



Changing the Balance of Trade: Promoting Sustainability Assessments in the Americas

**A Workshop Hosted by WWF and CEDA
29-30 October 2002, Quito, Ecuador**

TABLE OF CONTENTS

I. WORKSHOP REPORT.....	1
1) BACKGROUND.....	1
2) THE PROCESS.....	1
3) THE CONTENT.....	3
4) POST WORKSHOP ACTIVITIES.....	5
5) EVALUATION OF RESULTS.....	5
II. WORKSHOP AGENDA.....	6
III. LIST OF PARTICIPANTS	9
IV. ANNEXES.....	13
<i>ANNEX 1 POWER POINT PRESENTATIONS.....</i>	<i>13</i>
<i>ANNEX 2 Brainstorm for Recommendations: Day 2 "What can we do on sustainability assessments within the context of the ftaa?".....</i>	<i>14</i>
<i>ANNEX 3 The hemispheric trade and environment forum to the vii ministerial conference of the ftaa 31 October 2002, Quito</i>	<i>19</i>

I. WORKSHOP REPORT

1) Background

On October 29-30, 2002, WWF and the Centro Ecuatoriano de Derecho Ambiental (CEDA) - an Ecuadorian based NGO - co-hosted and co-sponsored a day and a half workshop on Sustainability Assessments in Quito, Ecuador. This workshop was part of a Civil Society Forum that was held a few days prior to the seventh Free Trade Area of the Americas (FTAA) Ministerial. During the Civil Society Forum - an initiative spearheaded by CEDA - representatives from over forty civil society organizations met in Quito to discuss the role played by environment and sustainable development policies in the ongoing Free Trade Area of the Americas' negotiations. The Forum was set up in such a way that five workshops on different trade and environment issues took place concurrently. The Sustainability Assessment workshop was well attended with about 15-16 people present at all times. Representatives from the government, NGO and academia were present from South and North America including participants from Ecuador. Many of the participants indicated an active or potentially active interest in using Sustainability Assessments within their current work or had significant experience on the issue or in conducting sustainability assessments themselves. Simultaneous translation in English and Spanish was provided to participants.

The workshop had three basic objectives, as outlined in the Agenda:

- To share information and experience on sustainability assessment-related issues among the different countries of the Americas;
- To explore the usefulness of Sustainability Assessment as a tool for trade policy making in Latin America; and
- To identify lessons learned and develop recommendations on the use and applicability of Sustainability Assessments in Latin America within the FTAA negotiations context.

Overall the workshop aimed to address the question: "How can Sustainability Assessments deliver relevant policy making results and inform policy-making in the Americas"? The second day was set aside to formulate recommendations on Sustainability Assessments that would be conveyed, along with the recommendations from the other four Civil Society Forum workshops, during a 35 minute presentation to the FTAA Ministers later that week.

2) The Process

The workshop took place at the *Centro Internacional de Estudios Superiores de Comunicación para América Latina (CIESPAL)*, in downtown Quito and as anticipated by the agenda (Attachment 1), Hernán Blanco from RIDES (Chile) chaired the day and a half-long workshop.

After opening remarks by the chair and co-hosts (Claudia Saladin -WWF-US and Maria Amparo Albán - CEDA), a review of the agenda, and brief personal introductions around the table, there were four short general presentations to set the context on SAs. (1) Hernán Blanco gave a presentation on sustainability assessments in trade agreements and their application within the Latin American and FTAA contexts. (2) Dr. Christina Sevilla - Director for Intergovernmental Affairs at the Office of the United States Trade Representative (USTR) - focussed on a discussion of the US experience in assessing the environmental impacts of proposed trade agreements- including a short historical background, outlined how USTR conducts reviews, and gave an overview of how reviews fit into the broader trade negotiating process. Christina's presentation was simulcast live on USTR's website and can be accessed at <http://www.ustr.gov/new/ftaa-quito-webcasts.htm>. Christina had to leave shortly after her presentation so we had a question and answer session after her talk to allow for interaction. That session was also simulcast live over USTR's website. (3) Next, Claudio Ramirez talked about Canada's experience in conducting environmental reviews of trade negotiations, the framework they use to approach these reviews, the challenges they face and the methodology they utilize. (4) Kevin Gallagher provided a critical assessment of the economic analysis of USTR's environmental review of the FTAA by focussing on the limitations of the USTR's approach and presenting an alternative framework to USTR's. We had hoped that Christina Sevilla would be present to hear and to comment on Kevin's presentation but, unfortunately, she was unable to due to a prior engagement.

