Environmentally Sustainable Trade
National Environmental Assessments of Free Trade: Andean Region Component

The Organization of American States (OAS) through a Cooperation Agreement with the United States Environmental Protection Agency (USEPA) is conducting national environmental assessments of free trade in Colombia, Ecuador and Peru. The model developed by OAS for these assessments examines to what extent domestic markets in the specific countries are likely to change as trade barriers fall, and what environmental consequences can be anticipated from these economically driven effects. The model also examines how legal and institutional frameworks (domestic and regional) can address these changes. The analysis is intended to provide member states with capacity building and realistic policy options that make trade expansion more sustainable. The assessments are being developed with the following non-governmental organizations: Instituto Colombiano de Derecho Ambiental, Centro Ecuatoriano de Derecho Ambiental and Sociedad Peruana de Derecho Ambiental; and in consultation with government agencies and stakeholders from different sectors and disciplines.

The structure and methodology of these assessments, includes an economic, an environmental and a legal-institutional analysis as well as policy recommendations. Different trade scenarios are being considered as well as social implications of each sector, by looking at socioeconomic indicators in the context of the economic analysis. Economic modeling is used as part of the methodology. For Colombia and Ecuador the model being used is Revealed Comparative Advantage (RCA) and for Peru, Partial Equilibrium. The first draft for each country is currently being peer reviewed.

A regional dialogue on assessment will take place in Quito, Ecuador thereafter (date TBD). The three drafts will be distributed and made available for review and comment in each of the countries before the mentioned workshops.

The selected sectors pursuant to the economic analyses are listed in the matrix below with some of their characteristics:

Colombia	***Ecuador***	***Peru***
Textiles, Confections Textiles in Colombia represent approximately 9% of the national industrial production, out of which 30% is for export.	*Tuna* Represents 4% of the total exports of Ecuador to the United States and there are essential conditions for market access related to environment and health of relevance to tuna export.	*Textiles* Manufacturing in Peru represents around 15% of the GDP. The initial analysis shows that Peru has comparative advantages in different type of textiles including yarns and apparel. This sector also has socio-cultural relevance.
Meat (cattle) The initial VCR analyses and previous studies of the agricultural sector in Colombia show comparative advantages for poultry and cattle meat and disadvantages for pork.	*African Palm* The supply of African Palm is mainly dominated by Asia, but Ecuador is the second producer in the Americas and there are possible opportunities for expansion in production for elaboration of cooking oil for export.	*Forestry: Tropical Wood* Peru is the second country in Latin-America in production of tropical woods for export.
Leather, Leather Articles The leather chain of production comprises integrated productive activities, raising the value added to of finished products. As a		

whole, these activities represent about 2% of the national industrial production, out of which, the shoe industry share is 30.4%		

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