

A YEAR

09

in Review

**Regaining Growth
through Trade
and Integration**



IDB

Integration and Trade Sector
Vice Presidency for Sectors and Knowledge





2009: A YEAR IN REVIEW

Regaining Growth through Trade and Integration



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Inter-American Development Bank

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2009: A Year in Review



A Message from INT's Manager

In former years, a global financial crisis would have dealt Latin America and the Caribbean (LAC) a blow from which the region would take years to recover. But LAC is set to stage a strong recovery in 2010 from the present crisis. While the global downturn has played havoc with government budgets, private firms, and millions of households, it does not appear to have undermined the region's prospects for renewed growth.

A key factor behind LAC's resilience is the region's strong gains in trade and integration in the past few decades. Indeed, while interconnectedness with the broader global economy could be seen as increasing the region's vulnerability to global swings, the region has combined its new economic openness with strong policy frameworks that have helped to shelter it from economic turbulence to a degree that could not have been imagined even two decades ago.

Trade and integration are the cornerstones of the region's strength in the face of adversity, serving as countercyclical engines of growth and economic stability. The region has learned the intricacies of free trade agreements, pioneered in regional economic integration, and now is building a foundation for thriving inter-regionalism beyond the continental borders.

At every step toward this new world of trade, the region has counted on the collaboration of the Inter-American Development Bank (IDB). Over the years, the IDB has demonstrated its commitment to hemispheric trade and regional and global integration with extensive policy advice and, technical and financial assistance, aimed at strengthening LAC countries' global competitiveness. As the region enters a new era of global challenges, the IDB will continue supporting this critical area to help countries meet changing needs.

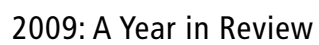
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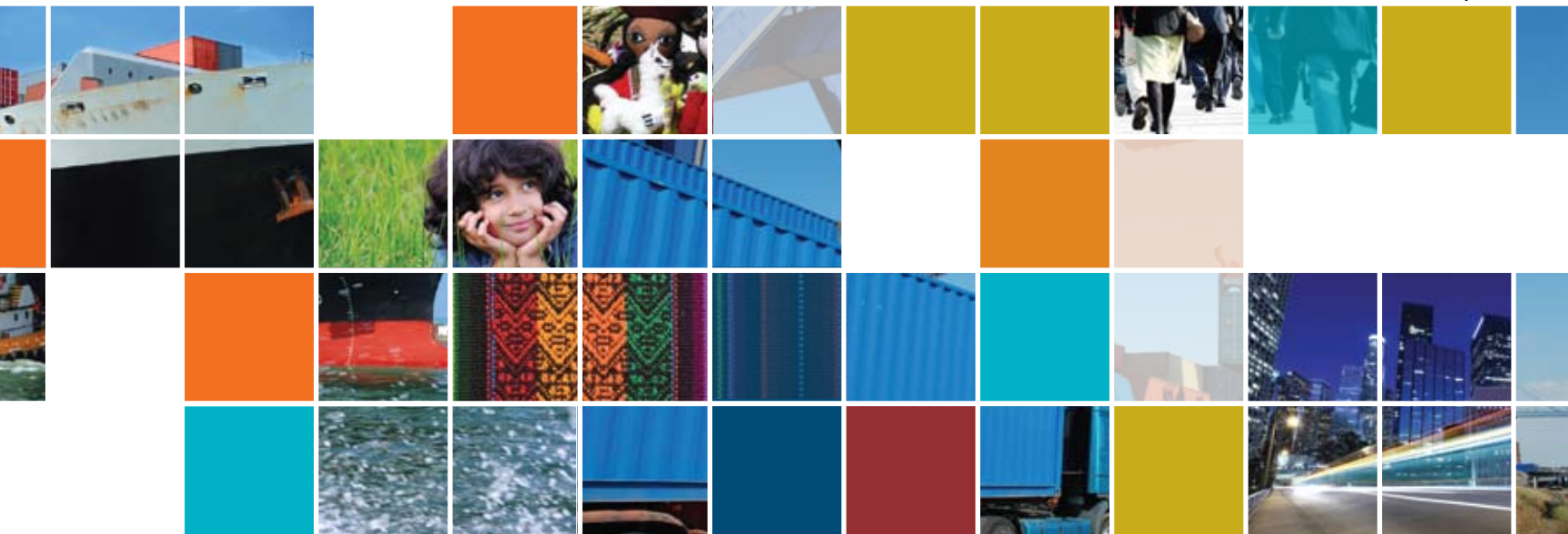


PART I:

Crisis and Recovery in the Region



terms-of-trade losses as demand and prices of their commodity exports have weakened. Reduced tourism and remittances earnings have threatened several Central American and Caribbean economies.



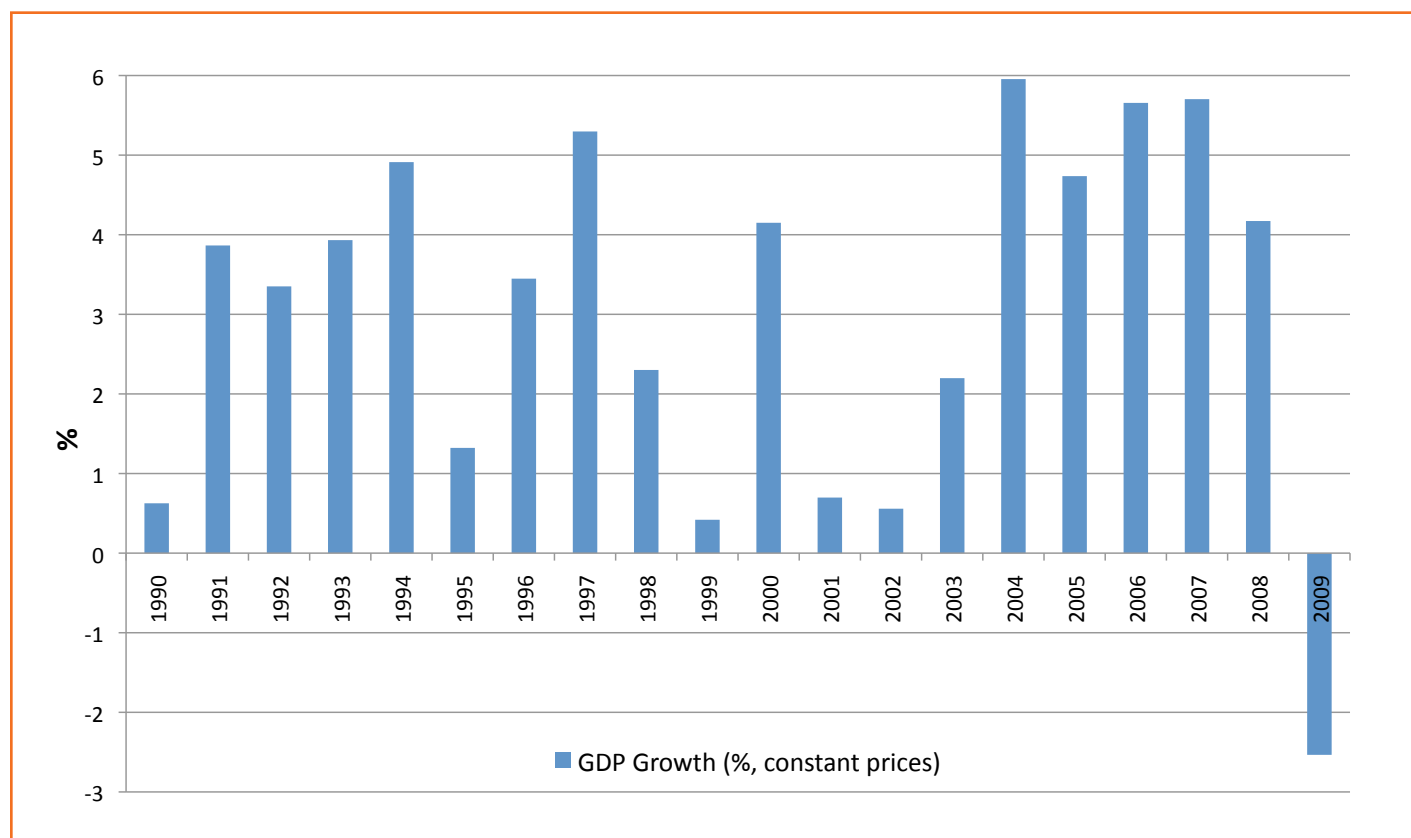


Just before the crisis, in 2008, regional trade had grown at a double-digit annual rate (figure 2), fueled by intra-hemispheric and Asia-Pacific trade, in particular. Latin America's strong export performance pre-crisis had been driven by two positive factors: a robust US economy, and record prices and sales for the region's commodities, fueled by strong demand from China.

Trade has been a major casualty of the crisis. Despite LAC's overall strong 2008 results, the economic collapse of the region's major trading partners sharply reduced demand for the region's exports. Import volumes to all developed countries contracted by about a third from their peak in July 2008 to the end of the year. Trade slowed sharply starting in the fourth quarter of 2008 (figure 3). Sales to China also weakened and are projected to contract by some 4 percent in 2009.

Figure 1—Tough year for trade:

LAC GDP growth in 1990–2009

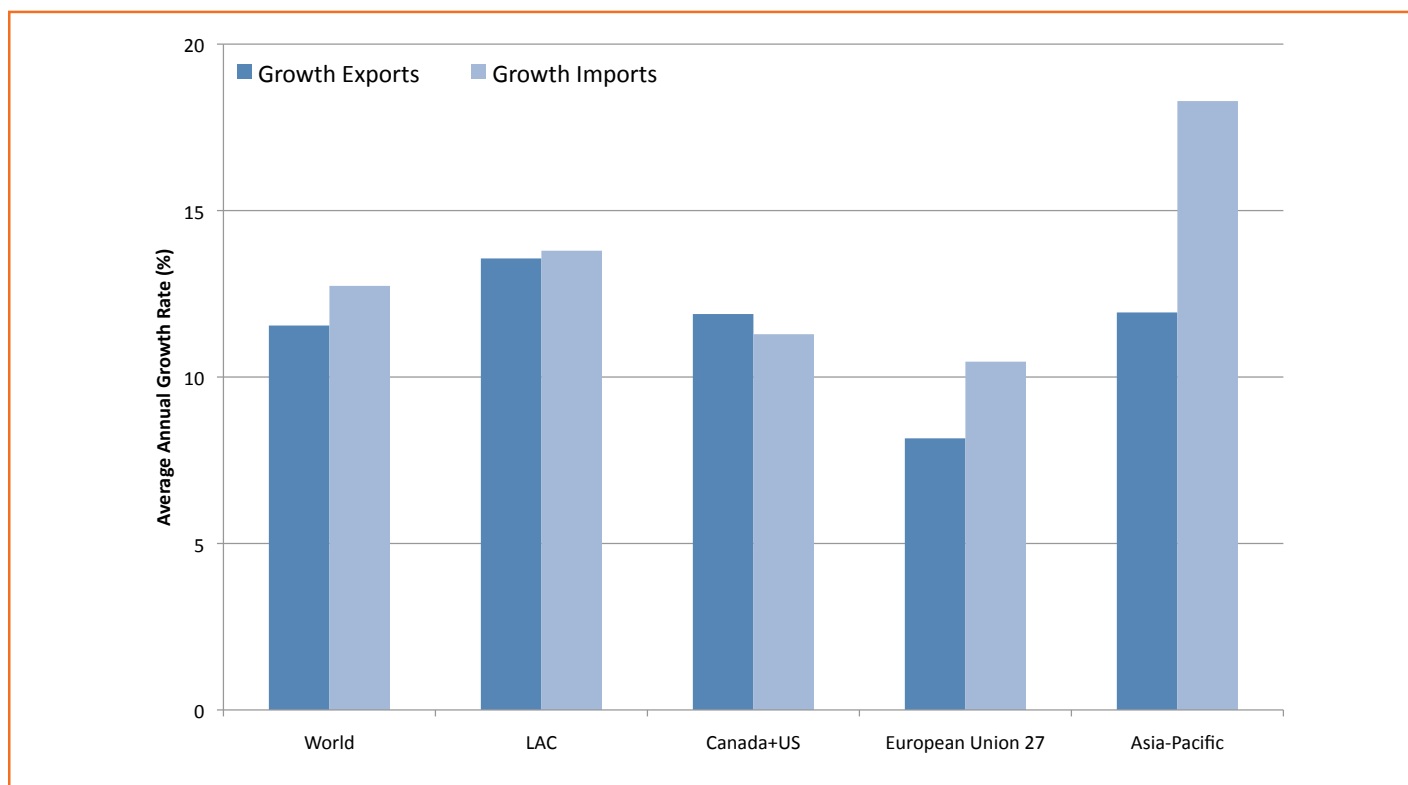


Source: International Monetary Fund, World Economic Outlook Database, October 2009.



Figure 2—Trade growth at double digits in the past two decades:

Annual growth of LAC exports and imports in 1990–2008



Source: INT calculations based on UN/COMTRADE.

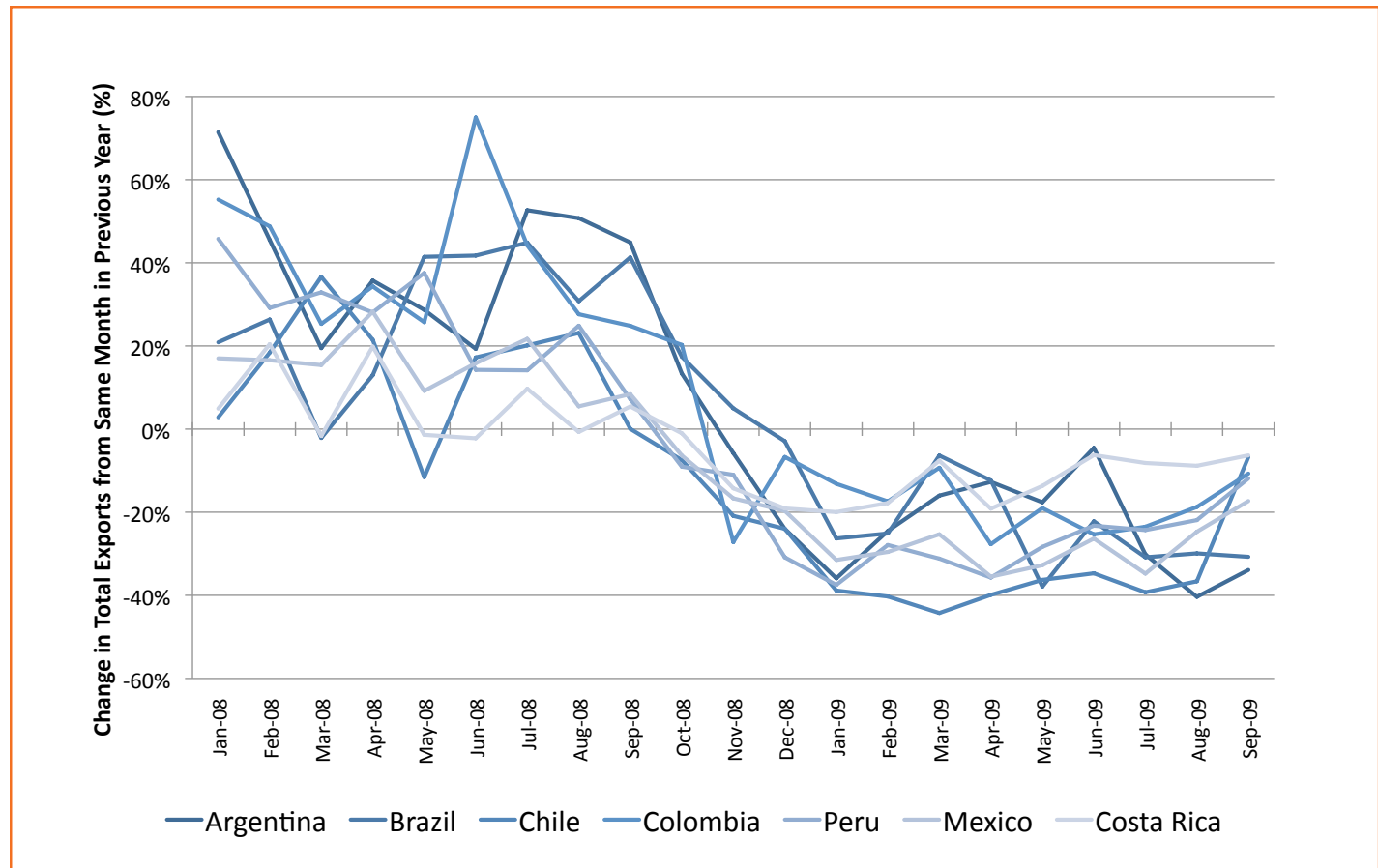
As uncertainty in the world economy deepened, Latin America responded by increasing its intra-regional trade; however, for most countries, exports dropped by a quarter or more from 2008.

The US recession hit LAC especially hard. A direct impact was the drop in US demand for manufactured goods produced in Mexico and Central America. Indirectly, lower US demand for Chinese goods resulted in a fall in Chinese imports of Latin American commodities.



Figure 3—The crisis deals trade a sudden blow.

% Change in total exports over corresponding month from the previous year, selected countries



Source: INT calculations based on UN/COMTRADE.

Overall, the value of the region's commodities has declined by nearly 30 percent as a result of the crisis. The impact has been particularly severe for oil exporters in Venezuela, Mexico, and Ecuador. Other LAC commodity producers also suffered declining prices of their primary exports, such as iron ore in Brazil, soy beans in Argentina, copper in Chile, beef in Uruguay, and coffee in Central America.

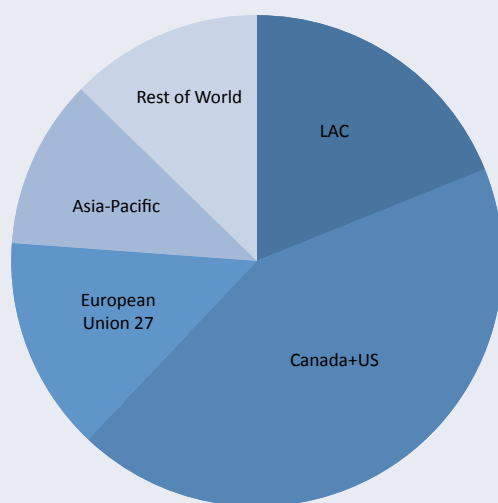
For Mexico and Central America, competition from Chinese manufacturers is expected to put pressure on the maquila sector.



The “where and what” of LAC trade

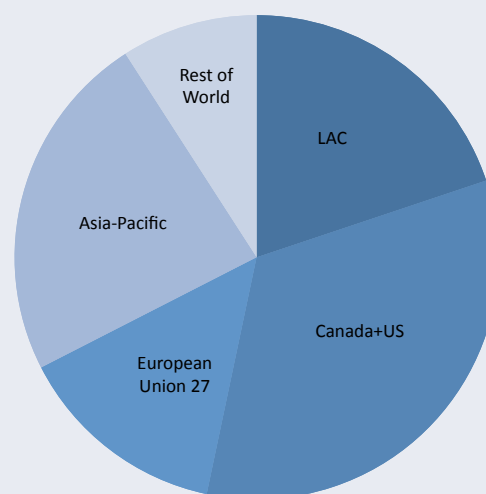
Latin America and Caribbean countries send most of their exports to the North American and intra-regional markets followed by the European Union (figure 4a). Asia is still a relatively untapped market for the region. On the import side, however, Asia’s importance to LAC has grown markedly to almost a quarter of the regional imports (figure 4b).

Figure 4a—Exporting mostly within the Americas:
Geographical distribution of LAC exports, 2008



Source: INT calculations based on UN/COMTRADE.

Figure 4b—Growing imports from Asia:
Geographical distribution of LAC imports, 2008



Note: Asia-Pacific includes Australia, Brunei, Cambodia, China, Hong Kong China, Indonesia, Japan, PDR Korea, Republic of Korea, Laos, Macao China, Malaysia, Myanmar, New Zealand, Philippines, Singapore, Taipei China, Thailand, and Vietnam.



