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Free Trade Agreements: U.S. Promotion and Oversight of Latin American Implementation

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In December 1992, the United States entered into the North American Free Trade Agreement (NAFTA) with Mexico and Canada in what would become the first of many controversial U.S.-Latin American free trade agreements (FTAs). These FTAs are comprehensive, so it is not surprising that negotiations were contentious at times. More unexpected, however, is how vexing the actual implementation process has turned out to be. Implementation takes the art of compromise to a deeper level, requiring countries to fulfill their negotiated commitments by making the necessary legal, regulatory, and administrative changes. The process begins even before the FTA legally enters into force and continues long after. The difficulties emerge precisely because the agreement demands the reconciliation of differences that must be formalized in diverse national legal and regulatory systems.

One controversial aspect of the reconciliation process is the way in which the United States influences Latin American countries' implementation of their FTA obligations. While Latin American countries retain certain rights—sovereign and otherwise—in implementing FTAs, the process must be done to the satisfaction of all parties. The United States, therefore, exercises certain leverage over how partner countries meet their obligations. The way the United States exercises this leverage can affect the level of disagreement and tension. A better understanding of this process points to some important lessons for countries administering agreements already in force, as well as those that may be contemplating an FTA with the United States.

Implementing Reciprocal Free Trade Agreements

Negotiating and implementing a bilateral reciprocal free trade agreement is a complex process that requires years to complete and absorbs considerable political and economic resources. The negotiation phase typically concludes with a ceremonial signing, in which parties "enter into" the agreement.[2] The FTA, however, does not "enter into force" for the parties until it is formally implemented by them.[3] The implementation process differs between the United States and Latin

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[1] The views expressed in this paper are those of the author and should not be attributed to the Congressional Research Service, the Library of Congress, or any other U.S. government agency.

[2] As defined in section 2103(a)(1)(A) of the Trade Act of 2002 (P.L. 107-210).

[3] The term "implementation" has many nuanced meanings. It can refer to the authority to make changes in domestic statutes. It can also be used to cover regulatory and rulemaking changes necessary to conform to the obligations undertaken in the FTA. In the United States, it also covers the entering into force of an FTA by an act of Presidential proclamation. In all cases, an overall connotation of making the agreement operational is to be

American countries. In most cases involving FTAs between two (or more) Latin American countries, implementation automatically follows signing of the agreement, with an understanding that specifics will be worked out at a later date.[4]

The United States, by contrast, requires that the specifics of implementation be worked out prior to entry into force, which increases pressure to conclude a "full and effective" agreement on a more advanced time schedule. Meeting this requirement has become increasingly difficult and lengthy as more detail is required prior to FTAs entering into force. The United States has signed FTAs with eleven Latin American countries over the past 15 years and has implemented agreements with nine: Mexico (NAFTA), Chile, Peru and under the Central America-United States-Dominican Republic Free Trade Agreement (CAFTA-DR), Honduras, El Salvador, Guatemala, Nicaragua, Costa Rica, and the Dominican Republic.[5] On average, formal implementation has occurred 24 months after the FTA has been signed by country representatives, and 13 months after the U.S. President has signed the implementing bill into law (Table 1).[6]

Since NAFTA, these time frames have tended to lengthen because of increased activism by stakeholder groups and the U.S. Congress. This has resulted in the need to find common interpretive ground usually at more detailed levels than found in the text of the agreement, and sometimes for issues raised by the U.S. Congress after negotiations have formally ended. These details must be incorporated into a country's legal and regulatory regime, as appropriate, before the FTA enters into force. In effect, even though formal negotiations have concluded, the bargaining process continues.

Implementation can run into many difficulties including political resistance, human and financial resource constraints, insufficient institutional or administrative capacity, differences in interpretation, or technical difficulties with particular issues in the FTA. FTAs are

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understood.

4 González, Anabel. *The Implementation of Preferential Trade Agreements: a Conceptual Note. Draft Paper. Inter –American Development Bank.* Washington, D.C. Draft Paper, April 29, 2009. pp. 4-5.

5 FTAs are also frequently referred to as preferential trade agreements to distinguish them from multilateral agreements. CAFTA-DR is unusual in that it is applied largely as a regional arrangement among the seven countries. Most chapters were negotiated to apply accordingly, with some important exceptions, including market access, which were negotiated bilaterally between each Latin American country and the United States. González, Anabel. *The Application of the Dominican Republic-Central America-United States Free Trade Agreement.* Organization of American States. OAS Trade, Growth and Competitiveness Studies. Washington, D.C. March 2005.

6 These averages fall to 21 and 9 months respectively if Costa Rica, an outlier in this group, is excluded.

comprehensive; in addition to dealing with tariffs, customs administration, market access, and other border measures, they require major efforts to achieve regulatory convergence (generally harmonization upwards to U.S. standards) and adoption of social-related obligations in areas such as labor and environment. These commitments can present many obstacles for Latin American countries, and the United States has provided them with significant resources to facilitate and expedite the adjustment process, for the benefit of the United States as well as its FTA partner countries.[7]

Ideally for the United States, an FTA is implemented after a partner country has taken measures necessary to comply with the provisions of the agreement. This means that compliance must be verifiable and completed to the satisfaction of the United States. If done well, and to the satisfaction of all parties, implementation may reduce the need for dispute resolution in the future. For this reason, the United States not only seeks to implement its obligations fully, but takes a keen interest in promoting timely and acceptable implementation by its partner countries. This goal is best achieved through a spirit of cooperation because the process inevitably focuses on points of disagreement. How these disagreements are resolved can be as important as the resolution itself, particularly if the United States is to avoid being perceived as heavy handed or overly intrusive in the domestic affairs of its trade partners.[8]

An analysis of U.S. oversight of FTA implementation may be divided into two phases, each relying on different methods to help countries meet their obligations. In the first phase, between the signing of the agreement and its entry into force in the United States by presidential proclamation, the United States can exercise its greatest leverage. In the second phase, which follows entry into force, on-going consultations, technical assistance, trade capacity building, and other mechanisms are used to resolve differences of opinion, clarify interpretation, enhance capacities to administer the agreement, and address new or unanticipated problems that inevitably arise. These mechanisms are both formally defined within the text of the FTA and developed informally on an ad hoc basis. The two periods and the various mechanisms used by

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[7] The success of these efforts is not explored in this paper. For an analysis of the difficulties faced in implementing FTAs, see: United States Government Accountability Office. *Four Free Trade Agreements GAO Reviewed Have Resulted in Commercial Benefits, but Challenges on Labor and Environment Remain*. GAO-09-439. Washington, D.C. July 2009.

