

LESSONS LEARNED FROM U.S. GOVERNMENT TRADE CAPACITY BUILDING PROGRAMS

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As the U.S. Government has made clear on many occasions, we believe one of the best ways to re-ignite an era of global economic growth and reduce poverty is through a world trading system that is dramatically more open and free. We have learned from experience that countries that are part of the World Trade Organization and actively engage in trade show faster growth and economic prosperity. No country in modern history has entered the fast track of development without first opening its economy to world markets.

Developing countries stand to be among the world's biggest beneficiaries from participating in global agricultural policy reform. Potential gains include a 25-percent increase in developing country exports, a 20-percent increase in imports, a 12-percent increase in world commodity prices, a \$21-billion gain in developing country economic welfare, and a 6-percent decline in food aid needs as domestic production expands in response to higher world prices.

USDA's Role in Trade Capacity Building

USDA has for several years engaged in activities to help countries build their capacity to trade, and remains committed to this endeavor. Specifically, as Administrator Terpstra mentioned, USDA is committed to the goals outlined in the Doha development agenda. It is not a purely unselfish undertaking, building countries' capacity to trade not only benefits the country as it becomes more able to enter the global trading system, but benefits the U.S. also, as more and more countries obtain the income to purchase U.S. products. We believe this effort will also contribute to another firm commitment – the commitment to reducing hunger by fifty percent by the year 2015, a goal the U.S. pledged to support at the World Food Summit.

What We Have Learned

Obviously, we cannot be all things to all countries. We have limited time and resources, and we have to focus on the most pressing issues. We also have to focus on what we do best. In developing our TCB strategy, we will generally not pursue activities that require physical infrastructure upgrades. USDA has neither the financial resources nor the personnel to tackle issues that require major physical improvements. This role is better left to organizations with greater resources - the multilateral development banks and the private sector. Our focus needs to be on strengthening countries' human capacity for

trade—ensuring that their public and private sector officials have the tools to understand international agreements, prepare business plans, and develop and enforce regulations and strengthen institutions and systems.

We have also learned that we cannot be effective working in all countries of the world simultaneously. Thus, where possible, we will tackle regions where we think we may have the greatest impact. Few single countries will emerge as top markets for the U.S., but as regions, they certainly can be. Thus, it is in our interest to stimulate countries into thinking regionally, and work together to harmonize regulations and standards.

We also believe our training, where possible, should involve:

- 1) A multi-phase series of related activities that help establish professional, collegial relationships critical for successful problem solving;
- 2) Have an increasingly complex progression of subject matter content and application;
- 3) Be tied to the solution of practical problems – there is better buy-in where there is a measurable export result;
- 4) Involve local experts in design and delivery of training; and
- 5) Involve a shared commitment of both parties.

Types of Agriculture-Related Trade Capacity Building Activities

USDA provides an array of programs that assist with trade capacity building in developing countries. We develop our programs in close collaboration with other U.S. Government agencies working on trade capacity building, such as USAID, the Department of State and USTR.

Our activities fall into four basic categories:

1. Increasing Understanding of WTO Agriculture-Related Agreements;
2. Strengthening Public Sector Agriculture Trade-Related Regulatory Institutions and Frameworks;
3. Strengthening Science-Based, Market-Oriented Biotechnology Regulations and Policies; and
4. Enhancing Trade Competitiveness of Farms and Agricultural Firms.

Let me give you some examples in each area.

Increasing Understanding of WTO Agriculture-Related Agreements

A familiar request from developing countries is for assistance in meeting the legal and technical requirements of WTO agriculture-related agreements. To meet this need we

have been working with the Inter-American Institute for Cooperation on Agriculture (IICA), in supporting attendance at WTO/SPS committee meetings by select representatives of trade and regulatory agencies of the 34 IICA member countries. All 34 IICA member countries sent representatives to WTO/SPS meetings held in Geneva in November 2002 and the feedback was outstanding. Having seen the workings of the committee, these representatives have a better understanding of what they have to gain by participation. USDA will support their participation in WTO meetings scheduled for April and June 2003.

In another WTO-related activity, FAS conducted a series of seminars in conjunction with USAID throughout sub-Saharan Africa, covering issues such as the rights and obligations of the WTO Agricultural and SPS Agreements and the importance of developing countries' participation in international standards-setting bodies such as *Codex Alimentarius*. In both instances, we have focused on increasing awareness of agreements and regulations, and in doing so, have been able to establish relationships with developing countries that we may not have reached otherwise. It was clear there remain many misunderstandings and these seminars helped these African countries to identify their gaps in knowledge and training.