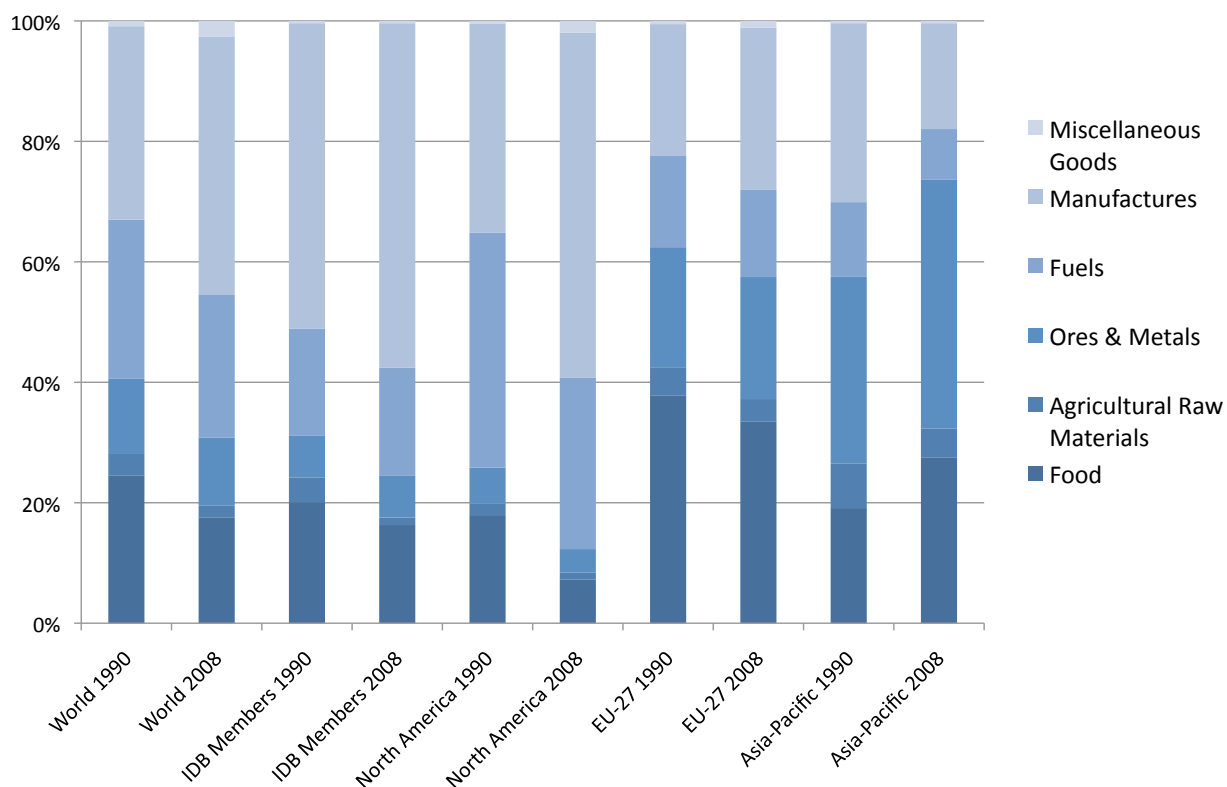
Rise in manufactures exports. While commodities remain a major part of LAC's export basket, manufactured goods have grown to represent almost one-half of the region's total exports, up from a third in 1990 (figure 5). The greatest growth has taken place in the North American market, which has stepped up imports of goods primarily from Mexico and Central America, in large part due to these countries' extensive trade preferences in the United States and Canada. In addition, these countries have substantially boosted their share of manufactured goods exports on the global level. By

Figure 5—Toward manufactures:

Latin America's export structure in 1990 and 2008, by destination and commodity group

contrast, the Southern Common Market (Mercosur) and the Andean and Caribbean regions have seen a much less pronounced growth of manufactures in their export baskets. Also, while Latin America's exports of manufactures to North America (as well as to Europe and in intra-regional trade) have increased, they have declined in Asia-Pacific thanks to the commodity boom in Asia-bound exports.

Investment fuels integration. Foreign direct investment (FDI) has played a major role in fueling LAC's global integration. FDI rose to record levels in 2007–2008 (figure 6). The FDI surge has become another casualty of the global recession, even though estimated inflows are still quite robust. Brazil and Mexico remained the region's



Source: INT calculations based on UN/COMTRADE



two biggest recipients of global FDI, while the European Union and North America accounted for 75 percent of FDI to the region.

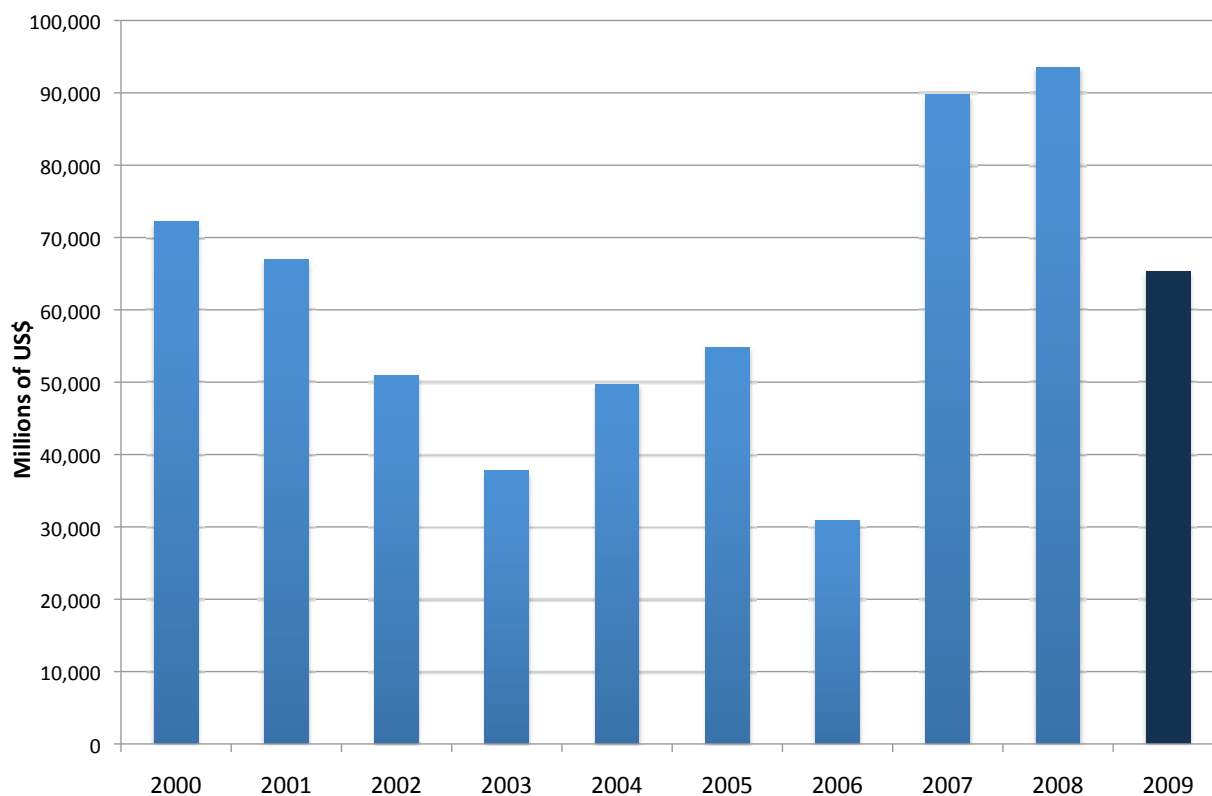
A large part of FDI in the region has historically been used by foreign firms interested in using LAC as a production and export platform for the North American market for vehicles, textiles, and other products. But the recent, pre-crisis upsurge in FDI resulted from efforts of some overseas firms to gain a market foothold in Latin American countries themselves. Other firms invested in projects to supply the growing appetite in Asia and elsewhere for commodities and raw materials.

Figure 6—Record investment:

FDI flows in LAC, 2000–2009

Portfolio flows take a hit. LAC's sharply reduced asset values have contributed to lower investment. The region's access to international financial markets has also been stifled, despite sharp reductions in policy interest rates throughout the industrial world. Latin America's country risk premia have risen very sharply, resulting in capital outflows from the region and in some cases a complete loss of access to external funding by private firms.

Remittances provide a final indication of the upside and downside of LAC's global economic links. The economies of some countries have grown to depend on money sent home by Latin Americans working overseas. But the US recession resulted in an about 10 percent drop in remittances from 2008 levels. The impact has been particularly severe for Mexico, Ecuador, Central America, and the Caribbean.



Source: ECLAC, Preliminary Overview of the Economies of Latin America and the Caribbean, 2009.

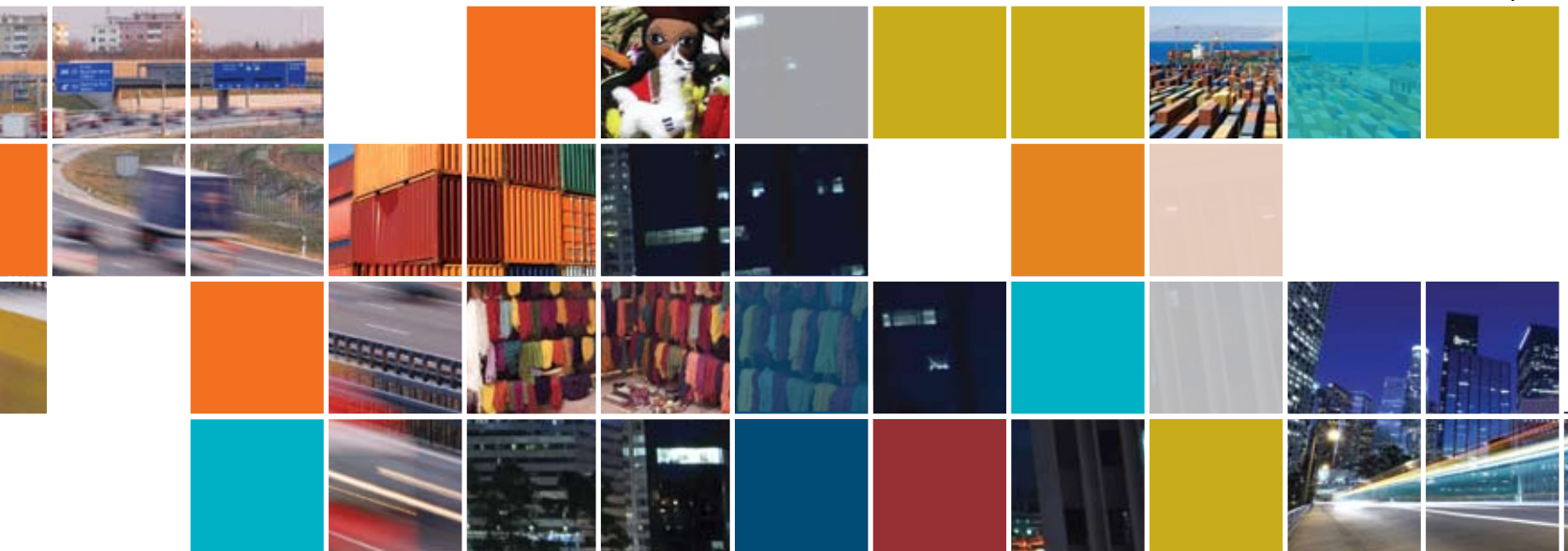




...but Trading to Recovery

The region's ability to stage a quick turnaround from the present crisis is due in large measure to two decades of steady progress in macroeconomic reforms, open trade policies, and the creation of a strong network of trade relationships. Since the 1990s, the countries have pursued a trade strategy that operates on several different

levels: unilateral trade opening, regional trade agreements, and multilateral trade liberalization initiatives. All LAC countries except the Bahamas now belong to the World Trade Organization, and all have been deeply involved in the multilateral Doha trade round launched in 2001.





Participation in these various levels of trade integration has given the region a certain measure of competitive flexibility. For example, while waiting for results from the complex multilateral trade agenda, LAC countries have forged ahead with several agreements of their own.

The region is reaping the benefits of progressive tariff reductions from trade agreements such as the US-Central America-Dominican Republic FTA (DR-CAFTA), the Mercosur-Andean Community FTA, and the US-Peru Trade Promotion Agreement. Ratification is pending for the US-Colombia and US-Panama FTAs.

Many LAC countries have also used FTAs to establish footholds in Asia. Chile has signed agreements with Korea, Japan, China, and a group composed of Brunei Darussalam, New Zealand, and Singapore (so-called Trans-Pacific Strategic Economic Partnership Agreement, TPP). Mexico has an agreement with Japan, and Peru with Singapore, Thailand, and China. Chile, Mexico, and Peru belong to the Asia-Pacific Economic Cooperation (APEC) forum. Several negotiations with Asia are also on-going, such as between Costa Rica and China; there are also processes to expand the TPP. LAC countries have also reached across the Atlantic to form agreements with the European Union: Mexico in 2000, Chile in 2003, and most recently CARICOM. The Central American nations and Mercosur are currently engaged in negotiations with Europe.

The security and stability fostered by such bilateral and regional initiatives become even more important when trade flows are disrupted due to an economic crisis, particularly in the face of demands for actions that would distort trade.

What return on investment? Gains from trade agreements

Regional trade agreements (RTAs) have transformed the global and regional economic landscape. They apply to half of world trade and nearly all trade in the Americas, including that of such heavily integrated countries as Mexico and Chile, both of which have entered into RTAs with all of their main trading partners (table 1). Less than a fifth of intra-regional trade in the Western Hemisphere flows among countries that lack a common RTA.

The RTA advances have taken place in the context of open regionalism, in which LAC countries agree to lower trade barriers among themselves, but without discriminating against outside countries. Rigorous empirical studies have recently found that these RTAs have succeeded in expanding trade among participating countries as well as fostering trade liberalization on a global level.* The agreements have created benefits in terms of expanded market access, greater trade and investment flows, increased firm productivity, and arguably macroeconomic stability as well.

Furthermore, trade liberalization and integration mend many ills for a number of reasons:

First, RTAs are a key for achieving **sustainable and equitable development**. The experience of several Asian economies illustrates the virtues of comprehensive, ambitious, and home-grown export-led development strategies.

Second, trade integration helps **lock in economic reforms** that many LAC countries have enacted and solidified over the past decade. Formal trade integration strengthens regulatory transparency and the rule of law required for effective trade, investment, intellectual property rights, and labor and environmental standards.

* See Antoni Estevadeordal, Caroline Freund and Emanuel Ornelas, 2008. *Does Regionalism Affect Trade Liberalization toward Non-Members?* Quarterly Journal of Economics 123, 4. See INT Working Paper 138, *Is the Washington Consensus Dead? Growth, Openness, and the Great Liberalization, 1970s–2000s*.



The consolidation of reciprocal rules acts as a beacon to foreign investors and contributes to the forces of institutional modernization.

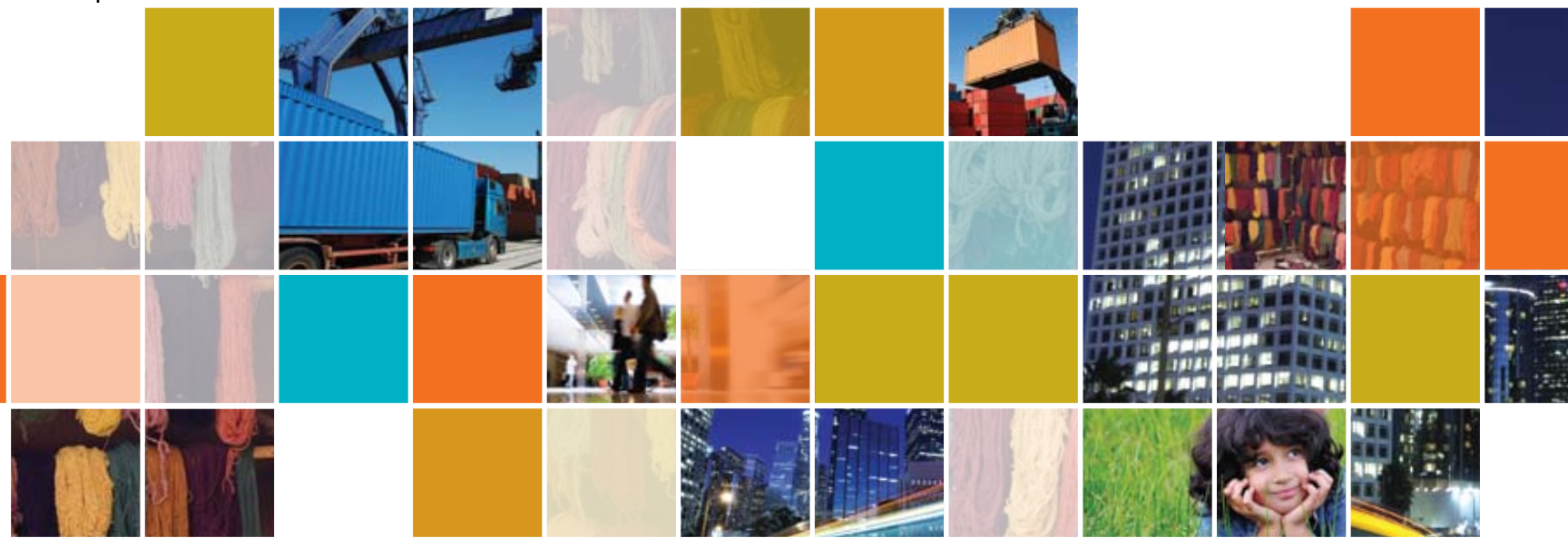
Third, trade integration **fuels cross-border cooperation**. INT studies on the relationship between trade integration and cooperation show that trade integration helps catalyze

broad-based cooperation among nations. It creates trust, builds cross-border networks of stakeholders, and develops demands for further openness and interaction from cross-border infrastructure projects to regional environmental protection and security cooperation.

Table 1—LAC RTAs, 2008–2009

CARIFORUM States—EU	1-Nov-08	
Panama—Chile	7-Mar-08	
Peru—US	1-Feb-09	
Peru—China	15-Jan-10	
Belize—Guatemala	Pending Ratification	
Pending ratification		
Chile—Turkey		
Colombia—Canada		
Colombia—EFTA		
Colombia—US		
Panama—US		
Peru—Thailand		
Andean Community—Central America	Under Negotiation	
Andean Countries—EU		
Canada—CARICOM		
Canada—Central America-four (CA4)		
Canada—Dominican Republic		
Canada—EU		
Canada—Japan		
Canada—MERCOSUR		
Canada—Panama		
Canada—Singapore		
Canada—South Korea		
CARICOM—Central America		
CARICOM—MERCOSUR		
Central America—EU		
Central America—MERCOSUR		
Central America—Mexico		
Chile—Ecuador	Under Negotiation	
Chile—Malaysia		
Chile—MERCOSUR		
Chile—Mexico		
Chile—Thailand		
Chile—Vietnam		
Colombia—South Korea		
Costa Rica—China		
Costa Rica—Singapore		
Dominican Republic—MERCOSUR		
Dominican Republic—Taiwan		
Ecuador—Mexico		
MERCOSUR—Egypt		
MERCOSUR—EU		
MERCOSUR-Gulf Cooperation Council (GCC)		
MERCOSUR—South Korea		
MERCOSUR—Mexico		
MERCOSUR—Morocco		
MERCOSUR—Panama		
MERCOSUR—SACU		
MERCOSUR—Central America		
Mexico—Peru		
Mexico—South Korea		
Mexico—Singapore		
Peru—EFTA		
Peru—Japan		
Peru—South Korea		

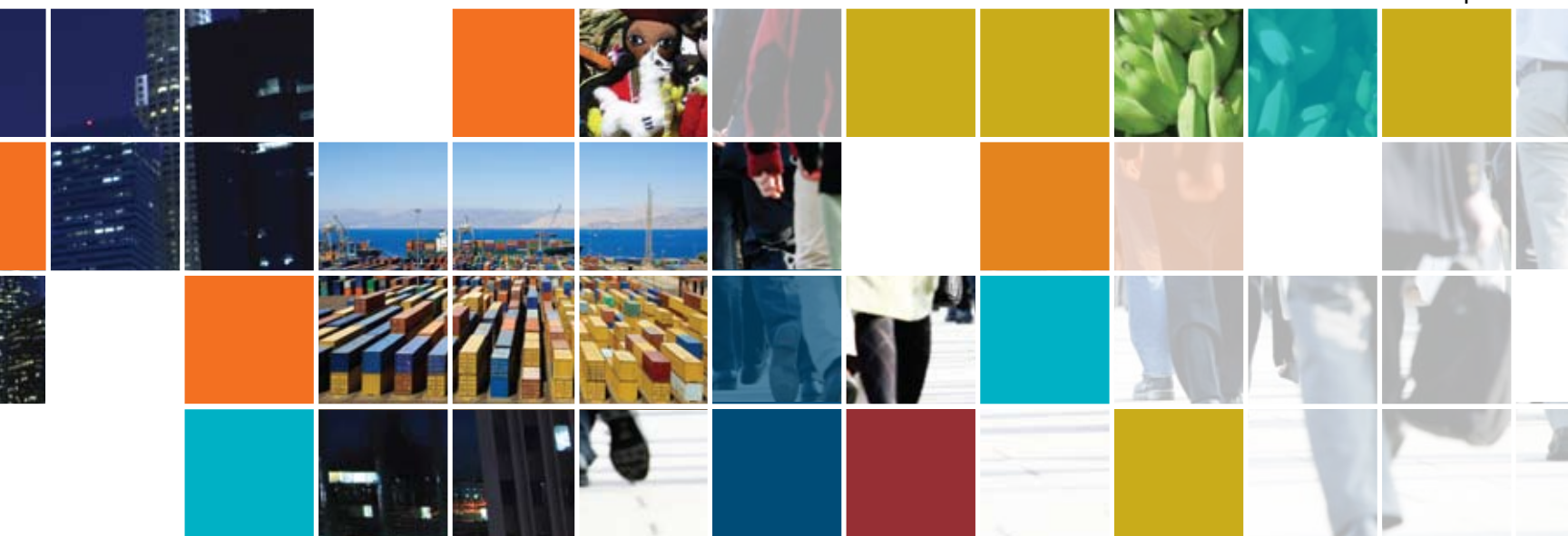
Source: INT.





