★ Special Report ★ May 2015 ★

Standing Up *for the* Environment

TRADE FOR A GREENER WORLD

Office *of the* United States Trade Representative
United States Department of State

EXECUTIVE OFFICE OF THE PRESIDENT OF THE UNITED STATES

THE UNITED STATES TRADE REPRESENTATIVE

DEPARTMENT OF STATE

UNITED STATES OF AMERICA

U.S. Trade Representative

Established in 1962, the Office of the United States Trade Representative (USTR) is responsible for developing, negotiating and coordinating U.S. international trade and investment policy.

The U.S. Trade Representative works to address environmental challenges through a range of multilateral, regional, and bilateral trade agreements and initiatives, notably: negotiating commitments in the environment chapters of new trade agreements; monitoring environmental commitments in existing trade agreements; working with the U.S. Department of State and other U.S. Government agencies in strengthening environmental cooperation and capacity-building activities; providing technical expertise in the negotiation and implementation of multilateral environmental agreements; and conducting environmental reviews to evaluate the impacts of trade agreements and promoting sustainable management of natural resources through other trade-related initiatives and fora.

USTR is part of the Executive Office of the President and the head of USTR, the U.S. Trade Representative, is a Cabinet member who serves as the principal trade advisor, negotiator and spokesperson on trade issues.

U.S. Department of State

Established in 1789, the U.S. Department of State advises the President in the formulation and execution of foreign policy and promotes the long-range security and well-being of the United States. The U.S. Department of State's Bureau of Oceans and International Environmental and Scientific Affairs (OES) advances U.S. foreign policy goals in such critical areas as climate change, wildlife trafficking, water, polar issues, oceans policy, infectious diseases, science and technology, and space policy to name a few. OES works closely with the U.S. Department of State's Bureau of Economic and Business Affairs (EB), the Department's lead negotiator of international economic agreements, and the U.S. Department of State's regional geographic bureaus, shaping global rules and fostering prosperity, security and opportunity.

OES also leads negotiation and implementation of Environmental Cooperation Mechanisms (ECMs), which support government-wide environmental cooperation programs to help trading partners implement the environmental obligations in free trade agreements. These programs help trading partners gain tools to develop and improve their environmental laws and regulations; establish and strengthen environmental institutions; conserve precious natural resources; protect threatened species; combat illegal trade in wildlife, timber, and fish; and promote transparency and public participation in environmental decision-making.

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Introduction & Overview

"The United States and our trading partners stand to gain when trade is open, transparent, rules-based, and fair, showing respect for labor and environmental standards."

President Obama, the Proclamation of World Trade Week, May 6th, 2009

PROTECTING THE ENVIRONMENT is a top priority for the Obama Administration. And now is a critical time for action—for the United States to lead on establishing new rules of the road. This is critical not only for the environment but to level the playing field for American workers and businesses.

Today, we are facing major environmental challenges and threats, such as wildlife trafficking, illegal logging and illegal fishing. These activities do not respect borders. They threaten our natural resources, legitimate businesses, and even our national security. And combatting them will take more than any single country can bring to bear. Today's environmental challenges are global in nature and require an international response. Strong environmental protections in trade agreements, like the ones we're negotiating in the Trans-Pacific Partnership agreement can be a key part of this response.

We Face Major Environmental Challenges

ILLEGAL TRADE IN WILDLIFE

Illegal trade in wildlife is on the rise. Experts are reporting that we may be on the brink of one of the greatest extinctions in history. Driven by a rapidly expanding wealthy class with a taste for wildlife products such as ivory and rhino horn, there has been a dramatic uptick in poaching, posing an existential threat to many species.

While iconic animals such as elephants and rhinoceros are widely associated with the threat of wildlife trafficking, lesser known species, such as the pangolin, saola, vaquita, and totoaba, are also precariously close to extinction and in urgent need of attention.

Loss of these species, and other overexploited and illegally taken species, can have profound impacts on the stability of ecosystems and even threaten human health.

Pangolins at Risk

Recent reporting has drawn much-needed attention to the pangolin, a scaly mammal that has the unfortunate distinction of being the world's most trafficked mammal.

ILLEGAL LOGGING

Illegal logging and associated trade further threatens to push vulnerable species to extinction, as well as jeopardizing the climate stabilizing and pollution control effects of the world's forests. Sustainable forest management and ensuring legal trade, on the other hand, can protect the lives of threatened and endangered species as well as the livelihoods of communities that depend on them.

TRAFFICKING IN WILDLIFE AND TIMBER PRODUCTS: THE NATIONAL SECURITY CONCERN

Trafficking in wildlife and timber is not a threat solely to the environment. Criminal elements of all kinds, including terrorist organizations, are believed to be involved in illegal logging and charcoal trade, and poaching and transporting ivory and rhino horn across and out of Africa. Insurgency groups like the Lord's Resistance Army have benefitted substantially from poaching and trafficking of ivory and other wildlife products, while the terrorist organization al-Shabaab benefits from trafficking in wildlife and timber products. In some cases, these networks are the same or overlap with those that deal in other illicit goods such as drugs and weapons.

ILLEGAL, UNREPORTED AND UNREGULATED FISHING AND FISHING SUBSIDIES

Illegal, unreported, and unregulated (IUU) fishing is also taking center stage as a growing environmental challenge. Estimated to drive global economic losses in the billions each year, IUU fishing undermines efforts to sustainably manage fish stocks and protect treasured marine species, like endangered sea turtles. It also hurts legitimate fishers and businesses. Billions of dollars in subsidies to international fishing fleets exacerbate this problem, encouraging overfishing and further depleting global fishery resources. Together, these practices are a grave threat to ocean resources and the livelihoods of fishers and their communities.

Strong Environmental Provisions in Trade Agreements are Part of the Solution

Global environmental challenges call for global solutions. And strong environmental provisions in our trade agreements can play a vital role.

The environmental protections in our agreements have evolved significantly over time, becoming stronger and setting increasingly higher environmental benchmarks. In the 1994 North American Free Trade Agreement (NAFTA), for example, environmental provisions were not included in the main body of the agreement. Rather, they were included, after the fact, into a side agreement called the North American Agreement on Environmental Cooperation (NAAEC). Under the NAAEC, only a single obligation to "effectively enforce your own environmental laws" was enforceable in any way (subject to capped fines in certain cases). Beginning with the United States-Jordan Free Trade Agreement, environmental protections were brought into the core of trade agreements, but "effectively enforce your own environmental laws" remained the only enforceable commitment.

IUU fishing is a growing environmental challenge.

It was only with the May 10, 2007 Congressional-Executive Agreement that the environment chapter in U.S. trade agreements evolved to require not only effective enforcement of existing laws but also harmonization of laws upwards in our trading partner countries were required to adopt laws and regulations to fulfill obligations under certain multilateral environmental agreements (MEAs), including the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

In addition, special attention was devoted to the challenge of illegal logging in Peru, which resulted in a ground-breaking annex on forest sector governance outlining specific obligations for Peru to strengthen its forestry laws and improve enforcement and oversight.

Finally, and importantly, the May 10 deal mandated that all environmental obligations be subject to the same dispute settlement procedures as other commercial obligations, including recourse to trade sanctions in the event of a violation, not just the commitment

to effectively enforce environmental laws. Together, these changes ushered in a new era in U.S. trade policy and set a new bar for environmental protection in our trade agreements.

THE TRANS-PACIFIC PARTNERSHIP: A NEW HIGHER STANDARD FOR THE ENVIRONMENT

The Obama Administration is leading the charge to shape an international response to the global environmental challenges we face. The Trans-Pacific Partnership (TPP) agreement – being negotiated with 11 other Asia Pacific countries – is part of that effort.

Once implemented, TPP will help protect one of the most ecologically and economically significant regions of the world—from the deserts and plains of Australia, to the Mekong River Delta of Vietnam, to the Andes mountains of Peru. This is a region that also encompasses major consumer and export markets for protected wildlife, and includes seven of the top eighteen fishing nations, which together account for a quarter of global marine catch and seafood exports.

Across this critical zone, the TPP would establish the toughest environmental protections of any regional trade agreement. We are on track to establish new commitments to protect marine life from illegal fishing and harmful fisheries subsidies. With respect to fish subsidies, these are protections that have been sought, without success, for over a decade in the World Trade Organization. TPP, for the first time, puts these protections within our reach.

