

New Governance, New Convergences



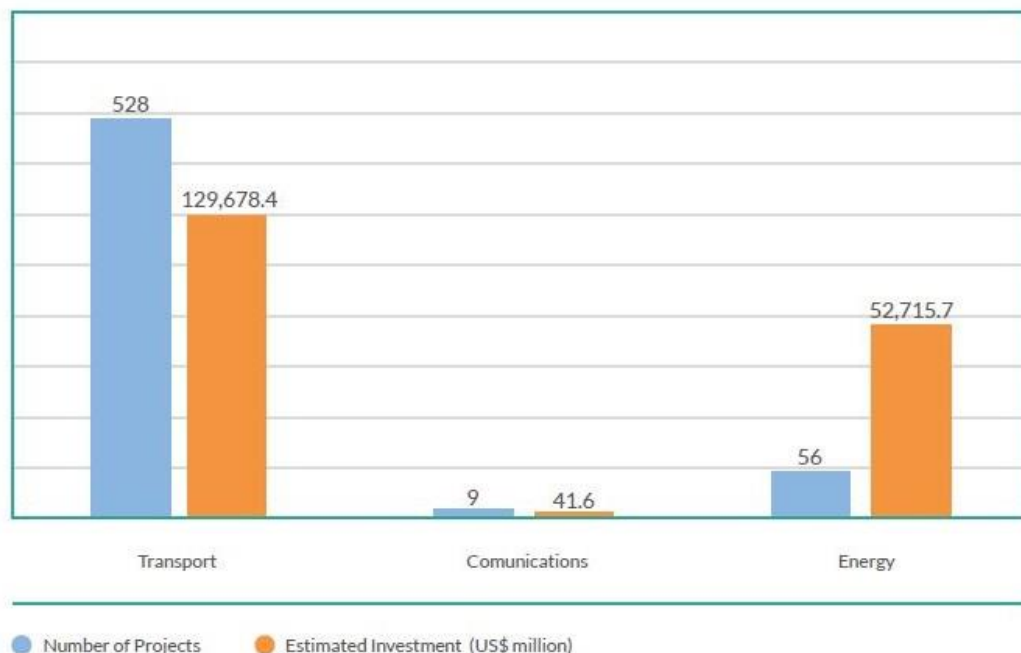
Integration Ideas

Transportation Projects Top the COSIPLAN Portfolio

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The majority of the [COSIPLAN Project Portfolio \(link in Spanish\)\[1\]](#) is made up of transportation projects (89% of total projects). These works account for 71% of estimated investment, with energy projects absorbing the remaining 29%.

PROJECT SECTORS
(IN NUMBERS OF PROJECTS AND MILLIONS OF US\$)



The table below shows the distribution of projects by subsector, by far the most significant of which is the road subsector. Road works include paving and widening; rehabilitation and maintenance; and

the construction of bridges and tunnels. This subsector includes almost half of all portfolio projects, representing approximately a third of estimated investment.

PROJECT SUBSECTORS
(IN NUMBERS OF PROJECTS AND MILLIONS OF US\$)

	No. of Projects	% of Projects	Estimated Investment*	% Investment
Air	25	4.2	6,929.5	3.8
Road	262	44.2	59,473.1	32.6
Rail	67	11.3	47,903.4	26.3
River	75	12.7	2,887.0	1.6
Sea	38	6.4	10,944.5	6.0
Multimodal	14	2.4	623.7	0.3
Border Crossings	47	7.9	917.3	0.5
Energy Generation	25	4.2	42,065.5	23.1
Energy Interconnection	31	5.2	10,650.2	5.8
Communications Interconnection	9	1.5	41.6	0.0
TOTAL	593	100	182,435.7	100



Air subsector: more than half of the air projects belong to the MERCOSUR–Chile Hub and the Central Interoceanic Hub (32% and 24%, respectively), and in terms of estimated investment, the former accounts for 93% of the total amount for this subsector. Six works have been concluded, and another 11 are at an advanced stage of execution, which implies that almost 70% of projects in this subsector are evolving satisfactorily. The most noteworthy of these projects is the Enlargement of Campinas Airport, as this is the project with the sixth-highest amount invested in it out of the entire portfolio.



Road subsector: these projects are concentrated in the MERCOSUR–Chile Hub and the Capricorn Hub. Half of the works in question, and half of the sums invested in them, are for the rehabilitation, widening, or maintenance of existing roads; while 35% of the projects are new roads (accounting for 20% of total investment in the subsector). Some 28 bridges, 16 beltways, and 2 tunnels account for the remaining projects. Of these projects, 40% are at the execution stage and 20% have been concluded. Only 10% are at the profile stage, which implies that works in this subsector are at a satisfactory level of development.



Railway subsector: railway projects, unlike roads, are mostly in the early stages of development (39% at both the profile and preimplementation stages). The remaining projects are equally divided between the execution and concluded stages. Almost half the works are for the rehabilitation of existing railways, 43% are for new works, and the remaining 9% are for railway rings. However, due to the clear difference in the nature of the work in question, almost 70% of investments are in new railways. The greatest investment is in the Andean Hub (38%) although in terms of project numbers this only accounts for 3%. In this regard, the Capricorn Hub (27% of projects) and the Paraguay–Paraná Waterway Hub (21%) are much more significant.



River subsector: Due to the nature of the area in question, waterway works are concentrated in the Paraguay–Paraná Waterway Hub (56% of projects for 75% of investment) and the Amazon Hub (25% of projects for 13% of investment). Very few works have been concluded, and the majority are in the preimplementation stage (37%). Works in this subsector include the construction of 10 ports, the upgrading of 32 existing ports, and improvement to navigation conditions on 33 waterway sections.



Sea subsector: of the 38 ports included, only 7 are new works, while the remainder are expansions of existing land infrastructure. These projects are concentrated in the Amazon Hub and MERCOSUR–Chile Hub, with 9 works in each. Of these projects, 40% of the ports are at the execution stage and only 16% have been concluded.



Multimodal subsector: no multimodal projects have yet been concluded, and most are in the early phases of development (profile and preimplementation). Most multimodal centers are in the Amazon Hub. The estimated investment is concentrated around a few projects in the Paraguay–Paraná Waterway Hub and the Central Interoceanic Hub.



Border crossing subsector: there are 34 new border control centers and 13 projects expanding or upgrading existing facilities. Most of these works are in the Andean Hub due to the nature of the geographical territory. However, larger amounts are invested in projects in the MERCOSUR–Chile Hub. Some 34% of border crossing projects are at the preimplementation stage, while 24% have been concluded.



Energy generation subsector: of the 25 projects in this subsector, 21 are equally divided between the preimplementation, execution, and concluded stages. However, over half the estimated investment was concentrated in works at the execution stage (54%). Almost half the power stations are hydroelectric, which favors changes to the region's energy matrix. Over half the works are in the MERCOSUR–Chile Hub, although more than half of investments are for the only three projects in the Peru–Brazil–Bolivia Hub.



Energy interconnection subsector: energy interconnection projects are present above all in the Andean Hub (32%), and practically all of these are new projects, half of which have already been concluded (51%, representing 77% of executed investment).



Communications interconnection subsector: there are only nine projects in this group, six of which involve two or more countries. These works do not tend to involve large financial sums, but investment is concentrated in works that are at the execution stage, of which there are three. These projects are concentrated in the Paraguay–Paraná Waterway Hub (three).

[1] See COSIPLAN Project Portfolio 2015, Buenos Aires, December 2015 ([link in Spanish](#))

Aldo Ferrer: Pioneer of Latin American Integration

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Aldo Ferrer, former Argentine Minister of the Economy, was born on April 15, 1927, and died on March 8, 2016, at the age of 88. He was appointed to Argentina's National Academy of Economic Sciences (ANCE) in 1968. Ferrer was a renowned economist with a long career in public service. He was Economic Advisor to the Argentine Embassy in London; Minister of the Economy for Buenos Aires Province (1958–1960); Argentine Minister of Public Works and Services and Minister of the Economy

(1970–1971); President of the Bank of Buenos Aires Province (1983–1987); and President of the National Commission of Atomic Energy (1991–2001). He was also Vice-president of ENARSA and was Argentina's Ambassador to France (2011–2013).^[1]

Regional integration was a cornerstone of Dr Ferrer's academic and professional work. In his role as a university professor, he created and oversaw the Master's Program in Regional Integration/MERCOSUR at the University of Buenos Aires, where he helped train several generations of experts in this field. In his speeches, he discussed [national economic projects \(link in Spanish\)](#) as pillars for strengthening regional integration. He always paid [special attention to social dynamics in Latin America \(link in Spanish\)](#) and proposed a range of alternatives for increasing social inclusion.

In recent articles, he championed increased integration between Brazil and Argentina, and considered the concept of integration in a broad sense that he argued should be deployed on three levels: domestic policies, the rules of play of integration, and the region's profile towards the rest of the world.

As an enthusiastic supporter of Latin American integration, Dr Ferrer took part in a range of projects organized by the Institute for the Integration of Latin America and the Caribbean (INTAL). The most noteworthy of his publications with INTAL include:

Ferrer, A. (1985). "De la crisis de la deuda a la viabilidad financiera [From the debt crisis to financial viability]," in: *Integración Latinoamericana*, 10(100), p. 53–57.

Ferrer, A. (1975). "[El Mercado Común Centroamericano de ciencia y tecnología \[The common Central American science and technology market\]](#)," [\(link in Spanish\)](#) in: *Revista de la Integración*, 8(18), p. 89–167.

Lagos, G.; Ferrer, A.; Baldinelli, E.; Noriega Morales, M.; Zabala, J.; Dam, A.; Angarita Silva, A.; Bouzán, A.; Bertero, C.; Pollner, M.; Da Fonseca Pinheiro, J., and Aragao, J. (1967). [Los empresarios y la integración de América Latina \[Business owners and Latin American integration\]](#) [\(link in Spanish\)](#). Buenos Aires: INTAL.

[1] Biography of Aldo Ferrer published by Juan Carlos de Pablo in *CONTEXTO*, no. 1,388; March 14, 2016.

The WTO after Nairobi: The Future of Agricultural Negotiations

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The decisions made at the 10th World Trade Organization Ministerial Conference, held in Kenya on December 13 and 16, 2016, imply, among other factors, the elimination of subsidies to agricultural exports, which has been one of the demands of Latin American and Caribbean countries since the start of the Uruguay Round in 1986. These decisions imply positive effects for the region, although these will not be seen in the short and medium term.

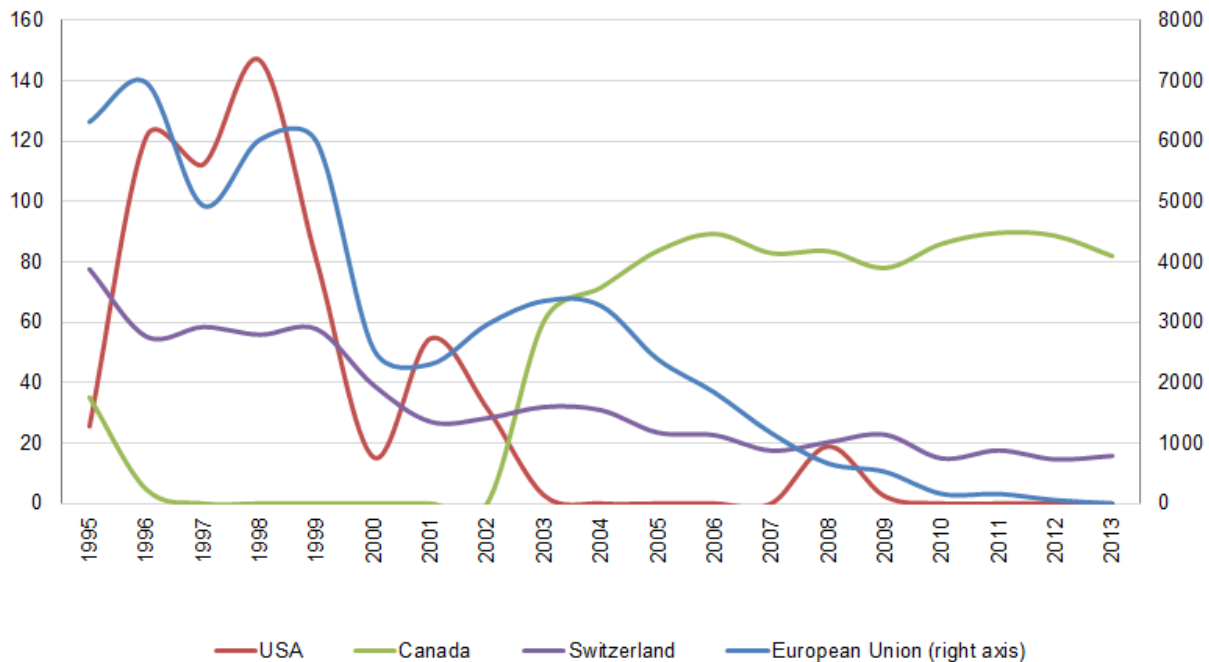
The elimination of agricultural subsidies is the most important achievement of the Doha Development Agenda, which was launched in 2001. However, export competition is only one part of a set of more ambitious agricultural negotiations which have long been postponed in the multilateral trade regime. These center on market access (tariff reductions and the elimination of tariff-rate quotas) and the scheme of global subsidies to the sector (known as “domestic support”). Of these three components, the negotiation at the most advanced stage was that relating to export subsidies. At the ministerial conference in Hong Kong in 2005, WTO members agreed on the total elimination of these by 2013, although when this deadline arrived, the WTO regretted not having been able to achieve the objective in a timely fashion.

