



## CONVERGE AMERICAS

*A platform for dialogue and development of equitable, diverse, and inclusive policies, partnerships and trade agreements for the Americas.*



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### ***Comprehensive Trade Partnership for the Americas, CTPA White Paper***

In the midst of the COVID-19 pandemic, *Converge Americas* has developed a solution in response to the many social, commercial, financial, healthcare and humanitarian problems which are currently affecting the Americas in an equitable, diverse, and inclusive manner.

***The Comprehensive Trade Partnership for the Americas***, is both an agreement and an initiative that includes areas and disciplines not previously included in existing agreements, but that are strategic to solving the overall issues which currently affect and will affect the Americas in a post pandemic world.

#### **Overview**

In 1988 the free trade movement in North America was garnishing traction, to that end an agreement between Canada and the United States was established as the *Canada-US Trade Agreement*. Immediately thereafter Mexico indicated it was ready to join, and negotiations started. As such, in January 1994 the treaty for the *North American Free Trade Agreement (NAFTA)* was ratified and signed.

The signing of the NAFTA Agreement fostered interest in regional and non-regional agreements throughout. As a result, **The Summit of the Americas Summit** was established, with President Bill Clinton, as the first summit host. The event was held in the United States, in the City of Miami, Florida, December of 1994. This Summit produced 59 mandates concentrating on 23 themes and enabled the establishment of



working groups that would ultimately realize a Free Trade Area of the Americas, and a governing secretariat, by the year 2010.

*The Declaration of Principles of this Summit* established a pact for development and prosperity based on the preservation and strengthening of the community of democracies of the Americas. The leaders sought to expand prosperity through economic integration; to eradicate poverty and discrimination in the Hemisphere; and to guarantee sustainable development while protecting the environment.

*The EU and NAFTA Effect.* The EU model was used as a guide But there were income disparities, job losses, especially among low skilled workers, which enabled the opportunity to address the improvement of education, to yield higher skilled workers and committed governments to open economies.

It is also important to note that NAFTA was not a typical trade agreement for it covered ip, investment, sovereignty to review NAFTA panels, and governmental procurement.<sup>1</sup>

Another significant effect of NAFTA was the model it offered the rest of Latin America ensuing regional agreements in Central America, Chile, and the Caribbean, which would offer countries an important path to development and support for national democratization. It was widely considered that by gaining access to larger markets and opening economic and political institutions, development would also ensue.

However, without basic infrastructural development many countries in Latin America found it difficult to compete.

This indicated that successful regional integration for poorer countries required development funds similar to those the EU provided southern and eastern European countries.

Nevertheless, NAFTA and subsequent agreements altered the political landscape by putting trade and economic cooperation and integration at the forefront. By making economic transactions transparent and secure in the region, the demand for political institutions developed to govern these transactions.

This functionalist finding has been called the “Europeanization” of North America as cross-border technical harmonization and domestic effects have created a demand for further institutionalization. The political reaction to events in the region since the signing of NAFTA supports this finding. Leaders have collaborated on everything from terrorism after 2001 to cooperation on regional infrastructure.

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<sup>1</sup> North American Free Trade Agreement/International Democracy Watch.



Perhaps the FTAA movement's premature timing and complex issues caused the initiative to fail. And, in 2005 at the *Mar de Plata Summit in Argentina*, causing the discontinuation of the process for 2006.

### **The Solution**

*November 11, 2020.* In the midst of the CoronaVirus pandemic, an idea was formulated by Joe Chi, President of CAMACOL Latin Chamber of Commerce USA, while presenting before a panel<sup>2</sup> discussion between US Senator, Rick Scott; Mexican Principal NAFTA/USMCA negotiator, Kenneth Smith Ramos; Canadian Ontario Economic Trade and Job Creation Minister, Victor Fedeli; and, Port of Miami Global Trade and Business Director Eric Olafson.

