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NEW TECHNOLOGIES APPLIED TO INTEGRATING REGIONAL INFRASTRUCTURE

Integration Ideas

New Technologies Applied to Integrating Regional Infrastructure

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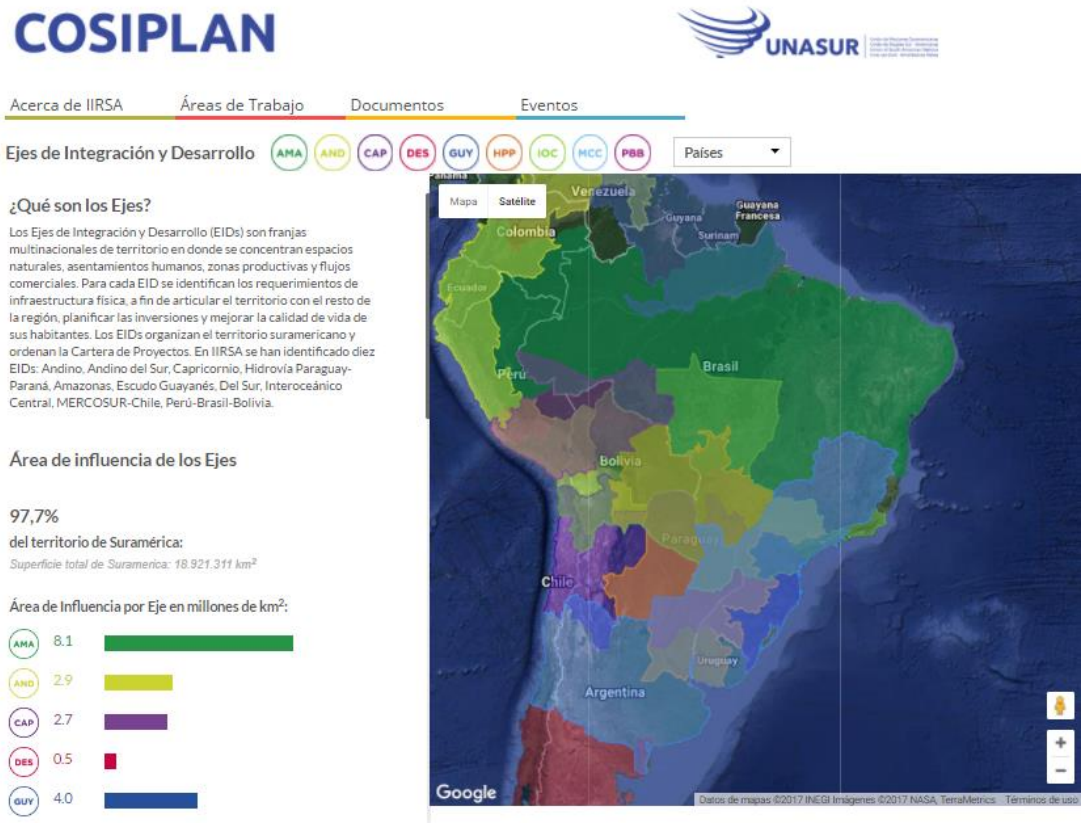
COSIPLAN has updated its Integration and Development Hubs website so that citizens from every country in South America can easily access location-specific information and interactive maps for the 581 infrastructure projects that currently make up the COSIPLAN Project Portfolio. The development of the new site was coordinated by INTAL, which functions as the Secretariat for the Technical Coordination Committee.

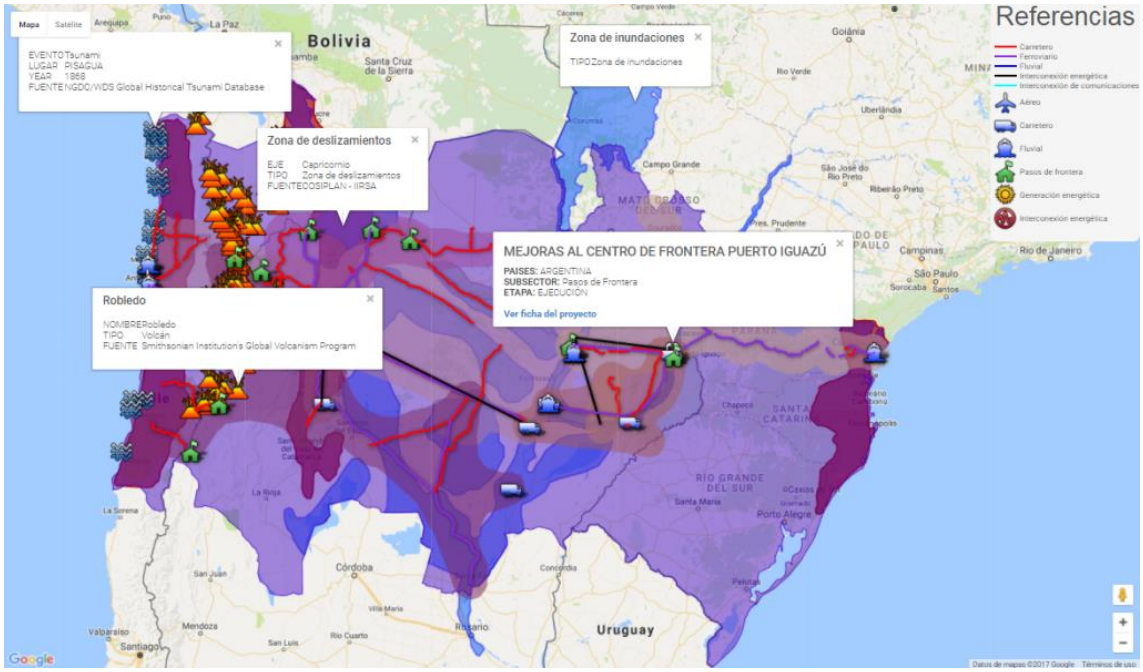


Source: Integration and Development Hubs website

The Integration and Development Hubs website is a response to the challenge of providing local, regional, and global users with clearer information on projects that involve one, two, or more countries in South America. It also seeks to articulate physical integration projects with the areas that they are in, through descriptive studies of the economic, social, and environmental features of each hub (link in Spanish).

The improvements that were implemented on the site include the creation of ten new georeferenced map layers based on Google Maps that can be overlaid and activated or deactivated depending on what users wish to find out. These new layers display the territorial features of each hub (protected areas and areas at risk from seismic activity, volcanoes, tsunamis, floods, and landslides), social aspects (population distribution and indigenous communities), economic activity (GDP), and infrastructure (port and airport systems), all of which can be visualized and compared to the location of active projects on the COSIPLAN Project Portfolio.

CAPRICORN HUB: PORTFOLIO PROJECTS AND NATURAL HAZARDS



Source: Integration and Development Hubs Website

These new features enable users to easily access information on all project types through intuitive graphics: color-coded lines are used for linear projects and Google icons for location-specific ones. These updates will make it much easier to search for projects.

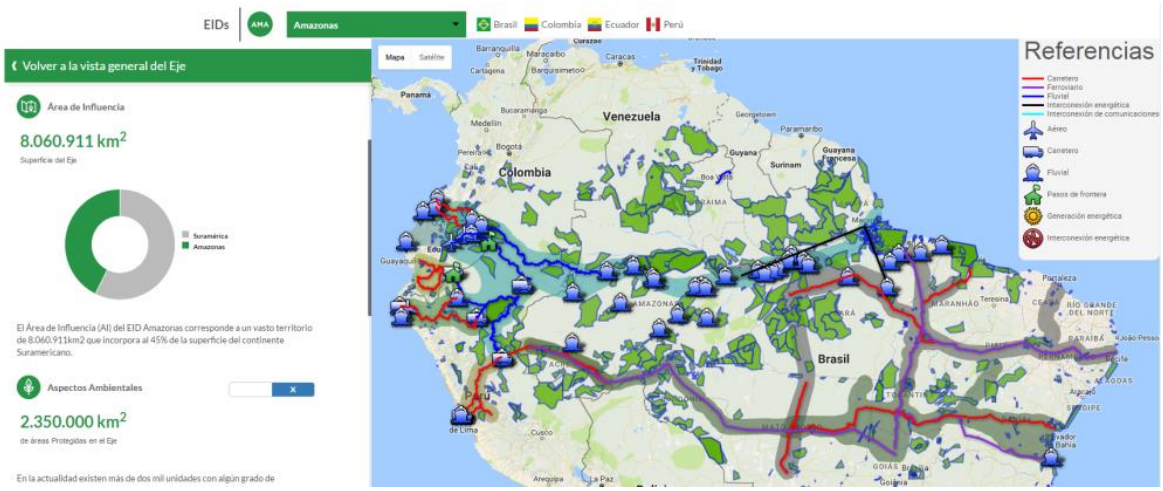
The changes are about more than just a sleek, user-friendly design: the new site also includes an interactive multimedia space where users can find out more about the physical infrastructure being built in their countries

and the region. The platform is connected to the COSIPLAN Project Information System (SIP), which brings together all available information on the 581 portfolio projects, their features, and their current status.

The Amazon Hub (link in Spanish) includes the Amazon and northeastern regions of Brazil along with the states of Goia and Tocantins; the southern central area of Colombia; all of continental Ecuador; and the northern central area of Peru.

This is the largest hub in the COSIPLAN portfolio and covers the equivalent of 45% of the surface area of South America, 30% of which is under some sort of environmental protection. The Brazilian states of Pará and Amazonas contain more than 1.4 million square kilometers of protected areas, which accounts for around 60% of the total protected area within the hub.

AMAZON HUB: PORTFOLIO PROJECTS AND PROTECTED AREAS



Source: Integration and Development Hubs Website

The Amazon Hub ranks second in terms of population numbers and fifth in terms of gross domestic product (GDP), as it is home to 32% of the population of South America (132,687,257 inhabitants) and accounts for 19% of the continent's GDP.

Existing and planned infrastructure in this hub is largely defined by the Andes and the immense Amazon River Basin, the largest in the world. The support system for the hub is made up of 14 main ports, nine of which move over 10 million tons of bulk goods per year. River transportation in the region is largely concentrated in the Amazon Basin and the larger tributaries that feed into it, which include the Negro, Putumayo, Ucayali, Madeira, Jurua, Purus, and Madeira rivers.

The Andean Hub (link in Spanish) stretches from the Caribbean coast of Venezuela and Colombia to Bolivia's southern border with Argentina, including the parts of the Andes in Colombia, Ecuador, Peru, and Bolivia, all of Venezuela except the state of Amazonas, and the Pacific coast of Colombia, Ecuador, and Peru.

This hub contains 16% of the surface area of South America (2,845,658 square kilometers) and 28% of its population (111,195,797 inhabitants), making it the third-most densely populated hub after the MERCOSUR/Chile and Amazon hubs. It also accounts for 21% of the region's GDP and 80% of the total economies of the countries in question.

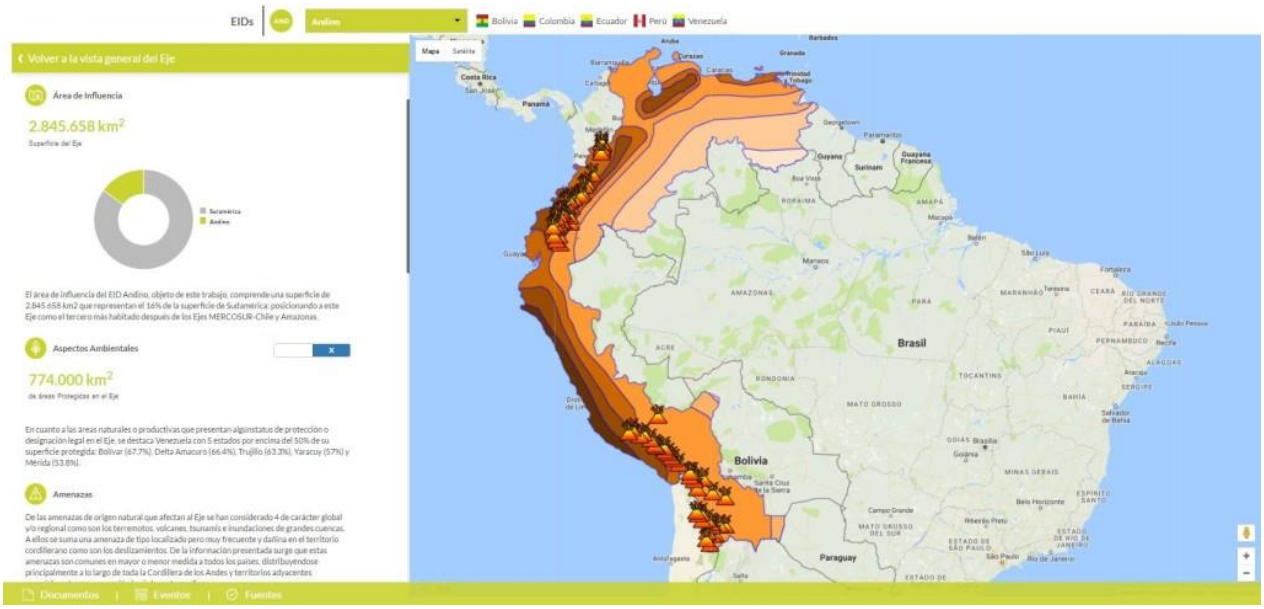
The infrastructure of the hub is shaped by the Andes, which divide it into two different spaces. In this hub, both the pre-existing and planned connectivity infrastructure matrices are mostly made up of roads and, to a lesser degree, railways.

ANDEAN HUB: PORTFOLIO PROJECTS

Source: Integration and Development Hubs Website

Of the different natural hazards that affect this hub, the focus has been on four global or regional hazards, namely earthquakes, volcanoes, tsunamis, and large riverbed floods. Landslides are another geographically specific but very frequent, harmful hazard in the area near the Andes.