[8] Given the depth and detail involved, some Latin American representatives consider this process a second stage of negotiations. In the United States, however, it is carefully and consistently referred to as consultation.

the United States to promote full and effective implementation of FTAs are discussed below, following a brief summary of the role of the U.S. Congress in the process.

U.S. FTA Implementation and the Role of Congress

In the United States, a reciprocal FTA comes into being through a formal and lengthy process. First, the agreement is negotiated in multiple rounds. Second, countries enter into an agreement with the formal signing by national representatives. Third, both Houses of Congress must approve the agreement and related statutory changes in a vote on an implementing bill, which is then signed into law by the President.[9] Finally, upon determining that the partner country has met its obligations to comply with the agreement, the President exchanges instruments of ratification and notification, and formally implements the FTA by proclamation. Both branches of government are necessarily involved, but this process is actually defined in law and driven to a great extent by Congress.

Broadly speaking, the implementation of FTAs involves multiple procedures beyond presidential proclamation that follow signing the agreement, including legal, regulatory, and administrative actions by governments. Although these actions may vary among countries, they must lead to the same outcome: ensuring that the agreement is fully in force as understood and agreed upon. The legal authority is critical. In most Latin American countries, where an FTA is treated as an international treaty, it carries the weight of international law, generally superseding domestic laws. In effect, the FTA has legal authority when it is approved by the legislature; it is self-executing, and therefore does not require an implementing act. While some countries may have to modify certain laws and regulations to comply fully with specific obligations of the FTA, its legal standing is unquestioned.[10]

In the United States, however, the case is much different because Congress has established a specific framework for approving and implementing trade agreements. Although an FTA is technically implemented by presidential proclamation, the authority to do so is granted by Congress in the required implementing bill. Reciprocal FTAs are treated as a particular type of international agreement. They are neither executive agreements (requiring only presidential approval), nor treaties (requiring a two-thirds approval by the Senate). Rather, the reciprocal

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[9] Article I, section 8 of the U.S. Constitution assigns express authority over foreign trade to the U.S. Congress. In fact, for the first 150 years of U.S. history, specific tariff rates were actually set by a vote of Congress.

[10] González, *The Implementation of Preferential Trade Agreements: a Conceptual Note*, pp. 4-5.

FTA is a particular type of legislative-executive agreement that recognizes the joint authority of the two branches of government to approve it. This type of agreement has also been interpreted as recognizing the House of Representatives' constitutional role in "revenue raising."[11] While the President may negotiate and even sign a reciprocal FTA on his own authority, it would serve little purpose because it generally cannot enter into force without congressional approval.[12]

This is no minor distinction. It is essential not only for understanding where the authority to negotiate a reciprocal FTA originates, but how that authority affects implementation. Under "fast-track" legislation, first passed in the Trade Act of 1974 and last renewed in the Trade Act of 2002,[13] Congress exercises its constitutional responsibility for trade policy by formally granting authority to the Executive Branch to negotiate and enter into FTAs. In return, it agrees to accept expedited legislative approval provided the president adheres to certain congressional requirements in the fast-track legislation. The president must: achieve congressionally-defined trade policy objectives: follow congressional consultation requirements and the terms, conditions, and procedures under which the trade agreement implementing bill is approved; and observe the limited trade agreements authority conveyed to him by Congress.

For the purposes of this paper, it is important to recognize that the U.S. Congress not only grants the authority to negotiate and enter into reciprocal FTAs, but also approves and grants authority in subsequent legislation to implement them, provided that all the above requirements are met to its satisfaction and that the implementing bill passes both Houses.[14] Its authority to do

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11 In Latin America, many have questioned the authority of a legislative-executive agreement relative to a treaty. As a legislative-executive agreement, a reciprocal FTA implementing bill provides for approval by both Houses of Congress, per Trade Promotion Authority legislation (currently expired), and provides for changes in existing laws considered "necessary or appropriate to implement such trade agreement or agreements, either repealing or amending existing laws or providing new statutory authority." When the implementing bill becomes public law, therefore, it has equal authority domestically as a treaty in fully implementing a trade agreement. The legal intricacies of this issue are beyond the scope of this paper. See: U.S. Congress. *Treaties and Other International Agreements: The Role of the United States Senate.* A Study Prepared for the Committee on Foreign Relations. United States Senate. 106th Congress, 2d Session. S. Rprt. 106-71. January 2001. p. 86. For further background, see: Grimmett, Jeanne J. *Why Certain Trade Agreements Are Approved as Congressional-Executive Agreements Rather Than as Treaties.* Congressional Research Service. Report No. 97-896, February 17, 2009, p. 1.

12 P.L. 107-210, section 2105. The exception would be the U.S.-Jordan FTA, which was implemented by Congress without TPA/fast track authority. No formal statement of approval was actually included in the implementing legislation. Passage of the implementing bill itself, however, is viewed in this case as constituting congressional approval of the FTA.

13 Fast track, now referred to as TPA, is currently expired. Its earliest antecedent was the Reciprocal Trade Act of 1934, which first conveyed, on a temporary basis, express pre-approved authority to the President to enter into reciprocal agreements to reduce tariffs, but not below a specified minimum level.

14 The Trade Act of 2002. P.L. 107-210, section 2103. For a more detailed discussion, see: Hornbeck, J. F. and

so is explicitly acknowledged by the Executive Branch in the Statement of Administrative Action, a document required by Congress that outlines precisely how the Executive Branch plans to implement the agreement under congressionally-determined guidelines.

As shall be seen, Congress has leverage over implementation even after an FTA enters into force and this applies to assurances that partner countries meet their obligations fully. The U.S. implementation process occurs in two phases: one before the FTA enters into force, the other after.