We will ensure that countries effectively enforce their conservation laws, live up to their international commitments to protect endangered species, and create new tools to spur greater regional action to combat wildlife trafficking—regardless of its source.

We are adapting the commitments of the May 10 MEAs to which not all TPP countries are party so that there are standalone provisions in TPP that apply equally to all the signatory countries. These include obligations with respect to protection of natural areas (including wetlands), responsible fisheries management in all of our oceans, and conservation obligations with respect to marine animals including whales, sea turtles, sharks, and seabirds.

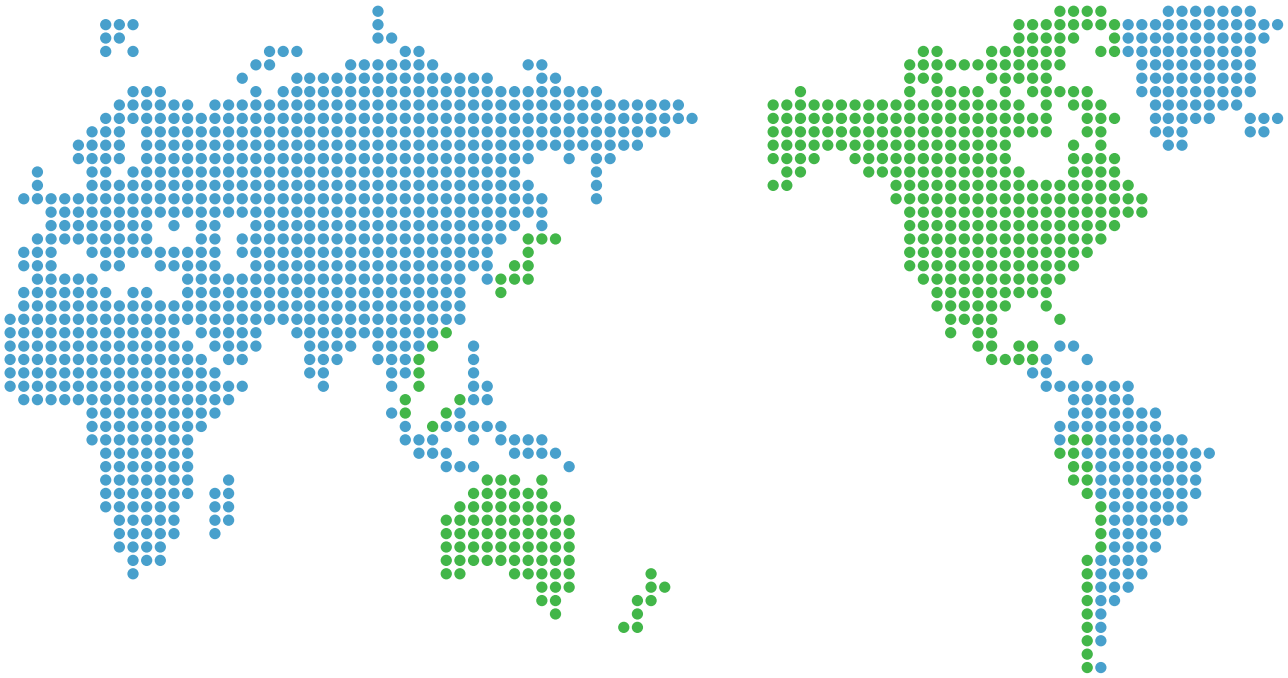
The TPP will also provide a platform for increased regional cooperation, capacity building and technical assistance. The U.S. Agency for International Development (USAID), the U.S. Department of State, the Department of the Interior (DOI), including the U.S. Fish and Wildlife Service (FWS) and the National Parks Service (NPS), the U.S. Department of Commerce (DOC), including the National Oceanic and Atmospheric Administration (NOAA), the U.S. Environmental Protection Agency (EPA), the Department of Justice's (DOJ) Environment and Natural Resources Division, and others have been active in providing such technical assistance to our trading partners.

Building on these efforts, the U.S. government recently launched a program for coordinating investigations of wildlife trafficking and supporting wildlife enforcement capacity building in Asia, Africa, and South America. The TPP offers similar opportunities but on an unprecedented scale. TPP partners with large markets such as Canada, Australia, and Japan bring significant resources to the table, and

TPP

TRANS-PACIFIC PARTNERSHIP

The most progressive trade agreement in history



every trading partner offers important experience and intelligence about the environmental threats operating within and across their borders.

The Transatlantic Trade and Investment Partnership (TTIP) agreement being negotiated with the 28 Member States of the European Union (EU) offers an additional opportunity to raise the bar on environmental protection. With strong traditions and a shared commitment to environmental protection, the EU and the United States have a unique chance to tackle together the pressing environmental challenges of our time.

ENVIRONMENTAL PROTECTIONS THAT MATTER

A number of conservation and animal protection organizations, including the World Wildlife Fund, Oceana, the Humane Society of the United States, World Animal Protection, International Fund for Animal Welfare, The Nature

Conservancy, and others have expressed their support for delivering ambitious and enforceable conservation obligations through the TPP. The United States Trade Representative is working hard to ensure that trade agreements containing robust, enforceable environmental protections can result in real change on the ground.

The tools matter. And we are pushing for the strongest tools in TPP so that it will provide unprecedented leverage to press for improved environmental standards. But, as this report highlights, even our early trade agreements, with more basic commitments, have helped the United States and our trading partners take important strides in environmental protection.

This report includes illustrative case studies on the Obama Administration's efforts in a number of key countries—Chile, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Morocco, Oman, and Peru—in which USTR and the U.S. Department of State have had intensive engagement on environmental issues in recent years. Presenting unique opportunities and challenges, each country has required a tailored approach. Our objective in each, however, has been the same—to ensure that increased trade goes hand in hand with increased environmental protection. These case studies demonstrate that we can achieve this objective, and with the kinds of stronger tools we have within reach in TPP, we can do so better and on a bigger scale than ever before.

READ MORE AT WHITEHOUSE.GOV

HTTPS://WWW.WHITEHOUSE.GOV/BLOG/2015/03/04/SEE-WHAT-MOST-PROGRESSIVE-TRADE-AGREEMENT-HISTORY-LOOKS

The expanding demand for ivory and rhino horn has led to a dramatic uptick in poaching.

Comparing Protections Across Trade Agreements

Environment provisions in the core of the agreement

Parties shall effectively enforce their own environmental laws

Parties shall not waive or derogate from environmental laws to encourage trade/investment

Parties shall implement obligations under the Convention on International Trade in Endangered Species (CITES)

Commitments on control of marine pollution

Commitments on control of ozone depleting substances

Commitments on fisheries management

Commitments on natural protected areas

Commitments on illegal, unregulated, and unreported fishing

Prohibitions on harmful fish subsidies

Commitments on combatting illegal take/trade in wildlife, plants and fish (incl. in violation of other countries' laws)

Normal/commercial trade sanctions apply to all provisions in the event of a violation

Stand-alone cooperation provisions in the core of the agreement

NAFTA	Jordan, Singapore, Chile, Australia, Morocco, CAFTA-DR, Bahrain, Oman	Peru, Colombia, Korea, Panama	Trans-Pacific Partnership
✗	✓	✓	✓
✓	✓	✓	✓
✗	✗	✓	✓
✗	✗	✓	✓
✗	✗	✓	✓
✗	✗	✓	✓
✗	✗	✓	✓
✗	✗	✓	✓
✗	✗	✓	✓
✗	✗	✗	✓
✗	✗	✗	✓
✗	✗	✓	✓
✗	✗	✗	✓

Environmental Commitments

Supporting Trade Commitments—Promoting Change on the Ground

Monitoring efforts coupled with assistance to help our trading partners meet environmental obligations are critical to ensuring that trade agreements are not just words on paper. To do this, the U.S. Department of State negotiates environmental cooperation agreements with FTA partners in parallel with the trade agreement, which link U.S. technical assistance and capacity building efforts to the implementation of specific FTA obligations.

Historically, once an agreement is finalized, the U.S. Department of State and USTR have met with the trading partner or partners as well as technical agencies from both sides to develop work programs focusing on priority areas for environmental cooperation. These work programs are updated regularly to incorporate new priorities or progress. Once a work program has been developed, the United States and our trading partner will start implementing specific projects to support the objectives in the work program.