ANDEAN HUB: SEISMIC AND VOLCANIC HAZARDS

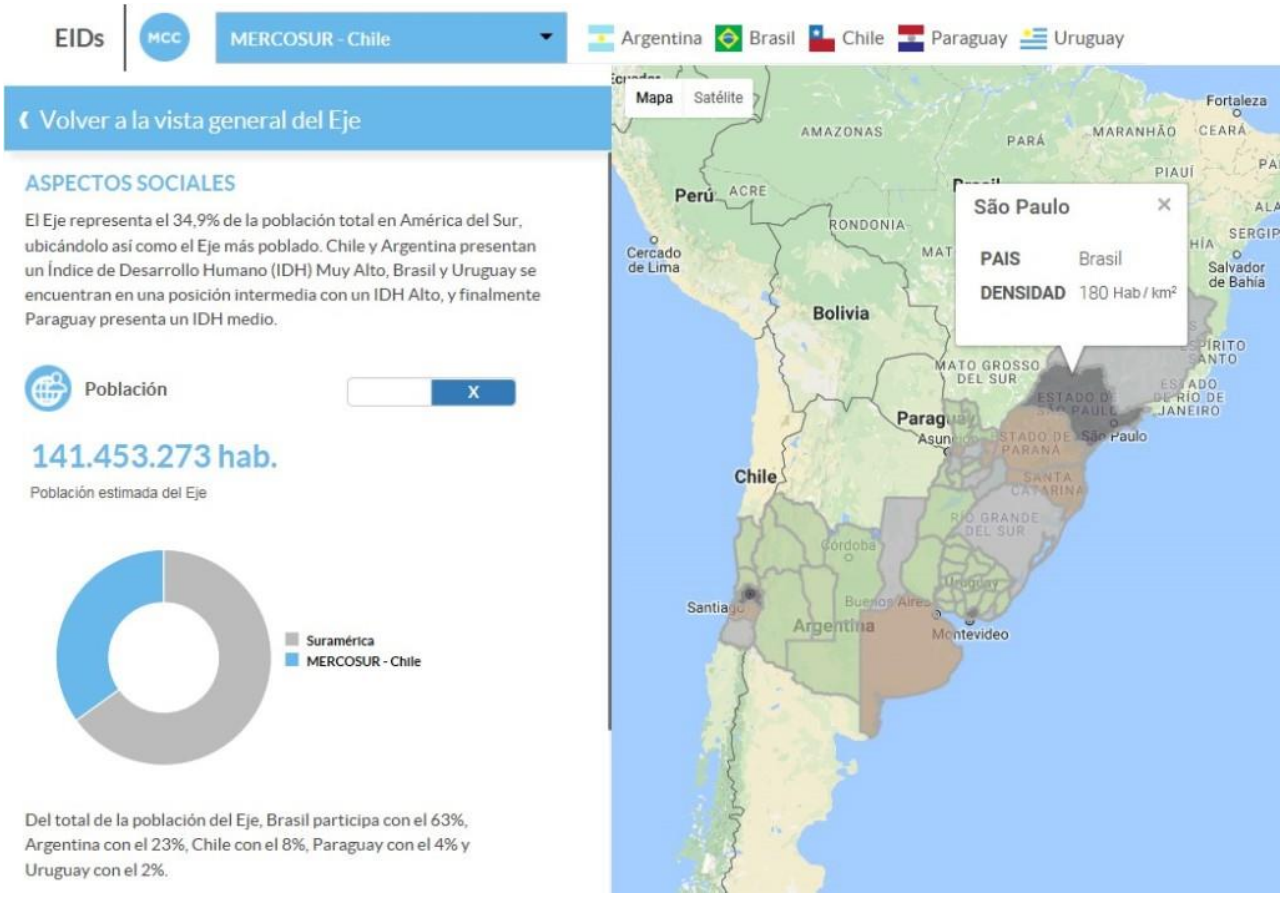


Source: Integration and Development Hubs Website

The MERCOSUR/Chile Hub (link in Spanish) is made up of a large part of Argentina, Brazil, and Paraguay, all of Uruguay, and central Chile. It covers 18% of the surface area of South America.

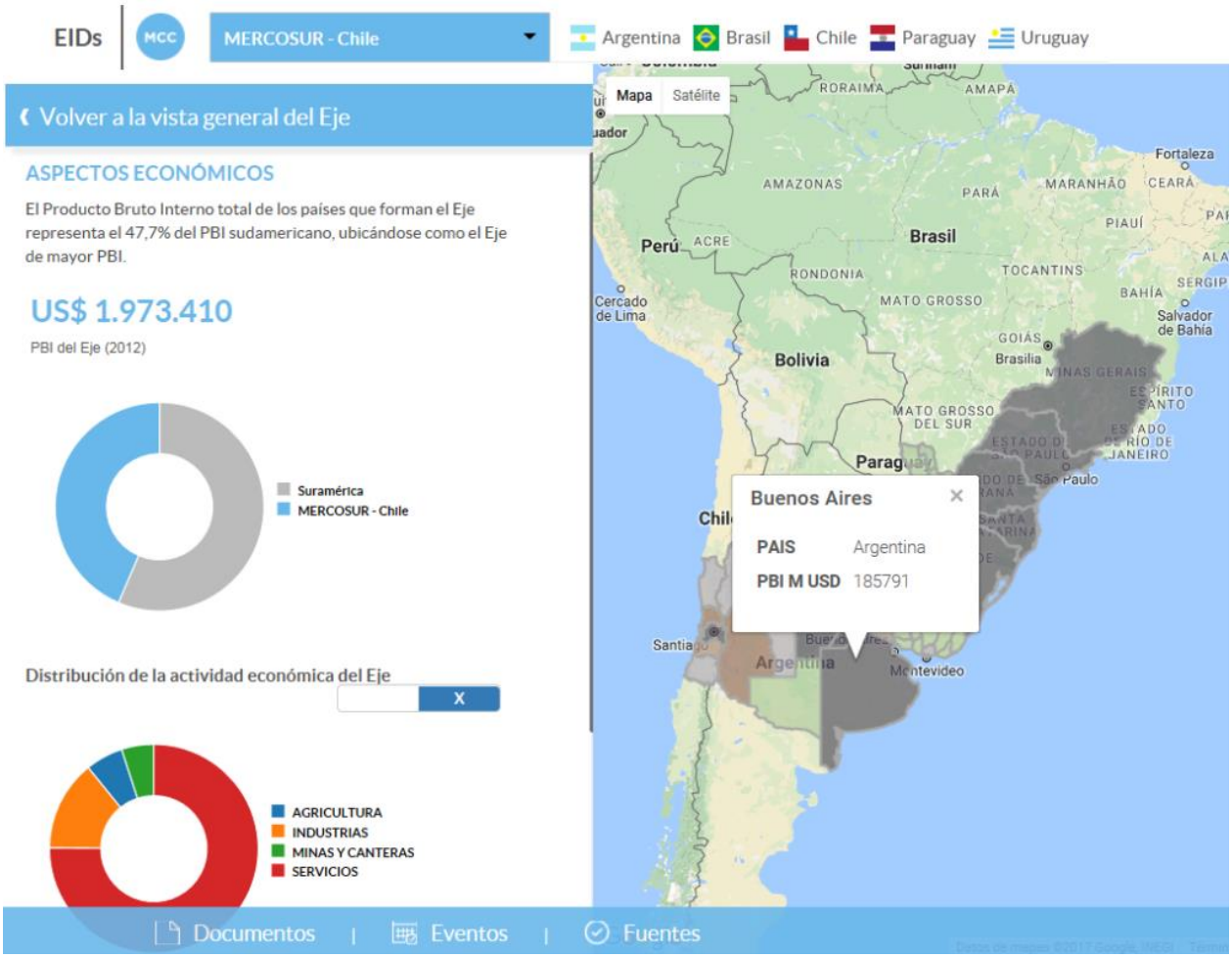
This is the most populous hub in the portfolio, as it is home to 35% of the population of South America (141,453,273 inhabitants) and accounts for the largest percentage of the continent's GDP (48%).

MERCOSUR/CHILE HUB: POPULATION DISTRIBUTION



Source: Integration and Development Hubs Website

MERCOSUR/CHILE HUB: GDP BY ADMINISTRATIVE DISTRICT

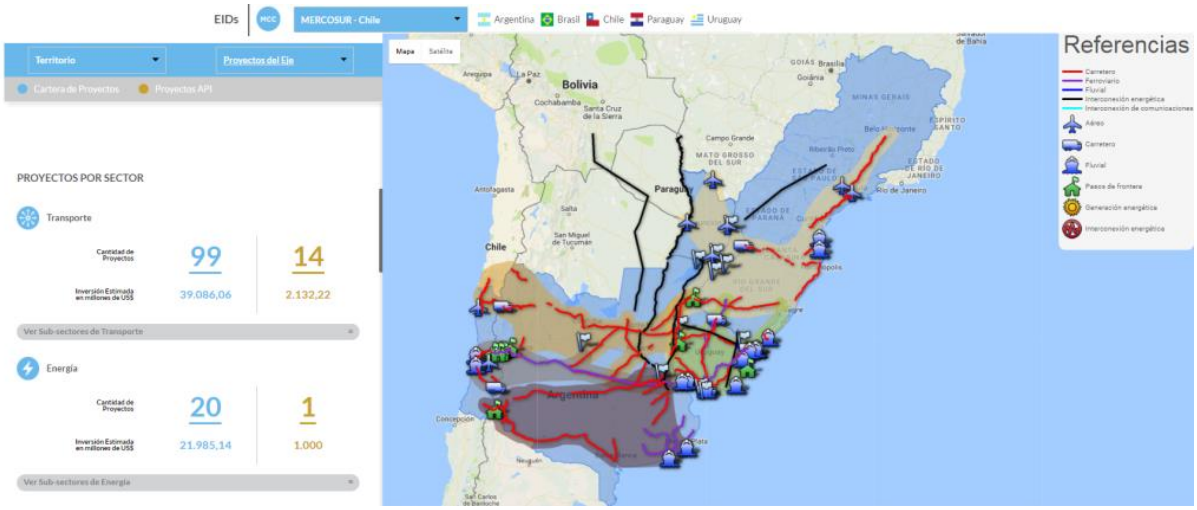


Source: Integration and Development Hubs Website

The MERCOSUR–Chile Hub has a dense, complex infrastructure network around the Río de la Plata basin and the Brazilian states that are part of the hub. Without taking planned works into account, the total length of the road network in the countries that make up the hub is 1,973,802 kilometers, just 6% of which are paved. The hub has a total 61,424 kilometers of rail network, 87% of which is currently operational.

The sea and river port system in the MERCOSUR/Chile Hub is made up of 46 main ports, which are mainly located on the Atlantic coast, the Río de la Plata, and the Paraná, Paraguay, and Uruguay rivers, in addition to the Chilean ports on the Pacific coast. River transportation within the hub is mainly concentrated along the Paraná and Paraguay rivers and, to a lesser extent, the Uruguay River. There are maritime cabotage routes between Brazil and Argentina which mainly service trade in vehicles and autoparts.

MERCOSUR/CHILE HUB: PORTFOLIO PROJECTS



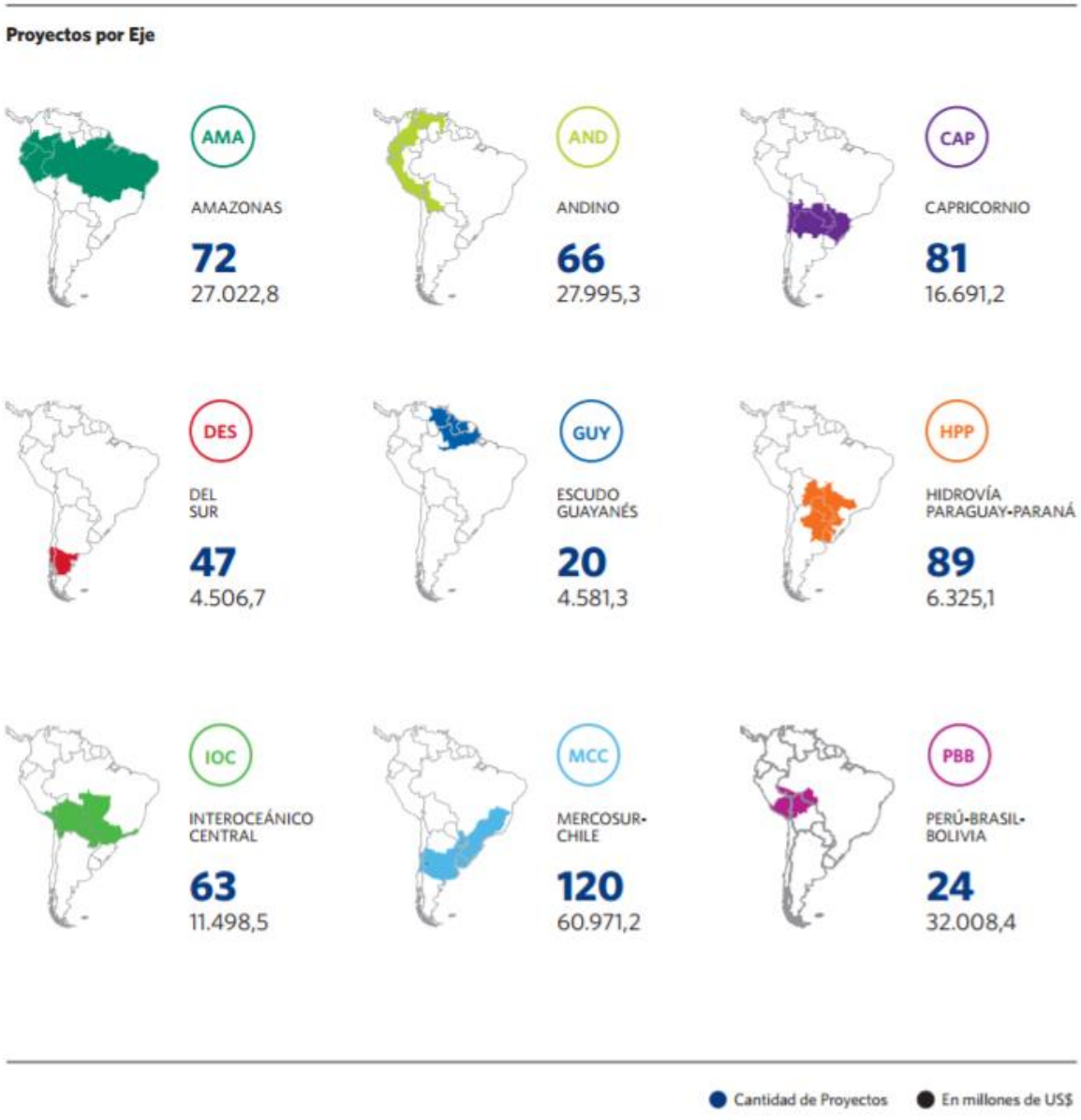
Source: Integration and Development Hubs Website

Integration and Development Hubs

COSIPLAN territorial planning is organized around the Integration and Development Hubs. A hub is a multinational land area that includes a certain endowment of natural resources, human settlements, productive areas, and logistics services.