Means of Promoting Latin American FTA Implementation Prior to Entry into Force[15]

From the time an FTA is signed, and particularly after an implementing bill has been approved by Congress, the United States begins to manage the actual implementation of FTAs by ensuring that partner countries meet their obligations. The Office of the United States Trade Representative (USTR) is the primary agency responsible for managing this effort, but works closely with other departments and agencies of the U.S. government, as necessary. The President relies on the USTR to determine that full compliance is achieved. When this occurs, the USTR formally recommends to the President that the FTA be implemented. The USTR takes seriously its responsibility to recommend formal implementation, knowing that Congress has the prerogative to determine if and when to provide negotiating authority for future FTAs. Should implementation fail to meet congressional standards, Congress may express its concerns in many ways, including choosing to forgo renewal of fast track authority.[16]

During this time, and until the FTA is formally implemented by presidential proclamation, the United States has the most leverage to convince FTA partner countries to make conforming legislative and regulatory changes to its satisfaction. Until the United States is assured that a partner country has made the changes, it has the option to delay implementation. In addition, the United States can offer a number of incentives to induce timely and effective implementation. These two approaches, and the specific mechanisms used, are discussed in

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William H. Cooper. *Trade Promotion Authority (TPA): Issues, Options, and Prospects for Renewal. Congressional Research Service*. Report No. RL33743.

[15] This section draws on discussions with many current and former U.S. and FTA partner country government officials in addition to sources cited.

[16] In fact, for various reasons, Congress did not renew fast-track authority for the Clinton Administration in the 1990s, nor has it done so from the end of the Bush Administration to the Obama Administration. The Obama Administration has yet to request such authority.

more detail below. Their appropriate use is intended to lead to a mutually-agreed implementation of the obligations undertaken in the FTA, but can create problems as well.

a. Conditional Implementation.

Congress has made clear that the President's formal proclamation of implementation should not take place until all legal and regulatory changes are made by the partner country. This action is a critical milestone from which there is no turning back and so consumes an inordinate effort; verification so far has taken an average of 13 months in the case of FTAs with Latin America. Insisting on conditional compliance is also the strongest leverage the United States has to ensure the fullest implementation of the FTA by a partner country. In the absence of a mutually agreed upon implementation schedule and detailed legislative, regulatory, and administrative changes, the agreement may not enter into force.

The basis for this position rests on authority as defined or acknowledged in two key documents. First, the implementing bill states clearly that the President is authorized to implement the agreement by proclamation at such a time as he determines that the country has "taken measures necessary to bring into compliance (or alternatively 'to comply') with the provisions of the agreement."[17] This language is a specific directive from Congress. It is linked to, and reiterated in, a second document required and approved by Congress and produced by the Executive Branch, which is the Statement of Administrative Action for the FTA. Together, these documents reflect the legal authority and broader seriousness with which full implementation is taken by the two branches of government.

Three examples provide some insight into the evolution of this process. The first relates to the U.S.-Chile FTA, the first U.S.-Latin America FTA after NAFTA. In this case, implementation was completed relatively quickly, but without sufficient specificity before the agreement entered into force; it took only seven months from the time the FTA was signed until it entered into force on January 1, 2004. In part as a result of the speedy implementation process, Chile and the United States had to engage in extensive consultations after entry into force on issues like market access for key products traded

[17] Language varies slightly, but may be found in section 101(b) of the implementing bills for NAFTA, CAFTA-DR, and bilateral FTAs with Chile and Peru.

between the two countries, such as beef and grapes. While resolved in informal consultations, the two sides did not conclude until five years after the FTA was signed. There were also lingering problems with labor provisions and other issues that caused Congress to insist thereafter on a more complete implementation earlier in the process. As a result, the USTR tightened procedures for ensuring that greater specificity of conformity be achieved prior to entry into force of FTAs. As may be seen in Table 1, the time between completing the FTA and implementation lengthened considerably in FTAs that followed Chile.

At the other extreme is the implementation of CAFTA-DR with Costa Rica, which required a record-breaking four and a half years from the time the FTA was signed. Costa Rica, for its own domestic political reasons, delayed approving the CAFTA-DR for over three years after the agreement was signed. It was a highly controversial agreement for many reasons, not the least because Costa Rica would be required to undertake a major restructuring of its insurance and telecommunications industries from state-run monopolies to regulated private-sector industries. As part of Costa Rica's domestic obligations, some 13 implementing bills had to be passed to ensure that the new regulatory formats, among other changes, would conform to the obligations that Costa Rica entered into with the CAFTA-DR. This was a challenging, opaque, and at times consuming effort, and importantly, had to be completed to the satisfaction of the United States before the agreement would be implemented. The United States played a behind-the-scenes role, working closely with Costa Rican representatives to ensure that the changes fully complied with the FTA before implementation was formalized.

In a third example, the proposed FTAs with Panama and Colombia demonstrate how the evolution of conditional implementation may be taking another step toward earlier compliance (referred to by some as "pre-implementation"). Congress has delayed consideration of both FTAs over myriad issues, some outside the negotiated parameters of the FTA. Nonetheless, difficult provisions, such as labor and environment, present predictable implementation challenges. In response to congressional action, and because of increasing congressional concern over these particular chapters of the FTA, Panama and Colombia have both made changes to legislation and the labor and environment

chapters of the FTAs prior to the U.S. Congress taking any action on the implementing bill.

These cases demonstrate the importance of congressional leverage and how the United States uses its position of relative strength to insist on compliance in a way that meets its standards or their equivalent. Latin American representatives have not hesitated to criticize the process, arguing that moving targets and requirements technically outside the scope of the FTA compound the difficulties associated with an already arduous, but admittedly necessary process.

b. Monitoring and Oversight of Legal and Regulatory Revisions.

Conditional implementation implies oversight of precise changes to laws and regulations. This is a lengthy, cumbersome, and iterative process, requiring extensive coordination between countries. The effort is led in the United States by USTR policy and legal experts, with assistance from other agencies. They must comb through thousands of pages of legislation and rules in both Spanish and English, registering information on a check list, which is then provided to representatives of the partner country. Issues are tracked on a chapter-by-chapter basis to ensure transparency, the identification of inconsistencies, and their resolution. The United States may not insist on defining the precise language on how a country must implement its obligations, but when differences arise, the United States does require that specific solutions lead to an outcome that meets the FTA commitments, as understood by both the United States and the partner country.

The country-specific document typically includes summaries of the issue as defined in the FTA and the status of applicable laws and regulations. Instances where compliance is already in effect are noted by referencing the law, regulation, ruling, or constitutional guarantee. Where further changes are needed to fully implement a provision of the agreement, the necessary changes are so noted. This may require new or modified legislation, regulations, or administrative rules. In some cases, changes must be made public and published by governments. In each case, the change is noted, citing specific laws where possible.

