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IDB Inter-American Development Bank

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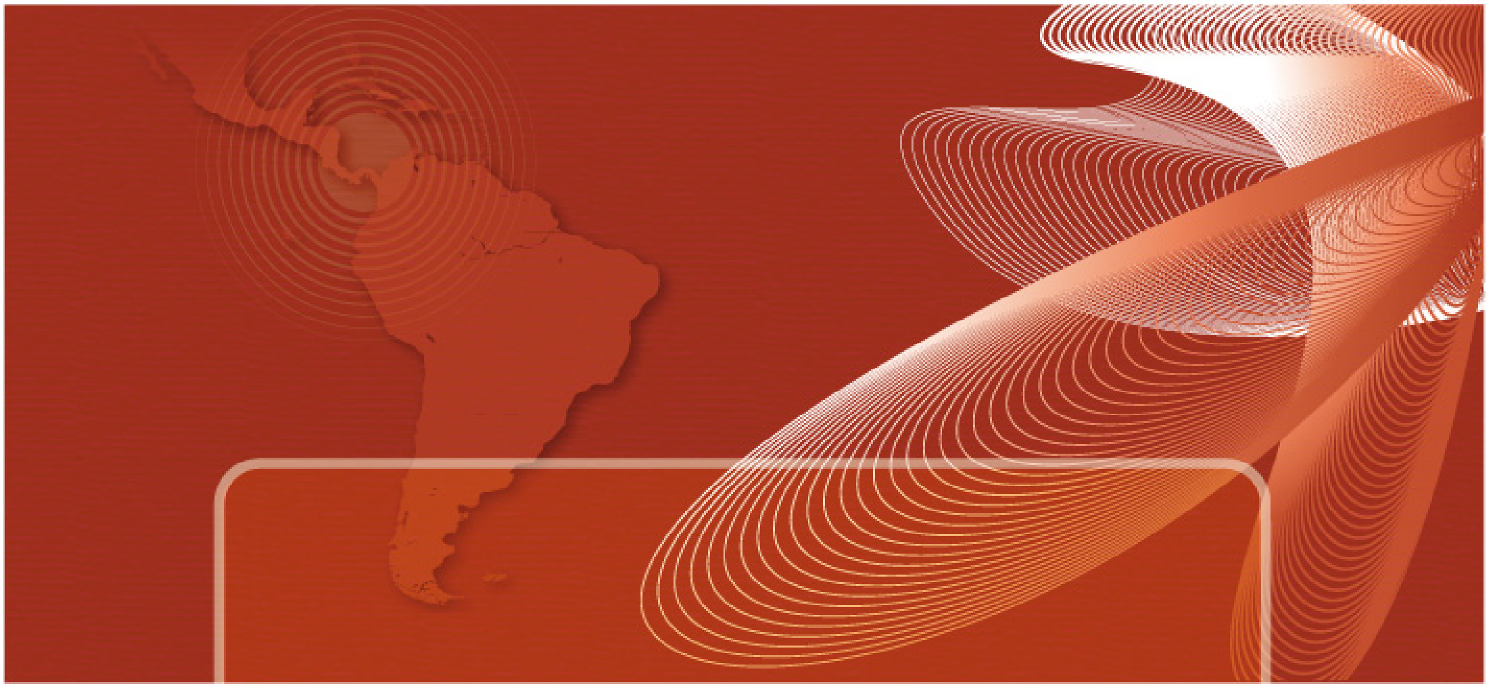
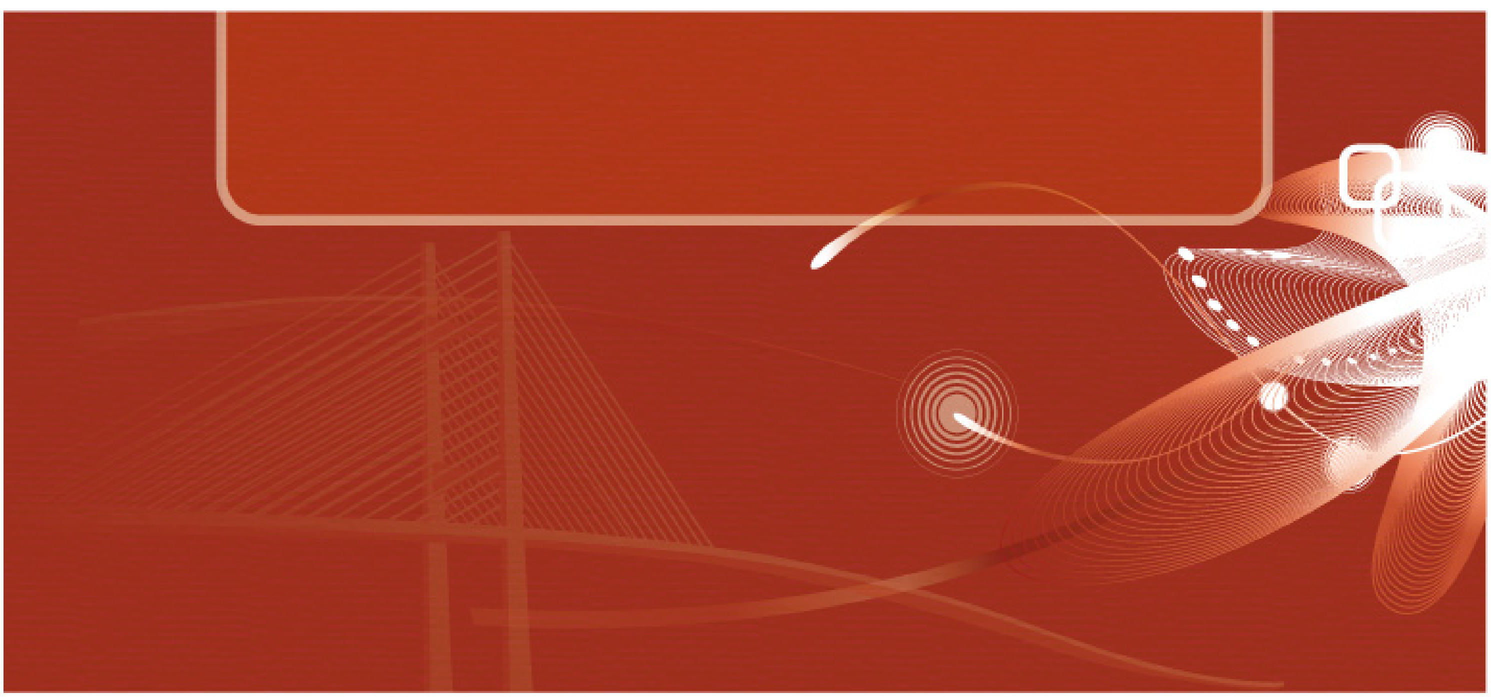


Integration Blocs



The Caribbean

CARICOM and SICA promote cooperation for sustainable development of marine resources

The member countries of the fisheries organizations in the Central American Integration System (SICA) and the Caribbean Community and Common Market (CARICOM) agreed to meet in Belize, September 3-4, with the common goal of promoting cooperation and policy coordination in the development of fisheries and aquaculture.