The text of the Nairobi Ministerial Declaration states that developed countries should cease said subsidies as of January 1, 2016, while developing countries (with some exceptions covered by Article 9 of the Agreement on Agriculture, which are mainly related to the cost of internal transportation) must do so by the end of 2018. There are exceptions for the least developed countries (LDC) until 2030, as they are more vulnerable.

The Actual Achievements

Although the Nairobi Package is an important step forward for the interests of a sizable group of countries in Latin America and the Caribbean, the actual effects of it will be less significant in the short term. This is fundamentally the case because the type of subsidies that were banned (direct budgetary outlays to producers on the condition that the product crosses the country’s borders) have already been reduced over the last 15 years, and had effectively become non-existent for the USA by 2002 and for the European Union by 2007 (Figure 1).

Figure 1. Evolution of Subsidies to Agricultural Exports Notified to the WTO by the Main Developed Countries
In millions of US\$

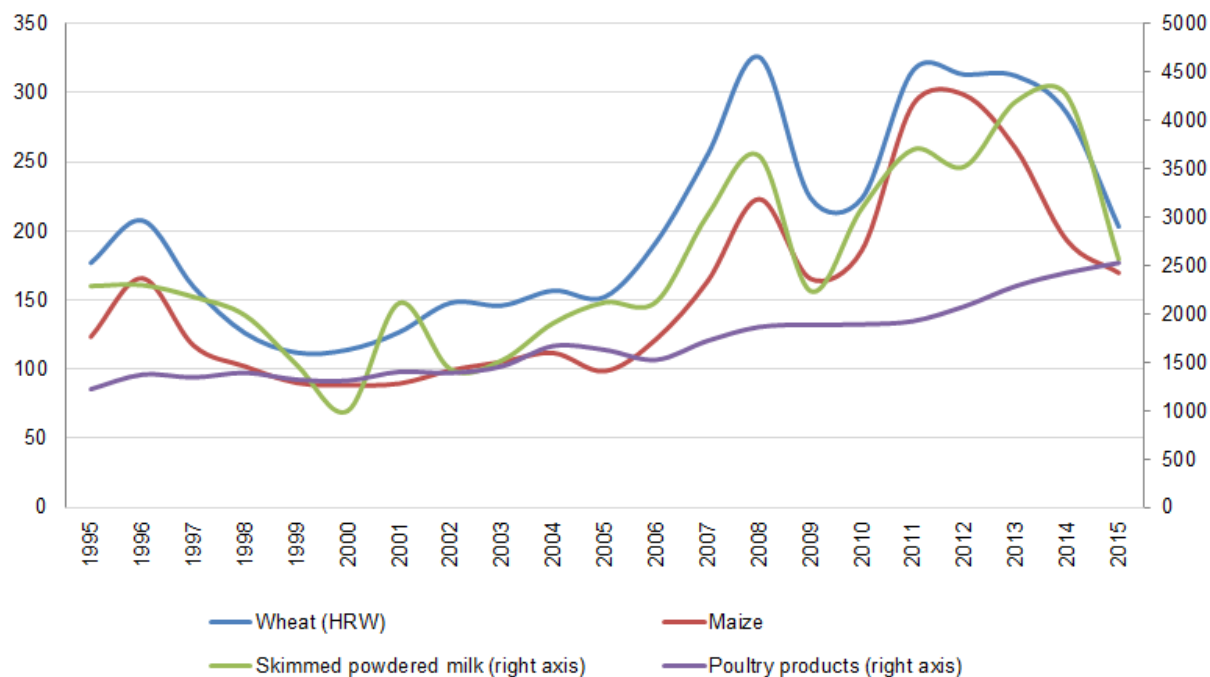


Source: IDB/INTAL based on WTO data

However, these reductions have not led, in practice, to a reduction in competition in the global market. This is because, first, some commonplace operations that function as export subsidies, such as credit guarantees (frequently used in the USA for maize farming), were not banned but only regulated regarding maximum repayment terms. Second, because in developed countries domestic support to the sector has grown or remained constant throughout the same period; with the exception of periods in which commodity prices increased across the board, these global subsidy policies were a major factor in keeping the international prices of agricultural products low.

Furthermore, the reduction in export subsidies over the last decade correlates to a certain degree with the general increase in commodity prices in the same period, which had reduced the need to protect certain activities (Figure 2).

Figure 2. The Evolution of Prices of the Main Agricultural Products that Receive Direct Export Subsidies in Developed Countries
In US\$ per quarter



Source: IDB/INTAL based on World Bank and IMF data

Subsidies to agricultural exports from developed countries create competition for Latin American countries in three areas: First, in the development of a regional food market, where major producers like Brazil, Argentina, Mexico, and Chile must compete with subsidized products, above all from the USA and Canada. Second, in the remaining developing markets (wide swathes of Africa and Asia), and also in the developed world, where the fiercest competition is with exports from the European Union. Third, in each country's domestic market, where the growth of local production is obstructed by subsidized exports from developed countries—especially if the manufacture of value-added products is taken into account. It goes without saying, with regard to this last point, that processed products, dairy products, and swine meat, which receive significant direct payments in Switzerland and Canada, were exempted from the decision until 2020. As can be seen in Figure 1, the reduction in subsidies in these countries is much smaller than in the USA and the European Union.

From a long-term perspective, the exclusion of agricultural products from multilateral regulations implied a significant trade distortion for Latin American countries which, between 1960 and 2001, saw their share in the global food trade seriously reduced, and only regained ground after the rise of

China as their main importer. However, the most noteworthy shift has been within the markets of developed countries. Western Europe is a case in point: the region went from a deficit in trade in foodstuffs of around 3% of GDP to regional self-sufficiency in less than a generation. Even with China's increased share, the main developed countries continue to account for 60% of the destination markets for agricultural exports from Latin America and the Caribbean. In this sense, the real opportunities for Latin America and the Caribbean to expand trade will come about when the pending issues of market access and domestic support are tackled at the WTO.

Cotton: A Mirror on the Future?

In addition to the elimination of agricultural export subsidies, five other decisions made up the Nairobi Package. Commitments that had been agreed upon two years previously in Bali were signed, which provide special and differential treatment to service providers from LDCs and preferential rules of origin for them within the framework of the generalized systems of preferences. With regard to agricultural issues, those at the meeting reconfirmed their will to continue negotiations over a regulatory framework for the establishment of public stockholdings for food security purposes, and a special safeguard mechanism for developing countries. Similarly, another historical agreement was reached regarding cotton.

As a result of the importance of cotton to the trade of LDCs and to the work undertaken by the "Cotton Four" (Benin, Burkina Faso, Chad, and Mali), the WTO members emphasized the need to fast track a specific agreement for this product. The commitment signed in Nairobi banned export subsidies for developed countries and, for developing countries, unlike in the Agreement on Agriculture, the deadline for implementation was brought forward to January 1, 2017. It was also agreed that developed countries would eliminate duties and tariff-rate quotas for LCDs and that developing countries would make their best effort to follow suit. However, there have been no advances in terms of limiting domestic support, another important aspect of trade distortion in the cotton market.

Although Latin America has major cotton producers such as Brazil, Argentina, and Mexico, the measure will not affect this part of the world given that most LDCs are in Africa and Asia. As a result, it is worth asking whether, in the future, agricultural negotiations will continue in this vein, that is to say, without achieving commitments regarding domestic support and discriminating between LDCs and developing countries with regard to market access. If this is the case, the positive effects of such agreements for Latin America and the Caribbean may take even longer to arrive.

The Future of the WTO

The Nairobi Package is the second agreement in the framework of the Doha Program, following that of the 9th WTO Ministerial Conference in Bali in 2013. It came about in the midst of a virtual paralysis of the WTO as a forum for trade negotiations. Since the launch of the Doha Round in 2001, over 200 bilateral or regional trade agreements (RTAs) have been signed, including the TPP mega-agreement, which was finalized in October 2015. The rapid conclusion of these preferential agreements is in contrast not only with the delays in multilateral negotiations, but also with the low intensity of the WTO packages and the limited impact that these are expected to have on trade flows.

In this context, and even though the WTO has reaffirmed its intention to continue being the main forum for establishing trade standards, the most noteworthy aspect of the Nairobi Declaration is that some members did not reassert the Doha mandate but instead demanded a new focus in order to move forward with current negotiations. The declaration itself reflects concern over the growth of RTAs, due the growing number of WTO-plus disciplines that are being applied without the most-favored nation clause.

The Outlook on Regional Integration: Context and Opportunities

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Weakened demand from outside the region and the poor performance of commodity markets has put two major issues back on the Latin American agenda. First, the need to **diversify exports** has reemerged, both in terms of products and destination markets. The quality of countries' integration into international markets is one of the main areas for improvement. A natural space for this would be a **truly integrated regional market**. It is well known that the contents of export baskets in such markets tend to be more diversified and include a higher share of goods with greater value added.^[1] However, profound regulatory convergence would be required if the aim is to capture the regional market's potential for feeding productively integrated value chains and attracting foreign direct investment. The regional market should also be a platform for the incubation of more diversified extra-regional exports with greater value added.

Second, there is the incentive to join forces to take part in the design of rules that will surely come to dominate trade and global investment flows. The MERCOSUR is in the midst of negotiations with the European Union,[2] the culmination of which may prove to be a strong driver for convergence with the efforts that the members of the Pacific Alliance have already made in this direction.[3] Furthermore, a rapprochement between the MERCOSUR and the Pacific Alliance could strengthen the region's negotiating capacity vis-à-vis China, which has complex market access regulations for products that are sensitive for Latin American countries.

There have been some recent advances in this direction.[4] In the first half of 2015, the MERCOSUR presented the Pacific Alliance with an Action Plan for the convergence of integration efforts, which laid out a series of initiatives to deepen **market access** between the two blocs.[5] On the one hand, this plan is based on deepening the commitments to free trade laid out in the Economic Complementarity Agreements (ECAs)[6] that the MERCOSUR has signed with Chile, Peru, and Colombia.[7] On the other hand, it proposes the establishment of trade disciplines to **facilitate intraregional trade**. One pending issue is deepening the MERCOSUR countries' relationship with Mexico, whose ECAs were negotiated bilaterally and contain low liberalization commitments, with the exception of the agreement with Uruguay.[8] Another process that is still at an early stage is the potential convergence between the MERCOSUR and the Central American and Caribbean integration schemes.

To complement the Action Plan, Brazil held bilateral meetings to deepen the commitments set out in the ECAs, although the scopes of these varied from one country to another. In its dealings with Colombia, Brazil proposed moving forward on matters of trade in goods; in those with Peru, it also presented an initiative for reaching a comprehensive agreement on matters relating to services, investment, and government procurement; and in its agreement with Mexico, it restated its will to begin negotiations on all these issues.[9]

The history of regional integration is rich in lessons. One of these seems to be the convenience of moving forward in incremental stages that nonetheless guarantee **effective, sustainable processes and achievements** which are reached as the result of meticulous technical negotiations and bring mutual benefits. This stands in contrast to a certain tendency towards establishing unattainable goals, often marked by rhetorical declarations that run the risk of creating an atmosphere of weariness and a sense of failure that have a detrimental effect on integration itself. In fact, the sustainability of regional agreements is noticeably dependent on finding stable equilibrium points between opposing forces. It is worth mentioning three of such points: the equilibrium between the costs and benefits that negotiations bring about in the short and long terms; the equilibrium between the demand for flexibility in an agreement and the predictability needed for investment

decisions; and, finally, an appropriate equilibrium between each country's offensive and defensive interests.^[10] The aim is to work towards a new form of governance of the integration process, one whose guiding principle is the availability of suitable navigational instruments so as to strengthen the stability of these equilibrium points.

