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Folder Title:

Summit of the Americas, April 1998 [1]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. agenda	Notional Agenda for the Inter-Agency Working Group Final Countdown Meeting (2 pages)	04/10/1998	P1/b(1)
002. memo	Samuel Berger to the President, re: [Paraguay] (2 pages)	04/13/1998	P1/b(1)
003a. letter	English translation of letter from Eduardo Frei Ruiz-Tagle, President of Chile, to President William J. Clinton (2 pages)	03/25/1998	P1/b(1)
003b. letter	Eduardo Frei Ruiz-Tagle, President of Chile, to President William J. Clinton [in Spanish] (2 pages)	03/25/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
 Special Envoy for the Americas
 Farnsworth, Eric
 OA/Box Number: CF 1047

FOLDER TITLE:

Summit of the Americas, April 1998 [1]

2009-1155-F
ke2548

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.


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]
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- 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]

The Santiago Summit




PREPARING THE AMERICAS FOR THE 21ST CENTURY

Education: Investing in People, Defining our Shared Future


- Channels more funds into primary and secondary education as a foundation for democracy, prosperity, and equal opportunity
- Enhances teacher training, standards, textbook availability, and distance learning programs
- Reforms curricula for a changing global marketplace
- Increases international student and teacher exchanges
- Promotes teaching of democratic values and environmental stewardship 
- Promotes lifelong learning, including women and displaced workers
- Resources from IDB, World Bank, and AID of \$8.3 billion over three years


- Bolsters fundamental democratic freedoms and establishes a rapporteur for a free press
- Provides for a regional justice studies center to train judges and improve justice for all
- Strengthens local governmental institutions through decentralization
- Attacks the global scourges of corruption, terrorism and crime
- Launches an Alliance Against Drugs to evaluate and improve performance
- Strengthens dispute settlement mechanisms among States and encourages greater openness in defense policies and arms transfers 
- Strengthens labor ministries to enhance worker rights and working conditions, including the elimination of exploitative forms of child labor
- Resources from IDB, World Bank, and AID of \$5.9 billion over three years

Building Our Wealth Through Economic Integration and Trade

- Meets Miami commitment for the Free Trade Area of the Americas by 2005 by launching negotiations 
- Creates healthier, more stable financial markets
- Protects the environment for future generations by addressing climate change and clean energy development 
- Builds a hemispheric neighborhood for safer and more efficient air, sea, and land transportation networks 
- Stimulates development of the Internet and other technologies
- Resources from IDB, World Bank, and AID of \$18.9 billion over three years

Rejecting Poverty Amid Growing Prosperity

- Opens new credit lines, training, and technologies for the microentrepreneur
- Streamlines property registration for the poor
- Enhances the role of women and vulnerable groups in society
- Reduces illness by expanding immunization and improves the quality of drinking water 
- Attacks hunger and malnutrition, especially of mothers and infants, the aged, and the physically disabled
- Resources from IDB, World Bank, and AID of \$12.5 billion over three years

 Denotes environmental component

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**STATE PARTICIPANTS IN THE SANTIAGO SUMMIT
APRIL 18-19
SANTIAGO, CHILE**

(As indicated to EPSC by COB April 8)

ARA Principals

Name	Office
Davidow, Jeffrey (Amb.)	ARA
Romero, Peter (Amb.)	ARA (PDAS for South America)

Other Principals

Name	Office
Randall Beers	INL
Schneider, Mark	AID
Marrero, Victor (Amb.)	USOAS

Other Staff

Name	Office	Function
Hoey, Colleen	ARA/PPC	SecState Support
Grossman, Alex	ARA/FO	SecState Liaison
Chicola, Philip	INL/ARA	Control for CODEL Hastert
Duncan, Johnnie	ARA/EX	TDY admin support for embassy
Duncan, Richard	ARA/EX	TDY admin support for embassy

Summit Negotiators/Secretariat: The United States and Chile co-chaired the negotiation process. The USG and GOC have agreed to cooperate in providing Secretariat services to the Government of Chile. These are the substantive officers who negotiated the documents as well as the translators who worked the negotiating sessions. The President will sign these documents on Sunday so it is important that each staffer be on-hand to review their specific area. Without these staffers, EPSC cannot guarantee the documents will be ready for signature. EPSC will also maintain a small control room to support this work.

Name	Office	Function/Negotiating Responsibility
Brown, Richard (Amb.)	U.S. Senior Summit Coordinator	Senior Summit Negotiator
Kennedy, Christian	ARA/EPSC Dep. Director (Summit)	Declaration, POA initiatives on education and poverty (4 items); substantive translation work

Name	Office	Function/Negotiating Responsibility
Llorens, Hugo	ARA/EPSC Dep. Director (FTAA)	State expert on FTAA; will liaise with business groups (CLAA, COA, AACLA, etc.)
Frechette, Myles (Amb.)	ARA/EPSC	POA initiatives on Labor Issues, Transportation, Science and Technology; substantive translation work
Aynes, Julianna	ARA/EPSC	Admin Support for Control Room
Bollmann, Liz	ARA/EPSC	Migrant Workers; microenterprise
Climan, Doug	ARA/EPSC	State expert on FTAA; will liaise with business groups (CLAA, COA, AACLA, etc.)
Gussman, William	ARA/EPSC	Miami Progress Report (will distribute more than 500 reports, including to leaders)
Prieto, Frances	ARA/EPSC	Secretary for Control Room
Scaletta, Tom	ARA/EPSC	Democracy and Human Rights; Miami Progress Report (will distribute more than 500 reports, including to leaders)
Smith, Kirby	ARA/EPSC	Telecommunications, Intel liaison
Vazquez, Nereida	ARA/EPSC	Administrative Officer
Wells, Mark	ARA/EPSC	Declaration, Civil Society, Drugs, CSBMs, liaison with NGOs, coordinate work with Chilean Secretariat
Peay, Michael	L	To verify documents on behalf of L for Presidential signature.
Couts, Elizabeth	A/OPR/LS/T*	Translator
Lashley, Marise	A/OPR/LS/T*	Translator
Mazza, Joseph	A/OPR/LS/T*	Translator

* State Language Services has provided the English and Spanish translations to the Chileans throughout the negotiations. Their presence is required to fix any last minute changes.

REPUBLICA DE CHILE
Ministerio de Relaciones Exteriores
Coordinación General
II Cumbre de las Américas

URGENTE

Santiago, April 9, 1998

N° 086


Dear Coordinator:

I am pleased to address you to send to you, with the present communication, the agenda for the sessions of the Second Summit of the Americas.

As you will see, the program consists of two work sessions plus a private session. Also included is the Meeting of the Ministers of Foreign Affairs parallel to the private meeting of the Leaders.

Regarding the work sessions, note that in the first, "Education" and "Democracy, Justice and Human Rights" will be discussed and, in the second, "Eradication of Poverty and Discrimination" and "Economic Integration and Free Trade". It has been arranged that certain leaders will present the themes (in accordance with the list indicated in the program), after which the debate will be initiated. The Presidents of Colombia and Ecuador have already expressed interest in speaking on the theme "Democracy, Justice and Human Rights". Consequently, it is important that you forward us the materials that the Leader of your country would like to discuss.

Sincerely,


MINISTERIO DE RELACIONES EXTERIORES
COORDINADOR GENERAL
MARTABIT
Ambassador
General Coordinator
II Cumbre de las Américas

REPUBLICA DE CHILE
Ministerio de Relaciones Exteriores
Coordinación General
II Cumbre de las Américas

SECOND SUMMIT OF THE AMERICAS
SANTIAGO, CHILE, APRIL 18 & 19, 1998

AGENDA

Saturday, April 18

9:15 am **Inauguration.**

- Speech by the President of the United States of America,
Mr. William Clinton
- Speech by the President of the Republic of Chile,
Mr. Eduardo Frei Ruiz-Tagle

9:45 am **Break.**

10:00 am **Initiation of the First Work Session.**

Theme : **Education.**

Participants : **Leader + 4**

Explanation :

- Mexico (4 minutes)
- Uruguay (4 minutes)
- El Salvador (4 minutes)
- Guyana (4 minutes)

A total of approximately 16 minutes.

10:20 am **Debate.**

A total of approximately 48 minutes, with 12 speeches of 4 minutes each.

REPUBLICA DE CHILE
Ministerio de Relaciones Exteriores
Coordinación General
II Cumbre de las Américas

11:15 am **Continuation of the First Work Session.**

Theme : **Democracy, Justice and Human Rights.**

Participants : **Leader + 4.**

Explanation :
· **Brazil (4 minutes)**
· **United States (4 minutes)**
· **Barbados (4 minutes)**
· **Suriname (4 minutes)**

A total of approximately 16 minutes.

11:35 am **Debate.**

A total of approximately 48 minutes, with 12 speeches of 4 minutes each.

12:25 pm **Speech by the Secretary General of the OAS, Mr. César Gaviria (4 minutes).**

12:30 pm **End of the First Work Session.**

Official photo.

1:30 pm **Working lunch offered for the Heads of State and Government by His Excellency the President of the Republic.**

REPUBLICA DE CHILE
Ministerio de Relaciones Exteriores
Coordinación General
II Cumbre de las Américas

3:45 pm Initiation of the Second Work Session.

Theme : Eradication of Poverty and Discrimination.

Participants : Leader + 4.

Explanation :

- Grenada (4 minutes)
- Nicaragua (4 minutes)
- Panama (4 minutes)
- Peru (4 minutes)

A total of approximately 16 minutes.

4:05 pm Debate.

A total of approximately 50 minutes, with 12 speeches of 4 minutes each

5:00 pm Speech by the Director of the OPS, Mr. George Alleyne (4 minutes).

5:05 pm Continuation of the Second Work Session.

Theme : Economic Integration and Free Trade.

Participants : Leader + 4

Explanation :

- Bolivia (4 minutes)
- Colombia (4 minutes)
- Jamaica (4 minutes)
- Venezuela (4 minutes)

A total of approximately 16 minutes.

REPUBLICA DE CHILE
Ministerio de Relaciones Exteriores
Coordinación General
II Cumbre de las Américas

5:30 pm **Debate.**

A total of approximately 45 minutes, with 11 speeches of 4 minutes each.

6:15 pm **Speech by the President of the IDB, Mr. Enrique Iglesias (4 minutes).**

6:20 pm **Speech by the Director General of the WTO, Mr. Renato Ruggiero (4 minutes).**

6:25 pm **End of Second Work Session.**

Sunday, April 19

8:45 am **Continuation of the Second Work Session.**

Theme : **Economic Integration and Free Trade.**

Participants : **Leader + 4**

Explanation : - **Costa Rica (4 minutes)**
- **Argentina (4 minutes)**
- **Canada (4 minutes)**

A total of approximately 12 minutes.

9:00 am **Debate.**

A total of approximately 50 minutes, with 12 speeches of 4 minutes each.

9:50 am **Speech by the President of the World Bank, Mr. James Wolfensohn. (4 minutes).**

REPUBLICA DE CHILE
Ministerio de Relaciones Exteriores
Coordinación General
II Cumbre de las Américas

10:05 am **Initiation of the Private Session.**

Participants : Only Leaders.

10:05 am **Parallel to the Private Session, the Ministers of Foreign Affairs will hold a Meeting, accompanied by the respective National Coordinators.**

Agenda:

- Strengthening and Modernizing the Inter-American System.
- Follow-up Mechanism of the Summit of the Americas.

11:45 am **End of Session.**

12:30 pm **Closing Ceremony.**

- Signing of the Declaration of Santiago.
- Speech by the host of the Third Summit of the Americas.
- Speech by the President of Chile.

End of Closing Ceremony.

Santiago, April 9, 1998

DECLARATION OF SANTIAGO

DRAFT

1. **W**e, the democratically-elected Heads of State and Government of the countries of the Americas, have met in Santiago, Chile, in order to continue the dialogue and strengthen the cooperation we began in Miami in December 1994. Since that time, significant progress has been made in the formulation and execution of joint plans and programs in order to take advantage of the great opportunities before us. We reaffirm our will to continue this most important undertaking, which requires sustained national efforts and dynamic international cooperation.
2. **T**he strengthening of democracy, political dialogue, economic stability, progress towards social justice, the extent to which our trade liberalization policies coincide, and the will to expedite a process of ongoing Hemispheric integration have made our relations more mature. We will redouble our efforts to continue reforms designed to improve the living conditions of the peoples of the Americas and to achieve a mutually supportive community. For this reason, we have decided that education is a key theme and is of particular importance in our deliberations. We approve the attached Plan of Action and undertake to carry out its initiatives.
3. **S**ince our meeting in Miami, we have seen real economic benefits in the Americas resulting from more open trade, transparency in economic regulations, sound, market-based economic policies, as well as efforts by the private sector to increase its competitiveness. Even as countries in our region have been tested by financial and other economic pressures, and as countries in other regions have experienced serious economic setbacks, the overall course in the Americas has been one of faster economic growth, lower inflation, expanded opportunities, and confidence in facing 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. New partnerships have been formed and existing ones strengthened and expanded. A positive role is being played by sub-regional and bilateral integration and free trade agreements. We are confident that the Free Trade Area of the Americas (FTAA) will improve the well-being of all our people, including economically disadvantaged populations within our respective countries.

4. **H**emispheric integration is a necessary complement to national policies aimed at overcoming lingering problems and obtaining a higher level of development. In its broadest sense, a process of integration based on respect for cultural identities will make it possible to shape a common, interwoven set of values and interests that helps us in these objectives.
5. **G**lobalization offers great opportunities for progress to our countries and opens up new areas of cooperation for the hemispheric community. However, it can also heighten the differences among countries and within our societies. With steadfast determination to reap its benefits and to face its challenges, we will give special attention to the most vulnerable countries and social groups in the Hemisphere.
6. **E**ducation is the determining factor for the political, social, cultural, and economic development of our peoples. We undertake to facilitate access of all inhabitants of the Americas to preschool, primary, secondary, and higher education, and we will make learning a lifelong process. We will put science and technology at the service of education to assure growing levels of knowledge and so that educators may develop their skills to the highest level. The Plan of Action that accompanies this Declaration defines the objectives and goals we intend to achieve and the actions that will make them a reality. In order to meet our goals within the agreed timeframes, we

reaffirm our commitment to invest greater resources in this important area, and to encourage civil society to participate in developing education.

7. **T**he decisions adopted by our Ministers of Education at the Conference held in Mérida, Mexico, last February, reflect our desire to promote specific joint initiatives designed to improve access to education, with fairness, quality, relevancy, and effectiveness. In order to consolidate and lend continuity to our decisions, we have instructed that another Conference be held in Brasilia, Brazil, in July of this year.
8. **T**oday, we direct our Ministers Responsible for Trade to begin negotiations for the FTAA, in accordance with the March 1998 Ministerial Declaration of San José. We reaffirm our determination to conclude the negotiation of the FTAA no later than 2005, and to make concrete progress by the end of the century. The FTAA agreement will be balanced, comprehensive, WTO-consistent and constitute a single undertaking.
9. **W**e note with satisfaction the preparatory work by the Ministers Responsible for Trade over the past three years which has strengthened our trade policies, fostered understanding of our economic objectives and facilitated dialogue among all participating countries. We appreciate the significant contribution of the Inter-American Development Bank (IDB), the Organization of American States (OAS), and the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), acting as the Tripartite Committee.
10. **T**he FTAA negotiating process will be transparent, and take into account the differences in the levels of development and size of the economies in the Americas, in order to create the opportunities for full participation by all countries. We encourage all segments of civil society to participate in and

contribute to the process in a constructive manner, through our respective mechanisms of dialogue and consultation and by presenting their views through the mechanism created in the FTAA negotiating process. We believe that economic integration, investment, and free trade are key factors for raising standards of living, improving the working conditions of the people of the Americas and better protecting the environment. These issues will be taken into account as we proceed with the economic integration process in the Americas.

11. **T**he region has made significant advances in both monetary and fiscal policy as well as in price stability and liberalizing our economies. The volatility of capital markets vindicates our decision to strengthen banking supervision in the Hemisphere and to establish regulations relating to disclosure and reporting of banking information.
12. **T**he strength and meaning of representative democracy lie in the active participation of individuals at all levels of civic life. The democratic culture must encompass our entire population. We will strengthen education for democracy and promote the necessary actions for government institutions to become more participatory structures. We undertake to strengthen the capabilities of regional and local governments, when appropriate, and to foster more active participation in civil society.
13. **R**espect for and promotion of human rights and the fundamental freedoms of all individuals is a primary concern of our governments. In commemorating the fiftieth anniversary of the American Declaration of the Rights and Duties of Man and the Universal Declaration of Human Rights, we agree on the need to promote the ratification and implementation of the international agreements aimed at preserving them and to continue strengthening the pertinent national and international institutions. We agree that a free press plays a fundamental role in this area and we reaffirm the

importance of guaranteeing freedom of expression, information, and opinion. We commend the recent appointment of a Special Rapporteur for Freedom of Expression, within the framework of the Organization of American States.

