

## Practical Exercise

Through a free trade agreement, fruits of country “Y” a developing country, will enjoy access to the market of country “X” free of tariffs given that “X” does not produce these fruits. The ministries of trade, environment, labor and social development of “Y” undertook a study that revealed that the development of the trade derived opportunity for this sector will increase foreign currency income, employment levels and considerably reduce poverty in rural areas. Nevertheless, the compulsory directives of country “X” include specific environmental requirements for the import of fruits. Furthermore, “Dragón Azul” a chain of supermarket stores that is the largest buyer of fruits in country “X”, established a series of environment requirements that are more stringent than those imposed by the compulsory directives applicable to the purchase of fruits.

“Y” does not have regulations and standards on either the discharge or the use and management of agrochemicals and pesticides. The agro-industry of “Y” does not have the equipment for the treatment of water and its practices are characterized by the intensive use of water, agrochemicals and pesticides. The tariffs for the use of water are very low and so are the tariffs for the import of agrochemicals and pesticides.

If “Y” does not comply with either the requirements of country “X” or those of the chain of supermarket stores, it will not be able to access this large market, an important trade opportunity will be lost and the expected levels of income and employment will not be attained. All of this will have severe consequences on poverty and the environment.

“Y” is a member of the World Trade Organization (WTO), the United Nations (UN), the World Bank, the Organization of American States (OAS), and the Inter-American Development Bank (IDB). Moreover, “Y” is also an observer country of the Organization for Economic Development and Cooperation (OECD).

The participants will be divided in four groups. In order to answer the questions below, each group will be divided in Government (Ministry of Industry and/or Commerce and Ministry of Environment), production sector, workers, representative of environmental non-governmental organizations, and one representative of country “X”. Each group will select a rapporteur in charge of reporting the findings to the plenary session.

1. What should the government of “Y” do in order to secure immediate access to the market of country “X”?
2. What kind of mechanisms does “Y” have to establish so that this sector may immediately access the new market?
3. What options do the private sector and the producers have to commercialize their fruits?
4. What partnerships to strengthen and secure competitiveness may be established among the various actors?
5. What role could be played by multilateral and regional organizations?
6. Could country “X” play any role?