Given the current state of affairs in matters of regional integration, INTAL is inaugurating a new space, *Inspiring Ideas for a New Form of Integration*, the fundamental aim of which is to **seek specific answers to concrete integration problems**, with a particular emphasis on **how to reach these solutions**. The [Fall Colloquium New Governance, New Convergences. The Outlook on Integration in Latin America](#) was the first step towards this goal.

There are at least three areas in which there seem to be possibilities for convergence: market access within the region, the linkages between integration and productive development, and the prospects of creating shared international agendas.

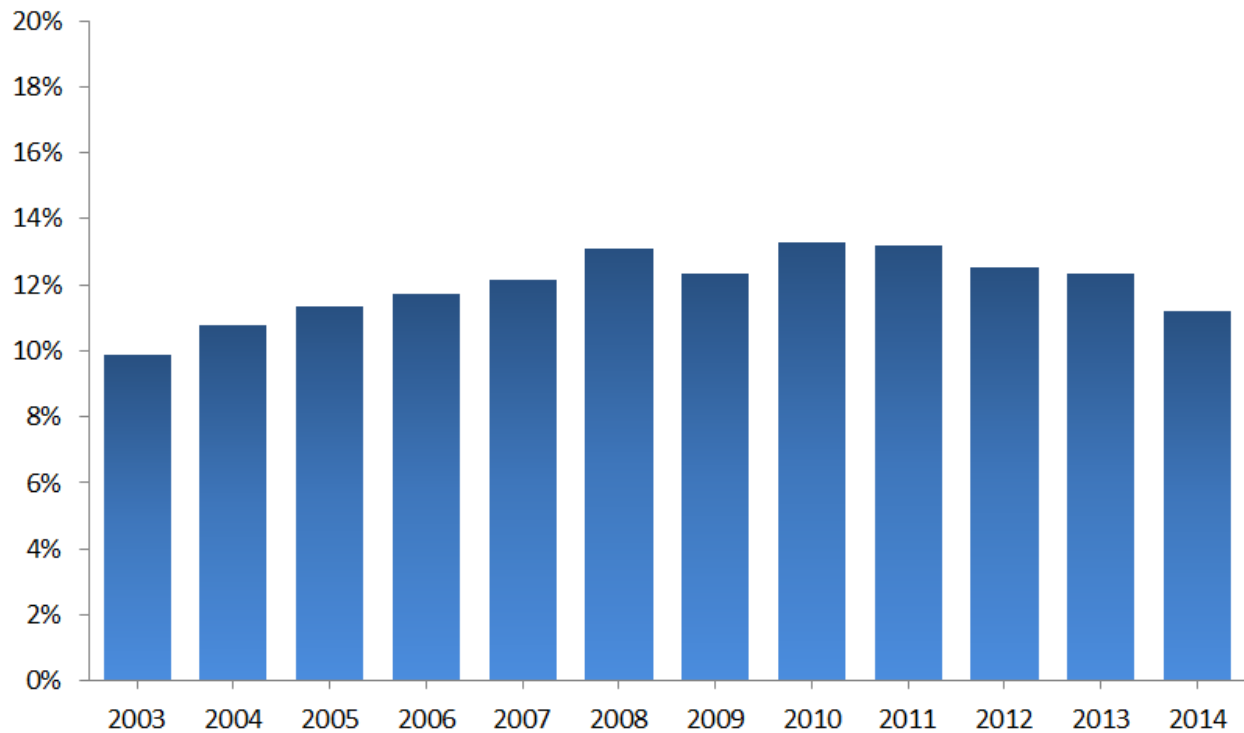
Market Access and Regional Trade Facilitation

In Latin America—and South America in particular—there are a range of preferential trade rules of differing depths, which have been built through integration processes with varying mechanisms and goals. The outcomes of this situation are mixed. Trade between the countries that make up the MERCOSUR and the Pacific Alliance has remained at limited levels (Figure 1) that could certainly be increased. Given what the situation was in Latin America a few decades ago, there is no doubt that the region has made progress towards a more integrated internal market. But this remains a work in progress, in that there are restrictions to access that impede it from reaping all the potential benefits of integration, and significant space for trade facilitation.

As a consequence, the current fabric of trade regulations and the way these are implemented could undoubtedly be improved. In addition to the well-known benefits of a larger market, the specific objective of this is to provide incentives to attract foreign direct investment, generate regional value chains, and create a platform for export diversification for goods with greater technological content so as to ease the difficulties that exports from the region are currently facing. A reduction in transaction costs through trade facilitation measures would reinforce these effects.

Figure 1. Intraregional Trade for Pacific Alliance and MERCOSUR Countries, 2003–2014

As a percentage of total exports



Note: Intraregional trade corresponds to exports from Argentina, Brazil, Chile, Colombia, Paraguay, Peru, Mexico, and Uruguay to the remaining countries of the bloc.

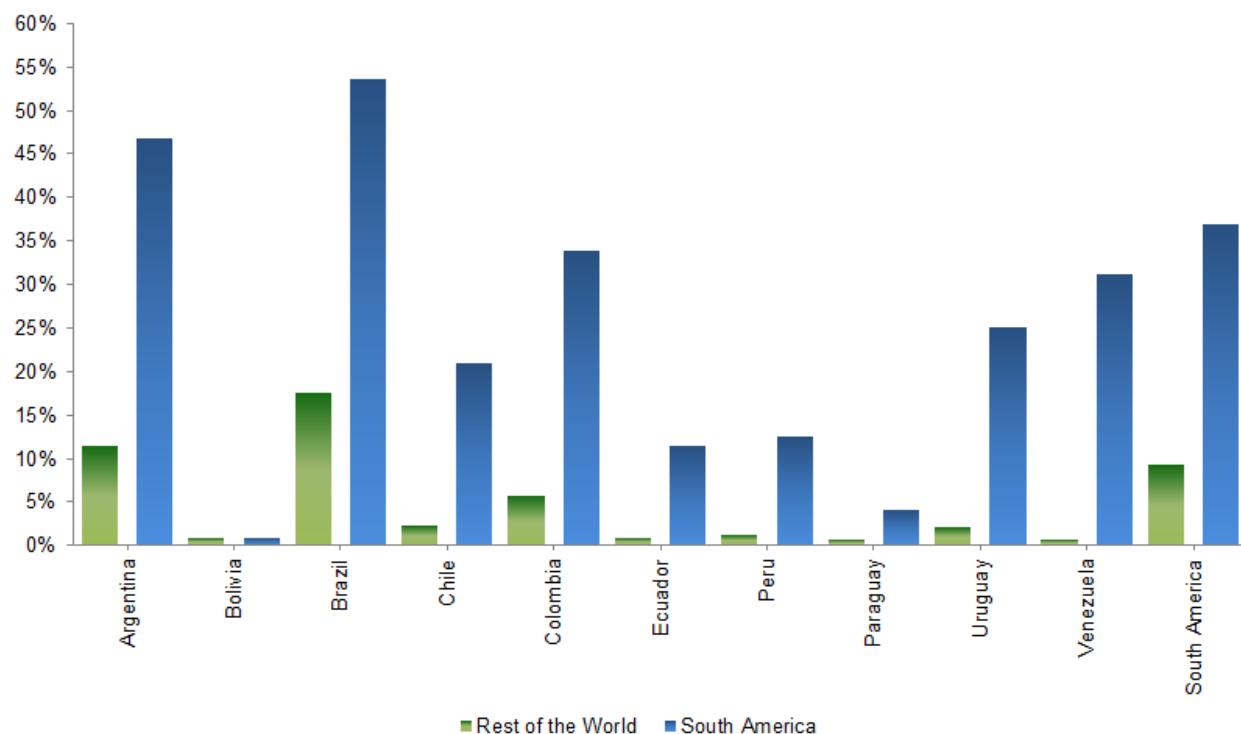
Source: INTrade/DataINTAL using official national figures.

Integration, Productive Development, and Export Diversification

Productive development and competitive integration into the global economy are two factors that are inextricably linked. In the regional market, the contents of export baskets tend to be more diversified and include a higher share of goods with greater technological content and value added (Figure 2).^[11] However, the use of the regional market as an export platform for competitive integration into the global market—with a more complex and diversified export profile—has been limited.

Figure 2. Share of Manufactures with Medium and High Technological Content in Exports from Selected South American Countries, by Destination Market, Average 2011–2014

In percentages of total exports to the respective market



Notes: Technological content is defined according to Lall's (2000) classification applied to 6-digit data from the Harmonized System; data for Venezuela corresponds to 2011–2013.

Source: INTrade/DataINTAL.

In recent years, the MERCOSUR has begun new productive integration projects in sectors that include petroleum and gas, aeronautical and naval construction; wind and solar energy; autoparts; and toys. For its part, the Pacific Alliance has made headway on the harmonization of rules of origin in order to boost productive chains among the economies that make it up. These initiatives could be extended and strengthened in the context of a larger regional space. It would make sense to think of them in terms of the formation of regional value chains. Spaces for regional cooperation in order to secure productive development policies in sectors such as agroindustry and the bioeconomy (in which countries in the region have competitive advantages and have already made progress in integration-related matters)[13], services with high value added, and some manufacturing segments could all bear fruit in terms of specialization and the more efficient use of limited resources.

Integration and Latin America's International Potential

The current state of affairs—characterized by limited progress on multilateral negotiations and a tendency to form regional mega-agreements in which few countries in the region are involved—puts several Latin American countries at a disadvantage and leaves them with few instruments for negotiation.

A process of convergence between the MERCOSUR and the Pacific Alliance (and eventually with the countries of Central America and the Caribbean, too) could provide opportunities to strengthen the region's interests as a unit vis-à-vis key trade partners. China is a case in point. Over the last decade, China's influence in Latin America has increased in pace with its contributions to the growth of several Latin American economies, in terms of both exports and investments. Despite this, China has a complex structure for protecting natural resource-based products which combines tariffs, complicated domestic regulations, and opaque non-tariff barriers.^[14] This generates costs for exports from Latin America and limits the possibilities for diversifying these, even in sectors in which many countries in the region have potential advantages, such as agroindustrial goods. Furthermore, competitive intelligence and export promotion in a market like China's are other requirements for access that imply high costs. In this context, convergence between Latin American countries would increase their negotiating potential and possibly reduce the different costs of accessing the Chinese market.

In another noteworthy case, after many years characterized by a lack of definition, the MERCOSUR is at an advanced stage of negotiations on a biregional agreement with the European Union.^[15] If the negotiation process is successful, this could offer a way forward for regional convergence, in that the Pacific Alliance countries have already reached bilateral agreements with the EU.

Future studies will seek to analyze each of these issues in greater depth in the light of the region's integration experiences so as to help clarify the priorities of the joint regional integration agenda.

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[1] Gayá and Michalczewsky (2014).

[2] Makuc *et al.* (2016).

[3] Lagos (2016).

[4] Rosales (2014) and Foxley and Meller (2014).

[5] The plan includes the deepening of the free trade commitments that have already been made through Economic Complementarity Agreements, trade disciplines—rules of origin, the Digital Certificate of Origin (COD), and the possibility of accumulation of origin in order to comply with the regulations in force in existing preferential agreements—and the dissemination of the Single Window for Foreign Trade (VUCE), Authorized Economic Operator, Customs Cooperation, and Productive Fairs, Markets, and Exhibitions schemes. (Mercosur Report 20, 2015). The document was preceded by rapprochements between the two blocs: Uruguay and Paraguay were introduced as observer members of the Pacific Alliance in 2012 and 2013, respectively; and an Informative Ministerial Meeting was held in Cartagena, Colombia, in November 2014, at which both parties recognized their mutual interest in beginning a new stage in biregional relations.

[6] Signed within the ALADI framework.

[7] ECAs no. 35, no. 58, and no. 59.

[8] ECAs no. 6, no. 53, no. 54, and no. 60. The agreement with Uruguay not only included preferential tariffs on almost the entire universe of goods, but also contained chapters on services, investments, and government procurement. In the case of Brazil, the agreement covers preferences for only 12% of bilateral trade; for Argentina it only includes tariff preferences on certain goods; while no agreement has yet been reached with Paraguay. Likewise, ECA no. 55 focuses specifically on trade in the automotive sector, and includes limited tariff-free quotas.

[9] Brazil signed a series of agreements with Mexico, one of the most significant of which was a Cooperation and Investment Facilitation Agreement.

[10] Peña (2016).

