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Integration & Trade Journal





Integration & Trade Journal N° 34. Physical Integration in ALC



This issue of the Journal is devoted to physical integration in Latin America . The Editorial Committee set about designing the contents, with a call for papers, which suggested topics and questions that focused on the subject while covering a broad spectrum.

Regional physical integration is supported by a wide range of instruments, such as infrastructure works to reduce transportation costs and enhance connectivity, and financial structuring of technically, highly complex large scale capital investments. But no less relevant are government cooperation mechanisms that provide the necessary coordination for trade facilitation policies and measures, or the local impacts associated with enterprises, especially those located in border areas.

The document is available [here](#).

Integration & Trade Journal 35 Call for Papers

Exports and Investments in Latin America and the Caribbean: Recent Trends and Prospects

It is a well-known fact that, over the last decade, several countries in Latin America and the Caribbean (LAC) have seen a significant increase in exports, particularly to Asia. This increase in trade relationships has not, however, been accompanied by a proportional increase in reciprocal investments between the LAC trading partners and Asia, which prevents making the most of the undoubted advantages of foreign direct investment (FDI). These include the possibility of diversifying and upgrading the quality of trade relationships through overcoming trade barriers imposed by distance and cultural differences, and by the greater availability of capital and knowledge flowing to recipient countries. In these countries, this is accompanied by the creation of new jobs and the mitigation of social costs generated by imbalances in the labor markets as a result of trade and integration among trading partners. Nevertheless, it is worth noting that the increase in trade relationships and the behavior of FDI display important differences both across LAC subregions and in relation to the various different Asian countries. From the region's point of view, these differences translate into various patterns of specialization and modalities of international insertion, each of which opens up real, and above all potential, spaces for cooperation and mutual learning.

For more information, see the following [link](#).



Analysis Column





CARICOM: guidelines for Secretariat reforms

Regional Summit debates report containing proposals to reform Secretariat[*]

CARICOM leaders[1] at a recent meeting received the final report on the restructuring of the Community's Secretariat, requested in July 2010.[2]

The document, entitled "[Turning Around CARICOM: Proposals to Restructure the Secretariat](#)," was drafted by independent consultants and supervised by a team including representatives from the Member States.

In the communiqué issued at the conclusion of their deliberations, the Heads of Government accepted some of the Report's recommendations, while requesting clarification over others. The leaders expressed the opinion that the Secretary General should begin the process of restructuring the Secretariat through a change facilitation body in order to obtain the support needed for this exercise.

A parallel work team organized by the Conference itself is to work in conjunction with officials from the Secretariat toward facilitating regional benefits from the reforms.

The early change process (according to the provisions of the March meeting in Paramaribo) will include the design of the strategic plan for the first five years, to be submitted for consideration to the July 2012 Conference of Heads of Government.

The communiqué states that the Heads of Government have accepted the proposal to prepare a program design incorporating strategic priorities for the next five years. Where the mechanics of the CARICOM Secretariat's restructuring are concerned, they decided to meet the challenge on two levels of action: on the one hand, they requested the appointment of a support body (as proposed in the report) from the Secretary-General, but also decided to accompany the process with a team directly accountable to the Conference itself.

A diagnosis of the CARICOM Secretariat[*]

It should first be noted that the document that gave rise to the pronouncement by the Heads of Government does not assess or even consider the contents of the objectives and functions assigned to CARICOM by its founding instruments through the Treaty of Chaguaramas; all that appears in it are a few incidental appraisals about the "complexity" inherent in the commitment to establishing a common market.

In contrast, the authors set about diagnosing CARICOM's situation as an organizational system in light of certain parameters of effectiveness and efficiency, and then sifting through proposals for the restructuring of management systems and processes.

The diagnosis contains three types of appraisals: first, the work takes stock of causes attributable to the organization's actual performance and that would have led to a present situation that displays traits of vulnerability. There then follows an overview of the restrictions or weaknesses that are, institutionally speaking, exogenous, even if they are also a source of frustration in that they put obstacles in the way of the community's performance. Last, the authors' attention turns to

the analysis of the institutional conversion and functional reprogramming strategies that may help to rechannel the organization's performance.

Possible sources of difficulty[*]

Among the possible reasons for the current difficulties are issues such as a tendency to add commitments and activities without regard for strict orders of priority, leading to a lack of tangible results. What is more, an "implementation deficit" regarding various different initiatives seems to have eroded the Secretariat's institutional credibility.

Among the exogenous sources, the most significant restrictions singled out are geography, market size, and complexity.

Geographical restrictions (summarized in the expression "the Belize Question"), are to do with the obstacles and transaction costs among Member States with regard to those incurred by trade and other transactions with third countries. To this effect, the conditions of exports from Belize to Mexico are compared with those faced by exports from Belize to other CARICOM Member States. The restrictions on market size (summarized in the expression "the Luxembourg Question") are clearly in evidence when we look at the population volume and economic activity of the various different Member States. Approximately 16.6 million people live in the region, with a *per capita* income of US\$5,700 and regional GDP of approximately US\$91 billion (see Table 1).

Table 1. CARICOM: population, GDP and per capita GDP

	Population (2010)	GDP (current US\$, billions)	Per capita GDP (current US\$)
<i>Member Countries</i>			
Antigua & Barbuda	90,801	1.211	13,765
Bahamas	346,900	7.702	22,454
Barbados	276,302	4.110	14,998
Belize	333,200	1.401	4,061
Dominica	NA	466	6,859
Granada	NA	773	7,435
Guyana	525,000	2.226	2,948
Haiti	10,085,214	6.710	671
Jamaica	2,702,300	14.252	5,275
Montserrat	NA	20.604	NA
Saint Lucia	NA	1.198	6,884
Saint Kitts & Nevis	NA	652	12,533
Saint Vincent & the Grenadines	NA	705	6,466
Suriname	531,170	3.251	6,254
Trinidad & Tobago	1,317,714	20.604	15,365
<i>Associate Countries</i>			
Anguilla	15,962	NA	NA
Bermuda	64,566	5.765	89,235
British Virgin Islands	NA	NA	NA
Cayman Islands	54,878	NA	NA
Turks & Caicos Islands	40,357	NA	NA

Source: UN STATS and World Bank.

As for complexity, it is an area where the report cannot circumvent the entity of commitment to

integration assumed through CARICOM, because it acknowledges that there is a complication inherent to the creation of a Single Market, as emerges from the examination of the recent problems faced by no less a body than the European Community.

Restructuring strategy[*]

Regarding the restructuring strategy, the report recommends, as a first point, giving priority to goals that, albeit long-term, can be achieved progressively through clearly predetermined intermediate results. On this point, the authors highlight the need to develop a limited range of priorities that could be addressed realistically and with five years of resources.

As a second point it recommends adopting measures to ensure the institutional strengthening of CARICOM, mentioning its various organs and the disciplines under which any fixed priorities would have to be addressed.

Third, the authors recommend an essential reorganization of the Secretariat, focusing on regional added value in terms of contributions to integration over issues that Member States cannot tackle or complete by themselves.

The restructuring strategy contains two prominent reference points:

1. The first point is the proposal—prior to the report—to set up a new body: the Permanent Committee of Ambassadors. This body would serve to establish a permanent link between the activities of the Secretariat and individual Member States. In this respect, the document favors setting up such a Committee to serve as an informal bridge between the Member States and the Secretariat, anticipating its future formalization as the end result of an assessment of its actions, which should come into practice after a certain period of application.
2. The second salient point of the institutional restructuring involves the Secretariat, stressing the need to address the institutional restructuring through a Change Office to manage the changes, working directly with the Secretary General.

With a small staff of specialists on strategic issues, the Change Office would then, within a preset time period, have to concentrate on preparing and concluding the program through to establish the first five years' priorities.

The report goes on to describe the characteristics of the reorganization required in the Secretariat in order to implement the strategy once it has been approved.

Related articles:

- IDB/INTAL. "[CARICOM promotes Secretariat reform](#)," in: *INTAL Monthly Newsletter No. 187*, March 2012.

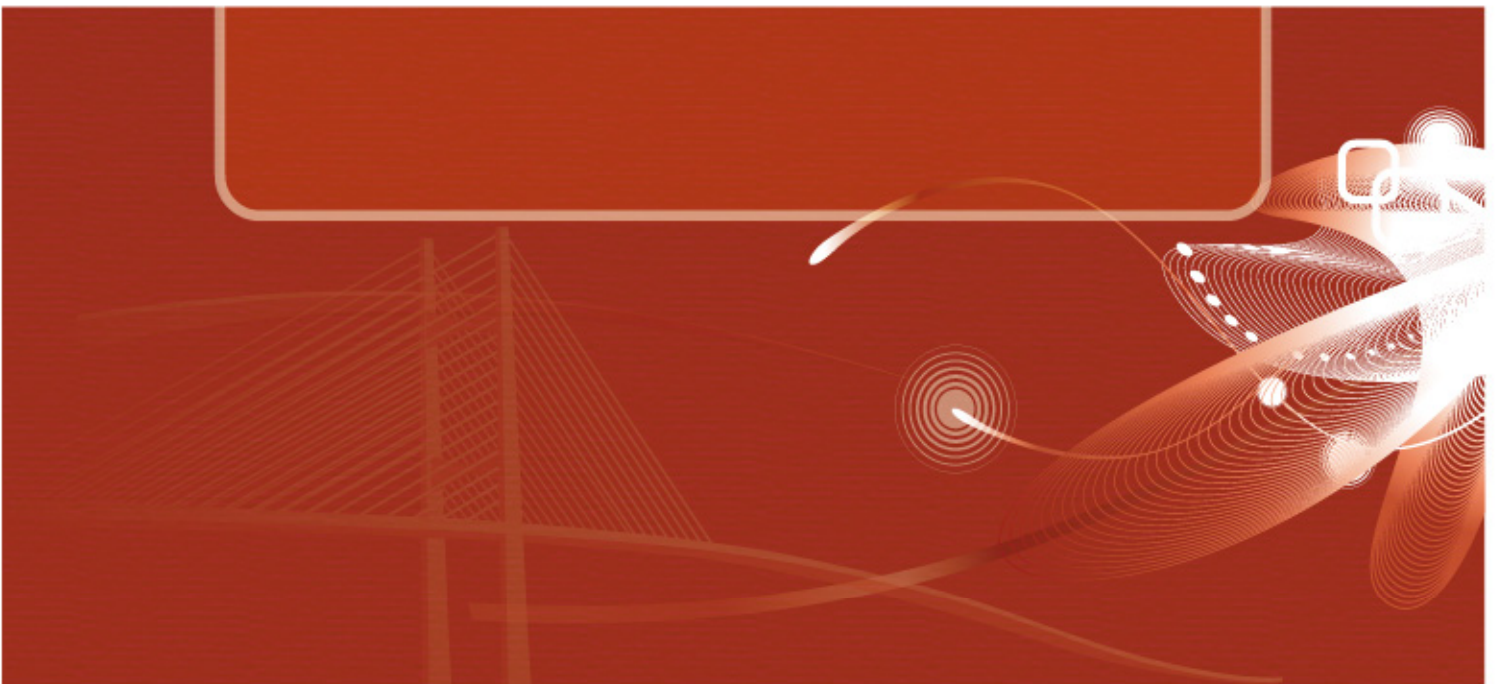
[*] We are grateful for the valuable contribution of Marcelo Halperin toward the writing of this article.