14. **C**onfident that an independent, efficient, and effective administration of justice plays an essential role in the process of consolidating democracy, strengthens its institutions, guarantees the equality of all its citizens, and contributes to economic development, we will enhance our policies relating to justice and encourage the reforms necessary to promote legal and judicial cooperation. To that end, we will strengthen national entities involved in the study of the administration of justice and expedite the establishment of a hemispheric center for studies on this subject.
15. **W**e will combat all forms of discrimination in the Hemisphere. Equal rights and opportunities between men and women and the objective of ensuring active participation of women in all areas of national endeavor are priority tasks. We will continue to promote the full integration of indigenous populations and other vulnerable groups into political and economic life, with due respect for the characteristics and expressions that affirm their cultural identity. We will make a special effort to guarantee the human rights of all migrants, including migrant workers and their families.
16. **O**vercoming poverty continues to be the greatest challenge confronted by our Hemisphere. We are conscious that the positive growth shown in the Americas in past years has yet to resolve the problems of inequity and social exclusion. We are determined to remove the barriers that deny the poor access to proper nutrition, social services, a healthy environment, credit, and legal title to their property. We will provide greater support to micro and small enterprises, promote core labor standards recognized by the ILO, and use new technologies as proposed by the Pan American Health

Organization to improve the health conditions of every family in the Americas, achieving greater levels of equity and sustainable development.

17. **W**ith deep satisfaction, we note that peace, an essential value for human coexistence, is a reality in the Hemisphere. We underscore that Central America has become a zone of peace, democracy, and development and we recognize efforts to eliminate antipersonnel mines and to rehabilitate their victims. We will continue to foster confidence and security among our countries through such measures as those mentioned in the Santiago and San Salvador Declarations on Confidence- and Security-Building Measures. We encourage the pacific settlement of disputes.
18. **W**e will lend new impetus to the struggle against corruption, money laundering, terrorism, weapons trafficking, and the drug problem, including illicit use, and work together to ensure that criminals do not find safe haven anywhere in the Hemisphere. We are determined to persevere in this direction.
19. **I**n forging an alliance against drugs and applying the Hemispheric Anti-Drug Strategy, we welcome the start of formal negotiations at the May 4 meeting of CICAD to be held in Washington within the framework of the OAS, to establish an objective procedure for the multilateral evaluation of actions and cooperation to prevent and combat all aspects of the drug problem and related crimes, based on the principles of sovereignty, territorial integrity of States, shared responsibility, and with a comprehensive and balanced approach.
20. **W**e will strengthen national, hemispheric, and international efforts aimed at environmental protection as a basis for sustainable development that provides human beings a healthy and productive life in harmony with nature. The commitments undertaken at the Miami Summit and the Summit

on Sustainable Development held in Santa Cruz de la Sierra, Bolivia, provide a solid basis for strengthening our actions. As parties to the United Nations Framework Convention on Climate Change, we underscore the importance of working together to further fulfillment of the agreement reached at the Conference in Kyoto, Japan, and to promote its ratification in our countries. Moreover, we will work closely to make preparations for a Conference of the Parties to be held in November of this year in Buenos Aires, Argentina.

21. **W**e acknowledge that the development of energy links between our countries and the intensification of trade in the energy sector strengthen and foster the integration of the Americas. Energy integration, based on competitive and transparent activities, and in compliance with national conditions and objectives, contributes to the sustainable development of our nations and to the improvement of the quality of life of our people with minimum impact on the environment.
22. **R**ecognizing the importance of, and positive role played by hemispheric institutions, particularly the Organization of American States (OAS), we instruct our Ministers to examine the strengthening and modernizing of these institutions.
23. **W**e reaffirm our will to continue strengthening intra-hemispheric dialogue and cooperation within the framework of friendship and solidarity that inspires our nations.

II SUMMIT OF THE AMERICAS

PLAN OF ACTION

SANTIAGO, CHILE, APRIL 18-19, 1998

PLAN OF ACTION

II SUMMIT OF THE AMERICAS

I N D E X

I. EDUCATION: THE KEY TO PROGRESS	1
II. PRESERVING AND STRENGTHENING DEMOCRACY, JUSTICE AND HUMAN RIGHTS	5
- Democracy and Human Rights.....	6
- Education for Democracy	8
- Civil Society	8
- Migrant Workers	9
- Strengthening Municipal and Regional Administrations	10
- Corruption	11
- Prevention and Control of Illicit Consumption of and Traffic in Drugs and Psychotropic Substances and other Related Crimes	12
- Terrorism	14
- Building Confidence and Security Among States	15
- Strengthening of Justice Systems and Judiciaries	17
- Modernization of the State in Labor Matters	18
III. ECONOMIC INTEGRATION AND FREE TRADE.....	19
- Free Trade Area of the Americas (FTAA)	19
- Strengthening, Modernizing and Integrating Financial Markets.....	20
- Science and Technology	20
- Regional Energy Cooperation	21
- Hemispheric Infrastructure	22
IV. ERADICATION OF POVERTY AND DISCRIMINATION.....	25

- Fostering the Development of Micro, Small and Medium Size Enterprises25
- Property Registration.....27
- Health Technologies.....27
- Women28
- Basic Rights of Workers.....29
- Indigenous Populations30
- Hunger and Malnutrition31
- Sustainable Development31
- Cooperation32

SUMMIT OF THE AMERICAS FOLLOW-UP.....32

PLAN OF ACTION

We, the democratically elected Heads of State and Government of the Americas, recognizing the need to make a collective effort that complements the actions being developed and executed at the national level to improve the economic well-being and the quality of life of our peoples, mindful of our commitment to the continued implementation of the Miami Plan of Action, affirm our resolute determination to carry out this Plan of Action, which constitutes a body of concrete initiatives intended to promote the overall development of the countries of the Hemisphere and ensure access to and improve the quality of education, promote and strengthen democracy and the respect for human rights, deepen economic integration and free trade and eradicate poverty and discrimination. We have adopted this Plan of Action conscious that all the initiatives are inter-related and equally important to the attainment of our common endeavor.

I. EDUCATION: THE KEY TO PROGRESS

The Hemisphere's commitment to education is reflected in the sweeping reform processes encompassing all levels of educational systems, and is based on broad consensus with respect to the problems confronting education and the shared commitment and effort of societies as a whole to overcome them. These processes are based on the principles of equity, quality, relevance and efficiency. Equity is defined as the creation of conditions that ensure that all people have the opportunity to receive quality education services, thereby significantly reducing the effects of inequalities based on socio-economic status, disability and ethnic, cultural and gender discrimination. Quality implies the achievement of high levels of cognitive development, skills, capabilities and ethical attitudes. Relevance is defined as the ability of an educational system to meet the needs and aspirations of society as a whole, taking into account its social, cultural, ethnic and linguistic diversity. Lastly, efficiency is defined as the provision of adequate resources, used optimally, in order to enhance educational achievements.

Therefore, the Governments, fully recognizing and respecting national sovereignty and the responsibilities of the institutions of our respective countries with regard to education, reiterate the commitment of the Miami Summit to ensure, by the year 2010, universal access to and completion of quality primary education for 100 percent of children and access for at least 75 percent of young people to quality secondary education, with increasing percentages of young

people who complete secondary education, and assume responsibility for providing the general population with opportunities for life-long learning. If these objectives are met, we are confident that we will provide our people with the tools, skills and knowledge necessary for and suited to the development of capabilities that ensure better conditions of competitiveness and productivity required by modern economies, thus allowing our people to contribute as worthy citizens to their respective societies.

To achieve these objectives, Governments will:

- Implement targeted and inter-sectoral educational policies, as necessary, and develop programs that focus specifically on groups at a disadvantage in the areas of education, functional illiteracy and socio-economic conditions, with attention to women, minorities and vulnerable populations. Inter-sectoral programs in education, health and nutrition, as well as early childhood educational strategies, will be priorities, inasmuch as they contribute more directly to plans to combat poverty.
- Establish or strengthen national or subnational and, where applicable, subregional systems to evaluate the quality of education, which permit assessment of the performance of various educational actors, innovations and factors associated with achievements in learning. To that end, information and national or subnational or, where applicable, subregional indicators will be made available that can be used to design, carry out and evaluate quality-improvement programs based on equity. Standards for reading and writing, mathematics and science shall receive special attention. Also, where appropriate, criteria and methodologies for collecting data that permit comparison of some educational indicators across countries in the Hemisphere shall be established.
- Develop comprehensive programs to improve and increase the level of professionalism among teachers and school administrators that combine pre-service and in-service training, exploring incentive mechanisms tied to updating their skills and to meeting such standards as may have been agreed upon. Higher education must collaborate in this endeavor through research and pedagogy, both of which should be strengthened in order to meet this goal.
- Strengthen education management and institutional capacity at the national,

regional, local and school levels, furthering, where appropriate, decentralization and the promotion of better forms of community and family involvement. Encourage the mass media to contribute to bolstering efforts being made by educational systems.

- Strengthen preparation, education and training for the world of work so that an increasing number of workers can improve their standard of living and, together with employers, have the opportunity to benefit from hemispheric integration. In this regard, consideration will be given to the adoption of new technology based on different options and alternatives, ranging from specific occupational training to strengthening general employability competencies. Special attention will also be paid to the establishment or strengthening of mechanisms that permit workers to obtain certification of job-related competencies acquired through formal education and work experience. In order to confront changes in the labor market and to enhance employability prospects, actions that take into account the development of entrepreneurial skills will be included and will involve the different sectors and offer various options and alternatives.
- Establish or improve, according to their internal legal framework, educational strategies relevant to multicultural societies, so as to be able to shape, with the participation of indigenous populations and migrants, models for bilingual and intercultural basic education. Similarly, the content of basic education will have to be enhanced, together with respect and appreciation for the cultural diversity of peoples, as well as to expand the knowledge of the different languages spoken in the countries of the Hemisphere, where resources and possibilities permit.
- Develop, within and outside schools, with the assistance of families and other actors and social organizations, educational strategies that foster the development of values, with special attention to the inclusion of democratic principles, human rights, gender-related issues, peace, tolerance and respect for the environment and natural resources.
- Promote access to and use of the most effective information and communication technologies in education systems, with special emphasis on the use of computers, in combination with revised pedagogical methods and proper training for teachers in the use of these technologies. Special attention shall be paid to the ethical imperative of including the most vulnerable

REVISED VERSION
08.04.1998, 2:00 PM
EMBARGOED UNTIL 4/19/98

sectors. To that end, distance education programs shall be strengthened and information networks established.

- Make efforts to increase the availability of teaching materials in collaboration with official institutions and, depending on the specific conditions in each country, with the private sector.
- Seek to use technology to link schools and communities as a way of establishing ties in the Hemisphere while encouraging the participation of higher education institutions that have advantages in this field.
- Further scholarship and exchange programs for students, teachers, researchers and educational administrators using different strategies, including institution-to-institution ties, communications technology and internships which permit exposure to pedagogical and management innovations in the other countries of the Hemisphere. This will contribute to strengthening the institutional capacity of Ministries or Departments of Education, decentralized administrative entities and centers of higher learning.

Funding, Horizontal Multilateral Cooperation Strategies and Follow-up

We, the Heads of State and Government, recognizing the cardinal importance of education as a foundation for development, agree, in accordance with our respective legislative processes, to promote allocation of the resources necessary for educational expenditure with a view to attaining greater levels of equity, quality, relevance and efficiency in the educational processes, emphasizing the optimal use of resources and a greater participation of other social actors.

We also reaffirm our commitment to promote horizontal and multilateral cooperation in the area of education. To that end, we:

- Instruct the Organization of American States (OAS) and request the Inter-American Development Bank (IDB) and World Bank, together with the other national and multilateral technical and financial cooperation agencies operating in the Hemisphere, to provide, within their respective areas of action, support for programs and initiatives that are consistent with the goals, objectives, and actions proposed in this Chapter of the Plan of Action. To this end, the IDB is encouraged to work with member countries to substantially increase the share of new lending for primary and secondary education, by

REVISED VERSION
08.04.1998, 2:00 PM
EMBARGOED UNITL 4/19/98

more than doubling the quantity over the next three years, compared to the previous three years. We also request that the IDB establish a special regional fund for education in the Hemisphere, utilizing the existing resources of this institution. This fund would support efforts to raise educational standards and performance throughout the Region.

- Instruct the OAS and request the IDB, the World Bank, and United Nations Economic Commission on Latin-American and the Caribbean (ECLAC), among other institutions, to use the mechanisms within their scope to develop and strengthen regional cooperation in areas such as distance education, using, among other means, satellite technology; internships and exchange programs; the development and use of information technology for education; the updating of education statistics; and quality assessment, while striving to ensure that this cooperation is in keeping with the specific needs of each country. We recognize the role and interest in these efforts of specialized international organizations, such as United Nations Education, Science and Cultural Organization (UNESCO). Likewise, we recognize the contributions of the private sector, philanthropic foundations, and pertinent non-governmental organizations.
- Instruct the OAS to foster, articulate and facilitate, through ministerial meetings and other mechanisms being developed by member States in the framework of the Inter-American Council for Integral Development (CIDI), collaboration and joint effort in the Hemisphere and, to that end, to convene, in consultation with the coordinating countries, technical consultation forums of the countries in the Hemisphere in order to contribute to the implementation of the commitments included in this Chapter of the Plan of Action.
- Entrust the Meeting of Ministers of Education, to be convened by the OAS within the framework of CIDI's Strategic Plan for Partnership for Development, to be held in Brazil in July 1998, with the development of an implementation plan for this education initiative.
- Instruct the OAS and request the IDB, World Bank, ECLAC, and other multilateral institutions to report on the execution of this Plan to the Government representatives responsible for review and follow-up of the commitments of the Summit of the Americas.

II. PRESERVING AND STRENGTHENING DEMOCRACY, JUSTICE AND HUMAN RIGHTS

The strengthening of democracy, justice and human rights is a vital hemispheric priority. In this Plan of Action, we endorse new initiatives designed to deepen our commitment to these important principles. Specifically, we will intensify our efforts to promote democratic reforms at the regional and local level, protect the rights of migrant workers and their families, improve the capabilities of our justice systems and labor ministries to respond to the needs of our peoples, and encourage a strong and active civil society. We further resolve to defend democracy against the serious threats of corruption, terrorism, and illegal narcotics, and to promote peace and security among our nations. Taken together, these measures consolidate our democratic gains, reaffirm our commitment to democratic institutions, and commit us to building a Hemisphere of shared values.

Democracy and Human Rights

Governments will:

- Define and develop, with the participation of civil society, comprehensive policies aimed at promoting and protecting human rights at a domestic level, in accordance with relevant international norms and principles, incorporating those policies, where appropriate, into national human rights plans and programs, as recommended by the World Conference of Vienna, 1993; and underscore as well the importance of promoting respect for the universally recognized principles of international humanitarian law.
- Guarantee that all individuals have the right to due process of law, including the presumption of innocence and the right to trial within a reasonable period of time and the full respect for their constitutional and other legal rights. Governments will, in accordance with their legal framework, adopt measures intended to ensure that no person awaiting trial shall be detained for a period longer than permitted by law, taking fully into account the rights of the accused, the protection of society, crime prevention, the promotion of respect for the law, the rights of victims and other relevant considerations. Governments will continue their efforts to improve conditions of detention and enhance human rights education for the respective officials involved in the administration of justice.

- Promote a review of their respective national legislation in order to eliminate or amend those provisions which may lead to any type of discrimination, for any reason, in contravention of their international commitments. In particular, they will seek to attain legal equality between men and women by the year 2002. In this context, priority should be given to the rights to equal treatment in the workplace, property, inheritance and child custody, as well as combating domestic violence.
- Promote the adoption of legal, educational and social measures, as well as international cooperation, to combat the physical and sexual abuse of children, traffic in minors, child prostitution and child exploitation in all its forms, including pornography. At the same time, they will strengthen international cooperation through the implementation of a regional information system on affected children, based on national information systems, with the participation of and promotion by concerned international organizations, to analyze their condition and evaluate social policies to facilitate decision making in this sphere.
- Promote the signature, ratification and accession to international human rights instruments to which they are not party, as well as observe the provisions contained in the instruments to which they are party.

Governments will also enhance cooperation with and support for the activities of the Organization of American States (OAS) in order to:

- Strengthen the inter-American human rights system through concrete initiatives and measures which aim to reinforce its institutional structure and promote its links with national systems and regional entities that promote and protect human rights. In this context, Governments consider important the institutional strengthening of the Inter-American Human Rights Institute.
- Support States that so request in the processes of promoting and consolidating democratic values, practices and institutions by strengthening the respective organs of the Organization, including the Unit for the Promotion of Democracy (UPD).
- Strengthen the exercise of and respect for all human rights and the consolidation of democracy, including the fundamental right to freedom of expression and thought, through support for the activities of the Inter-

American Commission on Human Rights in this field, in particular the recently created Special Rapporteur for Freedom of Expression.

- Promote programs of cooperation, through the use of advanced information technology and with the support of the international institutions that deal with administration of justice, in areas identified by the OAS Working Group on Democracy and Human Rights, which include:
 - . Training of police and correctional officers;
 - . Necessary steps to remedy inhumane conditions in prisons and reduce drastically the number of pre-trial detainees; and
 - . Enhancing human rights education for judges, magistrates and other court officials.

Education for Democracy

Governments will:

- Include in educational programs, within the legal framework of each country, objectives and contents that develop democratic culture at all levels, in order to teach individuals ethical values, a spirit of cooperation and integrity. To that end, the participation of teachers, families, students and outreach workers will be stepped up in their work related to conceptualizing and implementing the plans for shaping citizens imbued with democratic values.