[11] Gayá and Michalczewsky (2014).

[12] *MERCOSUR Report* no. 18, no. 19, and no. 20. The degrees of progress that have been made in each case vary. For example, the petroleum, gas, and autoparts sectors were chosen as pilot projects to be financed by FOCEM. With regard to the aeronautical, naval, and clean energy sectors, the relevant Technical Committees have made progress on a regional map identifying productive integration projects; in the toy sector, however, the program is still in its infancy.

[13] De Villalobos (2015).

[14] Mesquita Moreira and Soares (2016). The most noteworthy of these include VAT exceptions, subsidy programs, sanitary and phytosanitary norms that are stricter than international standards, and the oligopsony of state-owned companies that are authorized to trade.

[15] Makuc *et al.* (2015).

Inspiring Activities

Course on New Trends in Trade Treaties in Latin America

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The IDB's Integration and Trade Sector has launched a new free open online course (in Spanish) to help better understand the challenges that the region is facing in terms of trade agreements. The more noteworthy topics that will be covered by experts in the field include the following:

- Why trade agreements are important in Latin America and the Caribbean. What the key issues are in relation to these bilateral and regional agreements.
- What new issues are emerging. What dynamics and policies are arising to complement trade. The challenges to implementing trade agreements.

Format: massive open online course (MOOC)

Start Date: April 19, 2016.

Length: 6 weeks

Pre-requisites: none

Price: free

If you have any questions, this [guide](#) explains how to register for the course or you can write to us at idx@iadb.org for more information.

INTAL Relaunches its Web Page: New Design, New Content

- [Inspiring Activities](#)
- [n235](#)

The graphic features a dark blue background with a network of white dots and lines, overlaid with a faint map of the Americas. The text is white and centered.

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Infrastructure Disaster Risk Management Pilot Study

- [Inspiring Activities](#)
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On March 8 and 9, 2016, the [Chile and Peru Binational Workshop on Risk and Disaster Prevention Management \(link in Spanish\)](#) took place at the University of Tarapacá, Arica, Chile. The aim of the event was to share the results of the study and the lessons learned from the pilot application of the [Methodology for the Incorporation of Disaster Risk Management \(DRM\) into Regional Integration Infrastructure Projects](#) for projects in Group 5 of the Central Interoceanic Hub. Government officials from Chile's Ministry of Public Works, Peru's Ministry of Transportation and Communications, and infrastructure operators took part in the workshop.



Disaster Risk Management in the Context of COSIPLAN

As part of the [COSIPLAN Strategic Action Plan](#) (PAE 2012–2022), in 2013 a Methodological Guide was developed which incorporates disaster risk management (DRM) into regional infrastructure projects planned and implemented by IIRSA, which was validated by member countries during the

COSIPLAN/IIRSA Executive Technical Group (GTE) meeting that took place in September 2013 in Santiago, Chile. In addition, a User Manual for this Methodological Guide was developed in 2014 and was validated at the GTE meeting in October 2014 in Buenos Aires, Argentina.

One of the main objectives of the methodology in question is to have clear procedures in place for identifying critical (or vulnerable) infrastructure and measures for reducing the effects of catastrophic events (earthquakes, floods, landslides, and tsunamis) that affect South American infrastructure.

The Methodological Guide currently^[1] includes the following stages and steps:

- **PHASE I:** Selection of priority infrastructure.
- **PHASE II:** Risk analysis for priority infrastructure.
 - Step 1: Definition of performance indicators for each infrastructure project
 - Step 2: Identification of components of each infrastructure project
 - Step 3: Definition of the degree of depth of the risk analyses for each infrastructure project
 - Step 4: Risk analysis and identification of possible mitigation actions.
- **PHASE III:** Risk management. Design and implementation of the measures necessary for reducing risk, including emergency/contingency plans and the development of recovery plans.

At the GTE meeting that took place in Buenos Aires in October 2014, it was agreed that a pilot application of the DRM methodology would be undertaken for COSIPLAN/IIRSA integration infrastructure. Furthermore, those at the meeting agreed that this pilot application would be carried out within Group 5 of the Central Interoceanic Hub (located in the south of Peru and north of Chile).

Results of the Pilot Application in Chile and Peru

The pilot application began to be implemented in January 2015 and contemplated activities in phases I and II for integration infrastructure projects that are part of Project Group 5 of the Central Interoceanic Hub. These are located on the Pacific coast in the south of Peru and north of Chile, an area where there is significant seismic risk.

Five infrastructure projects were selected in Chile and five in Peru, for which the activities described in Phase I were carried out, as well as steps 1 and 2 of Phase II. Two infrastructure projects for each country were then selected as priorities for the application of steps 3 and 4 of Phase II. The actions in Phase III were not part of the pilot exercise, and are instead the responsibility of the relevant institutions in each country.

PHASE I: Selection of priority infrastructure.

This phase focuses on the reasons why a country wishes or needs to carry out a risk analysis for a certain infrastructure project. In terms of this initiative, the “motivation” for carrying out a risk analysis for integration infrastructure is connected to the threat posed by the “seismic silence in the south of Peru and the north of Chile.”

The integration infrastructure projects selected by authorities from Peru’s Ministry of Transportation and Communications and Chile’s Ministry of Public Works were as follows:

Country	Selected integration infrastructure project for the pilot application
Chile	Port of Arica
	Port of Iquique
	Iquique Airport
	Arica Airport
	Arica-Tambo Quemado Road (11CH)
Peru	Port of Ilo
	Port of Matarani
	Tacna Airport
	Southern Panamerican Highway, Quilca–La Concordia section
	Camaná–Matarani–Ilo Road

PHASE II: Risk analysis for priority infrastructure.

The following steps were carried out for each of the five infrastructure projects chosen by Chile and Peru:

Step 1: Definition of Performance Objectives and Indicators

The performance objectives were defined on the basis of what was put forward in the Methodological Guide and a review of the legal and regulatory framework in force in each of the countries for the design, construction, and operation of the different infrastructure projects that were contemplated.

The performance objectives that were established for each infrastructure project included several that are listed below:

- Protect the safety of staff and users. Protect the safety and wellbeing of the community and its assets. Maintain the reliability of the infrastructure or system
- Reduce economic losses. Avoid environmental damage

The performance indicators were designed through meetings with the infrastructure operators and a review of the regulatory framework. This turned out to be a difficult process for the infrastructure operators due to a lack of information.

Step 2: Identification of the components of and threats to each infrastructure project

During this step, planimetric and documentary data was gathered for the components of each of the priority infrastructure projects. This data was available centrally from government bodies in each country, universities, and directly from the management of each infrastructure project. Information was also gathered on the threats that each of the priority components is exposed to.

Once this analysis had been carried out, the two most critical integration infrastructure projects from each country were selected as priority areas where steps 3 and 4 of Phase II would be carried out, as is indicated below.

Country	Integration infrastructure selected for Steps 3 and 4 of the Pilot Project
Chile	Port of Arica
	Arica Airport
Peru	Port of Matarani
	Tacna Airport

Step 3: Definition of the degree of depth of the risk analyses for each infrastructure project

The depth of the risk analyses needed for each infrastructure project was defined, and a mixed probabilistic-deterministic method of analysis was prescribed, using the deterministic approach to measure vulnerabilities and the probabilistic approach to analyze threats and risks.

Step 4: Risk analysis and identification of possible mitigation actions.

Through this pilot application, structural and non-structural vulnerabilities were detected—the latter were present in the majority of cases.

Some examples for the Arica Airport building are as follows:

No seismic ceiling details



Vulnerable drinking water network



Possible mitigation measures included the following:

Earthquakes:

- Seismic insulation (insulation of structures, floors, or equipment)
- Passive energy dissipators (friction dampers, metallic dampers, and tuned mass dampers)

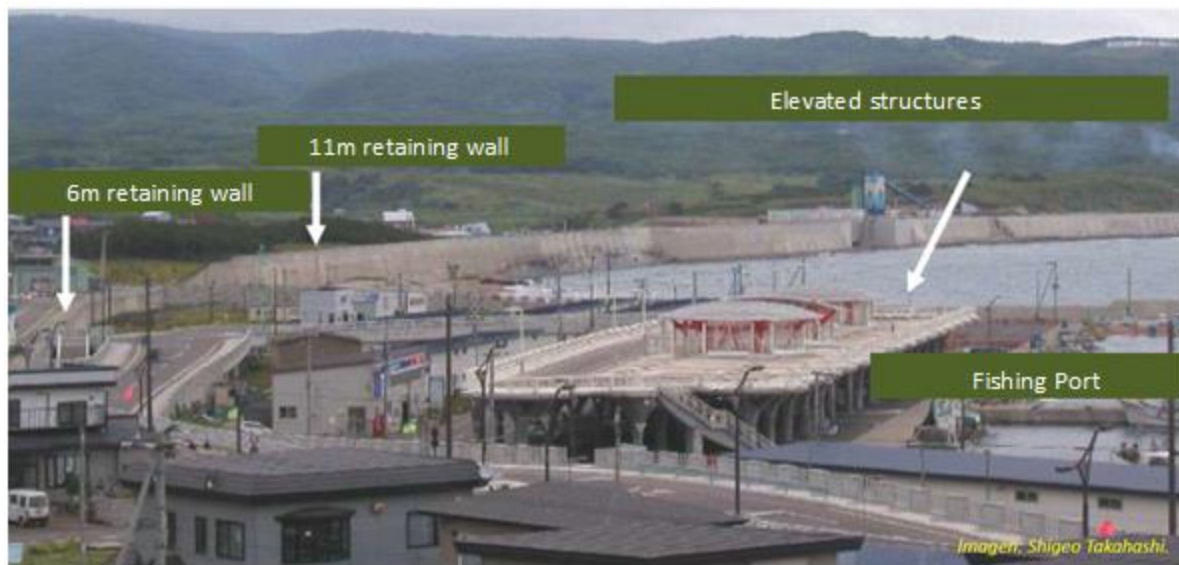
- Active and semi-active seismic protection systems
- Carbon fiber
- Wind bracing
- Bracing for equipment
- Ceiling bracing
- Anchoring

Tsunamis:

International experiences have revealed that there are no single or total solutions to mitigate the adverse effects of tsunamis, so complementary measures (both structural and non-structural) need to be implemented.

The main structural measures to be considered include:

- Retaining walls Levees Breakwaters Relocation to higher ground



The main non-structural measures to be considered include:

- Warning systems
- Establishing evacuation routes and performing drills
- Awareness and training campaigns for port staff regarding tsunami-related risks.

Next Steps

Between April and May 2016, progress will be made on the general estimate of the cost of implementing the necessary risk-reduction measures. 2 Likewise, a meeting of the Executive Technical Group will be held to present the results of the application of the pilot program to the COSIPLAN countries, together with an updated version of the methodology, one that is more practical and takes countries' current conditions into account.

[1] In accordance with what was discussed at the Binational Workshop, the methodology can be updated or simplified. For example, during the current pilot exercise, some information turned out to be insufficient or hard to obtain, so the methodology was not applied strictly. The updated methodology is more practical and takes countries' current conditions into account. It will be presented at the next meeting of the Executive Technical Group in Lima, in May or June, 2016.

Ricardo Lagos at INTAL: Integration is the Key to Development

- [Inspiring Activities](#)
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Former President of Chile Ricardo Lagos was the keynote speaker at the [Fall Colloquium \(link in Spanish\)](#) organized by the Institute for the Integration of Latin America and the Caribbean (INTAL). During his presentation, he argued that the countries of Latin America must put aside their differences so as to move towards greater integration. This will allow them, among other things, to reach a shared trade policy with regard to China. Likewise, he said that completing the MERCOSUR–EU agreement would enable the region to take a qualitative leap in matters of integration.

Dr.Lagos closed the INTAL colloquium on the outlook for integration together with INTAL Director Gustavo Beliz, Alfonso Prat-Gay, Argentina's Minister of Finance, and Enrique Iglesias, former

President of the IDB. In his presentation, Dr.Lagos expressed his views on the current state of affairs in the region: “There is not, nor has there ever been, one single reality of life within Latin America. On that basis, we have made many different attempts at integration. But up to now it had never even occurred to us to divide ourselves up: the Pacific over here, and the Atlantic over there. It’s as though we’ve just rediscovered the Treaty of Tordesillas!” In Dr.Lagos’s opinion, such a division would imply a misunderstanding of the world. “We punch at a heavier weight as a united Latin America, not divided up into different coasts. The United States is negotiating an agreement with the European Union, an ‘Atlantic’ deal. But that alliance includes Italy, which is not an Atlantic country. Italy is involved because it belongs to Europe. And Europe, when it engages with the world, does it as a united Europe. We need to understand that our countries can have an influence on both coasts and act as a united Latin America.”