Seizing Emerging Opportunities...

***T**rade and integration development policies are increasingly accompanied by three, fast-growing “bottom-up” growth engines: trade in services, the rise of LAC multinationals, and migration across borders.*



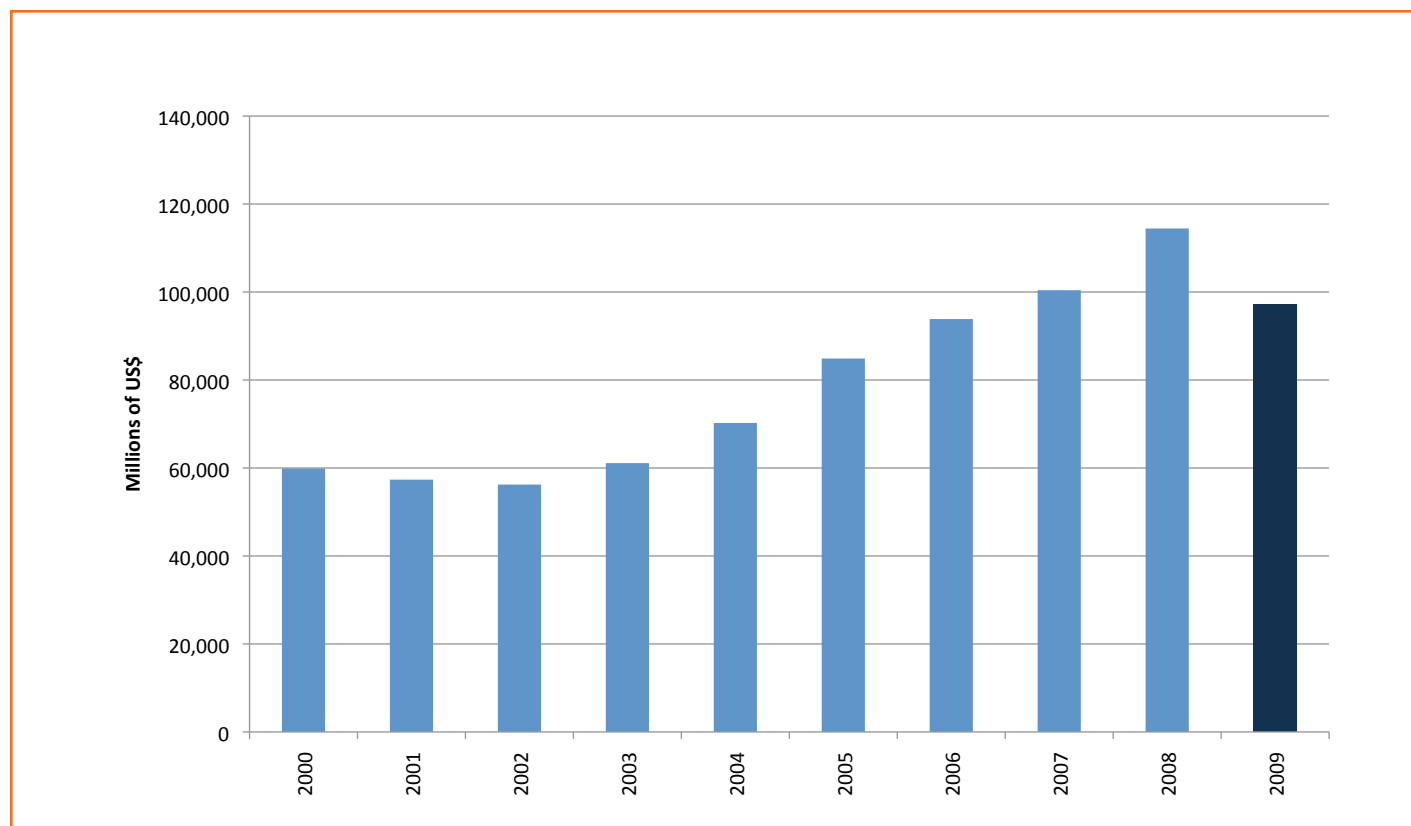


Potential in services. Over the past decade, developing economies have emerged as strong competitors in the services market. As engines of growth, services create jobs and produce technological spillovers, innovation, and export diversification. In addition, by boosting infrastructure, productivity, and competitiveness, they also help to drive exports of goods.* Service exports

from Latin America have grown markedly since 1990 to a total of nearly US\$12 billion in 2008, double the 2000 levels. In recent years, growth in the sector has been nearly exponential in such countries as Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, and Venezuela (figure 7).

Figure 7—The next wave: “trade in tasks”

Growth in LAC services trade in LAC in 2000–2009



Source: ECLAC, Preliminary Overview of the Economies of Latin America and the Caribbean, 2009.

* See INT Policy Brief 101, *The Offshore Services Industry: A New Opportunity for Latin America*.



Amidst this growth, services remain an untapped export opportunity, accounting for only 3 percent of LAC's total GDP, as opposed to 11 percent globally. In the lucrative information technology and business processing services, the region currently has only 6 percent of the world market, as opposed to India's 37 percent. In the Caribbean, however, the services sector accounts for two-thirds of the region's annual GDP and more than 70 percent of its jobs.

Latin America enjoys tremendous natural advantages for services: a near-shore delivery location, similar time zone with the North American market, low-cost, multi-lingual capabilities, cultural affinity, and a readily available talent pool. The real challenge for Latin America is two-fold: first, to increase its share of the global services trade; and second, to move up the value chain in services. To accomplish this, the region must improve education to develop a large pool of graduates in disciplines most relevant to the services industry. Strategies include pre-requisite courses, intermediate certification, and credit lines guaranteed by the government. The services market would also benefit from more rapid integration of the region's labor markets, which would help best match demand with outstanding supply.

Private Sector Stars. LAC's up-and-coming enterprises (multilatinas) have proven their ability to compete in global markets and in the process increase jobs and develop supply chains and regional production networks. Such firms have leveraged domestic positions to expand operations throughout Latin America and are now

expanding around the world, including in the vibrant Asian markets.*

By 2007, these hundreds of companies with revenues of a billion dollars or more had raised FDI flows from LAC to other regions to some US\$40 billion. Multilatinas also make up a growing share—some 20 percent—of all acquisitions in the LAC region. Fortune 500 already includes 10 multilatinas, and more are rising through the ranks. While the list is topped by a handful of champions, such as Mexico's oil giant Pemex or Brazilian aircraft manufacturer Embraer or mining company Vale, multilatinas today represent a diverse range of sectors. Some of these include Mexico's Bimbo in baked goods, América Móvil in wireless telecommunications, Guatemala's Pollo Campero in fast food, Brazil's Politec in information technology services, Chile's Concha y Toro in wine, and Brazil's Natura in cosmetics.

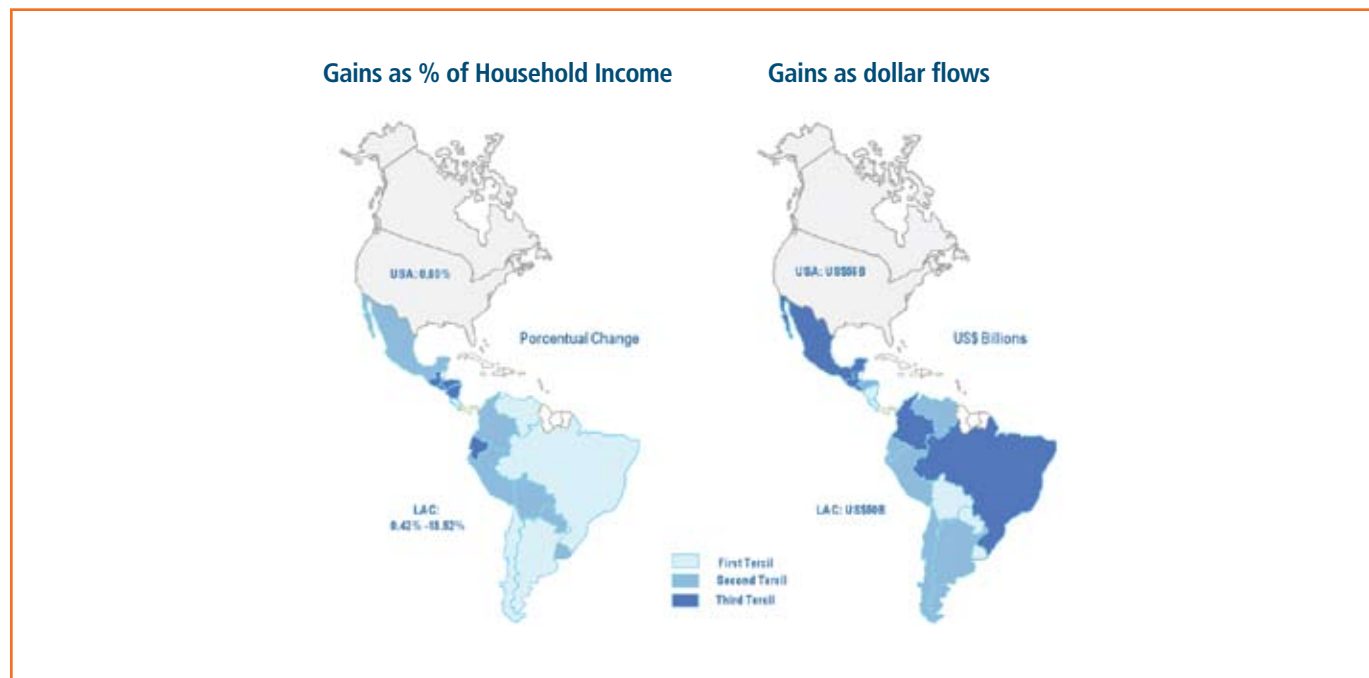
However, these and aspiring multilatinas need supporting policies to promote growth and deepen market integration in the Americas to tap the region's consumer and production bases. They also need financing to penetrate competitive overseas markets, carry out export promotion, conduct market research, and engage in debt and equity investments.

Migration and Remittances. LAC needs to further harness the powerful integrating forces of migratory and remittance flows for national development. Remittances sent home by LAC migrants already surpassed the FDI

* See INT Policy Brief, *From Multilatinas to Global Latinas. The New Latin American Multinationals*.

Figure 8—Sending (lots of) money home

Contribution of International Migration to Aggregate Household Income in Latin America, by percent and flow changes (darkest blue = highest gains in the region)



Source: INT.

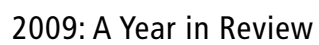
Note: Colors represent regional terciles; countries marked in darkest blue are the top third of regional countries, lightest are the bottom third.

flowing into the region and now represent a significant share of regional economies—up to nearly a fifth of some Central American countries and Ecuador’s GDPs. International migration affects development through different channels, and holds the potential to considerably raise regional living standards: according to recent estimates, international migration adds US\$50 billion to LAC household incomes (Figure 8).*

Yet the contribution of remittances to development has been sub-optimal as funds are often used for consumption, not investment. Besides remittances, the movement of labor across borders can yield great benefits to both sides: studies have found that the gains from remittances could be 25 times greater than those related to tariff reductions. But, the movement of labor is still restricted globally and within the LAC region alike.

* See INT Working Paper 146, *A Primer of International Migration and the Latin America Experience*.







...and Meeting New and Old Competitiveness Challenges

Trade and integration have the power to profoundly transform societies. They open up countries to new products and services, to regional and global economic forces, and to new cultures and ideas. But trade and integration can grow economies and reduce poverty only if countries adopt good policies and implement them effectively. The potential benefits of trade and integration

cannot be harnessed to the fullest if producers continue to struggle with high energy costs, poor transportation infrastructures, and an unstable macroeconomic environment. Similarly, benefits from globalization and liberalization must be distributed among all segments of the population to achieve development goals. These are major challenges across the LAC region.





The region will need greater resilience to meet global challenges and uncertainties, such as energy prices, climate change, financial instability, and the threat of inflation. Competitive pressures will undoubtedly increase. Asian giants China and India, which already dominate international markets for goods, are becoming major providers of services as well.

The region needs to modernize its infrastructure to enable goods and services to reach markets more quickly and at lower cost. Also requiring attention is the tangle of overlapping global and regional trade rules that frustrate efforts of the region's producers and exporters to act quickly to meet competitive challenges. Firms need better sources of information and contacts to help them form new partnerships, including with multinational companies, to help open doors to such important and growing world markets as Asia.

The following eight-point common agenda will be critical for meeting the coming challenges and tapping regional opportunities for future success in the global economy.

The first agenda item is to **maximize integration and market access opportunities**. This first and foremost involves implementing trade agreements signed by various countries in the region. The challenges in arriving at agreements with such partners as the US and the EU are particularly great for three main reasons.

First, these agreements promote greater and deeper integration as compared with other recent

trade agreements.^{*} Second, the coverage of these agreements is important for measuring this challenge. Implementation of provisions related to trade in goods, and in particular, market access, presents one type of challenge—especially with regard to the administration of market access rules. Provisions that include domestic policies in areas such as intellectual property or government procurement present further challenges, as do provisions relating to labor, environmental, and competition policy rules. Third, implementation requires not only strong domestic institutions, but coordination among a large number of government stakeholders. The large trade volumes covered by these agreements provides an incentive for effective implementation.

Attention must also be paid to end users of trade agreements. Private sector players must be aware of the opportunities of a more open trade environment and better understand how the provisions of trade agreements apply to them.

The complexity of the trading agenda often puts small and medium-sized enterprises (SMEs) at a serious competitive disadvantage with large firms. They must confront steep learning curves and high transactions costs required to achieve competency in the different trade disciplines and multiple trading fronts. SMEs are also less able than large firms to obtain current information on market opportunities and plug into the production chains of multinational companies. For this reason, they need special assistance and programs in areas such as training, awareness building, and export promotion.

^{*} See INT Policy Brief 105, *The implementation of Preferential Trade Agreements in Latin America*; INT Policy Brief 102, *Free Trade Agreements: US Promotion and Oversight of Latin America Implementation*; INT Policy Brief 103, *Implementing Freer Trade: The Canadian Experience 1986–1995*; INT Policy Brief 104, *La implementación de Acuerdos Preferenciales en América Latina*.

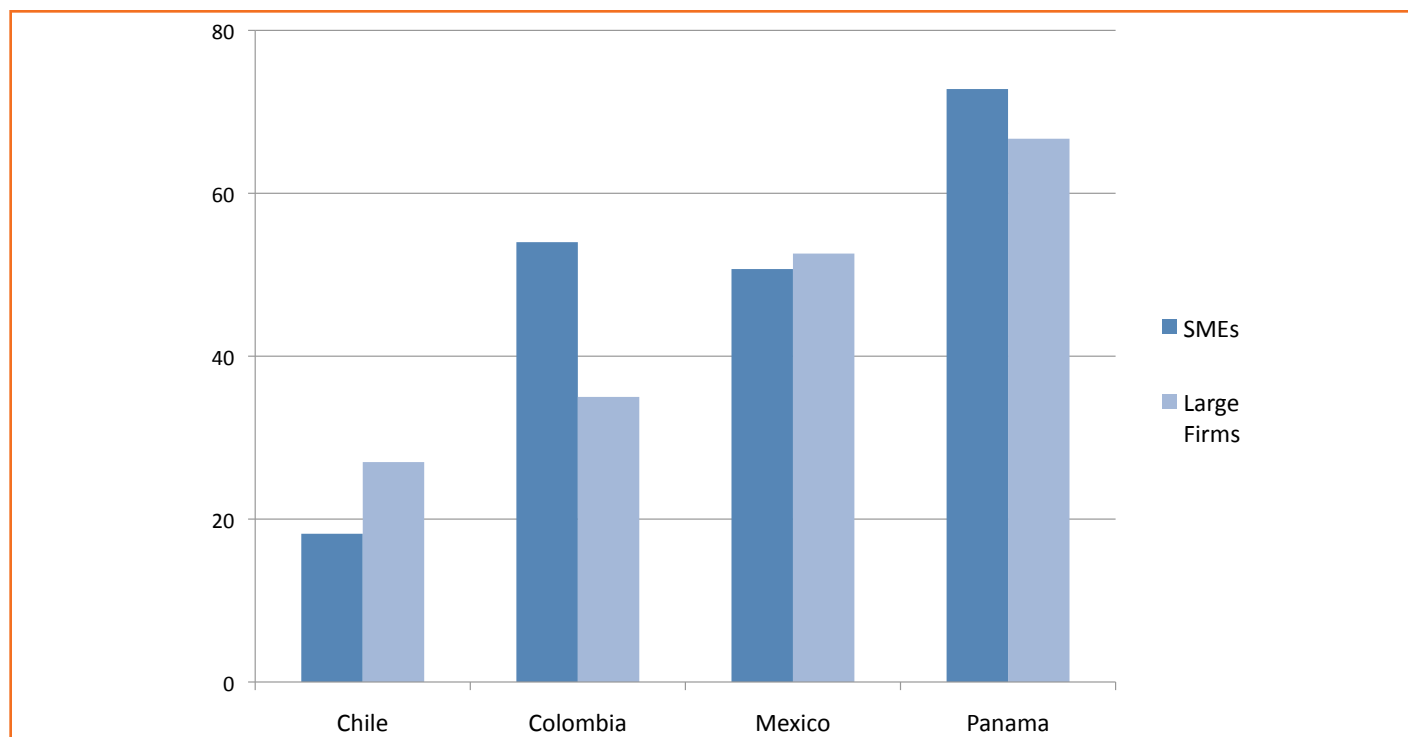


Second, the region must achieve **greater convergence among its multiple, overlapping trade agreements** to encourage the creation of scale economies and regional production networks involving several countries. By increasing output and lowering unit prices, producers will increase their competitiveness in global markets. Collaboration among firms in different countries is all the more important in light of the globalization of production: companies increasingly divide their production processes across national jurisdictions to create worldwide supply chains designed to reduce costs of production, transaction, and distribution.*

The majority of LAC companies, both large and small and medium-sized, indicate that such convergence would yield significant efficiency gains (figure 9). Convergence initiatives already underway include the Pacific-11 Group of Pacific Rim Latin American countries established in January 2007 (*La Iniciativa del Arco del Pacifico Latinoamericano*), which aims at connecting the regional countries' various common trade agreements, facilitating trade, promoting investments, and strengthening intra-regional cooperation, as well as solidifying the region's economic ties with the emerging markets of Asia-Pacific.