The projects involve a diverse range of participants, often including multiple agencies with technical expertise in areas such as fisheries, wildlife, and timber regulation, as well as environmental compliance, oversight, and enforcement. The projects also entail collaboration with stakeholders and partners, such as NGOs and the private sector. U.S. agencies involved in carrying out cooperation activities to support implementation of FTA obligations include USAID, DOJ, DOI (including FWS and NPS), DOC (including NOAA), EPA, and the U.S. Forest Service (USFS).

Trade-related environmental cooperation is now a cornerstone of U.S. trade policy, with far-reaching, tangible results and impacts that are multiplying as FTA environmental commitments become more ambitious.

Since 2005, the United States has committed over $177 million to support environmental cooperation and capacity building programs under FTAs with 20 trading partners.

Progress Supported by FTA-Related Capactiy Building

The aggregate numbers captured here include results under a select number of the FTAs highlighted in this report—the CAFTA-DR, Oman, Morocco, Chile & Peru FTAs and related environmental cooperation mechanisms since entry into force.

5

ISO-compliant waste water laboratories created

82,051

People receiving USG-supported training in natural resource management and/or biodiversity conservation

11,839

People with increased economic benefits derived from sustainable natural resource management and conservation

714

Policies, laws & regulations promoting sustainable natural resource management and conservation implemented

11,260,000

People reached through campaigns for public awareness on biodiversity & endangered species conservation

37,350

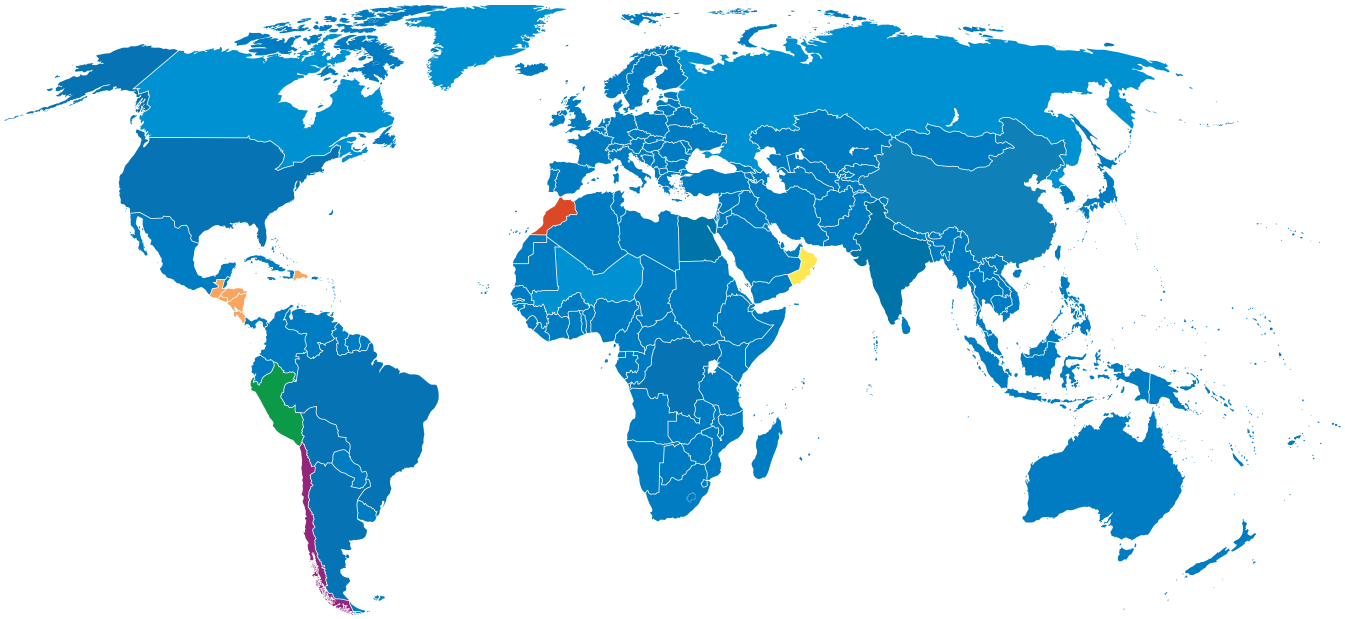
Farmers trained in environmentally-friendly agricultural practices

30,738,596

Hectares under improved natural resource management

Case Studies

Environmental Progress Through Trade



Chile

Key Environmental Issues

Natural resources protection, marine pollution, air quality, energy generation

Key Areas of Progress

Institutional strengthening, environmental enforcement, protection of natural resources, pollution prevention, promotion of public participation

FTA SIGNED

2003

FUNDING SNAPSHOT

$4.3 million USD since entry into force

ECOSYSTEMS

Range of climates and ecosystems: deserts in the north; rainforests and lakes in the south; steppes and glaciers in the extreme southern zone

FOREST COVER (% LAND AREA)

21.9

PROTECTED TERRESTRIAL AREAS (% TOTAL LAND)

6.6

PROTECTED MARINE AREAS (% TERRITORIAL WATERS)

3.7

BIODIVERSITY

~29,000 species

THREATENED SPECIES (TOTAL)

107 (Source: World Bank, FAO)

SPECIES SPOTLIGHT

Chinchillas, Andean cats, the pudú (world's smallest deer), penguins, sei and blue whales, vicuña, sharks otters, swordfish, orcas, llama, alpaca, Darwin fox, flamingos

By the Numbers

PROGRESS SUPPORTED BY FTA-RELATED CAPACITY BUILDING SINCE 2006

95
policies, laws, agreements or regulations promoting sustainable natural resource management and conservation implemented

Over 22 million ha
of land under improved natural resource management

2,423 people
trained in natural resource management, biodiversity conservation, and environmental enforcement

30,000 people
reached through campaigns for public awareness on biodiversity and endangered species conservation

25 businesses
applying new technologies or management practices as a result of USG assistance

7 protected areas
under improved use, with enhanced visitor management and outreach, and sustainable tourism

5 glaciers
under strengthened water resource management through installation of glacier melt monitoring equipment

Overview

Chile is the world's longest country—with a vast coast line that extends over 2,700 miles—and is also considered one of the world's most geographically and climatically diverse. The country is endowed with abundant natural resources such as minerals, forests, fish and marine species, and terrestrial fauna and flora—more than half of which are found nowhere else in the world. Chile is also home to South America's only temperate rainforest and some of the world's oldest trees.

Trade in those resources accounts for a sizable share of Chile's economic activity, and has also posed a host of environmental challenges. Protecting Chile's natural resources is not only a matter of environmental importance, but also vital to the country's economic growth and long-term stability.

The United States-Chile Free Trade Agreement was signed on June 6, 2003 and entered into force on January 1, 2004. The agreement included the obligation to "effectively enforce one's own environmental laws" as well as commitments to undertake cooperative activities with respect to the environment. The United States and Chile entered into a companion Agreement on Environmental Cooperation on June 17, 2003, to facilitate cooperative activities.

Under the framework of the FTA and the related cooperation agreement, Chile has made important strides to advance environmental protection and address environmental challenges. The combination of FTA environmental commitments and targeted technical assistance from the United States helped support Chile in establisheding a new environmental enforcement and oversight regime to strengthen compliance with environmental laws and regulations, and to manage Chile's environmental impact assessment process, a critical need for a country dependent on natural resource extraction. Chile, the United States, and private-sector stakeholders have also partnered on projects to promote sustainable fisheries, combat IUU fishing, protect migratory birds and threatened species, improve air quality, and promote sustainable tourism.

PROMOTING ENERGY EFFICIENCY IN CHILE

The United States and Chile are working together to improve energy efficiency policy and promote the diffusion of energy efficiency technologies in Chile, in particular energy efficient transformers. Experts expect that this project will result in savings of 9.3 terrawatt hours of electricity between 2016 and 2030.

Progress

Specific achievements facilitated by the FTA and its companion cooperative agreement include:

ESTABLISHMENT OF A NEW ENVIRONMENTAL PROTECTION AND ENFORCEMENT REGIME

Since 2010, Chile has established an environmental ministry, environmental enforcement and oversight bodies, and environmental tribunals.