Dr.Lagos argued that it would be a mistake to divide the region up according to which ocean each country looks towards, referring to the MERCOSUR (the Atlantic) and the Pacific Alliance. “The worst thing we can do is to divide ourselves up. Europe is Europe because, despite its differences, it thinks as a whole. Its voice may be cacophonous, but it is one voice.”

One of the sources of inspiration for the INTAL Fall Colloquium was Dr.Lagos’s article [“What if Europe Leads to Our Integration?”](#), which he expanded on during his talk. With the MERCOSUR–European Union agreement, almost all the countries in the region will have an agreement with Europe. The next step is getting Europe to think of us as a unit, and for each country to offer the other countries in Latin America the same benefits it has offered Europe. This will establish a new, higher bottom line for our integration and will bring about a great leap forward in this process, Lagos argued. “For this to take place, Europe must allow the accumulation of origin for Latin American products as a whole. This will lead to the creation of value chains that take advantage of Latin America’s unique advantages,” he added.

According to Lagos, the new globalization is here to stay and Latin America needs to find an answer to these changing times. The desire to integrate with the world is a great challenge at a time when the global economy is on a state of considerable disarray. “Issues such as financial architecture, security, and climate change can only be dealt with in a multilateral way,” he concluded.

The following are some of the key ideas former President Lagos expressed during his visit to INTAL:

- None of our countries has the capacity to undertake serious foreign policy initiatives outside the region on its own.
- Spain is a different country since it became part of the European Union. This kind of potential for transformation lies ahead for Latin America.

- The worst thing Latin America could do is divide itself up, the Pacific countries on one side and the Atlantic on the other. No one in Europe would think of dividing the continent up into Atlantic countries and Mediterranean ones. Europe is all of Europe, no subdivisions.
- Globalization is here to stay, and Latin America needs to get ready to face this new world.
- The MERCOSUR–European Union agreement will allow Latin America to overcome many obstacles to integration.
- An integration agreement between the countries of Latin America may come as a result of the agreement with the European Union. That would give the region a different perspective on the future.
- Latin America needs to move forward as a unit in its trade relations with China.

Dr.Lagos's complete presentation, like those of the other government officials and experts that were at the event, is available on the [INTAL website \(link in Spanish\)](#).

Integration Experiences and Challenges from a National Perspective

- [Inspiring Activities](#)
- [n235](#)

Latin American government officials exchanged ideas on their different integration experiences at the [Fall Colloquium](#) held by the Institute for the Integration of Latin America and the Caribbean (INTAL).

The panel was moderated by Alejandro Ramos, Integration and Trade Specialist at IDB/INTAL, and was attended by representatives of the governments of Costa Rica, Uruguay, Paraguay, and Argentina.

The first presentation was given by [Alexander Mora \(link in Spanish\)](#), Costa Rica's Minister of Trade, who described one of the region's biggest success stories. At the start of the 1990s, Costa Rica's export basket consisted mainly of coffee and bananas. The country now exports over 4,500 products to 147 countries. Several of these products imply complex activities that use high levels of technology and sophisticated human resources.

According to Mora, 42% of total exports are services. Of these, tourism now only represents half of all exports, in contrast with the situation in 2000, when it accounted for the largest share of trade. The remaining includes IT and other business services. **“Servification (using services in the production of manufactures) is essential in Costa Rica.** In fact, our computational models show us that an increase in trade in goods causes a greater increase in employment in the service sector than an increase in trade in services itself. That's why goods and services can't be separated during negotiations.” Servification also explains why although 50% of exports of manufactures are made from free trade zones (which allow for duty-free imports), more than 60% of value added is local content.

Uruguay is another country in the region that has **been highly successful with its export diversification strategy, which in this case focuses on the agro-industrial sector.**

However, José Luis Cancela, Uruguay's Deputy Minister of Foreign Relations, expressed concern over the *shifting mood* in global negotiations. “The most-favored nation clause used to be the rule. These days, it's the exception.” According to Cancela, the danger lies in MERCOSUR's immobility in recent years. “Australia and New Zealand have just closed a free trade agreement with China. Before long, our dairy products will be excluded from the Chinese market.” In this sense, he confirmed that the agreement with the European Union is key to repositioning the bloc and is the

way out of isolation. “Unlike before, the risk is not outside pressure to open up to the world, but the risk of the world being indifferent to us.”

With regard to the regional market, he mentioned that the convergence between the Atlantic and the Pacific is an opportunity for countries in the region to integrate into these two trade catchment areas. Nevertheless, he urged the MERCOSUR to first regauge its objectives. “We need to seriously implement a free trade zone,” he said. Given how vital trade is to a small country like Uruguay, he also asked for pragmatism and flexibility in the common external tariff.

Lucio Castro, Secretary of Productive Transformation at Argentina’s Ministry of Production underlined that the country is going through huge changes in its relationship with the world, and that the real challenge is increasing productivity and generating quality jobs. “SMEs need to participate more in global value chains, by integrating into trade and investment flows.” However, he was also clear that this process would take time. There are still differences between the main members of the MERCOSUR that need to be resolved, progress on the negotiation with the European Union has yet to be made, and only recently has a framework agreement with the United States been achieved. Likewise, reducing logistics and transportation costs requires large-scale infrastructure investments to mature, above all in relatively less developed regions. “It is a gradual process, but a systematic one,” Castro underlined.

José Cuevas, Director of Integration at Paraguay’s Treasury Department, added that the MERCOSUR needs to resolve the asymmetries between the countries that form part of it. He also agreed that the bloc’s institutional capacity is highly focused on tariffs and safeguard mechanisms, and that the fear of damaging the private sector is proving to be an obstacle to regional integration. The different experiences of the countries in the region allowed them to find points of agreement for a shared agenda: incentivizing integration infrastructure and physical connectivity, promoting the development of exporter SMEs, diversifying the export basket, and fostering new services and sectors that will allow the incorporation of technology and integration into global value chains.



New Governance, New Convergences

- [Inspiring Activities](#)
- [n235](#)

How can we construct convergence from the diverse integration experiences in Latin America? How can we bring together glocal (global + local) governance, given the different realities of life within both the region and the countries that make it up? Answering these questions is an important, inspiring challenge given the current global context: the weakening of global trade and the fall in commodity prices, the proliferation of regional agreements and mega-agreements that supplant multilateral governance, and China's transformation towards a form of growth that is determined by domestic factors.

These questions were the starting point for the [Fall Colloquium \(link in Spanish\)](#) held by the Institute for the Integration of Latin America and the Caribbean (INTAL). Those present included Alfonso Prat-Gay, Argentina's Minister of Finance; Ricardo Lagos, former President of Chile; and Enrique Iglesias, former President of the Inter-American Development Bank (IDB).



In his words of welcome, INTAL Director Gustavo Beliz invited those present to think about a form of “precision integration” from a bi-oceanic perspective, one that takes into account the current roles of the United States and China. “We need to generate a **polyphonic integration agenda** that pays attention to the voices of different generations and that transcends mere technicism to include factors that affect regional political leadership,” Beliz emphasized, urging the audience to seek out those highly specific solutions that will enable the region to overcome existing obstacles to integration, a task he defined as “**integration acupuncture**.”

Mr Beliz mentioned that the colloquium was partly inspired by an [article](#) by Ricardo Lagos entitled “What if Europe Leads to Our Integration?” Dr Lagos expanded on this idea during his presentation. “With the MERCOSUR–European Union agreement, almost all the countries in the region will have an agreement with Europe. The next step is getting Europe to think of us as a unit, and for **each country to offer the other countries in Latin America the same benefits it has offered Europe**. This will establish a new, higher bottom line for our integration,” Dr Lagos said. For this to take place, Europe must allow the accumulation of origin for Latin American products as a whole. “This will lead to the creation of value chains that take advantage of Latin America’s unique advantages,” Dr Lagos argued.

“There is not, nor has there ever been, one single reality of life within Latin America. But up to now it had never even occurred to us to divide ourselves up: the Pacific over here, and the Atlantic over there. It’s as though we’ve just rediscovered the Treaty of Tordesillas!” he said, referring to the pact between Spain and Portugal that divided Latin America up in the 15th century. “We need to understand that through convergence and unity, all our countries can have an influence on both coasts,” he concluded.

Next, Alfonso Prat-Gay declared that Argentina “wishes to integrate at the global level, but to do so smartly. We need to be a key player in the region because there is no form of development that involves us turning our backs on the world. We cannot develop alone.” The minister also revealed that he had spoken recently to President Mauricio Macri about trying to buttress the MERCOSUR–EU agreement. “We are very close to achieving the famous 87% of tariff liberalization that the EU has requested, provided, of course, that they don’t move the goalposts up to 89%, as has been rumored.”

Enrique Iglesias, a pioneer of Latin American integration and former president of the IDB, remarked that the current context is characterized by multipolarity, unequal growth, a lack of coordination between central banks, and mega-agreements as factors that generate uncertainty. He warned of the danger that fragmentation at the global level might lead to fragmentation within Latin America.

“This region has always been committed to multilateralism, but that is what is now in crisis. We imagined a world where one atom would negotiate with another, but it turns out that it’s molecules that are negotiating with one another: the European molecule, the North American molecule, the Asia-Pacific molecule... only by sticking together will we be able to contribute to the international debate,” he added.

Iglesias emphasized the need to increase productivity and investment in infrastructure. “Productivity is everything, or almost everything,” he said, paraphrasing Paul Krugman. “A highway will always be better than a treaty,” he said, adding that we need more successful sectoral agreements such as that of the automotive sector.

The Conceptual Framework of the Fall Colloquium: the How and the What of Integration

Ambassador Patricia Salomone, Director of Latin American Policy at Argentina’s Ministry of Foreign Affairs, underlined that to add value to exports, the region needs productive complementarity. “Associativity will enable SMEs to improve their productive capacity and their integration into global value chains, and SMEs are the main source of job creation in Latin America,” she argued.

[Antoni Estevadeordal \(link in Spanish\)](#), Manager of the IDB’s Integration and Trade Sector, remarked that pragmatic policies to promote integration yield high returns. He thus put forward three priorities for the region. First, he emphasized that Latin America is already connected internally and with the world through multiple agreements, yet the missing links still need to be identified: that is, the areas where there is still no connectivity in the region. Second, he suggested a convergence of the multiple existing bilateral agreements in the region, as each of these is based on different rules of play. He argued that the Pacific Alliance is a good example of this issue as each member country had very modern agreements with the other members. But, he explained, it so happened that “inputs from Chile that were going to Colombia couldn’t then be exported to Mexico. The Pacific Alliance solved this with an accumulation of origin mechanism, which is also being used in agreements in other parts of the world, such as the TPP,” he explained. Third, countries in the region should be promoting trade facilitation, an issue that is of overarching importance when tackling problems of competition, productive complementarity, adapting to new technologies, and also as an exercise simply to keep us well trained in matters of trade liberalization.

Estevadeordal stressed that different initiatives are underway at the regional level, such as the interoperability of single windows and the mutual recognition of authorized economic operators within the Pacific Alliance, or the proposal for a joint Action Plan in this regard that the MERCOSUR

has presented to the Pacific Alliance. He also urged for greater emphasis to be placed on the role of the private sector, which has generally been absent from past regional integration experiences.

[Osvaldo Rosales \(link in Spanish\)](#), former Director of the International Trade and Integration Division of ECLAC, took part in the panel entitled “Convergence of Agreements and Blocs,” coordinated by the Director of the International Trade Institute at the ICBC Foundation, Argentina, Félix Peña. Rosales stated that **Latin America’s export performance is at its lowest point in the last 80 years** and that it is the area in the world where least growth is expected up to 2019.

“Due to the impact that China is having, Latin America is reprimarizing its exports. The vast majority of exports of manufactures within the region are final goods, while intermediate goods account for only 10%. Given this ratio, there is an increasing probability of protectionist pressure, and regional business alliances are being weakened,” he explained.

In Rosales’s opinion, trans–Latin American firms need to be figureheads for both regional integration and future negotiations with Asia–Pacific. To this end, he suggested moving forward on two fronts: first, achieving convergence between the MERCOSUR and the Pacific Alliance in terms of services, investment, trade facilitation, e-commerce, promotion of competition, and consumer rights, among other areas; and second, **supporting the internationalization of SMEs** through compliance programs on quality, safety, and sustainability standards for potential buyers.

