



REQUEST FOR COMMENTS ON
THE AMERICAS PARTNERSHIP FOR ECONOMIC PROSPERITY (TRADE TRACK)
SUBMITTED BY COUNCIL OF THE AMERICAS
JULY 22, 2024

Council of the Americas (hereinafter COA) appreciates the opportunity to provide this submission to USTR in response to the June 20, 2024 Federal Register Notice and Request for Comments on the Americas Partnership for Economic Prosperity.

COA is a policy and business organization whose members share a common commitment to economic and social development, open markets, the rule of law, and democracy throughout the Western Hemisphere. Our membership consists of over 200 leading corporations representing a broad sectoral spectrum creating formal employment, promoting labor rights, protecting the environment, supporting rules-based regulation and practices, anti-corruption, and good governance, and expanding inclusive trade throughout and across the Americas.

Americas Partnership: A Welcome Initiative

Consistent with our letter to the President of October 18, 2022, which also included suggestions for several priorities and which we incorporate [HERE](#) by reference, COA applauds the APEP initiative first proposed at the Los Angeles Summit of the Americas in June 2022 and launched in November 2023 at a White House Leaders Summit. We thank USTR for including several proposals made in our initial letter and we urge additional concrete steps.

The Western Hemisphere is a valued partner in efforts to secure critical supply chains, promote energy transition and combat the worst effects of climate change, and enhance broad-based economic growth to, *inter alia*, reduce migration pressures while expanding markets for U.S. exports. Two years after the Los Angeles Summit, we believe that APEP continues to offer a welcome mechanism for the United States to cultivate and expand economic partnership in the Americas, based on shared principles including democratic governance and dynamic, private sector-led growth.

Meanwhile, as China and other global authoritarians intentionally work toward strategic re-alignment with Latin America and the Caribbean in ways inimical to our interests, including the active promotion of non-alignment that seeks to put relations with Washington and Beijing and Brussels and Moscow on equal footing, it is of vital importance that the United States offer a compelling, sustainable vision for regional partnership based on open market democratic values while reducing the attraction of authoritarian linkages.

Establishing Principles to Guide APEP Conversations

The flexible nature of APEP presents an opportunity to develop and highlight principles around which the initiative, consistent with broader U.S. goals, should revolve for maximum impact, sustainability, and success. Five stand out:

- Trade harmonization, facilitation, and expansion. Without it, the promise of APEP will remain unfulfilled. Trade liberalization is like riding a bicycle; if you stop peddling, you fall off. APEP can be the standing vehicle for discussions and, as appropriate, future negotiations to harmonize and upgrade existing agreements and practices to the highest regional standard, currently USMCA, highlighting necessary reforms and the tools available to achieve them. For example, upgrading the rulebooks of existing agreements to USMCA standards in the areas of customs administration and trade facilitation, good regulatory practices, and other areas, would provide significant benefits to traders, especially MSME's. At once, the initiative would be infused with new energy and excitement while providing an overriding rationale for participation, including incentives for partner nations to pay the domestic costs—political and otherwise—of reform.
- Private sector-led growth. The overwhelming presence of the state is a drag on too many economies across the Americas, leading to suboptimal growth and continued underdevelopment for too many. Recognizing the importance of private vs. public sector-led growth for sustainable development and opportunity across the region, APEP should affirmatively center the private sector both rhetorically and through regular institutionalized consultations as the primary engine for regional development consistent with democratic governance, transparency, anti-corruption, innovation, and job creation in the formal economy.
- Supply chain resilience, sustainable infrastructure, and people. With the right regulatory structure, rule of law including investment protections, and support from entities including the Inter-American Development Bank, USDFC, and business-relevant USAID and Department of Labor projects, U.S. companies will be more likely to provide the investment capital that the region so desperately needs and that China so willingly provides. Without protections, the private sector will continue to underinvest, to the detriment of the people of Latin America and the Caribbean and to U.S. strategic interests.
- Energy transition and climate change. The Western Hemisphere is rich in clean energy and the minerals and materials necessary to deploy these resources effectively. Promoting explicit policies designed to accelerate energy transition and climate resilience including efficiency, integration, and all-of-the-above technologies across sectors should be an APEP organizing principle, drawing Partner nations into a meaningful and sustainable dialogue on these issues leading to real results.

- Reciprocity. Partnership works best when all partners gain meaningfully from mutual association. While it is appropriate for the United States to seek reforms in Partner nations to build economic competitiveness and support private sector-led growth, it is equally appropriate and perhaps even more important for Washington to provide significant benefits in the form of project finance, market access, and technical assistance to create momentum and sustainability for the APEP initiative.

Working within these guiding principles, an ambitious, flexible, and goal-oriented regional economic and development agenda, as called for by Leaders in November 2023, can be most effectively constructed and implemented.