[1] 23rd Inter-Sessional Meeting of the Conference of Heads of Government, March 8-9, 2012, Paramaribo, Suriname.

[2] At a meeting in Montego Bay, Jamaica.



Integration Blocs







The Caribbean

IDB puts up funding to tackle climate change in the Caribbean

Bank announces US\$10.6 million contribution

The amount contributed by IDB to the Climate Investment Fund (CIF), made up of the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF), which receive financing from countries and channel it in conjunction with various multilateral organizations. The announced contribution is part of the Pilot Program for Climate Resilience (PPCR), the strategic investment program for the Caribbean region, originating in a joint initiative by six countries: [Dominica](#), [Granada](#), [Haiti](#), [Jamaica](#), [Saint Lucia](#) and [Saint Vincent & the Grenadines](#). (These countries have their own national programs.)

The financing targets four areas: (1) the improvement of geospatial data and management for adaptation planning and analysis of the impact of sea-level rise due to storms; (2) the consolidation and expansion of the regional climate monitoring network and the linkages to the global platform; (3) the expansion of smaller-scale climate projection models and of high-resolution mapping; and (4) the creation of adaptation initiatives applied.

The PPCR programs are implemented on the basis of the [National Adaptation Programs of Action \(NAPAs\)](#) developed under the United Nations Framework Convention on Climate Change (UNFCCC) and based around the least developed countries' urgent and immediate needs.

The focal point in the Caribbean region for follow-up on the PPCR's activities at the regional level is the Caribbean Community Climate Change Center (CCCCC).

With the CIF's support, 46 developing countries are carrying out pilot initiatives in clean technology, sustainable development of forests, and greater access to energy through renewable energy and climate-resilient development. Priority is given to highly vulnerable Least Developed Countries (LDCs), eligible for concessional funds from multilateral development banks, including Small Island Developing States (SIDS).

In IDB's case, [Concessional Financing](#) is offered to the most vulnerable member countries through parallel loans. This initiative is comes under the [IDB integrated strategy for climate change](#)

[mitigation and adaptation and sustainable and renewable energy](#) adopted in March 2011 to serve as a guiding instrument to increase the Bank's support to climate change mitigation and adaptation activities in Latin America and the Caribbean. The Strategy will build on IDB's strengths and advantages to promote development and the use of a range of financial and non-financial public- and private-sector instruments to strengthen the institutional, technical, and financial capacity in order to meet the challenges posed by climate change from a regional perspective.

Related articles:

- IDB. "[Caribbean to access \\$ 10.6 million in climate change financing through IDB.](#)" Press release.
- IDB. "[The IDB and the Caribbean: A Partnership for Development.](#)" (click on video below).

CARICOM and Mexico agree to promote expansion of trade and investment

The Heads of State and Government of Mexico and the member countries of the Caribbean Community and Common Market (CARICOM) met in Barbados, May 21, 2012, for the 2nd CARICOM-Mexico Summit, in the framework of which they agreed to take action to promote the expansion of trade and investment.

At the end of the Summit, leaders issued a [joint statement](#) “inspired by more than three decades of dialogue and friendship”, reaffirming their commitment to deepening and strengthening these ties based on “mutual respect, shared interests, trust and deep friendship, as well as a commitment to freedom, democracy, human rights, and the rule of law.”

They agreed to continue to identify cooperation initiatives in the sectors of air and sea transport, tourism, energy, port development, trade, and investment, which will be channeled through the Mexico-CARICOM Technical Cooperation Program.

In turn, they stressed the significance of Triangular Cooperation with Haiti to promote relations between Mexico and CARICOM, one of the variants of the modality of south-south cooperation (SSC).[1] The issue was addressed by President Calderón in his [opening statement](#) to the Summit, emphasizing “Mexico’s strong will to continue to support the work of rebuilding of Haiti.”

The Mexican President also expressed to the leaders of the fifteen countries of CARICOM that he will act as a spokesman for their interests at the upcoming G20 Summit, chaired this year by Mexico, to be held in the city of Los Cabos, June 18 and 19.

The meeting also provided a framework for agreement to strengthen cooperation at the multilateral level, in the lead-up to the upcoming [United Nations Conference on Sustainable Development Rio+20](#), “to achieve common understandings in the concept of green economy, in the context of sustainable development and poverty eradication.”

Last, in their closing statement, the Heads of State and Government present made a commitment to hold a third Summit in Mexico in 2014.

[1] In south-south (SSC) and triangular cooperation, IDB approved the [Regional Public Goods Initiative](#) in 2004 to provide support to the development of the countries of Latin America and the Caribbean (LAC) with a growing movement of goods, services, and people across their borders. In 2011, IDB reaffirmed its commitment to actively developing SSC and the promotion of regional public goods by approving a new [Sector-Based Support Strategy to Regional and Global Competitive Integration](#) as part of the Bank’s [capital increase process](#). Against this background, through its “[Hope for Haiti](#)” program, IDB agreed to increase donations to Haiti to over US\$2.2 billion in the course of this decade in order to support its rebuilding and long-term development plans. See the information sheet “[Haiti and IDB after the earthquake](#)” for more information.

SICA and CARICOM business communities forge closer ties

The Secretariat of the Caribbean Community and Common Market (CARICOM) and the Central American Integration System (SICA) held a high-level meeting of private sector representatives from both regions in Port of Spain, Trinidad, May 18. The meeting was organized by the Trinidad & Tobago Ministry of Trade and the Organization of American States (OAS).

The aim of the event was to provide a forum for the business community to be able to express the challenges and difficulties involved in doing business between the two regions, and to continue to build the foundations of a relationship based on trust.

The highlights of the meeting were the presence of CARICOM Secretary General, Irwin LaRocque, and Sir Edwin Carrington, who held the same post during the period 1992-2010 and under whose administration the first two Summits of CARICOM-SICA Heads of State were held.

A similar kind of business meeting was held in the framework of the 3rd Summit of SICA and CARICOM Heads of State and Government, in El Salvador, in August 2011. That meeting highlighted the increase in trade flows, which expanded 9.4% between 2008 and 2010, even against the backdrop of the international economic crisis. They also admitted that the levels of trade are still extremely low in relation to the two regions' total trade. The main products involved in trade are oil, oil gas, oils, fertilizers, and iron and steel products, which the Caribbean countries export to the isthmus, and medicines, plastics, food, beverages, and woods, which the Central American countries send to the Caribbean islands.

Related articles:

- IDB/INTAL. "[SICA and CARICOM will start discussing an FTA](#)," in: *INTAL Monthly Newsletter No. 130*, May 2007.
- IDB/INTAL. "[3rd Summit of SICA and CARICOM Heads of State and Government](#)," in: *INTAL Monthly Newsletter No. 181*, September 2011.
- CARICOM Secretariat. "[CARICOM and SICA Secretaries-General Laud Joint Business Event](#)," Press Release, May 18, 2012.



Central America

IDB support to Mesoamerican Project targets biofuels, health, and infrastructure

The Inter-American Development Bank (IDB), a traditional Mesoamerican Project (PM) partner, deepens support for projects with regional scope.

The PM emerged in 2008 from the restructuring of the Plan Puebla Panama as an instrument of cooperation, development, and integration among the countries taking part in the Tuxtla Mechanism for Dialogue and Cooperation.[1]

Projects of regional interest that are designed, managed, financed, and implemented in the framework of the PM are the result of joint work by the member countries, with the support of international organizations acting as strategic partners, including IDB. Two work areas make up the PM: on the one hand, physical interconnection and integration, and, on the other, social development. Each area comprises several specific programs.

Mesoamerican Project work areas

Physical Interconnection and Integration	Social Development
<ul style="list-style-type: none"> • Mesoamerican electrical interconnection • Infrastructure Interconnection and Telecommunications Services Integration • Transport Infrastructure Interconnection and Trade Facilitation 	<ul style="list-style-type: none"> • Biofuels • Competitiveness • Health • Environment and Climate Change • Prevention and Mitigation of Natural Disasters • Social Housing

Source: Mesoamerican Project

The objectives, programs and projects of each axis are detailed on the official portal of the [Mesoamerican Project](#).

The PM's latest breakthroughs have been in Biofuels, Health, Transport Infrastructure Interconnection, and Trade Facilitation.

Biofuels

In May this year, IDB embarked on the implementation stage of a US\$350,000, non-reimbursable [Technical Cooperation](#) to support the [Mesoamerican Biofuels Research and Development Network \(RMIDB\)](#).

The overall objective of the Biofuels Program is to encourage the use of cleaner fuels to help mitigate the effects of climate change and avoid competition with food production.

The RMIDB was launched as part of this program in 2009. It seeks to develop research and technology transfer, to promote the exchange of expertise, human resources, and best practices among the PM countries to ensure harmonious growth in the region's biofuels sector.

IDB's technical and financial support will concentrate on: producing a database on the countries' projects in the field of biofuels; developing public policy instruments, such as laws and regulations; and last, conducting workshops and seminars for the development of academic and technical skills. The project will have a 12-month duration.

For more information on the RMIDB, click [here](#).

Health

In conjunction with the other bodies participating in [Mesoamerica Health 2015 \(SM2015\)](#), IDB President Luis Alberto Moreno last April [announced](#) the implementation of the initiative's first eight

operations in Belize, Honduras, El Salvador, Guatemala, Nicaragua, and Panama, for a total of US\$55 million.

SM2015's total resources amounted to US\$200 million, US\$54 million of which will be provided by the countries in a results-based financing modality: part of the financing is disbursed after governments reach the goals envisaged in terms of compliance with the coverage or quality of health services.