By dividing South America up into Integration and Development Hubs, the countries have been able to identify and agree on infrastructure projects through a shared vision. The hubs are as follows: the Amazon Hub, the Andean Hub, the Southern Andean Hub, the Capricorn Hub, Southern Hub, the Guianese Shield Hub, the Paraguay-Paraná Waterway Hub, the Central Interoceanic Hub, the MERCOSUR/Chile, and the Peru-Brazil-Bolivia Hub.

INTEGRATION AND DEVELOPMENT HUBS: PROJECT NUMBERS AND ESTIMATED INVESTMENT



Source: COSIPLAN Project Portfolio 2016 (link in Spanish)

The Amazon Hub (link in Spanish) is made up of 72 projects that are organized into eight project groups and represent an estimated investment of US$27 billion. The active portfolio for the hub includes 50 projects, which represent an investment of US$20.13 billion. By the end of 2019, it is estimated that 33% of the estimated investment in the hub portfolio will have been spent. The hub contains 22 concluded projects, for a total of US$6.89 billion in investment, which is equivalent to nearly 25% of the total for the portfolio.

The Andean Hub (link in Spanish) is made up of 66 projects that are organized into five project groups and represent an estimated investment of US$16.69 billion. The active portfolio for the hub includes 46 projects,

which represents an investment of US$27 billion. Some 13 of these will be concluded in the next four years (2016–2019), accounting for 18% of the total estimated investment for the hub portfolio. There are 20 concluded projects in the hub, which represent US$994 million.

The Capricorn Hub (link in Spanish) is made up of 81 projects that are organized into five project groups and represent an estimated investment of US$16.69 billion. The active portfolio for the hub includes 67 projects, which represents an investment of US$14.1 billion. By the end of 2019, it is estimated that 26% of the estimated investment in the hub portfolio will have been spent. The hub contains 14 concluded projects, for a total of US$2.69 billion in investment, which is equivalent to nearly 16% of the total for the portfolio.

The Southern Hub (link in Spanish) is made up of 47 projects that are organized into two project groups and represent an estimated investment of US$4.5 billion. The active portfolio for the hub includes 42 projects, which represents an investment of US$4.1 billion. If all 14 projects that are currently being implemented are taken into account, it is estimated that once these have been concluded, 41% of the estimated investment in the hub portfolio will have been spent. There are five concluded projects in the hub, which represent US$443 million: Two of these are electrical interconnections which account for 95% of investments.

The Guianese Shield Hub (link in Spanish) is made up of 20 projects that are organized into four project groups and represent an estimated investment of US$4.58 billion. The active portfolio for the hub includes 14 projects, which represents an investment of US$4.5 billion. Two of these will be concluded in the next four years (2016–2019), accounting for 17% of the total estimated investment for the hub portfolio. The hub contains six concluded projects, for a total of US$87 million in investment, which is equivalent to nearly 2% of the total for the portfolio.

The Paraguay–Paraná Waterway Hub (link in Spanish) is made up of 89 projects that are organized into five project groups and represent an estimated investment of US$6.33 billion. The active portfolio for the hub includes 74 projects, which represents an investment of US$4.68 billion. Some 16 of these will be concluded in the next four years (2016–2019), accounting for 50% of the total estimated investment for the hub portfolio. The hub contains 15 concluded projects, for a total of US$2.69 billion in investment, which is equivalent to nearly 16% of the total for the portfolio.

The Central Interoceanic Hub (link in Spanish) is made up of 63 projects that are organized into five project groups and represent an estimated investment of US$11.5 billion. The active portfolio for the hub includes 46 projects, which represents an investment of US$10.84 billion. Ten of these will be concluded in the next four years (2016–2019), accounting for 23% of the total estimated investment for the hub portfolio. The hub contains 17 concluded projects, for a total of US$663 billion in investment.

The MERCOSUR/Chile Hub (link in Spanish) is made up of 120 projects that are organized into two project groups and represent an estimated investment of US$60.97 billion. The active portfolio for the hub includes 96 projects, which represents an investment of US$52.18 billion. Some 13 of these will be concluded in the next

four years (2016–2019), accounting for 15% of the total estimated investment for the hub portfolio. There are 24 concluded projects in the hub, which represent US$8.79 billion in investment.

The Peru/Brazil/Bolivia Hub (link in Spanish) is made up of 24 projects that are organized into three project groups and represent an estimated investment of US$32 billion. The active portfolio for the hub includes 19 projects, which represents an investment of US$26.03 billion. If all seven projects that are currently being implemented are taken into account, it is estimated that once these have been concluded, 78% of the estimated investment in the hub portfolio will have been spent. There are five concluded projects in the hub, which represent a total of US$5.98 billion.

Physical Connectivity as a Pillar of Integration

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In line with the schedule established at the 30th Meeting of the IIRSA Technical Forum, regional work on infrastructure for integration continues to move forward. Every meeting brings fresh evidence of the countries' commitment to joint, coordinated, and integrated development for South America.

This year, work centered on the five-year review of the Integration Priority Project Agenda (API). The API is a set of 103 projects that were defined by the countries of South America in 2011 and that are grouped into 31 structured projects that are priorities for regional integration. These structured projects may be single projects such as developing border crossings that are key to fluid relations between countries, missing stretches of railway in an existing network, or long distance bioceanic road corridors that involve several countries. The API projects were selected from others that were already part of the COSIPLAN Project Portfolio, which contains the region's most important integration-related projects.

In its role as pro-tempore president of UNASUR/COSIPLAN, Argentina put forward a proposal, in conjunction with the Technical Coordination Committee, to reorder the API projects as part of the API Review Workshop held on April 19, 2017, in Buenos Aires. The countries agreed use this new setup, which entailed dividing the API projects into two groups:

– Projects with a firm finish date prior to 2022: API 2022

– Projects which are expected to be concluded by 2027: API 2027

Structured projects that cannot be included in either of these two categories are no longer considered priorities and will be analyzed again in the 2022 API review.

The countries established the guidelines for the API review in April and then held a series of videoconferences for each Integration and Development Hub, which began on May 16 and finished on June 29, 2017. The following hubs were analyzed: the Central Interoceanic Hub (link in Spanish), the Peru-Brazil-Bolivia Hub (link in Spanish), the MERCOSUR-Chile Hub (link in Spanish), the Paraguay-Paraná Waterway Hub (link in Spanish), the Capricorn Hub (link in Spanish), and the Southern Hub (link in Spanish). At the time of writing, the videoconferences for the Amazon, Andean, and Guianese Shield hubs had yet to be held.

To demonstrate how committed the countries are to this work agenda and the level of technical detail that the meetings entailed, this article presents two API projects that were analyzed during the meetings.

The Central Bioceanic Rail Corridor (CBFC) is a rail project that was prioritized by the government of Bolivia, whose objective is to join the Atlantic port of Santos in Brazil with the Pacific port of Ilo in Peru. This rail connection is the optimum alternative for shipping the large volumes and weights of Bolivian mining, farming, and forestry products to international markets.

The Preinvestment Program for Strategic Projects that was implemented by the Bolivia's Deputy Ministry of Transportation and financed by the Inter-American Development Bank (IDB) allowed authorities to determine whether the project was viable. They also analyzed the possibility of using this corridor for passenger transportation within Bolivia.

At present, the Bolivian Rail System is made up of the Andean Network and the Eastern Network, which have never been interconnected. Both networks are meter-gauge railways and are connected with Brazil and Argentina to the east, and with Peru, Chile, and Argentina to the west.

As part of the review of the projects that make up the Central Interoceanic Hub, the Bolivian delegation discussed the progress it had made in relation to multinational dialogue around this integration project. Four work groups were established (to focus on the financial framework, regulatory framework, technical specifications, and strategy, respectively). Officials from Brazil, Peru, and Paraguay took part in these and their countries committed to continuing to work on the established action plan.

The investment needed in Bolivia to connect the two networks and make the rail corridor operational was estimated to be approximately US$7 billion, including infrastructure and rolling stock. It was reported that the Montero–Bulo track is currently under construction; this 150-kilometer stretch is part of the central track. During

the second stage of work, it is hoped that progress will be made on the track between Bulo Bulo and Villa Tunari, which is currently at the preinvestment stage. This would also include the stretches of track to connect Villa Tunari with the city of Oruro. These initiatives entail assessing the cost of preinvestment and identifying financing. Finally, the Bolivian delegation commented on the interest that the Paraguayan government has recently expressed in connecting its network to this corridor, possibly from the town of Roboré to Puerto Carmelo Peralta, for which the relevant studies are currently being carried out.

The Brazilian delegation confirmed its interest in this corridor, highlighting a need to promote the construction of a rail connection between Puerto Suárez (Bolivia) and Corumbá (Brazil). To completely interconnect the two countries' rail systems, a small stretch of track would need to be built to join two sections of the networks that are near the border. Those present also mentioned the importance of working on a legal and operational framework for the rail corridor, considering that the Brazilian rail network is operated by a private concession right up to the border. Consequently, to effectively integrate the two systems, the countries are considering using so-called operational contracts with the private sector. Progress also needs to be made on an agreement of understanding between the two governments to facilitate freight transit at the border. This would be the first step toward defining other additional topics that also need to be tackled to fully integrate rail services. Finally, the Brazilian government reported its intention to develop a logistics platform at Campo Grande and mentioned the possibility of transporting gas from Bolivia to Brazil in the medium term.

The Peruvian delegation mentioned that it is drafting a study that will allow it to define the best option for connecting the rail corridor through Peru to the Pacific Ocean. The three alternatives being analyzed are: i) from Hito IV to the Port of Ilo; ii) from Desaguadero to the Port of Ilo; and iii) from Desaguadero to the Port of Matarani. This study is expected to be completed in July 2017.

The Cristo Redentor Border Crossing System is in the Andes and connects the Valparaíso Region in Chile with the province of Mendoza in Argentina. It is a high-priority project because it is the main bilateral land-based connection between Argentina and Chile and is one of the most important border crossings in South America. Intense trade flows travel between the MERCOSUR countries and Chile through this tunnel, which connects with international shipping centers in the ports of Valparaíso, San Antonio, and Quinteros.

The optimization work for this system is based on a binational study that was financed through technical cooperation from the IDB. This enabled authorities to evaluate infrastructure and operations alternatives for the crossing and to decide how to implement an improved border monitoring system, which will be developed in phases.

This structured API project is made up of five initiatives from the COSIPLAN Project Portfolio which all seek to upgrade this complex system. The delegations from Argentina and Chile stressed how important continually improving this connection is for both countries.

Discussions of these specific projects began with a progress report on the Retrofitting of the Cristo Redentor and Caracoles Tunnels. The delegation from Argentina reported that studies for this project are currently being carried out using nonrefundable IDB financing. These works seek to transform the current crossing into an integrated tunnel system, in line with current standards of international design in this area, with an emphasis on traffic capacity and road safety. The retrofitting of Caracoles Tunnel implies transforming this old rail tunnel into an additional lane for the road tunnel and connecting it to the Cristo Redentor Tunnel through ventilation galleries that can be used to evacuate people in the event of an accident. These are consecutive works so they will be included in a single contract. In July, construction work began on the Palmira Beltway on National Route 7 in the province of Mendoza, the aim of which is to improve access to the border crossing and avoid traffic having to go through the center of Palmira. These projects will also be financed by the IDB.

The Uspallata Single Freight Monitoring Center in Argentina is at the preimplementation stage. Total investment in the project represents approximately US$90 million. The aim of the freight monitoring center is to reduce the average time spent on monitoring processes and dispatch times for goods and empty trucks; to improve the quality of services for truck drivers; to make logistics planning more predictable; and to increase the competitiveness of exports by reducing transportation costs in general. The Integrated Monitoring Area will include an office for the Federal Tax Authority (AFIP), a roundabout to access the area, and buildings for the

Uspallata Administrative Center (EGUS), the Administrative Center for Heavy Goods Vehicles (EGTP), and the Administrative Center (EGCM).

The Los Horcones Passenger Monitoring Center in Argentina is at the preimplementation stage and represents an estimated investment of US$80 million. The objective of this project is to reduce average waiting times by upgrading checkpoints and improving the layout of monitoring infrastructure, ensuring that there is sufficient capacity to absorb large flows without long waiting times. The work to be carried out includes: consolidating and improving the area for private cars; creating a new bus zone; constructing new accommodation for 150 staff members; constructing a new canteen and recreation building for employees from both countries; and constructing a new building to serve as passenger rest area.

The New Los Libertadores Border Complex in Chile is at the implementation stage and represents an investment of around US$88 million. It will be built using a concession model. The contract is currently at the stage where the final engineering projects are established, and the complex is expected to become operational in August 2019.

The new complex will be 300 meters northwest of the current one. The plans are for a 28,000-square-meter facility which will house a vehicle monitoring and inspection zone, employee accommodation, new military police barracks, commercial service areas, and other facilities. Also contemplated in the project is the construction of access roads, an exit to Route 60-CH, internal roads, and parking areas.

The Binational Management Monitoring System at the Cristo Redentor Border Crossing was financed through nonrefundable technical cooperation financing from the IDB. It is currently at the definition stage and could eventually be applied to the entire integration corridor. It was also reported that there are plans to upgrade infrastructure and raise awareness among staff to better coordinate the IT systems used by Argentina's immigration and customs agencies and SENASA.