From Principles to Actions to Results

To be sustainable, APEP must deliver meaningful results for all Partnership nations. Efforts must be fully coordinated at the political level, mutually reinforcing, and not diluted by an overabundance of priorities or bureaucratic stove piping. Within the principles enumerated above, COA recommends the following three priority areas for consideration in the APEP Trade Track:

- Bolstering Supply Chains through Trade Facilitation, Regulatory Harmonization, and Customs Modernization. Simply put, our ambition should be to make the Western Hemisphere the most favorable place to trade and do business worldwide. While new trade agreements may be unrealistic in the current moment, nonetheless a major emphasis on improving trade efficiencies, deploying modernizing technologies, and harmonizing best practices, coupled with significant technical assistance, would help raise regional standards, attract new trade and investment, and dramatically improve regional competitiveness.
 - Full customs digitization, centralization, and non-duplication is key.
 - Many APEP and other countries require upgrades to the information technology systems that underlie import/export processes. Without such upgrades, increased trade envisioned by APEP will not be possible in many cases.
 - To bolster a secure and resilient information and communications technology (ICT) ecosystem in the region, APEP member countries should align on and codify uniform safety and environmental standards for imported ICT equipment or allow for mutual recognition of compliance assessments.
 - A standing public-private mechanism on supply chain resilience, as previously recommended by COA, would be an appropriate means by which to identify additional self-defeating trade practices and inefficiencies and work to resolve them. The subsequent “race to the top” would have a positive impact on regional affairs, creating incentives for individual Partner nations to take the necessary steps to integrate more rapidly and effectively into strategic North American supply chains, with eventual accession to USMCA the ultimate goal.

- To incorporate more small businesses into regional trade and supply chains, governments should reduce the time to start a business to less than one week. Governments should also consider public-private partnerships and innovative financing mechanisms to help small businesses acquire the digital skills to grow, take part in e-commerce, and export.
- The continued attraction of populist governance and a renewed regional emphasis on state-led growth suggests a pressing need to restore the primacy and emphasis on investor protections. Private U.S. capital is essential to have any hope of meeting the most ambitious APEP objectives, and the stability of institutions and the rule of law is critical in order to draw the investment required to meet supply chain objectives.
- Using Trade to Promote Energy Transition and Environmental Technologies. Latin America already boasts the cleanest energy matrix worldwide. Within the Trade Track framework, the best way to encourage additional positive environmental outcomes including energy transition remains COA's previous recommendation to pursue an APEP-wide agreement on clean technology, goods and services. Ultimately, such agreement could be expanded to all willing hemispheric nations. It would, *inter alia*, include products and practices that improve environmental quality (for example, pollution control, energy efficiency, sustainable agriculture, water and wastewater treatment, hazardous waste disposal, environmental monitoring and analysis), support renewable and cleaner energy technologies and products, and inputs critical to energy transition including copper, lithium, and critical materials. It would also help make the region a competitive powerhouse in environmental production, which is critically important for U.S. companies looking to meet corporate environmental goals by, for example, sourcing electricity generated from clean inputs. Finally, it could proactively head off some of the worst impacts of potential border adjustment taxes for Latin America and the Caribbean, a region that can ill afford still greater barriers to trade, providing a cleaner production profile for regional goods and services.
- Upgrade Infrastructure, Urgently. Economies cannot flourish without access to markets. Physical infrastructure needs across the region remain profound, a reality that has proven to be one of the key entry points for Chinese investment and influence.
 - Roads, ports, bridges, and all manner of physical infrastructure upgrades are required to improve trade efficiencies and strengthen supply chains that are otherwise, by definition, tenuous. Equally importantly, digital infrastructure lags. APEP should prioritize physical and digital infrastructure development, bringing to bear streamlined financing models and significant new resources including re-envisioning the ambition and authorities of USDFC activities, because these are the underlying structural supports of regional economies.

- As well, AI is changing business in real-time, threatening to increase the development gap with and within Latin America and the Caribbean. Establishing an AI agreement centered on a risk-based approach to AI governance would be an appropriate initiative to pursue within APEP. With a modicum of creativity and ambition, APEP can serve as a laboratory for the United States to develop new approaches alongside and in coordination with developing markets.
- Workforce education and training is a critical component and must also be considered—none of these strategies are viable without developing the human infrastructure needed to drive knowledge-based economies.

By centering these priorities within the broader prevailing principles, APEP has the potential to be a sustainable, action-oriented framework for engagement and progress. This is particularly true in support of bipartisan and bicameral legislation that has recently been introduced, The Americas Trade and Investment Act (“Americas Act”), incorporating and expanding primary APEP themes and objectives, and priorities enumerated above, with a view to achieving an ambitious vision of true regional partnership including accession to USMCA.

COA is pleased to have the opportunity, on behalf of our members, to continue to engage actively and appropriately with these themes across the region as a means to deliver both the potential for development and the promise of democracy.