The seventeen member countries and associated states of the Caribbean Regional Fisheries Mechanism (CRFM), and the seven member countries and the Dominican Republic as an associate member of the Organization of the Fisheries and Aquaculture Sector of the Central American Isthmus (OSPESCA), are seeking closer collaboration between these two regional fisheries organizations in order to improve the conservation and sustainable development of their shared live marine resources in the Caribbean Sea.[1]

The Central America Fisheries and Aquaculture authorities established OSPESCA in 1995 through the San Salvador Accord to promote sustainable and coordinated development for fisheries and aquaculture through regional policies, strategies, programs, and projects. In 1999, as part of the consolidation efforts of the Central American integration process, OSPESCA joined the SICA General Secretariat through the signing of the Framework Agreement for Functional Cooperation between the Central American Countries' National Authorities for Fisheries and Aquaculture, and the SICA General Secretariat, giving rise to the Regional Fisheries and Aquaculture Unit (SICA/OSPESCA).

One of OSPESCA's achievements was the Integration Policy for Fisheries and Aquaculture in the Central American Isthmus, which came into force in 2005 to address the issue of the overfishing of certain marine species, the effects of climate change, inappropriate fishing methods, and improper fishing practices, as well as the extraction of species in closed seasons and inadequate systems of management for aquatic ecosystems, which lower volumes and production value.

A few years later, the CARICOM Conference of Heads of Government set up the CRFM through an

Agreement signed in 2002 establishing it as the Caribbean's regional fisheries organization to facilitate the responsible use of fisheries and other aquatic resources in the region.
The meeting, which concluded with the Belize Declaration, sought to start working together on building a strategy for responsible fishing that included all the countries in the Caribbean Basin and thus enabled Central America to benefit from the experience of CARICOM's governance model in the sector.
The decision to hold this first meeting between OSPESCA and the CRFM was included in the Declaration of the 3rd Summit of CARICOM and SICA Heads of State and Government in El Salvador, in August 2011.

Negotiations on fishing subsidies in the WTO

The issue of overfishing is directly linked to the negotiations on fishing subsidies in the World Trade Organization (WTO), a practice that not only distorts trade, but contributes to overcapacity and the depletion of marine resources. These negotiations are the concern of the WTO's Negotiating Group on Rules, currently chaired by Ambassador Denis Francis, the WTO Representative for Trinidad & Tobago.
As proponents of the WTO's Work Program on Small Vulnerable Economies (SVEs), to which the majority of countries from the two regional blocs belong, CARICOM and Central America have urged the Negotiating Group to strive to identify subsidies that should be banned and those that should not, while also considering Members' needs and particularities in development and the special and differential treatment that should be given to small economies to find equitable solutions in these negotiations.[2]

Statistical data

For CARICOM, the available statistics show that nominal annual fish production has risen steadily since the 1950s, to 195,000 tonnes in 2000, valued at approximately US$600 million. However, recent statistics (2004-2008) show a decline, with an average annual production of 128,857 tonnes for that period. Guyana, Suriname, Jamaica, and Trinidad & Tobago accounted for 83.3% of total production with individual contributions of 40.7%, 18.7%, 12.7%, and 11.2% respectively.
The total amount of intraregional imports in 2008 was 21,522.6 tonnes, while exports stood at 88,538.7 for the same period. Jamaica, Barbados, and Trinidad & Tobago accounted for 83.5% of total fish imports with contributions of 45.5%, 26.9%, and 11.1% respectively, while Guyana's exports represented 68.9% of total fish exports in the region. Suriname, Trinidad & Tobago, and Bahamas represented 29.7% with contributions of 23.6%, 3.2%, and 2.9% respectively.[3]
In Central America, there is a scarcity of statistical data in the fisheries sector. Here, it is worth consulting the Report on the Regional Workshop on the Improvement of Fishery Data and Information Collection Systems for Central America and the Caribbean, held in El Salvador en 2006.[4]

Related links:

- SICA. Historic High Level Bi-Regional Fisheries Meeting Held In Belize, September 6, 2012.
- SICA. Central American and Caribbean countries design plan for responsible fishing, September 4, 2012.

[1] Source: Press Release, "Caribbean Fisheries Regional Mechanism," August 28, 2012.
[2] TN/RL/GEN/162, WTO, January 8, 2010.
[3] Source: Caribbean Agribusiness.
[4] FAO/OSPESCA project, FishCode-STP.

CARICOM-Spain joint fund launched

The first meeting of the Joint Technical Committee was held in Trinidad & Tobago last August. The meeting saw the launch of a new funding mechanism of the Joint Cooperation Program between the Caribbean Community (CARICOM) and Spain.
This joint fund is expected to support the reform of the CARICOM Secretariat, the development of regional bloc's exports under existing bilateral agreements with the Dominican Republic, Costa Rica, Venezuela, Colombia, and Cuba, and the exploration of areas of possible bilateral cooperation in the framework of the promotion of regional integration and other initiatives.
The next meeting, which will deal with the annual work program, is scheduled for February 2013.

For more information, click here.