ENACTMENT OF NEW ENVIRONMENTAL LAWS

In 2012, Chile became one of the first countries in the world to ratify the Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing. This landmark agreement sets common rules for how nations allow foreign-flagged vessels to access and use their ports, as part of an effort to keep IUU-caught fish out of the world's markets.

STRENGTHENED ENVIRONMENTAL ENFORCEMENT

In 2013, Chile's Environmental Superintendency began its enforcement activities and has

Torres del Paine National Park in Chile is the sister park to Yosemite National Park in the United States.

Fishing boats in Guayacan Harbor in Chile. Efforts to combat illegal fishing will continue to be a focus of the U.S.-Chile relationship.

ronmental laws, including a landmark case on a gold mining project that resulted in a $16 million fine.

ENHANCED PUBLIC PARTICIPATION

The United States and Chile are working together to increase participation among indigenous peoples and others in making environmental decisions that impact their communities, including permitting decisions for new projects. Through workshops, publications, and media campaigns, over 30,000 indigenous people have been reached to date.

PROTECTION OF NATURAL RESOURCES

Collaborative work by the United States and Chile has spurred the following action:

- The development of a protected area network and five U.S.-Chile sister park partnerships, for example the sister park partnership between Yosemite National Park and Torres del Paine National Park.
- South-South cooperation in the region between Chile and neighboring countries to share best practices related to environmental enforcement, water resource management, public participation, and protected area management.
- Enhanced fisheries management practices from stocks vulnerable to overfishing, such as the Chilean hake, through partnership with the World Wildlife Fund (WWF).

"WWF-Chile hopes to put Chilean hake fishery on a path towards sustainability by supporting the creation of a legally binding fishery management plan. The plan promotes responsible fishery management in both the artisanal and industrial sectors, minimizing impacts to hake habitat, through precautionary fishing levels and the implementation of improved environmental practices that reduce bycatch, prevent overfishing, and use technology to promote resource efficiency and waste reduction."

Juan Vilata, Regional Fisheries Coordinator, WWF-Chile

IMPROVED PRIVATE SECTOR PERFORMANCE

Chile exports over 3 million gallons of olive oil a year. The Governments of the United States and Chile, ChileOliva (the industry association for the olive oil sector in Chile), and the World Environment Center have been working together to "green" olive oil production.

As a result, participating producers have reduced materials used in production by 238 tons per year and saved over 1.2 million gallons of water, 487,000 kw of electricity, 2,314 gallons of fuel, and 34 tons of biomass.

Looking Ahead

While challenges remain, particularly in sectors dependent on natural resources, such as mining and fisheries, Chile has made great strides and is better positioned now than ten years ago to advance environmental protection and overcome environmental challenges. The U.S.-Chile FTA and cooperative agreement have been important to this. Senior officials from the United States and Chile will meet in 2015 for an implementation review to discuss environmental issues and challenges and approve a new environmental cooperation work program. Key areas of focus in the near term will be on combating wildlife trafficking, including through implementation of CITES, combating IUU fishing, and addressing the harmful environmental impacts of mining.

Chile and the United States are also among the 12 countries negotiating the TPP. The TPP will update significantly the environmental obligations of the U.S.-Chile FTA by including new environmental commitments to better protect and utilize marine and forest resources, and deepen the existing environmental cooperation efforts. These environmental provisions in TPP are on track to create new, important tools for Chile and the United States to use in addressing shared environmental objectives such as wildlife and marine conservation.

Environmental protections in TPP are on track to create new, important tools for Chile and the United States to use in addressing shared environmental objectives.

Central America

Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua

Key Environmental Issues

Natural resource (marine & terrestrial) protection, coastal zone management, wildlife trafficking, fisheries management, air and water pollution, and solid waste management.

Key Areas of Progress

Institutional strengthening, environmental enforcement, protection of natural resources, pollution prevention, promotion of public participation

FTA SIGNED

2005

FUNDING SNAPSHOT

$86.6 million USD since entry into force

ECOSYSTEMS

A range of forests including tropical and cloud, as well as pine-oak, mangroves volcanic regions, rivers, wetlands, coral reefs, vast cave systems

SPECIES LISTED AS THREATENED OR ENDANGERED

More than 680 species of flora and fauna

MANGROVES AREA (SQ KM)

2,360

PROTECTED TERRESTRIAL AREAS (AVERAGE % TOTAL LAND)

22

MARINE PROTECTED AREAS (AVERAGE % TERRITORIAL WATERS)

16

CORAL REEF AREA (SQ KM)

3,100 (Source: World Bank)

SPECIES SPOTLIGHT

Leatherback sea turtles, amphibians such as salamanders and frogs, bats, jaguars and ocelots, crocodiles, snakes, dolphins, Central American tapir, manatees, harpy eagles, parrots, macaws, migratory water birds species

By the Numbers

PROGRESS SUPPORTED BY FTA-RELATED CAPACITY BUILDING SINCE 2006

203 laws, agreements or regulations
addressing issues like institutional strengthening, waste water and solid waste, biodiversity, air pollution, and wildlife protection implemented

Over 1.3 million ha
of land have been put under improved natural resource management

30,700 people
trained in environmentally-friendly agricultural practices

66,000 people
trained in natural resource management and/or biodiversity conservation

Over 2,100 farms
have been certified in sustainable agricultural practices

11.2 million people
reached through campaigns for public awareness on biodiversity and endangered species conservation

667 SMEs
have applied new technologies or management practices

5 ISO Compliant
waste water laboratories created

Nearly $3 million
saved from reducing energy and water consumption.

$2.25 million
in investments generated in new energy efficient equipment and processes.

Overview

Central America and the Dominican Republic, together, amount to less than one percent of the earth's total land area. Yet, the region contains considerable biological diversity—roughly seven percent of the world's total species—within a diverse range of ecosystems. Guatemala, alone, is considered one of the world's most biodiverse, as well as one of the most environmentally threatened, regions—making it a conservation priority. Complex marine, mangrove and reef systems in the region are among the most productive in the world in terms of providing nursery grounds for fish and shellfish, and are highly vulnerable to agricultural pollution, overutilization, and destruction.

The Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) was signed on August 5, 2004 and entered into force on a rolling basis, starting with El Salvador on March 1, 2006 and completing with Costa Rica on January 1, 2009. The operative environment provision of that agreement was that countries must "effectively enforce their own environmental laws." On February 18, 2005, the United States and the CAFTA-DR countries signed an accompanying Agreement on Environmental Cooperation to facilitate collaborative environmental work between the countries.

Extensive engagement under the framework of the agreement coupled with targeted environmental cooperation efforts have significantly improved the capacity of the CAFTA-DR countries to address environmental issues and challenges and led to more robust protections for the region's rich natural resources and habitat, including endangered wildlife and forests, and to cleaner production practices in the private sector. Extensive collaboration with the private and public sector has contributed significantly to the successes in this region.

PROMOTING SUSTAINABILITY IN COCOA FARMING TO SUPPORT ORGANIC CERTIFICATION

"Environmental cooperation has played a key role in LWR programs, especially in Central America where we have successfully completed a Pathways to Prosperity initiative. The objectives and focus of this program allowed LWR to continue its work in promoting improved natural resources management and agroforestry techniques in cocoa, which preserve the long-term health of soil and cocoa trees. Through training, some farmer organizations are applying for organic certification and have established profitable relationships with some leading chocolate manufacturers from Europe."

Carolina Aguilar, LWR Country Director for Nicaragua

Through CAFTA-DR, the United States has engaged with millions of people across the Central America region to protect wildlife, conserve forests and protected areas, and clean up rivers and lakes.

Progress

INSTITUTIONAL STRENGTHENING

Under the framework of the FTA and the cooperation agreement, the United States and CAFTA-DR countries have worked together to strengthen institutional and legal frameworks; enhanced effective implementation and enforcement of environmental laws and policies; and promoted civil society engagement in environmental decision making and enforcement. Specific accomplishments include:

- Establishing the Central America Wildlife Enforcement Network (CAWEN) that brings together CITES officials, police, prosecutors, judges, customs officials, and marine enforcement officials from across the region to combat wildlife trafficking
- Improving implementation and enforcement of CITES through training, regional information sharing and coordination, and introduction of electronic tracking and permitting systems.
- Improving waste water and environmental impact assessment regulations;
- Training hundreds of environmental inspectors, prosecutors and judges;
- Supplying refurbished air monitoring equipment across urban areas in CAFTA-DR countries.