Civil Society

Governments will:

- Promote, with the participation of civil society, the development of principles and recommendations for institutional frameworks to stimulate the formation of responsible and transparent, non-profit and other civil society organizations, including, where appropriate, programs for volunteers, and encourage, in accordance with national priorities, public sector-civil society dialogue and partnerships in the areas that are considered pertinent in this Plan of Action. In this context the Organization of American States (OAS) may serve as a forum for the exchange of experiences and information.

- In this process, draw upon existing initiatives that promote increased participation of civil society in public issues, such as relevant successful experiences from the National Councils for Sustainable Development and the Inter-American Strategy for Public Participation, among others. As soon as possible, Governments will adopt work plans to implement legal and institutional frameworks based on the principles and recommendations in their respective countries.
- Entrust the OAS to encourage support among Governments and civil society organizations, and to promote appropriate programs to carry out this initiative, and request the Inter-American Development Bank (IDB) to develop and implement, along with interested States and other inter-American institutions, hemispheric financial mechanisms specially devoted to the implementation of programs oriented toward strengthening civil society and public participation mechanisms.

Migrant Workers

Governments will:

- Reaffirm that the promotion and protection of human rights and the fundamental freedoms for all, without distinction by reasons of race, gender, language, nationality, or religion, is a priority for the international community and is the responsibility of every state.
- Comply with the applicable international human rights instruments and, consistent with the legal framework of each country, guarantee the human rights of all migrants, including migrant workers and their families.
- Seek full compliance with, and protection of, the human rights of all migrants, including migrant workers, and their families, and adopt effective measures, including the strengthening of public awareness, to prevent and eradicate violations of human rights and eliminate all forms of discrimination against them, particularly racial discrimination, xenophobia, and related intolerance.
- Reaffirm the sovereign right of each State to formulate and apply its own legal framework and policies for migration, including the granting of

permission to migrants to enter, stay, or exercise economic activity, in full conformity with applicable international instruments relating to human rights and in a spirit of cooperation.

- Seek full respect for, and compliance with, the 1963 Vienna Convention on Consular Relations, especially as it relates to the right of nationals, regardless of their immigration status, to communicate with a consular officer of their own State in case of detention.
- Protect the rights of all migrant workers and their families, consistent with each country's internal legal framework, by taking steps, in case they do not exist, to: 1) provide, with respect to working conditions, the same legal protection as for national workers; 2) facilitate, as appropriate, the payment of full wages owed when the worker has returned to his/her country, and allow them to arrange the transfer of their personal effects; 3) recognize the rights of citizenship and nationality of the children of all migrant workers who may be entitled to such rights, and any other rights they may have in each country; 4) encourage the negotiation of bilateral or multilateral agreements, regarding the remission of social security benefits accrued by migrant workers; 5) protect all migrant workers and their families, through law enforcement and information campaigns, from becoming victims of exploitation and abuse from alien smuggling; 6) prevent abuse and mistreatment of all migrant workers by employers or any authorities entrusted with the enforcement of migration policies and border control; and 7) encourage and promote respect for the cultural identity of all migrants.
- Support the activities of the Inter-American Commission on Human Rights with regard to the protection of the rights of migrant workers and their families, particularly through the Special Rapporteur for Migrant Workers.

Strengthening Municipal and Regional Administrations

Governments will:

- Within their legal framework and within a reasonable time, establish or strengthen mechanisms for the participation of groups of society in the process of local and other subnational decision-making, such as open public hearings and public budget reviews, and promote transparency in local and other subnational Government finance operations.

- In accordance with legislation at all levels, provide for financing options for local and other subnational Governments, including groups of local Governments, such as through transfers of national revenue, access to private capital markets, and authority for raising revenue locally, in order to expand the delivery of quality services as well as provide for training opportunities to strengthen local and other subnational administrative capabilities.
- In accordance with circumstances and the legal framework of each country, study the possible transfer of additional national governmental functions to local and other subnational levels as well as the possibility for enhancing such authorities.
- Share their experiences and information from existing and future programs supported by multilateral and bilateral cooperation institutions such as the Organization of American States (OAS), the Inter-American Development Bank (IDB) and the World Bank, to facilitate the implementation of this initiative.

Corruption

Governments will:

- Resolutely support the "Inter-American Program to Combat Corruption" and implement the actions established therein, particularly the adoption of a strategy to achieve prompt ratification of the 1996 Inter-American Convention against Corruption, the drafting of codes of conduct for public officials, in accordance with respective legal frameworks, the study of the problem of laundering assets or proceeds derived from corruption, and the promotion of information campaigns on the ethical values that sustain the democratic system.
- Sponsor in Chile a Symposium on Enhancing Probity in the Hemisphere to be held no later than August 1998, in order to consider, among other topics, the scope of the Inter-American Convention against Corruption, and the implementation of the aforementioned program. They will also resolutely support the holding of workshops sponsored by the Organization of American States (OAS) to disseminate the provisions set forth in the Inter-American Convention against Corruption.

REVISED VERSION
08.04.1998, 2:00 PM
EMBARGOED UNTIL 4/19/98

- Foster within the OAS framework, and in accordance with the mandate set forth in the Inter-American Program to Combat Corruption, appropriate follow-up on the progress achieved under the Inter-American Convention against Corruption.
- Promote in their domestic legislation the obligation for senior public officials, and those at other levels when the law so establishes, to declare or disclose their personal assets and liabilities to the appropriate agency.
- Encourage the approval of effective and specific measures to combat all forms of corruption, bribery, and related unlawful practices in commercial transactions, among others.

Financing of Electoral Campaigns

Governments will:

- Propose the exchange of experiences that may be used as a support for each country so that, according to their own realities and legal systems, they adopt or develop internal rules that regulate contributions to electoral campaigns and independent internal control mechanisms.
- Consider the proposals resulting from the Meeting of Government Representatives on Contributions to Electoral Campaigns, held in Caracas in February 1998, under the auspices of the OAS.
- Adopt or consider, as appropriate, measures to prevent financial contributions to electoral campaigns derived from organized crime and drug trafficking. Similarly, they will promote the adoption of measures designed to ensure transparency in the origin of all contributions.

Prevention and Control of Illicit Consumption of and Traffic in Drugs and Psychotropic Substances and other Related Crimes

Governments will:

- Continue to develop their national and multilateral efforts in order to achieve full application of the Hemispheric Anti-Drug Strategy, and will strengthen this alliance based on the principles of respect for the sovereignty and

territorial jurisdiction of the States, reciprocity, shared responsibility and an integrated, balanced approach in conformity with their domestic laws.

- With the intention of strengthening mutual confidence, dialogue and hemispheric cooperation and on the basis of the aforementioned principles, develop, within the framework of the Inter-American Drug Abuse Control Commission (CICAD-OAS), a singular and objective process of multilateral governmental evaluation in order to monitor the progress of their individual and collective efforts in the Hemisphere and of all the countries participating in the Summit, in dealing with the diverse manifestations of the problem.
- Strengthen national efforts and international cooperation in order to:
 - . Enhance their national policies and plans with regard to the prevention of illicit drug consumption, and step up measures, particularly at the community level, in schools and those aimed at the most vulnerable groups, such as children and young people, in order to prevent the growth and spread of this consumption and to eliminate financial incentives to illicit trafficking;
 - . Develop appropriate treatment, rehabilitation and reintegration programs with a view to alleviating the serious social effects, human suffering and other adverse effects associated with drug abuse;
 - . Increase cooperation in areas such as the collection and analysis of data, standardization of systems that measure illicit consumption, scientific and technical training and exchange of experiences;
 - . Develop or encourage the development of campaigns to foster greater social awareness of the dangers of drug abuse for individuals, the family and society as well as community participation plans;
 - . Sensitize public opinion as to the serious effects of drug abuse and the activities of criminal organizations that deal with them, including at the wholesale and retail level;
 - . Improve and update cooperative mechanisms to prosecute and extradite individuals charged with the traffic in narcotics and psychotropic substances and other related crimes, in accordance with international

REVISED VERSION
08.04.1998, 2:00 PM
EMBARGOED UNTIL 4/19/98

agreements, constitutional requirements, and national laws;

- . Establish or strengthen existing, duly trained and equipped specialized central units responsible for requesting, analyzing and exchanging among the competent State authorities information relating to the laundering of the proceeds, assets and instrumentalities used in criminal activities (also known as money laundering);
 - . Reinforce international and national control mechanisms to impede the illicit traffic and diversion of chemical precursors;
 - . Promote the rapid ratification and entry into force of the Inter-American Convention Against the Illicit Production and Trafficking of Firearms; promote the approval and prompt application of the Model Regulations on the Control of Arms and Explosives Connected with Drug Trafficking of CICAD; encourage States, that have not already done so, to adopt the necessary legislative or other measures to ensure effective international cooperation to prevent and combat illicit transnational traffic in firearms and ammunition, while establishing, or strengthening, systems to enhance the tracing of firearms used in criminal activity; and
 - . Eliminate illicit crops through the increased support of national alternative development programs as well as eradication and interdiction.
- Strengthen national drug control commissions, with a view to improving coordination in each country in the planning and implementation of their respective national plans and in streamlining international assistance in this area.
 - Underscore the valuable contribution of civil society, through its different organizations, in the areas of prevention of illicit consumption, treatment, rehabilitation, and social reintegration of drug addicts.
 - Encourage financial institutions to redouble their efforts to prevent money laundering and the appropriate business sectors to strengthen its controls to prevent the diversion of chemical precursors.
 - Give full support to the upcoming Special Session of the United Nations General Assembly which will be held in June 1998 for the purpose of

promoting international cooperation with respect to illicit drugs and related crimes and encourage all States to participate actively, at the highest level, in that international meeting. They will make every effort to ensure effective implementation of international narcotics agreements to which they have subscribed, at regional and subregional levels, and for these to operate in consonance with the hemispheric effort and reaffirm their support for CICAD and its fundamental role in the implementation of these agreements.

Terrorism

Governments will:

- Take measures, as agreed in the Declaration and Plan of Action of Lima, in order to prevent, combat and eliminate terrorism, applying for that purpose the most decisive will to comply with the general objectives set forth therein.
- Encourage States that have not yet done so to sign, ratify, or accede to, as appropriate, the international conventions related to terrorism, in accordance with their respective internal legislation.
- Convene, under the auspices of the Organization of American States (OAS), the Second Specialized Inter-American Conference to evaluate the progress attained and to define future courses of action for the prevention, combat and elimination of terrorism.

Building Confidence and Security Among States

Governments will:

- Promote regional dialogue with a view to revitalizing and strengthening the institutions of the Inter-American system, taking into account the new political, economic, social and strategic-military factors in the Hemisphere and in its subRegions. To that end, they will seek to expand further a climate of confidence and security among the States of the Hemisphere.
- Carry out, in the manner in which they are set forth, the measures and recommendations resulting from the Regional Conferences on Confidence and Security Building Measures, held in November 1995, in Santiago, Chile, and in February 1998, in San Salvador, El Salvador, under the auspices of the

Organization of American States (OAS).

- Continue to support the efforts of small-island States to address their special security concerns, which are multidimensional in nature, and economic, financial, and environmental matters, taking into account the vulnerability and level of development of these States.
- In furtherance of efforts to transform the Western Hemisphere into an antipersonnel mine-free zone, and in recognition of the contribution in this regard of the Convention on the Prohibition of the Use, Stockpiling, Production, and Transfer of Anti-Personnel Mines and on Their Destruction, including its early entry into force, they will encourage actions and support international humanitarian demining efforts in this area, with the goal of ensuring that priority is given to mines that threaten civilians and of ensuring that land can be restored for productive purpose. The latter will take place through effective regional and international cooperation and coordination, as requested by the affected States, to survey, mark, map, and remove mines; effective mine awareness for the civilian population and assistance to victims; and development and deployment of new mine detection and clearance technologies, as appropriate.
- Continue promoting transparency in matters related to defense policy, among other aspects, with regard to modernizing the Armed Forces, comparing military expenditure in the Region, and strengthening the United Nations Register of Conventional Arms.
- Increase cooperation with United Nations peacekeeping efforts.
- Encourage the development of cooperative programs to deal with natural disasters and humanitarian search and rescue operations.
- Pledge their efforts to ensure that the peaceful resolution of pending conflicts and disputes is achieved through existing mechanisms for the peaceful settlement of disputes within the Inter-American System and in keeping with international law and treaties in force, and express that said mechanisms and instruments should be strengthened.
- Acknowledge the value of ministerial or high-level meetings on the topics of international defense and security, such as the Defense Ministerials of

Williamsburg and Bariloche, as an important contribution to regional dialogue on these matters, and, in this context, encourage interested countries to hold other meetings.

- Entrust the OAS, through the Committee on the Hemispheric Security, to:
 - . Follow up on and expand topics relating to confidence and security building measures;
 - . Analyze the meaning, scope, and implications of international security concepts in the Hemisphere, with a view to developing the most appropriate common approaches by which to manage their various aspects, including disarmament and arms control; and
 - . Pinpoint ways to revitalize and strengthen the institutions of the Inter-American System related to the various aspects of Hemispheric Security.

This process will culminate in a Special Conference on Security, within the framework of the OAS, to be held, at the latest, at the beginning of the next decade.

- Support the convening of a follow-up Regional Conference to the Santiago and San Salvador Regional Conferences on Confidence and Security Building Measures, to further build mutual confidence in the Americas.

The progress achieved in these matters will be reported to States, thereby ensuring appropriate follow-up through the OAS, so that these topics may be discussed at the next Summit of the Americas.

Strengthening of Justice Systems and Judiciaries

Governments will:

- Develop mechanisms that permit easy and timely access to justice by all persons, with particular reference to persons with low income, by adopting measures to enhance the transparency, efficiency and effectiveness of the courts. In this context, they will promote, develop and integrate the use of alternative methods of conflict resolution in the justice system.

- Strengthen, as appropriate, systems of criminal justice founded on the independence of the judiciary and the effectiveness of public prosecutors and defense counsels, recognizing the special importance of the introduction of oral proceedings in those countries that consider it necessary to implement this reform.
- Step up efforts to combat organized crime, and transnational crime, and, if necessary, foster new laws and international conventions, as well as procedures and mechanisms for continuing to combat these scourges.
- Adapt legislation and proceed, as soon as possible, with necessary institutional reforms and measures to guarantee the comprehensive protection of the rights of children and youths to meet the obligations established under the United Nations Convention on the Right of the Child and other international instruments.
- Adopt as appropriate a clear distinction between procedures and consequences of violations of criminal law and measures established to protect children and youths whose rights are threatened or violated, and will promote social and educational measures to rehabilitate young offenders.
- Foster the establishment and strengthening of specialized tribunals or courts for family matters, as appropriate, and in accordance with their respective legal systems.
- Expedite the establishment of a justice studies center of the Americas, which will facilitate training of justice sector personnel, the exchange of information and other forms of technical cooperation in the Hemisphere, in response to particular requirements of each country. To this end, they request the Ministers of Justice or other competent authorities to analyze and define the most suitable actions for the organization and establishment for such a center.
- Promote, in accordance with the legislation of each country, mutual legal and judicial assistance that is effective and responsive, particularly with respect to extraditions, requests for the delivery of documents and other evidentiary materials, and other bilateral or multilateral exchanges in this field, such as witness protection arrangements.
- Support the convening of periodic meetings of Ministers of Justice and

Attorneys General of the Hemisphere within the framework of the Organization of American States (OAS).

Modernization of the State in Labor Matters

Governments will:

- Promote measures by their Ministries of Labor to provide high quality programs and assistance for workers and employers, placing emphasis on greater decentralization of their functions, the incorporation of new technologies, active labor market policies, better and more timely information regarding the labor market, and improvement of safety and health conditions in the workplace.
- Give special attention to the incorporation of socially-disadvantaged groups into the workforce, including women, minorities, youth, the disabled and other vulnerable populations, and to the services offered by the Ministries of Labor that take into consideration their special needs. At the same time, Governments will further strengthen their overall efforts, and coordination among involved agencies, to address the issue of children at work. The Ministries of Labor will exchange experiences on best practices in these areas.
- Take actions towards assuring that the Ministries of Labor have the necessary means to carry out this Plan of Action in areas within their jurisdiction.
- Request the participation of the International Labor Organization (ILO), the Inter-American Development Bank (IDB) and the Organization of American States (OAS) to assist Labor Ministries to support international activities and exchange information on modernization methods and strategies.

III. ECONOMIC INTEGRATION AND FREE TRADE

A. Free Trade Area of the Americas (FTAA)

- I. We instruct our Ministers Responsible for Trade to take the following actions:
 1. Initiate the negotiations for the Free Trade Area of the Americas (FTAA),

in accordance with the principles, objectives, structure, modalities and all other decisions as set out in the San José Ministerial Declaration, by convening the Trade Negotiations Committee no later than June 30, 1998, and the Negotiating Groups no later than September 30, 1998.

2. Exercise the ultimate oversight and management of the negotiations.
 3. 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.
 4. Ensure that the negotiating process is transparent and takes into account the differences in the levels of development and size of the economies in the Americas, in order to create opportunities for the full participation of all countries, including the smaller economies.
 5. Conduct the negotiations in such a manner as to build broad public understanding of and support for the FTAA, and to consider views on trade matters from different sectors of our civil societies, such as business, labor, consumer, environmental and academic groups, presented to the committee of Government representatives established at the Fourth Meeting of Trade Ministers in Costa Rica.
- II. We instruct our Representatives in the institutions of the Tripartite Committee, in particular the Inter-American Development Bank (IDB), to allocate appropriate existing resources within those institutions to support the Administrative Secretariat for the FTAA negotiations.
- III. We urge the Tripartite Committee to continue to respond positively to requests for technical support from FTAA entities. We ask the three institutions to consider requests for technical assistance related to FTAA issues from member countries -in particular from the smaller economies in order to facilitate their integration to the FTAA process- according to their respective procedures.

