

THE HEMISPHERIC COOPERATION PROGRAM AND THE EU'S TRADE ASSISTANCE PROGRAM "TRADE.COM"

Trade.com

On July 25th, the European Commission (EC) announced the approval of a 50 million Euro trade assistance program called "Trade.com" to benefit African, Caribbean, and Pacific (ACP) countries. The EC pointed out that Trade.com is a major part of the effort to strengthen capacity in trade-related activities under negotiation in the EU-ACP Economic Partnership Agreements. The program is designed to "strengthen the ACP voice in bilateral and multilateral trade negotiations." The EC affirmed that the new program demonstrates its determination to meet its commitments under the Doha Development Agenda (DDA), which will be further developed at the World Trade Organization's Ministerial Meeting in Cancun, Mexico. Commissioner for Development Paul Nielson said, "Our ACP partners need both trade and aid."

Trade.com has three main components:

- Strengthen local capacities to formulate trade policies while encouraging the participation of all stakeholders in the process
- Provide assistance for ongoing trade negotiations by establishing a unique network of ACP trade experts. Senior advisors based in the secretariats of the regional organizations (hubs) will coordinate networks of junior advisers (spokes) installed in the trade ministries of individual countries
- Provide funding for pilot projects to address urgent institutional and supply side constraints. To overcome obstacles in improving export performance, Trade.com will help ACP countries meet technical and sanitary standards

Over the next six years, Trade.com will be implemented to help ACP countries benefit from increased trade opportunities resulting from the Partnership Agreements and the World Trade Organization's upcoming DDA. Over the past three years, the EU has provided 3 billion Euros in trade assistance to developing countries and, at 60%, is also the main contributor to the DDA Global Trust Fund.

Hemispheric Cooperation Program

The Hemispheric Cooperation Program (HCP) was adopted as part of the Ministerial Declaration at the FTAA Seventh Ministerial in Quito, Ecuador in November 2002 (Annex III). The HCP is designed to support the FTAA process, thereby contributing to national development objectives and equitable participation, especially by smaller and poorer countries. The HCP helps such countries respond to trade liberalization resulting from FTAA implementation, while also involving private and other sectors in the execution of programs. These objectives will be achieved through innovation and technology transfers, institutional strengthening and capacity building for trade negotiation strategies, and trade administration and implementation.

The HCP will establish a mechanism to receive, disseminate, and evaluate specific projects from FTAA countries. The HCP will also establish a system for countries to define, prioritize, and articulate needs for strengthening capacity in trade negotiations while also implementing their commitments and adjusting to integration. The program will foster interaction and institutional cooperation among countries seeking assistance

to improve their trade-related capacities. The HCP will determine the level of additional technical and financial assistance and foster knowledge transfer of FTAA issues through various workshops. The HCP will also deal with policy issues such as: improving mechanisms to deal with economic shocks; increasing economic competitiveness; improving policy making; and creating better mechanisms for coordination and communication among members.

Depending on preferences of each member state, national or regional strategies will be prepared by members. The strategies will follow a common format developed by the FTAA's Consultative Group on Smaller Economies (CGSE) and the Tripartite Committee (TC) (IDB, ECLAC and OAS). The CGSE will ensure effective and transparent execution of the HCP and the TC will present periodic progress reports.

Financial support for HCP activities will complement the resources of the beneficiary countries. This will require coordination and consultation among and between governments and institutions. Cooperation agencies of FTAA countries, academic institutions, private sector entities, foundations and other organizations, and regional and multilateral institutions will provide both financial and non-financial support.

Observations

Trade.com – HCP differences are related to their primary target countries. The former is composed of African, Caribbean, and Pacific countries and the latter of Central and South American countries and the Caribbean. The Caribbean countries represent the only area of overlap. The EC's focus on both trade and aid for developing countries in the ACP contrasts sharply with the FTAA's HCP emphasis on aid from diverse sources, including academic, private, multilateral, and bilateral sectors. Defenders of the United States' government are quick to point out the heavy expenses of military actions to combat terrorism and pursue world peace and stability, all of which require diversified funding sources.

Whatever results flow from this geopolitical square dance, helping smaller and less developed countries maximize their FTAA, ACP, and WTO benefits—as well as training their officials to negotiate, draft and administer trade agreements---makes sound economic and political sense.

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