In addition, Rosales recommended the **joint creation of a Trade Facilitation Center in Beijing** which would serve to represent regional interests and be a means for unified dialog with Chinese authorities on trade- and investment-related matters. The objectives that should be shared by all Latin American countries include issues such as exporting products with more added value to the Chinese market, limiting imports that originate in the overproduction of certain products such as steel, and attracting more diversified investments.

The New Global Model of Negotiation

“The global model of negotiation has changed. Border control measures, tariffs, and even more modern disciplines like rules of origin are no longer priorities in agreements. Today negotiations focus on regulations, which implies that domestic policies have to enter into dialog with international factors,” explained Rubens Barbosa, President of the Upper Council of Foreign Trade of the Federation of Industries of the State of São Paulo.

Although the number of regional agreements in Latin America has been growing for decades, the Trans-Pacific Partnership (TPP) is the first of a new generation of agreements and implies a new, completely different form of negotiation. Some of the topics that member countries tackled and which

had never before been dealt with in the multilateral arena or on other regional fronts include social, labor, and environmental policies, corruption, and transparency. “We need to change the integration agenda. Regulatory convergence is more important than market access,” Barbosa said.

Valdemar Carneiro, former Brazilian Ambassador to China, Canada, and Colombia, argued that “in other regions of the world, the pattern of intraregional trade is essentially one of trade in intermediate goods, through insertion in value chains. In Latin America, in contrast, industrial policies have historically been formulated with a view to adding export value, without contemplating the import component.”

The key to integration will therefore be how to convert national value chains into regional value chains. Interestingly, he argued that these efforts could be directed towards industries that are created by new technologies, given that seeking productive complementarity in mature industries, such as the textile industry, will surely encounter resistance on the part of domestic sectors.

The event organized at INTAL-Lab was attended by high-level government officials from Latin America who together analyzed national integration experiences (see the separate article in this edition of [INTAL Connection](#)). Those present emphasized new areas of convergence through which progress can be made on regional integration so as to improve the international integration of Latin America and the Caribbean. They also agreed that the strengthening of regional integration in Latin America and the Caribbean is one of the core areas for successful development and inclusive growth in the region.

The event covered the key issues, ways, and processes necessary for building convergence from the diversity of integration experiences in the region and successfully bringing together global efforts with the reality of life in the region and the countries that comprise it, through global and local governance that supports a form of productive integration that generates social inclusion and sustainable jobs.

Integration in Motion

Argentina Seeks to Buttress MERCOSUR –EU Agreement

- [Integration in Motion](#)
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- [Regional Panorama](#)
- [Southern Cone](#)

Argentina's Minister of Foreign Affairs, Susana Malcorra, welcomed Federica Mogherini, High Representative of the European Union for Foreign Affairs and Security Policy. Ms Malcorra stated that President Mauricio Macri has been invited to Brussels by the highest EU authorities, and that the visit would be part of a wide-reaching shared agenda.

"We are aiming for deeper dialog and, we hope, a better understanding of the situation Argentina is in at the moment and of what the opportunities are for working together," Ms Malcorra, who heads Argentina's diplomatic corps, explained. She added: "There will be a macroeconomic and financial dialog between Argentina and the EU here in May, and between September and October the Argentina–EU committee will meet to move forward on these issues."

In turn, Argentina's Minister of Finance, Alfonso Prat-Gay, said [during his visit to the Institute for the Integration of Latin America and the Caribbean \(INTAL\) \(link in Spanish\)](#) that the MERCOSUR–EU agreement is one of Argentina's highest integration priorities.

MERCOSUR–India Agreement Re-Examined

- [America](#)
- [Integration in Motion](#)
- [n235](#)
- [Regional Panorama](#)

Members of the World Trade Organization (WTO) raised [questions](#) about the MERCOSUR–India agreement relating to the limited coverage of this, whether more members would be included in the deal, the implementation of measures for food safety and animal and plant health, and the timeframe for notifications between parties.

India's representative said that the parties to the agreement have agreed on the need to “substantially increase” the number of tariff lines so that it covers a “sizeable portion” of bilateral trade.

The agreement, which entered into force in 2009, covers over 450 tariff lines for each party and is currently described as the first step towards the creation of a free trade area among Argentina, Brazil, Paraguay, Uruguay, and India. Venezuela, a MERCOSUR member, is not a party to the agreement.

In addition, the committee also heard updates on several development-related initiatives. The Least Developed Countries (LDC) Group, for instance, announced that they will be submitting a proposal on what could be covered by a study on the possible impact of full duty-free quota-free implementation.

Ecuador Gradually Eliminates Import Surcharge

- [Andean Group](#)
- [Integration in Motion](#)
- [n235](#)
- [Regional Panorama](#)

According to [Ecuadorian authorities](#), the import surcharge will be eliminated by the end of June 2016. Some WTO members had expressed doubts as to whether this instrument was in line with WTO rules.

Given the unfavorable economic climate that Ecuador was experiencing, it began to apply the surcharge on March 11, 2015, as a stabilization mechanism for its balance of payments. This measure was notified at the WTO in April 2015. The surcharge, which affects around 30% of imports, comprises the following product types:

- 5% on imports of “non-essential capital and primary capital goods”, 15% on imports of “medium need”, 25% on imports of ceramics, tyres, motorbikes, and TVs, and 45% on imports of final consumer goods.

In October 2015, Ecuador presented a plan through which the surcharge will be phased out until it is totally eliminated by June 2016. In effect, on January 31, 2016, the highest import surcharge rate was reduced by 5 percentage points, from 45% to 40%. Authorities also indicated that the 5% surcharge will be phased out by April at the latest, while the remaining rates will be reduced by a third one month before being completely eliminated at the end of June 2016.

Paraguay Ratifies Trade Facilitation Agreement

- [Integration in Motion](#)
- [n235](#)
- [Regional Panorama](#)
- [Southern Cone](#)

Paraguay became the second country in South America to ratify the new [WTO](#) Trade Facilitation Agreement.

The TFA will enter into force once two-thirds of the WTO membership has formally accepted it.

Concluded at the WTO's 2013 Bali Ministerial Conference, this instrument contains provisions for expediting the movement, release, and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities. It further contains provisions for technical assistance and capacity building in this area.

The TFA broke new ground for developing and the least developed countries because, for the first time in WTO history, it established that assistance and support should be provided to help countries reach this capacity.

In this way, a Trade Facilitation Agreement Facility (TFAF) was also created at the request of developing and least-developed countries and to help ensure that they receive the assistance needed to reap the full benefits of the TFA and to support the ultimate goal of full implementation of the new agreement by all members.

Central America and Korea Negotiate Trade Agreement

- [Central America and Mexico](#)
- [Integration in Motion](#)
- [n235](#)
- [Regional Panorama](#)

In early March 2016, the [third round of negotiations \(link in Spanish\)](#) between Korea and Central America was held in California, at which the parties addressed the following topics: institutional affairs, market access, rules of origin and origin procedures, customs procedures and trade facilitation, sanitary and phytosanitary measures, technical barriers to trade, trade defense, services, investment, government procurement, intellectual property, competition policy, trade and sustainable development, cooperation, dispute settlement, as well as a first exchange on environmental and labor issues.

Panama's Minister of Commerce and Industry, Augusto Arosemena, stated that by the end of this round, progress had been made at the negotiating tables on competition policy, technical barriers to trade, trade defense, institutional affairs, and dispute settlement. Further work and negotiations are still necessary in the remaining technical fields.

As part of the agreements between Korea and Central America, a mini-round is expected to be held in Seoul, South Korea, in April 2016.

Turkey and Peru Closer to Free Trade

- [Andean Group](#)
- [Integration in Motion](#)
- [n235](#)
- [Regional Panorama](#)

Peru and Turkey began negotiations to sign a free trade agreement (FTA) at the start of March 2016.

During his first visit to Peru, the Turkish Ambassador Ferda Akkerman [stated \(link in Spanish\)](#) that “it is indeed possible that the FTA will be signed in June as Peru and Turkey are working as hard as possible on this, and the two countries’ presidents are committed to achieving this goal.”

He also mentioned that a Peruvian delegation will be traveling to Turkey soon as part of the negotiation process, and that the two nations’ economies have complementarities in the textile, agriculture, metals, and construction sectors.

“The goal is to reach US\$1 billion in trade over the next five years. In the construction sector there are Turkish contractors who are interested in investing in Peru and have started to make contact with their Peruvian counterparts. The aim of both governments is to promote new business,” Mr Akkerman explained.

SELA Meeting Analyzed Relationship with ASEAN

- [America](#)
- [Integration in Motion](#)
- [n235](#)
- [Regional Panorama](#)

At the latest SELA meeting, held in March 2016, the report entitled “[Analysis of the Economic Relations of Latin America and the Caribbean with the Association of Southeast Asian Nations \(ASEAN\)](#)”—which served as the basis for the exchange of views and discussions—was presented.

Representatives of SELA member states and from embassies of ASEAN member states, together with leading experts in the field, met with the aim of assessing the opportunities and challenges facing Latin America and the Caribbean when it comes to promoting and diversifying economic relations with ASEAN member countries.

Furthermore, they delved into other areas such as the strengthening of the ASEAN Political-Security Community, the sociocultural scenario of integration, and economic relations between the subregional integration mechanisms of the two blocs.

Uruguay and Chile Negotiate Next-Generation Trade Agreement

- [Integration in Motion](#)
- [n235](#)
- [Regional Panorama](#)
- [Southern Cone](#)

[Uruguay's Foreign Ministry \(link in Spanish\)](#) has announced that a meeting was held with the aim of strengthening economic relations between Uruguay and Chile.

The delegation from Uruguay, chaired by the General Director for International Economic Affairs, Ambassador Ricardo Nario, and the delegation from Chile, chaired by Director General for International Economic Relations at the Foreign Ministry, Ambassador Andrés Rebolledo Smitmans, held a meeting with the aim of deepening economic and trade relations through the negotiation of a new cutting-edge bilateral trade agreement.

The negotiation topics include trade in goods, rules of origin, trade in services, sanitary and phytosanitary measures, technical barriers to trade, trade facilitation, e-commerce, intellectual property, cooperation, the environment, labor rights, and gender issues, among other items that make up the economic and trade agenda.

This new treaty will be linked with those already signed between the two countries on matters of public procurement, investment promotion, and avoidance of double taxation.

The two delegations agreed on a negotiation schedule, according to which the next meeting will take place in April 2016 in the city of Viña del Mar, Chile.

The Pacific Alliance to Become Free of Tariffs in May 2016

- [America](#)
- [Integration in Motion](#)
- [n235](#)
- [Regional Panorama](#)

Andrés Rebolledo, Director General of General Directorate of International Economic Relations (Direcon) part of Chile's Foreign Ministry, [confirmed \(link in Spanish\)](#) that the Additional Protocol to the Framework Agreement of the Pacific Alliance shall enter into force on May 1, 2016. This means that more than 90% of trade between the four countries that make up this integration initiative—Chile, Colombia, Mexico, and Peru—will be tariff free.

Chile hopes this process will strengthen its exports of goods to Colombia, Mexico, and Peru.

“After some internal procedures have been completed, this instrument will liberalize 92% of our trade, while the remaining 8% will be subject to a gradual tariff elimination schedule. This is very good news, since Chilean exports to the other three countries will grow stronger,” said Rebolledo.

In early March, the working sessions of the technical groups for External Relations, Movement of People, Communication Strategy, Cooperation, Institutional Affairs, SMEs, Innovation, and Gender were held in Bogotá, along with those for the Committee of Experts of the Business Council (EC-APEC), and the subgroups on Immigration and Security, Foreign Trade Single Windows (VUCE), Regulatory Cooperation, Trade Facilitation and Customs Cooperation, and Authorized Economic Operator (OAS).

Furthermore, the deputy ministers made headway on the economic integration agenda for the Pacific Alliance, in areas such as trade facilitation, entrepreneurship, and relations with partners outside the PA.

Guadalajara, the Mexican Silicon Valley

- [Integration in Motion](#)
- [n235](#)
- [The SME Space](#)



Global Communication Group

Guadalajara, the capital of the state of Jalisco and the second most populated city in Mexico is known as the “Mexican Silicon Valley” for being the most important technological cluster in the country, recognized worldwide for the development of the software industry. This is where [Outsource2lac 2015](#) will take place from November 11-13, organized by the Integration and Trade Sector of the [Inter-American Development Bank](#), [ConnectAmericas](#), [ProMéxico](#), and the [Government of the State of Jalisco](#).