B. Further Actions

In addition to initiating the negotiations for the FTAA, we have defined a series of further actions which must be consistent with the FTAA negotiation, aimed at deepening the process of economic integration, as well as to create opportunities

for the full participation of all countries, including the smaller economies. We have prepared a series of proposals to advance the modernization of financial markets, programs of science and technology, energy cooperation, and hemispheric infrastructure, in particular in the fields of transportation and telecommunications.

Strengthening, Modernizing and Integrating Financial Markets

Governments will:

- Strengthen banking supervision in the Hemisphere through: implementation of the Basle Core Principles for Effective Banking Supervision; training programs to strengthen supervisory capacity; and establishment of sound, high-quality reporting and disclosure standards for banks, and creation of a Working Group to assist countries in this process.
- Improve banking and securities market clearance and settlement systems in the Hemisphere, in order to facilitate the transparency, efficiency and security of internal and cross-border transactions.

Science and Technology

Governments will:

- Recognize that science and technology are related to various areas and objectives of this Plan of Action within and beyond economic integration, free trade and sustainable development.
- Continue implementing the Cartagena Plan of Action, agreed to in 1996, with emphasis on strengthening the capacity of the countries in the Hemisphere to participate and benefit from the knowledge-based global economy, promoting, among other actions, the growth of the communications and information industries as strategic components of national and regional integration processes. In the context of the Cartagena Declaration, recognize the important role that existing regional institutions play in implementing this Plan of Action.
- Apply science and technology to mitigate the damages caused by the effects of "El Niño" and other natural hazards, such as volcanic eruptions,

REVISED VERSION
08.04.1998, 2:00 PM
EMBARGOED UNTIL 4/19/98

hurricanes, earthquakes, and floods, and their impact on the economy and ecosystems, based on improved forecasting, prevention and response capacity, improved research and training methods to deal with natural hazards, and the application of science and technology to address the effects of climate variability on health, agriculture and water. In this context, cooperative research and exchange of information about "El Niño" and other natural hazards will be emphasized.

- Support the development and use of science, technology and innovation indicators in fulfillment of the Cartagena Plan.
- Promote actions to foster alliances among all sectors of society to advance cooperation and innovation in science and technology. It is recognized that university-industry relations, training in technology management and other human resource development programs, as well as participation of small and medium-sized companies, are important elements for utilizing science and technology to achieve hemispheric objectives.

Regional Energy Cooperation

In accordance with the legal and constitutional rules of every State, as well as with the commitments that our Governments assume in the context of the negotiations of the Free Trade Area of the Americas (FTAA), in order to ensure sustainable energy development and further the energy integration of the Hemisphere,

Governments will:

- Promote policies and processes that facilitate the trade of products, goods and services related to the energy sector.
- Give impetus to, in the shortest possible time, policies and processes that facilitate the development of infrastructure, including across international boundaries, to further the integration of energy markets.
- Foster the creation and strengthening of transparent and predictable regulatory systems, which take into account the needs of the different parties involved.

- Promote legal, fiscal and regulatory systems in order to stimulate local and foreign private investment in the energy sector in those areas permitted by respective Constitutions.
- Increase access of rural inhabitants to energy services.

- Support policies and programs that will stimulate the development of renewable energy and energy efficiency.

To support these actions, we will continue our cooperation efforts through the Hemispheric Energy Initiative.

Climate Change

Governments will:

In light of their commitments in the United Nations Framework Convention on Climate Change and the decisions made at the Third Conference of Parties in Kyoto, Japan, and in view of the Fourth Conference of Parties to be held in Buenos Aires, Argentina, in November, 1998:

- Encourage the Parties to work toward achieving the objectives and goals of the United Nations Framework Convention on Climate Change.

- Recognize the key role that technology plays in managing the environmental aspects related to energy, and encourage the exchange of technology, information and experiences, as well as share views on the Clean Development Mechanism.

Hemispheric Infrastructure

A. General Infrastructure

Governments will:

- Charge the Inter-American Development Bank with the preparation of a draft set of voluntary principles to be adopted by each of the countries, to facilitate private sector participation in local and transnational infrastructure projects, that can serve as a basis for bilateral and multilateral agreements. This draft

will be submitted to Governments not later than December 1998, to be further discussed during a meeting of ministers responsible for infrastructure to be held in 1999.

B. Transportation

Governments will:

- Undertake the necessary actions to implement, to the fullest extent possible, and taking into account subregional sectoral agreements, decisions, and projects, the Joint Ministerial Declaration of the Second Hemispheric Summit on Transportation, held in Santiago, Chile, in April 1996, aimed at: a) promoting market-oriented, integrated, financially viable, and environmentally sustainable transportation systems and services, and b) providing safe, efficient, and reliable passenger and cargo services that foster the economic growth and development of our countries.
- Develop a plan aimed at ensuring the highest level of safety in air, sea and land transportation systems, improving infrastructure and increasing environmental protection by improving compliance with international standards and recommended practices established, such as those established by the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO).
- Engage in discussions to develop a cooperation program, taking into account the Santiago and San Salvador Declarations of the Regional Conferences on Confidence and Security Building Measures, which would address maritime and air transport of nuclear and other hazardous wastes and, where appropriate, work with the relevant international organizations to strengthen or develop standards governing the transport of such goods and its safety.
- Prepare a profile, with the cooperation of United Nations Economic Commission on Latin-American and the Caribbean (ECLAC), of regional transportation systems and services taking into account agreements, decisions, projects and studies already prepared by regional and hemispheric organizations. Such a profile will identify the main problems and opportunities faced by the countries in the Hemisphere as a first step toward establishing regional transportation priorities and policies, with respect to, among other things, the harmonization of standards and the exchange of

will be submitted to Governments not later than December 1998, to be further discussed during a meeting of ministers responsible for infrastructure to be held in 1999.

B. Transportation

Governments will:

- Undertake the necessary actions to implement, to the fullest extent possible, and taking into account subregional sectoral agreements, decisions, and projects, the Joint Ministerial Declaration of the Second Hemispheric Summit on Transportation, held in Santiago, Chile, in April 1996, aimed at: a) promoting market-oriented, integrated, financially viable, and environmentally sustainable transportation systems and services, and b) providing safe, efficient, and reliable passenger and cargo services that foster the economic growth and development of our countries.
- Develop a plan aimed at ensuring the highest level of safety in air, sea and land transportation systems, improving infrastructure and increasing environmental protection by improving compliance with international standards and recommended practices established, such as those established by the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO).
- Engage in discussions to develop a cooperation program, taking into account the Santiago and San Salvador Declarations of the Regional Conferences Confidence and Security Building Measures, which would address maritime and air transport of nuclear and other hazardous wastes and, where appropriate, work with the relevant international organizations to strengthen or develop standards governing the transport of such goods and its safety.
- Prepare a profile, with the cooperation of United Nations Economic Commission on Latin-American and the Caribbean (ECLAC), of regional transportation systems and services taking into account agreements, decisions, projects and studies already prepared by regional and hemispheric organizations. Such a profile will identify the main problems and opportunities faced by the countries in the Hemisphere as a first step toward establishing regional transportation priorities and policies, with respect to, among other things, the harmonization of standards and the exchange of

technology.

- Seek, from international financial institutions, resources necessary to undertake, as soon as possible, transportation infrastructure projects in the Americas, including those which take into account the specific needs of the smallest economies.

C. Telecommunications

Governments will:

- Establish strategies to support the development and continuous updating of a regional telecommunications infrastructure plan, taking into account national plans, the need for universal access to basic telecommunications services throughout the Region and the evolution of Global Information Society.
- Work together in close cooperation with the private sector to rapidly build out the telecommunications infrastructure in the Region, adopting strategies to make affordable access available to all for basic telephone service and the INTERNET, such as implementing the Inter-American Telecommunications Commission (CITEL) guidelines on value added services and encouraging, the development of community information service centers that provide access to basic telephone and value-added services, computers, the INTERNET and multimedia services bearing in mind the diverse needs of the countries of the Region and divergent levels of development.
- Promote, in cooperation with the private sector, the exchange and distribution of information concerning regulatory matters such as universal access/service, interconnection and the establishment of independent regulatory bodies, taking into account the commitments made in the World Trade Organization's Agreements on Trade in Basic Telecommunications Services (the GBT Agreement), developments in the Free Trade Area of the Americas process, and the Declaration and Plan of Action adopted by the 1996 Senior Telecommunications Officials Meeting held in Washington D.C. with a view to developing, wherever possible, and subject to national constraints, best practice guidelines and requesting when needed the assistance of CITEL, regional telecommunications organizations, the International Telecommunications Union (ITU), the Inter-American Development Bank (IDB) and others as appropriate.

- Foster, together with the private sector, the development of applications over electronic networks, such as the INTERNET, broadcast television and radio, that taking into account different socio-economic conditions and languages, will support education, health, agriculture and sustainable rural development, electronic commerce and other applications assisting small savers, Micro-enterprises and Small and Medium-size Enterprises (SMEs) and modernization of the State.
- Encourage CITELE to address, with some urgency, studies of the standards coordination aspects of the telecommunications infrastructure, including the areas of Telecommunications Management Network (TMN) and Intelligent Networks (IN) so that the network can evolve to meet the interconnection requirements and to support the implementation of new applications in the regional context.
- Continue to examine ways to develop consistent regulatory approaches among member countries leading to the promotion of greater commonality in the certification processes for telecommunications equipment and to the establishment of a framework and to move toward the negotiation and implementation of a Mutual Recognition Agreement (MRA) for telecommunications equipment encompassing all the countries of the Region.

IV. ERADICATION OF POVERTY AND DISCRIMINATION

Extreme poverty and discrimination continue to afflict the lives of many of our families and impede their potential contribution to our nations' progress. To move toward a prosperous future for all, we will facilitate the provision of legal title to urban and rural properties and redouble our efforts to increase access to credit and to provide technical support for microenterprises, and protect the basic rights of workers. We will remove all forms of discrimination against women, indigenous communities, disadvantaged racial and ethnic minorities, and other vulnerable groups. We will seek to enhance the quality of life of all people of the Americas through efforts that ensure access to adequate health services, to improved health technologies, to clean water and proper nutrition. Taken together, these measures will facilitate the inclusion of all inhabitants, without exception, in the economic and democratic transformation of the Hemisphere.

Fostering the Development of Micro, Small and Medium Size Enterprises

As a means to combat poverty and taking into account national differences, the Governments pledge to strengthen the development of micro, small and medium size enterprises by undertaking the following specific actions:

Governments will:

- Ensure that a significant number of the 50 million micro, small and medium size enterprises in the Hemisphere, whose owners and workers are persons with low incomes, especially women from these enterprises, have access to financial services by the year 2000.
- Design and implement programs, with the support of the Inter-American Development Bank (IDB) and United Nations Economic Commission on Latin-America and the Caribbean (ECLAC) and in coordination with the World Bank and other development cooperation agencies, that promote appropriate financial policy reforms that: accelerate the entry of formal-sector financial institutions into this market; support the development of institutions that work in the sector; and eliminate impediments that limit the access of micro, small and medium size enterprises to financial services.
- Simplify and expedite the procedures for registration, obtaining licenses, complying with labor and tax regulations, and the formalization, where appropriate, of micro, small and medium size enterprises.
- Support private-sector providers of non-financial services to enable them to expand access to new technologies and training for micro, small and medium size enterprises, which will permit them to enhance their competitiveness in national and global markets.
- Promote partnerships of micro, small, and medium size enterprises to allow them to take advantage of cooperative assistance in doing business and in modernizing business management.
- Promote inter-institutional coordination by creating effective interchange mechanisms between national and local public institutions that support micro, small and medium size enterprises and facilitating their links with the private sector.
- Design national plans for the achievement of the actions previously defined

and convoke a regional meeting of ministers or senior officials responsible for public policies to support micro, small and medium size enterprises, for the purpose of exchanging information on those plans and thus improving the effectiveness of support policies. To this end, the IDB, in cooperation with ECLAC, will be asked to provide coordination for this meeting.

- Request that regional organizations and Government, multilateral, and bilateral development agencies involved in the Region assist in policy reform and invest between US\$400-\$500 million over the next three years in programs, including training and technical assistance, that support the actions identified in this Plan of Action.

Property Registration

Governments will:

- Streamline and decentralize, as necessary, property registration procedures by: adopting transparent, simplified procedures for titling and registration; disseminating information regarding these procedures; utilizing, whenever feasible, state-of-the-art technologies for property georeferencing, computer-generated mapping and computerized records storage; incorporating alternative dispute resolution mechanisms; and avoiding overlapping administrative fees for titling and registration.
- Recommend that multilateral and bilateral cooperation institutions, especially the Inter-American Development Bank (IDB) and the World Bank, strengthen their financial and technical assistance programs, including information exchange regarding experiences among countries, to support simplified property registration procedures and to assure access for the poor to those systems.
- In accord with national legal frameworks, implement measures, where necessary, to protect rights accorded to indigenous populations, as well as information programs, if needed, to assure greater awareness of indigenous populations of their rights, in this respect.

Health Technologies

Governments will:

REVISED VERSION
08.04.1998, 2:00 PM
EMBARGOED UNTIL 4/19/98

- Seek, through public and private efforts, or partnerships between them, to enhance the availability, access to, and quality of drugs and vaccines, especially for the most needy, by promoting efforts to safeguard the quality, rational selection and use, safety and efficacy of pharmaceutical products, with special emphasis on vital and essential drugs; and by supporting regional initiatives that by the year 2002 will facilitate research, development, production and utilization of vaccines, which will reduce the incidence of diseases, such as pneumonia, meningitis, measles, rubella and mumps.
- Strengthen and improve existing national and regional networks of health information and surveillance systems, so that stakeholders have access to data to address critical health issues in the Region, in order to make appropriate clinical and managerial decisions. They will address the development, implementation and evaluation of needs-based health information systems and technology, including telecommunications, to support epidemiological surveillance, the operation and management of health services and programs, health education and promotion, telemedicine, computer networks and investment in new health technologies.
- Develop initiatives designed to reduce deficits in access to and quality of drinking water, basic sanitation and solid waste management, with special emphasis in rural and poor urban areas, by applying existing technologies or developing new, appropriate and effective low-cost technologies.
- Make every effort to ensure that the necessary resources are allocated for the development of the lines of action of this Plan, with the technical support of the Pan American Health Organization (PAHO). They also will promote bilateral and multilateral collaboration, and will request the Inter-American Development Bank (IDB), the World Bank, and other financial and technical cooperation institutions to support the programs and activities included in this initiative, according to their own specific priorities and fields of action.
- Develop mechanisms for evaluating the relevance, cost and efficacy of the technologies introduced to deal with these and other priority health problems.

Women

Governments will:

- Strengthen and establish, where they do not exist, national mechanisms and governmental organs, as well as the respective regional and subregional networks in charge of promoting legal equality and equality of opportunities between women and men, focused on gender equity, and provide them with adequate and timely financial resources to enable these entities to promote, coordinate and carry out the commitments undertaken by the States at the World Conference on Human Rights, the International Conference on Population and Development, the World Summit on Social Development, the Summit of the Americas, the Fourth World Conference on Women, and the recent "Santiago Consensus" of the VII Regional Conference on Beijing Follow-up (ECLAC/UN).
- Examine the existing laws and their implementation in order to identify obstacles limiting the full participation of women in the political, economic, social and cultural life of our countries. Whenever necessary, promote reforms or create new laws to eliminate all forms of discrimination and violence against women and to guarantee the protection of children's rights.
- Implement and follow up on the commitments regarding the status of women as agreed to at the Summit of the Americas, with the support of the Inter-American Commission on Women (ICW), in collaboration with civil society, with the Inter-American Development Bank (IDB), the World Bank, United Nations Economic Commission on Latin-America and the Caribbean (ECLAC), and other entities of international cooperation, using when appropriate the System of Indicators adopted by the countries of the Americas at Montelimar, Nicaragua.
- Promote policies designed to improve women's health conditions and the quality of health services at every stage of their lives.

Basic Rights of Workers

Governments will:

- Exchange informational materials regarding their labor legislation, with the objective of contributing to better mutual knowledge of such legislation as well as to promote core labor standards recognized by the International Labor Organization (ILO) -freedom of association; the right to organize and bargain

collectively; the prohibition of forced labor; the elimination of all exploitative forms of child labor; and non-discrimination in employment. Such information will also include references to the mechanisms and/or legal authorities of Ministries of Labor to implement core labor standards as a fundamental component of productive workplaces and positive labor-management relations.