Find out more about the review and updating of the COSIPLAN and API Project Portfolios

The countries of South America have been carrying out this review exercise once a year since 2009 to ensure that the API Project Portfolio reflects governments' investment priorities regarding infrastructure projects to improve integration with neighboring countries The specific information that was exchanged on each API project and the portfolio as a whole, as analyzed at these meetings, is available in the videoconference reports for each Integration and Development Hub, which are published on the COSIPLAN online event calendar.

The technical teams from the different areas of government involved in the various stages of project development took part in these and provided detailed, valuable information on the project. This work is coordinated by INTAL in its role as the secretariat for the Technical Coordination Committee and receives support from the General Secretariat of UNASUR.

As part of this exercise, the government officials who attended exchanged technical information on the current status of the projects. In the case of projects that were at the implementation stage, they provided information on how far work had advanced, in percentages, and on whether work was proceeding according to schedule or whether there had been delays. For projects that were still at the early stage of the life cycle, officials reported on what studies had been carried out and the investment needed to make the implementation of these works viable.

To finish the updating process and begin drafting annual portfolio and API reports, designated officials must complete all information in the COSIPLAN Project Information System. This technological tool makes it easier for all the information on public infrastructure work in the region to be made available to the public in a transparent fashion. The system is made up of records that contain technical data, progress updates, and the financing status for each of the nearly 600 infrastructure projects that the countries of South America have planned to improve regional connections and integration.

How Latin American Exports Are Reacting as Advanced Economies Recover

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Exports from Latin America and the Caribbean (LAC) began the year with a sharp upturn that reversed the trend that had characterized the previous four years. According to the Trade Trend Estimates report published by the IDB in May 2017, the region's foreign sales grew by a noteworthy 17% year-on-year in the first quarter. However, this growth was almost entirely explained by prices, especially commodity prices, while export volumes only grew at low rates. As 2017 has advanced, this impetus has somewhat worn off due to the volatility and instability of some price trends, particularly for oil.

Over the last year, there has been a certain acceleration in the growth of some advanced economies, notably the United States (US) and the European Union (EU). These projections also suggest that it will be the more advanced economies that act as the main source of growth for global GDP in the coming years.[1] Given this outlook, it is worth analyzing how greater demand from these countries could impact LAC exports, based on both their composition and their dynamics in recent years.

This issue will be examined in greater detail in the *Trade and Integration Monitor 2017*,[2] an annual report that analyzes the current state of LAC's integration into the global trading system, to be published during the second half of the year.

The Challenges to Gaining Market Share in the Main Developed Countries

LAC is a major supplier to the US: in 2015, 18% of the latter's total imports, measured in current prices, came from the region. However, two major issues underlie this fact: the first is the importance of Mexico, which explains 13 percentage points (p.p.) of this share; and the second is the fact that the relative stability of LAC's market share in recent years is actually the result of an increase in imports from Mexico (+2 p.p.), which made up for the downturn in imports from the region's remaining economies (-2 p.p. between 2007 and 2015).

The US is LAC's main trade partner: it was the destination market for 42% of exports in 2015, although, once again, this share was strongly biased by Mexico, the largest exporter in the region,[3] which sends three-quarters of its exports to the US. The remaining Latin American economies send 19% of their total exports to the US. Regardless, it is worth underlining that the importance of the US market has shrunk, as in 2015 this share was 12 p.p. lower than was recorded in 2000.

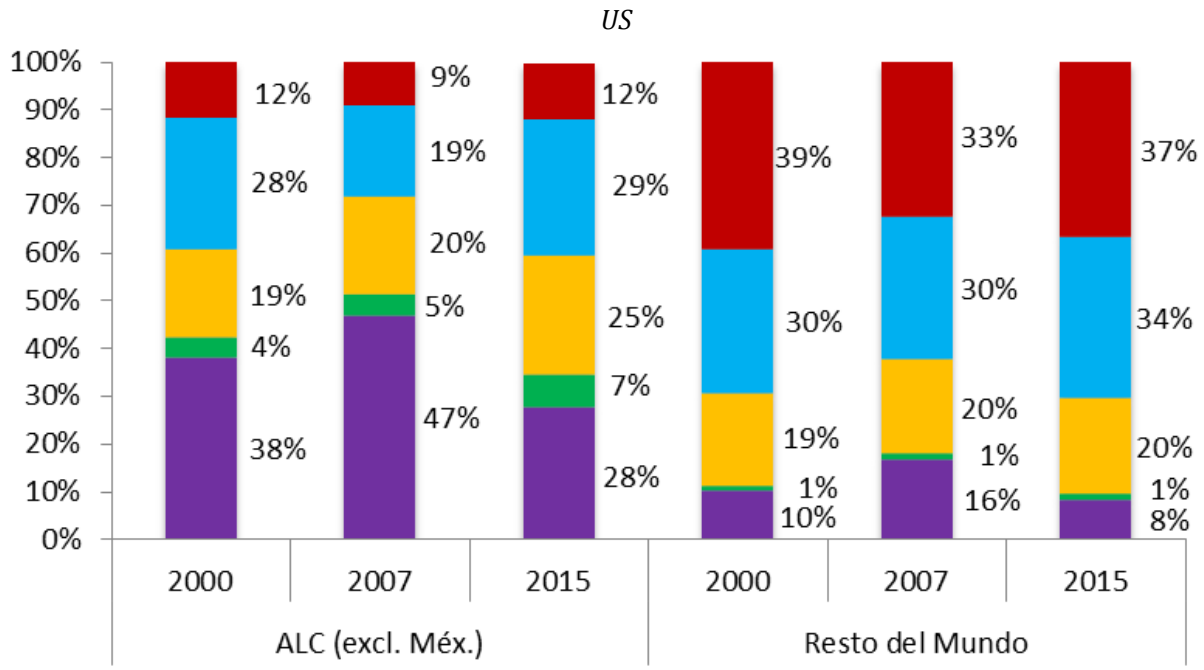
On the other hand, the EU accounted for 12% of the region's total foreign sales, a share that has remained relatively stable since 2000. However, unlike in the US, LAC does not play a significant role in the EU's total imports: it accounts for around 2% of these, a figure that has not changed substantially in recent years.[4]

From an aggregate, medium-term perspective, LAC's export performance on the US and EU markets can thus be said to be not particularly dynamic. There has been no variation in the region's exports to the EU, while only Mexico has increased its market share of exports to the US.

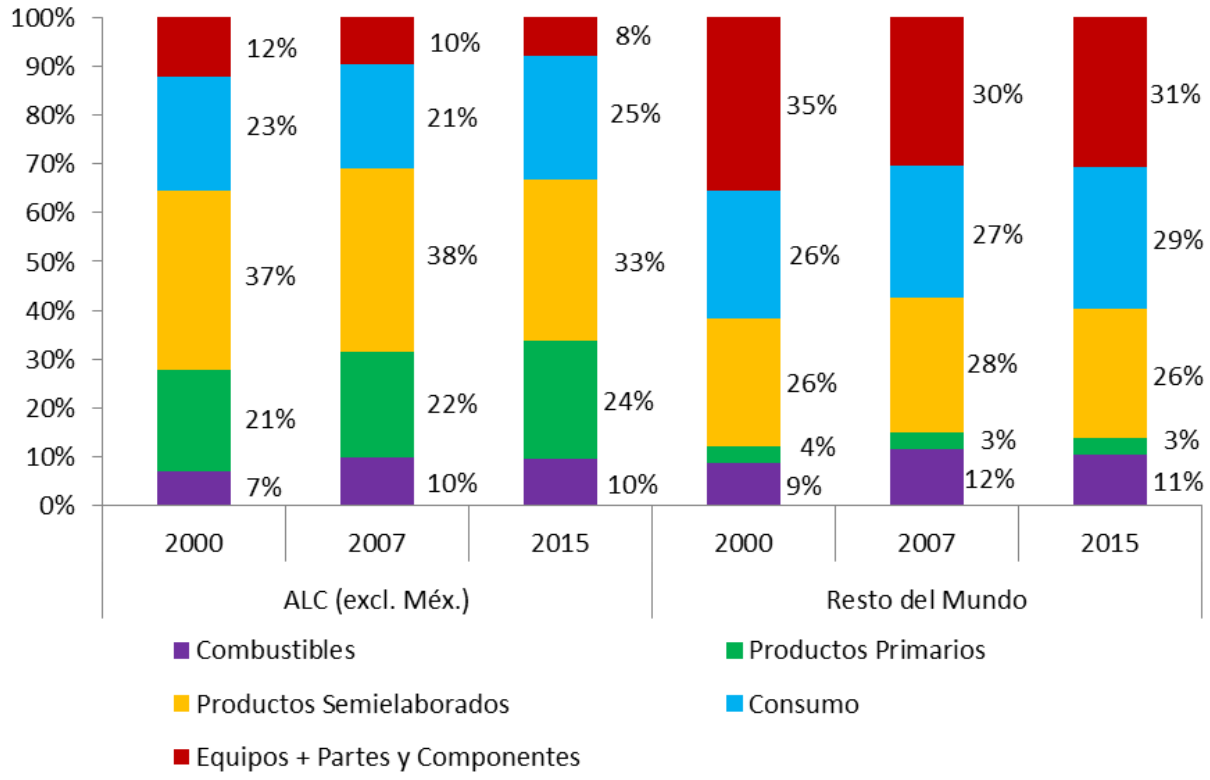
The structure of US and EU imports from LAC differs from their imports from the rest of the world

Fuels, commodities, and semiprocessed products[5] make up most the basket of exports from LAC (with the exception of Mexico)[6] to these destination markets. In total imports to the US and the EU, machinery and parts and components (M+P&C) are consumer goods are the most significant import categories (figure 1).

Figure 1. Composition of Imports from LAC and Totals for the US and the EU, by Product Category



EU



Source: IDB/INTAL using data from BACI (CEPII)

The main difference between the composition of US and EU imports from LAC and the rest of the world lies in the low share of M+P&C in the former. These account for around 10% of imports from LAC but around 33% of global imports. This points to the region's limited involvement in manufacturing value chains, which is connected to its factor endowments and the innovation capacities that local economies have accumulated.

The most notable feature of US demand from LAC is the high share of fuels, which was so high in 2007 that it explained almost half of US imports from the region. Although this share had shrunk substantially by 2015, fuels continue to account for a significant proportion of US imports. In 2000, they represented 38% of total imports, while in 2015 this has come down to 28%. This 10-p.p. decrease was made up for by increases in the share of semiprocessed products (+6 p.p.), primary products (+3 p.p.), and consumer goods (+1 p.p.).

The decreasing share of energy products in US external demand is explained by the growth in its domestic supply capability, which is due to the use of unconventional extraction technologies. These have shifted the US toward energy self-sufficiency, to the detriment of oil suppliers, including those in LAC.[1] The increases in the shares of the other important categories mentioned above suggest growth in purchases of commodity-based goods with a greater degree of processing than mere primary products (semiprocessed products), along with consumer

goods. Consequently, the decline in the share of oil in LAC's trade ties with the US has been made up for by the greater share of more processed goods and, to a lesser extent, by commodity exports.

The situation is very different for imports to the EU from LAC (excluding Mexico). First, there have not been such major variations in energy imports as in trade with the US. The most significant changes, however, are related to the decrease in the relative share of more processed goods. M+P&C imports accounted for 12% of the total in 2000, but this dropped to 8% in 2015, while the share of semiprocessed products also dropped from 37% to 33%. The losses from these two categories totaled 8 p.p., which were compensated for by the growth in the relative share of fuels (+3 p.p.), primary products (+3 p.p.), and consumer goods (+2 p.p.).

In other words, in contrast with LAC trade with the US, in this case the structure of demand is moving toward a greater share of unprocessed goods. With regard to M+P&C, the drop in EU demand may be related to the possibility of accessing competitive supplies of these products from within the bloc (above all from new member countries) and, undoubtedly, to products from China and other economies with major flows of labor-intensive manufactures.

It is worth noting that in trade with both the US and the EU, semiprocessed products account for a larger share of the import basket from LAC than from the rest of the world. Indeed, they are the most significant category in LAC exports to the EU, as they represented a third of the total in 2015, and half of the total when combined with exports of primary products. However, LAC exports of semiprocessed products and primary products to the EU are concentrated in just four sectors: soy (beans and soymeal), copper (ore, concentrates, and cathodes), coffee, and chemical wood pulp. US imports of semiprocessed products from LAC also account for a significant amount of total purchases from the region. This share has increased in recent years and now accounts for a quarter of the US total. The supply of semiprocessed products from LAC to the US is relatively more diversified than its supply to the EU, as it includes goods such as metal derivatives and chemical products obtained in the early stages of the different manufacturing chains.

Finally, the high relative share of consumer goods in both US and EU imports from LAC is striking. EU imports in this category are mostly products such as fruit (bananas, pineapples, grapes, and avocados); seafood, fish, and beef; and fruit juices and wine. In contrast, US purchases are not only more diversified in terms of the number of products within each category, but they also include goods from manufacturing value chains, such as apparel. This category has grown by 10 p.p. in US imports from the region.

What do these trends mean for Latin American the Caribbean?

In the current scenario, the behavior of US and EU demand for LAC products may have a significant impact on the region. However, generally speaking, it is good news for the LAC export sector that these developed economies can drive growth in global output, although the implications of this for diversification vary for each partner. In the case of exports to the US, the challenge is twofold and entails, first, maintaining market access conditions, especially for manufacturers; and second, replacing the market share that is opened up by lower oil

imports with goods with higher value added. For exports to the EU, the challenges are tougher: the region's share as a supplier is low and has remained practically unchanged in the last 15 years, despite the commodities boom. Given this outlook, there is a need to make entry requirements for LAC products more flexible and to tackle the factors that determine the high concentration of imports in a handful of low-complexity goods.