Many of the chapters require similar changes in all FTAs, such as regulations for the administration of customs procedures, tariff rate quotas, and rules of origin. Other required changes are specifically tailored to the country's laws and regulations that may

be considered inconsistent with the obligations of the FTA. Certain chapters of the FTA often require extensive changes to legislation and harmonization of regulation including intellectual property rights (IPR), telecommunications, and labor. In one case, changes to IPR rules accounted for more than 40 percent of the listed requirements presented by the USTR. Modifications to telecommunications regulations constituted another 11 percent.[18]

The U.S. oversight effort is designed to verify that the partner country has complied fully with the FTA prior to its entering into force in order to limit future disagreements. This goal has been reinforced by the U.S. Congress, which monitors the process carefully and over time has taken an even more activist role in implementation. For example, concerns over how the CAFTA-DR was written led Congress to change certain aspects of FTAs with Peru, Panama, and Colombia, even after two of the three had been signed. In each case, Congress wanted specific changes to controversial sections of the agreement, including those covering labor, environment, and IPR.[19] Specific language changes were made in all agreements, including the FTA with Peru, even though it had already been approved by Peru's legislature and would have to receive a second procedural vote. In this case, entry into force was put on hold for 14 months from the time the FTA was signed until it could be modified, highlighting the critical role of Congress in defining how these agreements are implemented.[20]

Although tensions have occasionally arisen when the United States is perceived as being unduly intrusive in the domestic affairs of partner countries, in fact, it is exercising its prerogative to implement only after the partner country is deemed to have complied with its commitments, as determined by U.S. representatives. Some Latin American

[18] In general, the FTA chapters requiring the most detailed changes in law and regulation are: National Treatment and Market Access (including the tariff schedules); Rules of Origin; Customs Administration; Government Procurement; Investment; Cross-Border Trade in Services; Financial Services; Telecommunications; Intellectual Property Rights; Labor; Environment; and Transparency.

[19] This language was developed from a bipartisan arrangement known as the "New Trade Policy for America," unveiled on May 10, 2007.

[20] The U.S.-Peru FTA was signed on April 12, 2006, approved by the Peruvian legislature on June 28, 2006, effectively approved again with a Protocol Amendment on June 29, 2007 to address U.S. congressional changes, and implemented in Peru on December 14, 2007. President Bush implemented the agreement by proclamation on February 1, 2009 over the objections of key members of Congress who were still dissatisfied with compliance issues. Brevetti, Rossella. Despite Democrats' Objections, Bush Says U.S.-Peru FTA to Go into Force on Feb. 1. *International Trade Daily*. January 21, 2009.

representatives have argued that the United States, at times, may have interpreted its mandate too broadly and exceeded its prerogative to require changes in FTAs. U.S. representatives have also expressed an awareness of the intrusive nature of such detailed oversight, but must balance Latin American demands for compromise with mandates for full implementation as interpreted by Congress.

Despite these difficulties, the process results in two important positive outcomes. First, to the extent that the required changes are politically sensitive, as has been the case with key regulatory modifications in Peru and Costa Rica, among other countries, the FTA, and U.S. assistance accompanying it, provides the needed incentive, if not cover, to act. Second, because the U.S. Congress can effectively force changes much later in the process (as shall be shown), dealing with the most difficult challenges early on usually resolves problems, more or less, permanently.

c. Expiring Unilateral Trade Preferences.

Another incentive to negotiate and implement effectively an FTA with the United States is the possibility that at some point a unilateral preferential trade arrangement in force with the United States might expire, or be withdrawn or suspended.[21] This type of arrangement includes: the Generalized System of Preferences (GSP); the Caribbean Basin Initiative (CBI) as defined in the Caribbean Basin Economic Recovery Act (CBERA) and amended in the Caribbean Basin Trade Partnership Act (CBTPA); and the Andean Trade Partnership Act (ATPA). Each of these provides limited unilateral trade preferences to beneficiary countries for a specified length of time, as defined in legislation. In most of the legislation, Congress has stipulated that the preferences remain in effect until a specified date, or until a free trade agreement with a beneficiary country enters into force, effectively replacing temporary benefits under the unilateral preferential arrangement with permanent ones under the FTA.[22]

In general, Congress has not viewed unilateral preferences as being permanent, which is an important distinction compared to FTAs.[23] An FTA's provisions stay in effect

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[21] The perceived effectiveness of the suspension "threat" is discussed by one author in: Rodas-Martini, Pablo. Labor Commitment in the Central America Free Trade Agreement (CAFTA): A Non-negotiated Negotiation. *Integration & Trade*. Vol 10. Inter-American Development Bank. Washington, D.C. 2006. pp. 281-96.

[22] After NAFTA, all Latin American countries that have negotiated an FTA with the United States have been beneficiaries of the CBI or ATPA, in addition to the GSP.

[23] The exception might be the Caribbean Basin Economic Recovery Act, which is a permanent program that requires

as long as a country remains a party to the agreement. They are not time limited as in unilateral arrangements. This difference alone provides a major incentive to implement fully and timely an FTA with the United States. It has been suggested that in cases of disagreements with the United States over implementation of FTAs, the possibility that unilateral preferences might expire could motivate Latin American countries to implement more quickly, and perhaps also to the advantage of the United States. While this may convey some leverage to the United States, language in the implementing bills makes clear that a country's status as a beneficiary country under a unilateral preference arrangement does not terminate until the FTA enters into force.

Congress, however, has the option not to renew a unilateral preference arrangement and in recent years has favored only short-term extensions, which has perhaps heightened the sense of vulnerability to this congressional prerogative. In practice, Congress has withdrawn or suspended preferences for Latin American countries on only three occasions. First, in 1988 Panama was removed from the list of CBI beneficiary countries for inadequate cooperation related to the sale of controlled substances. It was later reinstated. Second, CBI benefits to Honduras were partially suspended for two months in 1998 following a determination that it had failed to protect adequately intellectual property rights.[24] Third, Bolivia's ATPA benefits were suspended in November 2008 for lack of cooperation in counter-narcotics efforts. The congressional prerogative to suspend or decline renewal of preferences creates a sense of uncertainty that can be accentuated when members of Congress openly express a desire to consider such action.

Means of Promoting Latin American FTA Implementation after Entry into Force

After the U.S. President formally implements the FTA by proclamation, it enters into force. The implementation process, however, continues to unfold, resolving issues that require clarification, interpretation, and capacity to implement. But the tactics and mechanisms for doing so change at this point. Most significantly, the United States can no longer withhold implementation as a

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an act of Congress to amend or terminate.