Utilizing the highly successful NAFTA/ USMCA Agreement which resulted in over **1.1 trillion US dollars** of trade growth as a model, the following is proposed as a solution which addresses the many complex issues facing the Americas, exacerbated by this current pandemic environment, as follows:

1. The development of a comprehensive trade partnership.
2. The utilization of established and existing trade blocs to initiative immediate negotiations that will facilitate a process of customs and tariffs harmonization with NAFTA/USMCA, one trade bloc at a time.

The proposed process would be similar to the earlier *Free Trade Area of the Americas* (FTAA), but with significant change to ensure success. Instead of trying to individually convince all the countries in the Americas to agree to join a unified trade framework, the new process would alternatively persuade established and existing trade blocs to agree to start a process of customs and tariffs harmonization with NAFTA/USMCA one bloc at a time.

### **Action Steps**

#### ***Comprehensive Trade Partnership for the Americas, CTPA***

##### **Phase 1.**

- The initial action would be to start a process of harmonization between the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) and
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<sup>2</sup> CAMACOL has been a leader in trade development policy for over 4 decades.



- NAFTA/USMCA under an overall umbrella which would also act as a secretariat which would also be tasked to oversee the process.
- Develop alliance of these trade pacts which would include the incorporation of sustainable development processes to ameliorate living conditions in lesser developed countries and lessen the rationale for migration into wealthier and more developed countries.

## **Phase 2.**

- Once the process between the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) and NAFTA/ USMCA is initiated there would be momentum to start yet another process of integration between the Caribbean Community and Common Market (CARICOM).
- Continuing the momentum of the partnership agreement; harmonizing NAFTA/USMCA, CAFTA-DR and CARICOM, the next candidate could potentially be the Andean Community trade bloc which already has an existing relationship with the Mercado Común del Sur (MERCOSUR).
- Following integration with the Andean Community, MERCOSUR, having a series of reciprocal positions and relationships with the Andean Community would make it easier to merge with the 4 previous trade blocs of NAFTA, CAFTA-DR, Caribbean Community and Andean Community to create what could be the world's largest trade bloc, ***Comprehensive Trade Partnership for the Americas, CTPA.***

At CAMACOL and Converge Americas, with our global and local perspective, we feel the time has come to strengthen the Americas, especially in the wake of the economic challenges coming from the newly unified trade bloc of the 15 Asian nations under the ***Regional Comprehensive Economic Partnership (RCEP).***

RCEP is a free trade agreement initiated by Indonesia between the 15 Asian Pacific nations of Australia, Brunei, Cambodia, China Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, Philippines, Singapore, South Korea, Thailand and Vietnam.

The 15 member countries account for about 30% of the world's population and 30% of Global GDP (\$26.2 trillion) as of 2020, making it the biggest trade bloc in the world. A distinction that previously belonged to NAFTA/ USMCA.

## **Experience**

*The Latin Chamber of Commerce of the USA, CAMACOL* holds long term relationships with North America, South America, Central America and the Caribbean. CAMACOL



leadership is willing and able to move the process forward in a nonpartisan manner with the ultimate goal of realizing the ***Comprehensive Trade Partnership for the Americas, CTPA***, in the benefit of our local, regional, national and international community which has been severely impacted by COVID-19, along with other social and economic challenges.

*Converge Americas* will provide the framework necessary to bring the vision into reality through its vast network and experience in the development of international policy and initiatives. With a vast repertoire of experiences and unique capabilities, Converge Americas is more than qualified to meet the challenges of bringing together the diverse regions of the Americas in a trade and commercial union that will holistically benefit the region.

Through the consolidation of trade and the convergence of commerce, social services, health sciences and other disciplines, innovative solutions can be created, synthesized and acted upon in this hemisphere, to deal with the many challenges faced including poverty, inequality, climate change, environmental degradation, peace and justice.

The challenges will be many but the goal must be set in an efficient and expeditious manner.

### **Goal**

A unified *Americas* will have the ability to face and to solve the many challenges at hand with effective, inclusive and diverse mechanisms with which to combat social, commercial, financial, and healthcare challenges through a ***Comprehensive Trade Partnership for the Americas, CTPA***

Together we can and will create and build a better present and future for our Americas.