Figure 9—Benefits of bridging trade agreements

% of companies seeing benefits from convergence of trade agreements as “high” or “very high”



Source: INT 2009 Special Report *Bridging Regional Trade Agreements in the Americas*.

* See INT Working Paper 141, *Multilateralising RTAs in the Americas: State of Play and Ways Forward*.



The third pillar of LAC's new trade agenda is to **strengthen ties with extra-regional markets** as a logical extension of its notable success in the hemisphere. Closer partnerships with Europe and Asia will open new frontiers where LAC firms can diversify their trade and investment flows. Expanding trade and integration on both the trans-Atlantic and trans-Pacific fronts is crucial for safeguarding growth and prosperity gains from global economic turbulence. Besides boosting trade for the region, these relationships will give LAC a stronger platform for addressing global challenges, such as the multilateral trade regime, climate change, future financial instabilities, energy, and geopolitical challenges.*

The fourth agenda item is **tackling “new” policy barriers to trade**. A foremost such barrier is sanitary and phytosanitary (SPS) measures—laws, rules, standards, and procedures that governments employ to protect humans, other animals, and plants from diseases, pests, toxins, and other contaminants.** Examples of SPS measures include meat and poultry processing standards to reduce pathogens, residue limits for pesticides in foods, and regulation of agricultural biotechnology. Since agricultural products represent the main exports from the region, SPS measures critically affect LAC market access globally as well as within the region. Problems include not only difficulties in meeting international standards, but also undue delays in the inspection and approval procedures, application of more stringent SPS measures than that would be necessary, lack of scientific justification, resistance to apply international guidelines, non-transparent import procedures, etc.

Although LAC is one of the world's foremost exporters of food and agricultural products, the region faces significant challenges related to SPS compliance because of increasing concerns about food safety (such as foot-and-mouth disease, dioxins, bioterrorism, etc.), the increase in consumer demand for organic and “environmental friendly” food, and the growing number of divergent SPS requirements from the public and private sectors. Indeed, stricter official SPS import requirements have become increasingly important following trade liberalization and tariff reductions resulting from multilateral and regional trade agreements. In addition, the agricultural industry must take steps to comply with private standards of retailers and supermarkets, which require private food certification of their suppliers in third countries to ensure the safety of imported products.

Fifth, revitalizing trade requires additional measures to **improve trade facilitation**. Now that the region has made major gains in trade integration and tariff liberalization, it has an opportunity to advance further by reducing the (other) costs of trade. Freight costs are a major competitive disadvantage: they add as much as 10 percent on top of the price of LAC exports (figure 10). The average freight rate of LAC's exports to the US is 7.8 percent, whereas the average tariff is just 2.7 percent. In this world of seamless supply chains and just-in-time production, one day's delay in getting a product to market translates into the equivalent of one percent tariff on that good. This should be more than enough incentive to take such measures as improving transportation networks, making customs operations more transparent,

* See INT Monograph IDB/ADB, *Comparative Perspectives on Trans-Pacific Trade, Integration, and Development*; and INT Working Paper 151, *Preferential Trade Agreements in LAC*.

** See INT Working Paper 145, *The Treatment of Agriculture in Regional Trade Agreements*



creating paperless trading, and streamlining cross-border communications and information flows.*

The trade facilitation agenda must cover a range of issues from freight and logistics to such challenges as inefficiencies at customs, tightening cargo security standards particularly in US-bound shipments, and infrastructure bottlenecks. Studies show that LAC lags well behind developed nations and many Asian countries in these respects. In addition, there are great variations within the region. For example, in a survey ranking 150 countries by their customs performance, infrastructure, international shipments, logistics competence, timeliness, tracking and tracing, and domestic logistics costs, LAC nations rank between Chile, at number 32, and Guyana, at number 141.

Sixth, LAC countries can score major gains from **improved export promotion and investment attraction**. If better infrastructure lowers the physical barriers for entering foreign markets, export promotion lowers the informational hurdles. There are two main types of information deficiencies in trade. The first is lack of information about a country's products and their quality. This is a severe entry barrier, particularly for firms in developing countries that tend to have weaker country brands and lower national reputation than those in developed countries. These problems are even more acute when a country's firms enjoy only a small share of the market, as consumers tend to interpret low market share as a sign of low quality. The second main informational gap resides at home: domestic firms lack information about foreign markets and the means to penetrate foreign markets.**

Coming challenges to trade

The following message by IDB President Luis Alberto Moreno appeared in the first edition of the *Integration and Trade Journal*, spring 2009.

The Bank has a long-standing relationship with the countries of the region in strengthening trade and economic cooperation among themselves and beyond. Indeed, the Bank has made regional and global integration one of its five pillars as it moves into the future.

The essential component of integration is trade. The region has made significant progress in developing a framework both of multilateral negotiations and preferential agreements. This has been an effort of enormous significance that has taken long years and great effort to accomplish. The benefits are palpable: modernization of production, gains in market access, and the security that results from participation

in processes where the rule of law prevents excesses that would otherwise result from the unrestrained interplay of economic forces.

Much remains to be done, however. While progress has been made in trade in goods, trade in services is moving at a painfully slow pace. The Bank has worked closely with the region's countries to develop a full negotiating agenda that includes training, exchange of experiences, and research aimed at improving the quality of policies.

While the Doha Round has not concluded, it is up to all of us to hold onto the gains achieved under the rules agreed in the World Trade Organization. The present state is far from satisfactory, but it is the best that the global community has been able to achieve so far. Regulatory and institutional adjustments will need to be applied as the result of new agreements, and additional progress must be made in modernizing sectors and individual enterprises. Throughout, it must be kept in mind that measures to foster trade must reflect the sector's close interrelationship with other areas of the economy and the nation.

* See INT Working Paper 147, *Origin and Beyond: Trade Facilitation Disaster or Trade Facilitation Opportunity?*; and INT Working Paper 148, *Trade Logistics and Regional Integration in Latin America and the Caribbean*.

** See INT Working Paper 136, *Trade Policy and Export Diversification: What Should Colombia Expect from the FTA with the United States?*; and INT Working Paper 140, *Survival of New Exporters in Developing Countries: Does it Matter How They Diversify?*



Export promotion helps to overcome these informational hurdles by polishing and promoting country brands abroad and by keeping exporters at home up to date on overseas opportunities through efforts by the government, a trade association, or a chamber of commerce. Bridging informational gaps increases the odds that a given product will find an export market and persist in the market. Export promotion can produce the most immediate increase in export volumes and product variety, an important determinant of growth. Export promotion offices abroad are particularly useful instruments for increasing both the volume and the number of new products.

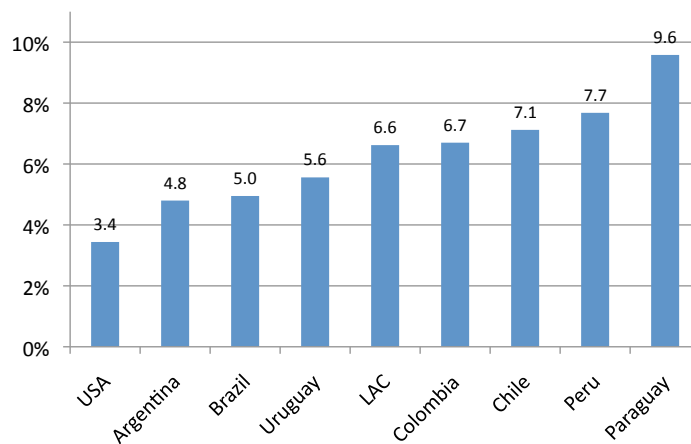
LAC has made strides in export promotion in the past decade, but still has room for improvement. For example, INT studies have found that especially smaller and

younger firms have less staying power in foreign markets than large and established ones. In the case of Peru, for example, six years after their entry to a new market, more than 50 percent of the large firms remain in export markets, compared to less than 20 percent for micro firms (figure 11). Differences are smaller across age groups, but they are still substantial. While more than 30 percent of the firms older than 20 years continue operating in export markets after six years, just 20 percent of the firms created within the last 10 years are able to do so.

The seventh agenda item is **adjustment to trade through reduction of disparities**—that is, measures to cushion competitive pressures on the losers of liberalization while providing opportunities for the winners. Countries that adopt trade liberalization policies with corresponding

Figure 10—Expensive trading across borders

Freight costs as % of import costs, by country



Source: INT 2008 Report *Unclogging the Arteries: The Impact of Transport Costs on Latin American and Caribbean Trade*



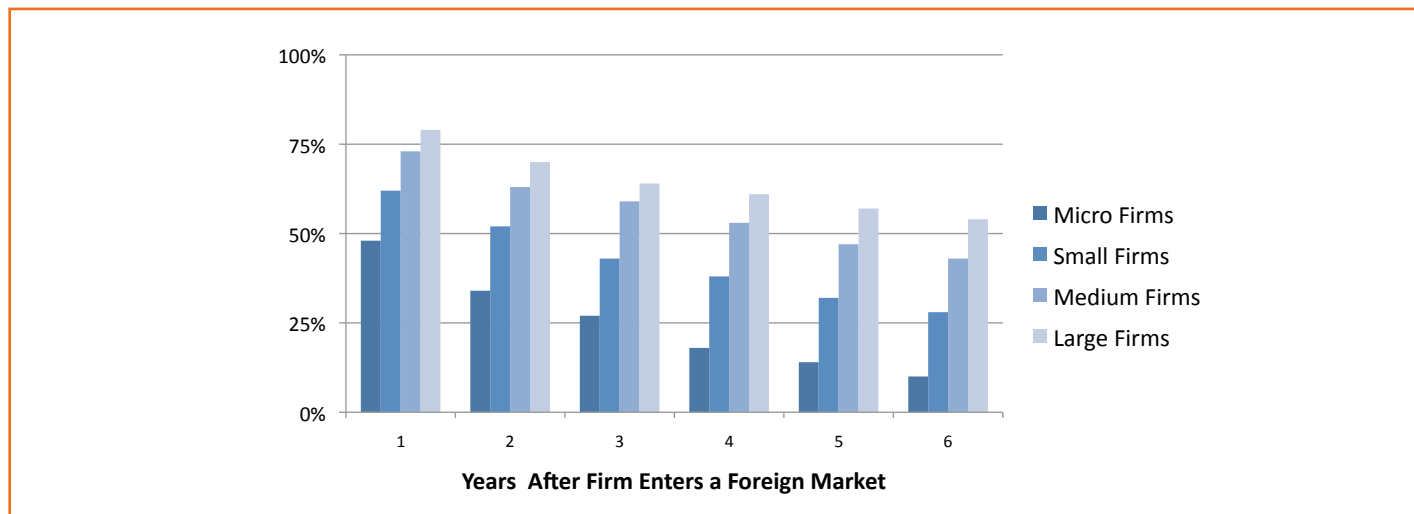
adjustment measures are well-positioned to avert the risks of widening disparities and a protectionist backlash. In particular, countries must use adjustment measures to spread trade benefits to the region's low-income majorities and help to reduce poverty.

At present, social inequality is a major problem in many countries, where gaps between rich and poor are large and in some cases growing. Often these gaps have a spatial dimension. In Mexico, for example, the north is fully globalized and integrated (and wealthy), while the south remains virtually disconnected from global markets (and poorer). In Brazil the north is isolated from global markets, while the south is a hub of thriving global activity.

Finally, LAC can further strengthen competitiveness by **deepening integration in critical areas**, such as regional infrastructures, energy networks, and pooled capital markets. By pooling their resources, LAC countries can reap the efficiency and cost benefits of scale economies, not just in trade, but also in financial markets, infrastructure, macroeconomic management, health, and even the promotion of democracy. The production of such “regional public goods” is already advanced, and promises to serve as one of the key development paradigms for the region in the 21st century world economy.

Figure 11—Making it abroad

% of Peruvian firms that survive in their export markets after year of entry, by segment



Source: INT Working Paper 140, *Survival of New Exporters in Developing Countries: Does It Matter How They Diversify?*





PART II:

Supporting Trade and Integration in the Region





INT: Advancing LAC's Trade and Integration Agenda

In its work with the region, the IDB's Integration and Trade Sector (INT) supports negotiation and implementation of trade agreements aimed at lowering trade barriers, streamlining regulations for moving goods and services across borders, and furthering high-level policy dialogue among regional officials on trade and integration matters. It also helps to reduce infrastructure, logistical, and informational hurdles for reaching markets, and promotes regional integration in multiple areas beyond trade.

Activities to achieve these goals are carried out both across and within national boundaries. “At-the-border” support is provided in such areas as negotiating trade agreements, simplifying customs procedures and logistics, improving safety standards of traded products, facilitating cross-border flow of services, fostering cross-border infrastructures, and the like. “Behind-the-border” issues include strengthening export promotion and investment attraction institutions; improving private sector export development; increasing domestic productivity to achieve greater competitiveness in global markets; and supporting the implementation of trade and investment agreements, trade-related intellectual property rules, and agricultural and technical standards, among others.

In meeting the needs of national and sub-national governments and private sector entities, these activities are implemented with the help of financial and non-financial instruments—loans and grants, technical assistance, training, capacity building, advisory services, and regional policy dialogue. The Bank's work in these areas is firmly grounded in INT's “R&D”—comprehensive and innovative databases and rigorous research on regional trade and integration challenges and policy options.





Projects across the trade and integration spectrum

Increasing numbers of INT lending and technical cooperation projects support LAC's trade and integration agenda at the country and regional levels. In 2009, 12 trade loans and numerous technical cooperation projects were either approved or in execution (see appendix for details). Principal topics supported include the following:

- Supporting the negotiation and implementation of trade and investment agreements
- Strengthening trade facilitation practices
- Strengthening border management and customs modernization
- Promoting exports and attracting investment
- Building productive capacity for regional and global integration
- Ensuring appropriate adjustment measures to advance the process of economic integration
- Deepening regional integration and cooperation in such areas as migration and financial integration
- Mainstreaming trade policy into national development plans
- Fostering regional projection in off-shoring and services trade
- Funding multiple projects in these and other areas to advance the Global Initiative and the Aid for Trade agenda

Central America and Mexico

The countries of Central America and Mexico are continuing their ambitious sub-regional integration while at the same time reaching out to other regions. Individually and as a region, the countries are working to take advantage of the many trading and investment opportunities stemming from regional trade agreements with partners around the world; these efforts have received strong IDB support. The current loan portfolio is contributing to the leveraging of opportunities from

international trade and investment, and particularly from DR-CAFTA. INT projects have also helped open new markets for products of the region's small and medium-sized businesses in such markets as Europe, Japan, Mexico, and the United States.

One of the key highlights in 2009 was a US\$10 million loan to Nicaragua to improve the country's capacity for taking

The many steps to use trade agreements: the case of DR-CAFTA

INT has provided long-standing support to the Dominican Republic and Central American countries for the DR-CAFTA process, including for negotiation of the agreement and implementing it, especially in the areas of intellectual property rights and labor issues, and for furthering regional policies to better take advantage of opportunities provided by the agreement. At the launch of the agreement, the Bank also worked with the International Monetary Fund to provide technical support for the members on international taxation and harmonization issues. By now, Central America and the Dominican Republic have seen major gains in US-bound exports, and the participating countries have also solidified their regional integration process to better utilize the agreement and tap into US FDI.

A major line of work has been support for implementing the DR-CAFTA trade-related labor commitments. Close to US\$100 million dollars has supported cooperation in labor issues and some dozen bilateral, regional, or international donors have participated. INT has helped harness the efforts by preparing a White Paper on Labor and managing the DR-CAFTA Labor Cooperation Coordination, which links donors to specific countries that need support on trade-related labor issues.



TIM: From 62 to 8 minutes Expediting Customs and Borders Procedures for Mesoamerica Project

In 2009, INT implemented an innovative project that has dramatically improved customs control procedures for goods in transit throughout Central America. The project, called International Customs Transfer for Merchandise (TIM, for its initials in Spanish), is part of the Mesoamerica Project, which falls under the Pacific Corridor Accelerator initiative. TIM has been so successful that INT has approved a second stage.

TIM is a new system for managing and supervising international customs movements based on cutting-edge technology, elimination of paper use, and harmonization of customs control procedures and plant and animal sanitation services.

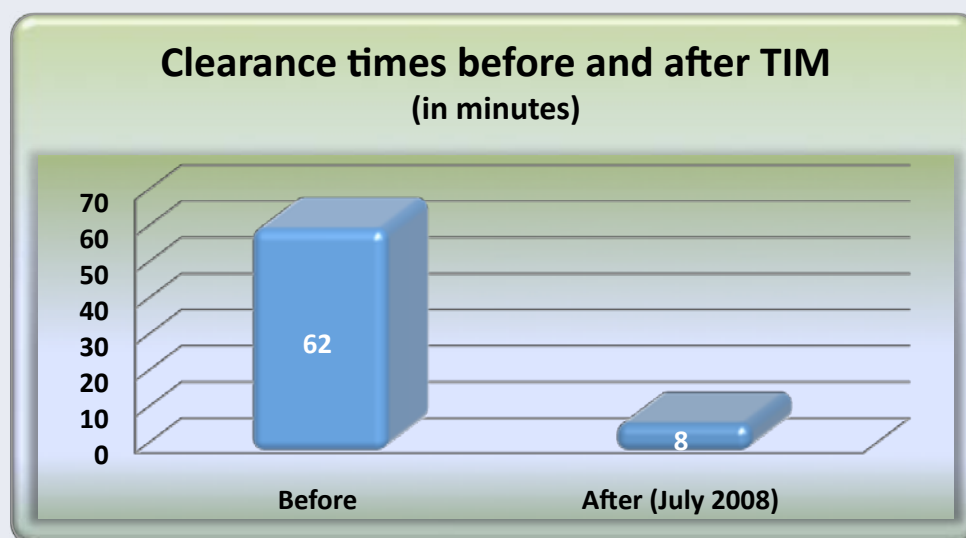
Through use of TIM, the formerly cumbersome and time consuming process of clearing customs has been reduced from an average of 62 minutes to about 8 minutes. An efficient and painless process done through a one-stop window, TIM improves private sector competitiveness by dramatically reducing waiting times to a level comparable only with similar systems used in the European Union.

The first stage of the TIM project was a pilot project implemented in the Amatillo customs office on the border between Honduras and El Salvador. The new procedures cut cargo passage times by 90 percent and improved tax and quasi-tax oversight as well as the traceability of operations.

The second phase of the project, which is now being implemented, will replicate the pilot project to customs services in Mexico, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama. The project will also include a component to identify measures for expediting trade within customs services, thereby fostering joint efforts between the subregion's public and private sectors.

This project is financed by the General Cooperation Fund of Spain.

Average clearance times for goods in transit in El Amatillo, the main border crossing between Honduras and El Salvador, before and after TIM was installed.



Source: INT



Selling Latin flavors

REDIBERO (Red Iberoamericana de Organizaciones de Promoción del Comercio Exterior) is a network of 22 Iberoamerican investment and export promotion agencies created in 1999 to improve trade and investment promotion through exchanging best practices, discussing common interests, and carrying out joint activities. In 2009, under the presidency of PROMEXICO, the network worked to integrate trade and investment promotion agencies within the network to create stronger ties with the World Association of Investment Promotion Agencies (WAIPA) and other agencies around the world. IDB assistance to REDIBERO activities include support to develop the network's web page and financing for a regional strategy for export and investment promotion that will work to develop a regional image, and promote exports and multi-country investment and offshoring opportunities.

In parallel with the October 2009 REDIBERO Annual Meetings, INT, the IDB Country Department for Central America, the Dominican Republic, Mexico, Panama, and PROMEXICO organized **"LAC Flavors 2009"** in Cancun, Mexico.

The event was the premier match-making event between Latin American and Caribbean food product exporters and North American importers. Some 100 exporters from Central America, Colombia, and Mexico marketed fresh and processed fruits and vegetables, seafood, dairy products, organic produce, and a variety of specialty foods to two dozen buyers from US and Canada in a total of 600 business meetings. LAC trade promotion organizations participated as well. A preliminary evaluation of LAC flavors shows that for each dollar invested in the event, more than US\$50 worth of exports will be generated.

advantage of trade and investment opportunities, particularly those of the DR-CAFTA. The loan has multiple components, from export promotion to investment attraction and trade agreement implementation. The immediate results will include a one-stop shop for investors, hi-tech traceability systems for agricultural products, and business promotion offices in the capitals of key trading partners, among others.

