- The Tripartite Committee would continue to be the resource for non-administrative technical support, similar to that provided to FTAA Working Groups. Tripartite Committee would be asked to designate one staff member as the liaison officer between a given FTAA negotiating group and the Tripartite Committee. Requests for technical support from the negotiating group would be directed to that official, who would be responsible for assembling the appropriate Tripartite Committee expertise.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. list	Attachement F: Illustrative List of Concrete Progress Measures (3 pages)	02/10/1998	P1/b(1)

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

OFFICE OF THE WESTERN HEMISPHERE

DATE: **2-3-98** **TOTAL PAGES SENT (~~8~~ 8)**

TO: **TPSC Sub-Committe on Free Trade Area of the Americas**

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SUBJECT: PrepCom presentation on Business Facilitation

Attached is a copy of the draft presentation on business facilitation measures which the Costa Rican Chair has prepared. We would appreciate your input on how to react to these initiatives. Please contact Jennifer Stagner at USTR on 395-5190 if you have any comments on attached.

~~We intend to draft guidance today, separate from the TPSC paper your agency's TPSC rep should have received today, and circulate it for interagency clearance by Thursday noon.~~

Attached is the draft guidance paper. It follows the same format as the Costa Rican proposal. I'd appreciate any comments you have.

Thanks - Jennifer

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005a. presentation	FTAA Business Facilitation - Proposal for actions to be implemented before Year 2000 (3 pages)	ca. 02/1998	P1/b(1)

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005b. paper	Re: Costa Rican FTAA Business Facilitation Proposal (3 pages)	ca. 02/1998	P1/b(1)

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