SM2015 is a public-private partnership launched in 2010[2] by the Bill and Melinda Gates Foundation, the Carlos Slim Institute of Health, the Spanish Government, and IDB, within the framework of the PM. The initiative is a catalyst for compliance with the health targets laid down by the [Mesoamerican Public Health System \(SMSP\)](#).

This program seeks to increase the coverage and quality of health in the Mesoamerican region in order to raise its population's living standards. Some of those goals will be targeted by the initiative SM2015, which will implement health projects for 20% of the poorest people in the subregion, particularly in women, and children under five years of age, focusing on reproductive health, nutrition, vaccination, and malaria and dengue.

IDB acts as administrator of resources and implementing agency, in addition to being responsible for designing the projects jointly with governments' ministries of health.

For more information on SM2015, click [here](#).

Infrastructure Fund for Mesoamerican and Caribbean countries

Last, IDB also will be in charge of the design and technical advice regarding projects to be financed through the [Infrastructure Fund for Mesoamerican and Caribbean Countries](#). Resources (approximately US\$160 million) will be awarded by the Government of Mexico and will be channeled through the Central American Bank for Economic Integration (CABEI).

The funds are earmarked for infrastructure works in the region identified as a priority by IDB. The first projects to be selected are: (1) the expansion and improvement of the Villa San Antonio-Goascorán road and the Choluteca-Guasaule section of the Mesoamerican Pacific Corridor in Honduras; and (2) the rebuilding and upgrading of the Izapa Junction-Nejapa Junction Road in Nicaragua. Both projects are come under the [International Network of Mesoamerican Highways \(RICAM\)](#) of the Interconnection Program for Transport Infrastructure and Trade Facilitation of the PM's Physical Interconnection and Integration Hub.

[1] The Tuxtla Mechanism for Dialogue and Cooperation is made up of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Mexico, recently joined by Colombia (2006) and the Dominican Republic (2009). It was created in 1991 as a forum for dialogue to address political, economic, and trade issues affecting the subregion.

[2] See IDB/INTAL. "[2015 Meso-America Health Program launched](#)," in: *INTAL Monthly Newsletter No. 167*, July 2010.

Intraregional trade sidesteps crisis and gains ground in regional negotiations

At a recent regional meeting,[1] SIECA Secretary General, Ernesto Torres Chico, gave a presentation of the [state and prospects of the subregion](#) in the area of economic integration. In the current context of uncertainty over the world economy was very welcome to hear that intraregional trade in 2011 totaled nearly US\$7.2 billion (26% of the bloc's total exports), a nominal 9% up on the US\$6.6 billion recorded in 2008. The figure is even more striking when one thinks that, in 1991, the year of the signing of the Tegucigalpa Protocol, these trade flows did not exceed US\$1 billion. The regional integration process has made undoubted progress, and the Central American economies have deepened their ties in the global economy.

The same meeting saw the signing of a [Joint Working Agreement](#), providing a roadmap to establish a uniform common external tariff, implement a common customs administration, harmonize tax systems, and standardize sanitary and phytosanitary measures.

Torres Chico also presented the updated trade figures, published in the latest "[Statistical Bulletin: Central American Foreign Trade Statistics](#)," revised to January 2012.

This progress is not independent of the vitality displayed by trade negotiations in the region. Indeed, the 42nd Meeting of the Council of Ministers for Economic Integration (COMIECO) was held in Tegucigalpa, Honduras, May 14, confirming the progress in the framework of the negotiations of the Central American Economic Integration Subsystem (SIECA) along its central axes: the formation of the Customs Union, the incorporation of Panama, and the Partnership Agreement with the European Union. The meeting approved the Work Plan for the first half of 2012,[2] with the following priority areas:

- Tariffs and rules of origin
- Customs procedures
- Technical regulations
- Non-tariff barriers
- Incorporation of Panama in SIECA.

Five Central American technical regulations (RTCAs) were also ratified, having been negotiated and approved by the Technical Groups in the framework of the SIECA's 2nd Negotiating Round in Tegucigalpa, April 23-27. These regulations will enable trade facilitation -particularly in the food sector- and will come into force six months after being signed. A reduction in trade costs is foreseeable, thanks to the harmonization of technical criteria for the submission and circulation of products in the region, notably rules involving foodstuffs, including animal feed.

Also gathering at this Round were the Tariff, Records, Customs, and Customs IT Working Groups, and the Central American Customs Directors Forum, and the Central American Deputy Economic Integration and Trade Ministers Forum.

The 3rd Round is to be held during the week prior to the 39th Summit of SICA Heads of State and

Government, scheduled for next June 29.

[1] The 9th Meeting of the Integration, Trade, and Foreign Affairs Commissions of the Congresses and Legislative Assemblies of SICA States Party and the Integration, Trade, and Economic Development Commission of the Central American Parliament was held in San Salvador, May 22.

[2] So far the SIECA has been negotiating on the basis of an endorsement by the Deputy Foreign Trade Ministers due to COMIECO's delay in approving the Work Plan.

Negotiating fronts in Central American external trade talks

Guatemala and Trinidad & Tobago seek to expand bilateral trade

Guatemala exported US\$14.4 million to Trinidad & Tobago in 2011, and imported US\$12.6 million, positioning itself as a minor partner in the Central American economy, which that year saw external sales of over US\$10 billion and purchases of US\$16.6 billion.

For Guatemala, the agreement with Trinidad & Tobago is a gateway to the other Caribbean countries. The same strategy was applied by Costa Rica, which also signed an agreement with Trinidad & Tobago in 2002, and subsequently extended it to the other members of the Caribbean Community and Common Market (CARICOM).^[1] Similarly, [Panama finalized the negotiation of a partial scope agreement \(PSA\) with Trinidad & Tobago](#) in June 2011 and has shown a willingness to extend it to other Caribbean countries with a view to an agreement with the bloc.

The [Revised Treaty of Charaguamas](#), which established CARICOM, allows its members to sign commercial agreements with third countries upon certification by the Secretariat that this will not be detrimental to the other partners (Article 80). Approval must also be given by the Council for Trade and Economic Development (COTED).

The [Protocol to the General Treaty on Central American Integration \(a.k.a. the Guatemala Protocol\)](#) allows member states to “unilaterally negotiate agreements with third countries, provided that they furnish advance notification of their intention to the Executive Committee of Economic Integration and agree a coordination and information mechanism on the progress of negotiations, and that the outcome of such agreements complies with the commitments contained in this Protocol” (Article 12). Countries must abide by “common trade rules in the negotiations with third countries, particularly in the field of rules of origin, unfair trade practices, safeguard clauses, and technical standards.” Article 11 also establishes that Member States gradually and flexibly coordinate and harmonize their external trade relations.

The negotiations between the two countries began in April this year, with the aim of achieving a Partial Scope Agreement (PSA), focusing on promoting trade in priority products for each economy, and establishing clear and stable rules for trade.

The [first round](#), in Trinidad & Tobago’s capital Port of Spain, set the regulatory basis for the agreement and the model for exchanging product requests, discussed technical barriers to trade, and negotiated issues relating to the administration of the agreement.

The [second round](#) was held in Guatemala, May 21-26, with three working tables, on market access, rules of origin, and legal issues. The main breakthroughs were in the regulatory content: negotiations concluded on anti-dumping and countervailing measures, technical barriers to trade, customs valuation, cooperation, and sanitary and phytosanitary measures. Talks also began on products of interest listings. According to María Luisa Flores Villagrán, [Guatemala’s Deputy Foreign Trade and Integration Minister](#), the economies are displaying features of complementarity: whereas Guatemala specializes in agroindustrial products and light manufacturing, Trinidad & Tobago has a comparative advantage in petroleum production and its derivatives, natural gas and steel and associated articles. Some of the goods that Guatemala listed in its request for access are cheeses,

flowers, leaves, fruits, vegetables, meat preparations, cereals, shoes, refrigerators, batteries, and plastics.

A third round of talks is to be held in Trinidad & Tobago in July. Until then, the negotiating work will continue in a series of mini-rounds by videoconference.

EFTA negotiations

Technical Groups from Costa Rica, Guatemala, Honduras, and Panama met, in Panama during the first week of June, with their counterparts from the European Free Trade Association (EFTA), made up of Switzerland, Norway, Iceland, and Liechtenstein.

Dialogue got under way in March 2011 and the first round of negotiations took place in Geneva, Switzerland in February this year.

The second negotiating round toward a Free Trade Agreement (FTA) discussed market access, sanitary and phytosanitary measures, technical barriers to trade, customs, rules of origin, trade facilitation, trade defense, services, investment, intellectual property, institutional arrangements, and dispute settlement, among other issues.

According to the [Costa Rica's Foreign Trade Ministry](#), the major breakthroughs came in public sector procurement, services, intellectual property, and rules of origin, where the possibility of regional cumulation was agreed among the countries participating in the negotiation, and extended cumulation that would allow origin with a third country sharing a common FTA. Market access lists will be exchanged from July onward.

The following round is to be held in Costa Rica, August 27, and the negotiations are expected to be concluded during the second half of this year.

Related articles:

- IDB/INTAL. "[First negotiating round between the EFTA and Costa Rica, Guatemala, Honduras, and Panama](#)," in: *INTAL Monthly Newsletter No. 187*, March 2012.
- IDB/INTAL. "[Central America and Panama open talks toward free trade agreement with EFTA](#)," in: *INTAL Monthly Newsletter No. 176*, April 2011.

[1] The Free Trade Agreement (FTA) between the Costa Rican Government and CARICOM is available on IDB/INTAL's legal instruments website [here](#).

