

GAO Highlights

Highlights of [GAO-15-161](#), a report to congressional requesters

Why GAO Did This Study

The United States has signed free trade agreements that lower barriers to trade with 20 countries, including 5 Central American countries and the Dominican Republic. Reflecting Congress's interest in balancing commercial interests with environmental protection, the United States and FTA partners have agreed to strengthen environmental protection. In 2009, GAO recommended improved FTA monitoring. GAO was asked for an update.

This report examines, among other things: (1) steps selected partners have taken, with U.S. assistance, to implement FTA environmental commitments; (2) resources to assist partners in implementing environmental commitments; and (3) U.S. agency monitoring of cooperation activities and partner compliance with their FTA environmental commitments.

GAO reviewed FTA environmental provisions and cooperation agreements; analyzed U.S. funding data for cooperation activities from fiscal years 2003 through 2013; and evaluated documentary and testimonial evidence. GAO visited Guatemala and El Salvador, two of six CAFTA-DR countries, and Peru and Chile, and met with U.S., host government, private sector, and NGO officials. GAO selected these countries because they reflect a range of per capita income, U.S. assistance, environmental progress, and challenges.

What GAO Recommends

GAO recommends that USTR establish timeframes and indicators to assess the extent to which Peru is meeting commitments in the bilateral action plan and establish timeframes and indicators to implement its plan for enhanced monitoring across all FTA partner countries.

View [GAO-15-161](#). For more information, contact Kimberly Gianopoulos at (202) 512-8612 or Gianopoulosk@gao.gov.

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FREE TRADE AGREEMENTS

Office of the U.S. Trade Representative Should Continue to Improve Its Monitoring of Environmental Commitments

What GAO Found

The four free trade agreement (FTA) partners that GAO selected for this review all passed environmental laws and established institutions to improve environmental protection, in line with their FTA commitments to strive to improve their laws on and levels of environmental protection. For example, Chile created enforcement agencies and modernized its system for evaluating the environmental impact of projects; El Salvador launched a National Environmental Strategy; and Guatemala created a unit to verify compliance with natural resource protections. According to U.S., Peruvian, and nongovernmental organization (NGO) officials, U.S. assistance has helped Peru improve management and monitoring of its forest resources. However, each FTA partner continues to face challenges in capacity and enforcement of environmental protection.

Peruvian Officials Conduct Timber Inspection



Source: GAO. | GAO-15-161

U.S. resources for cooperation activities have declined since 2009 because of shifting priorities. Peru and countries in the Dominican Republic–Central America–United States Free Trade Agreement (CAFTA-DR) received 90 percent of the roughly \$151 million of total funding for FTA cooperation activities from fiscal years 2004 through 2013. CAFTA-DR countries received over \$87 million from fiscal years 2004 through 2013, and Peru received nearly \$49 million from fiscal years 2009 through 2013. However, in fiscal year 2013, U.S. funding for environmental cooperation activities to CAFTA-DR countries was 18 percent of its 2009 level, and funding for Peru FTA activities was 41 percent of its 2009 level.

The Department of State has improved monitoring of environmental cooperation activities since 2009, and the Office of the U.S. Trade Representative (USTR) developed a plan for monitoring partner compliance with FTA environmental commitments. However, USTR's monitoring lacks timeframes and performance indicators to measure partner progress in meeting FTA environmental commitments. In addition, the U.S.-Peru bilateral action plan addresses specific challenges in Peru's forestry sector and identifies actions for Peru to take, but does not include timeframes and indicators. Lack of timeframes and performance indicators precludes stakeholders and the public from having a clear understanding of the extent to which Peru is meeting its commitments since agreeing to the terms of the bilateral action plan.