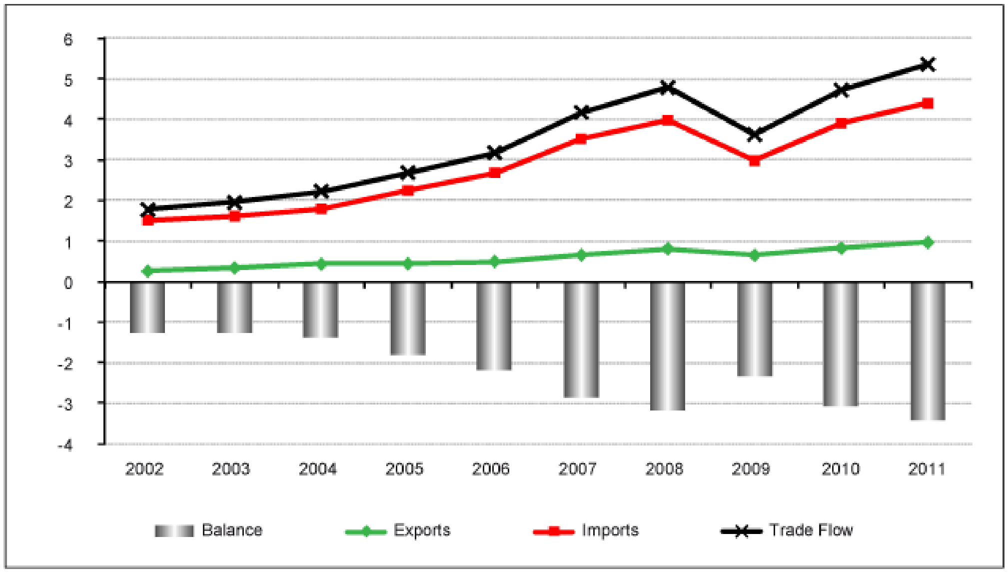
Central America

Nicaragua, El Salvador, and Mexico implement single FTA

The Free Trade Agreement (FTA) unifying the existing agreements between the Central American countries and the Mexican economy enters into force for Nicaragua, El Salvador, and Mexico as of September 1.
The initiative emerged from the 10th Summit of the Tuxtla Mechanism for Dialogue and Cooperation in June 2008, at which the countries pledged to negotiate the unification of Mexico's agreements with Costa Rica (from 1995), Nicaragua (from 1998), and the "Northern Triangle" of El Salvador, Guatemala and Honduras (from 2001), and to adapt them to the new productive realities. After seven rounds of talks, the treaty was signed in November 2011. According to El Salvador's Ministry of Economy, among the most important benefits of the new document are, first, the simplification of procedures on rules of origin, as, from now on, there will be a single certificate of origin for all countries. Second, regional cumulation will be permitted. This is to say that they can use materials originating in any of the FTA's member countries for the production of final goods for export. Third, the Committee for Regional Integration of Inputs (CIRI), responsible for legislating in shortages of raw materials, is keeping up and renewing its activities so that it will allow industries to obtain supplies in other markets, keep the origin for their products, and export under the FTA's preferences. And fourth, a new chapter on public procurement.
The flow of trade between Central America and Mexico picked up momentum in 2004, the year when it began to grow at average annual rate of 21.1%, until 2008. After the interruption of the growth path by the international crisis, trade continued to expand: in 2010, it grew 30.1% year-on-year (YOY), and 13.5% YOY in 2011, to a high of US$5.357 billion (Graph 1).
Most of the flow of trade is explained by Central American purchases from Mexico, which accounted for 8.2% of the isthmus's total imports in 2011, while sales to that destination reached just 3.5% of total exports. It should be remembered that, the Central American market is extremely insignificant for the Mexican economy in terms of its total trade (less than1%).

Graph 1. Evolution of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua's trade with Mexico, 2002-2011

In billions of US$



Source: SIECA Central American Trade Statistics System. All trade figures are expressed without maquila.

Related articles:

- IDB/INTAL. "Central America-Mexico FTAs converge," in: *INTAL Monthly Newsletter No. 183*, November 2011.

EFTA and Canada form focus of Central American trade negotiations

Third round of talks toward an FTA between Costa Rica, Guatemala, Honduras, and Panama, and EFTA

The Central American countries met with the members of the European Free Trade Association (EFTA) August 20-24, as part of the third round of negotiations toward a Free Trade Agreement (FTA).
The first discussions of the possibility of signing an FTA between the two parties took place in Panama, in March 2011, and the first round was held in March of this year.
According to Costa Rica's Foreign Trade Ministry, there are few items pending agreement, such as the regulatory part of market access, sustainable development, and public sector procurement. Details of the issues discussed are available here.

The next round is to be held in Geneva in the last week of October.

More information at the following links: [1]; [2]

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. "Negotiating fronts in Central American external trade talks," in: *INTAL Monthly Newsletter No. 190*, June 2012.

5th negotiating round on modernization of Costa Rica-Canada FTA

The 5th negotiating round between Costa Rica and Canada to modernize and adapt the Free Trade Agreement (FTA), in place since 2002, to the new productive reality was held in Ottawa, Canada, August 28-31.
The groundwork to identify the areas of negotiation was laid in 2010, August 2011 saw the planning of the negotiating rounds, and the initiative was launched in November that year.
To date, the negotiations on the various chapters have concluded, while a review of certain technical aspects is still pending in telecommunications and investment. Sections on cooperation, monopolies, and state enterprises have been added to the agreement.
As part of the round, a high-level ministers' meeting was also held to review progress so far and discuss any issues still pending, including market access in goods and services, and specific rules of origin.
Costa Rica is seeking to improve conditions of origin to the textile sector and preferential access to

goods produced under the free trade zone regime, while Canada's interest is focused on improved agricultural market access.
As mentioned in *INTAL Monthly Newsletter No. 191*, bilateral flows are insignificant in both economies' total trade. Costa Rica, the main buyer of Canadian products in Central America, imported US$162.4 million from that destination in 2011. Exports, on the other hand, stand at just US$87 million. However, it should be noted that Costa Rica sells some manufactured products—mainly health-related—to Canada, such as orthopedic appliances or medical instruments.

More information at the following links: [1]; [2]

Guatemala and Trinidad & Tobago: third negotiating round of the AAP negotiations

Negotiations between Guatemala and Trinidad & Tobago toward a Partial Scope Agreement (PSA) to promote trade in the economies' priority products, and to establish stable and clear trading rules began in April this year.
The meeting was held in Port of Spain, August 13. There were negotiating tables on market access for goods, rules of origin, origin verification procedures, trade facilitation, sanitary and phytosanitary measures, technical barriers to trade, trade defense, trade in services, institutional arrangements, and dispute settlement.
As mentioned in *INTAL Monthly Newsletter No. 190*, the flow of trade between the two countries is fairly insignificant. In 2011, Guatemala exported US$14.4 million to Trinidad & Tobago and imported US$12.6 million, with total external sales of over US$10 billion and purchases of US$16.6 billion.

For more information, click here.

Related notes:

- IDB/INTAL. "Negotiating fronts in Central American external trade talks," in: *INTAL Monthly Newsletter No. 190*, June 2012.

SIECA Strategic Plan 2012-2014

The Secretariat for Central American Economic Integration (SIECA) published its Report on Results to June 2012. The document also contains SIECA's Strategic Plan 2012-2014, which seeks to refine actions and activities being carried out. The Plan is based on four pillars: deepening the economic integration process, increasing efficiency and transparency in internal processes, better management of external cooperation and institutional outreach. SIECA's annual operational or semiannual plans are formulated on the basis of this Plan.

As mentioned in the report, the Inter-American Development Bank (IDB) is an active participant in the Central American integration process via project financing, as well as technical assistance and training of officials.