[24] United States International Trade Commission. *Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers*. Ninth Report. September 1994. USITC Publication 2813. Washington, D.C. September 1994. p. 3 and *Caribbean Basin Economic Recovery Act: Impact on the United States. Thirteenth Report.* USITC Publication 3132. Washington, D.C. September 1997. pp. 1-2.

bargaining chip. Yet, the United States continues to play an important role in influencing how partner countries fulfill their obligations.

Four U.S. agencies take the lead on oversight: the USTR (overall); Department of Commerce (commercial/trade issues); Department of Labor (labor compliance); and the Department of State (overall labor and environment). Technical assistance and trade capacity building are coordinated through the USTR and the State Department, but are mostly carried out by the U.S. Agency for International Development (USAID), the U.S. Trade and Development Agency (USTDA), the United States Department of Agriculture (USDA), and to a lesser degree, the Departments of Justice and Treasury, among others. Examples of the policy options are presented below.

a. Oversight.

In addition to the USTR, the U.S. Department of Commerce, International Trade Administration (ITA) has responsibility for monitoring commercial aspects of FTAs. The ITA performs annual systematic reviews of FTAs to evaluate their performance, and more to the point, to identify implementation problems. In areas where implementation stalls for lack of capability, the ITA can target technical assistance projects to help correct deficiencies. These projects are funded by ITA through the offices of Market Access and Compliance (MAC) or Latin America and the Caribbean (LAC), and their success depends on cooperation, which is achieved by establishing and maintaining informal relationships between government representatives and private sector actors. At this point, implementation has moved from ensuring that the laws and regulations are adequately written, which is more the purview of the USTR, to ensuring and enabling compliance with the FTA.

In addition, the U.S. Department of State monitors progress in meeting environment and labor commitments, including management of related technical assistance. These efforts have required ongoing consultation and significant technical assistance, yet remain among the most difficult to achieve.

b. Consultation.

Through formal consultative mechanisms defined in the FTA or ad hoc working groups, issues that arise following an FTA's entry into force are resolved without resorting to dispute settlement, with rare exceptions. The key motivation is the desire

to implement the agreement to the mutual benefit of all parties, with the least negative repercussions. The process can be formal, but is more frequently informal, cooperative, and inter-active. The idea is to persuade rather than compel changes in implementation. This approach is critical for avoiding the formal dispute settlement process, which is lengthy, cumbersome, and offers no guarantee of a satisfactory outcome.

The consultative process has successfully resolved issues in all FTAs between the United States and Latin American countries. In addition, each FTA requires the establishment of formal committees including, for example, Free Trade Commissions and Labor Affairs Councils, comprising cabinet-level officials who provide an avenue for dialogue and oversight of implementation. Lower level groups include the Councils for Implementation of Textile Agreements (CITAs). These more formal consulting groups, however, can delegate their authority to informal working groups to resolve specific issues.

c. Trade Capacity Building.

Trade capacity building (TCB), development assistance focused on helping countries build the physical, human, and institutional capacity to participate fully in international trade, is an important incentive to implement FTAs. The United States annually commits significant financial resources for TCB to most countries with which it has an FTA. TCB provides direct assistance to identify problem areas and also serves as an incentive for continued cooperation between the United States and FTA partner countries.

Since CAFTA-DR, FTAs formally require establishment of a committee on trade capacity building (Chapter 19), with TCB viewed as a "catalyst of reform," or in other words, a catalyst for implementing the agreement to its fullest economic potential. CAFTA-DR is the best example because it has raised the TCB standard and has been in effect long enough to permit an assessment of its implementation. There are innumerable examples of U.S. TCB assistance in highly technical areas including rules of origin, sanitary and phytosanitary measures, intellectual property rights, customs valuation, small business development, financial services, and other sector-specific programs. The TCB effort is coordinated by the USTR, with actual

assistance largely provided by USAID, the USTDA, and other agencies and contractors.

TCB grew considerably under the CAFTA-DR, contributing to implementation of the agreement's technical aspects in areas where partner countries required assistance. USAID and USTDA worked with partner countries to evaluate needs and provide training and assistance to improve trade flows and meet other FTA objectives. Priority was given to four areas: rules of origin; customs administration; sanitary and phytosanitary (SPS) regulations; and industry regulatory reform.[25]

For example, under the CAFTA-DR, USTDA conducted a telecommunications regulatory workshop at a cost of US$184,889. This subject is highly controversial, particularly for Costa Rica, which had to open up to competition a previously state-run telecommunications monopoly, including creating a new regulatory agency. In another case, the United States provided US$5.5 million to help Nicaragua, the poorest of the CAFTA-DR countries, to develop a full strategy for compliance with a number of technically difficult aspects of the FTA. Funds were used to bring in consultants to create training programs for establishing market access/customs procedures, drafting new laws covering IPR, competition, and foreign trade, and conducting outreach efforts on trade promotion to agricultural and manufacturing exporters.

Rules of origin are fundamental to the operation of an FTA because they identify which products are eligible for preferential trade treatment. Therefore, their effective administration can determine how well goods flow between the United States and its trade partners. In 2007, USAID spent US$2 million to assist the CAFTA-DR countries assess their weaknesses in administering rules of origin, provided training and manuals to public and private sector actors to improve their knowledge of the rules, and completed follow-on training on customs administration.

Specific agricultural issues were addressed with specialized seminars on topics such as the U.S. regulatory process for specific crops, import requirements for meat products, laboratory analytical testing techniques, and SPS inspection techniques.

[25] United States Agency for International Development. Economic Analysis and Data Services. Trade Capacity Building Database. http://qesdb.usaid.go/tch/index.html/ and data from AFIS, USDA.

The U.S. Government committed, for example, over US$1.5 million in 2007 to help CAFTA-DR countries improve their SPS capabilities, an area of complex rules and regulations in which poor implementation can impede rather than promote the flow of food products. Agricultural product diversification is a key to successful implementation of CAFTA-DR in Central America. But if products fail to meet U.S. (or international standards), their importation can be delayed, which is a critical problem with perishable goods.

Under a USAID grant, the USDA conducted multiple training programs on how to harmonize partner country SPS regulations with those defined by various international standard-setting bodies. In so doing, the Central American countries increased their ability to export plant, animal, and horticultural products (traditional and non-traditional) not only to the United States, but to other developed countries that recognize these or similar standards. Grants have been used to build laboratories, provide training on U.S. equivalency standards for meat and poultry, dairy sanitation, animal and plant disease identification, and U.S. and international regulatory trade requirements. The purpose of these grants was to support a country's ability to diversify and increase exports under the CAFTA-DR.

d. Technical Assistance.