Four Sustainability Assessment case studies were presented to illustrate how Sustainability Assessments are being utilized today and to highlight different experiences in specific sectors. Juan Carlos Guzmán from CEDA presented on CEDA's case study on the banana sector in Ecuador, Juan Rodrigo Walsh (FARN - Argentina) presented on their project on environmental impact assessments in the Americas with a focus on Argentina, Maria Onestini (CEDEA - Argentina) presented the case study that CEDEA conducted on the Fisheries Sector in Argentina within the framework of UNEP's sectoral sustainability assessments and Tim Wise presented his case study on the environmental impacts of the corn trade after NAFTA. Each presentation was followed by a Q & A session. The day ended with a summary of the day's discussions.

3) The Content

General themes, concerns, and ideas: The following outline aggregates themes and questions raised by participants during the general discussion and throughout the day:

Summary of main comments

- Official SA apparatus as part of the official negotiations should be participatory.
- Assessments could use a mix of methods & approaches.
- Ex ante assessments should be informed by lessons learned from ex-post studies, *e.g.* lessons learned from NAFTA should inform the FTAA Assessment.
- On-going commitment for evaluation and monitoring (IADB, CEPAL, World Bank, others) is needed.
- It is important to combine monitoring & ex-post analyses and to build capacity for monitoring.
- Sustainability Assessments might contribute to understanding who the winners and losers in an agreement are. This will not only allow an analysis of the environmental impacts, but will also permit an analysis of political and regulatory impacts (*e.g.* losers create a deregulatory pressure).
- Examine ex-post policies and utilize them as a means of learning from past experiences and lessons.
- There are limits to traditional econometric approaches.
- For the future, it is important to identify benefits of economic integration while avoiding unforeseen environmental, social and economic costs. Otherwise, not taking into account social/environmental impacts will eventually have an economic cost/impact down the road.

Civil society participation

- Civil society participation is critical and should be a gradual, visible and organized process that starts early on in the trade negotiations process.
- Non-traditionally considered constituencies, including local and state governments, should be engaged in the assessment process.

Methodologies

- The Computable General Equilibrium (CGE) model is very commonly used in assessments but it has many limitations including that it does not capture non-trade aspects of a trade agreement (*e.g.* investment, subsidies, intellectual property rights etc..) or even changes in exchange rates.
- New assessment models are emerging as successful alternatives to the CGE model. Examples of new approaches include those being developed by Georgetown Law School's Harrison Center for Public Law and also the Global Development and Environment Institute at Tuft's University.
- Many environmental problems are hard to quantify and are thus ignored in quantitative models.

- Most assessments to date only identify the beneficiaries of a new trade agreement without acknowledging and identifying those sectors and players who will lose with integration.
- In some cases, model's predictions do not coincide with the empirical experience.
- Availability and comparability of data is a problem.

General views on Sustainability Assessments

- A tool for improving trade policy by identifying better benefits and avoiding social/economic costs.
- Latin American countries should have a pro-active stand and should create their own focus and strategies to conduct sustainability assessments.
- The value of SA's is in the process and efforts to conduct SA's continue to evolve.
- Much can be learned from past environmental impact and sustainability assessments.

Institutional Framework

- There is no experience or institutional capacity in Latin America to assess the environmental impacts of new trade agreements in the region.

Most of the case studies have been done on/in: Mexico, Brazil, Argentina and Chile. The most popular sector has been agriculture including corn, banana, GMOs, and other small-scale primary sectors.