NATURAL RESOURCE CONSERVATION

Combating illegal trade in endangered species and promoting sustainable management of forests, protected areas and other important ecosystems is an important focus of our environmental cooperation efforts. Together with the CAFTA-DR governments, we have:

- Supported wildlife rescue centers across the region which provided care to nearly 8,800 animals (comprising over 150 species);
- Engaged millions of people across the region in campaigns to protect wildlife, conserve forests and protected areas, and clean up rivers and lakes; and
- Trained thousands of people on how to better manage protected areas.

ECONOMIC GROWTH AND ENVIRONMENTAL PROTECTION

Protecting the environment is good for the bottom line. Our work in the CAFTA-DR region has borne this out—promoting and implementing sustainable, environmentally-friendly production systems that creates economic incentives for producers and enhance long-term environmental conservation and wildlife protection.

- Farmers in the region grew 375,000 metric tons of Rainforest Alliance certified coffee in 2012 – with the result that 73% of these farmers got higher prices for their coffee; and 69% had better access to markets.
- 192 species, including endangered species, also are better off because of the environmentally friendly techniques these cacao farmers are now using. For example, these farms maintain a diverse shade cover of native trees, which provide habitat for all types of species from birds to monkeys as well as corridors for animals to forage and migrate.

Local partners and organizations like The Nature Conservancy have also played a critical role in building institutional capacity and strengthening environmental laws and policies.

"In the Dominican Republic, The Nature Conservancy and local partners helped the Dominican government to comply with its CAFTA commitments with the support of USAID funding. The project improved the country's environmental legislation, made environmental review of construction projects more effective, provided key equipment for monitoring environmental needs, and provided comprehensive training to government officials on environmental impact assessment, municipal environmental management, protected areas management and other issues."

Glenn Prickett
Chief External Affairs Officer
The Nature Conservancy

Timber Trafficking

In Guatemala, leaders from four municipalities joined forces with two NGOs in Belize to strengthen shared transboundary protected areas. Collectively, they developed a "Guatemala-Belize Bi-national Action Plan" and approved an "Environmental Security Strategy" for the Maya Mountains-Chiquibul Biosphere Reserve that provides for joint patrols in critical areas of the reserve and for the placement of mobile control posts along primary trafficking routes. These efforts led to the confiscation of 224.12 cubic meters of timber (mostly rosewood), valued at approximately $300,500, in February and October 2013.

In Honduras, government officials seized two shipments of illegally harvested timber, one in November 2013, involving 40,000 square feet of granadillo (similar to rosewood) being shipped from Honduras to Japan, and another in February 2014, involving 16,000 square feet of mahogany valued at more than $70,000 extracted from a National Park.

Reducing Waste through Small Grants

Since 2008, the U.S. Department of State has worked with the Environmental Protection Agency (EPA) and the NGO HELVETAS Swiss Intercooperation Guatemala to distribute small grants of $30,000-$50,000 each to 31 local NGOs in CAFTA-DR countries, helping to increase public participation in environmental decision making and enforcement. Through this program, over 1.2 million people were informed about how to participate in environmental decision-making and 68,000 people have received specific training in natural resource management and biodiversity conservation.

For example, La Mancumunidad Tzolojya, a small Guatemalan NGO, worked intensely with three municipalities near Lake Atitlan for a year on how to classify solid waste at its source, collect and transport it, and close illegal waste dumps in an environmentally sound way. Now, more than three-quarters of the 140,000 households in the three municipalities are correctly classifying and recycling their solid waste. For the 40 years prior, most of these residents had been throwing their solid waste into two uncontrolled waste sites in creek beds that feed Lake Atitlan.

the CAFTA-DR focal area that benefited from improved management practices went from 120,000 hectares in 2008 to close to 190,000 hectares in 2013.

Conserving Wildlife Habitat

As part of the CAFTA-DR Environmental Cooperation Program, the Rainforest Alliance and partners conserved biodiversity and promoted sustainable livelihoods through the adoption of sustainable agriculture practices by small and medium coffee, banana and cocoa farmers. As of October 2013, over 20,000 farms growing these products in CAFTA-DR countries are Rainforest Alliance certified.

For example, Rainforest Alliance worked with farmers and others to plant 20,000 cacao and other types of trees in Costa Rica and Nicaragua. There are over 192 species of plants and animals present in cacao farms, including endangered animals such as tapirs, monkeys and a wide array of birds, which benefit from the new environmentally friendly cacao production techniques.

Because prices are more stable for certified production, producers are less likely to abandon their plantations or clear forested areas to cultivate other crops. These activities are a major factor leading to forest cover loss in the region. Thanks to U.S. funded capacity building projects the amount of cultivated land in

"The four years of CAFTA-DR Environmental Cooperation Program support enabled the Rainforest Alliance and partners in the Sustainable Agriculture Network to train thousands of farmers in sustainable agriculture practices and link them to the international marketplace for sustainable goods... The project generated increased income for local farmers, and through applying sustainable farm management practices, producers are able to achieve a more consistent production of quality products, resulting in increased commitment from industry."

Tensie Whelan
President, Rainforest Alliance

Secretaría de Asuntos Ambientales | Secretariat for Environmental Matters
CAFTA | DR

Public Participation: Secretariat for Environmental Matters

The CAFTA-DR environment chapter established an independent Secretariat for Environmental Matters to facilitate public involvement in environmental law enforcement. This mechanism provides the public a means to bring matters to the attention of their governments. The Secretariat reviews submissions, gathers facts, and upon request of any of the signatory countries, can prepare a public factual report that sheds light on enforcement challenges. These submissions have helped spur action by countries to address the enforcement issues identified.

For example, Humane Society International (HSI) filed a public submission with the CAFTA-DR Secretariat for Environmental Matters in 2007 alleging that the Government of the Dominican Republic had failed to effectively enforce certain domestic laws intended to protect endangered sea turtles. The submission led to the seizure and destruction of 3,272, objects made of endangered Hawksbill sea turtle shells, resulting from operations carried

CONDUCTING WILDLIFE EDUCATION CAMPAIGNS AND PROMOTING CITES ENFORCEMENT THROUGHOUT CAFTA-DR REGION

We have also partnered with organizations like Humane Society International (HSI) Latin America on wildlife education campaigns and CITES enforcement.

"Since 2005 HSI Latin America has been a recipient of critical State Department funding for environmental trade capacity building under CAFTA-DR, carrying out projects ranging from wildlife education to protection and enforcement. HSI Latin America has conducted outreach campaigns, focused on demand reduction in all CAFTA-DR countries, including placement of billboards and advertisements in high traffic areas such as airports. Moreover, our staff has trained customs officials and other personnel on enforcement of domestic measures implementing the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Additionally, HSI has worked together with CAFTA-DR governments and NGOs to establish or strengthen wildlife rescue centers which house, rehabilitate, and release animals rescued from wildlife trafficking operations."

Cynthia Dent, Executive Director, Humane Society International (HSI) Latin America

out in 121 establishments. The government of the Dominican Republic also issued fines to many of these establishments. The NGO Traffic documented a 99 percent reduction in products made from turtle shells and on the shelves in tourist shops in the Dominican Republic after the government crackdown.

Looking Ahead

Over the period that CAFTA-DR has been in force, and under the framework of the FTA, the United States has been able to help the CAFTA-DR countries strengthen environmental institutions in the region that enforce environmental laws, protect natural resources, and preserve biodiversity.

More work remains to be done, particularly in the areas of protecting endangered species and marine resources, curbing air and water pollution, addressing deforestation and illegal logging, and enhancing institutional capacity to enforce environmental laws. In the near term, the U.S. Department of State will issue approximately $370,000 in small grants aimed at promoting public engagement in protecting the environment. Through this program, local officials, fishers, women, teachers, students, universities, NGOs, and community development organizations, among others, will be directly involved in environmental projects, including increasing recycling rates, planting trees, cleaning up lakes, managing protected areas, reusing waste water, and protecting wildlife and costal zones.