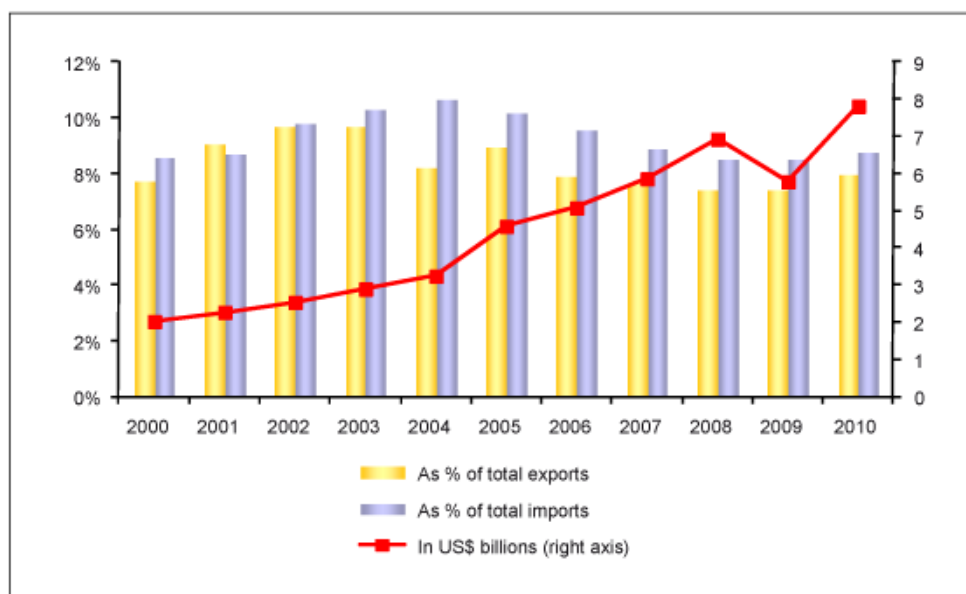
Andean Community

CAN celebrates 43 years

Last May 26, the countries of the Andean Community of Nations (CAN) celebrated the 43rd anniversary since the signing of the Cartagena Agreement, which established the Andean integration process.

During the commemoration ceremony, CAN Secretary General, Adalid Contreras Baspineiro, highlighted the progress made in the subregional integration process in the areas of trade, society, and energy. In trade, he drew attention to the consolidation of the Expanded Andean Market and the newfound momentum of Intra-Andean trade. As mentioned in the [*INTAL Monthly Newsletter No. 188*](#), trade between the region's countries rose from US\$2.02 billion in 2000 to US\$7.81 billion in 2010 (Graph 1).

Graph 1: Evolution of intraregional trade



Source: CAN.

Also, the Coordinator of the Research Center at the University of the Pacific and author of the book, *Efecto Plataforma en la CAN*, Fernando González Vigil, noted that the Andean Community has made significant progress in economic and trade matters. This progress justifies its existence and deserves to be preserved and improved. There is a summary of the work in the current edition of the [INTAL Monthly Newsletter](#).

For more information, click on the following links: [\[1\]](#); [\[2\]](#) [\[3\]](#).

Related articles:

- IDB/INTAL, "[40 years of Andean integration](#)," in: *INTAL Monthly Newsletter No. 154*, May 2009.

MERCOSUR

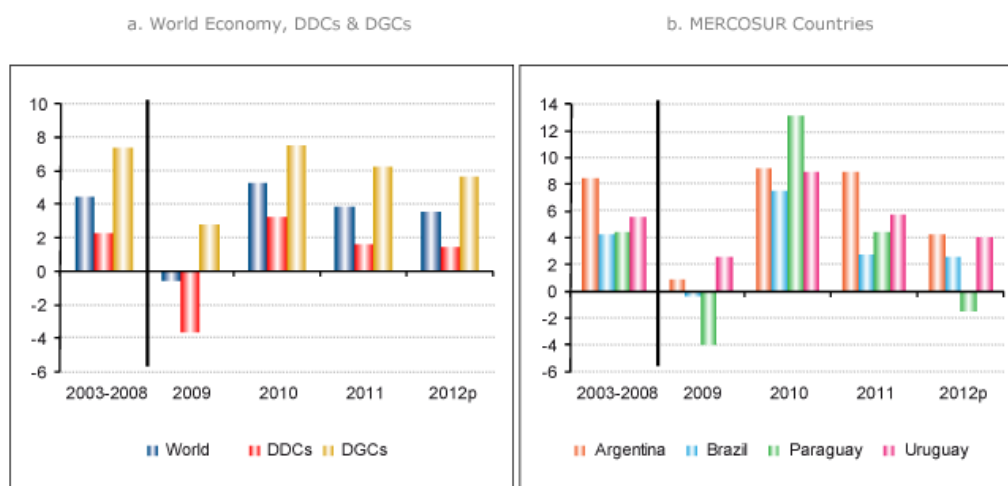
Trade measures stepped up in MERCOSUR

The MERCOSUR countries have reacted to the turbulence on the international scene with various policies to mitigate negative impacts on the domestic economy, as revealed in previous editions of the *INTAL Monthly Newsletter*. Below are the main measures adopted recently by the bloc's countries.

World production continues to slow and global GDP in 2012 could grow by 3.5 %, 0.4 percentage points (p.p.) down on 2011.[1] The decline in the rate of expansion is widespread both for developed countries (DDCs) and developing countries (DGCs) (Graph 1a). The MERCOSUR economies are not immune to these trends: in 2012, they may perform below 2003-2008 levels and may also be down on 2011 (Graph 1b).

Graph 1. Evolution of global economy, DDC, DGC and MERCOSUR

Year-on-year real variation of GDP

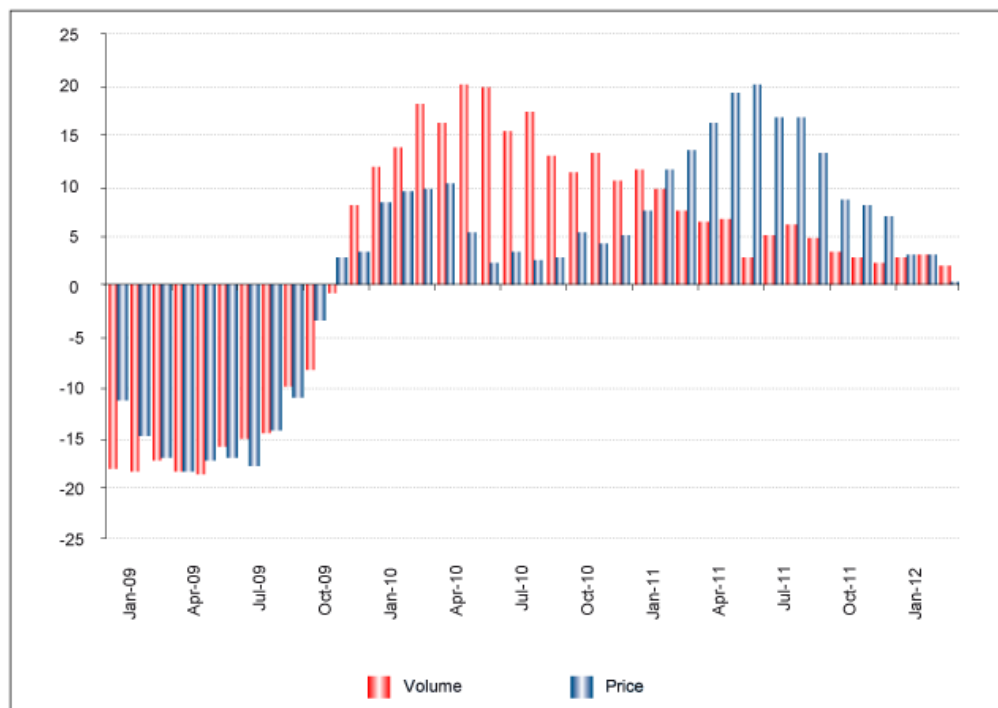


Note: The graphs for 2012 are projections. World GDP, DDCs and DGCs: IMF (April 2012). Argentina, Brazil and Uruguay: median market expectations as surveyed by central banks (latest available data). Paraguay: intermediate scenario for BCP projections (April 2012). Source: IMF, INDEC, BCB, BCP and BCU.

The global slowdown is already impacting on international trade flows, whose growth rates have declined considerably over the last few months, in terms of both prices and quantities (Graph 2). As Table 1 shows, so far this year, MERCOSUR exports and imports, which soared in the preceding years, slowed their rate of expansion and in some cases contracted. A fact worth noting is that intrazone trade fell, performing worse than trade with the rest of the world in the early months of 2012 in all MERCOSUR countries, with the exception of Paraguay (Table 2).

Graph 2. Evolution of world trade

Year-on-year variation in prices and quantities



Source: CBP.

Table 1. Evolution of total MERCOSUR trade

Year-on-year variation

	Exportsa/			Importsb/		
	2010	2011	2012 c/	2010	2011	2012 c/
Argentina	22.4%	23.7%	3.8%	45.7%	30.8%	-3.9%
Brazil	32.0%	26.8%	4.5%	42.3%	24.6%	7.4%
Paraguay	43.2%	21.7%	-8.2%	44.7%	31.0%	-2.5%
Uruguay	24.6%	18.5%	8.5%	24.8%	24.4%	6.6%

Notes: a/ FOB. b/ Argentina, Paraguay and Uruguay: CIF. Brazil: FOB c/ Argentina, Brazil and Paraguay: January. Uruguay: January. Against same period previous year. Source: INDEC (Argentina), SECEX-MDIC (Brazil), BCP (Paraguay) and BCU (Uruguay).

In this difficult context, which indicates a prolongation of the instability that has taken root in key countries since 2008, many governments are resorting to trade restrictive measures to protect domestic production. According to Global Trade Alert (GTA),[2] Argentina and Brazil are second and seventh respectively in the trade restrictions league table (Table 3).

Table 2. Evolution of intra-MERCOSUR trade

Year-on-year variation

	Exportsa/			Importsb/		
	2010	2011	2012 c/	2010	2011	2012 c/
Argentina	23.9%	23.6%	-3.7%	45.2%	23.6%	-10.3%
Brazil	42.8%	23.2%	-8.8%	26.8%	16.6%	-3.6%
Paraguay	43.2%	28.4%	2.7%	47.4%	33.2%	8.0%
Uruguay	40.8%	11.7%	-3.9%	-0.6%	34.0%	-8.3%

Notes: a/ FOB. b/ Argentina, Paraguay and Uruguay: CIF. Brazil: FOB. c/ Argentina, Brazil and Paraguay: January-April. Uruguay: January-February. Source: INDEC (Argentina), SECEX-MDIC (Brazil), BCP (Paraguay) and BCU (Uruguay).

Non-tariff barriers (NTBs) have been the instruments most frequently used by Argentina (56.1 % of the total), followed by trade defense measures (safeguards, anti-dumping, and countervailing measures), which represent approximately a quarter of the total. In Brazil, 36.8% of new restrictions are tariffs (the barriers most commonly used by Paraguay and Uruguay) and 31.6% are trade defense measures (Graph 3).