Day 2

The primary purpose of the day was to prepare 3-5 recommendations on Sustainability Assessments that would be included in a document to be presented to the FTAA Ministers. The chair began the second day by reviewing a summary of Day 1's key points and explaining how the morning would unfold. The participants were provided with a template containing two questions that would be used to guide the preparation of the recommendations. The two questions were: (1) "Why are Sustainability Assessments important?" and; (2) "What can we do in the future?" The results of this exercise can be found in attachment 2. The workshop's final product, including the document containing recommendations from all five workshops can be seen in Attachments 3 & 4. The list of participants is labeled Attachment 5 and the presenter's biographies as Attachment 6.

Finalization of Recommendations for FTAA Ministers

In order to create a coherent final document containing recommendations from the five Civil Society Forum workshops, a representative from each group met later on Wednesday afternoon. On Thursday morning (October 31st), the draft document was presented for comment and review to approximately 25 people who were still in town after attending the Civil Society Forum. In what turned out to be a morning-long session, the members commented on and finalized the text that would be presented later that evening to the FTAA Ministers. The document reflected the

outcomes of the five workshops. At the end of their meetings, at the request of the Government of Ecuador, they presented the recommendations to the trade ministers.

At 6pm that evening, approximately 25 people from the Civil Society Forum, including Claudia Saladin from WWF, heard the recommendations being presented to the FTAA Ministers. Three representatives from the forum, one from North America (Marie Claire Segger - IISD - Canada), another from Central America (Carlos Murillo, CINPE - Costa Rica) and the other from South America (Yolanda Kokabadse - IUCN-Sur) presented the recommendations from all workshops to the Ministers.

4) Post Workshop Activities

WWF had originally planned on holding an informal NGO meeting on Thursday morning from 9am - 1pm (October 31st) to discuss sustainability assessments and other trade and environment issues in the Americas and ways to collaborate together. However, due to the unforeseen meeting that morning for participants of the forum to finalize the recommendations document, we were unable to hold our meeting as all those who would have participated at our gathering were at the recommendations meeting. Instead, we are contacting the various people who were interested in the meeting via email and discussing the possibility of establishing a listserv on Sustainability Assessments in order to continue the dialogue on the issues among various stakeholders in the Americas interested in or working on this issue. CEDA has created a listserv to continue dialogue among organizations interested in trade and environment in the Americas and to prepare and coordinate for the FTAA meeting next year in Miami.

5) Evaluation of Results

In WWF's view, the workshop was a success. Despite the challenge of concurrent workshops competing for participant attendance, we had a solid turnout of people who remained at our workshop for its duration. The level of participation was excellent and participants benefited from the significant time allotted for discussion and participation. All three of the workshop objectives were plainly met. Participants left the workshop itself expressing satisfaction with the day and a half long event and a desire to see the recommendations be presented and make an impact on the FTAA Ministers.



II. WORKSHOP AGENDA

CHANGING THE BALANCE OF TRADE: PROMOTING SUSTAINABILITY
ASSESSMENTS OF TRADE POLICY
IN THE AMERICAS
A WORKSHOP SPONSORED BY CEDA & WWF

October 29-30, 2002

Civil Society Forum, Quito, Ecuador

WORKSHOP OBJECTIVES:

- to share information and experience among the different countries of the Americas;
- to explore the usefulness of Sustainability Assessment as a tool for trade policy making in Latin America;
- to identify lessons learned and develop recommendations on the use and applicability of Sustainability Assessments in Latin America within the FTAA negotiations context.

AGENDA

(* = *confirmed*)

Tuesday, October 29: 9am – 18h

9:00 - Introduction to the workshop

**Maria Amparo Alban: CEDA ; *Claudia Saladin :WWF-US*

9:30 – General Presentations on Sustainability Assessments

This section will provide an overview of the history of sustainability assessments with a focus on what has happened in, or in relation to Latin America and a discussion on the different methodologies that exist to conduct them.