The most recent example of working together was the meeting at SIECA headquarters, September 5, between Central American Customs Directors and the Customs Coordinator of IDB's Trade Facilitation and Logistics Department, with the goal of establishing a regional work agenda for the International Transit of Goods (TIM) system.

The aim of the TIM is to facilitate border crossing for international goods transit operations by cutting transportation costs and enhancing competitiveness through the optimization and improvement of customs and quarantine formalities and procedures.

In 2012, IDB's Integration and Trade Sector also provided a virtual course on this subject as part of its institutional strengthening program, the first module of the virtual course **"The TIM as a Tool to Improve the Control of Goods in Transit in Mesoamerica."[1]** The course sought to help raise awareness of the advantages and opportunities of using the TIM as a tool for monitoring and risk analysis in the region.

For more information, click here.

[1] IDB/INTAL. "IDB supports full implementation of Transit of Goods in Central America," in: *INTAL Monthly Newsletter No. 186*, February 2012.

Andean Community

CAN countries agree measures to curb deforestation

Representatives of the member countries of the Andean Community of Nations (CAN) discussed plans, August 28, for the national strengthening of monitoring land cover, deforestation, and environmental degradation. In a workshop to this end, delegates agreed to foster the development of methodological processes and reports on deforestation at the Andean subregional level.
The meeting was held in the framework of the Regional Biodiversity Program in the CAN Member Country Andean-Amazon Regions (BioCAN), implemented by the CAN General Secretariat with the support of the Finnish Government. The initiative aims to "*contribute to the improvement of the quality of life of the populations of the Member Countries of the Andean Community in their Tropical Andean-Amazon Regions, through the conservation and sustainable use of biological diversity in an equitable way that respects cultural diversity.*"
The BioCAN program seeks to improve the sustainable management of biodiversity in the Amazon region of CAN countries, and comprises four main areas: 1. Institutional Strengthening; 2. Information System; 3. Territorial Management; 4. Incentives for the sustainable management of biodiversity. BioCAN also seeks synergies with important regional players such as the Amazon Cooperation Treaty Organization (ACTO), the Biotrade Regional Program (GEF-CAF Project and UNCTAD), the Genetic Resources Project of the International Union for the Conservation of Nature (IUCN), and others in order to avoid the duplication of efforts and to achieve greater impact in the implementation of the planned activities.

For more information, click on the following links: [1], [2].

MERCOSUR

Tariff hike in response to unstable international scene

The persistence of an unstable international scene characterized by uncertainty has encouraged a defensive approach to trade policy, in particular, in the larger economies of MERCOSUR. There were also some incentives that facilitate integration.

Tariff hike on 100 products and stimulus for industrial production in Brazil

Brazil announced a rise in the Common External Tariff (CET) of up to 25% tariff for 100 tariff positions, in line with Decision No. 39/11, agreed at the Summit last December. The products include chemicals, plastics, rubber goods, paper and paperboard, ceramics, glass, and some metal manufactures and machinery. The only item from the agricultural sector to appear on the list is potatoes.

The Decision provides that the increase should be approved by the rest of the bloc (though it only affects the imports of the country in question: in this case, Brazil) and have a maximum duration of 12 months, renewable for the same period. The remaining countries have not yet compiled the list of products whose tariffs rise.

Also, in order to enhance competitiveness, MERCOSUR's largest economy decided to grant tax benefits to several industries. Companies in various sectors—including public transport, the food and pharmaceutical industries, IT technical support and white line goods—will stop paying 20% in employers' contributions for employees' payroll. This measure is in line with other stimulus instruments implemented over the past few months under the Bigger Brazil Plan.

Argentina and Uruguay to promote payments in local currency

The Central Banks of Argentina and Uruguay have signed a letter of intent in which they pledged to strive to implement a system of bilateral payments between the two countries as soon as possible, in order to facilitate trade in local currency.

Both countries already have such systems with Brazil. Uruguay's Local Currency Payment System (SML) with Brazil is not in force as yet, whereas the SML between MERCOSUR's two largest economies has been in place since October 2008. Use of the system is marginal in Brazilian imports of Argentine products (0.06% of total trade over the past twelve months), but its importance in terms of exports from Brazil to Argentina has grown to 4.95% of the total in the last year.

Brazil-Uruguay bilateral meeting

The Uruguayan Minister for Industry, Energy, and Mining, Roberto Kreimerman, and the Brazilian Minister for Development, Industry, and Trade, Fernando Pimentel, met to follow-up on trade and productive integration issues as defined in the Bilateral High Level Group, and agreed on a series of actions for sustainable development and productive integration.

In productive integration, they decided to prioritize the automotive industry (by improving productive integration instruments under the automotive policy to come into force in Brazil as of next year), shipbuilding (Brazil will seek to consider Uruguayan output within the rules of national content), oil and gas, wind power (with a commitment to promote BNDES financing of joint industrial development of Eletrobras and UTE wind farms), and communication and information. In November, there will be a further meeting to review the biotechnology, pharmaceutical, metallurgy, and electronics sectors.

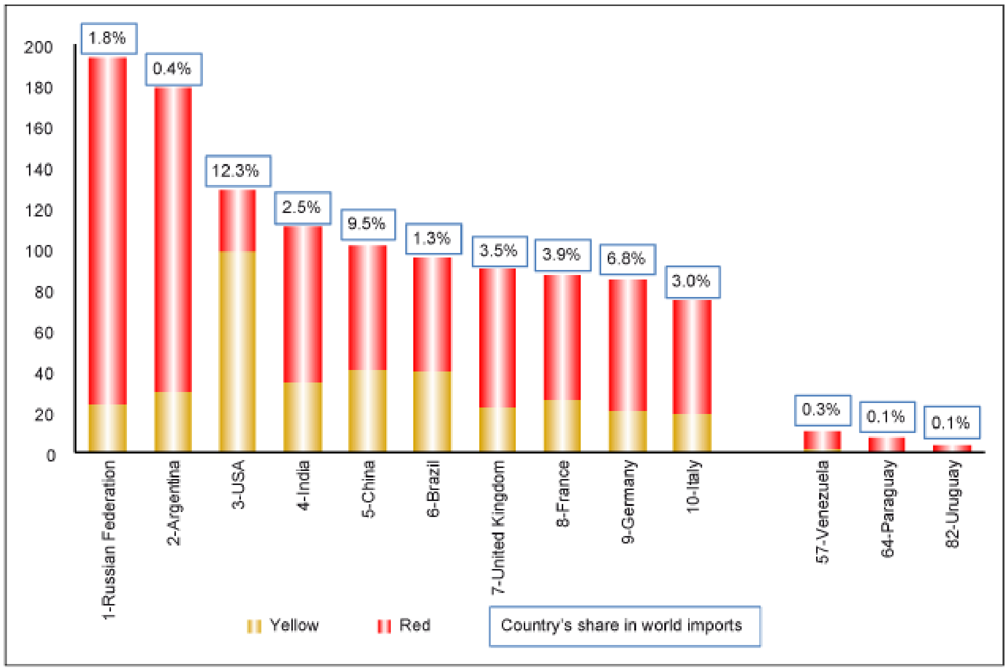
The meeting will also seek agreement over procedures to recognize the national systems of control, inspection, and certification, as well as in equivalence of sanitary and phytosanitary measures.