The United States also provides considerable technical assistance through multiple agencies to help Latin American countries identify and resolve problems that go beyond strictly the capacity to trade. Projects include training for partner country public and private sector representatives in highly technical areas such as intellectual property rights, government procurement, and labor and environmental capacity building. Often emphasis is placed on learning how these provisions in FTAs have been implemented by other countries.

One of the most contentious issues in bilateral FTAs has been the chapter on labor provisions, which requires that trade partners meet obligations under the United Nations International Labor Organization (ILO), among other commitments. The U.S. supports this goal with considerable financial assistance. For fiscal years 2005 through 2009, the U.S. Congress appropriated US$84.8 million for multiple technical

assistance programs just for the CAFTA-DR countries.[26] Labor law enforcement has been a major challenge in many Latin American countries and the U.S. Department of State established a number of programs in cooperation with the U.S. Department of Labor and the ILO.[27] One program assessed the capabilities of CAFTA-DR countries to monitor and report on their progress in improving enforcement procedures. A second program provided outreach to selected agricultural areas to increase awareness among workers of their rights and recourse to assistance. A third supported an analysis of civil service legislation and the reorganization and training of professionals in labor ministries. A fourth helped create worker rights centers with local partner organizations in the CAFTA-DR countries.[28]

Environmental standards have also received U.S. technical assistance. For fiscal years 2005 through 2009, Congress appropriated US$64.1 million for environmental capacity building projects in the CAFTA-DR countries. U.S. training has ranged from general overviews of environmental compliance, inspection, and enforcement principles, to highly targeted implementation workshops on such topics as the Convention on International Trade in Endangered Species of Wild Fauna and Flora, management for environmental law enforcement officials, public engagement in environmental awareness, and evaluating the overall impact of environmental cooperation under CAFTA-DR. The United States also provides technical assistance to help countries write new environmental regulations that comply with multilateral environmental agreements, address specific environmental degradation problems identified in country national action plans, and support specific projects, such as improving standards and regulations for wastewater treatment, assisting with organic cacao production, and expanding a rancher outreach program in support of wild jaguar conservation.

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[26] In fact, the commitment of these and other funds for environmental capacity building was made in an informal agreement (letter) from then-USTR Rob Portman to Senator Jeff Bingaman in June 2005 that is widely regarded as instrumental in garnering legislative support for passage of the CAFTA-DR implementing bill.

[27] U.S. Department of Labor. Bureau of International Labor Affairs. *Progress in Implementing Capacity-Building Provisions under the Labor Chapter of the Dominican Republic – Central America – United States Free Trade Agreement*. First Biennial Report Submitted to Congress. Washington, D.C. January 14, 2009. Annex 3.

[28] Still, enforcing labor commitments under the FTAs has been criticized by many, especially the poor use of the Labor Affairs Council, which has the responsibility to implement labor-related commitments. The GAO criticized U.S. efforts related to a number of pre-CAFTA-DR agreements, including the one with Chile, on their poor implementation of labor assistance. See: GAO, op. cit. pp. 35-36, 43-44, 50-51.

The U.S.-Chile FTA examples include the U.S. commitment to assist with eight projects related to the Environment Chapter alone. One grant of US$326,462 from the USTDA funded Chile's National Commission for the Environment's project that assisted with the development of Chile's regulatory framework for environment remediation. USTDA also provided a US$283,150 grant to help Chile comply with its customs administration commitments. The grant was used to develop a draft regulation, establish new procedures, train customs officers, and design customs information data bases.

The U.S. government provides additional assistance for legal and regulatory issues such as training judges for special intellectual property rights courts (U.S. Department of Justice), money laundering interdiction and enforcement (U.S. Department of the Treasury), border enforcement, and ongoing development of renewable energy alternatives (U.S. Department of Energy).

e. Mandated Oversight Reports.

As in the first phase of implementation, the U.S. Congress has a strong interest in seeing that FTAs continue to be administered in ways that meet congressional goals set forth in legislation. Mandatory oversight reports serve as a formal feedback loop to Congress in the implementation process. Areas of greatest concern include meeting labor commitments undertaken in the agreement. For example, section 403(a) of the CAFTA-DR implementing act requires biennial reporting on the partner countries' fulfillment of their commitments under the FTA and other documents.[29] This report, which will perhaps be a new standard for FTA implementing bills, is linked to significant TCB for improving labor capacity-building efforts. Reports of this type not only draw attention to deficiencies in specific areas, but raise possible solutions for better implementation, including the provision of financial and technical assistance to help assure compliance.

In a separate report on Guatemala's failure to meet fully its commitments under the CAFTA-DR Labor chapter, the U.S. Department of Labor outlined a number of remedies that would move Guatemala closer to compliance. As part of a follow-up

[29] U.S. Department of Labor, *Progress in Implementing Capacity-Building Provisions under the Labor Chapter of the Dominican Republic – Central America – United States Free Trade Agreement.*

strategy, DOL recommended that it continue to monitor the situation and make recommendations rather than initiate consultations under the dispute resolution process.[30] The report and direct involvement by the DOL provides another example of how the United States helps and encourages countries to meet their implementation obligations under FTAs, while avoiding more confrontational measures.

f. Complementary Mechanisms.

To take full advantage of trade liberalization, complementary (non-trade) policies are needed to improve the competitiveness of countries that have opted for greater trade opening. These address structural reform issues such as market promotion, infrastructure development, research and development, financing, and human resource capacity building. Meeting the needs of small businesses and agricultural producers is of particular importance. Without a national commitment to these policies, Latin American countries may not be able to derive the full benefits from the opportunities presented by FTAs. FTA implementation should include domestic policies in support of these complementary needs, which the United State supports with technical assistance and TCB discussed above. One example of support for a domestic complementary strategy is the direct aid for infrastructure offered to Nicaragua through the Millennium Challenge Corporation (MCC).[31]

g. Dispute Resolution.