In addition, a senior-level environmental meeting under CAFTA-DR is planned for the summer of 2015 to review implementation of FTA environmental commitments. Government officials in these meetings will review progress since the April 2014 meeting, where the parties prioritized continued work on coastal zone management, environmental impact assessments, which were the subject of a recent submission to the CAFTA-DR Secretariat, as well as wildlife trafficking, and illegal logging, among other matters.

Since 2011, more than 260 coffee producers in Guatemala, Honduras, El Salvador, and Costa Rica have adopted principles for environmentally-friendly agriculture.

Morocco

Key Environmental Issues

Desertification, solid waste management, air and water pollution, overfishing, wildlife trafficking

Key Areas of Progress

Institutional strengthening, natural resource and protected area management, promotion of public participation

FTA SIGNED

2004

FUNDING SNAPSHOT

$6.9 million USD since entry into force

ECOSYSTEMS

Deserts, coniferous forests, marshland, rugged mountains, plains, coral reefs

BIODIVERSITY

24,000+ animal species, 7,000+ plant species

FOREST COVER (% LAND AREA)

11.5

SPECIES LISTED AS THREATENED OR ENDANGERED

102

PROTECTED TERRESTRIAL AREAS (% TOTAL LAND)

1.5

MARINE PROTECTED AREAS (% TERRITORIAL WATERS)

1.3 (Source: World Bank)

SPECIES SPOTLIGHT

Barbary leopard and hyena, Northern bald ibis, Mediterranean monk seal, cobras, Dorcas gazelle (world's smallest gazelle), lizards, eagles, the Fennec fox (world's smallest fox), sea birds, sea turtles, dolphins

By the Numbers

PROGRESS SUPPORTED BY FTA-RELATED CAPACITY BUILDING SINCE 2010

319

policies, laws, agreements or regulations promoting sustainable natural resource management and conservation implemented

Over 46,500 ha

of land of biological significance under improved natural resource management; 3 new protected area management plans for national parks developed

6,650 farmers

trained in environmentally-friendly agricultural practices

4,700 people

trained in natural resource management, biodiversity conservation, and environmental enforcement, including over 80 customs officers and officials on CITES permit review and processing, and species identification

162 SMEs

applying new technologies or management practices

Nearly 1,500 students

trained in environmental education, environmental clubs, and waste management/recycling committees in schools

Overview

Located in the Maghreb region of North Africa, Morocco's landscape is primarily desert, plains, and mountainous regions and a coastline that meets both the Mediterranean and Atlantic Ocean. Morocco has more than 40 different ecosystems, including desert ecosystems that are relatively high in species diversity—home to about 750 different types of plant species (of which 60 are endemic, or found only in Morocco), 650 invertebrates (mostly endemic), and over 250 birds—at least 40 of which are threatened. Morocco also ranks among the countries with the highest levels of fish diversity.

The United States and Morocco signed a free trade agreement on June 15, 2004 and the agreement went into effect on January 1, 2006. The agreement included one enforceable provision—the requirement to "effectively enforce your own environmental laws." To support environmental cooperation under the FTA, the United States and Morocco also signed a Joint Statement on Environmental Cooperation on June 1, 2004.

The United States has provided substantial environmental capacity building support and technical assistance to Morocco, under the FTA and the accompanying Cooperation Statement, focused on strengthening Morocco's environmental institutions and policies, promoting green growth, enhancing biodiversity conservation and improving management of protected areas and ecosystems, and promoting transparenc and public participation in environmental decision-making.

ENABLING GREEN PRODUCTION FOR MOROCCAN NUT GROWERS

With United States government support, the High Atlas Foundation is helping Morocco "green" its production of walnuts and almonds. According to the High Atlas Foundation, this initiative has resulted not only in the first certified organic nut products in Morocco, but has created a scalable model to develop the green economy in Morocco and support future sustainable projects.

In total, approximately 700 walnut farmers received organic certification.

Progress

Since 2006, Morocco has significantly strengthened and improved its environmental protection regime, including by adopting the following measures:

- National Charter on Environmental and Sustainable Development (2011), which sets out fundamental environmental principles, including considering environmen-

A stone arch on the Atlantic beach in Legzira, Morocco.

tal issues and impacts in all public policies; the "polluter pays" principle; the need for preventive action and remediation of harm; and public participation in environmental governance.

- Law on Environmental and Sustainable Development (2014), an environmental framework law that implements the National Charter.
- Law on Combating Illegal, Unreported, and Unregulated Fishing (2014).
- Law on Renewable Energy (2010).
- Law on the Use of Biodegradable Plastic Bags (2010).
- Law on Protected Areas (2010).
- Law on Waste Management (2006).
- Decree on Procedures for National and Regional Environmental Impact Studies (2008).
- Decree on Procedures for Conducting Public Inquiries on Projects Subject to Environmental Impact Studies (2008).

Under the FTA with the United States, Morocco is required to effectively enforce these commitments. And capacity building assistance from the United States under the FTA framework can help to ensure that happens.

To date, bilateral environmental cooperation facilitated by the FTA has contributed to improved protection and conservation of the environment and the management of protected areas, the promotion of a green economy and cleaner production practices, and increased transparency and public participation in environmental decision-making in Morocco.

Looking Ahead

Air and water pollution, solid waste management, desertification, overfishing, and wildlife trafficking remain environmental challenges. The United States will continue to use the tools in the FTA to help Morocco meet these challenges and monitor its progress. U.S. and Moroccan trade and environment officials met in Rabat, Morocco in October 2014 to discuss progress in implementing their commitments under the environment chapter of the FTA, and adopted an updated environmental cooperation work program covering 2014-2017, which focuses on key areas such as strengthening environmental institutions and enhancing biodiversity conservation.

In the coming year, we will work with Morocco to improve air quality monitoring and assessment and solid waste management, develop sustainable aquaculture and tourism, and strengthen protected area management. We also expect to have U.S. experts travel to Morocco to train customs and border officials on how to improve enforcement and stop illegal trade in endangered species protected under CITES.

Almond tree in Morocco.

Oman

Key Environmental Issues

Desertification, water scarcity, air and water pollution, fisheries management, sea turtle conservation

Key Areas of Progress

Institutional strengthening, environmental enforcement, environmental disaster response preparedness, protection of natural resources, pollution prevention, sustainable tourism

FTA SIGNED

2006

FUNDING SNAPSHOT

$1.8 million USD since entry into force

ECOSYSTEMS

Gravel desert plains, sand and mountain ranges and coastlines

BIODIVERSITY

1,142 fish species; 329 bird species; 75 reptile species (5 sea turtles)

SPECIES LISTED AS THREATENED OR ENDANGERED

52

PROTECTED TERRESTRIAL AREAS (% TOTAL LAND)

10.7

MARINE PROTECTED AREAS (% TERRITORIAL WATERS)

1.3, 530 sq. km of coral reefs (Source: World Bank, FAO)

THREATENED SPECIES SPOTLIGHT

Arabian gazelle, wolf, striped hyenas, sand gazelle, Oryx, Nubian ibex, Arabian tahr, Arabian leopard, whale sharks, sea turtles

By the Numbers

PROGRESS SUPPORTED BY FTA-RELATED CAPACITY BUILDING SINCE 2010

35

policies, laws, agreements or regulations promoting sustainable natural resource management and conservation that are implemented

Over 3 million ha

of land under improved natural resource management

655 people

trained in natural resource management and/or biodiversity conservation

Training 147

wildlife and natural resource managers, specialists, rangers, and volunteers to strengthen enforcement of environmental laws

11 SMEs

applying new technologies or management practices

Overview

Oman's landscape is dominated by desert, rocky plains, sandy areas and an extensive coastline. Despite having a dry climate, some areas receive enough rainfall to support relatively high biodiversity for the region, though many of Oman's unique mammals such as the Arabian leopard, are at risk of extinction and its fragile desert ecosystems are threatened by degradation. Oman's extensive coastline is also vulnerable to cyclones and tsunamis, as well as oil spills, since the Strait of Hormuz, one of the world's most heavily trafficked oil routes that can accommodate the world's largest oil tankers, is located just off its coast.

The United States and Oman signed a free trade agreement on January 19, 2006, which entered into force on January 1, 2009. The agreement provided for a single enforceable obligation on environment—the obligation to "effectively enforce your own environmental laws." To facilitate environmental cooperation under the agreement, the United States

We are helping Oman protect its fragile ecosystem and foster sustainable tourism.

and Oman also executed a Memorandum of Understanding (MOU) on Environmental Cooperation on February 20, 2006.