INT's work in Mexico has included activities to build new ties between that country and Central America (further details below under regional programs). For example, in 2009, the Bank designed a border control system to facilitate movements of goods among Mexico, Guatemala, and Belize. The Bank has also worked closely with Mexico's recently created export promotion office, PROMEXICO, in furthering matchmaking across the Americas and around the world.

The Caribbean

The countries of the Caribbean continue to move forward on the Caribbean Single Market and Economy (CSME). At the same time, CARICOM members are negotiating reciprocal trade agreements with external trading partners, one highlight of which was the Economic Partnership Agreement (EPA) with the European Union that went into effect in 2008. The region is currently negotiating an FTA with Canada.

In 2009, INT supported implementation of the region's trade agreements, supported Caribbean negotiations in the EPA talks, and fostered the region's private sector participation in trade negotiations. INT also supported the creation of the CSME, including preparation of a common regional framework for the production of statistics and better dissemination of trade data.



INT also secured the approval of three trade loans for Barbados, Suriname, and Trinidad and Tobago. In Barbados, INT support to an IDB loan helped the government identify bottlenecks in trade logistics and provide trade facilitation solutions. The support culminated in the approval of a loan to implement an Electronic Single Window and a Cargo Examination Facility. The project will reduce the time and cost to the private sector in import and export activities while improving data collection and transparency in trade procedures. It is the first Electronic Single Window implementation in the region.

In Suriname, INT support to an IDB loan seeks to improve the institutional and information technology capacities of various agencies—the Ministry of Trade and Industry, the Ministry of Agriculture, the Bureau of Intellectual Property Rights from the Ministry of Justice, and the Bureau of Standards. The project also includes creation of a Foreign Investment Agency and the Readiness Assessment for an Electronic Single Window. In Trinidad and Tobago, INT support to an IDB loan seeks to strengthen the Ministry of Trade and Industry in reorganization, information technology investments, as well as training and retention of highly qualified technical personnel.

Andean Region

Andean countries have pursued different approaches to trade and integration. While some focus on intra-regional integration, others look toward integration with European and Asian countries. In the latter group, Peru and Colombia have negotiated FTAs with European Free Trade Association countries and are currently holding talks with

the European Union. Peru has also concluded FTAs with China and Singapore, and is now negotiating with Korea and Japan. In addition, Andean countries are also taking steps to ensure that increased trade benefits the poor.

In 2009, INT finalized the implementation of loan operations in Peru, Bolivia and Ecuador, and also continued implementing regional technical cooperation programs in such areas as rules of origin, trade facilitation, trade negotiations with the EU, and export promotion policies. Bank projects have helped launch products into global markets made by low-income artisans in Bolivia and Peru.

Southern Cone

The Southern Cone nations of Argentina, Brazil, Paraguay, and Uruguay continued deepening their integration through Mercosur. Meanwhile, Chile has negotiated a remarkable set of FTAs with its most important trade partners, including neighboring countries, the United States, the EU, and China. INT has supported these efforts through capacity-building for the public and private sectors in the negotiation, implementation, and administration of trade and integration policies.

A highlight was a US\$6 million loan to Argentina. The loan will address the 2008–09 downturn as well as long-term structural issues through improved capacities for Argentina to market its products and promote its national brand. The loan also helps especially small and medium-sized enterprises capitalize on growing overseas markets and global supply chains. The project draws on INT's extensive analytical expertise on best practices in export promotion.



International Business Meeting in Haiti (October 2009)

Global trade and integration can provide Haiti with important developmental gains by generating revenue and spurring growth to address challenges of poverty, low domestic demand, and limited investment. In 2009 exports made up only about 12 percent of Haiti's GDP. In fact, despite a very open trade regime, the combined value of merchandise and services trade constitutes less than 60 percent of Haiti's GDP, much less than in most other Caribbean economies and also below that of most Latin American neighbors. This, in turn, means that the contribution of exports to national development is very low, but also that export growth could have enormous potential for development and employment generation. An important engine for export growth is to attract new export-oriented domestic and foreign investment.

In October 2009, the IDB and the UN's Office of the Special Envoy to Haiti organized an **International Business Meeting** in Port-au-Prince. Attended by Haiti's President René Préval, IDB President Luis Alberto Moreno, former US President Bill Clinton, and some 700 participants, the event was the largest-ever gathering of domestic and foreign companies held in Haiti to explore ways to boost the Haitian economy by taking advantage of its large labor pool and proximity to the US market. This event was particularly important in light of Haiti's preferential access to the US market under the HOPE Act (Haitian Hemispheric Opportunity Partnership Enhancement Act), passed in 2008 and extended to 2018. The event focused on three sectors: garments, agro-business, and

sustainable energy. Following the meeting, investors agreed on new opportunities at the order of approximately US\$600 million that could potentially create 50,000 jobs within 3–5 years.

During the printing phase of this 2009 report, a **tragic 7.0 earthquake hit Port-au-Prince on January 12, 2010**. As part of a long term commitment by the Bank to support the reconstruction efforts in Haiti, INT will continue to provide support to enhance **Haiti's export competitiveness** through improvements in logistics, the development of industrial parks and promoting the potential of export sectors in international markets.



Former US President Bill Clinton (left), Haiti President René Préval (center), and IDB President Luis Alberto Moreno (right) at the opening ceremony.



Three INT loans are in execution to promote trade and investment in Chile, Paraguay, and Uruguay. In addition, there are several regional technical cooperation projects, including investment promotion, supporting the Mercosur Parliament and Mercosur Trade Commission, and a trade and investment development program for Brazilian border territories, among others.

Research indicates that these IDB-supported projects have produced high return on investment. For instance, in a recently concluded project in Argentina, for each dollar invested in export promotion through the Bank-supported program, some US\$29 in new exports are being generated.

Harnessing momentum for Aid for Trade

In the last two decades, trade liberalization has not been systematically accompanied by complementary policies to help countries maximize benefits of trade reform. In efforts to implement increasingly demanding and complex trade agreements, some LAC countries, particularly those engaged in North-South bilateral trade accords, have started to focus on the wide array of beyond-the-border domestic reforms needed to take full advantage of trade integration. As the region deepens its integration into the world economy, the mobilization of political, technical and financial resources to design and implement complementary domestic efforts become increasingly crucial.

INT has been a leading participant in the global Aid for Trade initiative. Aimed at expanding the trade capacity

of developing countries, the initiative is being led by the World Trade Organization (WTO) and the Organization of Economic Cooperation and Development (OECD). Aid for Trade refers to increasing financing aimed at enhancing trade-related capacity and infrastructure, facilitating trade reform, fostering entrepreneurship and private investment, and resolving supply-side bottlenecks to trading across borders (figure 12).

In 2007, the IDB, WTO, and the Government of Peru organized the first Aid for Trade Regional Review Meeting, which brought together finance and trade ministers, donor representatives, regional institutions and key private sector actors. The event was followed by the first Aid for Trade Global Review in Geneva in November 2007. Ideas from both events have been incorporated into an Aid for Trade Road Map for 2009–2010; the Bank is monitoring the implementation of related projects. In addition, the IDB, the WTO, and LAC countries are organizing a series of national and sub-regional Aid for Trade reviews to help promote concrete strategies. Recent national reviews have been carried out in the Caribbean, Honduras, and, with support from the Swiss government. A regional review was carried out in the Caribbean.

INT has also created an **Aid for Trade Strategic Thematic Fund** to strengthen LAC countries' capacities to integrate into the global economy and to benefit from new trade opportunities. Supported by the UK and Swiss governments, the fund strives to improve trade-related infrastructure, enhance trade competitiveness, attract foreign investment, facilitate trade reforms and economic integration, and foster business and private sector trade



IDB President Luis Alberto Moreno, UN Secretary General Ban Ki-moon, and WTO Secretary General Pascal Lamy, on their way to the Aid for Trade Global Review in Geneva



Mainstreaming Trade into National Development in Peru

The Bank pursued a particularly active portfolio with Peru in 2009. Peru has rapidly negotiated numerous trade agreements in the Americas and Asia with the support of IDB technical cooperation projects to create a customs bond system, identify key trade reforms to take advantage of new trade and investment opportunities, prepare a strategy on intellectual property rights, and carry out a strategy to increase competitiveness of handcrafts made in Cusco. The Bank's collaboration has also been crucial for coordinating the participation of donors in financing and implementing trade reforms in Peru.

Supporting Peru's efforts to reap opportunities of trade agreements.

During 2009 INT consolidated its role as a partner of the Peruvian government in providing financial support and technical advice for implementing trade agreements, including legal reforms and enforcement procedures as well as designing and developing policy reforms to take advantage of the opportunities created by trade agreements. The Bank has worked closely with all trade related institutions led by the Ministry of Trade and Tourism but also including Customs, Ministry of Economy and Finance, Ministry of Transportation, National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI), regional governments among other public institutions at the national and sub national level.

INT prepared a Strategy and Action Plan for the implementation of the Intellectual Property Rights (IPR) Provisions in the Trade Promotion Agreements (TPA) with the United States which identifies reforms for institutional and legal strengthening of IPR with the goal of increasing transparency, predictability and promoting innovation and creativity building a national culture of IPR values. In the area of customs, INT provided technical assistance on the design of the Customs Bond System, critical to implement customs provisions and expedite the release of goods as committed in the TPA with the US. Beyond implementation issues, INT support focused on increasing Peru's capacity to take advantage of the opportunities of expanded market access through the elaboration of the Identification of Reforms for taking advantage of trade agreements, which includes legal and institutional reforms, investment policy recommendations, policies to increase Peruvian export supply, improve trade promotion strategy, and increase real market access for better positioning Peruvian products in external markets.

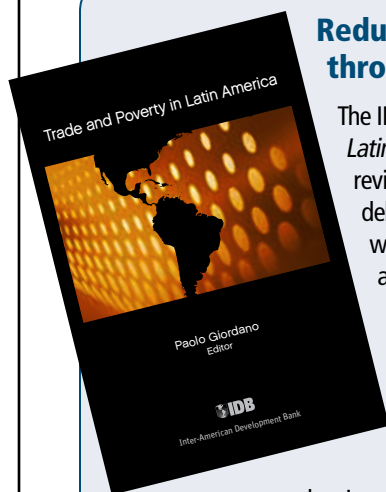
IDB receives "Región Exporta" award from Peruvian Ministry of Trade

On October 2009, the IDB received the "Región Exporta" award as recognition of the support the Bank has provided to the Government of Peru in promoting and diversifying the country's exports. In a public ceremony, Minister of Trade Martin Perez highlighted the partnership with the IDB in the promotion of Peruvian exports around the world. Perez stressed the positive results of programs that have been implemented to increase capacities of small and medium-sized enterprises to tackle trade barriers to trade through IDB assistance. These programs provided opportunities to private firms to expand exports, grow their businesses, and improve quality of jobs.

development. The Bank has a comparative advantage in the delivery of Aid for Trade: It is the main source of multilateral ODA to the region and has a long track record in providing trade-related assistance to LAC.

The Aid for Trade Fund also helps strengthen capacities for formulating trade policies, participating in trade negotiations, and implementing commitments of international trade and investment agreements. The Fund supports trade-related adjustment by assisting countries and the private sector in the transition to open trade and

investment, ensuring an equitable distribution of benefits, opening opportunities across social sectors and regions, fostering vocational training services and support for the relocation of labor. The Fund also supports the design and implementation of compensatory mechanisms for vulnerable groups, including women, indigenous people, and other minorities.



Reducing poverty through trade

The INT book *Trade and Poverty in Latin America* is the first comprehensive review of empirical evidence on this widely debated topic. Publication of the book was part of an IDB initiative on trade and poverty financed by the Trade and Poverty Trust Fund of the Department for International Development (DFID), United Kingdom.

The study finds that the effects of trade liberalization on poverty reduction have been positive, even if quite small. As such, the study refutes persistent arguments that trade integration is unequivocally harmful to the poor, as well as the contrary notion that trade is a panacea for development. Rather, according to the study, policymakers should focus on how best to use trade for development and poverty reduction. For example, many jobs created by trade liberalization may require skilled labor, making

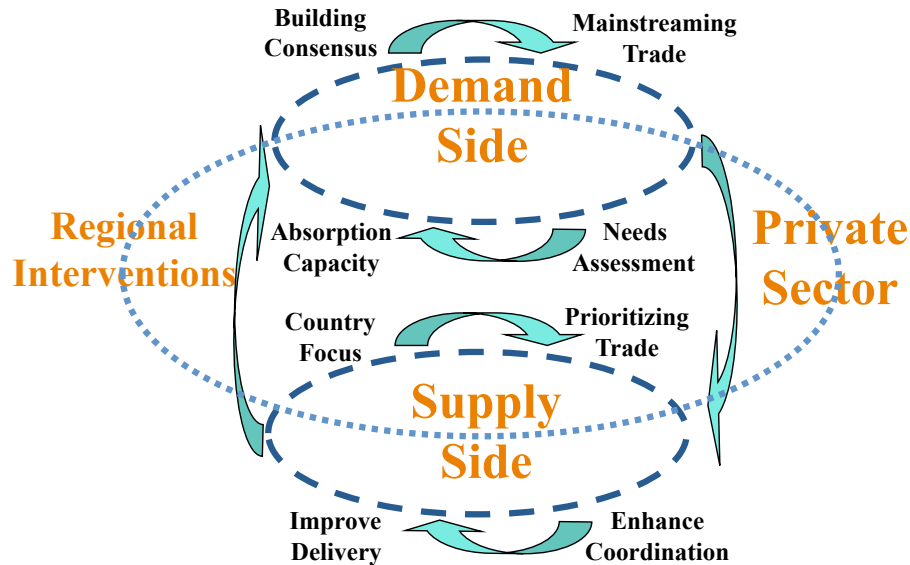
it necessary to provide better education and technical training to ensure low-income people access to new employment opportunities.

The book makes four recommendations:

- The positive effects of trade on poverty materialize over the long term, while the costs are paid up front; it is therefore crucial to sustain momentum for integration to overcome this time gap.
- The effects of trade are highly dependent on local conditions, making it essential to go beyond one-size-fits-all solutions.
- The capacity of trade to improve human welfare depends not only on trade performance but also on a wide array of non-trade policies, such as investments in social services, education, technology and infrastructure.
- Some segments of society may not be able to bear short-term transition costs without public support in the form of compensatory policy packages.



Figure 12—Aid for Trade... Connecting the dots



Source: INT

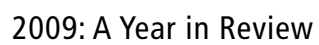
Is LAC the next global offshoring hub?

INT has moved to strongly support the region in fostering the promotion of the global services and offshoring industries. The goal is to help countries create investment opportunities and high value-added jobs in the sector, and to thereby build export revenue and global competitiveness. Among key ongoing operations being implemented under INT leadership are:

- Technical cooperation to create regional clusters and attract multi-country investment in the Southern Cone offshoring industry. Included is a detailed assessment of the offshoring industry in Argentina, Uruguay, Brazil and Chile, and road maps to attain national objectives in this area.
- Technical cooperation to help the governments of the Andean countries improve regional capability to create investment opportunities and high value-added jobs. This program has two specific objectives: to strengthen capacity in sectors with services

export potential, and to market the countries' competitive advantages with emphasis on the export services industry.

- Development of the Business Process Offshoring (BPO) industry through the identification and implementation of key instruments, activities, programs, and policies to strengthen the offshoring industry, in particular the BPO sector.
- Strategic study on opportunities for LAC in the export of services conducted with Duke University's Center on Globalization, Governance & Competitiveness, which analyzes opportunities for the offshore services industry in Latin America, and puts forth policy recommendations to drive growth in the sector.
- With Columbia University, a workshop on the impact of the offshoring industry on LAC job creation, technological spillovers, innovation, and export diversification in the region, as well as preparation of the first Latin American Offshoring/ Outsourcing scorecard.



The Bank has played a key role in supporting regional integration and cooperation initiatives in recent decades. The Bank is uniquely positioned to serve as an honest broker in helping to create platforms for policy dialogue and synergies among different constituencies to build support for key regional projects.





- Many of the issues in the LAC region require common approaches in order to achieve success. Among them are such challenges as environmental pollution, financial crises, and communicable diseases, as well as opportunities, such as building region-wide scale economies in production, regional capital markets, or common regional institutions. No one country can combat cross-border problems or harness regional synergies on its own.
- By joining together, LAC countries can make greater developmental gains than they would on their own, and do so at a lower cost. For example, regional integration of electrical power supply and distribution of power can help improve energy security, particularly for smaller countries.
- Regional projects and programs have positive spillovers, such as additional cross-border integration and cooperation among participating economies. Regional road networks spur cross-border commerce, regional communications can attract foreign investors, and regional institutions can improve governance.

With its regional reach and credibility, the IDB is uniquely able to serve as an honest broker to help improve coordination among countries in planning regional projects, and subsequently in their funding and implementation. Among the flagship initiatives is INT's work to further the convergence of trade agreements in the group of **11-country Pacific Rim Latin American countries**, *La Iniciativa del Arco del Pacífico Latinoamericano*.

Toward a Pacific trade, investment and productive zone in LAC

In addition to its work with existing integration schemes within the hemisphere, INT has supported the group of **11 Pacific Rim Latin American countries (Arco, after the Spanish *La Iniciativa del Arco del Pacífico Latinoamericano*)**, to promote convergence of their existing trade agreements, attract investment, further common competitiveness and infrastructure development, and strengthen trade and economic ties with the emerging markets of Asia-Pacific.

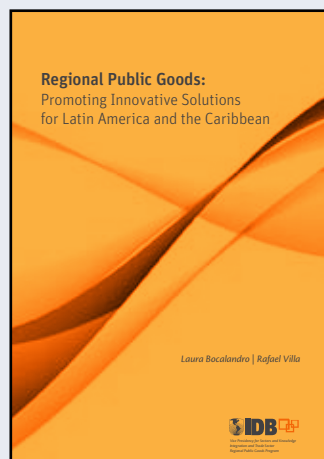
Since Arco's launch in 2007, the IDB provided technical assistance to several of the working groups, including the development of a web page to attract investment to the region, software for analyzing convergence of rules of origin regimes among the member countries' common free trade agreements, detailed analyses of the existing tariff and rules of origin architecture in those agreements, assembly of a database of double-taxation agreements and bilateral investment agreements, and preparation of a list of infrastructure projects for facilitating intra-regional trade.

The declaration of the group's ministerial meeting in Puerto Vallarta in November 2009 recognized these contributions, and called for **negotiations for converging the rules of origin regimes** in the various regional trade accords to further synchronize production across the 11-country region. The ministers solicited continued support from the IDB for this centerpiece of the group's work.

The Bank has also been a long-time backer of **Plan Mesoamerica** and the **Initiative for Integration of Regional Infrastructure in South America (IIRSA)**, both of which are aimed at developing infrastructure to serve regional needs. IDB-financed projects underway include



Matching demand for regional cooperation with regional public goods



The IDB's Regional Public Goods Program portfolio in 2005–2009 includes 60 projects totaling US\$47.4 million.

The program finances projects in an expanding number of sectors: education, with 13 percent of the portfolio; environment, with 12 percent; health and nutrition, with 12 percent; science, information and communications

technologies, with 12 percent; rural development, with 11 percent; and trade and integration, with 9 percent. The remainder is divided among energy, tourism, indigenous people, water, financial markets, and other areas.

Projects have involved all 26 IDB borrowing member countries. An average 8.5 countries participate per project. The results include a Single-Based Social Security System project carried out by Argentina, Brazil, Paraguay and Uruguay to enable workers from one country to take their pensions with them when they take up employment in another country. In less than three years the project has benefited more than 800 workers and was selected as the model for the Ibero-American pension system. Another project, the Central American Food Fortification System, developed jointly by Belize, Costa Rica, El Salvador,

Guatemala, Honduras, Nicaragua and Panama, has been included as a pilot program for a global strategy to reduce vitamin and mineral deficiencies.