- For these purposes carry out the exchanges by, among other means, furnishing informational materials on relevant changes to their labor legislation, mechanisms and/or legal authorities for implementation of core labor standards, and progress in the area of labor-management relations, to be provided at a meeting of the Inter-American Conference of Ministers of Labor, to be held in 1998 and their other meetings, as appropriate, including with the assistance of the Organization of American States (OAS), International Labor Organization (ILO) and Inter-American Development Bank (IDB).
- Further secure their observance and promotion of internationally recognized core labor standards. In this context, they recognize the ILO as the competent body to set and deal with these standards and support the ongoing work of the ILO with regard to exchanges of information and the negotiation of a new Declaration of Principles on Fundamental Rights of Workers and appropriate follow-up; believe that economic growth and development fostered by increased trade and further trade liberalization contribute to the promotion of these standards and should lead to higher levels of employment; similarly reject the use of labor standards for protectionist purposes, and, in this regard, note that the World Trade Organization (WTO) and ILO Secretariats shall continue their collaboration.

Indigenous Populations

To promote greater participation of indigenous populations in society through adequate access to education, health care, and occupational training, with the aim of improving their standard of living,

Governments will:

- Support activities in the field of education aimed at improving the participation of indigenous populations and communities in society. Such

activities would seek to strengthen the identity of indigenous populations and promote respectful coexistence among different social groups in communities and States.

- Promote the widening of basic and secondary education services with training orientation, mainly in Regions with high percentages of indigenous populations, through greater support from Governments and international cooperation, at the request of interested Governments, so that indigenous and non-indigenous populations have the opportunity to receive technical training and contribute to the development of their countries. To the extent possible, the training areas which are implemented parallel to educational processes should respond to the needs of the Region and to productive strategies.
- In cooperation with regional organizations, development institutions and NGOs, actively support and promote capacity building activities and productive projects, including agriculture, handicrafts, small trade and industry and marketing. To the extent possible, these should be guided and administered by indigenous populations.
- Facilitate the organization of round-tables at the national and hemispheric level, in partnership with indigenous populations, with a view to promoting greater understanding of and cooperation in the areas of education and health, with a particular emphasis on women and children. Governments will also promote research initiatives on the relationship between indigenous population, poverty and development.
- Proceed with inter-governmental examination within the Organization of American States (OAS) framework of the "Proposed American Declaration on the Rights of Indigenous Peoples" prepared by the Inter-American Commission on Human Rights, with a view toward the possible adoption of a Declaration.

Hunger and Malnutrition

Governments will:

- Give the highest priority to reducing infant malnutrition, concentrating efforts on health, nutrition and education programs for the nutrition of infants, particularly those less than three, as those are the years of greatest vulnerability. To that end, emphasis shall be given to adequate nutrition and

REVISED VERSION
08.04.1998, 2:00 PM
EMBARGOED UNTIL 4/19/98

the correction of specific nutritional deficiencies, specifically with vitamin and mineral supplements combined with greater use of vaccinations and immunizations and monitoring during the growth of the child.

- Give high priority to the nutritional and caloric needs of women before and during pregnancy and while they are breast-feeding. Governments therefore will promote breast-feeding as an important source of nutrition for babies. The nutritional needs of other high risk groups such as the elderly and the disabled will also be addressed.
- Continue, as far as possible, with the dialogue begun at the Inter-American Conference on Hunger, held in Buenos Aires in October 1996, and they will explore the application, in their respective jurisdictions of the measures suggested there, in particular the creation of alliances with the private sector to fight hunger and malnutrition, the creation of food bank networks with volunteer participation and the creation of an Honorary Council dedicated to fostering activities to reach Summit objectives in this area.

Sustainable Development

- We recognize the effort made by the Organization of American States (OAS) in terms of follow-up of the Sustainable Development Summit, and instruct it, through the Inter-American Commission on Sustainable Development, to continue coordination related to fulfillment of its mandates. We ask the entities of the Inter-American System and the United Nations to strengthen cooperation related to implementation of the Santa Cruz Plan of Action.

Cooperation

- With the intention of achieving a greater impact in our national and collective efforts, we charge national agencies and organizations responsible for international cooperation with supporting the preparation and implementation of programs and projects which flow from the Plan of Action. Moreover, we request the participation of the multilateral cooperation institutions with the same objective.

SUMMIT OF THE AMERICAS FOLLOW-UP

- The Heads of State and Government will continue to meet periodically to

deepen cooperation and understanding among the countries of the Americas, and, to that end, will strengthen the hemispheric institutional framework.

- The Governments will bear primary responsibility for implementation of the mandates of the Summit. The mechanism established by their Foreign Ministers, called the "Summit Implementation Review Group" (SIRG), will continue functioning under their immediate authority. The National Summit Coordinators of the Foreign Ministries will guarantee rapid contact, through the appropriate channels, with all Government agencies involved in carrying out the mandates resulting from the Summit meetings.
- The SIRG will meet on a periodic basis (two or three times a year) to monitor the follow-up process and assess the degree to which the Summit mandates have been fulfilled. It will be chaired by the country holding the Summit and co-chaired by both the country that has most recently served as host and the country that will serve as the next host ("troika"). Decisions will be adopted by consensus.
- Senior representatives of the Organization of American States (OAS), the Inter-American Development Bank (IDB), the Pan American Health Organization (PAHO), and the United Nations Economic Commission on Latin America and the Caribbean (ECLAC), will be invited to support the Governments participating in the SIRG in order to follow up on the commitments of the Summit and to achieve greater coordination and effectiveness of these institutions in performing this task. To that same end, a representative of the World Bank will be invited.
- The OAS Secretariat will be assigned responsibility for operating as a record-keeping mechanism (the institutional memory of the process) and for providing technical support to the SIRG.
- In accordance with Summit decisions, international organizations will have responsibilities in implementing this process and, as appropriate, according to Summit mandates, support will be provided by private sector organizations and civil society.
- In the case of specific mandates that require the convening of sectoral ministerials, these meetings, when appropriate, will take place under the aegis of the OAS Inter-American Council for Integral Development.

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08.04.1998, 2:00 PM
EMBARGOED UNTIL 4/19/98

Moreover, the OAS, IDB, PAHO, and ECLAC, as appropriate, will lend technical support to the meetings, the results of which will be reported to the States through the OAS Secretariat.

- The SIRG will annually report on the progress achieved in the fulfillment of the Plan of Action to the Foreign Ministers, who will review this information on the occasion of the Regular Session of the OAS General Assembly.
- Under the guidance of the Foreign Ministers, the SIRG will make preparations for the next Summit, bearing in mind the contributions of the pertinent organs of the OAS and other international organizations involved.



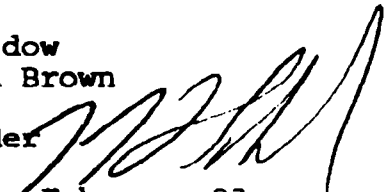
U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

Assistant
Administrator
for Latin America
and the Caribbean

February 20, 1998

MEMORANDUM

TO: White House - Thomas F. McLarty
NSC - James Steinberg
OVP - Leon Fuerth
NSC - James Dobbins
State/ARA - Jeffrey Davidow
State/ARA/EPSC - Richard Brown

FROM: AA/LAC - Mark L. Schneider 

SUBJECT: Summit Meeting on Monday, February 23

In preparation for Monday's Summit meeting, attached is a table that breaks out USAID's budget for each of the four baskets included in the Santiago Plan of Action. The budget levels cover three years, from 1998 to 2000.

The \$20 million Presidential Initiative for the Summit that is included in USAID's FY-99 appropriation request is part of these overall levels. We will jointly program the \$20 million as part of the Summit Implementation Development "Fund" that Chile is attempting to organize with USAID and the development cooperation agencies of Argentina, Mexico, Venezuela, Brazil and Canada. Our \$20 million will be targeted to basic education, microenterprise and Central American trade integration.

Attachment: a/s

**USAID
Summit of the Americas
Grant Funding 1998-2000
(\$ Millions)**

Overall Education:	79.0
Evaluations, assessments and indicators	5.5
Preparation of Teachers and Educational Administrations	11.0
Education reform, including more local and community control	11.0
Bilingual education and foreign language teaching	2.75
Technical and vocational training got workers	11.0
Textbooks and other educational materials	11.0
Information and distance learning technologies	2.75
Exchanges and internships	24.0
Strengthening Democracy and Human Rights Overall:	339.0
Modernization of municipal and regional governments	25.0
Corruption (this may be more of a procedure-oriented project than of resources from the Bank)	25.0
Strengthening justice system	90.0
Upgrading and modernizing labor ministries services to workers	1.0
Strengthening Civil Society	36.0
Human Rights	22.0
Education for Democracy	26.0
Prevention and Control of Illicit Drugs: Alternative Developments	114.0
Economic Integration and Free Trade Overall *	28.0
Cleaner energy, including renewable sources	6.0
Infrastructure, especially transportation and telecommunications	4.5
Science and technology, including disaster mitigation	15.0
Strengthening Financial Markets	2.5
Eradicating Poverty and Discrimination Overall	537.0
Promotion of microenterprise and small and medium-sized business	120.0
Land and parcel property registration for the poor	10.0
Health care, especially in the areas of low cost vaccine production, application of information technologies, and basic sanitation	20.0
Strengthening women's position is socially, especially in the area of legal reform for equally and attacking domestic violence	
Respect for core labor standards	12.0
** Hunger and malnutrition, especially pregnant and nursing mothers, infants and the elderly	375.0
Region total 1998 - 2000	983.0

* This total does not include approximately \$225 million USAID will provide for environmental and agricultural programs.

** Includes \$340 million in Food Assistance

Resources Available for Santiago Summit Initiatives

Projections for FY 1998-2000

(US\$ million)

	<u>IDB*</u>	<u>World Bank*</u>	<u>USAID</u>	<u>Total</u>
I. Education: Investing in People				
Early childhood	300	80		380
Evaluations, assessments, and indicators	430	20	6	456
Preparation of teachers and educational administrators	860	301	11	1,172
Education reform, including local community control	1,100	2,551	11	3,662
Bilingual education and foreign language teaching	100	1	3	104
Technical and vocational training for workers	640	57	11	708
Textbooks and other educational materials	860	2	11	873
Information and distance learning technologies	860	24	3	887
Exchanges and internships		5	24	29
Total Education	<u>5,150</u>	<u>3,041</u>	<u>79</u>	<u>8,270</u>
II. Strengthening Democracy and Protecting Human Rights				
Modernization of municipal and regional governments	2,570	1,939	25	4,534
Corruption	130	60	25	215
Strengthening justice systems	640	136	90	866
Upgrading and modernizing labor ministries	210	2	1	213
Strengthening civil society			36	36
Human Rights			22	22
Education for Democracy			26	26
Control of Illicit Narcotics: Alternative Development Projects			114	114
Total Democracy and Human Rights	<u>3,550</u>	<u>2,137</u>	<u>339</u>	<u>6,026</u>
III. Economic Integration and Free Trade				
Cleaner energy, including renewable sources	500	341	6	847
Infrastructure, especially transportation and telecommunications	4,000	7,769	5	11,774

* Lending projections assume that countries from the region will be willing to borrow from multilateral development banks for projects included in the 1998-2000 pipeline.

Resources Available for Santiago Summit Initiatives, page 2

	<u>IDB*</u>	<u>World Bank*</u>	<u>USAID</u>	<u>Total</u>
Science and technology, including mitigating El Niño effects	1,070	1,009	15	2,094
Strengthening financial markets			3	3
Total Economic Integration	<u>5,570</u>	<u>9,119</u>	<u>28</u>	<u>14,717</u>
IV. Eradicating Poverty and Discrimination				
Promotion of microenterprise and medium-sized businesses	340	586	120	1,046
Land and parcel property registration for the poor	250	191	10	451
Health care, especially in the area of low-cost vaccine production, application of information technologies, and basic sanitation	2,580	3,059	20	5,659
Strengthening women's position in society, especially in the area of legal reform for equality and attacking domestic violence	50	32		82
Respect for core labor standards	90	5	12	107
Indigenous communities (health, education, institutions)	130	1,195		1,325
Hunger and malnutrition, especially pregnant and nursing mothers, infants and the elderly	400	265	375 **	1,040
Total Eradicating Poverty and Discrimination	<u>3,840</u>	<u>5,333</u>	<u>537</u>	<u>9,710</u>
Other Sector and Adjustment Loans	2,800			
Totals	<u>20,910</u>	<u>19,630</u>	<u>983</u>	<u>41,523</u>
Region Total (FY 1998-2000)				<u>41,523</u>

** Includes \$340 million in Food Assistance

* Lending projections assume that countries from the region will be willing to borrow from multilateral development banks for projects included in the 1998-2000 pipeline.

From Miami to Santiago: Advancing the Common Agenda

Miami Action Item	Miami Summit Committed to:	Progress Since Miami	Santiago Actions Building on Miami
1. Strengthening Democracy	<ul style="list-style-type: none"> - Strengthen the OAS Unit for Promotion of Democracy. - Adopt the new protocols for the defense of democracy and social issues. 	<ul style="list-style-type: none"> - Funding for UPD increased 155% in four years to \$3.5 million. - Washington and Managua Protocols enacted. 	<ul style="list-style-type: none"> - Extends democratic reforms and practices to the local level.
2. Protecting Human Rights	<ul style="list-style-type: none"> - Reinforce commitment to international conventions addressing human rights. 	<ul style="list-style-type: none"> - OAS is developing pilot projects in based on a hemispheric action plan. 	<ul style="list-style-type: none"> - Establishes rapporteur at the OAS to protect press freedom.
3. Invigorating Civil Society	<ul style="list-style-type: none"> - Better facilitate operation and financing of civil society groups; 	<ul style="list-style-type: none"> - AID created an NGO network of 80 citizens groups in the Americas. 	<ul style="list-style-type: none"> - Agrees to develop common principles for fostering the participation of citizen groups. - Emphasizes education in democratic values to produce better citizens.
4. Cultural Values	<ul style="list-style-type: none"> - Increase exchanges among universities and centers of culture. 	<ul style="list-style-type: none"> - The Kennedy Center established 25 fellowships for fine arts study. - A new Museum of the Americas is being developed via the IDB and private sector. 	<ul style="list-style-type: none"> - Fosters further exchanges of students, teachers, and school administrators in the hemisphere.
5. Combating Corruption	<ul style="list-style-type: none"> - Negotiate new hemispheric agreement on corruption. 	<ul style="list-style-type: none"> - As of February, 23 countries have signed and eight have ratified the OAS Anti-Corruption Convention. U.S. ratification pending. 	<ul style="list-style-type: none"> - Increases transparency through use of asset disclosure statements for senior public officials
6. Illegal Drugs and Related Crime	<ul style="list-style-type: none"> - Increase collective and individual efforts to fight drug trafficking. - Develop a hemispheric strategy against drugs - Forge a common approach to addressing financial crimes 	<ul style="list-style-type: none"> - Numerous kingpins of the Cali and Medellin drug cartel were arrested. - Overall drug use in the U.S. declined, though hardcore use did not; the U.S. anti-drug budget for 1999 is the largest in history. - The OAS Anti-Drug Strategy in the Hemisphere was signed December 1996. - Governments are implementing a common anti-money laundering strategy, supported by the OAS. 	<ul style="list-style-type: none"> - Creation of a hemispheric anti-drug Alliance with a multilateral review process, based on standards developed from Miami and other international fora. - Improves extradition procedures and denies safe havens to criminals - Commits to the establishment of national units to investigate financial crimes

Miami Action Item	Miami Summit Committed to:	Progress Since Miami	Santiago Actions Building on Miami
7. Fighting Terrorism	<ul style="list-style-type: none"> - Hold a conference on terrorism to recommend common actions against terrorism. 	<ul style="list-style-type: none"> - Recommendations adopted at the Lima Conference on Terrorism April 1996. - U.S. anti-terrorism laws greatly strengthened, which allowed 30 foreign organizations to be designated as terrorist, and their assets frozen. 	<ul style="list-style-type: none"> - Commits to implementation of the Lima Conference recommendations.
8. Building Mutual Confidence	<ul style="list-style-type: none"> - Develop recommendations via a hemispheric conference for improving mutual security. 	<ul style="list-style-type: none"> - Eleven recommendations are being implemented on a voluntary basis. - Twenty-one Summit countries report an 87 percent increase in the practice of CSBMs in the region since 1995. 	<ul style="list-style-type: none"> - Increases transparency in defense budgets - Endorsement of a regime for advance notification of major arms acquisitions
9. Free Trade in the Americas	<ul style="list-style-type: none"> - Complete negotiations on the Free Trade Area of the Americas (FTAA) by 2005. 	<ul style="list-style-type: none"> - Trade ministers have met annually and established 12 working groups to set the stage for FTAA negotiations. 	<ul style="list-style-type: none"> - Launches FTAA negotiation phase.
10. Capital Markets	<ul style="list-style-type: none"> - Develop a comprehensive list of all national capital flow regulations to promote transparency. 	<ul style="list-style-type: none"> - A database of region's financial systems completed in December 1997. 	<ul style="list-style-type: none"> - Enacts measures to ensure more stability of the region's financial institutions
11. Hemispheric Infrastructure	<ul style="list-style-type: none"> - Foster a greater role for the private sector and multilateral development banks in infrastructure projects. 	<ul style="list-style-type: none"> - Private sector, government, IDB, and World Bank all supporting infrastructure development. 	<ul style="list-style-type: none"> - New commitments in infrastructure, especially in transportation systems.
13. Telecommunications	<ul style="list-style-type: none"> - Improve the hemispheric information infrastructure, including through regulatory reform and consistency in equipment guidelines. 	<ul style="list-style-type: none"> - Passage of new telecom legislation in the region that sets clear liberalization rules and promote private sector participation. 	<ul style="list-style-type: none"> - Stimulates electronic commerce through the Internet and other technologies.
14. Science and Technology	<ul style="list-style-type: none"> - Undertake new scientific cooperation and increase national scientific capacities. 	<ul style="list-style-type: none"> - A regional fund begins operations this year to support agricultural technology projects. 	<ul style="list-style-type: none"> - Agrees to increase cooperative research in the effects of El Niño and other natural hazards
15. Expanding Tourism	<ul style="list-style-type: none"> - Stimulate tourism in the hemisphere. 	<ul style="list-style-type: none"> - Number of passengers in 1997 between the U.S. and Latin America exceeded trans-Pacific travel by 50 percent and rivaled trans-Atlantic flows. 	<ul style="list-style-type: none"> - Tourism (as a service industry) will be incorporated into FTAA negotiations.
16. Access to Quality Education	<ul style="list-style-type: none"> - Guarantee universal attendance of primary school by 2010; 75 percent at secondary level. 	<ul style="list-style-type: none"> - AID launched a hemispheric effort to implement the education initiative. - Since the Summit, primary attendance in Mexico, Brazil, and Ecuador has 	<ul style="list-style-type: none"> - Channels more funds into primary and secondary education, including from IFIs