A last resort for implementation, and one not frequently used in reciprocal bilateral FTAs, is the dispute settlement chapter. In all cases regarding FTAs with Latin America, dispute settlement requires that parties exhaust all efforts to arrive at a negotiated solution before initiating formal proceedings. The emphasis on cooperation and consultation extends into the actual dispute settlement process itself. If informal consultations fail to resolve a conflict, a formal mediation can be arranged by convening of the Free Trade Commission. If mediation fails to resolve the problem, an arbitral panel can be established composed of members chosen from a roster of international experts. The panel conducts hearings on the complaint,

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[30] U.S. Department of Labor. Bureau of International Labor Affairs. *Public Report of Review of Office of Trade and Labor Affairs U.S. Submission 2008-01 (Guatemala).* Washington, D.C. January 16, 2009. pp. 33-34.

[31] Details of complementary policies considered necessary to help transform CAFTA-DR country agricultural sectors are detailed in: United States Agency for International Development. *Optimizing the Economic Growth and Poverty Reduction Benefits of CAFTA-DR.* Washington, D.C. September 2008.

determines the facts, and hears testimony from professional witnesses. A final report determines how parties that are the object of the complaint must eliminate non-conformity with the FTA. Compensation and other options for resolution are also negotiable, but can result ultimately in the suspension of trade benefits.

Because of the strong bias toward consultation and cooperative resolution built into the FTA mechanisms, the formal dispute settlement process has been invoked only rarely. Although differences resolved through this process can result in a more complete implementation of obligations, formal dispute settlement can also be suboptimal for many reasons, particularly its confrontational approach. Nevertheless, having this option available is an important incentive for all parties to make every effort to resolve disagreements through consultation. A weak dispute settlement process, by contrast, can diminish both the FTA's resolution capacity and good will between countries.[32]

It should be added that even some technical assistance and trade capacity building has been regarded critically by Latin American representatives. In their view, the fundamental purpose of such assistance is to enable a partner country to meet goals required by the United States. As such, the assistance is viewed as self-serving despite whatever improvements it may bring to a developing economy. The United States has also been urged to incorporate a well-defined "development component" into its trade agreements, much like the European Union has done to help former European colonies make a transition to greater trade liberalization.

Lessons on Implementation

The United States plays an active, and some would argue forceful, role in influencing when and how Latin American countries implement obligations undertaken in reciprocal bilateral free trade agreements. U.S. advocacy for its positions does not cease when negotiations conclude. Because there is still a "bargaining" aspect involved, the implementation process can be contentious, opaque, and difficult to achieve. In recent FTAs with Latin America, the United

[32] One example might be the case of Mexican trucks being denied access to the United States, despite agreement to do so under NAFTA. The U.S. Congress has blocked efforts to allow Mexican trucks to cross the border over alleged safety issues, despite the NAFTA dispute resolution process finding in favor of Mexico. Political resistance has continued in the United States, and Mexico has responded with retaliatory tariffs on U.S. imports. See: Amy Tsui and Rossella Brevetti. Mexico Truck Dispute of Great Concern, Given Tariffs on U.S. Exports, Locke Says. *International Trade Reporter*. August 13, 2009.

States has taken a particularly activist approach by requiring compliance much earlier in the process, even before an implementing bill has been introduced in the U.S. Congress.[33]

This trend toward "pre-implementation," spurred in no small part by Congress, may be the way of the future, but it has drawn the criticism of many Latin American countries for introducing additional requirements or new issues after negotiations have closed. Changes to the Peru, Panama, and Colombia agreements support this concern and highlight the uncertainty of U.S. negotiating tactics and its ability to conclude and approve a final agreement. These challenges raise at least three important issues that might be addressed to facilitate future negotiation and implementation of bilateral reciprocal FTAs.

Concluding a Final Agreement

First, there appears to be a fine line between consulting on how to implement an FTA and requiring changes after an agreement has been negotiated. The United States required changes to FTAs with Peru, Panama, and Colombia after negotiations closed, which critics charge resulted in a flawed procedure. Congressionally-mandated changes to FTAs after negotiations also raise questions about U.S. negotiating intentions, tactics, and authority, and places Latin American governments in awkward situations. The requirement to make these changes can appear to cede domestic policy authority to the United States and reinforces an underlying sense by Latin American countries of the asymmetrical power in the negotiating process.[34]

Addressing this issue has implications for both U.S. and partner country trade policies. Congressional changes have been introduced largely because the TPA/fast-track process has veered from its foundation of bipartisan and interbranch cooperation. Greater cooperation is more likely to be achieved if trade negotiation objectives signed into the TPA/fast track law reflect broad congressional agreement, and if the executive-congressional consultation process functions effectively. In the absence of congressional consensus and fuller interbranch cooperation, the risk increases that FTA implementation may be subjected to last minute congressional changes, particularly if party control in Congress changes in the interim.

Knowing that last minute changes to an FTA are more likely if it fails to account for major U.S. congressional objections suggests that proposed FTA partners would be advised to

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[33] Colombia and Panama are examples of this shifting template, see: Washington Trade Daily, *Colombia, Panama FTAs*, September 10, 2009.

[34] The United States does not have the same leverage with multilateral agreements.

monitor congressional interests very carefully to gauge where problems may develop. Some concerns are clear, such as labor and environmental chapters, which are not only pillars of U.S. bilateral FTAs, but are becoming increasingly specific and enforceable. Making the necessary changes to laws and regulations even prior to a U.S. congressional vote on an FTA may go a long way toward simplifying the implementation process later on. Other concerns may be difficult to anticipate, introducing more uncertainty into a fluid implementation process. One example would be the congressional objection to Panama's tax laws that was not raised during the FTA negotiations.[35]

Less Cumbersome and Contentious Implementation

Second, changes to laws and regulations necessary to bring a country into compliance with an FTA *prior to* entry into force should be specific, verifiable, and timely to reduce the need for extensive consultations and corrections *after* the FTA has been formally implemented. That said, the consultation process on legal, regulatory, and administrative compliance is difficult to execute even with the best of intentions, so will typically require far more resources and time than might be presumed. The United States plays a hands-on role in assuring that its FTA partner countries make changes that result in compliance, and also helps them to do so. This process requires a combination of tact and persistence to avoid charges of intrusiveness.

After the FTA has entered into force, openness to informal consulting arrangements, often built on more formal commitments defined in the FTAs, provides invaluable forums for clarification and resolution of disagreements. Trade disputes regularly arise between countries, but experience in the case of the United States suggests that it is easier to address disputes when a bilateral FTA exists because of these informal mechanisms, compared to disputes with trade partners without similar mechanisms that an FTA provides. A credible dispute resolution process can actually encourage greater cooperation and consultation, but on its own is often a poor way to resolve those inevitable problems that arise in the ongoing administration of FTAs.