Among the main contributions of this cluster are the injection of capital, the potential for employment generation and the supply chain value contribution, where corporations have a significant economic spillover. This is confirmed by the following economic indicators:

- The past 15 years recorded an accumulated investment of more than US\$ 4.5 billion, [exports](#) for US\$ 148 billion and over 100,000 jobs, with the prospect of creating 6,000 new jobs each year. Additionally, the standard of living of its [employees](#) is higher than the industry average.
- It houses 600 high-tech companies, 78,000 IT professionals (information technology services), 35 design centers and 4 research centers.
- In 2014, foreign investment was of US\$ 1.22 billion, it is the sixth state with the highest attraction of foreign capital, 77% from the electronic sector.
- It is the fifth city in Latin America with the highest level of digitalization and it has over 100,000 higher-education students and 80 professional education programs.

A bit of history

Guadalajara is the birthplace of mariachi, tequila and *charrería* (sport similar to rodeo). It is a city of contrasts where colonial architecture mixes with modern buildings, its folklore, crafts, religious traditions and its varied cuisine.

Today it is considered the IT capital, its beginnings in technology dating back to the 80s. IBM was the first company to make a breakthrough in Jalisco when it reached an agreement with the government to sell its computers in Mexico (at the time when it was not open to trade) in exchange for opening a plant. Other multinationals followed such as Intel, HP and the Chinese company Foxconn, which manufactures iPhones and the majority of Samsung gadgets.

Over time, jointly with the universities in Guadalajara, business lines came together such as manufacturing and electronics, automotive electronics, aerospace, multimedia and animation, software development and IT.

For a while, Guadalajara grew as a manufacturing hub for technological products but this changed in the last decade when it was able to position itself as a city of innovation thanks to its top-notch development centers. HP invested in data, Intel in design and research and opened a company in Zapopan (an extended urban municipality of Guadalajara) and Lenovo set up a company.

Aside from the big multinationals, Guadalajara also hosts many [technology](#) entrepreneurs and start-ups. In 2010, for instance, Sean Knapp and the brothers Bismarck and Belsasar Lepe -ex Google- founded Ooyala, an online video company.

In 2012 Guadalajara won a bid for the seat of Digital Creative City, a project organized by [ProMéxico](#), a public agency dedicated to promoting foreign investment in the country, with the support of the federal government and technology entrepreneurs. This city aims to host software development companies in addition to [videogame](#), animation and mobile app firms. Although the

compound is still under construction, ProMéxico expects to attract US\$ 10 billion by 2018 and generate 25,000 new jobs.

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Argentina and Chile Pledge their Commitment to Improving Common Infrastructure

- [Integration in Motion](#)
- [n235](#)
- [Regional Panorama](#)
- [Southern Cone](#)

Argentina's Ministry of Foreign Affairs [reported on](#) the results of the meeting, which was also attended by Argentina's Minister of the Interior, Public Works, and Housing, Rogelio Frigerio; Chile's Minister of the Interior and Public Security, Jorge Burgos Varela; and the Governor of the Province of Mendoza, Alfredo Cornejo.

Susana Malcorra, Argentina's Foreign Minister, noted that "the aim of both parties is to achieve coordinated control of the border. To that end, we have established different working groups. We must bear in mind that we are not going to solve this overnight. We will have to make investments and unify procedures."

The foreign ministers visited the Los Libertadores, Los Horcones, and Uspallata border checkpoints. At the end of their visits, they met with technical teams to analyze the development of necessary improvements: facilitating border procedures, optimizing control procedures, and reducing waiting times for users.

Chile and the Philippines Make Headway on FTA Negotiation

- [Integration in Motion](#)
- [n235](#)
- [Regional Panorama](#)
- [Southern Cone](#)

Chilean government technical teams, led by Pablo Urria, Director of Bilateral Economic Affairs at DIRECON, met with their Filipino counterparts to move forward on a free trade agreement (FTA).

Urria [noted \(link in Spanish\)](#) that “last year our two economies decided to carry out a study to determine the feasibility of achieving a free trade agreement that would be the Philippines’ first with a Latin American country. The study has yielded very positive results, and its estimates indicate that the possible tariff reductions would entail an increase in trade in goods.”

The two countries exchanged information and experiences regarding each party’s approach to the issues to be negotiated. They also stated that the topics to be addressed during this negotiation process would include the liberalization of trade in goods, sanitary and phytosanitary measures, technical barriers to trade, and customs procedures.

Accordingly, the two countries expect to reach an agreement on the terms of reference during March 2016, so that it can be ratified in May.

The launch of talks with the Philippines is part of Chile’s rapprochement with the Association of Southeast Asian Nations (ASEAN). It has agreements that are already in force with Singapore, Brunei, Malaysia, Vietnam, and Thailand. In addition, Chile is currently negotiating an FTA with Indonesia.

Total trade between Chile and the Philippines has increased over the past ten years at an average annual growth rate of nearly 10%. Chilean exports to the Philippines are mainly concentrated in the mining sector, which accounts for around 65% of all shipments. A trade agreement is thus expected to encourage greater diversification of Chilean exports to the Philippines.

Environmental Goods Agreement: Meeting at the WTO

- [Integration in Motion](#)
- [International Scenario](#)
- [n235](#)

The members of the World Trade Organization (WTO) met in Geneva to liberalize tariffs on a series of environmental goods. The EGA covers different products and a series of environmental categories: clean and renewable energy, environmental analysis and monitoring, and solid and hazardous waste management, among others.

Negotiators disagreed at the end of 2015 on the goods to be included in the agreement, particularly on the need to revise the list of 54 products agreed upon by the Asia-Pacific Economic Cooperation (APEC) forum, which was the basis for the agreement in question.

At the 2014 [World Economic Forum in Davos](#), the United States and 13 other WTO members announced their intention to take part in these negotiations. During discussions, a working subgroup on customs seemed to have made progress on aspects related to the classification and implementation of tariff lines.

However, there was conflict over the definition of the “environmental goods” category, ([see article in *Integration and Trade Journal* no. 39, INTAL: The Environmental Goods Agreement and its Regional Impact, by Aaron Cosbey](#)) because the identification of goods in the tariff lines presents certain challenges regarding the national tariff line definitions that each party uses.

The next meeting may focus on establishing three product lists: one for immediate tariff elimination, a second for which this would be scheduled, and a third that would include highly sensitive goods to be discussed.

Ruling on Biodiesel in Favor of Argentina

- [America](#)
- [Integration in Motion](#)
- [n235](#)
- [Regional Panorama](#)

The World Trade Organization (WTO) ruled in favor of Argentina in its claim against the [trade barriers \(link in Spanish\)](#) imposed by the European Union on imports of Argentine biodiesel. The dispute is part of an intricate state of affairs that involves the Argentine energy sector and trade in this biofuel, in which Argentina has proved to be highly competitive.

In April 2012, the Argentine government renationalized YPF (the biggest oil company in the country), until then a subsidiary of Spanish firm Repsol. Following this decision, Spain, which used to import nearly one-half of Argentine fuel, ceased to do so. The conflict escalated in November 2013, when the European Union imposed an average 24.6% tariff on this product, which hampered Argentine exports there. The European Union's has its own oil industry, which was consequently protected by the measure.

The recent ruling has upheld Argentina's claim, although WTO procedures provide for an instance of appeal, the resolution of which could extend through all of 2016.

Chile committed to strengthening CARICOM ties

- [Caribbean](#)
- [Integration in Motion](#)
- [n235](#)
- [Regional Panorama](#)

New Chilean Ambassador to CARICOM H.E. Claudio Rojas Rachel outlined his country's position when he presented his Letters of Credence to CARICOM Secretary-General Ambassador Irwin LaRocque at the headquarters of the CARICOM Secretariat in Georgetown, Guyana.

CARICOM-Chile relations were formalised in 1996 with the signing of an Agreement on Scientific and Technical Cooperation that paved the way for cooperation in agriculture, health and nutrition, and foreign language training. Cooperation has also been deepened by two Joint Commissions in 2003 and 2012 which reaffirmed commonalities and interests the two parties share.

"We shared the same goals in the international arena to work in a constructive manner towards the fulfilment of the Sustainable Development Goals, and the advancement of the United Nations Development Agenda; including the implementation of the outcome and commitments made at COP 21 in fighting climate change," the Chilean Ambassador stated.

"In working with CARICOM we are of the view that cooperation and solidarity are important for regional efforts, and clear to that is to sustain political dialogue and cooperation among States as an effective strategy for the achievement of development objectives and greater well-being for our people," he added.

The CARICOM Secretary-General noted that Chile's cooperation programmes with the Community are of "great importance," and they make a significant contribution to the human resource capacity and expertise in CARICOM, including disaster management.

As CARICOM-Chile relationship strengthens, Ambassador LaRocque said the Region is seeking to advance trade relations, indicated through a visit by the Caribbean Agricultural Health and Food Safety Agency (CAHFSA) in March 2016.

Noting the "considerable visibility" Chile has earned at the regional and international levels, particularly in the OECD and G20, the Secretary-General said that CARICOM was looking forward to its support on the issue of graduation, which removed access to concessionary development financing by Member States, based principally on the criteria of per capita income.

“There is a need for the criteria to be changed to take into consideration the economic and environmental vulnerabilities of SIDS. As we advocate for this change in approach by the developed countries, and by the international financial institutions, we look forward to Chile’s support for our position on this matter,” Ambassador LaRocque told the Chilean emissary.

Connecting Voices

Exclusive Videos on the Future of Regional Integration

- [Connecting Voices](#)
- [n235](#)

Presentation by Ricardo Lagos, former President of Chile, on the future for the Integration of Latin America and the consequences of a MERCOSUR-EU agreement. ([Video in Spanish](#))

Presentation by Enrique Iglesias, former IDB President, on global economic context and the role of integration for development in the region. ([Video in Spanish](#))

Interview with Antoni Estevadeordal, Manager of the IDB's Integration and Trade Sector. ([Video in Spanish](#))

Interview with Patricia Salomone, Director of Latin American Policy at Argentina's Ministry of Foreign Affairs. ([Video in Spanish](#))

Interview with Rubens Barbosa, President of the Upper Council of Foreign Trade of the Federation of Industries of the State of São Paulo. ([Video in Spanish](#))

Interview with Osvaldo Rosales, former Director of the International Trade and Integration Division of ECLAC. ([Video in Spanish](#))

Interview with Valdemar Carneiro Leão Neto, former Brazilian Ambassador to China, Canada, and Colombia. ([Video in Spanish](#))

Interview with José Luis Cancela, Uruguay's Deputy Minister of Foreign Relations. ([Video in Spanish](#))

NODO I+I. INTEGRACIÓN REGIONAL + INCLUSIÓN SOCIAL

Presentation by Juan Carr, Director of the Argentine NGO Red Solidaria [Solidarity Network]. ([Video in Spanish](#))

Presentation by Paula Moreno Zapata, Director of the NGO Manos Visibles [Visible Hands]. ([Video in Spanish](#))

Presentation by Javier Valdés, Executive Co-Director of the NGO Make The Road New York.
([Video in Spanish](#))

Reading Material on Integration

Integration Priority Project Agenda Progress Report 2015

- [n235](#)
- [Notable Publications](#)
- [Reading Material on Integration](#)



The [4th Integration Priority Project Agenda \(API\) Progress Report \(link in Spanish\)](#) provides a general overview of the API, tracks progress, and reviews the results of the work that has been carried out by the different countries on updating and analyzing projects. It includes detailed status and progress reports for each of the API's 31 structured projects, classified by Integration and Development Hub.

The API includes 31 structured projects made up of 103 individual projects for a total investment of US\$21.14 billion.

The Growing Relations between China and Latin America: A Multiple-Dimension Analysis

- [n235](#)
- [Reading Material on Integration](#)
- [Reviews](#)

This report presents a compilation of working documents that were developed within the framework of the Asian Affairs Committee at the Argentine Council for International Relations (CARI), which is made up of experts from the academic, business, and government sectors. Its aim is to analyze and evaluate how China's growth is impacting Latin America, with a particular focus on Argentina.

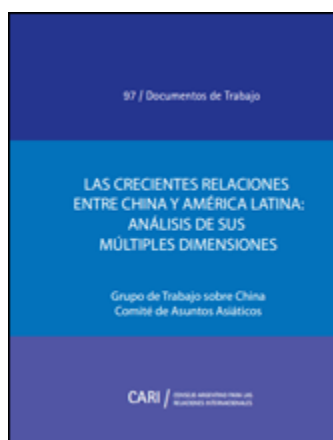
To this end, the report presents the results from studies that have been carried out, in addition to discussions and research on diverse political, economic, cultural, and social issues.