- **Historical Context of Sustainability Assessments & their political context in Latin America**
**Hernán Blanco – RIDES, Chile.*
- **Experiences with Environmental Reviews in the United States and Canada**
**Christina Sevilla– USTR; * Claudio Ramirez - (DFAIT, Canada)*

11:00 COFFEE BREAK

- 11:30 Economic Analysis in USTR's Environmental Review of the FTAA: A Critical Assessment**
**Kevin Gallagher - Tuft's University*

Q&A

12:30 - 2:30 LUNCH BREAK

- 2:30 Practical Applications of Sustainability Assessments to Trade – case studies**
This session will examine how Sustainability Assessments (SA) are being used today. It will feature a series of case studies illustrating different aspects of the use of SA and will highlight experience in specific sectors, commodities and regions and lessons learned.
- **Juan Carlos Guzmán (CEDA): The Banana Sector in Ecuador*
 - **Tim Wise: Is the US a Pollution Haven? The Environmental Impacts of the Corn Trade after NAFTA*

Q&A

4:00 - 4:30 COFFEE BREAK

4:30 Case study presentation continued

- *Juan Rodrigo Walsh (FARN) - Environmental Impact Assessment in the Americas: The case of Argentina
- * Maria Onestini (CEDEA) - Integrated Assessment of Trade Liberalization and Trade-Related Policies: A Country Study on the Fisheries Sector in Argentina.

Q&A

6:00 Adjourn

DAY 2:

Wednesday, October 30th, 2002: 9 – 1pm

Moderator led discussions

* *Hernán Blanco - facilitator*

9:00 Summary of main points from day 1

10:00 Identify lessons learned on undertaking Sustainability Assessments

- What are some of the common experiences and elements that can be drawn from the different assessment case studies undertaken to date and what solid recommendations can be made from them?

11:15 BREAK

11:15 Develop recommendations on SA in the FTAA Context

- What are some of the arguments that we can make demonstrating the relevance and usefulness of SA in the FTAA context?

1:00 Adjourn

III. LIST OF PARTICIPANTS

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BIOGRAPHIES

Hernán Blanco

Hernán Blanco is a civil engineer with a master's degree in environmental policy and sustainable development from Cambridge University. For the past 11 years, he has worked on issues related to the environment and sustainable development both as a researcher and consultant. He has participated and directed various research projects on such topics as: sustainable development indicators, trade and environment and the environmental impacts of the mining sector in Chile. He is the co-editor of the book *Mercosur and the Environment* (CIPMA, 1998) and co-author of the book *"Civil society participation in confronting environmental conflicts: (CIPMA 2000)*. He is also a co-founder of RIDES (Recursos e Investigacion para el Desarrollo Sustentable) - an NGO based in Chile.

Claudia Saladin

Claudia Saladin is the Director of WWF's Sustainable Commerce Program. Claudia's work focuses on US trade and investment policy-making, the elimination of harmful fishing subsidies, forests and trade in the Americas and sustainability assessments of trade agreements. Prior to joining WWF in 2001, Claudia was a Senior Attorney at the Center for International Environmental Law (CIEL). Claudia hold a law degree and a Master of Arts degree in Russian and East European Studies from the University of Michigan Law School.

Dr. Christina Sevilla

Dr. Christina Sevilla is Director for Intergovernmental Affairs at the Office of the United States Trade Representative (USTR), Executive Office of the President. She is responsible for USTR's consultations and outreach with states and localities on trade policy issues. She also shares management responsibility for the private sector trade advisory committee system established by Congress to advise the USTR, the President, and other Executive Branch agencies on trade issues, which includes USTR's Trade and Environment Policy Advisory Committee (TEPAC). She was recently named the U.S. Head of Delegation for the Free Trade Area of the Americas (FTAA) Civil Society Committee.