Classification Annex

Products were classified using the BACI database from the *Centre d'études prospectives et d'informations internationales* (CEPII) at the 6-digit level of the Harmonized System and converted to the 3-digit level of the Standard International Trade Classification (SITC), and were then reclassified using the groups described in Lemoine and Ünal (2017). This latter classification was adapted in order to analyze the oil export basket separately (all products at the 6-digit level of chapter 27 of the Harmonized System were classified as fuels), and the machinery and parts and components categories were merged. The primary product category contains SITC categories 111 ("food and beverages, primary, mainly for industry") and 21 ("industrial supplies not elsewhere specified, primary"). The machinery and parts and components (M+P&C) category is made up of SITC categories 41 and 42, which include "parts and accessories of capital goods (except transport equipment)," and categories 53 and 521, which are for "parts and accessories of transport equipment." Consumer goods are SITC categories 51 and 522, "transport equipment and parts and accessories thereof," "passenger motor cars," and "transport equipment, nonindustrial"; 61, 62, and 63, "Consumer goods not elsewhere specified, durable," "semidurable," and "nondurable," respectively; 112, "Food and beverages, primary, mainly for household consumption"; and 122, "Food and beverages, processed, mainly for household consumption." Semiprocessed products include SITC categories 22, "industrial supplies not elsewhere specified, processed," and 121, "Food and beverages, processed, mainly for industry."

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[1] See Giordano (2014, 30). and Giordano (2016).

[1] IMF (2017).

[2] See Giordano (ed.), 2016. Earlier versions of this report are available at http://www.iadb.org/en/topics/trade/publications,6302.html

[3] In 2015, 42% of LAC exports originated in Mexico.

[4] Total imports to the EU include intraregional flows.

[5] This analysis was based on the classification used in Lemoine and Ünal (2017), which was adapted to analyze fuels as a separate category (see the annex for more detail).

[6] From this point on, this article focuses its analysis on US and EU demand for goods from LAC, excluding Mexico.

[7] See Giordano (2014, 30). and Giordano (2016).

The Agua Negra Binational Tunnel Is Becoming a Reality

- Inspiring Activities
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May 2017 was the final deadline for the companies interested in designing and building the Agua Negra Tunnel to submit their background information. The tunnel which will join Chile's Coquimbo region with San Juan province in Argentina. A total of 10 international consortia have applied, made up of 29 firms from countries including China, Italy, Spain, Argentina, and Chile.

The Agua Negra Binational Tunnel Agency (EBITAN) announced that it has received applications from the following consortiums:

– The CRS Consortium, made up of the China Railway Tunnel Group Co. Ltd Consortium, Benito Roggio e hijos S.A, and Ingeniería y Construcción Sigdo Koppers S.A.

– The Astaldi SPA, FCC Construcción S.A, and Rivas S.A. Consortium

– The China Railway Construction Co. and Panedile S.A. Consortium

– The Power China Ltd. and Sacde S.A. Consortium

– The CCCC and JCR S.A. Consortium

– The Dragados S.A., Technit S.A., and Besalco S.A. Consortium

– Salini Impregilo S.A.

– The OHL S.A, Condotte S.A., and Rovella S.A. Consortium

– The Strabag, JCC S.A., and Obras Subterráneas S.A. Agencia Chile Consortium.

– The SCCM Túnel Agua Negra Consortium, made up of Sacyr Construcción S.A, SK Engineering and Construction Co. Ltd., CMC, and ICM S.A.

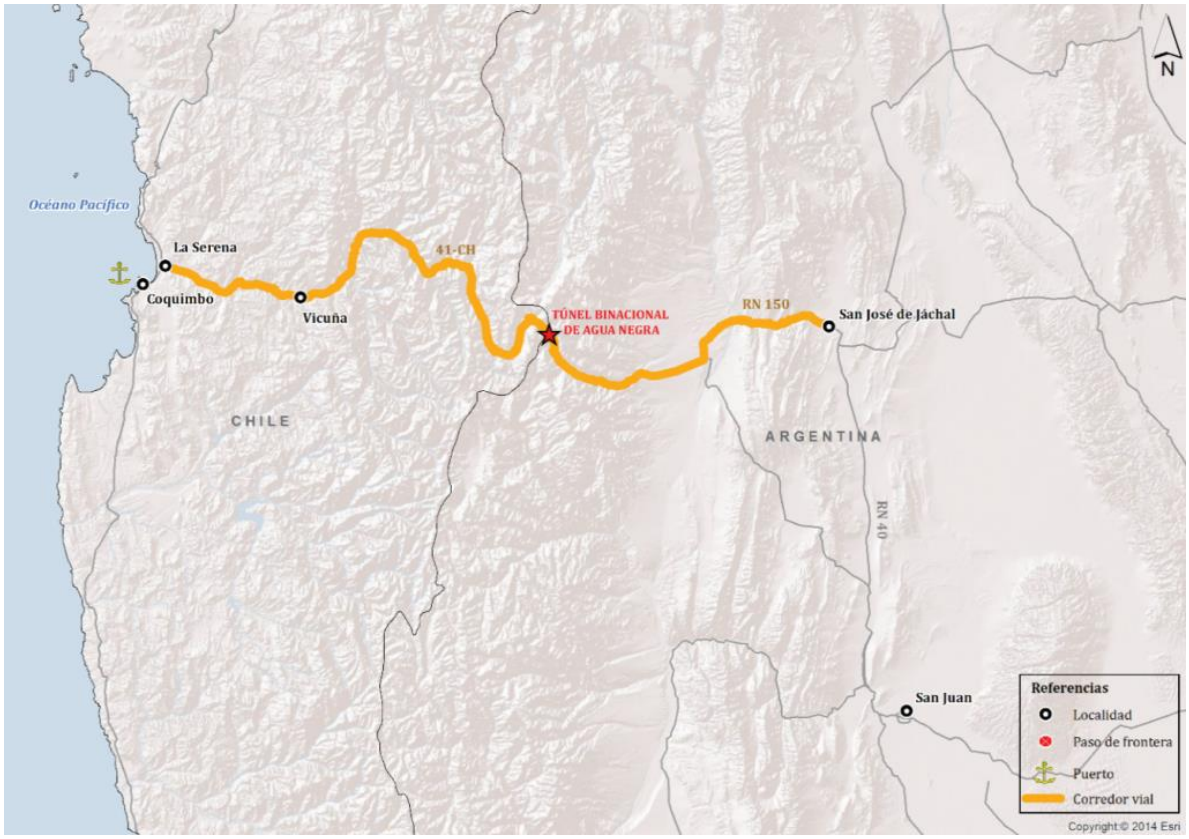
In the course of 2017, the companies that qualify for this stage will be called on to present their project and construction proposals, the deadline for which will be May 2018. EBITAN estimates that the contract for the project will be awarded in November 2018 and signed in December 2018. The company that is awarded the tender will design the executive project, which will entail approximately one year of work.

It is estimated that the building work will cost approximately US$1.6 billion, which the Inter-American Development Bank (IDB) has committed to financing through a loan which will be divided between the two countries proportionately to the surface area affected: 72% will correspond to the Republic of Argentina and 28% to the Republic of Chile.

Agua Negra Binational Tunnel Project

This project was first tabled in 1996. Bringing it to fruition will be a great source of impetus for the bioceanic corridor project, which seeks to connect the geographical center of Argentina with the port of Coquimbo in Chile, on the Pacific Ocean, and the port of Porto Alegre in Brazil, on the Atlantic.

The Agua Negra International Border Crossing is one of 26 binational border crossings included in the joint priority investment program that was agreed on as part of the Maipú Integration and Cooperation Treaty, which was ratified in 2014. The border crossing is at 4765 meters above sea level on the border between Chile and Argentina. It links the cities of San José de Jáchal, in Argentina's San Juan province, and Vicuña, in the Coquimbo region, Chile.



As the current road is not suitable for freight transportation and is only open to passenger traffic between November and early April, the international border crossing is closed for seven months of the year. The binational tunnel is being planned to solve this problem.

The tunnel will descend from the high point to 3620 meters above sea level at the entrance on the Chilean side and 4085 meters on the Argentinian side. The technical solution was designed by professionals with extensive international experience in carrying out feasibility studies and building long-distance tunnels. The project is made up of two main tunnels, one for traffic in each direction, and will bring the length of the road between the two countries down to 44 km. The two tunnels will run semiparallel along a distance of approximately 13.9 kilometers and will be fitted with a ventilation system that will ensure adequate safety conditions during operations, even in the event of a fire.

The aim of the project is to improve the physical connectivity between Argentina and Chile by complementing the Cristo Redentor Border Crossing, especially when there is heavy traffic or this is temporarily closed due to winter storms. The tunnel will also bolster international trade, binational mining products, and tourism development.

The tunnel is part of Project Group 4 in the COSIPLAN Project Portfolio MERCOSUR–Chile Hub. In 2011, it was included in the COSIPLAN Integration Priority Project Agenda (API) due to its role in consolidating a regional physical connectivity network. In 2014, Argentina and Chile asked for support from the COSIPLAN CCT to draft a Territorial Integration Program (PTI) in connection with the tunnel. The process began that same year and was completed in December 2015. The two countries are currently working toward implementing priority actions to build on the benefits of the tunnel and mitigate negative impacts.

Inspiring Activities

New Challenges for the Public Sector

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As part of a series of talks being organized by Argentina's Ministry of Modernization in partnership with INTAL/IDB, a seminar entitled "Challenges to Public Governance and Capacities in the 21st Century: New Skills for Government Employees" was held on May 22, 2017. The speakers at the event included international experts Brenton Caffin, director of Global Innovation Partnerships at the Nesta Foundation, and Emil Bolongaita, the head of Carnegie Mellon University in Australia.

The event was presented by Rudi Borrmann, undersecretary of public innovation; Roi Benítez, director of capacity development at the Ministry of Modernization; and Alejandro Ramos, senior economist at INTAL. The aim of the day was to provide training for officials and employees on issues connected with innovation and the challenge of new technologies within government.

From its base in the United Kingdom, the Nesta Foundation develops innovation initiatives in areas such as health, education, government, culture, and the creative economy. Mr. Caffin listed the critical qualities that staff need to implement innovation processes within the state. "Over the last 10 years, we have done a lot of research on the skills and capacities that are needed to innovate in the public sector," said the specialist, who has worked with several governments, including that of Australia.

He described the frame of reference that the Nesta Foundation suggests for implementing this type of project. "It's a snapshot of certain skills that we need to foster in the public sector to allow innovation to flourish, spread, and grow. The big question is: how do we develop and build these skills? We suggest partnering with public administration schools and governments to provide this training," he argued.

Throughout his presentation, Mr. Caffin distinguished between the skills and attitudes that human resources and government officials need to have. The former can be taught through training, while the latter need to be sourced through recruitment strategies. "At the highest level, we see a combination of three skill sets: accelerating learning, working more effectively in teams, and leading change, which implies mobilizing resources and having a certain legitimacy to ensure that things happen. These skills are all very important in the public sector," he explained.

Using this model, Mr. Caffin described the attitudes that were most important for problem solving in the public sector. “The core attitudes for public-sector work include empathy, being action-oriented, curious, brave, results-oriented, agile, resilient, and imaginative. These attitudes are critical in the type of people that we want to involve in innovation projects and teams. They are essential when it comes to recruiting staff and developing the right teams,” Mr. Caffin said.

The specialist then discussed the skills associated with accelerated learning. He made particular mention of “the orientation toward and capacity for identifying future trends using forecasting methodologies; prototyping tools, which are used in design to test ideas and bring them to life; the use of data and evidence; and training in the use of technology, which enables people to develop innovation.”

With regard to the skills needed to improve teamwork in the public sector, he stressed commitment to citizens and stakeholders; the ability to engage in genuine dialogue; encouraging people to express their ideas and balance out different voices; and the capacity for building bridges between different sectors that are not usually in contact with one another.

Finally, he discussed the skills involved in leading change, which he said entails the ability to persuade people to “get involved in improvement and innovation projects while giving them resources and space to try new things.” He stressed the need to develop financial and budgeting skills to scale up ideas, “as many good ideas are never implemented because officials do not know how to express themselves in financial terms to demonstrate the value and the business model that justifies investment in them,” he explained. Another key skill is “mobilizing resources other than money, such as knowing how to get people to sign off on your project, finding the right people, and persuading them to get involved.” Mr. Caffin also mentioned the skill of demonstrating and arguing why it is worth implementing a project and learning to do so “not just from an economic point of view but also from an emotional one.”

The head of Carnegie Mellon University in Australia, Emil Bolongaita, focused his presentation on the transformations that the Fourth Industrial Revolution is bringing about and Argentina’s role in these. “The Fourth Industrial Revolution, which is only just getting started, is driven by discoveries in artificial intelligence, robotics, nanotechnology, 3D printing, the Internet of Things, and online autonomous vehicles,” he argued. “These technologies are increasingly embedded in society and even in human bodies. However, many countries have economic and political institutions whose practices have not changed much since the Second Industrial Revolution. Although the world has made great technological progress, we are still facing the same old problems: poverty, exclusion, terrorism, corruption, ignorance, intolerance, and prejudice. These problems are growing faster than policies and institutions can respond to them,” he reflected.

He explained that Carnegie Mellon University in Australia is currently investing in R&D in the main technologies for the Fourth Industrial Revolution, “which are transforming multiple sectors, including health and education. We are also training people how to use these technologies through public policies.” The curricula

at the Carnegie Mellon School of Public Policy “reflect the skills and knowledge that officials require to be able to identify opportunities and take on the challenges that these disruptions are posing.” Officials learn statistics, data analysis, economic analysis, public finance, management, and decision-making. “this combination of skills and knowledge is vital for the new knowledge economy,” he argued. The school also teaches data mining, digital transformation, and managing information systems. “In my view, a combination of hard and soft skills is crucial for public servants to learn to lead their governments through the changes of the Fourth Industrial Revolution.” Mr. Bolongaita said that he thought Argentina was currently experiencing a “moment of optimism and opportunity after decades of challenges that have prevented it from capitalizing on opportunities.” He also added that “Argentina is at risk of becoming a long-term middle-income country and it needs to escape that trap. The challenge that lies ahead of government officials in Argentina is enormous,” he concluded. “The country needs to invest in training, skills, and knowledge for existing officials and employees but it also needs to recruit new public servants, people who bring the types of skills that can transform institutions. Innovation means that the state needs to invest resources.”