The authors argue that the works in question seek to analyze the current situation and inspire a new outlook on China, which has firmly established its presence in Latin America as an economic, commercial, and financial power.

The value of this research lies in providing case studies and reviewing publications which cover cultural issues such as the clash of civilizations, the future prospects of both Argentina and China, cultural differences, opportunities, difficulties, and niches to work on for both regions. It also contains reflections on the political relations between Argentina and China, the Shanghai Pilot Free Trade Zone, China's role in Asian financial agreements, and security versus health in China's food supply.

Other aspects include bilateral relations with Argentina in health-related matters, the impact of China's rise on Latin America, and China's relations with Mexico and Brazil in the 21st century. The document also dwells on the specific features of bilateral relations between China and Mexico and Brazil.

The publication is a significant contribution to the literature on this topic in terms of the multiple, cross-cutting analytical perspectives it embraces as well as the specific yet global vision of its expert authors.



[Working Group on China, Asian Affairs Committee, CARI \(2016\) The Growing Relations between China and Latin America: A Multiple-Dimension Analysis Buenos Aires: CARI \(link in Spanish\).](#)

The Impact of New Technologies on Productivity

- [Impact Assessment](#)
- [n235](#)
- [Reading Material on Integration](#)

We are in the midst of the largest information and communications revolution in human history. Over 40% of the global population has internet access, and every day brings new users. Similarly, in almost seven of every ten households in the poorest 20% of the population there is a cell phone. Indeed, the world's poorest households are more likely to have access to a cell phone than to a toilet or clean drinking water.

The World Bank's "[Digital Dividends](#)" report suggests that it is the traditional challenges to development that are preventing the digital revolution from revealing its full transformational potential.

For many people, the current growth in access to digital technologies is expanding the available options and making a range of activities easier. Through inclusion, efficiency, and innovation, access to these technologies is providing opportunities that were previously beyond the reach of the poor and the most disadvantaged sectors.

In Kenya, for example, the cost of sending remittances has been reduced by up to 90% since the introduction of the online payment system M-Pesa. New technologies facilitate women's participation in the labor market, whether as e-commerce entrepreneurs or through online work or the outsourcing of operational processes.

The one billion people with disabilities around the world (80% of whom live in developing countries) can lead more productive lives with the aid of text-, voice-, or video-based communication tools. Furthermore, digital identification systems can expand access to public and private services for the 2.4 billion people who lack formal identification documents such as birth certificates.

Although this is a major step forward, many are still left behind because they do not have access to digital technologies. Those living in extreme poverty stand to benefit the most from improvements to communications and wider-spread access to information. Almost six billion people do not have access to high-speed internet, which prevents them from fully participating in the digital economy.

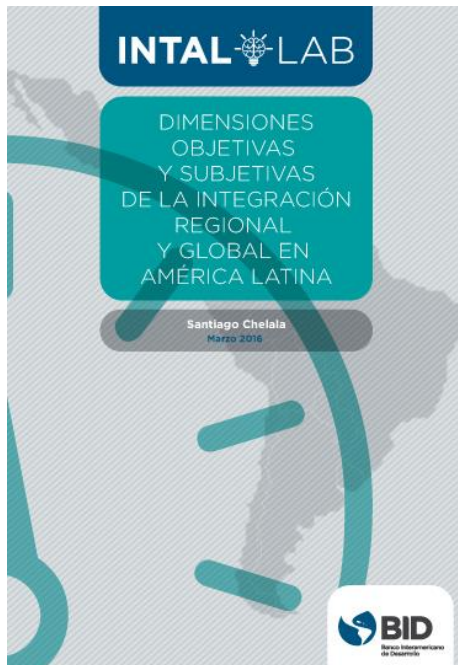
To achieve universal access to these technologies, the report calls for investment in infrastructure and the implementation of reforms to generate greater competition in the telecommunications markets and promote public-private partnerships in the context of effective regulation.

To make the benefits of the transformation in information and communications a reality, countries need to improve their business climate, invest in the education and health of their populations, and promote good governmental practices.

Those countries that complement investments in technology with wider economic reforms reap digital dividends in the form of greater growth, more employment, and better services.

Objective and Subjective Aspects of Integration

- [n235](#)
- [Notable Publications](#)
- [Reading Material on Integration](#)



With over 20,000 exclusive surveys undertaken in 18 countries in Latin America and the Caribbean, the INTAL/Latinobarómetro initiative continuously monitors public opinion on the issues that are most sensitive in terms of public policy design: democracy, regional integration, living conditions, infrastructure, services, citizen security, and the environment, among others, so as to understand what Latin Americans think about these topics. This [technical paper \(link in Spanish\)](#) describes the results obtained concerning questions on integration and trade from fieldwork carried out in Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, the Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela.

Trade Thermometer

INTAL Interactive Infographics and Fact Sheets

- [n235](#)
- [Trade Thermometer](#)

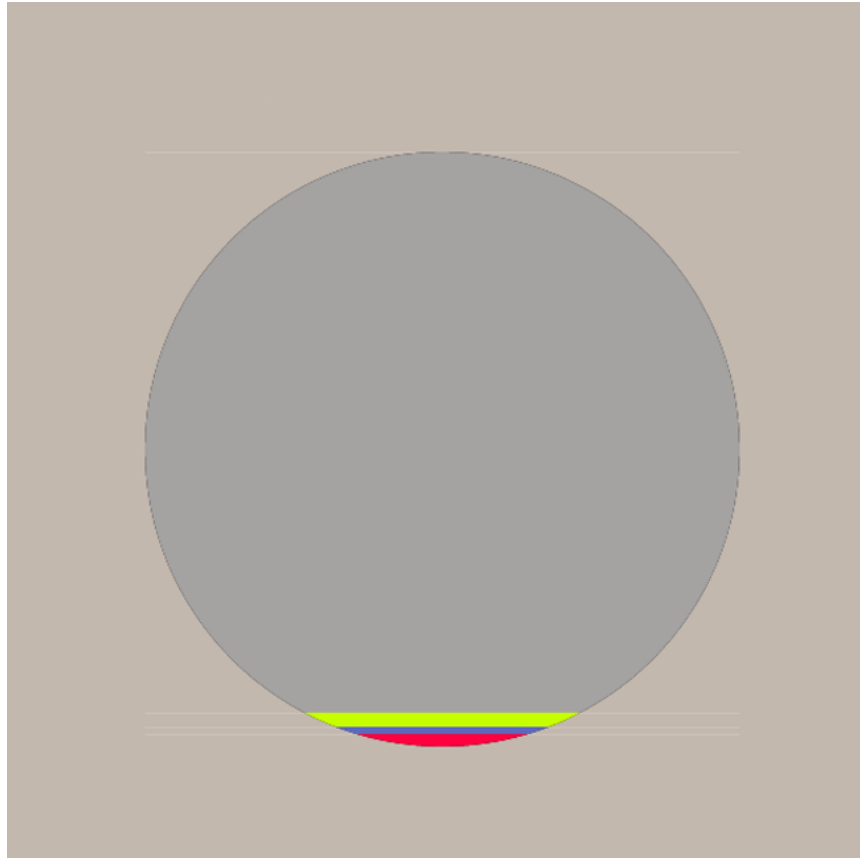
Mega-Regionalism

The stagnation of the Doha Round, the consolidation of global value chains, and the growing importance of China and other emerging countries are all factors that have driven the negotiation of regional mega-agreements. These agreements could reconfigure the global trade scenario by defining new rules and reducing the relevance of the multilateral trading system. They will have a global impact, and Latin America and the Caribbean are not immune to such changes.



Emerging Funds

The pattern of foreign direct investment (FDI) in the world has changed significantly. Until a few decades ago, almost all FDI came from developed countries, led first by the United Kingdom and then by the United States. This situation has changed radically in recent decades: developing countries are an increasingly important source of FDI. Although most FDI flows from such countries originate in Asia, Latin America has been gaining ground as a source of global investment.



Legal Instruments of Integration (IJI) Observatory

- [n235](#)
- [Trade Thermometer](#)

This month's trends

Between late February and March 21, 2016, the global trade policy agenda continued to be defined by the signing of the Trans-Pacific Partnership (TPP). At the regional level there was greater dynamism in bilateral regional agreements and integration and negotiation schemes in comparison with the previous period.

360° Panorama

Over the course of the month there was progress on 23 existing agreements and ten trade negotiations (six advanced and two new).

New Negotiations

- Chile–Philippines: [Chile and the Philippines move forward with talks over an FTA \(link in Spanish\)](#)
- Chile–Uruguay: [Chile begins negotiations with Uruguay towards a free trade agreement \(link in Spanish\)](#)

Advanced Negotiations

- TPP: [The numbers war behind the Trans-Pacific Partnership \(link in Spanish\)](#)
- Pacific Alliance: [Meeting of Foreign Ministers of the Pacific Alliance, Pacific Alliance and MERCOSUR work on a joint agenda to facilitate trade \(link in Spanish\)](#).
- Central America–South Korea: [South Korea and Central America start third round of FTA negotiations \(link in Spanish\)](#), [What South Korea and Central America are negotiating \(link in Spanish\)](#)
- Colombia–South Korean [FTA with South Korea: What's it all about?](#)
- Colombia, Peru, Ecuador [Ecuador's adhesion to the agreement between the European Union \(EU\), Colombia, and Peru could be ratified in September 2016 \(link in Spanish\)](#).
- MERCOSUR–EU: [MERCOSUR ready to exchange commercial offers with the EU in April 2016 \(link in Spanish\)](#)

- Peru–Turkey: [Peru and Turkey hope to sign their FTA in mid-2016 \(link in Spanish\)](#)

Selected news on trade agreements currently in force

- ALADI: [Global foreign trade: ALADI: January–December 2015](#), Global foreign trade: January–December 2015, each member country (link in Spanish)
- Central America–Mexico: [Honduras and Mexico strengthen their ties](#) through investment promotion, cooperation agreements, trade, tourism, and organized migration (link in Spanish)
- Chile–United States [Chile receives the US Secretary of Agriculture \(link in Spanish\)](#)
- Colombia–Mexico: [Carlos Slim to sue Colombia for breach of FTA \(link in Spanish\)](#)
- Andean Community (CAN): [“Central Bioceanic Rail Corridor will strengthen trade integration in the Andean region” \(link in Spanish\)](#)
- [In the last ten years, exports of manufactured goods between CAN member countries have grown by 9.9% \(link in Spanish\)](#)
- CARICOM: [Caricom denounces the EU list on tax jurisdictions as “unfair” \(link in Spanish\)](#)
- Honduras–Canada [Honduras–Canada free trade agreement bears fruit \(link in Spanish\)](#)
- MERCOSUR: [New stage: now 25 years old, the MERCOSUR is put to the test \(link in Spanish\)](#), [MERCOSUR to seek a high-level meeting with the Pacific Alliance \(link in Spanish\)](#)
- MERCOSUR–Chile: [MERCOSUR countries and Chile to use the ALADI digital certificate of origin in their commercial relations \(link in Spanish\)](#)
- Mexico–Israel: [Mexico and Israel promote industrial research and development \(link in Spanish\)](#)
- Mexico–Peru: [Peru and Mexico implement the Strategic Partnership Agreement signed in 2014 \(link in Spanish\)](#)
- Mexico–Northern Triangle: [President of Honduras makes official visit to Mexico; topics of discussion include making the best use of their free trade agreement \(link in Spanish\)](#)
- Mexico–EU: [EU wishes to modernize agreement with Mexico \(link in Spanish\)](#)
- Peru–United States [Peru agrees to lift trade barriers to US beef \(link in Spanish\)](#)
- Central American Integration System (SICA): [Honduras and Panama discuss SICA reform \(link in Spanish\)](#)
- [SICA Executive Committee meets to discuss issues on the regional agenda \(link in Spanish\)](#)
- SELA: [Regional meeting on economic relations between Latin America and the Caribbean and the Association of Southeast Asian Nations \(ASEAN\). Document](#)
- NAFTA: [Mexico and the USA must spread the word on the benefits of free trade \(link in Spanish\)](#)
- COSIPLAN, IIRSA: [The evolution of COSIPLAN projects \(link in Spanish\)](#)

- UNASUR: [UNASUR disagrees with US decision to renew sanctions against Venezuela \(link in Spanish\)](#). [Press release](#)

The IJI is a compilation of regulatory texts, commentaries, and follow-up on legal commitments and developments of an analytical nature concerning the various integration processes taking place in Latin America and the Caribbean. For news and to learn more about the progress made on trade agreements and negotiations, visit [IJI](#).

Editorial

Editorial Staff

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