The Harmonized Regional Information System for Citizens' Security began with the participation of Colombia, Ecuador, Honduras, and Peru, and is likely to be joined by the Dominican Republic, Uruguay, and other LAC countries. The Caribbean Non-Communicable Disease Surveillance System received IDB support following a request from the heads of state of Barbados, Guyana, Jamaica, Suriname, The Bahamas, Trinidad and Tobago, and the Eastern Caribbean States. Recent projects included a regional framework for immigrant workers in 16 countries, an energy information system for national and regional energy planning, both approved in 2008, and the establishment of an advisory center to support countries' investor-states disputes.

The 14 projects for 2009 include several that are directly related to trade and competitiveness. One will design a regional cooperation system on industrial property rights, mainly in the areas of patents and trademarks. Another will assess national and sub-regional capacities for implementing the Globally Harmonized System of Classification and Labeling of Chemicals and provide support for complying with a new European policy designed to foster sound management and export of chemicals. Other on-going projects include a regional strategy for export promotion and attraction of investment, and a Central American regional competition policy framework among the region's countries.



expansion of the Panama Canal—the largest current infrastructure project in LAC—and the Florianopolis-Osorio highway in the Mercosur corridor. INT has provided strategic, analytical and project support for these initiatives.

In 2004, the Bank initiated a **Regional Public Goods (RPGs)** program to help LAC address problems that individual countries cannot solve alone, such as financial instability, environmental challenges, and health crises. In addition to such global problems, there are many issues common to all LAC countries can also benefit from common responses, including improving quality and access to education, promoting small and medium-size enterprises, and sharing knowledge and best practices on citizen security. Using US\$10 million in non-reimbursable resources, the Bank's RPG program allocates funds to the best proposals made in an annual competition. The program accepts proposals from all sectors so long as the projects involve collaboration among the recipient countries. The program's motivations and outcomes are summarized in new INT report, *Regional Public Goods: Promoting Innovative Solutions for Latin America and the Caribbean*.

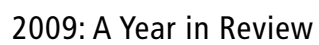
INT was also asked to provide support to the 14-country **Pathways to Prosperity in the Americas** initiative being carried out by a dozen Latin American nations, the United States, and Canada. The wide-ranging initiative is aimed at expanding economic opportunities for shared prosperity throughout the Hemisphere. In accordance with the mandate that Pathway members gave the IDB, INT re-designed the website of the initiative (see <http://www.pathways-caminos.org>). INT also hosted several of the initiative's meetings and prepared, in conjunction with the United Nations Economic Commission for Latin

America and the Caribbean (ECLAC) and the Organization of American States (OAS), a document and a database on projects, programs, and best practices of the three institutions in the thematic areas of the Pathways initiative. The new website was unveiled during a conference for aspiring women entrepreneurs from Pathway countries that the US Department of State organized in October in Washington. INT also hosted a meeting of the Pathway working groups in preparation for activities to be taken up by the Initiative in 2010.

A new hemispheric flagship initiative to spur regional cooperation and share lessons-learned is the **Annual Meeting of Ministers of Finance of the Americas and the Caribbean**. In 2009, INT continued its support to the initiative's Technical Secretariat, in close coordination with the Government of Chile, which hosted the meeting, and with the IMF, the World Bank and ECLAC, which provided technical expertise. In the gathering, the ministers discussed topics ranging from the short-term implications of the financial crisis for the region, to longer-term issues, such as ways to increase investments in energy efficiency and transport infrastructures. A special session of the meeting discussed a policy brief prepared by the IDB and the World Bank on instruments needed to spur regional policy coordination and financial cooperation. The Ministers will meet again in 2010 in Lima, Peru.



Participants in the Second Meeting of Finance Ministers of the Americas and the Caribbean held at Viña del Mar, Chile, on July 3, 2009.





Investing in R&D for Trade and Integration

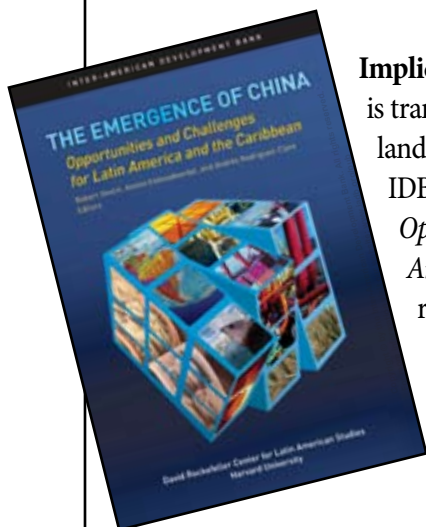
The IDB's capacity building and financial operations draw heavily on INT's policy research, analytical tools, and extensive databases on trade policies and flows. These tools are also fully available to LAC governments, private sector firms, and economic analysts. The analytical work focuses on ways to reduce trade costs, further export promotion and attract investment, create regional and

global production networks, improve trade agreement implementation, achieve convergence among the region's numerous trade agreements, and explore new markets opportunities in Europe and Asia. The analysis agenda also examines the effects of trade on broader issues such as income distribution and poverty reduction.





Principal areas of INT analytical work carried out in 2009 included reports and books on the rise of Asia, convergence among RTAs, trade-related domestic policy issues, and migration. These were as follows:



Implications of Asia's rise. Today, China is transforming LAC's competitive landscape, as documented in the 2004 IDB book *The Emergence of China. Opportunities and Challenges for Latin America and the Caribbean*. Now the region is keeping watch on another fast-growing giant: India. INT's 2010 report, *Is India the Next Big Frontier for Latin America? Opportunities and Challenges for Trade and Investment*, describes how factor

endowments of LAC and India could complement each other and pave the way for an important trade relationship. But the report also argues that this relationship can form only if both sides make some important changes: India must cut its relatively high tariffs and LAC must find ways to reduce high transport costs to the Asian market.

Improving the design of trade architecture. INT has produced a wide range of studies on the designs and impacts of trade agreements to support LAC's ambitious integration agenda. In 2009, the Bank and the World Trade Organization jointly published the book *Regional Rules in the Global Trading System*, which explores the complementarities and potential conflicts between rules in RTAs and those in multilateral trade agreements. INT also published a report on the convergence of the region's trade agreements, *Bridging Regional Trade*

Agreements in the Americas. Together with the Asian Development Bank, INT analyzed the response of private sector companies to RTAs in Latin America and Asia. INT has also recently launched an analytical project to help LAC



LAC, India, and China: complements or competitors in world trade?

The complementary nature of LAC's overseas imports and India's and China's overseas exports has increased significantly in the last decade, even though China holds a substantial edge (figure 13). The difference between the two countries' performance seems to lie in India's failure to develop a manufacturing sector that can match China's supply capacity, efficiency, and diversification. Despite the two-digit growth of its manufacturing exports in the last decades, India's share of world manufacturing exports remains small, particularly compared to that of China.

In 2007, India accounted for 1 percent of world manufacturing exports, compared to China's 12 percent. In addition, India's export volumes are generally small, except for items such as precious stones, pharmaceuticals, chemicals, and yarns. Overall, China accounted for 12 percent of LAC manufacturing imports in 2007, compared to less than 0.7 percent for India.

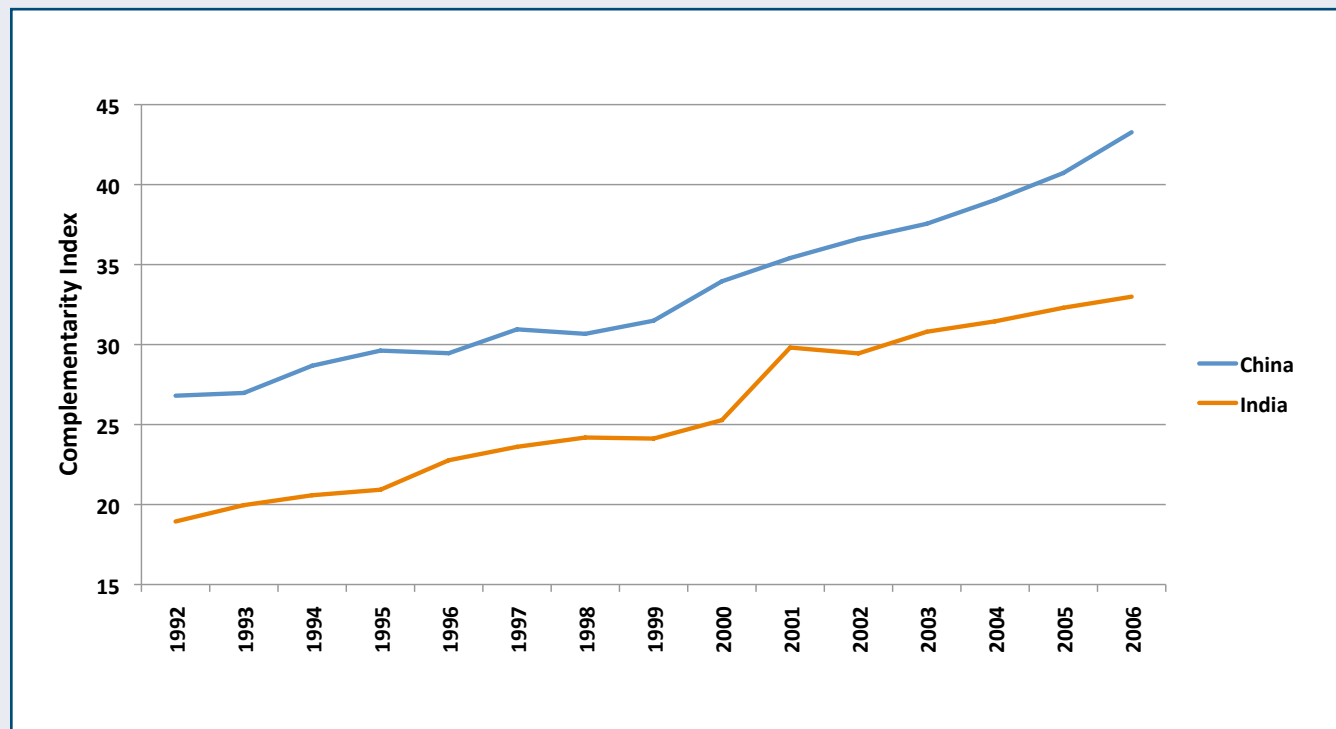


The export side has seen an increasing complementarity between LAC world exports and the imports of the two Asian economies. But in this case India surpassed China by the end of the period and is currently offering a better match to LAC exports. Yet this increasing complementarity has not translated into actual export flows. As of 2007, India accounted for 0.9 percent of LAC total exports, a fraction of China's 3.8 percent, and these were concentrated in three products—copper, oil, soy oil, which together accounted for 77 percent of total exports.

This gap between potential and effective trade suggests that the reason for the small volume of LAC exports to India is

more than just a mismatch of comparative advantages. Indeed, fundamentals exist for a strong trade relationship between LAC and India. LAC has the natural resources that India needs to grow and thrive. As was the case with China, this “natural resource pull” should be strong enough to send bilateral trade soaring. In addition, similarities in demand patterns provide another good reason to trade, particularly in manufactured goods aimed at these two economies' vast low- and middle-income populations. The main reason for the still-low trade volumes between LAC and India are high tariffs in India and, in some cases, prohibitive bilateral transport costs.

Figure 13—Trade Complementary Index: India, China, and LAC
Complementarity of LAC exports with Chinese and Indian exports, 1992–2006



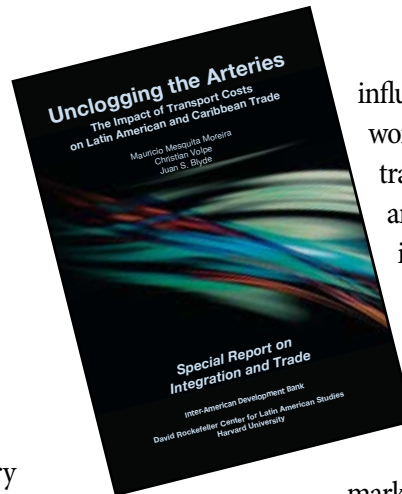
Source: INT Special Report (forthcoming 2010), *Is India the Next Big Frontier for Latin America? Opportunities and Challenges for Trade and Investment*.

countries solve challenges associated with the implementation and administration of FTAs.

One of the latest initiatives is a project that uses case studies to help countries identify challenges in implementing trade agreements and develop a roadmap for addressing them. The results are discussed among high-level policy makers, private sector representatives, and other experts. The first workshop was held in June 2009, where preliminary results of the Canada, Mexico, Chile, Peru, and Costa Rica studies' were analyzed.

Focus on trade and rural development. Agriculture is a perennial sticking point in regional and global trade negotiations. In 2009, INT produced the first evaluation of the potential outcomes of the WTO Doha Round negotiations in agriculture for LAC countries. In a project carried out jointly with the International Food and Agricultural Trade Policy Council, INT also prepared a comprehensive analysis of agricultural market access rules in RTAs in the Americas. The analysis shows that RTAs have made significant gains in tariff liberalization in agriculture despite the sensitivities associated with the sector. However, products are still subject to extended tariff phase-outs, and trade remedies in RTAs seldom go beyond multilateral level commitments. Going forward, INT is working on best practices in agricultural rules in RTAs, and on a toolkit for LAC private sector on the SPS import requirements to export to EU, US, and Asian markets.

Working “behind-the-border.” Domestic policies, as opposed to the “at-the-border” tariff and trade policy issues, increasingly



influence LAC's trade competitiveness. INT's work has focused particularly on non-policy trade costs, that is, costs other than tariffs and non-tariff barriers, such as transport, information, and other trade facilitation issues. The 2008 INT report *Unclogging the Arteries: The Impact of Transport Costs on Latin American and Caribbean Trade* finds that LAC producers must spend more to get goods to

market than their counterparts in many other regions of the world. The report calls for a broader and more balanced integration agenda that looks beyond traditional barriers to trade to those created by inadequate transportation infrastructure. For instance, the report found that the average freight rate of LAC's exports to the US market is almost 8 percent, whereas the average tariff is less than 3 percent.

In the 2009 Special Report *Evaluating the Impact of Export Promotion Institutions in LAC*, to be published in 2010, INT examines another behind-the-border issue: the effectiveness of LAC export promotion agencies. The subject is particularly relevant given the region's pressing need to diversify its exports in an environment where government resources are increasingly scarce. An analysis of six countries (Argentina, Chile, Colombia, Costa Rica, Peru, and Uruguay) reveals the importance of institutionalized export promotion and sustained overseas presence of export promotion staff.

Economics of rising regionalism. As in other research areas, INT will create new databases and institutional reports, and sponsor policy dialogues. In the area of migration, INT will lead institutional capacity-building efforts at the regional level



Untangling the RTA "spaghetti bowl"

The proliferation of RTAs in the Americas has created a veritable "spaghetti bowl" of multiple and often overlapping agreements. The various disciplines included in each RTA, such as tariff liberalization schedules, rules of origin, standards, safeguards, and investment rules, entangle the pasta strands even further. This process of overlapping RTAs, while furthering the member states' trade, also presents some risks.

First, the proliferation of RTAs can "balkanize" regional and global trading systems if their provisions vary widely. The result can be high transaction costs for traders, investors, and governments operating simultaneously in several RTA markets. And second, the spread of RTAs could lead to the rise of the hub-and-spoke phenomena, which consists of a few hub countries that realize cost savings by aggregating production with spoke countries, but where the potential of such savings among the spoke countries remains untapped.

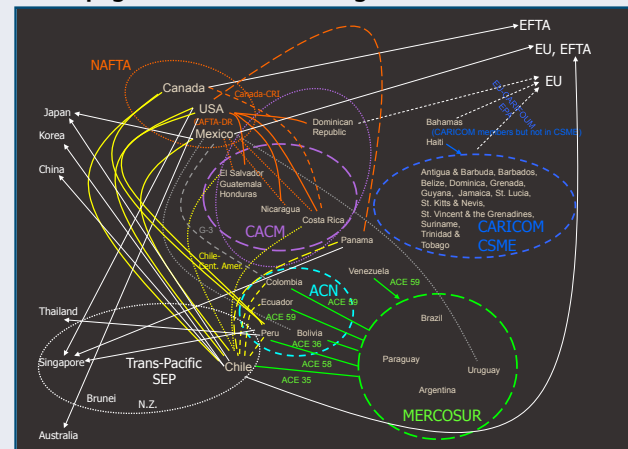
One solution for these problems would be to build bridges among the existing hemispheric RTAs to create a region-wide trade area. INT's 2009 Report Bridging Regional Trade Agreements in the Americas examines prospects for such "convergence" in the area of market access rules. It comes to two main conclusions.

First, tariff elimination—the first precondition for effective convergence—is highly advanced in the Americas, and particularly in North American nations' agreements. Second, the extent of compatibilities in rules of origin regimes—a factor that can augur

well for negotiating a common origin regime—is more mixed. Cohesion across agreements is particularly marked within RTA "families" built around MERCOSUR, the United States, and Mexico. A cursory look at selected trade-related disciplines—investment, services, customs procedures, and competition policy rules—supports these conclusions.

The benefits of convergence would be significant. In Europe, RTA harmonization in the 1990s is estimated to have increased trade among the Eastern European countries by up to 22 percent, and as much as 70 percent in certain sectors. The study finds that the best way to achieve convergence is to include the end-users of RTAs—private sector actors—in convergence negotiations.

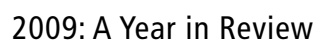
The "spaghetti bowl" of Trade Agreements in the Americas



Source: INT

to gather, harmonize, and share data on movements of people that relate to the needs and interests of the countries involved. INT will also carry out research to better understand the causes and effects of migration, and help countries across the region to implement migration policies that maximize opportunities and mitigate risks. Work on financial integration will focus on comparative lessons-learned, particularly from Asia, the frontier

of activity in this area. In assessing the potential for trade to foster equality, INT will expand its work on policies to reduce regional and sub-national disparities. INT is also launching analytical work in the area of trade and climate change in order to help countries assess the trade effects of potential climate change policies adopted by the region's trading partners, and to enhance countries' capacities to adapt to new standards.





Transferring Knowledge, Building Regional Expertise

With knowledge based in its research and analysis, INT provides expertise to LAC governments, private sector, civil society, and academia in trade- and integration-related subjects. An extensive program of capacity building is offered every year by INT in collaboration with the Institute for the Integration of Latin America and the Caribbean (INTAL).





A key initiative to spur regional cooperation and share lessons learned is the **Trade and Integration Network, part of the IDB's Regional Policy Dialogue**.

In Trade and Integration Network meetings, INT experts guide discussions among senior LAC policymakers on common policy agenda items, new ideas and best practices, and analyses of

common problems and policy solutions. In the 2009, INT organized the Hemispheric Regional Policy Dialogue in Washington, D.C. where vice ministers of trade from the region assessed the trade policy priorities of the Obama administration. In addition, the Bank has applied regional dialogue on critical trade-related areas to regional networks.

A further priority is to strengthen the capacity of governments to negotiate and implement **trade agreements**, an area in which INT collaborates with the **Institute for the Integration of Latin America and the Caribbean (INTAL)**, a Buenos Aires-based IDB institute that plays a critical role in promoting the Bank's role in trade and integration issues. INT and INTAL offer an annual 10-session **training program** in conjunction with the World Trade Organization (WTO) in which participants review the current state of multilateral negotiations and examine issues related to trade facilitation, among others. The 2009 program focused on trade in services, agricultural issues, non-agricultural market access talks, dispute settlement, and trade and development. INT has also provided technical support



Santiago Levy Vice President for Sectors and Knowledge (left), and Antoni Esteve Manager of INT (right), addressing the opening session of the First INT Executive Training on Trade and Integration, which was held in October 2009.



to the annual WTO Regional Trade Policy Course held in the LAC region.

Another INT/INTAL initiative is a 2010–2012 **Capacity Building Program** in international trade and integration. **The First Executive Training Program on Trade and Integration**, supported by IDB's Knowledge and Learning Sector and held at Bank's headquarters, was attended by dozens of high-level LAC policymakers. The training featured a presentation and discussions on the latest INT research. It resulted in recommendations on ways to strengthen the region's entry into the global trade arena and address trade-related challenges, particularly those brought about by the current economic crisis.