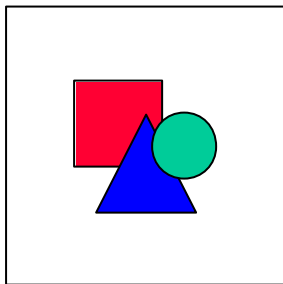
Claudio Ramirez

Born in Chile and raised in Canada, Claudio Ramirez holds degrees in Economics and International Relations from the University of Montreal and Amsterdam, respectively, as well as a postgraduate certificate from Harvard. He is currently an advisor in Trade Policy issues with Canada's Department of Foreign affairs and International Trade in Ottawa. Previously, he worked for over three years as a Program Officer in the Division of Health and Environment of the World Health Organization, both in Peru and Washington DC.

Maria Onestini

Maria Onestini undertook her graduate studies at Indiana University and her Post-Doctoral work at Penn State University. She is the author of numerous publications on issues related to sustainable development and is currently the Director of the Center for Environmental Studies - CEDEA based in Buenos Aires, Argentina. Her recent research has been to analyze the relationship between trade, environment and sustainable development as well as other social issues related to social-environmental topics. She has also worked as a consultant to various international and regional organizations.

Tim Wise, Deputy Director/Research Associate



Tim Wise joined G-DAE in 1999 as Deputy Director and Research Associate. He was one of the co-editors of *Survey of Sustainable Development: Social and Economic Dimensions*, the sixth in the *Frontier Issues In Economic Thought* series. His research is currently focused on G-DAE's "Sustainable Hemispheric Integration Project." He previously directed [Grassroots International](#), a Boston-based International aid organization. He received a B.A. in Latin American Studies from the University of Massachusetts - Boston. He was an editor at *Dollars & Sense* magazine and has been published in both academic and popular journals on issues of hunger and development. He has extensive experience in Mexico, where he initiated a major community-based development program for Grassroots International.

Kevin Gallagher, Research Associate

Kevin Gallagher is a research associate at the Global Development and Environment Institute, Tufts University, where he coordinates the institute's work on Globalization and Sustainable Development. He is currently completing an environmental assessment of the environmental impacts of economic integration in Mexico in order to draw out lessons for the FTAA. In collaboration with lawyers at the Harrison Institute for Public Law at Georgetown University Law School, he is developing a framework for a more comprehensive environmental review of the potential impacts of the FTAA on the U.S. His latest book, *International Trade and Sustainable Development* (co-edited with Jacob Werksman) is now available from Earthscan.

Juan Rodrigo Walsh

Mr. Walsh is a lawyer by training. He received his law degree from Argentina and has a Master's degree from Scotland. He has worked in both the private and non-profit sectors. He currently is the director of publications at FARN in Buenos Aires.

IV. ANNEXES

ANNEX 1

POWER POINT PRESENTATIONS

The following Power Point presentations are available on request:

Claudio Ramirez:

Canada's Experience in Environmental Assessments of Trade Negotiations

Juan Carlos Guzman:

Impactos Ambientales de la Liberalización Comercial: Banano-Ecuador

Juan Rodrigo Walsh:

El Alca et Argentina: El Impacto Ambiental de las Políticas de Integración Comercial

Maria Ornestini:

Impactos Ambientales y Socioeconómicos de la Liberalización del Comercio en el Sector Pesquero de Argentina

ANNEX 2

BRAINSTORM FOR RECOMMENDATIONS: DAY 2

"WHAT CAN WE DO ON SUSTAINABILITY ASSESSMENTS WITHIN THE CONTEXT OF THE FTAA?"

1. Sustainability Assessments of trade agreements should be linked to the FTAA negotiations.
2. Tripartite Committee should establish an official process of evaluations, before & after the FTAA. Four principles to guide the Committee:
 - the evaluation process should be participatory,
 - a variety of methodologies should be considered and utilized (including SA of social/environmental impacts of LAC reforms),
 - national/regional level assessments should be considered,
 - identify mitigation measures and commitments toward their implementation.
3. Identify 3-5 key issues for the recommendations.
4. Improve data gathering and modeling. Policies should be based on models those results are useful.
5. Methodologies and experience in conducting Sustainability Assessments should be shared.
6. Strengthen capacity for countries to undertake Sustainability Assessments.
7. Strategy for diffusion/education.