Argentina and Brazil in the WTO

In accordance with the Global Trade Alert (GTA) database,[1] Argentina and Brazil are in the top ten countries to implement trade restrictions since November 2008, coming second and sixth, with 179 and 96 measures surveyed respectively. While the GTA provides no information about the volume of trade involved in the restrictions, it should be remembered that the measures implemented by these countries have potentially less impact than those adopted by other economies at the top of the ranking, as their share in global imports is far lower (Graph 1). Venezuela, Paraguay, and Uruguay come 57th, 64th, and 82th respectively.

Graph 1. Trade restrictive measures implemented by selected countriesa/

November 2008-September 2012



Notes: a/ Information to September 13, 2012. Measures ordered by number of restrictive measures implemented. b/ Red measures are those that have already been implemented and almost certainly restrict trade. The measures are those yellow already implemented that may be discriminatory in nature or that are being considered and, if implemented, would almost certainly restrict trade. Source: GTA.

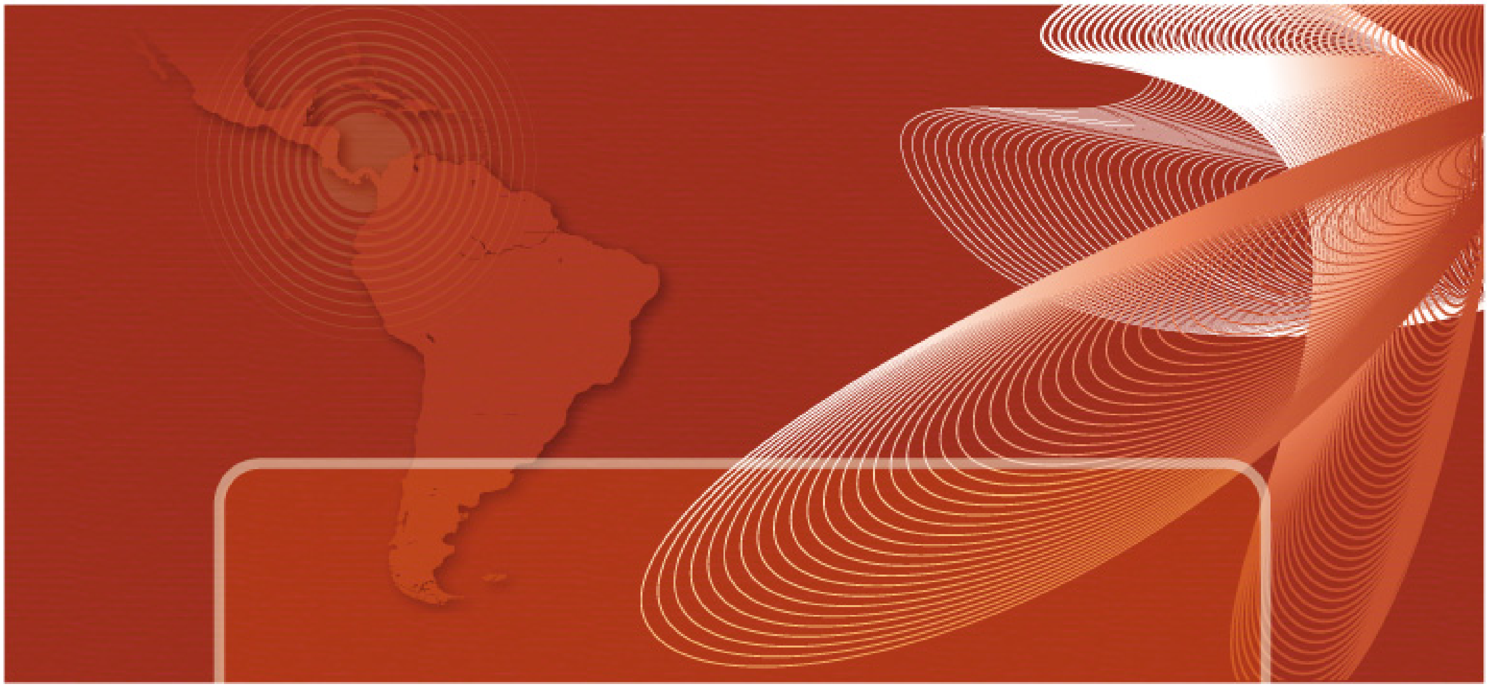
Some of the measures involving the bloc's largest economies have sparked conflict within the WTO. Three countries complained to the WTO over trade provisions implemented by Argentina: United States, and Japan raised the issues of non-automatic import licensing (NAL), anticipated sworn declaration of imports (DJAI), and other related measures, while Mexico raised the issue of general restrictions affecting trade in goods. Australia, Canada, Guatemala, Turkey, and the European Union (EU) added their voices to the Mexican consultation.
Argentina requested WTO consultations with United States over sanitary barriers to the entry of meat and other meat products, as well as a ban on the importation of fresh lemons, arguing that such measures have no technical support. Argentina also submitted a claim against the EU over restrictions by Spain on the entry of biodiesel, while the European Commission announced that it will lead an antidumping investigation on biodiesel originating in Argentina and Indonesia.

Brazil submitted a claim to the WTO over South Africa's imposition of provisional anti-dumping duties on frozen poultry, whole poultry, and boneless cuts originating from Brazil.