The FTA environmental commitments spurred environmental progress in Oman, supported by substantial support and technical assistance. This assistance has focused on: strengthening Oman's environmental institutions and policies; supporting environmental disaster preparedness; promoting sustainable and inclusive management and conservation of environmental resources, including biodiversity and ecologically important ecosystems, improving clean production processes; and encouraging use of sound environmental practices and technologies, and promoting transparency and public participation in environmental decision-making and enforcement.

Progress

Environmental cooperation facilitated by the FTA has significantly contributed to:

- Helping Oman protect its fragile and unique ecosystems and foster sustainable and responsible tourism, while helping to increase transparency and public participation in environmental decision-making;
- Strengthening protection of the CITES-listed Arabian oryx through technical assistance to the Al Wusta Wildlife Reserve on topics such as protected area management and engagement with local Bedouin tribes;
- Funding at least 45 satellite transmitters to put on loggerhead sea turtles to collect information on nesting behaviors and improve protection of this endangered species;
- Supporting Oman's Ministry of Environment and Climate Affairs' hiring of 42 new protected area staff to strengthen natural resource management capacity;
- Improving awareness of approximately 200 people on Masirah Island on responsible fishing methods to help reduce endangered sea turtle bycatch; and
- Supporting Oman's ability to respond to disasters, like oil spills, by providing extensive training in the USFS's Incident Command System for responding to natural disasters and other environmental emergencies. The United States has provided substantial support and technical assistance to Oman focused on: strengthening Oman's environmental institutions and policies; supporting environmental disaster preparedness; promoting sustainable and inclusive management and conservation of environmental resources, including biodiversity and ecologically important ecosystems, improving clean production processes; and encouraging use of sound environmental practices and technologies, and promoting transparency and public participation in environmental decision-making and enforcement.

Looking Ahead

Oman has made significant progress in recent years, through FTA–related environmental commitments and cooperation and beyond. In 2013, for example, Oman became one of the first countries in the world to ratify the Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing. However, environmental challenges remain, including air and water

pollution, soil and water salinity, water scarcity, fisheries management, and sea turtle conservation.

Looking ahead, the United States and Oman will seek to build on their strong record of engagement. In June 2014, U.S. and Omani trade and environment officials met in Muscat, Oman to discuss their progress in implementing obligations under the chapter. They also adopted an updated environmental cooperation work program covering 2014-2017, which will focus on five priority areas—(1) strengthening effective implementation and enforcement of environmental laws, (2) disaster preparedness, (3) management and conservation of natural resources, (4) cleaner production, and (5) promoting environmental education and public participation.

The United States is undertaking a whole-of-government approach to helping Oman carry out the new work program. For example, DOJ and EPA are helping Oman update its air pollution laws; the Department of the Interior will continue to work with Oman on improving its management of protected areas and ways to combat the poaching of iconic species like the Arabian oryx; USFS will continue to provide its expertise to Oman on best practices for responding to oil spills and other environmental disasters; and we will continue working together to protect sea turtles.

The Strait of Hormuz is located just off the coast of Oman, and is one of the world's most heavily trafficked oil routes.

Peru

Key Environmental Issues

Deforestation, illegal mining, wildlife trafficking, pressure on fisheries resources

Key Areas of Progress

Institutional strengthening, forest sector governance, natural resource and protected area management, promotion of public participation

FTA SIGNED

2007

FUNDING SNAPSHOT

$73.7 million USD since 2009

ECOSYSTEMS

Predominantly tropical, Amazonian rainforest

FOREST COVER (% LAND AREA)

53, with 13% of the Amazon Rainforest (2nd most coverage, after Brazil)

MARINE PROTECTED AREAS (% TERRITORIAL WATERS)

2.8

BIODIVERSITY

10% of world's flora (25,000 plant species) (Source: World Bank, FAO)

SPECIES LISTED AS THREATENED OR ENDANGERED

468

SPECIES SPOTLIGHT

Andean bears, cats, rainforest hardwoods, sea turtles, tropical birds, yellow-tailed woolly monkey, marine otters, giant armadillo

By the Numbers

PROGRESS SUPPORTED BY FTA-RELATED CAPACITY BUILDING SINCE 2009

90

policies, laws, agreements or regulations promoting sustainable natural resource management and conservation

Over 4.1 million ha

of land under improved natural resource management

11,505 people

with increased economic benefits derived from sustainable natural resource management and conservation

3,957 people

trained in natural resource management and/or biodiversity conservation

Overview

Peru is the world's fourth most biologically diverse country, ranked second in diversity of bird species (1,816), third in amphibian life (408), and fifth in flora (over 25,000). Peru holds over 70 million hectares (over 170 million acres) of rainforest, mostly located in the Peruvian Amazon. Even though Peru has diversified its exports, its economy is still commodity-based and highly dependent on extractive industries, such as logging and mining.

Protecting Peru's natural resources is central to the United States-Peru Trade Promotion Agreement (PTPA), thanks to a landmark chapter that requires Peru to implement seven MEAs, including CITES and places all environmental provisions on equal footing with the other commercial provisions in the agreement, subject to dispute settlement and the application of trade sanctions in the event of non-compliance. The agreement also establishes a unique Annex on Forest Sector Governance that sets out a series of binding obligations for Peru to combat illegal logging and illegal trade in timber and wildlife products, and promote sustainable management of forest resources. This agreement was signed between the United States and Peru on December 14, 2007 and entered into force between the two countries on February 1, 2009. The two countries also entered into an Environmental Cooperation Agreement to support collaborative work on environment on July 24, 2006.

The PTPA's groundbreaking environmental commitments and associated environmental cooperation programs have supported Peru's efforts to establish environmental institutions, including a Ministry of Environment and an independent forestry oversight body, as well as improve or pass environmental laws and regulations and strengthen criminal penalties for environmental offenses. It has also led to new safeguards for protected hardwood species like bigleaf mahogany, and rare animal species such as wood lizards and the giant otter. In addition, Peru is now much better equipped to enforce its laws against illegal logging and associated trade.

Progress

Specific achievements under the PTPA framework include:

ESTABLISHMENT OF NEW ENVIRONMENTAL INSTITUTIONS AND ENFORCEMENT BODIES

- Peru established a Ministry of Environment in 2008 with an independent oversight body (OEFA) that enforces compliance with environmental legislation. Since its inception, this body has carried out more than 5,500 non-forestry sector environmental inspections and issued over 900 fines for failure to comply with environmental legislation.
- Peru established an independent forestry oversight body (OSINFOR) in 2008 that has since conducted thousands of audits of forestry concessions and other forest lands to verify that the harvesting of timber on such lands meets legal requirements, and has taken administrative enforcement actions, assessed monetary fines, and cancelled concessions where discrepan-

cies have been found.

- Peru launched a new National Forest and Wildlife Service (SERFOR) in 2013 with greater autonomy and control than its predecessor, which strengthens Peru's ability to implement its new Forestry and Wildlife Law and supports its efforts to implement its obligations under the PTPA Annex on Forest Sector Governance.
- The United States is providing technical support to Peru as it works to establish an oversight institution, the National Environmental Certification Service (SENACE), which is responsible for reviewing and approving Environmental Impact Assessments (EIAs), and is working to develop capacity within Peru's Ministry of Environment to analyze and manage EIAs.

ENACTMENT OF NEW ENVIRONMENTAL LAWS, REGULATIONS, AND OTHER MEASURES

- In 2008, Peru amended its criminal code to include substantial penalties for illegal

The United States is working closely with Peru to combat deforestation and illegal logging.

activities, such as illegal logging and wildlife trafficking.

- In 2011, Peru passed a comprehensive new forestry and wildlife law to improve protection of forest resources and combat illegal logging. The implementing regulations are expected to be finalized in 2015.

STRENGTHENED ENVIRONMENTAL ENFORCEMENT

- With help from USAID and USFS, Peru is developing a state-of-the-art electronic timber tracking system that will trace logs from stump to port in order to better detect illegal exports and satisfy chain-of-custody requirements for CITES species.