INT is also expanding its capacity building activities for LAC government officials and private sector employees on several trade-related issues. Among key areas are capacity building for government officials to evaluate the effects of trade agreements through quantitative techniques; strengthening governments' capacities to understand and respond to changes in international sanitary and phytosanitary rules; training the private sector in SPS requirements in their principal markets; and fostering government and private sector capacities for negotiating and implementing rules of origin. INT is expanding the

Chile: 20 years of trade negotiations, 21 agreements

Chile is the only country in the world to have trade agreements with the US, Canada, the EU, China, and Japan. Its trade agreement network covers 21 agreements with 57 countries.

In an effort to better understand the lessons and effects of Chile's trade strategy, INT sponsored the preparation of a new book by the Chilean government, *Chile: 20 Years of Trade Negotiations (Chile, 20 años de negociaciones comerciales)*. The book covers milestones in Chilean trade diplomacy from the Latin American Free Trade Association in the 1960s to multilateral negotiations and, by the 1990s, bilateral negotiations in Latin America and around the world. These agreements contain gold-standard commitments in trade in goods and services, government procurement, investment, and intellectual property. They have provided legal certainty to the private sector, facilitated Chile's active export promotion program, and have given Chile the impetus to build institutions that can promptly address any bilateral trade problems. Chile attributes its trade surge—from US\$8 billion in 1990 to US\$70 billion in 2008, principally with its FTA partners—to these agreements.

scope of its training activities into new areas such as migration or trade facilitation.

INT has teamed up with the World Customs Organization (WCO) to organize a training and capacity-building **program for customs officials**. A 2009 IDB technical cooperation grant will strengthen WCO's Regional Office for LAC in Buenos Aires, Argentina, which will administer the program. The initiative includes training seminars, identification and dissemination of best practices, and capacity building to develop strategic planning skills in



LAC customs administrations. The Bank also organized a regional workshop to begin designing the “authorized economic operator” program in nine LAC countries. The Secretary General of the WCO, Kunio Mikuriya, visited the Bank in October to solidify the partnership.

In addition to its work within the trade community, INT also reaches out to LAC opinion leaders. One of the year’s highlights was a lively course, also sponsored by INTAL and the IDB’s Office of External Relations, for trade and economic journalists across the LAC region. Future programs will target civil society groups and staff members of government legislators, among others.



Reducing the complexities of commerce

Rules of origin are a crucial instrument for achieving market access in the proliferating network of regional trade agreements around the world. INT has produced pioneering work to reveal the full effects of this complex trade policy instrument, and turned these findings into pragmatic policy prescriptions and capacity-building activities for LAC trade negotiators, customs officials, and private sector leaders. *Gatekeepers of Global Commerce:*

Rules of Origin and International Economic Integration, published in 2008, presents the Bank’s work on the trade and investment implications of rules of origin and how to reduce the downsides of this complex trade policy instrument.

In 2009, INT helped LAC governments manage and implement rules of origin in trade agreements and support the private sector to capitalize on the advantages of tariff reductions negotiated in trade agreements by providing the following:

- Institutional support for the region to implement rules of origin. Support has thus far been provided to the governments of Colombia, Honduras, Peru and Uruguay for creating

management and origin verification units in ministries of foreign trade or customs administrations. The objective of the projects is to facilitate the application of rules of origin and monitoring of export and import operations that benefit from preferential tariff treatment.

- Capacity building programs for both the public and, mainly, the private sector in eight cities in Colombia in order to support the Colombian government in its process of classification of the origin of exports.
- Capacity building workshops for the private sector in Peru on rules of origin requirements of recently enforced trade agreements with Canada, US, Singapore, and Thailand, and agreements with some of its main trading partners (Andean Community and Mercosur). Another workshop was held with of the Economic Office of the Foreign Affairs Ministry of Chile.
- Support to the governments of Colombia and Chile on implementing a program of digital certificates of origin. The program also promotes digital signatures from exporters and authorities responsible for the emission and approval of certificates of origin. This pioneering initiative is the first of its class in the region and is an essential component for international trade single windows. INT also carried out several capacity building activities with organizations that produce certificates of origin in Brazil and Uruguay.



In another service, INT provides client countries with customized, **on-demand advisory services** in both quantitative policy modeling and qualitative technical studies. In 2009, INT filled requests for specialized training in areas including sanitary and phytosanitary measures, trade facilitation, implementation of trade agreements, and rules of origin administration. INT has also used the RPG initiative to support the Center for Investor-State Disputes.

As a participant in the **Global Trade Analysis Project (GTAP)** consortium, INT helps governments learn to use general equilibrium modeling (CGE) to assess the effects of trade agreements on trade and poverty reduction and to identify new areas of inquiry. INT carries out CGE exercises, contributes to the dissemination of data, and provides training to CGE modelers and users. In 2009, INT co-organized the GTAP 2009 annual meeting in Santiago de Chile. Future CGE modeling will address such areas as cross-border migration.

Japan-IDB Scholarship Program (1991–2009)

The Japan-IDB Scholarship Program (JSP) was established in the Inter-American Development Bank in 1991 by means of a letter of agreement between the bank and Japan's Ministry of Finance with an initial Japanese funding of JPY60,928,000 (US\$448,000). For INT it has been an honor to manage the JSP and we thank the Government of Japan for its generous contribution to the program and its sincere commitment to improve education in Latin America and the Caribbean.

For almost 20 years, the JSP has supported graduate studies in development-related fields for students from IDB borrowing member countries. Scholarships were awarded every year through a highly competitive selection process on the basis of merit and recipients had to agree to return to their countries after graduation to promote economic and social development.

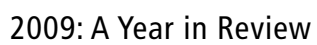
According to surveys of scholarship recipients, the program has had a strong impact on the realization of personal career goals. Beneficiaries have rated the knowledge they acquired as highly applicable to their own context and indicated that the contribution of the program to the social and economic development of their countries has been fairly high.

The JSP consisted of three subprograms, based on the location of the university attended and its academic calendar:

- **The Northern Hemisphere Program** offered scholarships in the most prestigious universities of United States, Canada, Spain, France, Great Britain, Mexico, and countries in Central America.
- **The Southern Hemisphere Program** focused on top universities in South American universities, mainly in Chile, Brazil, and Argentina.
- **The Special Program for Study** in Japan financed graduate studies in the best Japanese universities.

The program financed all costs including university fees, books, airfare, plus an allowance to cover living expenses such as food, housing, and utilities.

In its 19 year history, the JSP has awarded 669 scholarships for a total amount of US\$40,150,000 distributed as follows: 393 scholarships for students going to Northern Hemisphere universities; 168 for Southern Hemisphere universities; and 108 for Japanese universities.





Forging Extra-Regional Ties

While integration within the Americas is essential for Latin American and Caribbean nations, the European and Asian markets are a critical frontier for Latin America's export projection. LAC countries can strengthen their ties with both regions to diversify trade and investment flows. This is all the more crucial today in light of the global economic turbulence.





From the start, the IDB has placed great importance on relations between Latin America and Europe. Activities in support of strengthening relations between the two regions are implemented by IDB headquarters through the **Bank's Europe Office in Paris** and in cooperation with other international organizations. The European Commission and the OECD are the Bank's most important and prominent partners in this regard.



Over the past years, INT (jointly with INTAL) has promoted the establishment of several networks of experts and policy makers from the two regions to engage in dialogue and research and to draw on the rich European experience. The Bank also has several ways of connecting LAC and European analysts and policymakers, including the **Euro-Latin Study Network on Integration and Trade (ELSNIT)**, a cooperation forum of the most prestigious economic research centers in Europe and Latin America. In 2009, the network met in Kiel. INT also published

a book on the likely effects of of the trade agreement between Central America and the EU,

Un Puento para el crecimeinto: oportunidades y desafios del Acuerdo de Asociación Centroamérica y la Unión Europea. With the INSEAD business school, INT also published a report on emerging LAC multinational companies, *From Multilatinas to Global Latinas: The New Latin American Multinationals*.

INT has supported efforts of LAC countries to form **comprehensive and encompassing bi-regional integration agenda with the EU**. The so-called fourth generation integration agreements between the EU and Mexico in 2000, EU and Chile in 2003, and, most recently, EU, and Caricom, have borne fruit in terms of trade, investment, and political and social cooperation alike, besides diversifying and globalizing Latin America's export destinations. Mercosur and Central American efforts toward a similar agreement with Europe would undoubtedly result in similar positive outcomes.

Another major IDB priority in the area of trade is support for LAC's efforts to strengthen trade with the dynamic economies of Asia-Pacific. A linchpin in those efforts is the **IDB's Asia Office in Japan**. LAC trade has grown more with Asia than with any other region in recent years. Imports have surged dramatically and South American commodity exporters have experienced a veritable boom in their trade with China. Moreover, Asian investors have long used Latin American countries as launching pads to the North American markets in such sectors as automobile, telephone equipment, and machinery, and are now also forging partnerships/joint ventures with Latin American companies and tapping into LAC local supply chains. Investment flows are increasingly two-way, with major Latin American companies setting up production and services facilities in Asia-Pacific.

The Bank's support for expanded LAC-Asia trade and investment flows includes assistance to the **Asia-Pacific Economic Cooperation (APEC)** to build the Free Trade Area of the Asia-Pacific as well as funding for trans-Pacific policy trade policy research. In 2008, the Bank and the



Japanese government organized the **Japan-Latin America Trade and Investment Forum** in Tokyo to foster trade and investment between Japan and LAC. The event was attended by more than 400 business people from Japan and numerous LAC export and investment promotion agencies.

LAC efforts to diversify exports, move up the value chain, and expand market access can critically benefit from the Asian experience. In 2009, the Bank approved a technical cooperation project supported by the **IDB's Knowledge Partnership Korea Fund for Technology and Innovation** to draw lessons from Asia to develop technology-oriented products for the global market and improve export and investment promotion.

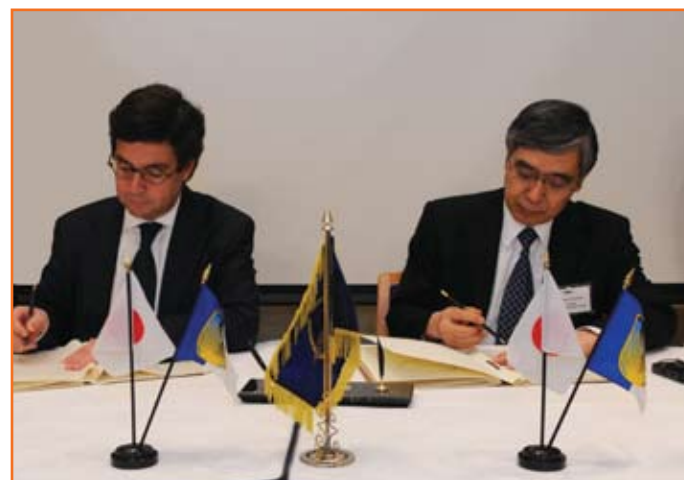


A formal **partnership between the IDB and the Asian Development Bank (ADB)** has yielded a series of joint activities to promote inter-regional integration. The two banks renewed their memorandum of understanding for collaboration in the course of the year. As part of the IDB's 50 year anniversary events, the ADB and IDB hosted a **high-level meeting in November 2009 in Tokyo** to

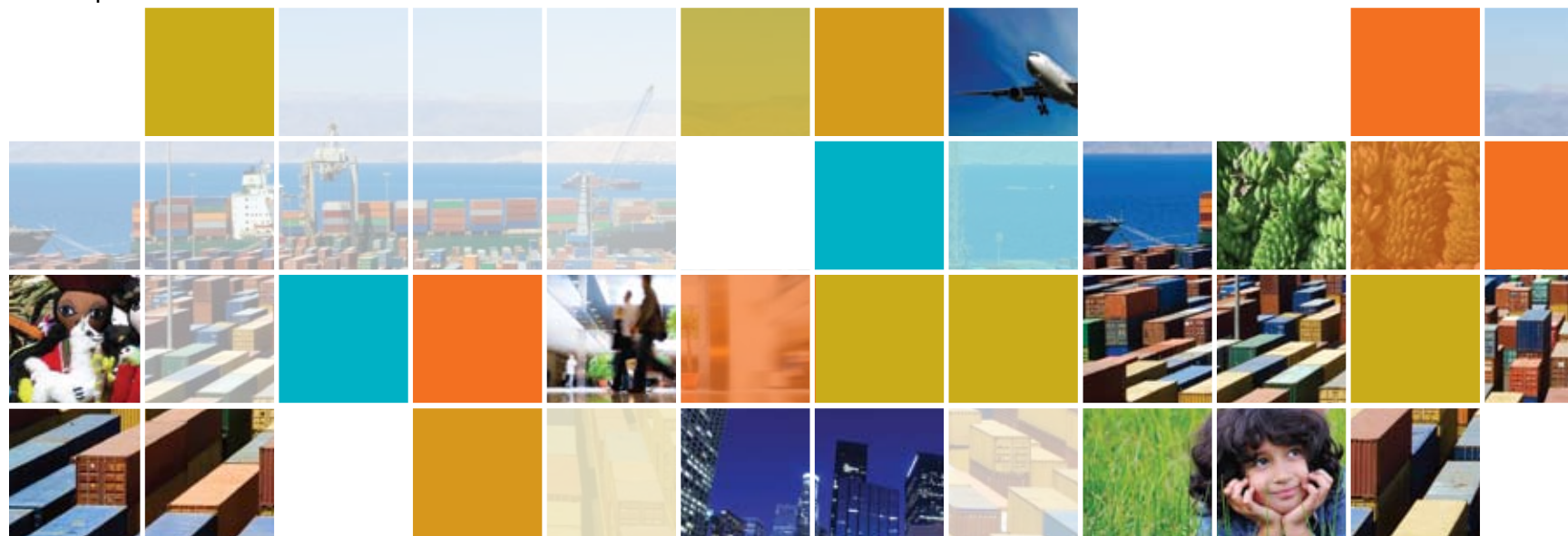
discuss the future economic challenges in both Asia and Latin America and ways to further trans-Pacific integration. The two banks jointly published a report for the event, *Comparative Perspectives on Trans-Pacific Trade, Integration, and Development*.

The IDB-ADB Partnership focuses on two areas: promotion of regional public goods, and research on development, integration, financial, and trade policies carried out through the **Latin American/Caribbean and Asia-Pacific Economics and Business Association (LAEBA)**, a part of IDB-ADB work that is hosted by INT. The 2009 LAEBA meeting took place in Singapore during the APEC Annual Ministerial Meeting.

In 2009, INT launched a technical cooperation project to help attract Asian foreign direct investment to Latin America and to foster knowledge of the import requirements to export agriculture products to some key Asian markets. The two partner banks are also carrying out a major study on the views of Latin American and Asian companies on regional integration agreements in and between the two regions. It also includes support for interdisciplinary Asian studies programs throughout Latin American universities, a program that involves exchange of faculty and students and development of specialized libraries.



IDB President Luis Alberto Moreno (left) and ADB President Haruhiko Kuroda (right) signed a Memorandum of Understanding between IDB-ADB, in Tokyo, November 9, 2009

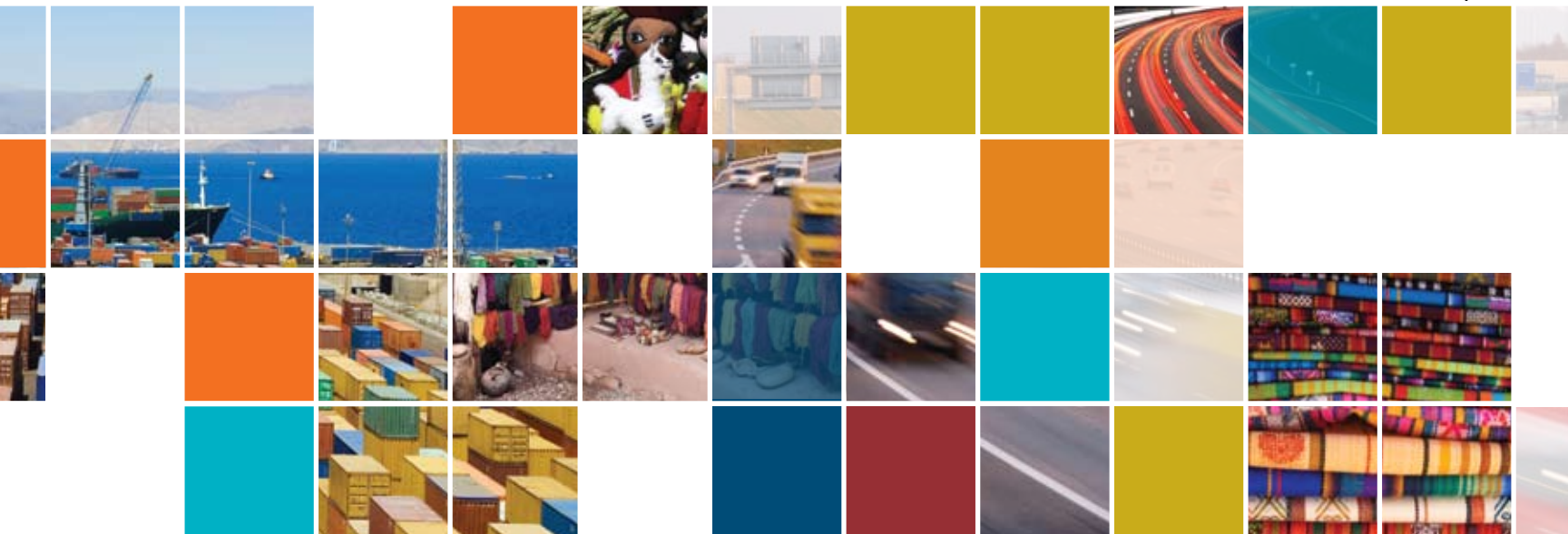


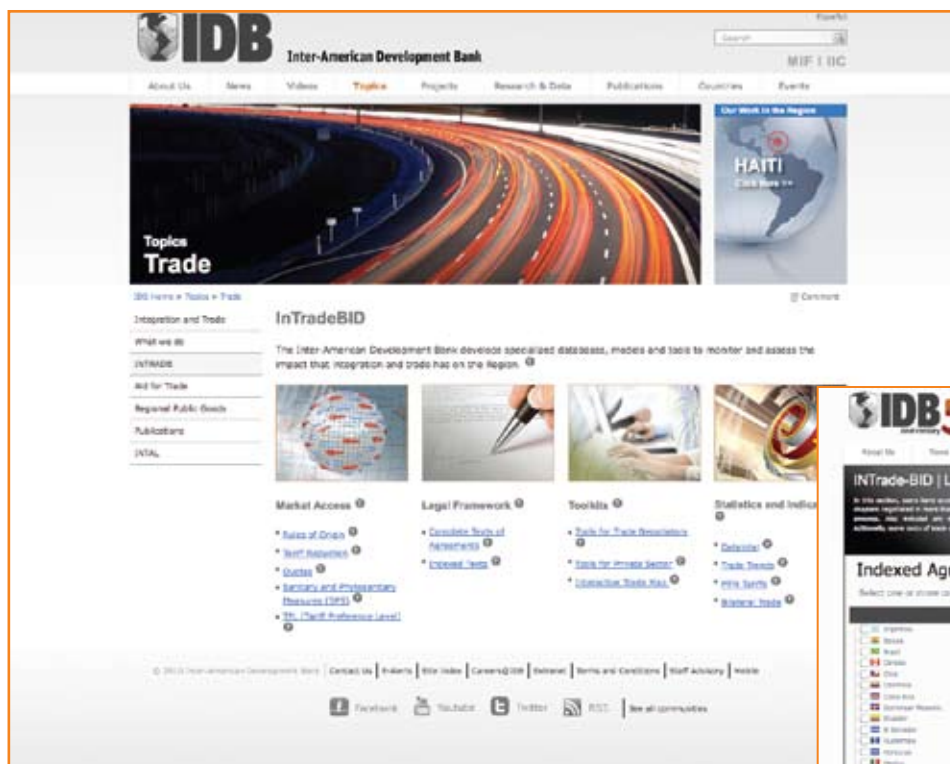


Getting the Tools to Users

INT supports regional and global integration through the development of new information systems on trade and integration. INT's data hub allows users to access a wide range of valuable and up-to-date information essential for designing and implementing sound trade and integration

policies. INT also carries out computable general equilibrium modeling (CGE) to contribute to the dissemination of data and to strengthen the regional community of CGE modelers and users. A new Integration and Trade Journal by INT and INTAL will address current issues on trade and integration.