Miami Action Item	Miami Summit Committed to:	Progress Since Miami	Santiago Actions Building on Miami
		reached 90 percent.	<ul style="list-style-type: none"> - Promotes educational standards - Increases programs for textbooks and distance learning
17. Basic Health Services	<ul style="list-style-type: none"> - Develop a program to combat communicable diseases.. 	<ul style="list-style-type: none"> - Launched in 1995 with First Lady's assistance, a hemispheric initiative to eradicate measles by 2000 has been successful. 	<ul style="list-style-type: none"> - Commits to new immunization programs in the hemisphere. - Promotes the use of telemedicine to spread access to medical information.
18. Women in Society	<ul style="list-style-type: none"> - Design policies and programs for maximizing the role of women in social, economic, and political life. 	<ul style="list-style-type: none"> - Approval of a system of indicators to monitor women's rights. - Several countries passed laws bolstering women's rights. 	<ul style="list-style-type: none"> - Commits to remove barriers to the full participation of women in economic and political life and to protect women from domestic violence.
19. Microenterprise and Small Business	<ul style="list-style-type: none"> - Request development banks to establish funds for microenterprise. 	<ul style="list-style-type: none"> - IDB adopted a five-year, \$500 million strategy to promote microenterprise. 	<ul style="list-style-type: none"> - Opens new credit lines, training, and technologies for microenterprise.
20. White Helmets	<ul style="list-style-type: none"> - Voluntarily establish national corps to assist in humanitarian relief. 	<ul style="list-style-type: none"> - Several missions have been deployed worldwide via the UN; U.S. provides technical assistance as requested. 	<ul style="list-style-type: none"> - Contemplates increased humanitarian relief operations under mutual confidence and hunger programs.
21. Sustainable Energy Use/ Regional Energy Cooperation (Initiative #12)	<ul style="list-style-type: none"> - Initiate new projects in renewable energy, energy efficiency, and clean conventional energy. - Promote programs to reduce greenhouse gas emissions. 	<ul style="list-style-type: none"> - The Renewable Energy in the Americas Initiative (REIA) has identified 150 renewable energy projects to the private sector with an estimated value of \$2 billion. - Santiago was designated the first Hemispheric Clean City, a program modeled after a U.S. program. 	<ul style="list-style-type: none"> - Advances the Kyoto climate change accords and clean energy development
22. Partnership for Biodiversity	<ul style="list-style-type: none"> - Improve management of parks and protected areas. 	<ul style="list-style-type: none"> - Countries are now participating in a global program to preserve coral reefs. - Biodiversity-rich parks in Bolivia, Brazil, Peru, and Central America were created or enlarged. 	<ul style="list-style-type: none"> - Endorses the implementation of the Santa Cruz Summit's Plan of Action.
23. Partnership for Pollution Prevention	<ul style="list-style-type: none"> - Develop national plans to eliminate lead from gasoline - Improve access to safe drinking water. 	<ul style="list-style-type: none"> - By 1996, 12 countries had eliminated leaded gas; by 2001, there will be 20. - In Haiti, a water supply and sanitation system was constructed. 	<ul style="list-style-type: none"> - Commits to further programs to improve the quality of drinking water. - Teaches values in environmental stewardship.

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. memo	Samuel Berger to the President, re: [Paraguay] (2 pages)	04/13/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
Special Envoy for the Americas
Farnsworth, Eric
OA/Box Number: CF 1047

FOLDER TITLE:

Summit of the Americas, April 1998 [1]

2009-1155-F
ke2548

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- 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]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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]
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- 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]

When we initiated the NAFTA and the Uruguay Round negotiations, it was clear that the Administration would have to seek Congressional action to ensure that fast track procedures would apply to those agreements, much as is the case with the initiation of the FTAA. This situation did not prevent the negotiations from moving forward. Whereas having fast track before we conclude the FTAA will obviously be important, we can launch the negotiations at Santiago and expect to make good progress thereafter.

GUIDANCE FOR SANTIAGO

U.S. Opposition to Mercosur

Question: Last year, you suggested that we need fast track in order to stop Mercosur from creating barriers against U.S. products. Is Mercosur a problem for the United States?

Answer: To the extent that regional trade agreements help to level the playing field by providing for expanded market access and increasing competition, they can be constructive. The critical issue is whether such trade agreements promote progress towards our goals of hemispheric and multilateral market opening. However, in cases where regional trade arrangements have the effect of diverting trade away from competitive U.S. producers by increasing barriers, we have consistently expressed our opposition and have made clear that we will use the trade tools at our disposal to ensure American interests are not harmed.

Mercosur vs. NAFTA

Question: Don't the same criticisms that are directed at Mercosur apply equally to the NAFTA?

Answer: We all agree that regional trade agreements such as NAFTA and Mercosur can be constructive when they promote progress towards our goals of hemisphere-wide trade rules through the FTAA and multilateral trade rules through the WTO — and indeed we shaped NAFTA specifically to advance those goals. However, in cases where regional trade arrangements have the effect of diverting trade away from competitive U.S. producers by increasing barriers, we have consistently expressed our opposition.

GUIDANCE FOR SANTIAGO

Administration Plans for Fast Track

Question: Have you abandoned plans to pursue fast track?

Answer: We are continuing to work with Democrats and Republicans -- as well as stakeholders - to strengthen and broaden the support for fast track legislation. The appropriate timing ~~and~~ scope of fast track authority will be determined in consultation with the Congress. We continue to believe that fast track will be critical to advancing American interests in the world economy, and we will seek renewed authority at the earliest possible opportunity.

Question: Isn't it too late to begin the process for 1998? Does that mean you will pursue fast track in 1999?

Answer: We are in the process of consulting with Congress on both the timing and scope of any future fast track bid.

GUIDANCE FOR SANTIAGO

Fast Track and FTAA

Question: During the fast track debate, you said no country would sit down to negotiate with us in the absence of fast track. Do you expect to see evidence of that at Santiago?

Answer:

- Although the fast track vote was postponed last November, our trading partners appear confident that President Clinton remains committed to his market opening goals, the FTAA process and the region. This was evident in the President's State of the Union message and in our constructive efforts in hemispheric trade discussions. As a result, our partners will support a strong and comprehensive launch of FTAA negotiations at the Santiago Summit.
- Obviously, fast track remains critical in advancing American interests in the world economy. Without fast track, it is difficult for the United States to influence the trading rules in the agreements that our hemispheric trading partners are reaching among themselves and with other countries such as the EU and Japan.
- The sooner Congress grants fast track, the more credibility the United States will have and the more we will be able to exercise leadership in shaping international and regional trading rules to advance American interests.
- From the first day he took office, the President has been consistent and strong in his efforts to open markets and provide all Americans with the tools to compete in the international economy. We will continue to pursue that agenda through the FTAA process, through our trade initiatives in every region of the world and through the WTO.

April 13, 1998

What can you tell me about the Multilateral Drug Alliance? Is this is a substitute for certification?

- Drugs are a problem for every nation of this hemisphere, and our publics all recognize that.
- All of us need to and want to cooperate more effectively in eradication, interdiction, and demand reduction. We want a system in which our national planning can be made compatible and mutually reinforcing, where each of us knows what others intend, where each of us can comment on and help improve upon the plans of others, where we all commit to explicit goals, and we all can evaluate the progress we are making, individually and collectively, toward these goals.
- NATO performs such a function for its members in terms of defense planning; the OECD and the IMF perform such a function with respect to members' economic planning. We want the Inter American Commission on Drugs, of the OAS, to develop such a capability to support its members in the area of counternarcotics.
- The Administration will continue to fully implement certification. Only Congress can change this process. There are members of both parties in the Congress who believe that the process can be improved, and the Administration remains prepared to work with the Congress to this end.
- Certification is the law, it is global in scope, and it applies only to a limited number of countries. The alliance we seek is hemispheric, multilateral, and open to all.
- We believe a hemispheric alliance against drugs is an essential step toward successfully meeting this threat to all our societies, regardless of what may or may not happen to certification.



SMITHSONIAN INSTITUTION

Washington, D.C. 20560
U.S.A.

April 14, 1998

FAX #456-2215

MEMORANDUM

TO: Mack McLarty

FROM: Tom Lovejoy *EL*

RE: The Amazon, Fire and Sustainable Development

The current fires in the north of Brazil although abated somewhat with recent rain, are not eliminated. The dry season starts progressively later going from the south of the basin (burning starting in June) to the north. They are actually part of the same fire problem of June to September 1997 which literally generated a smoke cloud as big as Brazil itself.

As large as the fires were - together with the 1997 Indonesia forest fires they represented the most the world has burned since recorded history - they pale in comparison to the fire risk of the dry season about to begin in the south of Brazil. El Niño has caused a very weak (i.e. relatively dry) rainy season, so the forest has not had replenishment of the moisture which normally helps it resist fire. Experimental evidence (assembled by a U.S. linked NGO) has recently shown that with the dry forest and lowered water table it is possible for fire to penetrate into intact forest and burn under the canopy. This has never been known before. The possibility of the most extensive fires ever is very much at hand.

U.S. assistance with the fire problem including fire prevention is being mobilized (better access to NOAA and other satellite imagery, a NASA learjet for aerial imagery, BLM fire experts). Brazilian acceptance of our offers has been slow but with continuing encouragement will probably take place.

The fires are the product of both El Niño's drying effect and land use practices. The release of Brazil's deforestation figures for 94/95 (29,059 km²) and for 95/96 (18,161 km²) were delayed until early 1998 presumably to avoid focus on forests and greenhouse gases in Kyoto. The deforestation rate for 94/95 is the highest ever. Forests used for logging are dryer and more vulnerable to fire. Slash and burn agriculture and the burning of existing fields introduces fire to this mix. The results are what we have seen and are seeing.

Underlying all of this is a fundamental failure to integrate development plans and conservation plans in the Brazilian Amazon. Until this happens we can expect a repeat of the fire and deforestation scenarios despite fire prevention efforts.

The G-7 pilot program for the Brazilian Rainforest is nonetheless doing a good job of advancing certain elements of sustainable development and conservation. It should not be treated as a scapegoat nor be expected to resolve by itself the overall need for integration. U.S. participation in the Pilot Program has been small financially but focussed on a high leverage science and technology project. U.S. scientific expertise is represented by two members on the International Advisory Group.

There is both a need to integrate environment and development as well as a need for Brazil to thereby exercise appropriate leadership within the Amazon nations. That should be encouraged, preferably first in private conservation between POTUS and President Cardoso rather than in a public forum which the Brazilians might consider embarrassing.

While Cardoso may be reluctant to take a big initiative in this direction prior to the elections, the groundwork for it could be laid now. U.S. technical assistance, multilateral development bank projects, USAID are all possible elements in a package which could support Cardoso and Brazil if they can be induced to take on this critical leadership role. At stake here of course is the single largest repository of biodiversity, an enormous reservoir of carbon, the stability of the Amazon climate system and the possibility of environmental refugees.

Open skies

UNCLASSIFIED FAX COVER SHEET



E. Bryan Samuel
Bureau of Inter-American Affairs
U.S. Department of State, Washington, DC
Fax No. (202) 647-0791
Phone: (202) 647-6754
E-mail: ebsamuel@compuserve.com
Date: April 8, 1998
Number of Pages (incl. cover): 5

TO: Eric Farnsworth

FAX NUMBER: 456-7586

This is for Mack's call to Insulza. Please give me a call when you receive this.

Bryan

Open skies

o Our Presidents (signing/witnessing) an Open Skies agreement would be a dramatic indication of the importance they place on deepening the economic ties between the two countries.

o Signing the first Open-Skies agreement ^{before} between the U.S. and a South American country immediately ~~following~~ the Summit sets a positive example for others in our hemisphere to follow and highlights Chile's leadership.

o The U.S. is now willing to sign an agreement that does not contain provisional application.

o We respect Chile's position that the agreement would not become effective unless and until the DOT approves the LanChile/American Airlines application for antitrust immunity on terms acceptable to the government of Chile.

o This is an ongoing regulatory proceeding and we cannot make any assurances about the outcome.

Washington, D.C. October 28, 1997

Mr. Richard Behrend
Chairman
U.S. Delegation

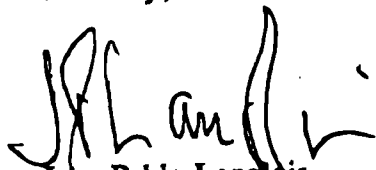
Dear Mr. Chairman:

This letter concerns the current negotiations between the United States and Chile regarding an open skies air transport agreement.

During the present aviation negotiations and the ones held in April 1997, the Chilean delegation emphasized that in a situation of free access to the markets it is necessary for the companies of both countries to be able to participate in alliances and/or other marketing arrangements between them, in order to obtain the full benefits of an open skies agreement.

The Chilean side has informed the U.S. side that the initialing of an open skies air transport agreement only means that such text is the final mutually-agreed text and that it will be possible for Chile to proceed to the signature of this agreement upon the grant by the competent U.S. authority, on terms acceptable to Chile, of the regulatory approvals, including antitrust immunity, as have been or may be requested by Lan Chile and/or American Airlines in connection with their code-share agreement and cooperative alliance.

Sincerely,



Juan Pablo Langlois
Chairman

Printed By: Whitney J. Witteman (AM)

ORIGIN HB-00

INFO	LOG-00	ACDA-08	ACDE-00	AMAD-01	ARA-01	ACQ-01	CIAE-00
	COME-00	DODE-00	DOEE-00	DOTB-00	SRFP-00	DS-00	BUR-01
	E-00	FAAE-00	UTED-00	H-01	TEDE-00	INR-00	IO-00
	L-01	ADS-00	NSAE-00	NSCE-00	OIC-02	OMB-01	PA-00
	PM-00	FRS-00	P-00	SF-00	SSO-00	SS-00	STR-00
	TRSE-00	USIE-00	SSD-01	FMB-00	DSCC-00	G-00	SAS-00
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DRAFTED BY: EB/TRA/AN:W WITTEMAN:WW
 APPROVED BY: EB/TRA/AN:R BEHREND
 ARA/BSC:J ROBERTS, DOT:C K COLDREN, NEC:L BRAINARD
 L/T:M M BRANDT, S/S:
 NSC:ERICE S/S:MQINN S/S-O:PGNELSON
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P 030151Z APR 98
 FM SECSTATE WASHDC
 TO AMEMBASSY SANTIAGO PRIORITY

UNCLAS STATE 059535

E.O. 12958: N/A
 TAGS: FAIR, RTIA, CI
 SUBJECT: OPEN SKIES WITH CHILE

REF: (A) 98 SANTIAGO 1013

1. This is an action request, see para 5.
 2. The U.S. and Chile initialed an Open Skies Agreement in late October. The Chileans made it clear at that time that they would not sign the agreement until DOT rules on a proposed alliance between Chilean carrier LANCHILE and American Airlines. That application is pending before DOT. The White House is looking for possible deliverables for the President's upcoming trip to Santiago.
 3. In response to reftel, DOT is not in a position to signal a likely outcome in its ongoing AA/LANCHILE proceeding. For the record, DOT did not issue any sort of assurances in the TACA case either.
 4. Per reftel, we understand GOC's position as not wanting to sign the agreement prior to DOT action. However, if the GOC will not sign the initialed document, we suggest removing the first sentence in Article 17 which provides for provisional application. If we and the GOC decide to proceed on that basis, we would have to agree that both sides would effect provisional application through an exchange of diplomatic notes.
 5. Post FYI: We would be willing to modify the initialed text for signature only during the Presidential visit. We would not be willing to remove provisional application from the text if the GOC prefers signing after the visit.
- ALBRIGHT

UNCLASSIFIED

Article 16

Registration with ICAO

This Agreement and all amendments thereto shall be registered with the International Civil Aviation Organization.

Article 17

Entry into Force

The competent aeronautical authorities of the United States of America and the Republic of Chile shall permit operations consistent with the terms of the Agreement upon signature. This Agreement shall enter into force upon an exchange of diplomatic notes following the completion of all necessary internal procedures of the Parties. Upon entry into force, this Agreement shall supersede Air Transport Agreements between the Government of the United States of America and the Government of the Republic of Chile of May 10, 1947 and March 12, 1997.

IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE AT _____, this _____ day of _____, 199____, in duplicate, in the English and Spanish languages, each text being equally authentic.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF THE REPUBLIC OF CHILE:

RB

EMBASSY OF CHILE
OFFICE OF THE AMBASSADOR
1732 Massachusetts Avenue, N.W.
Washington, D.C. 20036
(202) 785-1746 ext. 112

JD —
PFR —
JRH —
EBS —
AC —
PPC —
EPSC —
ARA/S
BSC Action

FAX : (202) 647-0791
DATE : March 31, 1998
NO. PAGES : 3 (cover included)
REF : OPEN SKIES AGREEMENT

The Hon. Jeffrey Davidow
Assistant Secretary of State
for Inter-American Affairs
U.S. Department of State

Dear Ambassador Davidow:

I have the honor to send to you an unofficial copy of President Eduardo Frei's letter of March 25, 1998, addressed to President William J. Clinton, concerning the Open Skies Agreement.

When the official copy is received in our office, it shall be forwarded it to you.

I avail myself of this opportunity to convey to you the assurances of my highest and most distinguished consideration.

Sincerely,



John Biehl
Ambassador

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003a. letter	English translation of letter from Eduardo Frei Ruiz-Tagle, President of Chile, to President William J. Clinton (2 pages)	03/25/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
Special Envoy for the Americas
Farnsworth, Eric
OA/Box Number: CF 1047

FOLDER TITLE:

Summit of the Americas, April 1998 [1]

2009-1155-F

ke2548

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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]
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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]

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003b. letter	Eduardo Frei Ruiz-Tagle, President of Chile, to President William J. Clinton [in Spanish] (2 pages)	03/25/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
Special Envoy for the Americas
Farnsworth, Eric
OA/Box Number: CF 1047

FOLDER TITLE:

Summit of the Americas, April 1998 [1]

2009-1155-F

ke2548

RESTRICTION CODES

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April 15, 1998

MEMORADUM FOR MIKE FROMAN

FROM: ERIC FARNSWORTH *EP*

SUBJECT: FURTHER ON MCLARTY/RUBIN

Per my message this morning, Mack wants to ensure that Secretary Rubin has the latest talkers we have been using on financial coordination issues in the hemisphere. I've gisted them here. Please call with any questions, 456-7580.

- Credible, comprehensive FTAA launch in Santiago critical to hemispheric efforts and success of the Summit. But must also focus on investment and financial stability as second side of the economic equation. Not just trade.
- Have heard from business representatives: trade agreements generally increase profits at the margins. But nothing can ruin a foreign commercial enterprise more quickly than financial instability including unexpected exchange rate fluctuations. Financial stability a necessary condition for investment and thus of broadbased economic growth.
- Latin America long considered an economic basket case--hyperinflation, debt burdens, closed economies, etc. Now, due to tough steps (capability and willingness of leaders), region is increasingly looked to as a model to emulate, not a model to avoid. We saw this at the recent APEC Summit in Vancouver and at the WEF in Davos, where Asian and other officials actively sought out Latin America leaders for economic advice.
- We have highlighted financial issues in the hemisphere. Worked together after the Miami Summit to stabilize Mexico in the wake of the peso crisis. Real success--full, accelerated repayment of loans, quick recovery of others from the so-called tequila effect.
- Finance Ministers meetings--Bob Rubin-led efforts in New Orleans in early 1996, Santiago last December--have ordered the process, helped us build a hemispheric financial architecture. Integral part of overall Summit agenda important to all our citizens. Not just Wall Street, also Main Street.
- Summit in Santiago will reaffirm, incorporate decisions of Finance Ministers. Acceptance of Basle recommendations on transparency, regulations, banking reform. Must not overlook the progress already made, and we are prepared to take additional steps. Credible, concrete progress. Working together as partners to lift all our peoples lives.

March 6, 1998

MEMORANDUM FOR MACK MCLARTY

FROM: ERIC FARNSWORTH *EF*

SUBJECT: HEMISPHERIC FINANCIAL INITIATIVES

Finance Ministers agreed in December to a six-point action agenda detailed below. Four of the six action items have been consolidated and are being including in the Summit Plan of Action, while the remaining two are addressed in other sections. The action plan includes:

- Implementation of the Basle Core Principles on banking supervision, with international monitoring, including creation of a working group on transparency and disclosure
- Additional supervisor training with support from the MDB's;
- World Bank efforts to ensure efficient and secure clearance and settlement standards for banking and securities markets;
- Creation of special financial crimes units with enhanced cooperation;
- Creation of a special FTAA working group on financial services; and
- improved legal and regulatory guidelines to increase the availability of microenterprise credit and microfinance institutions.

The proposed Summit of the Americas language is attached, as is a summary of the Joint Ministerial Statement.

In you interview, you might stress financial coordination efforts, clear and definable rules of the game for investment, open markets, transparency and oversight, and a process already established to prevent the worst effects of the Asian flu.

*Follow-up on date
action for implementation
of Basle recommendations
Date of release
to WPA of Group*

SUMMARY OF JOINT MINISTERIAL STATEMENT (A.K.A. THE "COMMUNIQUE")

I. Main Text: The communique notes that ministers met to discuss economic developments and agreed that improved fundamentals had helped preserve confidence, but that recent turbulence lends greater urgency to sound macro policies and strengthening and modernizing financial systems. Ministers reaffirmed their commitment to deeper integration in the hemisphere.

Ministers agreed that mobilizing savings and channeling them to productive investments required deep and broad financial markets, and they committed themselves to continue the process of financial market strengthening, modernization, and integration already underway. They urged special attention to improving accounting and auditing standards; strengthening prudential regulation and supervision of banking and securities markets; and combating financial crimes domestically and through international cooperation. Ministers agreed that "second generation" reforms were needed to ensure long-term prosperity, including reforms of regulatory, legal and judicial systems; fighting corruption; ensuring adequate property rights and secured lending; credit for microenterprises; pension reform, and education. Finally, they welcomed the HIPC debt relief initiative and the decisions that Bolivia and Guyana are eligible under the HIPC.

Annex A: Principles for Strengthening, Modernizing, and Integrating Financial Markets:

Ministers endorsed the *Report of the Working Party on Financial Stability in Emerging Market Economies* and urged implementation of its recommendations to strengthen financial systems. They endorsed the *Basle Core Principles for Effective Banking Supervision*. They agreed on the need for improved transparency, corporate governance, bankruptcy and creditor rights, and property rights and secured lending. They agreed to enhanced training programs for banking and securities markets supervisors and called for greater cooperation and international exchange of information between supervisors. Finally, Ministers committed to intensified action to combat money laundering, including endorsement of the efforts of the Financial Action Task Force and other international organizations. Annex A concludes with a request for the IMF, World Bank, and IDB to support efforts to strengthen financial systems.

Annex B: Initiatives: There are six initiatives. The first calls on countries to implement the *Basle Core Principles for Effective Banking Supervision* and asks the Association of Latin American and Caribbean Bank Supervisors to monitor countries' progress and to report back to the CHFI by the end of 1998. It also calls for the creation of a working group on transparency and disclosure to help identify needed improvements and propose targets and deadlines for those to be achieved. The second initiative calls for more supervisor training and asks support from the multilateral institutions. The third initiative calls on the World Bank and IOSCO to spearhead an effort to ensure efficient and secure clearance and settlement standards for banking and securities markets. The fourth initiative calls for creation of special units or to combat financial crimes, and to expand international cooperation in that area. The fifth initiative calls for the creation of a special FTAA negotiating group for financial services. The sixth and final initiative calls for the World Bank and IDB to develop legal and regulatory guidelines to increase the availability of microenterprise credit and facilitate the establishment of microfinance institutions.

REPUBLIC OF CHILE
Ministry of Foreign Relations
General Coordinations
Second Summit of the Americas

III. ECONOMIC INTEGRATION AND FREE TRADE

Jointly with initiating negotiations on the Free Trade Area of the Americas, we have defined a series of supplementary actions aimed at deepening the process of economic integration, strengthen mechanisms to counteract the eventual negative effects that globalization may produce, facilitating transparency, efficiency and security in internal and international transactions, and contributing so that the benefits of integration cover all sectors of society. In this context, we have prepared a series of proposals to progress in the programs of science and technology, deepen the energy cooperation programs and establish additional initiatives in order to develop hemispheric infrastructure, in particular in the field of transportation and telecommunications.

*add
Asia
Fin m/b
Security*

Strengthening, Modernizing and Integrating Financial Markets

Governments will:

- Strengthen banking supervision in the hemisphere through: implementation of the Basle Core Principles for Effective Banking Supervision; training programs to strengthen supervisory capacity; and establishment sound, high-quality reporting and disclosure standards for banks, and creation of a Working Group to assist countries in this process. *of*
- Improve banking and securities market clearance and settlement systems in the hemisphere, in order to facilitate the transparency, efficiency and security of internal and cross-border transactions.
- In the Free Trade Area of the Americas (FTAA) process, establish a separate financial services negotiating group in the context of a single undertaking.

*cc ANA MARIA
CARL
DAN*

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From: Rachel Bayly *RB*

Subject: SOA/Finance Ministers

COMMENTS:

As discussed. I don't know that this will provide much additional useful information for your purpose, but I think there's an argument for the President's envoy to Latin America having a copy of these documents!



**Summit of the Americas
Second Western Hemisphere Finance Ministers' Meeting**

Joint Ministerial Statement

**Joint Ministerial Statement
Summit of the Americas
Second Western Hemisphere Finance Ministers Meeting
Santiago, Chile
December 2-3,1997**

INTRODUCTION

1. We, the Finance Ministers of the 34 countries participating in the Summit of The Americas, met in Santiago, Chile to discuss achieving sustainable economic growth in an increasingly integrated world and building more open, transparent and integrated financial markets in the hemisphere, in accordance with the commitment of our Heads of State and Government.
2. Our discussions on economic and financial developments in the western hemisphere and globally were especially timely and useful in light of recent turbulence in world-wide financial markets. We noted that improved economic fundamentals in the region have helped to preserve confidence. We agreed that recent financial and exchange market volatility lent greater urgency to our common agenda of pursuing sound macroeconomic policies and strengthening and modernizing financial markets in our countries, and reaffirmed our commitment to deeper integration in the western hemisphere.

MACROECONOMIC POLICIES TO PROMOTE PROSPERITY

3. As recent events demonstrate, sound and consistent macroeconomic policies are essential in achieving prosperity, reducing poverty and ensuring sustainable economic growth while maintaining financial market stability. The challenge is to establish a lasting, credible policy framework that can respond to economic shocks and adapt to a changing global economic environment.
4. Within the region, we have made significant progress in establishing sound fiscal and monetary policies, in opening our economies and in achieving and maintaining price stability. This has instilled confidence and provided new opportunities for economic activity. It has also presented new macroeconomic challenges. In this context, we are determined to ensure that current account deficits are financed in a sustainable manner and to avoid significant and prolonged misalignments in exchange rates.
5. Our economies have benefitted from the expansion of international capital flows, and we affirm our commitment to financial integration. These flows have also presented us with important policy challenges. To that end, some of our countries have found the use of market-based prudential safeguards to be a useful complement to, but not a substitute for, sound macroeconomic policies, strong prudential regulation and supervision, and an active effort to promote capital market development.

6. In order to ensure greater prosperity, we need to complement stability with higher rates of investment in both physical and human capital. Meeting a country's investment requirements while at the same time reducing external vulnerability by avoiding unsustainable current account deficits requires increasing national savings through private and public efforts. We are working to increase national savings both directly through strengthening fiscal positions and indirectly by eliminating tax and regulatory disincentives to saving. We also encourage financial market development as a means to foster private sector savings.
7. In order to facilitate the conduct of economic policy and enhance market confidence, it is important to improve the quality and availability of macroeconomic and financial data. To that end, we welcome the adoption of the Special Data Dissemination Standard (SDDS) by the IMF, which promotes the prompt dissemination of high quality macroeconomic and financial data. Seven countries of the western hemisphere have already subscribed. While recognizing that the appropriate pace of implementation varies by country, we encourage wider subscription to this standard.

STRENGTHENING, MODERNIZING AND INTEGRATING FINANCIAL MARKETS

8. Having made substantial progress in achieving our macroeconomic stabilization goals, we are now seeking to increase national savings and ensure that those savings are well invested. In this effort, our hemisphere's financial markets play a central role. Our financial markets need to be deep enough and broad enough to meet a great diversity of trade, investment and financing needs. To achieve this, our countries must continue the process of financial market strengthening, modernization and integration that is already under way, and innovation should be encouraged.
9. We recognize that lower barriers among soundly-regulated financial markets will contribute to a freer flow of capital and accelerate capital market development. We support the financial services negotiations in the World Trade Organization and urge all countries to work towards a successful outcome. We also agree that financial services warrant special attention in our efforts to develop a Free Trade Area of the Americas (FTAA). We view the integration of our financial markets as being both supportive of and a counterpart to the free trade of goods and other services.
10. We urge particular attention to the following issues, which are elaborated upon in Annex A: (a) improving transparency and disclosure through high quality, internationally-acceptable accounting and auditing standards; (b) strengthening prudential regulation and supervision of banking activities; (c) strengthening the legal, regulatory and supervisory environment for securities markets and addressing specific operational issues; (d) promoting integration of financial markets within the hemisphere; and (e) combating financial crimes through both domestic action and greater regional and international cooperation.

SECURING LONG-TERM PROGRESS

11. Our experience has shown that reform does not stop with macroeconomic stabilization. A "second generation" of reforms is needed to provide broad-based access to economic opportunity and to ensure long-term prosperity and growth. Such reforms are now underway in many countries. In addition to financial market development, next steps include:

◆ *Investment Climate*

- *Regulatory, legal and judicial reform.* Establishing the conditions that support innovation and competition -- including transparent, stable, fair and effective regulatory regimes, judicial processes and tax regimes -- is essential to promote private sector investment.
 - *Fighting corruption.* Effectively fighting corruption enhances the integrity, credibility and accountability of the state and creates a more attractive investment climate.
 - *Property rights and secured lending.* In order to broaden access to finance, reforms are needed to facilitate or allow the use of a variety of types of property as collateral in financial transactions, including real property and moveable tangible and intangible assets. This includes: clear and secure property rights; improved systems for titling and registering real property (especially important to enable small property owners access to financing) and improved systems for recording and enforcing security interests.
- ◆ *Credit for microenterprises.* Credit access for microenterprises is an important element of sustainable and equitable development, and we encourage measures to increase the availability of finance to microentrepreneurs.
- ◆ *Pension reform.* Pension system reforms, whether they emphasize privately administered pension funds or building up reserves in public pension funds which are then invested in financial markets, can help avoid or reduce fiscal pressures. They may also help foster capital market development.
- ◆ *Private sector participation in infrastructure finance.* The development of financing techniques which channel private savings to investment in infrastructure is necessary. Deep and broad capital markets, particularly bond markets, can help meet this need.
- ◆ *Education.* Education is an engine of sustained economic growth, as it plays a central role in enhancing productivity. An educated, trained workforce is essential to reduce poverty and promote equitable development.

12. We welcome the Heavily Indebted Poor Countries (HIPC) initiative to address the multilateral debt problem of the heavily indebted poorest countries, which targets overall debt sustainability on a case-by-case basis, and enables poor countries with good policy performance to focus their energies on sustainable development and poverty reduction. We welcome the decisions that Bolivia and Guyana are eligible for relief under the HIPC initiative, and encourage continued implementation of the HIPC initiative for eligible countries in the region.

CONCLUSION

13. We thank the IDB for its work in supporting the Committee on Hemispheric Financial Issues (CHFI) since our first meeting of Ministers in New Orleans in May 1996. We look forward to the Bank's participation in our future efforts. The CHFI will meet twice a year to assess economic and financial developments in the region, including progress on the issues referred to in Annex A and on the specific initiatives identified in Annex B, and to discuss issues of common interest. We look forward to the Summit of the Americas in Santiago, Chile on April 18-19, 1998.

ANNEXES

- A. Principles for Strengthening, Modernizing and Integrating Financial Markets
- B. Initiatives

ANNEX A: PRINCIPLES FOR STRENGTHENING, MODERNIZING AND INTEGRATING FINANCIAL MARKETS

1. Financial markets that mobilize and efficiently allocate savings are essential to meet our economies' large and diverse financing needs. They function most effectively when they operate competitively and transparently, with appropriate incentives for market participants and sound prudential regulation and supervision. We encourage strengthening, modernizing and integrating the region's financial markets based on these principles.
2. We believe this can be achieved through individual country efforts and collaboration, with the help and support of the international community. Consistent with these objectives, we welcome and endorse the *Report of the Working Party on Financial Stability in Emerging Market Economies*, which elaborates an overall strategy to strengthen financial systems, and encourage our national governments and financial authorities to consider implementing its recommendations.

Improving Transparency and Disclosure

3. We recognize the role of high quality, transparent and comparable reporting and disclosure of firms' financial information in supporting investor confidence in capital markets, and seek to

promote the use of high quality, internationally acceptable accounting standards by firms. We encourage our securities regulators to adopt high standards in information disclosure and to ensure that the information is available in a timely manner. We support greater harmonization of accounting procedures and concrete steps towards consistency of information disclosure.