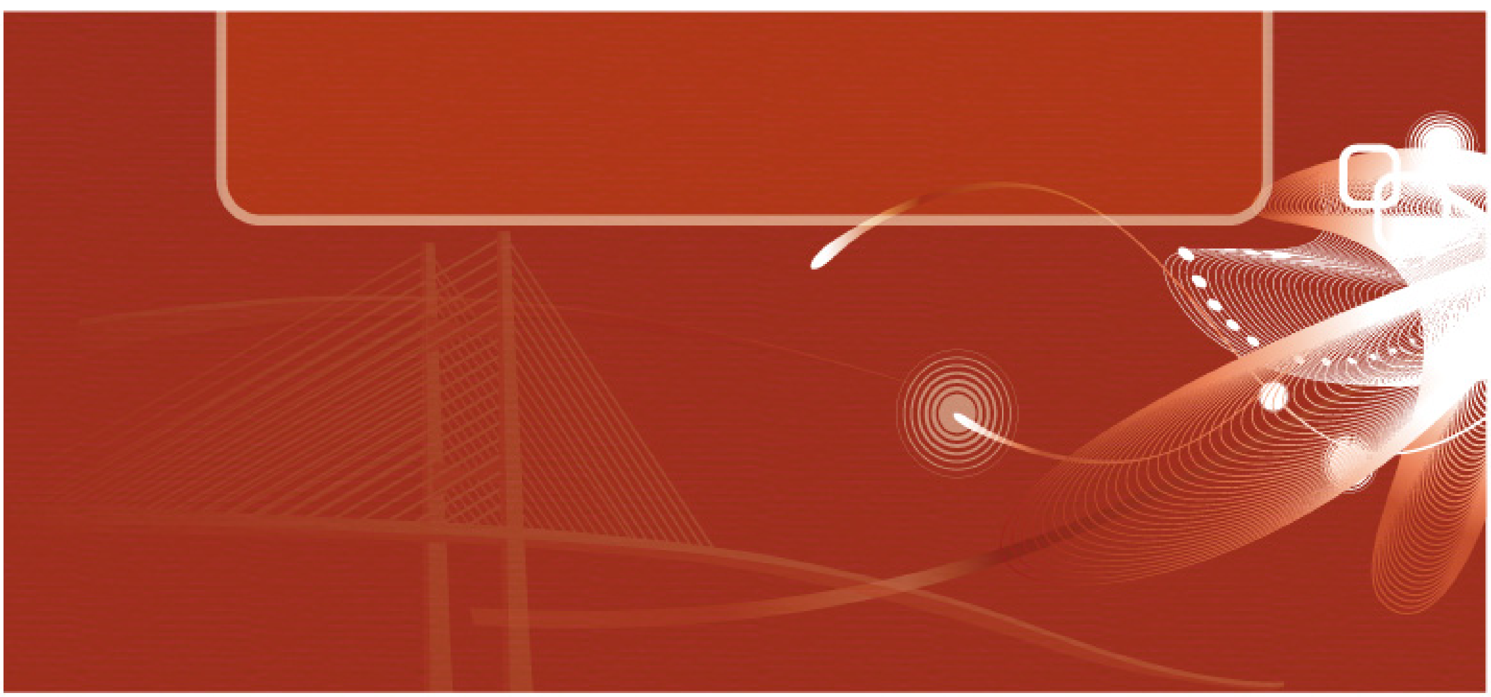
Related articles:

- IDB/INTAL. "More trade measures in MERCOSUR countries," in: *INTAL Monthly Newsletter No. 191*, July 2012.
- IDB/INTAL. "Trade measures stepped up in MERCOSUR," in: *INTAL Monthly Newsletter No. 190*, June 2012.
- IDB/INTAL. "Active trade policies in MERCOSUR countries in response to international slowdown," in: *INTAL Monthly Newsletter No. 188*, April 2012.
- IDB/INTAL. "Following up the internal and external agendas," in: *INTAL Monthly Newsletter No. 187*, March 2012.
- IDB/INTAL. "External context behind temporary exceptions to Common External Tariff," in: *INTAL Monthly Newsletter No. 185*, January 2012.

[1] This database has significant limitations. In particular, the information is not available for all countries and, as not all the economies started being monitored at the same time, any conclusions drawn may be slanted against the countries that have been in the database longest.



Regional And Global Overview



Panama's Regional Tariff Preferences with Bolivia and Mexico

Regional Agreement No. 4 for Panama's commercial trading with Bolivia and Mexico came into force in August. This Agreement falls under the Regional Tariff Preferences (RTPs) granted to each other by members of the Latin American Integration Association (LAIA).

The network of agreements under the 1980 Montevideo Treaty can be divided into two groups: Regional Scope Agreements (RSAs) and Partial Scope Agreements (PSAs). RSAs, which provide for tariff preferences among member countries, include on the one hand Market Access Lists (NAM) in favor of Bolivia, Ecuador, and Paraguay (the 1983, Regional Agreements Nos. 1, 2, and 3 respectively). These lists are part of the Support System for the least developed countries (LDCs), which provides preferential treatment on the basis of the principles of non-reciprocity and community cooperation. On the other hand, are RTPs, which include Regional Agreement No. 4, Agreement No. 7 on Cooperation and Trade in Goods in Culture, Education, and Science of 1997, and others not yet in force.

Regional Agreement No. 4 consists of a percentage cut in the National Import or Most-Favored-Nation (MFN) Tariff on imports from third countries (tariff preference), granted to each other by member countries, on imports of products originating in their respective territories. The size of the preference takes into account the principle of differential treatment based on country categories (Table 1). The preferences include the tariff sample, permitting the list of exceptions, the extent of which is set according to the country's category.

Table 1. Tariff preferences by type of country

Grantor Country	Recipient Country
	LCs
LDCs	24%
MICs	34%
Others	48%
	LDCs
LDCs	20%
MICs	28%
Others	40%
	MICs
LDCs	12%
MICs	20%
Others	28%
	Others
LDCs	8%
MICs	12%
Others	20%

Note: Least Developed Countries (LEDCs): Bolivia, Ecuador, and Paraguay. MICs (Middle Income Countries): Cuba, Colombia, Chile, Peru, Uruguay, Venezuela, and Panama. LCs (Landlocked Countries): Bolivia and Paraguay. Others: Argentina, Brazil, Mexico. Source: Panamanian Ministry of Trade and Industry.

The Protocol of Accession of the Republic of Panama to Regional Agreement No. 4 was signed in February 2010. Panama entered the category of “Middle Income Country”. For their part, Bolivia and Mexico were the only countries so far to have made part of their domestic legal system the Protocol establishing RTPs and therefore recognize Panama as a beneficiary under the tariff preferences they grant in the framework of the LAIA.

The tariff preference consists of a percentage discount on the Current Import Tariff in force in Panama, Bolivia, and Mexico, applicable only to the import of products from these countries. In Panama’s case, originating products exported to Bolivia will enjoy a 12% discount import tariff in

force in the country, while Mexico will give 28%. The Central American country will, in Bolivia's case, provide tariff discounts of 34%. Similarly, originating products exported by Mexico to Panama will enjoy a 12% tariff discount on the Import Tariff in force in Panama.
According to a LAIA study, "Evolution of negotiated trade 1993-2010," in 2010, just 3.1% of the trade channeled through the agreements was due to RTPs. In 1993, this amounted to 18.7%. PSAs, specifically on economic complementarity have gained ground in the channeling of negotiated trade to the detriment of RSAs.
In 2011, Panama exported around US$40 million to Bolivia and imported less than US$1 from that origin. Trade with Mexico is in deficit: last year purchases amounted to US$850 million, while shipments barely exceeded US$212 million, or 3.9% of total Panama's imports and 1.5% of its sales.