Sustainability Assessments

Summary & Recommendations

Two key questions

I. Why are Sustainability Assessments important?

II. What can we do in the future?

Why are SA's important?

- Sustainability Assessments provide a precise and comprehensive tool for development of trade policies, avoiding economic costs that would lead to social and environmental problems, and permitting the identification of additional opportunities and benefits.
- Promote civil society participation and transparency in decision-making processes, hence leading to greater social legitimacy. (**there is no agreement about mentioning "democracy"**).

What can we do?

- The Tripartite Commission should establish an official evaluation process, before, and in the event that the FTAA should come into effect, after the FTAA. This assessment should build upon past experiences and methodologies developed within and outside the hemisphere, and taking into account the following principles:
 - Civil society participation
 - Methodologies that are flexible, precise and comprehensive
 - With national and supranational scope
 - Identify mitigation measures and commitments for their implementation.

ANNEX 3

**THE HEMISPHERIC TRADE AND ENVIRONMENT FORUM
TO THE VII MINISTERIAL CONFERENCE OF THE FTAA
31 October 2002, Quito**

Representatives of the “Forum Towards Civil Society Participation in the Americas: Workshops on Trade and the Environment,” gathered in Quito, Ecuador, with the goal of contributing to the Free Trade Area of the Americas (FTAA) process of commercial integration, and taking into consideration:

The Declaration of the Summit of the Americas of Santa Cruz de la Sierra in 1996 which stated that “[d]evelopment strategies need to include sustainability as an essential requirement for the balanced, interdependent, and integral attainment of economic, social, and environmental goals.”

Principle 10 of the Rio Declaration on participation, adopted by more than 120 heads of state in Rio de Janeiro, 1992, regarding access to information, process and justice;

The Ministerial Declaration of Buenos Aires of 2001 which reaffirms the commitment of the states to the principle of transparency in the FTAA process, and recognises the need for increased participation of different sectors of civil society in the hemispheric initiative;

Regional instruments such as the Inter-American Strategy for Public Participation in Sustainable Development Decision-making (OAS/ISP);

Article 6 of the Inter-American Charter for Democracy, adopted by the governments of the hemisphere in Peru in 2001, which states that “It is the right and responsibility of all citizens to participate in decision making related to their own development.”

Resolution 1852 (2002) of the Organization of American States on Increasing and Strengthening Civil Society Participation in the Activities of the OAS, and Resolution 1668 (1999) on Strengthening Cupertino between Governments and Civil Society; and

Considering that access to information by civil society is crucial for the success and democratization of the negotiations and should be the general rule in the FTAA;

Emphasising the Ministers’ commitment to transparency in San Jose, Costa Rica, March, 1998, to facilitate the participation of different social sectors and noting, in this respect, the release of the Draft Negotiating Text, after the Ministerial Conference in Buenos Aires, Argentina, in May, 2001;

The development of the integration process should ensure the satisfaction of the interests of participating nations, recognizing existing social and economic differences.

Convinced that that process of the FTAA should be built upon a dialogue and effective participation between the governors and the governed, and that economic integration cannot be successful without serious consideration of the diversity of social, economic, cultural, political and environmental realities among the countries of the Western Hemisphere;

Conscious that economic integration must be accompanied by the strengthening of environmental and social institutions;

And emphasising that the common good and improvements in the quality of life for human beings are the ultimate goal of all economic development processes, and that governments serve their citizens;

We recommend:

With Regard to Intellectual Property and Biodiversity

Negotiations on intellectual property rights should seek to balance the aim of protecting intellectual property with the goal of disseminating information, including technological knowledge.

Negotiations should take into consideration the interests of innovators, users of technology, and civil society. In this sense, provisions should be included so as to ensure the protection of intellectual property rights in a manner consistent with human rights, national public policy objectives, the principles of sustainable development, and fairness among stakeholders.