4. We support ongoing efforts by securities regulators and the accounting profession to develop high quality accounting standards that are acceptable on a global basis. We welcome the work that the Inter-American Development Bank (IDB) is undertaking to support countries' reform in this area.

Strengthening Prudential Regulation and Supervision of Banking Activities

5. The key goal of banking regulation and supervision should be to promote the efficiency, safety and soundness of banking systems. It should seek to support and enhance market functioning, by establishing basic rules and ensuring that they are observed. Sound prudential regulation and supervision should be complemented by internal governance, market discipline and appropriate enforcement.
6. Key ingredients supporting internal governance and market discipline include public disclosure; enhanced accountability by directors and managers; ownership structures that foster shareholder oversight; sound risk management; adequate capital requirements; and design and application of safety net arrangements that limit moral hazard. The use of rating agencies, independent external auditors and credit bureaus can also play an important role in supporting the objectives of governance and market discipline.
7. We endorse the *Core Principles for Effective Banking Supervision* developed jointly by the Basle Committee and representatives of emerging market economies, and encourage national governments and financial authorities to implement its recommendations. The Principles constitute minimum requirements that may need to be strengthened or complemented with additional measures and legislative changes.
8. Developing and maintaining a highly skilled, well trained supervisory staff is one of the cornerstones of prudential supervision. We encourage our national bank supervisory agencies to strengthen their supervisors' training and development. To supplement national efforts, we also support the work of other organizations in providing training programs consistent with international principles and practices and tailored to the needs of the region, including the training program being developed by the Association of Latin American and Caribbean Bank Supervisors.

Strengthening the Framework for Securities Market Development

9. Securities market development is integral to mobilizing savings more effectively and expanding the array of investment options available to domestic and foreign investors. Deeper

and more diversified securities markets will increase the availability of capital to investors at competitive costs and offer savers new instruments for increasing their return and diversifying risk.

10. A transparent and stable legal and regulatory climate conducive to investment is essential for the development of securities markets. In particular, we encourage improvement of legal and regulatory regimes with respect to: corporate governance, including minority shareholder rights; bankruptcy and creditor rights; taxation; property rights and secured lending.
11. Legal, supervisory, regulatory and operational issues specific to securities markets must also be addressed. We support the ongoing efforts by the International Organisation of Securities Commissions (IOSCO) to develop core principles for the supervision of securities markets. We encourage laws and regulations to prevent fraud and insider trading and protect investors while permitting the development of new types of securities that respond to the needs of the market. In addition, reliable and efficient market infrastructure systems, such as clearance and settlement systems, depository systems and custody systems, are critical to the development of securities markets. We encourage the responsible institutions in our countries to strengthen these important functions.
12. The development of efficient and transparent government securities markets to promote effective public debt management and to provide a benchmark for other investments is important in facilitating further securities market development and integration.
13. To strengthen information disclosure, we encourage the development of credible private rating agencies and the use of effective, independent external auditing firms. Credible rating agencies and independent external auditors encourage investor confidence and promote market discipline. We recognize the importance of having external audits conducted in accordance with a comprehensive body of high quality auditing standards. We endorse the Council of Securities Regulators of the Americas (COSRA) 1997 Principles for Oversight of Independent Auditors, which are intended to enhance securities market regulatory authorities' oversight of independent auditors.
14. To ensure transparency and investor confidence in securities markets, we encourage the development of an organizational structure for over-the-counter (OTC) transactions that informs investors of market developments and helps prevent hazardous financial practices.
15. Recognizing that for capital markets to grow and mature, individual investors must know how to save and invest wisely, Ministers welcome the decision by the Council of Securities Regulators of the Americas (COSRA) to implement an investor education and protection campaign, to be launched during an investor education and protection week scheduled for March 30 - April 3, 1998, and encourage each COSRA member to implement the campaign to the fullest extent possible.

16. As we have noted in the case of bank supervision and regulation, developing and maintaining a highly skilled, well trained supervisory staff is essential. We encourage our securities market supervisory agencies to strengthen their supervisors' training and development. To supplement national efforts, we also support the work of other organizations in providing training programs consistent with international principles and practices and tailored to the needs of the region, and welcome the support of the IDB.

Promoting Integration of Financial Markets

17. We welcome the substantial activity already underway in the region to advance the process of regional and subregional economic and financial integration. There is a close link between the liberalization of trade (including financial services) and the development and liberalization of financial markets. Greater financial integration will be accompanied by a wide spectrum of new opportunities, both for investment financing and risk diversification. Through this dynamic process, integration will also spur development of our domestic financial markets and, by facilitating investment, will foster employment and growth. We urge each country to incorporate integrated, elevated standards of financial supervision and regulation within its ongoing activities, as a means of accelerating the region's integration into global financial markets.
18. We encourage the deepening of cooperation among regulators in the region, including the Association of Latin American and Caribbean Bank Supervisors, COSRA, the Central American Council of Supervisors of Bank, Insurance and Other Financial Institutions, the Central American Monetary Council, the Caribbean Supervisors Group and the Offshore Group of Banking Supervisors, and note the special role these organizations can play in bringing about elevated standards in the hemisphere and fostering sub-regional as well as regional financial integration.
19. We recognize that financial conglomerates are spurring integration of financial markets and are becoming larger, more diversified, more complex and ever more global in nature. We encourage the deepening of cooperation among supervisors, within and across sectors, both domestically and across borders, to address issues raised by internationally active conglomerates.
20. We endorse the report on the *Supervision of Cross-border Banking*, prepared by a joint working group of the Basle Committee and members of the Offshore Group of Banking Supervisors, and encourage national governments and banking authorities to implement its recommendations, which are to improve consolidated supervision of banks.
21. We support bilateral arrangements for on site inspection of branches and subsidiaries of financial institutions and for information exchange between supervisors, subject to maintaining appropriate confidentiality. We acknowledge that the availability of meaningful information

and concrete possibilities for on-site inspection are important elements of effective cross-border supervision.

22. We acknowledge the role of international treaties on double taxation in promoting cross-border investments and we encourage the conclusion of bilateral income tax treaties within the region as well as with other areas of the world.

Combating Financial Crimes

23. We reaffirm our commitment to intensified action to combat money laundering. (The term money laundering is defined throughout this communique to include the laundering of both money and other assets.) We continue to recognize money laundering as a priority concern and one which threatens the integrity of our financial markets and our economic and political systems. We affirm the need for adopting and effectively implementing international and regional anti-money laundering standards, and encourage the establishment of mechanisms to facilitate cooperation in the international investigation and prosecution of money laundering activities.
24. We encourage and support the efforts of regional organizations such as the Caribbean Financial Action Task Force and OAS/CICAD to combat money laundering in the region. We applaud those countries in our region that have taken strong measures to combat money laundering, and encourage adoption of additional measures needed to address the problem.
25. Governments in the region should agree to implement the anti-money laundering components of the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. They also need to agree to adopt and effectively implement the international standards set forth in the 40 Recommendations of the Financial Action Task Force, the additional 19 Regional Recommendations of the Caribbean Financial Action Task Force (CFATF), the OAS/CICAD Model Regulations and the Summit of the Americas Ministerial Communique on Money Laundering. Specifically we encourage governments to criminalize money laundering related to all serious crimes, consider reporting of cross border movement of large amounts of currency or financial instruments, consider reporting of large currency transactions at financial institutions, and require the reporting of suspicious financial activity by financial institutions. We welcome the efforts underway at the OAS to oversee the implementation of the Plan of Action agreed at the 1995 Meeting of Ministers in Buenos Aires.
26. Integration of financial markets increases the need for cooperation among securities regulators to enforce domestic laws. Enhancing regulators' ability to cooperate with one another will increase market integrity and investor confidence throughout the hemisphere. We fully support the efforts of COSRA members to enhance law enforcement efforts by using existing legal authority and promoting new laws to improve their ability to gain greater access to information and provide assistance to other financial regulators and law-enforcement agencies. We will

work with COSRA members to ensure that they have the legal authority needed to compel the production of nonpublic information on behalf of a foreign financial regulator or law-enforcement agency and to provide such information to the requesting authority.

27. We urge greater attention to fighting corruption and bribery, in order to enhance the integrity, credibility and accountability of the state and to improve countries' investment climates. To that end, Ministers encourage the adoption of measures such as: making rules more transparent, clarifying and streamlining laws in ways that reduce official discretion, developing mechanisms to punish not only the seller but also the buyer of public favors, and designing educational and policy programs to prevent this problem. We urge the international financial institutions to further their work on capital market development and good governance, particularly with respect to anti-corruption measures, by more fully integrating anti-money laundering programs into their operations. We welcome the efforts by other international organizations to combat bribery in international business transactions. These efforts include negotiation of a convention to criminalize bribery by foreign public officials and a commitment to end the tax deductibility of such bribes.
28. We also welcome the ongoing efforts of the OAS, with the assistance of the IDB, to provide training and technical assistance to fight financial crimes.

Year 2000 Issues

29. Ministers call on the financial regulators of each country to develop supervisory plans to ensure that the firms they supervise identify and address Year 2000 issues in a timely and comprehensive manner, and make progress on the implementation of their strategies during 1998, so that, where necessary, solutions can be compared or shared.

Support of International Financial Institutions

30. We encourage the IMF, the World Bank and the IDB to work in a coordinated fashion to promote the adoption and implementation of sound principles and practices in the region as recommended in the April 1997 *Report of the Working Party on Financial Stability in Emerging Market Economies*. We encourage the IMF to play a leading role in monitoring the adoption of such principles through its surveillance activities. We encourage the World Bank, the IDB, the Caribbean Development Bank (CDB), the Central American Bank for Economic Integration (CABEI), and the Corporación Andina de Fomento (CAF), through their lending, policy advice, and technical assistance to: promote sound, market-oriented financial systems; strengthen supervisory regimes and agencies; assist in the restructuring of failed institutions, the privatization of state-owned banks, and the development of financial and legal infrastructure; and support microenterprise development.

ANNEX B: INITIATIVES**STRENGTHENING AND PROMOTING FINANCIAL STABILITY**

1. Building upon the commitments contained in the Communiqué which call for the adoption and implementation of the *Basle Core Principles for Effective Banking Supervision*:
 - (A) Ministers call on the Association of Latin American and Caribbean Bank Supervisors, coordinating with subregional supervisory associations, to monitor countries' implementation and report to the CHFI annually on (i) the region's progress and (ii) recommendations for Finance Minister action to advance the process. The first report would be provided no later than December 1998.
 - (B) As a first step, Ministers call on each country's banking supervisory authorities to prepare an assessment for the CHFI of their country's implementation of the *Core Principles* to date, including any significant impediments to implementation (such as lack of statutory authority), by the end of June, 1998. These assessments will also be provided to the Association.
 - (C) To help advance this initiative and build on international efforts to improve financial transparency and disclosure requirements, Ministers recognize the need for bank supervisory authorities to establish sound, high quality reporting and disclosure requirements for banks. To this end, Ministers call on bank supervisory authorities and other interested parties, under Chile's chairmanship, to establish a Working Group on Transparency and Disclosure to: (a) prepare, in consultation with the Ministers, assessments of the current status of bank reporting and disclosure requirements in individual countries, including identification of where the accounting requirements differ from high-quality, internationally accepted accounting principles; (b) propose specific targets for strengthening reporting and disclosure requirements and (c) propose a calendar to achieve these targets in individual countries. The working group will report to the CHFI its progress by December 1998 and its recommendations by mid-1999, and may call on the international financial institutions as needed.

STRENGTHENING FINANCIAL MARKETS

2. **Bank Supervisor Training.** In order to improve the supervisory capacity in individual countries, Ministers call on national, regional and other subregional banking supervisory authorities, including the Association of Latin American and Caribbean Bank Supervisors, to implement bold supervisory training programs to achieve the highest levels of instruction in the most relevant issues of supervision, and ask them to report annually to the CHFI on their progress. Ministers call on the multilateral institutions to support further training programs in this area.

3. **Clearance and Settlement Systems.** To facilitate the transparency, efficiency and security of cross-border transactions: (a) Ministers call on the World Bank Group, in conjunction with IOSCO, the IDB and other interested parties, to compare existing clearance and settlement systems of Latin American and Caribbean countries to standards of the Bank for International Settlement and to the framework outlined in the IOSCO paper, *Clearing and Settlement in Emerging Markets: A Blueprint* by December 1998; (b) and, based on this review, Ministers call on national and regional authorities to implement changes which promote efficient and secure clearance and settlement systems consistent with those standards.
4. **Combating Financial Crimes.** Ministers agree to the establishment of special units, where they do not exist, or to the strengthening, where necessary, of existing procedures, to combat financial crimes and to collect, analyze, and share information with competent authorities relating to financial crimes, including money laundering. Ministers also agree to ask their experts to identify obstacles to national and international coordination with a view to facilitating timely sharing of information on financial crimes, including money laundering, subject to maintaining appropriate confidentiality, and to develop mechanisms of coordination that will facilitate timely sharing of information on financial crimes and money laundering between national governments.

ESTABLISHMENT OF AN FTAA FINANCIAL SERVICES NEGOTIATING GROUP

5. Ministers agree that in the Free Trade Areas of the Americas (FTAA) process, financial services should be dealt with in a separate negotiating group in the context of a single undertaking.

EXPANDING ACCESS TO CREDIT AND BROADENING ECONOMIC OPPORTUNITY

6. **Credit for microentrepreneurs and small businesses.** To assist countries that are interested in the development of microfinance and credit to small businesses, Ministers call on the IDB, in conjunction with the World Bank and the Consultative Group to Assist the Poorest (CGAP) to develop guidelines for (1) a legal, supervisory and regulatory reforms for increasing the availability of credit to microentrepreneurs and small businesses, including recommendations on such issues as collateral requirements and interest rates regimes; and (2) a legal, supervisory and regulatory framework for specialized microfinance institutions. In this regard, Ministers are encouraged that the IDB's Multilateral Investment Fund (MIF) is prepared to allocate significant resources to support microfinance institutions, and Ministers call on the IDB and the MIF to expedite approval of such MIF programs. The Ministers also encourage the members of other regional and subregional financial institutions to expand their activities in this area.



**Summit of the Americas
Second Western Hemisphere Finance Ministers' Meeting**

**Finance Ministers' Recommendations to Heads of Government
for the April 1998 Summit of the Americas**

Finance Ministers' Recommendations to Heads of Government for the April 1998 Summit of the Americas

We, the Finance Ministers of the 34 countries participating in the Summit of The Americas, met in Santiago, Chile on December 2-3, 1997, to discuss (i) achieving sustainable economic growth in an increasingly integrated world and (ii) building more open, transparent and integrated financial markets in the hemisphere. We issued a communique and established an action plan of six initiatives to aid in strengthening, modernizing and integrating our hemisphere's financial systems.

On the basis of our discussions, we recommend to our Heads of Government the language and initiatives below for their endorsement in the Declaration of Principles and the Action Plan of the April 1998 Santiago Summit of the Americas. The recommended initiatives draw on our action plan, highlighting those items which most clearly lend themselves to Presidential endorsement.

Declaration of Principles -- Recommended Language

Economic Policy

Within the region, we have made significant progress in establishing sound fiscal and monetary policies, in opening our economies and in achieving and maintaining price stability. Improved economic fundamentals in the region have helped to preserve confidence against a backdrop of global financial instability. We agreed that recent financial market volatility lent greater urgency to our common agenda of pursuing sound macroeconomic policies and strengthening and modernizing financial markets in our countries, and reaffirmed our commitment to deeper economic and financial integration in the western hemisphere.

Securing Long-term Progress

Our experience has shown that reform does not stop with macroeconomic stabilization. A "second generation" of reforms is needed to provide broad-based access to economic opportunity and to ensure long-term prosperity and growth. Such reforms are now underway in many countries -- in such areas as judicial processes, education, financial system development and support for microenterprises and small businesses.

Strengthening, Modernizing and Integrating Financial Markets

Having made substantial progress in achieving our macroeconomic stabilization goals, we are now seeking to increase national savings and ensure that those savings are well invested. In this effort, our hemisphere's financial markets play a central role. Our financial markets need to be deep enough and broad enough to meet a great diversity of investment and financing needs. To achieve this, our countries must continue the process of financial market strengthening, modernization and integration that is already under way, and innovation should be encouraged.

We join our hemisphere's Finance Ministers in urging particular attention to the following issues:

(a) strengthening prudential regulation and supervision of banking activities; (b) strengthening the legal, regulatory and supervisory environment for securities markets and addressing specific operational issues; (c) improving transparency and disclosure through high quality, internationally-acceptable accounting and auditing standards; (d) promoting integration of financial markets within the hemisphere; and (e) combating financial crimes through both domestic action and greater regional and international cooperation.

Plan of Action -- Recommended Initiatives

"Strengthening, Modernizing and Integrating Financial Markets

Governments will:

- o Strengthen banking supervision in the hemisphere through: implementation of the Basle *Core Principles for Effective Banking Supervision*; training programs to strengthen supervisory capacity; and establishment sound, high-quality reporting and disclosure standards for banks, and creation of a Working Group to assist countries in this process.
- o Improve banking and securities market clearance and settlement systems in the hemisphere, in order to facilitate the transparency, efficiency and security of internal and cross-border transactions.
- o In the Free Trade Area of the Americas (FTAA) process, establish a separate financial services negotiating group in the context of a single undertaking."