Road Corridor between the Atlantic and the Pacific

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At a meeting of the Common Market Council in December 2015, the presidents of Argentina, Brazil, Chile, and Paraguay decided to establish a Working Group to implement the road corridor connecting Campo Grande–Puerto Murtinho (Brazil)–Carmelo Peralta–Mariscal Estigarribia–Pozo Hondo (Paraguay)–Misión La Paz–Tartagal–Jujuy–Salta (Argentina)–Sico–Jama–Ports of Antofagasta–Mejillones–Iquique (Chile). This initiative is based on the presidents' commitment to the regional integration process that is being put into practice through the work of COSIPLAN/IIRSA (Asunción Declaration, 2015).

The road corridor confirms the presidents' commitment to regional integration, economic and social development, and increasing the competitiveness of regional products, a process which will also involve the private sector, academia, and local populations.

The objective of the corridor is to substantially improve physical infrastructure, to facilitate cross-border traffic, and to streamline customs procedures to speed up the flows of goods and people through the region. It will thus result in more efficient logistics, greater econtomic competitiveness, and more effective regional integration. This bioceanic connection is one expression of the political will to bring Pacific Alliance and MERCOSUR countries closer together to work on joint economic undertakings and improve the competitiveness of South American products on the Asian Pacific and European markets (Asunción Declaration, 2015).

In 2016, the Working Group met on three different occasions. It is made up of representatives from the national and subnational governments of all four countries and from government organizations and agencies that work in areas associated with the objectives for the road corridor.

In May 2016, the Working Group commissioned the Catholic University of the North of Chile to build a website for the corridor that would bring together all the information that is currently scattered across different country-specific sites.

The Working Group met for the second time in July 2016 in the city of Campo Grande, Brazil. Those at the meeting agreed to create an academic network to get universities in the region involved in the analysis of the social and economic impact of the corridor in a way that includes local communities. Presentations on road corridor logistics projects covered initiatives to develop logistics centers and industrial parks in Salta and Jujuy; the capacity and quality of the ports of Antofagasta and Mejillones; the new bridge between Brazil and Paraguay (Puerto Murtinho-Carmelo Peralta); and the Belgrano Plan in the north of Argentina. Other matters discussed at the meeting included technical aspects of customs transit, free-trade agreements, global value chains, and productive chains.

The third meeting took place in October 2017 in San Salvador de Jujuy, Argentina. Work was organized into four areas:

Coordinated Border Management

Work focused on integrated, advance access to information. The topics covered included the implementation of the SINTIA system; spectrographic freight imaging (scans); a single digital declaration form; an electronic seal system; a priority freight channel; a single, unified immigration and customs procedure; and the homogenization of road safety standards.

Infrastructure and Services

It was recommended that a plan and schedule be established for the infrastructure deemed necessary to articulate the sections of the corridor, and 2021 was set as the target date for completing construction work. A multilateral group was established to monitor progress on these projects. It was also agreed that the group would work on complementing forms of transportation and developing logistics centers, value chains, and productive integration projects.

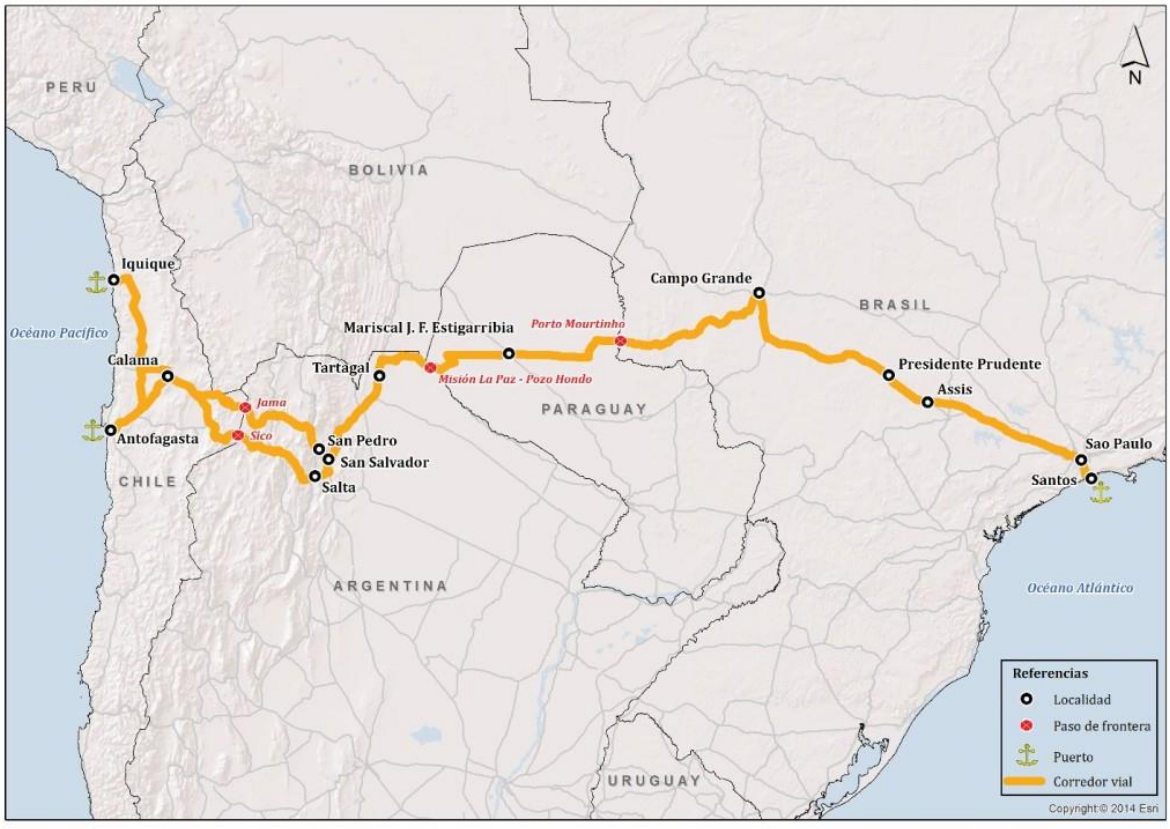
Productive Development

Those present agreed to draw up a map of productive stakeholders in the bioceanic corridor project and articulate the actions needed to create the Bioceanic Corridor Productive Integration Network, which would involve all institutional stakeholders, both public and private.

Universities

The aims of the university network that was established in Campo Grande are to gather information on social, economic, political, and service-related problems; to create a database to systematize this information; and to publish it on the corridor website. This network is made up of the State University of Matto Grosso do Sul (Brazil), the Catholic University of the North of Antofagasta (Chile), and the National University of Jujuy (Argentina). Other universities in the region were invited to join and the ministries of education were asked to take part as collaborators.

ROAD CORRIDOR PROJECTS



In Brazil

The corridor starts in the port of Santos, Brazil, on the Atlantic Ocean, where two construction projects are underway. The first focuses on the beltways around the port, which will improve traffic and vehicle access. The second entails dredging work to increase the depth of the port from 13 to 15 meters, in order to facilitate shipping

access. The project is part of the COSIPLAN Portfolio and represents an estimated investment of US$344.4 million. It is estimated that the dredging work will be complete by the end of 2017, and the last stretch of the ring-road by July 2019.

The road corridor continues east along Brazilian roads that are operational as far as Campo Grande. Work is currently underway on a beltway there, which is expected to be completed in December 2017 . These works are part of the Improvements to Road Collectivity in the Central Interoceanic Hub API project and represent an investment of US$12 million.

From Campo Grande, the road continues to Porto Murtinho on the border with Paraguay, which is defined by the Paraguay River. The construction work planned for this location includes an international bridge and improvements to the border crossing between Porto Murtinho (Brasil) and Capitán Carmelo Peralta (Paraguay). The project is part of the COSIPLAN Portfolio, and the two countries agreed that work will be cofinanced equally. In September 2017, the technical teams from Brazil and Paraguay held a meeting to select the most appropriate location for the infrastructure in question.

In Paraguay

The road corridor continues into Paraguay with two road projects that are also part of the COSIPLAN Portfolio. The first is improving the 227-kilometer road that joins Capitán Carmelo Peralta and Loma Plata, which represents an investment of US$313 million. In late October 2016, the design and construction of these works were put out to tender. Construction needs to be completed within a 24-month period. The second project in this area is the paving of the 354.8-kilometer Cruce Centinela–Mariscal Estigarribia–Pozo Hondo road, which represents a cost of approximately US$401 million. The feasibility study began in 2016 and is expected to take 240 days. It is hoped that the call for tenders will be put out in 2017.

A dual facility border control center will be implemented at the crossing between Pozo Hondo, in Paraguay, and Misión La Paz, in Argentina, alongside the existing bridge over the Pilcomayo River. This project is also part of the COSIPLAN Portfolio and will include facilities for customs, immigration, and plant and animal safety checks and monitoring, as well as parking areas to help facilitate the flow of freight and international trade.

In Argentina

The road corridor continues through Argentina along Provincial Route 54. Paving work on the Misión La Paz–Tartagal sector represents an estimated investment of US$150 million. Between Tartagal and the city of Salta, the construction of new lanes on National Route 34 between Libertador General San Martín and the intersection with National Route 9 is currently being put out to tender. Both projects are part of the COSIPLAN Portfolio.

On the border between Salta and Jujuy provinces, the road corridor divides into two sections. The first runs north, toward the Jama border crossing in Jujuy, and the second run south toward the Sico crossing in Salta, both on the border with Chile. The Jama Integrated Single-Facility Border Checkpoint is currently accessible via National Route 52. The stretch of National Route 51 between Campo Quijano and the Sico crossing is currently

being paved, which represents an investment of US$180 million and is expected to be finished in May 2018. All three projects are part of the COSIPLAN Portfolio.

In Chile

In Chile, the 157-kilometer stretch of Route 27-CH between the Jama border crossing and San Pedro de Atacama is already paved. The paving of the Sico–Cass–San Pedro de Atacama stretch of Route 23-CH from the Sico border crossing is part of the COSIPLAN Portfolio and represents an estimated investment of US$30 million.

The concession project for the Loa Route, which is also part of the COSIPLAN Portfolio, seeks to provide road infrastructure to support the growth in freight traffic in the Antofagasta Region, mostly in connection with the copper industry. Construction work will take place along routes 1, 5, 24, and 25; on the access roads to Mejillones; and on the beltway to the east and west of the city of Calama. Work is currently underway on the terms and conditions for the call for tenders, to be put out in 2016, and the project represents an estimated investment of US$280 million. The Antofagasta highway concession is already operational and connects each development hub with cities in the region through 201 kilometers of roads, representing an investment of US$370 million.

To increase road connectivity options to the Pacific ports and reduce the distance between these and the Sico border crossing, a project for paving the Sico border crossing–Peine–Baquedano road is currently being evaluated, representing an estimated investment of US$90 million.

The road corridor ends at the ports of Antofagasta and Mejillones, where three COSIPLAN Portfolio projects have been implemented to upgrade facilities and expand capacity, following an investment of US$218 million.

Finding Our Way Through the Border Labyrinth

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Why are borders so dense? How do time at the border and customs dispatch times, in particular, impact trade? How can we cut down these times? What are the effects of trade facilitation initiatives such as adopting and improving risk management systems, introducing single electronic windows, and streamlining and simplifying international shipping procedures?

One of the latest reports from the IDB's Integration and Trade Sector (INT), **Out of the Border Labyrinth. An Assessment of Trade Facilitation Initiatives in Latin America and the Caribbean (**https://publications.iadb.org/handle/11319/7994**)** was officially presented at INTAL-LAB.

The event was opened by INTAL director **Gustavo Beliz** and **Miguel Braun**, secretary of trade at Argentina's Ministry of Production. Mr. Braun expressed that both international negotiations and trade facilitation are extremely important factors in moving toward better international integration for Argentina. He mentioned that, according to current estimates, a one-day delay during customs processing costs the equivalent of a tariff of between 0.5 and 2.5 percentage points of the value added of the goods in question. Consequently, any efforts to reduce logistics costs and red tape and improve the efficiency of all import and export procedures will have a huge impact on the Argentine economy in general and on SMEs in particular.

Likewise, Mr. Braun drew attention to the modifications that Argentina's Customs Administration and the Federal Tax Authority (AFIP) have made to customs procedures, which will facilitate the movement of goods through customs and reduce costs. He also highlighted the single window for foreign trade (VUCE) project that the government has been working on since 2013, with support from the IDB. The VUCE system is a key tool for improving regulations and the way that some agencies operate.

Time Is a Major Barrier to Trade

Christian Volpe Martincus, lead economist at INT/IDB and the team leader for the study, presented the main conclusions and results. The report argues that borders are dense and take a long time to cross. They are populated by agencies that develop and oversee regulations that firms must comply with and procedures that they have to follow when they trade internationally. The aim of these protocols and procedures is to ensure that import/export processes are safe, lawful, and that they comply with tax regulations. However, if they are poorly designed, borders can easily become intricate labyrinths that are time-consuming to cross. This is why time at the border is used as the prime measure of the barriers to trade that formalities and red tape may constitute.

Why are borders so dense? Some of the reasons are: i) firms need to deal with the regulations and procedures of multiple border agencies—the median number is 15; ii) border agency procedures can be complex and are often carried out manually on paper; and iii) agencies are not coordinated and their systems are not interconnected.
Up to now, the time needed to cross borders was measured based on indicators of the total time involved in doing trade or on survey-based estimates of customs dispatch times.
By including new information systems, customs and other border agencies can systematically compile precise, detailed information on how each transaction is processed. This transactional data means that time at the border can now be measured and reported for a large number of countries, which can be ranked and assessed over time. This data reveals that much of the time that goods spend at the border is due to decisions within firms, that is, the problem does not necessarily lie in the inefficiency of ports and customs facilities. This makes it hard to interpret country rankings built on the basis of total times at the border if these are presumed to reflect the efficiency of ports and/or customs facilities because such rankings mix exogenous measurements related to how efficiently shipments are processed with endogenous measurements that depend on firm behavior.
This suggests that the proportion of time spent at the border that is relevant to policy-making can be measured more precisely if the real processing times associated with port and customs handling are used. According to estimates presented in the report, in Peru, a 10% increase in these times leads to a 2.4% drop in imports. This impact is even greater for new importer and larger importer firms, and for time-sensitive products.