INTrade: Trade and Integration Information System for Latin America and the Caribbean





INT-INTAL jointly edit the semi-annual *Integration and Trade Journal*, which presents latest scholarship on global trade and integration issues that relate to the LAC region. The first issue of this newly redesigned publication featured articles from leading integration analysts and practitioners in Latin America, Europe, and Asia.

In 2009, INT launched **INTrade-BID**, the most comprehensive and updated information portal on trade and integration in Latin America and the Caribbean, particularly as regards regional trade agreements. The website includes a set of applications designed to facilitate understanding, analysis, and practical application of trade agreements. The database is divided in two main modules: one for trade agreements and another for trade statistics. It offers external trade statistics on products, searchable data bases of legal provisions contained in regional and bilateral economic integration agreements, toolkits for analysis and policy design in market access, rules of origin or sanitary and phytosanitary standards, and other quantitative and qualitative indicators used to assess the global competitiveness of regional member countries. The database also contains a module on import refusals due to lack of compliance with SPS requirements.

Complementing INTrade is **DATAINTAL**, a database of import and export statistics of 34 countries in the Western Hemisphere classified by trading partner, volume, and value. The system provides data in national nomenclatures based on the Harmonized System. Users can submit country queries and create rankings classified by country, products, integration schemes, and trade agreements, with a data series covering more than 15 years.





Appendix

2009 Activities of the Integration and Trade Sector





INT Operations

Approved Loans		
Name	Amount (in US\$)	Country
Export Promotion Program	6,000,000	Argentina
Foreign Trade Support Program	10,000,000	Nicaragua
Approved Cross-Sector Loans (supported by INT)		
Name	Amount (in US\$)	Country
Barbados Competitiveness Program	10,000,000	Barbados
Procidades—Economic Development Program of Federal District	59,100,000	Brazil
Program to Improve Productivity and Competitiveness I	25,000,000	Peru
Loans in Execution		
Name	Amount (in US\$)	Country
Institutional Strengthening DIRECON	5,000,000	Chile
Competitiveness Investment Program	116,835,000	Costa Rica
Sector Facility for Foreign Trade	5,000,000	Dominican Republic
Trade and Integration Support Program	20,000,000	Guatemala
International Trade Capacity Building	4,700,000	Panama
Program to Support Paraguayan Exports	10,000,000	Paraguay
Trade Sector Support Program	4,000,000	Suriname
Trade Sector Support Program	5,000,000	Trinidad and Tobago
Foreign Trade Management Support Program	5,400,000	Uruguay
Program to Support Uruguay's National Customs Bureau	11,600,000	Uruguay



Approved Technical Cooperation Projects		
Name	Amount (in US\$)	Country
Insertion of Bolivia into International Markets through Inclusive Trade	150,000	Bolivia
Bilateral Trade and Investment Promotion	76,000	Dominican Republic
Support to the Definition and Implementation of Ecuador's Trade Strategy	250,000	Ecuador
Strengthening Control, Security and Trade Facilitation at the Border Crossings	400,000	Guatemala
Services Statistics Development	148,614	Guyana
Development of the Industrial Park Model to Improve Trade Opportunities for Haiti	150,000	Haiti
Trade Facilitation and Security Standards in the Logistic Chain	664,736	Regional
Support to Facilitation: Customs and Border Crossings for the PM	905,786	Regional
Regional Strategy for Management and Trade of Chemical Products	320,000	Regional
Regional Strategy of Export Promotion and Investment Attraction	700,000	Regional
Toward Competitiveness in Global Trade in LAC: Learning from Asian Experience	335,000	Regional
Customs Capacity Building in LAC	502,200	Regional
Support for Aid for Trade Capacity Building in LAC	408,160	Regional
Promoting the Usage E-marketplaces by Exporting SMEs	370,000	Regional
Support for New Initiatives on Integration, Trade Convergence and Cooperation	650,000	Regional
Enhancing Trade Facilitation and Services in the Caribbean	250,000	Regional
Support for the Caribbean Craft Design Initiative	149,186	Regional
Sector Diagnostic on Trade and Integration		
Name	Amount (in US\$)	Country
Sector Diagnostic on Trade and Integration	-	Bahamas
Sector Diagnostic on Trade and Integration	-	Colombia
Sector Diagnostic on Trade and Integration	-	Ecuador
Sector Diagnostic on Trade and Integration	-	Jamaica
Sector Diagnostic on Trade and Integration	-	Mexico



Sector Diagnostic on Trade and Integration	-	Peru
Sector Diagnostic on Trade and Integration		Regional
Sector Diagnostic on Trade and Integration	-	Trinidad & Tobago
Sector Diagnostic on Trade and Integration	-	Uruguay
Approved Regional Public Goods (RPG) Projects		
Name	Amount (in US\$)	Country
Regional Strategy of Advanced Formation in Applied Economics	400,000	GU, ES, HO, NI, CR, DR
Harmonized System of Bovine Traceability in Central America, Belize, Panama and Dominican Republic	1,200,000	PN, CR, ES, NI, HO, GU, BE, DR
Regional Strategy of Export Promotion and Investment Attraction	700,000	AR, BO, BR, CH, CO, CR, EC, ES, GU, HO, MX, NI, PN, PR, PE, DR, UR, VE
Institutional and Normative Framework for a Regional Competence Policy	450,000	CR, ES, HO, PN
Common Framework for a Literacy Survey	650,000	BH, BA, BE, GY, HA, JA, SU, TT
Estrategia Regional para el manejo y el Comercio de Productos Químicos	320,000	AR, BR, CH, UR, PR
Plan of Action for Roaming Services in Mobile Telecommunications	750,000	AR, BO, BR, CH, CO, CR, EC, ES, GU, HO, MX, NI, PN, PR, PE, DR, UR, VE
Cooperation System on operational Information and Industrial Property	750,000	AR, BR, CH, CO, EC, PR, UR, SU
Institutional Framework for Scientific Publications	600,000	BR, CH, CO, EC, MX
Regional Framework to Control Youth Contagious Diseases	300,000	AR, BR, CH, PR, UR
Monitoring & Evaluation Framework for Disaster Risk Management in Tourism Sector	750,000	BH, BA, BE, GY, HA, JA, SU, TT, DR
Regional Instruments for Adaptation to Climate Change by the Health Sector	900,000	BR, BO, CO, MX, PR



INT Publications

Books		
Title	Author	Publisher
Bridging Regional Trade Agreements in the Americas	Antoni Estevadeordal and Kati Suominen, with Jeremy Harris and Matthew Shearer	IDB (Special Report on Integration & Trade)
Regional Rules in the Global Trading System	Antoni Estevadeordal, Kati Suominen, and Robert Teh (editors)	IDB-WTO Cambridge University Press
Trade and Poverty in Latin America	Paolo Giordano (editor)	IDB
Un Puente para el crecimiento: Oportunidades y Desafíos del Acuerdo de Asociación Centroamérica y la Unión Europea	Jaime Granados, Eduardo Lizano and Fernando Ocampo (editors)	IDB-Academia de Centroamérica- Konrad-Adenauer-Stiftung
Is India the Next Frontier for Latin America? Opportunities and Challenges for Trade and Investment	Mauricio Mesquita Moreira	IDB (Special Report on Integration & Trade) Forthcoming 2010
Odyssey in the Outer Space: Finding the Way in the World Markets. An Assessment of the Effectiveness of Export Promotion in Latin America and the Caribbean	Christian Volpe	IDB (Special Report on Integration & Trade) Forthcoming 2010
Monographs		
Title	Author	Publisher
Implementing Aid for Trade in Latin America and the Caribbean	Joint Publication IDB—WTO	IDB
Comparative Perspectives on Trans-Pacific Trade, Integration, and Development.	Joint Publication IDB—ADB/ADB I	IDB
Competition Law and Policy in Colombia	Joint Publication IDB—OECD	OECD



Working Papers		
Title	Author	Reference
Market Access Provisions in Regional Trade Agreements	Antoni Estevadeordal, Matthew Shearer and Kati Suominen	IDB-WP-133
Trade Policy and Sectoral Specialization in Latin America	Antoni Estevadeordal and Christian Volpe	IDB-WP-134
Rules of Origin for Development: from GSP to Global Free Trade	Jeremy Harris	IDB-WP-135
Trade Policy and Export Diversification: What Should Colombia Expect from the FTA with the United States?	Christian Volpe and Sandra Gómez	IDB-WP-136
Multilateralizing Preferential Rules of Origin around the World	Antoni Estevadeordal, Kati Suominen and Jeremy Harris	IDB-WP-137
Is the Washington Consensus Dead? Growth, Openness, and the Great Liberalization, 1970s–2000s	Antoni Estevadeordal and Alan Taylor	IDB-WP-138
Brazil's Trade Policy: Old and New Issues	Mauricio Mesquita Moreira	IDB-WP-139
Survival of New Exporters in Developing Countries: Does It Matter How They Diversify?	Christian Volpe and Jerónimo Carballo	IDB-WP-140
Multilateralizing RTAs in the Americas: State of Play and Ways Forward	Antoni Estevadeordal, Matthew Shearer and Kati Suominen	IDB-WP-141
Integration, Resources Reallocation and Productivity: The Cases of Brazil and Chile	Juan Blyde, Mauricio Mesquita and Gonzalo Iberti	IDB-WP-144
The Treatment of Agriculture in Regional Trade Agreements	Matthew Shearer and Juliana Almeida	IDB-WP-145
A Primer of International Migration and the Latin America Experience	Pablo García and Eduardo Rodríguez-Montemayor	IDB-WP-146
Origin and Beyond: Trade Facilitation Disaster or Trade Facilitation Opportunity?	Brian R. Staples and Jeremy Harris	IDB-WP-147
Trade Logistics and Regional Integration in Latin America and the Caribbean	Pablo Guerrero, Krista Lucenti and Sebastian Galarza	IDB-WP-148
Trade and Infrastructure Policy in MERCOSUR (only available in Spanish)	Juan Labraga	IDB-WP-149
Microeconomic Flexibility, Creative Destruction and Trade	Juan Blyde and Jose Pineda	IDB-WP-150
Preferential Trade Agreements in LAC: Lessons for Asia	Antoni Estevadeordal, Christian Volpe and Mitsuyo Ando	IDB-WP-151



Policy Briefs		
Title	Author	Reference
From Multilatinas to Global Latinas	Joint Publication IDB/INT—INSEAD	IDB
Logistics, Transport and Food Prices in Lac: Policy Guidance for Improving Efficiency and Reducing Costs	Joint Publication IDB/INT—World Bank	IDB
Implementing Renewable Energy and Energy Efficiency Measure: Challenges and Opportunities for LAC and Caribbean	Joint Publication IDB/INT—World Bank	IDB/WB
The Offshoring Services Industry: A new Opportunity for Latin America	Gary Gereffi, Mario Castillo and Karina Fernandez-Stark	IDB-PB-101
Free Trade Agreements: US Promotion and Oversight of Latin America Implementation	Jeffrey F. Hornbeck	IDB-PB-102
Implementing Freer Trade: The Canadian Experience 1986–1995	Michael M. Hart	IDB-PB-103
La implementación de Acuerdos Preferenciales en América Latina: The CAFTA-DR Experience	Anabel Gonzalez	IDB-PB-104
The implementation of Preferential Trade Agreements in Latin America: The Mexican Experience	Ricardo Ramirez	IDB-PB-105
Technical Notes		
Title	Author	Reference
República Dominicana: Desafíos de la Inserción en la Economía Global	Ziga Vodusek, Jaime Granados, Fabrizio Opertti, Pablo A. Illarietti, and Mario Gutiérrez Rocha	IDB-TN-104
Journal		
Title	Author	Reference
Journal on Integration and Trade	IDB INT/INTAL	



INT Policy Dialogue, Capacity Building and Advisory Services

Trade and Integration Policy-Making		
Title	Date	Location
Aid for Trade National Review—Peru	March	Peru (IDB/WTO)
Aid for Trade National Review—Honduras	May	Honduras (IDB/WTO)
Aid for Trade II Regional Review—Jamaica	May	Jamaica (IDB/WTO)
Pathways of the Americas—Preparatory Meeting	March	USA-IDB
Hemispheric Ministerial Meeting of Finance Ministers—Preparatory Meeting	March	Colombia
II Ministerial Meeting of the Pathways of the Americas Initiative	May	El Salvador
II Hemispheric Ministerial Meeting of Finance Ministers	July	Chile
IDB Regional Policy Dialogue on Trade and Integration: Trade Policy under the New US Administration and Implications for LAC	October	USA-IDB
ARCO del Pacifico—Working Groups	-	Several
V Ministerial Meeting ARCO del Pacifico	November	México
I Executive Course on Trade and Integration	November	USA-IDB
Customs, Trade Facilitation and Trade Logistics		
Title	Date	Location
New Issues of the Trade Security Agenda in Central America	July	Costa Rica
Dominican Republic and Mesoamerican Countries: Sanitary Controls and Harmonization Strategies	April	USA-IDB
The Private Sector and the Authorized Economic Operator	November	Dominican Republic (IDB/WTO)



Facilitating Authorized Economic Operators	October	Bolivia
Trade & Infrastructure Challenges in Costa Rica	June	Costa Rica (IDB/CADEXCO)
Export Promotion and Investment Attraction		
Title	Date	Location
Trade Competitiveness Workshops	-	Several (IDB/IMCO)
Market Access to the European Markets	January	Central America (several)
Taking Advantage of DR-CAFTA	April	Nicaragua (IDB/USAID)
Caribbean Foreign Trade Opportunities and Challenges for the Private Sector	June	Jamaica
Challenges to Trade and Investment in Costa Rica (2010–2015)	June	Costa Rica
Prospects for Peruvian Exports of Textiles in World Markets	July	Peru (IDB/MINCETUR)
Single Window for the Promotion of Exports and Investment	October	Mexico
Negotiation and Implementation of Trade and Investment Agreements		
Title	Date	Location
Negotiating EPA with the EU: Challenges and Opportunities	April	Costa Rica
The Future of Central American Integration	April	Guatemala
Implementing the EU-Cariforum Economic Partnership Agreement	May	Jamaica (IDB/Caribbean Council)
Market Access in the WTO and Regional Trade Agreements in the Americas	July	USA (IDB/OAS/WTO)
Tariff Negotiation Simulations	July	USA (IDB/OAS/WTO)
Regional and Multilateral Negotiations—Capacity Building for Journalists	September	Argentina
Intellectual Property Rights and Trade	October	Suriname
Rules of Origin		
Title	Date	Location
Rules of Origin Regimes in the Americas	March	Peru
Implementation of Digital Certificates of Origin	March	Chile
Cross-Border Production Integration (IIRSA initiative)	March	Chile
Implementation of Digital Certificate of Origin in Mercosur	April	Brazil
Rules of origin in Mercosur: Implications for the Private Sector	April	Brazil (IDB/FIESP)
Digital Certificates of Origin in Mercosur: Implications for the Private Sector	June	Brazil (IDB/FIESP)
Technology Transfer in Rules of Origin	July	Switzerland (IDB/DFID/UNCTAD)



Implementation of Digital Certificates in the Americas	July	Uruguay (IDB/Ministry of Economy and Finance)
Verification of Rules of Origin	August	Chile (IDB/DIRECON)
Rules of Origin in Peru: Implications for the Private Sector	August	Peru
Rules of Origin in Colombia: Implications for the Private Sector	August	Colombia
Implications of Cumulation of Origin in ALADI Region	September	Uruguay (IDB/ALADI)
Best Practices in Verifying Rules of Origin	September	Peru
Rules of Origin and their Implementation for Entrepreneurs	October	Colombia
Trade and Integration Data and Statistics		
Title	Date	Location
Development and Management of Trade Related Data and Statistics	July	Costa Rica
Computable General Equilibrium Capacity Building	October	Costa Rica
Computable General Equilibrium Capacity Building	October	Paraguay
Development and Management of Trade Related Data and Statistics	October	Brazil (IDB/MDIC/ALADI)
INT/INTAL (Institute for the Integration of Latin America and the Caribbean) and the WTO (World Trade Organization) Capacity Building Initiative		
Title	Date	Location
Agriculture Negotiations	May	Argentina (IDB/WTO)
NAMA Negotiations	July	Jamaica (IDB/Caribbean Council)
NAMA Negotiations	July	Colombia (IDB/WTO)
Dispute Settlement	November	Argentina (IDB/WTO)
VIII WTO Trade Policy Course	October	Uruguay (IDB/WTO)
Services Negotiations	October	Argentina (IDB/WTO)
Trade & Development	December	Barbados (IDB/WTO)
Other Topics		
Title	Date	Location
Improving Management of Regional Public Goods	July	Uruguay
Trade and Migration: Policy Issues in Central America	November	Costa Rica
Trade and Migration: Policy Issues in Andean Region	November	Peru
Trade Impact of Financial Crisis in Central America	December	Costa Rica (IDB/CADEXCO)



INT Events

Events Organized (Co-organized) by IDB/INT			
Name	Date	Location	Organization
Conference on Non-Agricultural Market Access Negotiations for Caribbean Countries	June	Jamaica	IDB/WTO
Global GTAP Conference: Trade Integration and Sustainable Development: Toward an Inclusive World	June	Chile	IDB/ECLAC/GTAP
V Annual Conference of the Latin American/Caribbean and Asia-Pacific Economics and Business Association (LAEBA): Trade Facilitation between LAC and Asia-Pacific	July	Singapore	IDB/ADB/APEC
Conference on Doha Development Agenda and Regional Trade Agreements in the Americas	July	USA	IDB/OAS/WTO
Seminar on Development Challenges and Policies in LAC: What are the Issues from a Trade Perspective?	September	USA	IDB
International Trade and Investment Forum	October	Haiti	IDB/Clinton Foundation
Outlook for Regional Competitiveness in LAC	September	USA	IDB/Georgetown University
Seminar on Regional Integration and Regional Infrastructure	September	USA	IDB/ADB
Annual Meeting of the REDINT: Trade, Regional Disparities and Development	September	Argentina	IDB
VII Annual Euro-Latin Study Network on Integration and Trade Conference (ELSNIT): Trade and Regional Disparities	October	Germany	IDB/Kiel World Economic Institute
I Annual LAC Flavors Conference (Mesoamerican Project)	October	Mexico	IDB



LAC Regional Seminar: Trade and Integration in the New International Economy	October	Argentina	IDB
IDB 50 Anniversary Conference: Strengthening the Economic and Cooperation Linkages between LAC and Asia	November	Tokyo	IDB/ADBI/Government of Japan
Annual Meeting of the LACEA Trade, Integration and Growth Network (LACEA-TIG)	December	Mexico	IDB/CAF/LACEA
Events Supported by IDB/INT (Participation)			
Name	Date	Location	Organization
International Economic Forum on Aid for Trade LAC and the Caribbean	January	France	OECD
Annual Meeting of LAC Regional Trade Promotion Offices	February	Argentina	PROCORDOBA
The Next Frontier: Rethinking the Global Trading System	March	USA	CSIS/Government of Sweden
Trade Finance in the Americas	March	USA	EUROMONEY
III Central American Competitiveness Forum	May	Honduras	SIECA
XII Regional Conference on Customs and Trade Facilitation	May	Colombia	WCO
Food and Environmental Security: Role of Agricultural Trade Policy	May	Austria	International Food & Agricultural Trade Policy Council
Taking Advantage of the FTA with China	May	Peru	COMEXPERU
Korea-ASEAN Economic and Cooperation Forum: Implications for LAC	June	Korea	ASEAN/Government of Korea
Market Access in Agriculture in LAC	July	Colombia	WTO
Aid for Trade II Global Review	July	Switzerland	WTO
Latin American Competitiveness Forum	September	Chile	OECD
LACEA Annual Conference	October	Argentina	LACEA
Annual Meeting Regional Network of Export Promotion Agencies	October	Mexico	PROMEXICO
XXX Meeting of LAC Customs National Directors	November	Ecuador	COMALEP
ICTSD Symposium (WTO Ministerial): Convergence in Regional Trade Agreements & Options for Pursuing Agricultural Trade Liberalization	November	Switzerland	ICTSD
APEC 2010 Symposium	December	Japan	APEC/Government of Japan