Recommendations:

1. Regarding access to genetic resources and intellectual property:
 - a) That the Ministers reaffirm the sovereign rights of states over their biological and genetic resources, in addition to the right to regulate such access in accordance with national legislation and international commitments;
 - b) That clauses should be included requiring legal certification of access and prior informed consent as substantive conditions for the concession of such rights, in addition to the annulment of any rights granted in breach of such requirements;
 - c) That, recalling that intellectual property law grants monopoly rights to innovations; equivalent legal and institutional mechanisms should be explored to protect information derived from Biodiversity.

2. Regarding the protection of traditional knowledge:
 - a) That the rights of indigenous and local communities to dispose of their knowledge, innovations and practices be reaffirmed;
 - b) That mechanisms be incorporated to intellectual property laws, conditioning the grant of intellectual property rights to the compliance with regulations governing access to resources and protection of traditional knowledge;
 - c) That a *sui géneris* regime should be established to protect the knowledge, innovations and practices of local and indigenous communities.
3. Regarding the protection of rights over plant varieties.
 - a) That the intellectual property system established by states should recognize the duties undertaken under other multilateral agreement such as the creation of *sui géneris* regimes that take into account among others: public policy goals in the conservation and sustainable use of genetic resources and the fair and equitable distribution of benefits and the protection of farmers' rights;
 - b) That no obligation should be required of states regarding compliance with the provisions of the Union for the Protection of Varietals (UPOV) (78 or 91 Acts);
4. Regarding Technology Transfer;
 - a) That technology transfer should be considered a fundamental objective of FTAA. In this sense, the existence of intellectual property rights should not be seen as a hindrance or impediment to the transfer of technology;
 - b) That legal mechanisms be established to promote the acquisition and transfer of technology (including tax cuts), facilitation of strategic alliances, use of compulsory licensing and technology training programs;
5. Regarding enforcement of rights;
 - a) Compliance with the Biodiversity Convention or national and regional regulations dealing with access to genetic resources and protection of local and indigenous community knowledge, innovations and practices should be promoted;
 - b) That mechanisms should be established to prevent and sanction non-competitive market practices and the abuse of intellectual property rights.

With Regard to Investment

Investments are crucial for sustainable development in the hemisphere. In order to promote sustainable development, rules on investment should include the following principles, among others:

- Balance between the rights and obligations of the investor and the member states of FTAA
- Nondiscrimination between domestic and foreign investors

Recommendations:

1. Clarify the substantive rules on investment in order to preserve the ability of states to regulate affairs in the public interest;
2. Define the responsibilities of the investors' state with relation to environmental and social performance of its nationals, in particular to avoid double standards on an international level;
3. Create within the framework of the FTAA an open and transparent dispute resolution system among member states, with a right of appeal, and including a fund to cover the costs of litigation where necessary;
4. Ensure the obligation of the parties to not weaken domestic environmental, social and labor-related standards with a view to attracting investment. This undertaking should be accompanied by effective mechanisms to ensure enforcement of environmental, social and labor-related regulations.

With Regard to Market Access

Recognizing the asymmetries in the levels of development in the countries of the hemisphere, special and differentiated treatment should be assured for the most vulnerable economies;

Perverse subsidies, which have negative economic, social and environmental consequences, constitute an inequitable mechanism preventing developing countries from competing on a level playing field under the accord.

Recommendations:

1. That the process of trade liberalization goes hand in hand with business development policies, with emphasis on small and medium enterprises, and technical assistance that secures access to markets on a competitive basis for producers from least developed countries;
2. The precautionary principle should be adopted to avoid potentially negative impacts of trade on sustainable development;
3. Agree to reduce or eliminate perverse subsidies, and especially those related to agriculture, without prejudice to the rational use of incentives when these are used to promote sustainable and equitable production processes;
4. Harmonization of environmental quality and performance standards should be gradual and incremental, affording special and differential treatment for developing countries.