Border Traffic Lights

Shipments that enter or leave countries need to be processed by their respective customs agencies. Customs facilities carry out different types of checks. The green channel is for shipments that are not inspected and can cross the border without being stopped. The orange/yellow channel is for shipments that undergo paperwork checks, which may experience slight delays. Finally, the red channel is for shipments that are subject to paperwork checks and physical inspection and are stopped entirely.
The way in which shipments are assigned to the different channels is determined using risk management systems that vary in their levels of sophistication. In the most basic version of these, selection criteria fundamentally consist of fixed rules, in other words, blacklists of importer and exporter firms, goods, and origins/destinations that are established based on the information listed in customs declarations, past offenses, and a random factor. More advanced versions apply sophisticated risk management techniques that use multivariate econometric tools on a wider set of data generated by customs information systems and those of other agencies and authorities, especially for imports.
The analysis of the current outlook in different countries in the region led Mr. Volpe's team to the following conclusions:

- Shipments assigned to the red channel take longer to be liberated by customs;

- Longer customs dispatch times are associated with fewer exports by firms, and shipment frequency is the main channel through which these times affect exports;
- New trade relations are particularly affected by lengthy customs dispatch times.

From Multiple Agencies to One-Stop Schemes or Single Windows for Foreign Trade (VUCEs)

VUCEs streamline the administrative procedures for trade transactions. They allow parties to present standardized information at a single point of entry to comply with all regulatory requirements for imports, exports, and the transit of goods.

Information technology and interoperability systems have enabled the development and implementation of electronic single windows or one-stop schemes. Rather than completing and physically taking paperwork from one office to the next, firms can use VUCEs to present all documentation online, and the different agencies and authorities can exchange digital documents and issue foreign trade–related permits.

More than 70 countries have implemented VUCE programs. Mr. Volpe discussed Costa Rica's experience: the VUCE scheme was implemented gradually in the country by focusing on procedures (products) and ports (destinations), which led to increased exports, especially for firms that interact with many agencies and whose offices are located in other regions.

Cross-Border Trade Facilitation

When goods are transported overland, they often have to travel through countries that lie between the origin and destination markets, a process that is known technically as *international transit.* Transit accounts for a significant proportion of foreign trade. For example, 96% of El Salvador's exports to neighboring countries in Central America (Costa Rica, Guatemala, Honduras, Nicaragua, and Panama) are transported overland and approximately one-third of these exports go through a country that is not the final destination of the shipment.

In the absence of explicit special provisions for international transit, shipments are subject to a series of import and export procedures at the border which include filling in paperwork and sometimes even unloading and reloading trucks. These repetitive procedures cause considerable congestion at the border and significantly increased transaction costs, which are transferred to firms.

If well-functioning transit regimes are in place, the administrative burden is shifted from points of entry and reduces the costs of crossing borders. Shipments moving through third-party countries are overseen by customs agencies but are not actually handled or dispatched by them: this process only takes place at the final destination, thus eliminating the need to officially import and re-export products at every border they cross.

The case study used in the report is the International Transit of Goods (TIM) system used in Mesoamerica. Although there is still considerable room for the TIM to be improved, the results show that simplified border procedures really do facilitate trade. Evidence of this includes the fact that exports processed under this new

transit regime grew faster than those that were subject to ordinary procedures. This growth in trade is mainly due to more frequent shipments, particularly of time-sensitive goods.

What does the future hold?

Ideally, policy diagnostics and assessments should make extensive use of the enormous wealth of real-time, high-frequency data that is generated by border agencies' information systems. This data allows researchers to track the entire universe of shipments through entry and exit procedures, disaggregate time at the border into the different relevant stages, and distinguish the stages that are mostly due to how public agencies function from those that are influenced by firm behavior. The data also helps researchers to uncover relevant heterogeneities in relation to product type and origins/destinations that are determined by firm-related factors. This information makes it easier to detect real bottlenecks.

Trade facilitation schemes have developed as independent, disarticulated modules that use highly varied IT solutions. Countries need to develop a broad, shared vision and adopt a consistent operational approach to articulating these different initiatives within countries and between them. Customs processes need to be re-engineered to take better advantage of emerging information technology and big data. This should be implemented through a series of specific lines of action:

- improve border coordination for trade and transit (within and between countries);
- strengthen risk management at customs (within and between agencies);
- expand authorized economic operator (AEO) programs across agencies and countries;
- eliminate specific barriers to e-commerce and trade in services;
- include impact assessments and comparative analyses;
- consider broader political engagement (e.g., infrastructure).

Pablo Sanguinetti, corporate director of economic analysis and knowledge at the Development Bank of Latin America (CAF), gave the closing words at the presentation. He stressed the significance of the trade facilitation agenda and said that private-sector involvement in this process was vital if we are to truly understand the difficulties that firms face and take full advantage of these new tools. Mr. Sanguinetti said that the report is an excellent example of how the microdata generated by public bodies can be used—in this case, to measure time at the border and estimate the potential impact of measures that aim to reduce them.


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Una evaluación de las ini s de facilitación
del comercio en Amé a y el Carib
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MERCOSUR and Southern African Customs Union Strengthen Relations

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MERCOSUR and Southern African Customs Union Strengthen Relations

The two blocs are seeking to consolidate trade through a preferential tariff system

The Administrative Committee for the Agreement between the Southern Common Market (**MERCOSUR**) (link in Spanish) and the Southern African Customs Union (**SACU**), which is made up of South Africa, Namibia, Lesotho, Swaziland, and Botswana, held its first meeting (link in Spanish), signaling new rapprochement between the two blocs.

The aim of the meeting was to work on the Preferential Trade Agreement between the MERCOSUR and SACU, which was signed in April 2009 and subsequently ratified by the member countries. This is a **fixed preference agreement** in which the **tariffs** on a certain number of products are totally or partially eliminated. Specifically, the SACU grants the MERCOSUR preference on 1064 tariff positions (from the 2007 Harmonized System), which represent approximately 10% of the **tariff** universe. Tariffs will be entirely eliminated on nearly half of these positions (470). The rest will be distributed as follows: 167 positions will receive a 50% preference, 144 positions will receive one of 25%, and 283 positions will receive one of 10%. As a consequence of the agreement, the average tariff for the positions included in **SACU**'s offer will go from 9.5% to 7.2%.

The agreement entered into force on April 1, 2016, and covers (link in Spanish) the textile, manufacturing, machinery, chemical, and mineral sectors, among others, and thus marks a milestone in South-South relations.

The SACU working group was chaired by the Department of Trade and Industry of South Africa, and the MERCOSUR delegation was led by Argentina, which holds the pro-tempore presidency of the bloc.

The two groups agreed on tasks to publicize the benefits of this agreement and urged the private sector in each country to take advantage of it. It was agreed that the next meeting would take place in 2018.

Progress on Customs Union between Guatemala and Honduras

Experts from **Guatemala** and **Honduras** concluded the **negotiation** process and officially opened the **customs union** between the two countries.

This integration platform will lead to growth in trade and productive value chains and more immediate access to supplies of products from both countries. It is also hoped that it will serve to support companies and increase their productivity, thus helping them improve their competitiveness.

This customs union will make **Guatemala** and **Honduras** the first single customs territory in the Americas, and 80% of bilateral **trade** will enjoy **free transit** within it.

The **customs union** model will initially operate at three border control posts: El Florido, Agua Caliente-Corinto, and Entre Ríos.

Since this process was set in motion in December 2014, 19 rounds of technical work have been held, organized into six areas: customs, sanitary and phytosanitary measures, air transportation, migration, domestic taxation, and free transit.

At the close of **negotiations**, work had been concluded on information technology issues, legal aspects, and readjusting and refurbishing infrastructure, all of which form the first phase of the **customs union**. In the coming phases, the countries will address regulations such as sanctions and the treatment of **trade** in services, and other aspects related to sanitary records and safety.

Honduras estimates that the customs union will lead to an increase of up to 1.2% in GDP and 2.4% in exports. Another direct benefit will be that current transportation and logistics costs will be reduced by between 21% and 25%.

Mexico–Brazil Negotiations to Intensify Integration Continue

- America
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The sixth round (link in Spanish) of negotiations between Brazil and Mexico took place from June 12 to 14, 2017, in Brasilia, with the aim of expanding and intensifying Economic Complementarity Agreement No. 53. These negotiations will be followed by another round that will take place in Mexico between August 28 and September 1, 2017.

These talks should be interpreted in the light of the growing impetus around negotiations between Latin American countries. The two countries look on greater market access and other forms of economic integration as instruments for stimulating their exports and levels of activity. For Mexico, negotiations with Brazil are a path to diversifying (link in Spanish) their destination markets, while Brazil sees the talks (link in Spanish) as a response to the changes that are taking place in the region and the world.

As was argued in a recent IDB report, Routes to Growth in a New Trade World (particularly chapter 7), the relationship between Brazil and Mexico is one of the "missing links" in Latin American integration. Attempts to deepen this tie would seek to intensify manufacturing value chains and leverage specialization advantages, particularly in agroindustry.

CARICOM Strengthens Relations with Argentina

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At the 47th General Assembly of the Organization of American States (OAS), held in Cancun, Mexico, Argentina's minister of foreign relations, Jorge Faurie, held a working meeting with his counterparts from the Caribbean Community (**CARICOM**).

At the meeting, the foreign ministers addressed aspects of **technical cooperation** such as healthcare, **cultural industries**, education, **tourism** promotion, water resources, support for **small and medium-sized enterprises**, and **agroindustry**-related issues. All parties agreed to continue to work together as partners for **development** and to focus on the UN 2030 Agenda.

The Report on South-South Cooperation in Ibero-America 2016 from the Ibero-American General Secretariat (SEGIB) highlights Argentina's role as a **technical cooperation** provider in the Caribbean.

Pacific Alliance Countries Begin Joint Trade Negotiations

- America
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- Regional Panorama

The **Pacific Alliance** will shortly begin **trade negotiations** with countries outside the bloc, as was announced (link in Spanish) at the 17th Meeting of the Council of Ministers.

The **Pacific Alliance** is a **regional** integration mechanism that was established in April 2011 and formally and legally created on June 6, 2012, when Peru, Chile, Mexico, and Colombia signed the Framework Agreement. It was formed with a view to establishing an integrated market for the four member countries that would become an attractive target for foreign investment and would lead to greater **trade flows** both within the bloc and with third-party countries.

The focus of the Pacific Alliance's work has been on positioning the bloc at the international level. Its most notable achievements in this regard are the design of a special mechanism for SMEs and the close of negotiations over the Annex on Food Supplements in the chapter on Technical Barriers to Trade (link in Spanish) in the Additional Protocol to the Framework Agreement.

It has also successful drafted the Memorandum of Understanding between Pacific Alliance Business Development Centers, which provides support for SMEs; and implemented the Venture Capital Fund, which was established with support from the Inter-American Development Bank's Multilateral Investment Fund (MIF).

The bloc's other achievements include the initiative for implementing the issuing and reception of electronic certificates of origin; the methodology and procedures for measuring dispatch times, in conjunction with the World Customs Organization; and the launch of the operating protocol for the Business Accelerator and the PA Angel Investor Network.

At the 17th Meeting of the Council of Ministers of the Pacific Alliance (link in Spanish), the requests from Slovenia, Croatia, and Lithuania to be granted Observer State status were accepted.

Argentina Implements the Single Window for Foreign Trade Regime

- Integration in Motion
- n250
- Regional Panorama
- Southern Cone

The president of Argentina, Mauricio Macri, and the minister of production, Francisco Cabrera, have officially created an executive unit (link in Spanish) which will be responsible for implementing and managing **Argentina's Single Window for Foreign Trade** Regime (link in Spanish) (VUCEA).

The objectives of the unit are to "increase the efficiency of formalities and paperwork related to the **import**, **export**, and transit of goods" and "unify processes, norms, regulations, and procedures to optimize the functioning of the systems involved in **foreign trade**."

Likewise, to simplify and streamline procedures, the new unit will develop and encourage the use of technological modernization programmes such as the Electronic Document Management (link in Spanish) (GDE) system and the Remote Paperwork Platform (link in Spanish) (TAD).

The Argentine government has confirmed that the director of the project will be Santiago Douton, who has been an adviser at the Ministry of Production up to now. The initiative will receive financial support from the Inter-American Development Bank (IDB). Other countries that have implemented similar trade facilitation systems have reduced delays in exports and imports by more than 15%.

Argentina and Brazil Spearhead SME Initiative at the WTO

- Integration in Motion
- n250
- Regional Panorama
- Southern Cone

Ahead of the upcoming **World Trade Organization** (WTO) Ministerial Conference, which will take place in Buenos Aires in December 2017, the governments of Argentina and Brazil have coordinated the creation of a group of support countries for micro-, small, and medium-sized enterprises (MSMEs).

The group's work will be open to all members and will include topics such as **access to information**, **market** opportunities, **trade facilitation**, compliance with regulatory frameworks, **transportation and logistics**, access to credit, digital connectivity, and **technological development**.

The initiative was presented at the last meeting of the WTO General Council and was cosponsored by other countries: Brunei Darussalam, Chile, Colombia, Costa Rica, Guatemala, Malaysia, Mexico, Panama, Paraguay, Peru, the Philippines, Russia, Singapore, Switzerland, the European Union, Vietnam, and Uruguay. Uruguay's minister of foreign relations, Rodolfo Nin Novoa, held a meeting with WTO director Roberto Azevedo at which the two agreed on the importance of combating systemic threats that are emerging on the international stage, while highlighting the role of the multilateral trade system in safeguarding world trade.

Integration in Motion

Chile Modernizes Its Free-Trade Agreement with Canada

- Central America and Mexico
- Integration in Motion
- n250
- Regional Panorama

Chile's minister of foreign relations, Heraldo Muñoz, accompanied President Michelle Bachelet on her official visit to Canada, where he met with the minister of **trade**, François-Philipe Champagne, to sign two amending agreements (link in Spanish) to the original free trade agreement (link in Spanish)that has been in force between the two countries since 1997 (link in Spanish).

One of the agreements included chapters on new regulations for sanitary and phytosanitary measures, regulatory issues, technical barriers to **trade**, and government procurement. The other agreement introduced amendments to the chapter on investment and included a section on gender, "which will give women entrepreneurs greater opportunities to play a part in the relationship between Canada and Chile," explained Mr. Muñoz. Chile has already included an explicit mention of gender in its free trade agreement with Uruguay.