Strengthening Public Sector Agriculture Trade-Related Regulatory Institutions and Frameworks

The program in Africa led directly to another critical area for USDA and one we feel we are particularly well qualified to work in - that is the area of sanitary and phyto-sanitary and food safety issues. These non-tariff trade issues are becoming the greatest obstacles to trade. The establishment of such policies and regulatory systems that are science- and law-based, institutional, transparent and consistent with international standards will broaden market access and permit open markets in safe food products to function. Domestically they can also have a contributing role in overcoming some of the problems of hunger and malnutrition.

Through our seminars, African countries identified and articulated where they needed assistance in strengthening their individual systems - risk analysis was identified as the top priority. Training was provided, moving them a step closer to new export opportunities.

As a third phase, USDA, collaborating with USAID's Regional Center for Southern Africa, helped develop a Sanitary and Phyto-sanitary/Food Safety Annex to the Southern Africa Development Community (SADC) Trade Protocol. Because of the success of this activity, USDA is on the verge of placing an advisor on a long-term basis in Gaborone, Botswana, to work closely with countries in the region to conduct pest risk assessments for agricultural plant products potentially destined for markets in the United States. We hope to replicate this in the other Trade Hubs.

We have found that many countries that are signatories to the SPS Agreement, do not have fully functioning SPS systems and our current efforts are focused on designing a

series of interventions that might fill the gaps and leave countries with systems that pass the rigors of importing countries.

Improving Global Understanding and Acceptance of Agricultural Biotechnology

A third area of focus is biotechnology. Through workshops and study visits, USDA helps facilitate a participatory process to develop and adopt appropriate biotechnology laws and regulations involving scientists, executive and legislative policymakers, producers and agribusinesses. These workshops can involve researchers, policymakers, consumers, educators, parliamentarians, non-governmental organizations and journalists and are aimed to familiarize participants with issues related to the acceptance of biotechnology. A notable example of USDA biotechnology training is a biotechnology short course initiated in 2002 (and to be repeated periodically) that will help over 100 foreign leaders play informed and guiding roles regarding biotechnology in their home countries. The course gives special attention to biotechnology's relationship to market access and trade in agricultural products.

Enhancing Trade Competitiveness of Farms and Agricultural Firms

A final area of focus is in enhancing trade competitiveness of farmers and food and agriculture firms. Countries need to improve their skills in competition. Mr. Seward gave a detailed case study of one of the programs we have worked cooperatively with the private sector – our cold chain program. This program assists U.S. exporters and importers, handlers and retailers of food products overseas.

Our programs in transition countries have assisted farmers and agribusinesses in improving market information and business and financial decision-making. Other programs assist farmers and agribusinesses to respond to market forces. This includes knowing what crops to grow, garnering information, and developing skills in marketing their products.

Activities in Central America and Vietnam have involved techniques to improve market competitiveness and enhance sales in local retail stores through one-on-one training in the latest display, packaging, safe handling and promotional techniques, especially for value-added and perishable products. Improved retail efficiency is beneficial to sales of both imported U.S. and locally-produced foods.

USDA Services

In closing, I just want to say a word on how programs are developed and funded in USDA.

FAS' International Cooperation and Development (ICD) is the lead coordinating point for USDA international technical assistance – we draw on all agencies in USDA to get the job done.

We have very limited direct funding for activities:

- The most widely known is the Cochran Fellowship program which has proved to be a highly popular and successful source for short-term targeted training. In 2002, we trained nearly 1000 Fellows from over 75 countries.
- We also have limited (\$1.2 million) funds for scientific exchanges and collaborative research.
- FAS has the Emerging Markets Funds, but ICD submits proposals just like everyone else to access these funds - thus we must target our efforts towards where we feel we have a unique advantage - projects that are governmental in nature or that are, perhaps, not quite ready for the private sector.

We have also developed a long-term relationship with USAID whereby we:

- 1) Provides technical experts to work with USAID; and
- 2) Submit proposals for specific directed projects.

As we focus on our strengths, we hope to move towards more projects where we, USDA , identify the needs and can tap new resources to support our projects. In some cases, our Attaches overseas have identified projects with their agricultural contacts and found financial support from their colleagues in USAID or other agencies. We hope to do more of this. We can also work with other groups as partners in consortiums that have a component that is best served by a governmental representative.

Conclusion

If the United States agricultural community is to achieve success in the global trade negotiating process, our Government must engage the developing world in the creation of appropriate trading rules and guidelines and in the building of transparent, efficient, science-based food and agricultural product regulatory systems and efficient marketing systems.

This will take time, but it will be worth the investment. All countries must be able to benefit from the opening of agricultural markets. These countries represent our future growth markets and we need to work with them.