Table 3. Restrictive trade measures according to country of implementation

November 2008-May 2012. Selected Economies

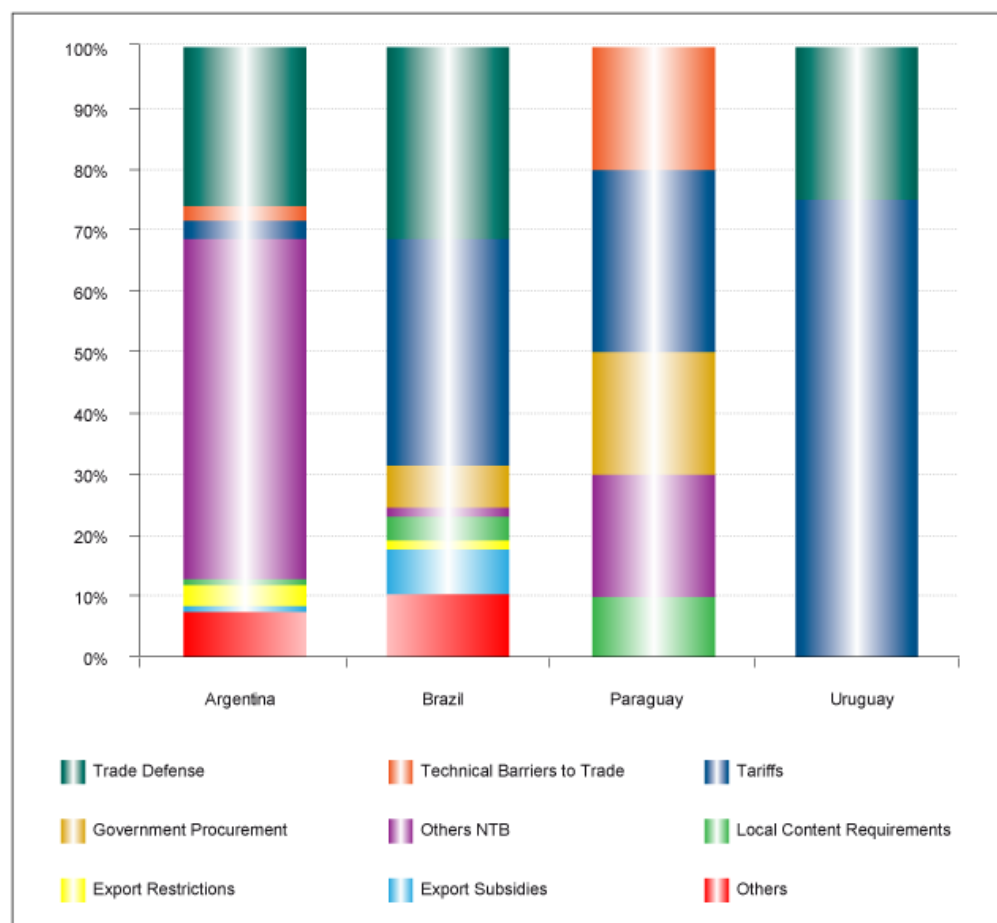
Positiona/	Country	Red & Yellow Measuresb/	No. of red-measure tariff lines	No. of red-measure sectors	No. of red-measure trading partners
1	Russian Fed.	193	446	45	145
2	Argentina	169	467	63	152
3	USA	121	155	43	124
4	China	101	701	52	193
5	India	99	399	33	153
6	UK	91	161	27	153
7	Brazil	90	256	33	132
8	France	87	118	30	151
9	Germany	86	61	44	156
10	Italy	75	70	27	145
63	Paraguay	8	72	12	41
81	Uruguay	4	4	3	35

Notes: a/ Information to May 31, 2012. By number of restrictive measures implemented. b/ The red measures implemented are those that are almost certain to restrict trade; the yellow measures implemented are those that may be discriminatory in nature or that are being considered and, if implemented, would be almost certain to restrict trade. Source: Global Trade Alert (GTA).

Where the rest of the world is concerned, China is the country most affected by the trade restrictions implemented by the MERCOSUR countries. It should be noted, however, that, with the exception of Uruguay, all the bloc's countries applied barriers that hinder intrabloc trade. In fact, Brazil is the country second most-affected (in terms of number of measures) by the restrictions imposed by Argentina and Paraguay.

Graph 3. Main trade restrictions imposed by MERCOSUR countries, by type of measure

As percentage of the total



Source: Global Trade Alert (GTA).

In intra-MERCOSUR trade, the claims continue over the [measures](#) mainly implemented by the biggest partners. Brazil recently suspended the automatic import licensing regime for certain perishable goods, such as apples, grapes, wine, potatoes, and cheese, affecting products from Argentina and other sources. This delays the entry of such goods by not immediately authorizing imports. An [agreement](#) was subsequently struck between the two countries' authorities to unblock the entry of Argentine grapes and raisins to Brazil, and the importation of Brazilian pig meat from

Argentina. Also, solutions were sought at a bilateral [meeting](#) at the start of June to other trade disputes between the two countries. But there are still some barriers.

In terms of trade with the rest of the world, on the one hand Brazil incorporated CMC Decision 39/11 into its domestic legislation. This Decision authorizes the temporary increase (12 months, extendable by the same period) of the Common External Tariff (CET) to the consolidated level in the World Trade Organization (WTO) to a list of up to 100 products by each country, in the event of trade imbalances brought about by the international situation. To date, only the bloc's two biggest economies have internalized the Decision. Paraguay and Uruguay, due understandably to their lower internal capacity to replace imports, have shown the most reluctance to increase duties on their extrazone purchases.

Argentina, for its part, announced a 14% increase in the tariff on imports of capital goods (2% in the case of non-locally produced goods), thus marking a return to the level agreed in MERCOSUR after more than a decade of zero tariffs on these products. It should be mentioned that the European Union (EU) has filed a formal [suit](#) against Argentina with the WTO, requesting consultations under the WTO's dispute settlement system over trade barriers implemented by Argentina. The parties have 60 days to resolve the dispute via consultation; should they fail to do so within the allotted time, the claimant may request that the dispute be settled by a special group. Argentina has accepted the EU's request for consultations, but has [rejected](#) all the points raised by the bloc. Argentina has also [expressed](#) its concern to the EU over the prohibition of the use of biodiesel not produced in the EU approved by Spain, which restricts the entry of Argentine fuel.

Related article:

- IDB/INTAL. "[Active trade policies in MERCOSUR countries in response to international slowdown](#)," in: *INTAL Monthly Newsletter No. 188*, April 2012.

[1] Source: IMF. April 2012; aggregation using purchasing power parities (PPPs).

[2] GTA is an independent initiative supported by government and non-government institutions that provides information in real time on state measures taken during the current global economic downturn that are likely to discriminate against foreign commerce. More information [here](#).

UNASUR

UNASUR approves its General Regulations

The Extraordinary Meeting of the Council of Ministers and Foreign Ministers of the Union of South American Nations (UNASUR) was held in Bogotá, Colombia, June 11. The meeting approved the Bogotá Declaration, which in turn contains the approval of the organization's General Regulations (a complementary instrument to the Constitutive Treaty) and of the Annual Operating Budget to 2013.

Subsequently, there was a ceremony in the Casa de Nariño, the seat of the Colombian Presidency, to hand over the post of UNASUR Secretary General, held by María Emma Mejía from May 2011, to the Venezuelan former Foreign Minister, Alí Rodríguez Araque. It is worth mentioning that, under Article 10 of the Constitutive Treaty of UNASUR, the post of Secretary General can be held for two years (with one renewal), nationalities must be rotated, and it must be occupied on a full-time basis. In this particular case, María Emma Mejía and Alí Rodríguez Araque are completing the term Néstor Kirchner, the first Secretary General from May to October 2010, left unfinished on his death; after a period of vacancy, María Emma Mejía was appointed for the period 2011-2012 and Alí Rodríguez Araque for 2012-2013.

For more information, click on the following links: [\[1\]](#), [\[2\]](#)

Moving toward regional energy integration

The publication *UNASUR: a Space for Consolidating Energy Integration* ([*UNASUR: Un espacio que consolida la integración energética*](#)) was presented at the headquarters of the South American bloc's General Secretariat, in Quito, Ecuador, June 7. The publication was produced in conjunction with the Latin American Energy Organization (OLADE), which has been studying the evolution of the energy sector in the subregion since the 1st Energy Integration Summit in April 2007. Also presented was the structure of the South American Energy Treaty, adopted in 2010, and the current state of energy resources in each of the twelve countries that comprise UNASUR.

Prior to this, May 18, the 3rd Meeting of the South American Energy Council was held, attended by ministers and deputy ministers of the UNASUR member countries. The meeting aimed to set forth

the progress toward establishing a treaty to ensure regional energy security and the sustainable use of natural resources. To this end, it was agreed to set up an Ad Hoc Group Specializing in Legal and Policy Matters to provide concrete regulatory content for the structure of the South American Energy Treaty under discussion.

The UNASUR Energy Council was created in April 2007. Subsequently, the Extraordinary Meeting of UNASUR Heads of State and Government in Los Cardales, Argentina, May 2010, endorsed the South American Energy Strategy Guidelines, the Regional Energy Integration Action Plan, and the South American Energy Work Structure.