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[35] In the case of the U.S.-Panama FTA, for example, implementation has been delayed over a number of political concerns including the composition of Panama's legislative leadership and congressional demands to change its labor code. Also, there is nothing new in observing that the predictability of congressional support for a signed FTA diminishes when interparty or interbranch cooperation is weak. See: Pastor, Robert A. *Congress and the Politics of U.S. Foreign Economic Policy*. Berkeley: University of California Press. 1980. pp. 192 and 348-351.

Develop Technical Assistance and Trade Capacity Building with the Mutual Satisfaction of Negotiating Parties in Mind

Third, open and productive consultation creates opportunities to use targeted technical assistance and trade capacity building to assist with full implementation of FTAs. U.S. technical assistance has focused largely on helping FTA partners meet U.S. negotiated requirements in such areas as rules of origin, regulatory changes, labor, environment, SPS, and money laundering, among others. This assistance can help countries comply with obligations they have undertaken. As mentioned above, it is often viewed as self-serving and offering little to meet the needs defined by Latin American partners. Similarly, trade capacity building may directly enhance output and trade for the benefit of partner countries, but it too is driven to some extent by U.S. priorities. Latin American countries, however, can seek to increase these benefits for themselves by consulting with U.S. authorities to define the parameters of this assistance.

Comparison is often made with the European Union's use of a "development component," that is assistance to the Caribbean and the EU members other former colonies that is not directly related to trade. The United States, however, has generally not adopted this approach and trade capacity building may be seen as enhancing a partner country's ability to meet international trade standards, not just those of the United States.[36] In the absence of a U.S. "development component," third parties such as the World Bank, the Inter-American Development Bank, and other institutions could provide assistance to enable developing countries to take full advantage of opportunities presented by bilateral FTAs.

Agenda for the Future

Realizing the benefits of bilateral FTAs depends on the "full and effective" implementation of the obligations undertaken. U.S. trade partners might assume that the act of implementation encompasses a commitment to trade-led development as part of a broader growth and development strategy. Countries such as Chile have experienced considerable success with such a strategy. Others, such as Mexico, have struggled to make all the necessary adjustments. Some countries under CAFTA-DR may be experiencing similar problems and success is not a foregone conclusion, particularly if FTAs are only partially implemented. U.S. incentives to Latin

[36] Even in the United States there appears to be a growing interest in exploring a "development component" in bilateral FTAs. For a recent example, see: Zepeda, Eduardo, Timothy A. Wise, and Kevin P. Gallagher. *Rethinking Trade Policy for Development: Lessons From Mexico Under NAFTA.* Carnegie Endowment for International Peace. Washington, D.C. December 2009. p. 18.

American countries support the development rationale of FTAs in addition to myriad interests of the United States.[37]

Greater sensitivity to asymmetrical relationships during the implementation process might increase the potential for FTAs to promote a development agenda. Incorporating these lessons would be a first step in recognizing that a balanced and healthy adjustment to deeper bilateral trade liberalization benefits both Latin America and the United States. The process that leads to this outcome is important because it will serve as the foundation for changes that need to be made. Making this process more "user friendly" and less contentious by incorporating more fully the concerns of all parties will increase its support for the development agenda. Linking support for the FTA implementation process to complementary policies (e.g. infrastructure development) through the Millennium Challenge Corporation or other programs might be one possibility.

After some 15 years of experience with U.S.-Latin America FTAs, it is possible to anticipate where problems will arise before, during, and after an FTA has been signed. More attention to detail and the nuances of this process could help expedite implementation of future FTAs. Those countries already in an FTA with the United States provide advice to others that are contemplating such a move, but their lessons could prove more beneficial if organized in a more open forum. The implementation process is still highly guarded and an agenda item for the future might be to discuss openly the lessons that have been learned.

In addition, more effort might be made to evaluate the distinction between U.S. tactics prior to an FTA entering into force (conditional implementation and detailed oversight of Latin American regulatory reform) and after entering into force (informal consultation, technical assistance, and trade capacity building) as a means of identifying greater mutual benefits. Implementing an FTA should be more than an exercise in the use of leverage; its larger aims should be to support and demonstrate the mutual benefits of trade. A policy agenda that helps identify these possibilities would advance the development agenda that most countries seek, and in so doing, perhaps further reinforce the global trade agenda as well.

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[37] A detailed analysis of the adjustment process in the agricultural sector of the CAFTA-DR countries and its critical role in supporting a "trade-led" development strategy may be found in: United States Agency for International Development. *Optimizing the Economic Growth and Poverty Reduction Benefits of CAFTA-DR.* Washington, D.C. September 2008.

Table 1. Implementation Time Frames for U.S.-Latin America Free Trade Agreements

Country	Date FTA Signed	Date U.S. Implementing Bill Signed	Date of FTA Entry into Force*	Time From Implementing Bill to Entry into Force	Time From FTA Signing to Entry into Force
Mexico	#Dec. 17,	Dec. 8, 1993	Jan. 1, 1994	1 month	13 months
Chile	June 6,	Sept. 3, 2003	Jan. 1, 2004	4 months	7 months
El Salvador	Aug. 5,	Aug. 2, 2005	March 1,	7 months	19 months
Honduras	Aug. 5,	Aug. 2, 2005	April 1, 2006	8 months	20 months
Nicaragua	Aug. 5,	Aug. 2, 2005	April 1, 2006	8 months	20 months
Guatemala	Aug. 5,	Aug. 2, 2005	July 1, 2006	11 months	23 months
Dom. Rep.	Aug. 5,	Aug. 2, 2005	March 1,	19 months	31 months
Costa Rica	Aug. 5,	Aug. 2, 2005	Jan. 1, 2009	41 months	53 months
Peru	April 12,	Dec. 14,	Feb. 1, 2009	14 months	34 months
Colombia	Nov. 22,				
Panama	June 28,				
Average				13 months	24 months
Avg. (w/out				9 months	21 months

** Implemented by Presidential Proclamation.*

 # Mexico was part of the North American Free Trade Agreement (NAFTA), which was signed by President George H.W. Bush. During the Clinton administration, supplemental agreements on labor and environment were negotiated and signed on September 14, 1993.

Figure 1. Implementation Time Frames for U.S.-Latin America FTAs

(in months)