For more information, click on the following links: [1]; [2]; [3]

APEC countries seek integration for growth

The last leaders summit of the Asia-Pacific Economic Cooperation (APEC) forum took place in Vladivostok in the Russian Federation, last September 8-9. The representatives, gathered under the banner "Integrate to Grow, Innovate to Prosper," pledged to take measures to boost growth and to work collectively to restore confidence and global financial stability.

In the final APEC Leaders Declaration, the countries drew attention to the importance of trade in the recovery of the global economy, job creation, and development.

In the meeting's conclusions, the leaders made statements on four main points.

First, countries recognized the rise of protectionism at the global level and expressed their willingness to abstain from **raising additional barriers to investment and trade** in goods and services, and to imposing any new restrictions on exports until the end of 2015.

Second, the leaders expressed their concern about the state of **food security** and pledged to strengthen efforts to increase sustainable agricultural production and productivity, to facilitate trade and the development of food markets, and to improve access to food for vulnerable groups. They also pledged to ensure sustainable management of marine ecosystems and combat illegal fishing.

Third, the countries pledged to improve the performance of **supply chains** 10% by 2015, by cutting the time, cost, and uncertainty of transportation of goods and services in the Asia-Pacific region.

Last, in recognition of the importance of **innovation** in boosting economic growth, they drew attention to the creation of the Policy Partnership on Science, Technology, and Innovation (PPSTI) within APEC, to help companies, governments, and academic institutions to enhance their capacity in this area.

During the Summit, the countries agreed to cut import tariffs on green technology products and drew up a List of Environmental Goods subject to tariff rates below 5% as of 2015. By cutting tariffs on these types of goods it is hoped to facilitate businesses' and citizens' access to environmental technologies that promote sustainable economic development.

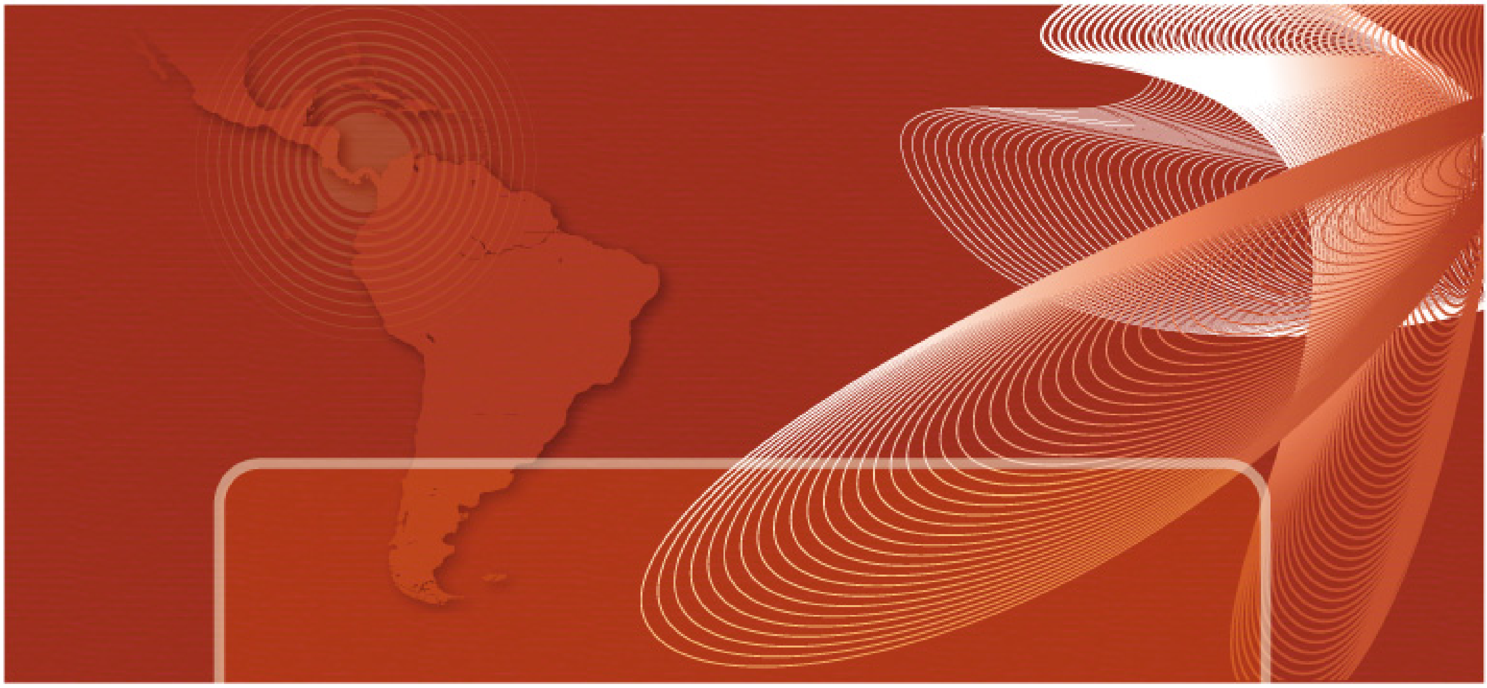
Pacific Alliance

Elsewhere, in order to expedite trade opening with Asia Pacific, the Foreign and Trade ministers of Chile, Colombia, Peru, and Mexico held the Ministerial Meeting of the Alliance of Pacific in Mexico City, Mexico, August 29. During the meeting, the ministers signed a Multilateral Agreement on Tourism Cooperation and decided to form a working group on tourism responsible for promoting measures to facilitate air connectivity and the exchange of visitors, and the countries adopted conditions to enable them to incorporate other nations interested in joining the group. They also signed the Constitutive Agreement for Business Council.

For more information, click on the following links: [1], [2], [3]

Related articles:

- IDB/INTAL. "Pacific Alliance leaders approve framework agreement," in: *INTAL Monthly Newsletter No.187*, March 2012.
- IDB/INTAL. "New dimensions in Asia-Latin America ties," in: *INTAL Monthly Newsletter No.187*, March 2012.