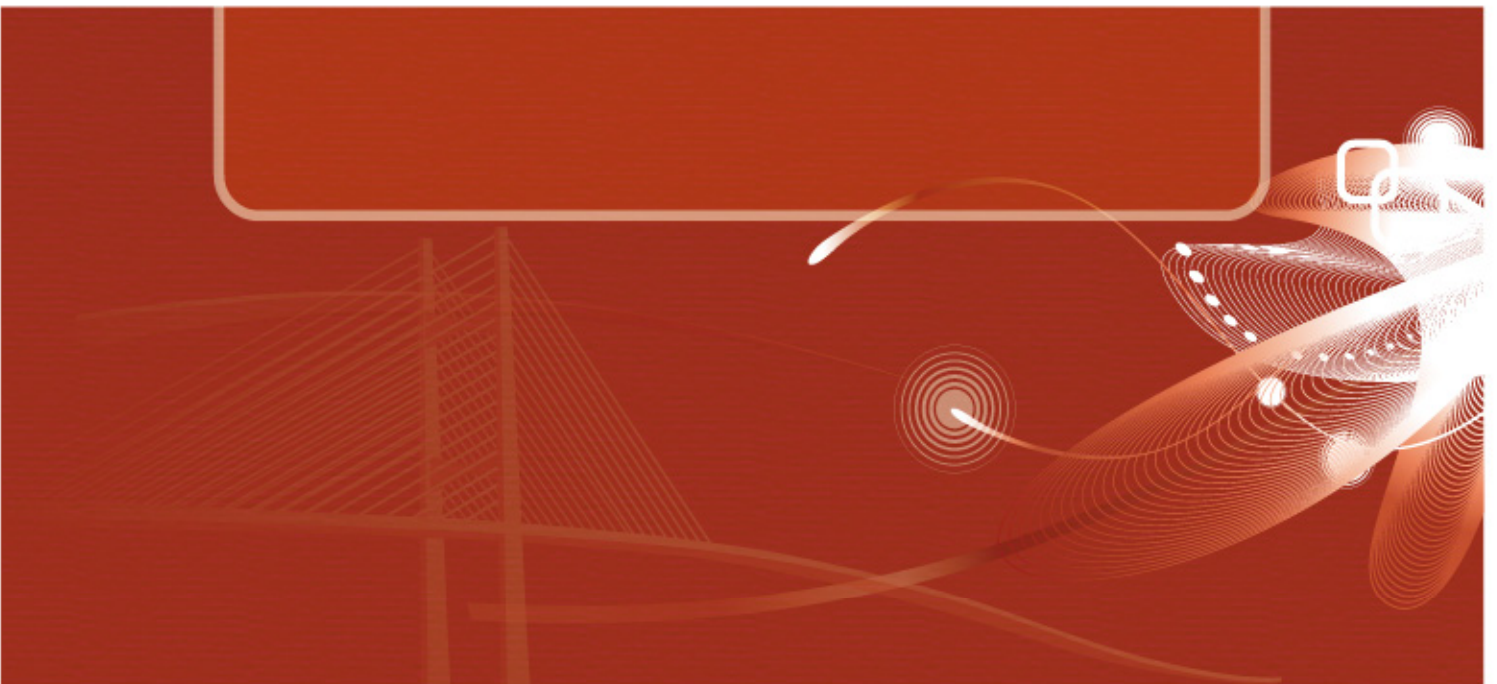
For more information, click on the following links: [\[1\]](#), [\[2\]](#).

Related articles:

- IDB/INTAL. "[Extraordinary Meeting of the UNASUR Council of Heads of State](#)," in: *INTAL Monthly Newsletter No. 165*, May 2010.



Regional And Global Overview





New dimensions in Asia-Latin America ties

Pacific Alliance formally established

Presidents Sebastián Piñera of Chile, Felipe Calderón of Mexico, Juan Manuel Santos of Colombia, and Ollanta Humala of Peru signed the Framework Agreement for the Pacific Alliance, June 6. Gathering in Antofagasta, Chile, for the 4th Presidential Summit, the leaders formalized the creation of an area of free movement of goods, services, capital, and people across the four countries. They were joined by the foreign ministers of Panama, Costa Rica, and Canada, and, as a special guest, the King of Spain, as observers.

The Pacific Alliance has two main objectives: on the one hand, to deepen trade relations between the party countries and, on the other, to jointly project themselves toward the Asia-Pacific (APAC) region. This is an open process that seeks to go on expanding, including, first of all, Panama and Costa Rica.

The Framework Agreement defines the Pacific Alliance as a regional integration area and states that any commitments reached will be based on existing trade agreements between the countries that make up the initiative. The next step toward implementation of the Alliance is for individual countries to take the Agreement to their respective Congresses for its approval and entry into force. As background, it is worth mentioning that the Alliance has emerged as a result of a proposal by Peruvian former president, Alan García, at the 2010 Ibero-American Summit. In the subsequent [“Lima Declaration,”](#) signed April 29, 2011, the presidents expressed their commitment to making gradual progress toward the objectives of the free movement of goods, services, capital, and people, and defining joint actions for the trade link with APAC.

For more information, click on the following links: [\[1\]](#), [\[2\]](#).

Related articles:

- IDB/INTAL. [“Pacific Alliance”: a fresh initiative uniting Chile, Colombia, Mexico, and Peru,](#) in: *INTAL Monthly Newsletter No. 177*, May 2011.
- IDB/INTAL. [“Pacific Alliance leaders approve framework agreement,”](#) in: *INTAL Monthly Newsletter No.*, March 2012.

Latin American Missions in the East

While the creation of the Pacific Alliance is one of the most important gestures Latin America has made toward the Asian region, the growing interest in the East has also been manifested in the numerous official visits by leaders of the Latin American countries to their Asian counterparts. Peruvian President, Ollanta Humala, met with leaders of Japan and South Korea at the start of May to develop and promote trade and economic relations with Peru.

Colombian President, Juan Manuel Santos, and his Foreign Minister, María Ángela Holguín, signed nine cooperation agreements with China and one aeronautical agreement with Singapore, after their tour of these countries. Among the agreements signed with China is a memorandum of

understanding to set up a working group to determine the feasibility of negotiating a Free Trade Agreement (FTA) between the two states, and an economic and technical cooperation agreement that includes a US\$3 million donation by China.

For his part, President Lugo of Paraguay embarked on a tour that visited five Asian countries in order to build up a strategic alliance with the region.

Further evidence of the growth in Latin American countries' relations with Asia is the Asia Pacific-Latin America Observatory, set up last May 31 by the Latin American Integration Association (LAIA), Andean Development Corporation (CAF), and the Economic Commission for Latin America and the Caribbean (ECLAC). The Observatory's main goal is to create a discussion forum to analyze strategic issues in relations between the two regions, while stimulating convergence in positions regarding issues on the global agenda. The Observatory will also have an Internet portal to disseminate periodicals produced by it and other academic or business centers investigating the issue. It will also update and disseminate information on trade, investment, trade negotiations and agreements, cooperation, and developments in connectivity between Asia and Latin America.

Against this backdrop of the growing importance of economic relations between Latin America and the Caribbean, and Asia Pacific, IDB's Integration and Trade Sector and the ADB Institute of the Asian Development Bank (ADB) have conducted a recent study entitled "[Shaping the Future of the Asia and the Pacific-Latin America and the Caribbean Relationship](#)." The paper examines trade relations between the two regions and makes specific recommendations for both regions to take greater advantage of that reality.

For more information, click on the following links: [\[1\]](#), [\[2\]](#), [\[3\]](#), [\[4\]](#), [\[5\]](#),[\[6\]](#).

Last-minute preparations for Rio+20

The United Nations Conference on Sustainable Development (UNCSD) [Building the People's Summit Río+20](#) will be held June 20-22.

Background

The background to the Rio+20 Summit dates back to 1972, when the United Nations General Assembly called the United Nations Conference on the Human Environment at Stockholm, which marked a turning point in political awareness on the global nature of many threats to the environment, and led to a deeper study of global warming and the creation of the United Nations Environment Program (UNEP). As a result of that Conference, a set of principles emerged from the [Stockholm Declaration](#), which set out an action plan and recommendations for promoting international environmental cooperation in the protection and improvement of the environment. Until then, the issues that assumed greatest importance were those relating to water resources, marine mammals, renewable energy sources, desertification, woodland, the legal-environmental framework, and the question of development.

But it was in the following decades that the issue of climate change began gradually to become a cause for concern. By around 1980, the scientific community had begun to recognize a change in the ozone layer, and the UNEP recommended actions that led to the adoption of the “[Vienna Convention for the Protection of the Ozone Layer](#)” in 1985, which addressed the issue with a collective vision, fostering cooperation and calling on the parties to facilitate acquisition among themselves and provide information on alternative technologies, the supply of equipment and research facilities, and the proper training of scientific and technical personnel.

1988 saw the creation of the Intergovernmental Panel on Climate Change (IPCC) in response to the growing importance acquired by the depletion of the ozone layer and global warming. More specifically, the Panel aimed to investigate the impact of the greenhouse effect and global climate change.

A year later the Protocol on Substances that Deplete the Ozone Layer came into effect, otherwise known as the “[Montreal Protocol](#).” This protocol set a deadline for the elimination of greenhouse gases, with a grace period, a support fund for developing countries, and a mechanism for monitoring and information. Parallel preparations began toward negotiations aimed at the conclusion of a Framework Agreement on climate change.

In 1992, the General Assembly convened the United Nations Conference on Environment and Development (a.k.a. the “Earth Summit”), attended by 108 Heads of State and a total of 172 governments. This Summit adopted numerous documents, including the “[Rio Declaration](#)” and “[Agenda 21](#),” in the spirit of protecting the integrity of the environment at the global level. Also completed were the negotiations for the Conventions on Climate Change and Biological Diversity. Delegates agreed to negotiate new Multilateral Environmental Agreements (MEAs) and set up the United Nations Commission on Sustainable Development (SCD) to monitor the implementation of the ambitious commitments made in the “Rio Declaration.”

Last, 1994 saw the ratification of the planned United Nations Framework Convention on Climate Change (UNFCCC), with the aim of strengthening global awareness of the problems related to

climate change. The UNFCCC came into being to stabilize atmospheric concentrations of greenhouse gases and thereby halt the rise in global temperatures. In other words, the objective was to prevent the anthropogenic action (intensified by a growing world population, human activities, and fossil fuel-based energy-intensive lifestyles) adversely affecting the climate system. Subsequently, the First Conference of the Parties (COP) in Japan in 1995 saw the conclusion of the negotiations of the [“Kyoto Protocol,”](#) which came into effect in 1998 and drew firmer commitments from the developed countries, proposing to reduce total greenhouse gas emissions from industrialized countries by at least 5% from 1990 levels during the commitment period of 2008-2012.

Building the Peoples’ Summit: Rio+20

During Rio+20, over 100 Presidents and Heads of States will seek to approve a plan of action to ensure the political commitment of countries with sustainable development, and will assess the progress so far at international level, in search of the agreed targets for sustainable development. The Conference, to be held 20 years after the historic Earth Summit, will focus on two specific issues: the green economy in the context of poverty eradication and sustainable development, on the one hand, and the institutional framework for sustainable development, on the other.[1] At the same time, over 500 Non-Governmental Organizations (NGOs) and civil society representatives will take part in parallel meetings in support of sustainable development.

In preparation for the Rio+20 summit, the countries gathering in the framework of the United Nations have been negotiating the final document that to be discussed and approved at the meeting entitled [“The Future We Want.”](#) However, the gaps between developed and developing countries mean that much of this draft is still under discussion and lacking agreement. According to the International Centre for Sustainable Trade and Development (ICSTD), just 21 paragraphs have been agreed ad referendum (i.e. subject to the document’s final approval), and 400 paragraphs are still being questioned. The main disagreements center on the degree of existing and future commitments that have to be acquired by the countries, and on the basic principles that should guide sustainable development goals. It is still up for discussion whether the “right to safe and clean drinking water and sanitation,” “universal access to modern energy services,” and the “right of access to safe and nutritious food, consistent with the fundamental universal right to to be free from hunger” should be established by the document as basic principles.