- Peru has tightened controls on the harvest and trade in high-value, internationally regulated timber species such as big leaf mahogany and Spanish cedar, including by adopting laws and administrative procedures for the management, supervision, and issuance of export permits for these species. Since 2010, when many of these reforms were achieved, exports of big-leaf mahogany and Spanish cedar from Peru to the United States have declined by over 93%.

- In 2011, Peru attained Category I status under the National Legislation Project of CITES. Category I status means that the CITES governing body evaluated Peru's CITES implementing legislation and determined it generally meets the requirements for implementation of the Convention.

- In 2013, the United States and Peru agreed upon a 5-point bilateral Action Plan to help improve Peru's capacity to conduct inspections of CITES species and ensuring timely criminal and administrative proceedings for forestry-related crimes and infractions.

COMBATING ILLEGAL LOGGING THROUGH SATELLITE IMAGERY

- The United States is working closely with the Fiscalía Especializada en Materia Ambiental (FEMA - Office of Prosecution of Environmental Affairs) to implement a satellite monitoring system for deforestation and illegal logging for the Ucayali region, which is one of the most deforested regions of the country. With enhanced data access, prosecutors can build stronger cases against illegal loggers. The pilot program was launched in May 2015 and is planned to be replicated Amazon-wide.

BUILDING CAPACITY TO INVESTIGATE AND PROSECUTE ENVIRONMENTAL CRIMES

- The United States is training environmental prosecutors, community park guards, and government officials who oversee management of reserves, national parks and indigenous territories to improve their knowledge on environmental legislation.

- The United States, through USAID, USFS and DOJ, is supporting Peru's Environmental Prosecutor's office through Timber Crimes Investigation workshops for Peruvian police and prosecutors. One workshop was held in November 2014, and another is planned for June 2015.

Protecting natural resources is central to the U.S.-Peru Trade Promotion Agreement.

SUPPORTING PUBLIC PARTICIPATION IN ENVIRONMENTAL DECISION MAKING

- The United States provided technical assistance to Peru as it developed its new forestry and wildlife law and regulations, and provided support to Peru's National Forest and Wildlife Service to carry out a robust public consultation process across the country. This process offered a forum for the public to provide input into the development of Peru's forestry and wildlife legal and regulatory framework and included participation of seven indigenous organizations representing 52 ethnic groups. The process culminated in an agreement signed by the Peruvian Government and indigenous people on March 16, 2015.

PROTECTING ENDANGERED SPECIES

- The United States is supporting Peru's efforts to combat wildlife trafficking through a $12 million commitment by USAID to Peru's Ministry of Environment that will modernize systems to improve Peru's management of species listed under CITES. This program has allowed Peru to assess and monitor endangered species, such as orchids, crocodiles and seven species of birds, and has provided base-

line information to allow Peruvian government authorities to make recommendations on management, extraction, and conservation.

- In collaboration with the Peruvian National Protected Areas Service in the Ucayali region, the United States is implementing a wildlife monitoring tool, known as SMART (Spatial Monitoring and Reporting Tool). This software tool will help standardize the management, evaluation, and communication of monitoring data to help park and community rangers improve law enforcement and monitoring of Protected Areas. SMART is currently being implemented in three protected areas—(1) Manu National Park, a UNESCO World Heritage site home to upwards of 800 bird species and 200 species of mammals, (2) the Tambopata National Reserve know to have one of the largest natural clay licks in the country where thousands of brilliantly colored macaws and parrots arrive daily at the cliffs to feed on mineral salts, and (3) the Matsés National Reserve.

CONSERVATION OF PROTECTED AREAS

- The United States is working with Peru across its vast and ecologically significant Amazonian regions, and helping to involve local and indigenous communities in improving the management and safeguarding of the 135,000 hectare Imiria Regional Conservation Area in Ucayali, as well as building control posts and supporting field research in the Bahuaja Sonene National Park (BSNP) in Madre de Dios. The BSNP alone is home to 20,000 plant species, at least 600 bird species, and 174 species of mammals, 100 reptiles and amphibians, 232 fish and 1,300 butterfly species, as well as rare species like the giant otter and spectacled bear; and improving the financial sustainability of the Cordillera Azul National Park, the third-largest park in Peru, covering over 1.3 million hectares of pristine forest where two new species of lizards were found in 2013.

Looking Ahead

While important progress has been made by Peru, complex environmental challenges remain that will require continued engagement, attention, and collaboration. Recently, stakeholders raised concerns that Peruvian economic stimulus provisions passed in July 2014 weaken environmental protections and violate Peru's obligations under the PTPA. We are working with Peru to understand the impacts of the reforms on the environment, including through active engagement with the stakeholder communities in both countries. We plan to discuss this at the next senior-level PTPA environment meetings in 2015. Other issues on the agenda will include Peru's progress in implementing the Forest Annex and bilateral Action Plan, and approval of a new environmental cooperation work program for 2015-2018 that will build on successes in the forestry sector and target cooperation on other important environmental challenges in the areas of mining, environmental compliance, and wildlife trafficking. A public session will follow these meetings where stakeholders can engage with officials from both countries.

One of the most substantial cooperation projects that will be continuing in the coming years is finalization of the new electronic chain of custody system to track all trees harvested

A forestry official affixes a "tree code" to a tree to enable monitoring of protected timber species, which in turn will provide information to guide Peruvian authorities' recommendations about the management, extraction, and conservation of such species.

in Peru's forests from stump, to sawmill, to processing center, all the way to the port for export. Some of the regions are already testing a prototype chain of custody system, and it is expected that by 2016, the full system will be complete—greatly enhancing Peru's ability to verify the legality of origin of its timber exports throughout the supply chain.

Peru and the United States are also among the 12 countries negotiating the TPP, which will build on their existing bilateral agreement by including new environmental commitments and deepen the existing environmental cooperation efforts.

The Path Forward

A Trade Policy Consistent with American Values & Interests

"This isn't a race to the bottom, for lower wages and working conditions. The trade agreements I am negotiating will drive a race to the top."

President Obama, April 25th, 2015

In all of the cases highlighted in this report, trade policy is being used to improve environmental protection around the globe—to tackle pressing local, regional and global environmental challenges—and to help level the playing field for American workers and businesses. U.S. efforts have resulted in important environmental improvements on the ground in our trading partners, which are directly attributable to the effective combination of robust, enforceable environmental commitments in our trade agreements, and targeted capacity building and technical assistance. While this report outlines some of the successes, there is more work to do—not only under our existing trade agreements, but also with respect to agreements that are still under negotiation, which hold the potential for more game-changing environmental progress on an even bigger scale.

Environmental stewardship is a core American value and Obama Administration priority, and the Administration is committed to using trade policy as a tool to ensure economic growth and environmental protection go hand in hand. This values-driven approach to trade policy is guiding our negotiation of the TPP agreement—which is on track to deliver new, innovative tools to protect the region's environment. The TPP capitalizes on the potential of trade agreements to increase levels of environmental protection, strengthen cooperative efforts to conserve living resources, and build capacity to address environmental challenges.

The Administration is also pressing forward with an ambitious approach in T-TIP with the European Union. The European Union and United States have some of the highest environmental standards in the world. T-TIP provides an opportunity for these two major players to develop a framework that not only reflects their own high environmental standards but strengthens their collective capacity to address environmental concerns in the dozens of developing countries whose largest trade and investment relationships are with the United States and the European Union.

Simply put—with TPP and T-TIP—we have a real opportunity to lock in the gains we have made in recent years to protect the environment, conserve natural resources and iconic

TPP

TRANS-PACIFIC PARTNERSHIP

T-TIP

TRANSATLANTIC TRADE & INVESTMENT PARTNERSHIP

With strong enforceable environmental provisions, TPP & T-TIP could be game changers. Combined, they account for:

72%
of the value of global exports of timber & woods products

44%
of the volume of global exports of seafood products

32%
of the global marine catch

species, and shape globalization. Together these two agreements, when complete, will cover two-thirds of the global economy and comprise roughly 44% of global fish and seafood exports, and 71% percent of total global exports of timber and wood products—creating unprecedented opportunities to advance the trade and environment agenda. Stronger tools make a difference and the new tools being negotiated by the Obama Administration in TPP and T-TIP will empower this Administration—and future administrations—to undertake broader and more effective action than ever before.

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