With Regard to Sustainability Assessments

Sustainability Assessments provide a precise and comprehensive tool for the development of trade policies by identifying the economic costs of social and environmental problems. Furthermore, Sustainability Assessments provide a means of anticipating serious or irreversible environmental impacts, such as the collapse of certain fisheries or aquifer depletion, in the hemisphere.

Recommendations:

- 1 That the Tripartite Commission establish an official Sustainability Assessment process for the agreement before, and in the event of its entry into force, after the FTAA. This Assessment should build upon the experience and methodologies developed within and beyond the hemisphere (such as, for example, those promoted and used by UNEP, ECLAC, EU, WWF and the Stockholm Environment Institute), considering:
 - a) Informed citizen participation
 - b) Methods discussed and applied case by case that take into account the economic, social, cultural and environmental conditions of each country
 - c) Flexible, precise and comprehensive methodologies
 - d) With national and regional scope
 - e) Identifying mitigation measures and
 - f) Commitment to implementation
2. The evaluation and experiences of existing trade liberalization processes should be considered.
3. The FTAA process should aim at strengthening the institutional capacities of the countries of the hemisphere for assessing the impacts of trade policies.

With Regard to Mechanisms for Participation

Recommendations:

1. That the following concrete mechanisms for informed public participation in the FTAA negotiations be established:
 - a. Provide for observer status for civil society representatives in the FTAA Negotiating Groups, the Trade Negotiations Committee, and Ministerial meetings. In this regard, the MERCOSUR subgroups and NAFTA procedures for participation are examples for the FTAA;
 - b. Create effective mechanisms to ensure a right to a reasoned response to the contributions of civil society presented to the FTAA negotiating mechanisms.

- c. Generate transparent mechanisms for dissemination of information, such as inclusion of civil society contributions on the FTAA Web site, the preparation of indices of civil society presentations, and the publication of meeting summaries;
 - d. Instruct the Technical Committee on Institutional Matters to establish an advisory body of experts;
 - e. Adopt, at a minimum, the policies of the WTO for publication and release of documents;
 - f. Facilitate civil society in following the final stages of negotiations; and in particular authorize the release of updated draft text;
 - g. Recommend that the Inter-American Development Bank and other inter-governmental organizations provide funds to facilitate civil society participation in the negotiation process.
 - h. Urge governments to include civil society representatives in national negotiating delegations;
2. Establish and strengthen substantive and effective regional and sub-regional consultative, incorporating initiatives of the OAS;
 3. Establish and strengthen substantive and effective consultative mechanisms at the national level which integrates civil society participation in the different issues related to the FTAA negotiations process;
 4. Establish opportunities and mechanisms for public participation that allow the consideration of interests and positions of non-governmental actors in FTAA dispute settlement procedures. In particular, the right of non-governmental actors to participate in dispute settlement procedures and to submit amicus curiae briefs should be recognized.
 5. Fulfil commitments adopted consistently and repeatedly by Heads of State, and embraced within international instruments and national norms, to integrate civil society in decision-making processes. In this regard, in the FTAA, Ministers should analyze, develop and establish a permanent hemispheric environmental co-operation mechanism, with the following purposes:
 - a. Compile and disseminate information, and undertake research and assessments with regard to trade and sustainable development;
 - b. Co-ordinate technical assistance;
 - c. Consult and collaborate with national, sub-regional and regional environmental authorities and institutions;
 - d. Interact and consult regularly with civil society in the design and implementation of its work plan, and in addressing trans-boundary environmental problems.

Final Note

The Hemispheric Trade and Environment Forum to the VII Ministerial Conference of the FTAA, which met in Quito, Ecuador, 29-30 October 2002, requests that this document be made available on the FTAA Web Site and that it receive a formal reply during the next Meeting of Vice Ministers of the FTAA.

This document represents a consensus of participants in the forum, but does not necessarily reflect the positions of the participating organizations with regard to each of the points presented.

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