As a result of a proposal by Colombia and Guatemala, one possible outcome that has gained ground over the past few months is to agree on a set of similar [Sustainable Development Goals \(SDGs\)](#)[2] in support of the [Millennium Development Goals 2015](#). SDGs would help to bring the broad international sustainable development agenda down to a practical level and could serve the countries as a tool to measure their progress in search of sustainable development targets. The deadline for implementing the SDGs is fast approaching, and the world has a very broad range of sustainable development challenges ahead of it.

IDB and Rio+20

The Inter-American Development Bank (IDB) will take part in the conference as a partner interested in the region’s sustainable development and, therefore, will present the various different programs promoted to help each of the member countries in their development goals. Experts from the Bank

will represent different areas, from climate change, energy, and transport, to the Emerging Cities Program and the Biodiversity Platform. To present the work, IDB organized a [Sustainability and Climate Change Day](#), the main objective of which is to present the institution's commitments to its partners and to share recent publications and public instruments.

During the event, the Bank is to submit the report [Climate Challenge and Development in Latin America and the Caribbean: Low Carbon Resilient Development Options](#), which assesses the challenge of climate change in the region and analyzes the cost of the physical impacts of climate change, as well as the adaptation costs and the options for reducing the region's carbon footprint to levels consistent with climate stabilization targets. A plan will also be submitted of priority actions identified by the Bank to meet the challenge of climate change in the region in line with the objectives of its 9th capital increase.

For more information on IDB events at Rio+20, click [here](#).

[1] See IDB/INTAL. "[Latin America prepares for Rio+20](#)," in: *INTAL Monthly Newsletter No. 188*, April 2012.

[2] See [Bridges Weekly Trade News Digest](#), Vol. 16, No. 18. May 2012.



INT Newsletter





Integration and Trade Sector

Check the latest issue of the Integration and Trade Sector Newsletter for more activities/events/publications ([link](#))



Other IDB Activities





The Climate and Development Challenge for Latin America and the Caribbean: Options for Climate Resilient Low Carbon Development

Last June 5, the Inter-American Development Bank (IDB) presented the executive summary of the document entitled “[The Climate and Development Challenge for Latin America and the Caribbean: Options for Climate Resilient Low Carbon Development](#).” The study, which has been prepared by [IDB](#), the Economic Commission for Latin America and the Caribbean ([ECLAC](#)), and the World Wildlife Fund ([WWF](#)), points out that Latin America and the Caribbean will suffer annual damage in the order of US\$100 billion by the year 2050 due to declines in agricultural yields, the disappearance of glaciers, floods, droughts, and other events caused by the warming of our planet. The region needs to dramatically increase its investments in climate change adaptation and mitigation over the coming decades in response to this. In this respect, the report maps out paths to reduce the emission curve by promoting zero emissions caused by deforestation and other land-use practices by 2030, combined with measures to eliminate the carbon footprint in the energy matrix and transport infrastructure by 2050, with an annual cost of US\$110 billion.

To watch a video of the event, click [here](#).

The complete results of the work will be distributed at the Earth Summit in Rio+20. To access the executive summary, click [here](#).

4th International Economic Forum

The 4th high-level International Economic Forum on Latin America and the Caribbean was held in Paris, France, May 25. It was organized by the Inter-American Development Bank (IDB) in conjunction with the French Ministry of Economy, Finance, and Trade, and the Development Centre of the Organization for Economic Cooperation and Development (OECD/DEV). Leaders from the public and private sectors discussed the challenges facing the region and shared solutions for sustainable economic development. Speakers at the event included IDB President, Luis Alberto Moreno, former Chilean President and Executive Director of UN Women, Michelle Bachelet, Prime Minister of St Kitts & Nevis, Denzil Douglas, and Secretary-General of the OECD, José Ángel Gurría.

To access the agenda and related information, click on the following links: [\[1\]](#), [\[2\]](#), [\[3\]](#).

IDB presents its “2011 Sustainability Report”

IDB’s [2011 Sustainability Report](#) focuses on sustainability in Latin America’s agricultural sector. The report was presented as part of an event held in Washington, D.C., June 5, 2012, and was attended by experts and authors of the study.

The IDB Report sets out innovative ideas about the impact of climate change on food security, the interaction among ecosystem services, and low carbon farming approaches, as well as sociopolitical changes in the farming sector and developments in deforestation over the past 30 years. The authors also express their views on the most appropriate way to achieve sustainability in the world today.

The study contains a summary of the contribution and progress made by IDB, and the goals and commitments it has fulfilled in pursuit of sustainability throughout 2011.

The event was attended by speakers of the stature of: Rodomiro Ortiz, from the Swedish University of Agricultural Sciences; Mary Bowman, from the College of Natural Resources at the University of California, Berkeley; Walter Vergara, Head of IDB’s Sustainable Energy and Climate Change Unit of the Infrastructure and Environment Sector (INE/CCS); Janine Ferretti, Head of the Environmental Safeguards Unit of the Vice-Presidency for Sectors and Knowledge (VPS/ESG); and Natasha Ward, an Environmental Specialist in the same sector.

The session was chaired by Graciela Schamis, Manager of the Knowledge and Learning Sector (VPS/VPS), and was moderated by Graham Watkins, a VPS/ESG Environmental Specialist.

Related articles

- IDB. [“2011 Sustainability Report.”](#)

Broadband as a catalyst of economic growth and social progress in Latin America and the Caribbean

The Inter-American Development Bank (IDB) recently published a report on broadband services in Latin America and the Caribbean. The work contains recommendations on how to step up the deployment and use of fixed line and mobile broadband services in the region. The report, entitled [*Bridging Gaps, Building Opportunity: Broadband as a Catalyst of Economic Growth and Social Progress in Latin America and the Caribbean*](#), was produced by the Bank's Competitiveness, Technology and Innovation Division (CTI) and Office of Outreach and Partnerships (ORP), and is the result of discussions between the institution and a wide range of participants, including technology companies, national and international telecommunications operators, universities, and multilateral organizations.

The document points out that a 10 percentage point (p.p.) increase in broadband penetration in the region could increase gross domestic product (GDP) by an average of 3.2% and raise productivity by 2.6%. At the current time, the Latin American and Caribbean countries offer lower levels of accessibility and use, and higher costs than the average for Organization for Economic Cooperation and Development (OECD) nations. In terms of fixed line broadband penetration, European countries have an average of 30 lines per 100 people, nearly triple that of the average for this region. *Bridging Gaps, Building Opportunity* offers a series of policy recommendations to overcome obstacles to the expansion of broadband in Latin America and the Caribbean. As well as suggestions on how to build the necessary infrastructure and how to improve the legal and regulatory frameworks for these services, the report also addresses such issues as digital literacy.

For more information, click [here](#).



INTAL Documentation Center







Reviews

Zevallos Urquieta, Héctor & González Vigil, Fernando. “Efecto plataforma de la CAN en las exportaciones manufactureras del Perú y de Colombia a los Estados Unidos y la Unión Europea.” Lima: University of the Pacific, Working Paper No. 90. December 2011.

The research by Zevallos Urquieta and González Vigil takes up the study, “35 años de integración económica y comercial: Un balance para los países andinos” [35 Years of economic and trade integration: A balance for the Andean countries], produced by the Andean Community of Nations General Secretariat (SGCAN) in 2004. That study had pointed to the existence of a “platform effect” (EP) in CAN, consisting of the deepening of specialization in certain non-traditional manufacturing under the protection of the expanded market obtained through the Andean agreement. The point is that one of the regional agreement’s advantages is that the market can act as a “launchpad” for exports to larger, more demanding and more competitive markets, after a given period of maturation. Based on this preliminary research, the work recently published by the University of the Pacific investigates whether the Andean market has indeed fulfilled this role as an incubator for non-traditional export capabilities, with a focus on manufacturing exports from Peru and Colombia to the United States (US) and the European Union (EU).

The document contains six chapters. After an introduction explaining the motivation behind the work, a conceptual framework is developed to discuss the advantages and disadvantages of Preferential Trade Agreements (PTAs) in relation to the objectives of industrialization. The relevant literature is reviewed, with special emphasis on south-south agreements and their compatibility with north-south PTAs.

Although the conclusions regarding the effects of integration on the industrialization of economies belonging to these schemes are not prescriptive, they do show that PTAs give rise to the emergence of certain market features that can contribute to the production of higher value-added goods. These features include: an increase in productivity due to the existence of internal or external economies of scale and the emergence of economies of agglomeration; the development of previously non-existent comparative advantages; greater innovation and availability of intermediate inputs;

the acquisition of technologies and knowledge transfer; the resolution of supply-side constraints limiting diversification into sectors with more technology-intensive goods and services. These achievements will subsequently facilitate access to developed markets.

The third chapter analyzes, first, the performance of CAN's manufacturing exports within the regional market, where they predominate, and, second, their performance in external markets. This section details the Andean countries' business strategy toward the United States and the European Union.

Two methodologies used to detect the existence of the EP are explained in the fourth chapter. The first is based on the procedures of the SGCAN investigation mentioned above, adapted by the authors to the specific goal of detecting the existence of the EP in manufacturing exports from Peru and Colombia to the United States and the EU. The second methodology was developed by the researchers themselves and consists of a series of trade indicators and technical criteria that enable us to detect the existence of the EP with greater certainty.

The fifth and last chapter analyzes and compares the results of the two methodologies. In both cases, the CAN's EP can be seen in Colombia and Peru's non-traditional manufacturing exports to the United States and the EU. In spite of being quantitatively small in terms of the number of manufactures and amounts exported, this, according to the authors, is of great qualitative importance, since it boosts external sales of higher value-added products. It is clear that neither countries had the capability to compete in the developed markets in these products at the outset of the Andean Free Trade Area (FTA). The document also claims that Colombia has profited more from the EP in quantitative terms than Peru, due to its late and slow incorporation to the FTA.

The authors ask themselves if the improvement in Colombia and Peru's export performance is attributable to CAN and not to other preferential access, such as the Andean Trade Promotion and Drug Eradication Act (ATPDEA) or the Generalized System of Preferences (GSP). The evidence shows that, in general, manufacturing exports where an CAN EP can be identified perform more dynamically in those developed markets than the group of Colombian and Peruvian manufacturing exports benefiting from these programs. A control is also made with the markets of Chile and MERCOSUR, with whom the Andean countries have preferential agreements, and there is little noticeable influence from these markets in terms of the export incubation process.