Bilateral trade (link in Spanish) in goods between Canada and Chile reached CAD1.85 billion in 2016, while trade in services was worth more than US$23 billion . By the end of 2015, the value of Canadian **direct investment** in Chile was CAD11.5 billion, making Chile Canada's main investment destination in South America. Canada is the largest investor in Chile's mining sector and also invests in electricity, gas, and water services, and the chemical industry, while Chile's investment in Canada is concentrated in the mining and industrial sectors.

Peru Seeks to Negotiate Exports of Products to China

- Andean Group
- Integration in Motion
- n250
- Regional Panorama

During a working trip to Asia, Peru's minister of foreign trade and tourism, Eduardo Ferreyros, met (link in Spanish) with representatives from the General Administration of Quality Supervision, Inspection, and Quarantine of the People's Republic of China (AQSIQ) to bolster the process of approving imports of new Peruvian products to the Chinese market, specifically shrimp, quinoa, pomegranates, and evaporated milk.

Mr. Ferreyros praised the joint work carried out by Peru's National Agricultural Health and Safety Service (SENASA), the National Fishery Health and Safety Organization (SANIPES), and the Peruvian embassy in China. "Chinese and Peruvian authorities are working to draft a road map to make this process as fast as possible," Mr. Ferreyros said.

In recent months, Peru has also signed trade agreements with Brazil, Bolivia, Colombia, and Ecuador (link in Spanish) for other Peruvian products, mainly spices and fresh fruit.

The minister also met with authorities from the Ministry of Commerce of the People's Republic of China (MOFCOM) to spearhead **bilateral trade (link in Spanish)** as part of the **free trade agreement (link in Spanish)** that the two countries signed in 2009. The officials agreed to hold the 2nd Meeting of the **Free Trade** Commission in September 2017 to look at **customs cooperation**, **e-commerce**, and **sanitary and phytosanitary** measures, among other issues.

Ecuador Eliminates Surcharge on Imports

- Andean Group
- Integration in Motion
- n250
- Regional Panorama

Rallying oil prices have helped eliminate the surcharge that Ecuador imposed two years ago, which ultimately affected 32% of imports. The measure was questioned both within the country and by its trade partners.

According to Latin American Trade Trend Estimates, a recent IDB report, Ecuador's exports were strongly affected by the 8.4% drop in oil prices in 2016. However, as petroleum prices rallied, "in the first quarter of 2017 exports rebounded, growing a considerable 34%." This period saw a US$473.2 million surplus in the balance of trade, as compared to a US$63.3 million deficit during the same period in 2016, according to official data.

Authorities established a schedule to gradually end the measure (link in Spanish), starting with products such as fresh and preserved meats, fruits, dairy products, and vehicles. The surcharge was entirely eliminated as of June 2017. According to Ecuadorian authorities, the total revenue from this special tax was US$1.53 billion.

UN Seeks to Achieve Sustainable Development Goals

- Integration in Motion
- International Scenario
- n250

Between June 5 and 9, 2017, the UN Ocean Conference was held in New York to support and find ways to implement **Sustainable Development Goal** (SDG) 14: conserve and sustainably use the **oceans**, seas and marine resources for sustainable development.

The event coincided with World Oceans Day (June 8) and its main objective was to raise awareness about the importance of caring for oceans for posterity, as these bodies of water cover three quarters of the Earth's surface. The focus was on protecting the marine **environment**, halting **pollution**, looking at the impact of acidification, and seeking solutions that all states would commit to.

Those present sought to build on existing national, regional, and international success stories and to promote innovative initiatives to help achieve SDG 14. To evaluate the opportunities and challenges that SDG 14 entails, they also sought to encourage dialogue between the public and private sectors, intergovernmental and nongovernmental organizations, civil society, academic establishments, and the scientific community.

"Oceans provide food, energy, water, jobs and economic benefits for people in every country—even those that are landlocked (link in Spanish). They are a crucial buffer against **climate change** and a massive resource for **sustainable development**. … We created these problems. With decisive, coordinated global action, we can solve them," said UN secretary general António Guterres at the opening of the conference.

AEO Certification: A Tool for Accessing New Markets?

Published by ConnectAmericas

For many companies, both exporters and importers, moving goods from their point of origin to their destination market has always been, and may well continue to be, the most unpredictable link in the logistics chain. When our goods leave the warehouse they are no longer under our control and we have no choice but to trust in the logistics providers and government officials who determine whether or not our shipments comply with current legislation.

However, several years ago, customs authorities implemented a certification process that gives companies a competitive advantage, makes the transportation of goods safer, and reduces shipping times. This system, which is known internationally as the authorized economic operator (AEO) program, creates partnerships between customs authorities and the private sector, through which those companies that voluntarily join the program and comply with a series of requirements receive priority treatment and enjoy streamlined processes when importing and exporting goods.

Requirements

The requirements for obtaining and maintaining AEO certification are fundamentally related to the implementation of physical and IT safety and security measures and improving the traceability of goods, accounting checks, and financial solvency, among other factors. Once a company has met all the requirements it becomes a strategic partner to the customs agency and enjoys a series of financial and operational benefits, such as tax discounts, less physical inspections, and priority dispatches.

Large-scale importer firms in more developed markets are starting to insist that their customers are AEO-certified as they perceive this to be a standard that sets companies apart. It reflects their level of professionalization and also guarantees better compliance with shipment schedules.

A New Way of Working with Customs

However, obtaining AEO certification goes beyond just complying with a series of requisites and conditions. Obtaining and maintaining certification status implies a commitment at the highest level within companies, which need to work alongside customs authorities in a context of mutual respect. Companies need to open their doors to government officials and inform them of any incident they become aware of. AEO certification thus implies changing the way that firms approach working with customs authorities and seeing them as an ally in the logistics chain rather than as an obstacle.

Authorized Economic Operators Throughout the World

More than 50 companies have AEO programs, including the members of the European Union, the USA, Canada, Japan, China, and Korea. Countries with official AEO programs can recognize the status of a company holding a certificate of reliability issued by other countries with an AEO programs through a mutual recognition process. This is one way that certified companies an access additional benefits in other countries through the program.

Nine countries in Latin America now have AEO certification: Argentina, Colombia, Costa Rica (where the system is known as PROFAC), the Dominican Republic, Guatemala, Mexico (NEEC), Panama, Peru, and Uruguay.

If your company is based on one of these nine countries and you would like to find out more about the certification process, don’t hesitate to get in touch with your local customs authority to find out more about the requirements and benefits of the program.

Connecting Voices

Transparency in Public Works

- Connecting Voices
- n250

IDB/INTAL experts Alejandra Radl and Ignacio Estévez analyzed transparency in public works in South America at the INTAL annual flagship conference, which in 2016 focused on Regional Integration 4.0: The Next Technological Frontiers and New Global Convergences.

Impact assessment.

Generating Technological Knowledge to Build Competitiveness

A group of researchers who are studying the regional innovation process have recently coined a new term in Spanish, *capabilidad*, which combines the notions of capacity and skill while also encompassing other qualities such as aptitude, experience, potential, know-how, intellectual faculty, and competence. The word is a literal translation of the English term "capability" and is a reference to the work of the Korean economist Linsu Kim.

In *La importancia de la capabilidad tecnológica en un mundo global* [The importance of technological capability in a global world], Patricio Meller and Pablo Parodi cite Kim's definition of capability: "the ability to make effective use of technological knowledge in efforts to assimilate, use, adapt, and change existing technologies. It also enables one to create new technologies and to develop new products and processes in response to a changing economic environment."

Meller and Parodi's study focuses on the microeconomic dimension of firms and emphasizes the role of the "technological capability" that accumulates within these in explaining how an economy's comparative and competitive advantages develop. In so doing, it seeks to explain, albeit in part, each country's international integration pattern.

The authors suggest that proactive policies are needed to build technological capability within firms. They examine four specific mechanisms for generating technological capability: reverse engineering, manufacturing original machinery, foreign direct investment, and government procurement to promote innovation.

The book forms part of an analytical tradition that links innovation processes with the international integration of Latin American countries. Bisang and Fuchs (2017) uses a similar conceptual framework.

Meller, P., and P. Parodi. 2017. *La importancia de la capabilidad tecnológica en un mundo global* [The importance of technological capability in a global world]. Santiago de Chile: CIEPLAN.

Bisang, R., and M. Fuchs. 2017. *Capabilidad tecnológica e innovación: Argentina* [Technological capability and innovation: Argentina Study presented at the international workshop on How to Accelerate Innovation in Natural Resources.

Digital Trade in Latin America and the Caribbean

- n250
- Notable Publications
- Reading Material on Integration

Accelerating Digital Trade in Latin America and the Caribbean, a report by Late, Latin America's Digital Ecosystem, presents the results of a regional survey of 300 companies to shed light on the current state of internet penetration and the impact it has on these firms.

The findings of this study illustrate how the internet has swept across Latin America and the Caribbean and is changing the way that Latin Americans interact, go shopping, and spend their time.

The most striking piece of data is that while in 2000 fewer than 5% of Latin Americans used the internet, by 2015, half of the region was online.

In the sphere of trade, the author identifies at least five ways in which the internet may shape LAC trade patterns:

1. Increasing and diversifying the exports of small businesses
2. Expanding trade in services
3. Streamlining trade operations
4. Providing greater variety at a lower cost
5. Generating small businesses and start-ups that are genuinely regional.

Digital trade is clearly a mechanism that can leverage companies' potential. Indeed, the internet is now at the core of the day-to-day operations of many Latin American companies. It improves interaction with customers, streamlines operations, and helps firms to enter new markets for their products and services, among other benefits. Online presence also appears to have earned LAC companies new overseas clients that they did not have before they began selling online.

However, despite this broad impact, which is fairly similar to how the internet has affected other regions of the world, the study reveals that most LAC economies are still lagging behind countries with similar development levels in terms of an "enabling environment" for digital trade. This is true, for instance, in terms of mobile subscription rates, firms' technology absorption capacities, business-to-business and business-to-consumer Internet use, and the political and regulatory environment for information and communications industries.

The study puts forward some key suggestions for strengthening digital trade in LAC, including:

- Improving the political and regulatory environment for digital trade and the digital economy
- Guaranteeing the security and ease of online payment systems
- Focusing on trade facilitation for small online vendors
- Attracting new digital players to provide trade finance
- Bringing foreign trade into the digital era
- Creating public–private partnerships to promote exports through digital trade
- Developing trade infrastructure and a business environmental for the "new trade"

- Working with a regional focus

On this last point, the study argues that regional integration is a key part of digital trade. Based on several experiences, LAC countries could work toward creating an enabling environment for digital trade and developing joint solutions to improve digital trade flows.

The study also suggests creating joint regional regulatory and policy frameworks in areas such as the free movement of digital goods and services, privacy, consumer protection, online security, and the taxation of digital firms, among others. The focus needs to be on seeking low-cost solutions for firms that operate in the regional market, providing incentives for investment and startups, and promoting the expansion of digital networks and services.

Kati Suominen. 2017. Accelerating Digital Trade in Latin America and the Caribbean. Late.

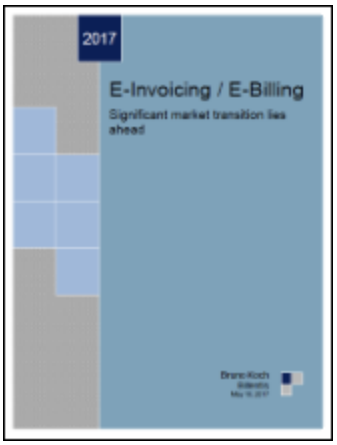
Reading Material on Integration

INTAL-LIB's Recommended Readings

- Bibliographical News
- n250
- Reading Material on Integration

The 5G era: Age of boundless connectivity and intelligent automation

Resumen: The mobile industry is developing and preparing to deploy 5G. Thanks to technology advances in many different fields, 5G networks will be at the centre of an ecosystem that powers society's continued digital transformation. Over the past 30 years, the mobile industry has demonstrated its ability to transform society through 2G, 3G and 4G. 5G will build on these successes to deliver the networks and platforms to support existing and new services, with new business models and use cases that are unknown today. The GSMA expects commercial 5G networks to be widely deployed in the post-2020 period: the 5G era. All stakeholders are working to define what 5G should be … 5G networks will integrate with 4G and alternative network technologies to provide pervasive connectivity in the 5G era. This will happen as advances in computation, artificial intelligence and device capabilities come to maturity.



E-Invoicing / E-Billing: Significant market transition lies ahead

Resumen: The private industry was the main driver for the market development in phase one, but is increasingly supported by the public sector. The VAT gap becomes more and more the main accelerator for the digitalisation. Tax payers are increasingly required to use real-time clearance models. The model might gradually conquer the world, and it is expected to be the dominant control method globally from 2025. It will eventually cover all kinds of fiscal documents, such as invoices, payment receipts, credit/debit notes, monthly salary statements etc. A rapidly growing number of disruptive next-generation invoice processing technologies lay a strong foundation as strategic drivers. They pave the way to substitute old solutions and processes by a completely new approach. A powerful market transition is taking place in our industry. The invoice processing with its' high proportion of repetitive and rule based work is a key topic to be affected by the market transition ahead of us. This phase can mean an opportunity or a threat … This report is aimed at supporting invoice issuers and recipients in replacing expensive, paper-based invoicing with modern, automated processes.

Integrated Logistics

- n250
- Trade Thermometer

Since 2000, the governments of South America have been making major efforts around cooperation and dialogue to increase the region's physical connectivity and make it more sustainable. The aim of the work carried out by the Initiative for the Integration of Regional Infrastructure in South America (IIRSA) in its first ten years of operations and by the UNASUR's South American Infrastructure and Planning Council (COSIPLAN) from 2011 onward has been to plan infrastructure projects as a key component in regional development.

Editorial

Editorial Staff

 Information sources: Press releases and clippings from: LAIA; IDB; CARICOM; Andean Community; Euro-Lat; Group of 77; ACS; Group of Rio; MERCOSUR; PARLATINO; LAES; SG-SICA; SIECA. Official and International Agencies. INTAL Press.

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