The work is of great relevance in terms of its discussion and research methods in analyzing the possibility that south-south agreements act as important platforms for export maturation when it comes to competing in the global marketplace.



Bibliographic alert

This weekly alert disseminates information on the highlighted documents recently uploaded in the INTAL Documentation Center Data Base (CDI). It also provides links to open access bulletins and journals in Spanish, Portuguese and English. Click [here](#)

Monthly Highlights

* Santa Gadea, R., ed. (2012). Integración física sudamericana diez años después : impacto e implementación en el Perú. Lima: Universidad del Pacífico; BID-INTAL; CEPEI.



Autor: Santa Gadea, Rosario, ed.

Título: Integración física sudamericana diez años después : impacto e implementación en el Perú

Edición: Lima: Universidad del Pacífico; BID-INTAL; CEPEI, Marzo 2012 [29 p.]

ISBN: 978-9972-57-194-7

Temas: <INTEGRACION FRONTERIZA><ESTUDIOS DE CASOS><REGIONALISMO><POLITICA DE INTEGRACION><INICIATIVA PARA LA INTEGRACION DE LA INFRAESTRUCTURA REGIONAL SURAMERICANA, IIRSA><FINANCIAMIENTO DEL DESARROLLO>

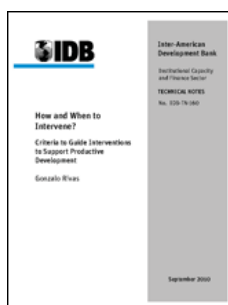
Geográficos: <AMERICA DEL SUR><PERU>

Resumen: El valor de este libro es, justamente, abordar el tema de manera integral, lo que involucra tanto su visión estratégica como los aspectos específicos. De otro lado, el libro permite conocer en profundidad el estado de la cuestión en el Perú y en el ámbito sudamericano, incluyendo especial referencia a Brasil. Asimismo, se aportan enfoques, instrumentos y metodologías que han permitido avanzar grandemente la integración física regional desde el lanzamiento, en el año 2000, de la Iniciativa para la Integración de la Infraestructura Regional Suramericana (IIRSA) por parte de los presidentes de América del Sur, en su histórica primera reunión, realizada en Brasilia, el 31 de agosto y 1 de septiembre de dicho año.

Accesos al documento:

332.135 / SAN-INT / 2012
Documento Impreso

* Kohon, J. (2011). Más y mejores trenes : Cambiando la matriz de transporte en América Latina y el Caribe. Washington: BID.



Autor:Kohon, Jorge

Título:Más y mejores trenes : Cambiando la matriz de transporte en América Latina y el Caribe

Edición:Washington: BID, October 2011 [115 p.]

Serie:Technical Notes; 303

Temas:<COOPERACION PARA EL DESARROLLO><BANCO INTERAMERICANO DE DESARROLLO, BID><TRANSPORTE DE CARGA><TRANSPORTE FERROVIARIO><CRECIMIENTO ECONOMICO>

Geográficos:<AMERICA LATINA>

Resumen:Los ferrocarriles contribuyeron significativamente al desarrollo de América Latina y el Caribe. Si bien esta contribución fue desigual, en muchos países la presencia del ferrocarril constituyó un factor significativo en la expansión y la consolidación del territorio y, consecuentemente, de las actividades productivas y el crecimiento poblacional. Técnicamente, los mejores atributos del ferrocarril están vinculados con su desempeño eficiente al lograr transportar, en una única formación, grandes volúmenes de cargas o pasajeros. Esta cualidad del ferrocarril presenta, a su vez, otras ventajas, tales como un menor consumo de energía por unidad de tráfico, una correspondiente menor emisión de gases de efecto invernadero, un menor nivel de accidentes y un bajo consumo de espacio público, entre otros beneficios. Esas indudables fortalezas están acompañadas por algunas debilidades: la dificultad del ferrocarril para acceder a los orígenes y destinos finales de los pasajeros y las cargas, requiriendo del transporte automotor para finalizar los viajes, así como su menor flexibilidad y adaptación frente a los cambios en las tecnologías y los mercados, debido a las grandes inversiones involucradas.

Accesos al documento:

eHM BID-TN 303 [2011]

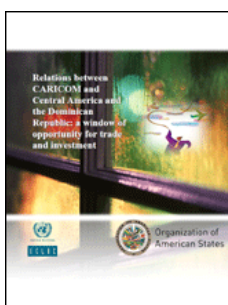
Documento Electrónico

* Lippoldt, D. (2012). Policy Priorities for International Trade and Jobs. Paris: OECD.



Autor: Lippoldt, Douglass **Título:** Policy Priorities for International Trade and Jobs **Otros responsables:** Organization for Economic Co-operation and Development, OECD **Edición:** Paris: OECD, 2012 [450 p.] **Temas:** <POLITICA COMERCIAL INTERNACIONAL><MERCADO DE TRABAJO><CONDICIONES SOCIALES><ORGANIZACION PARA LA COOPERACION ECONOMICA Y EL DESARROLLO, OCDE> **Geográficos:** <MUNDIAL> **Resumen:** How does trade affect jobs? The International Collaborative Initiative on Trade and Employment (ICITE) brings together ten international organisations with the aim of improving understanding of the interaction of trade and the labour market, promoting dialogue among stakeholders, and developing policy relevant conclusions. Launched in 2010, the first wave of work under ICITE is nearing completion. This book presents highlights from the first two years of work, as selected by ICITE partners. **Accesos al documento:** E 339.54 / OECD-POL / 2012 Documento Electrónico [texto completo](#). Si no pudo acceder haga click [aquí](#)

*** Relations between CARICOM and Central America and the Dominican Republic : a window of opportunity for trade and investment = Relaciones CARICOM, Centroamérica y la República Dominicana : Una ventana de oportunidades de comercio e inversión. (2012). Santiago de Chile: CEPAL.**



Título:Relations between CARICOM and Central America and the Dominican Republic : a window of opportunity for trade and investment = Relaciones CARICOM, Centroamérica y la República Dominicana : Una ventana de oportunidades de comercio e inversión

Edición:Santiago de Chile: CEPAL, May 2012 [p. v.]

Temas:<SISTEMA DE LA INTEGRACION CENTROAMERICANA, SICA><CARIBBEAN COMMUNITY, CARICOM><COMERCIO INTRARREGIONAL><EXPORTACIONES><COMMODITIES><COMERCIO DE SERVICIOS>

Geográficos:<AMERICA LATINA><AMERICA CENTRAL><GRAN CARIBE>

Resumen:Since 1992, when the countries of CARICOM and the countries of SICA held their first ministerial conference in Honduras, the countries of both economic blocs have adopted the idea of strengthening their economic, social, and political relations by establishing a permanent mechanism for cooperation between the two sub-regions. Over the last 20 years these countries have joined together to achieve significant progress. However, there are still areas where work needs to be done to reduce gaps and to bolster their trade and investment relations as a means of securing greater economic and social development. The principal objective of this document is to provide a brief overview of the main characteristics of the two sub-regions and their points of convergence or divergence, and to identify those areas that could benefit from greater cooperation and investment and trade opportunities.

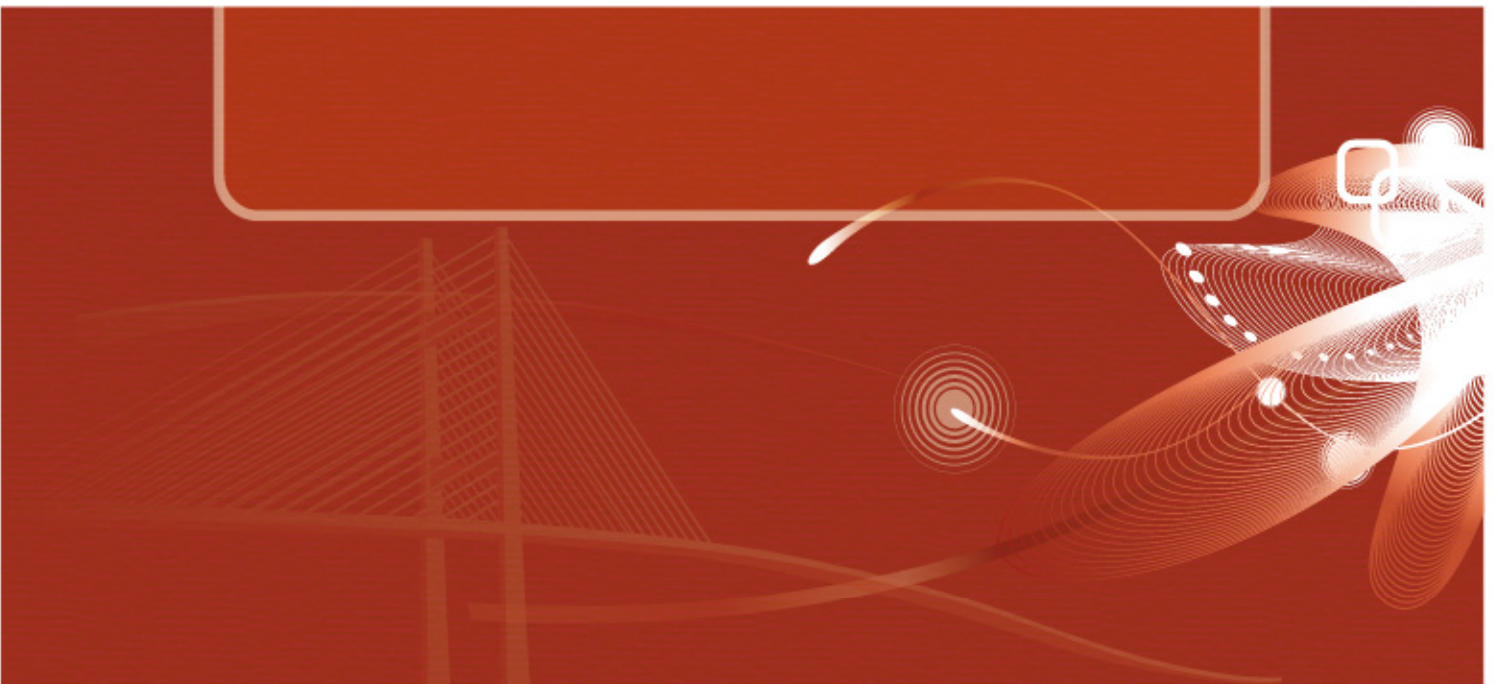
Accesos al documento:

E 332.135 / CEPAL-REL / 2012

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