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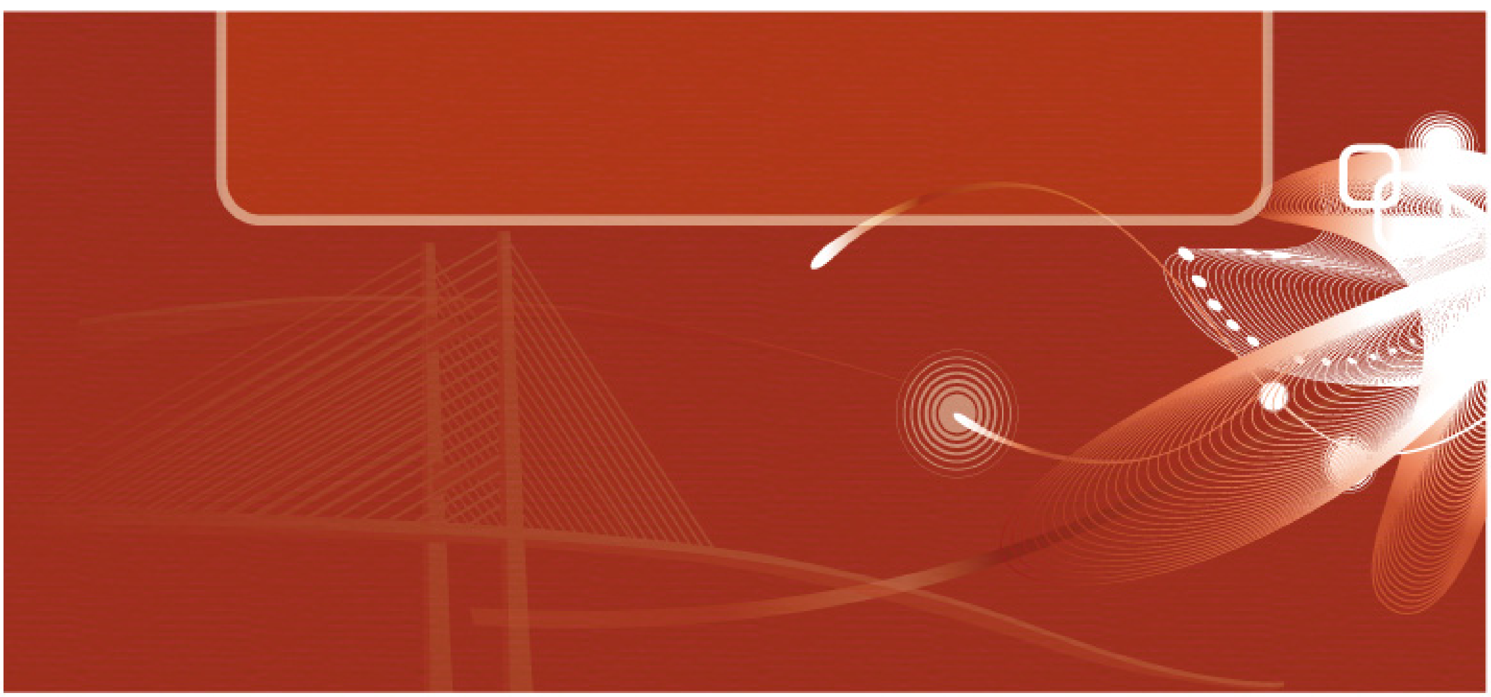
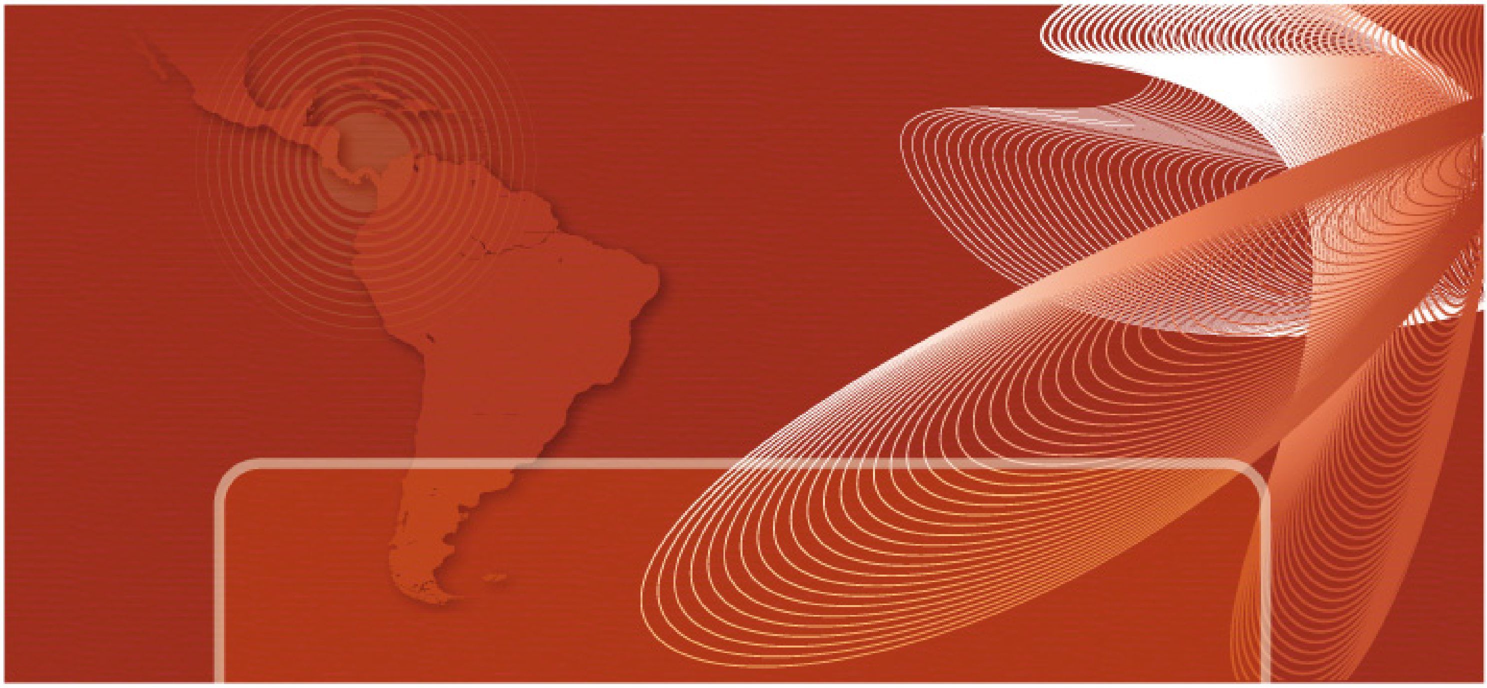


Integration and Trade Sector

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



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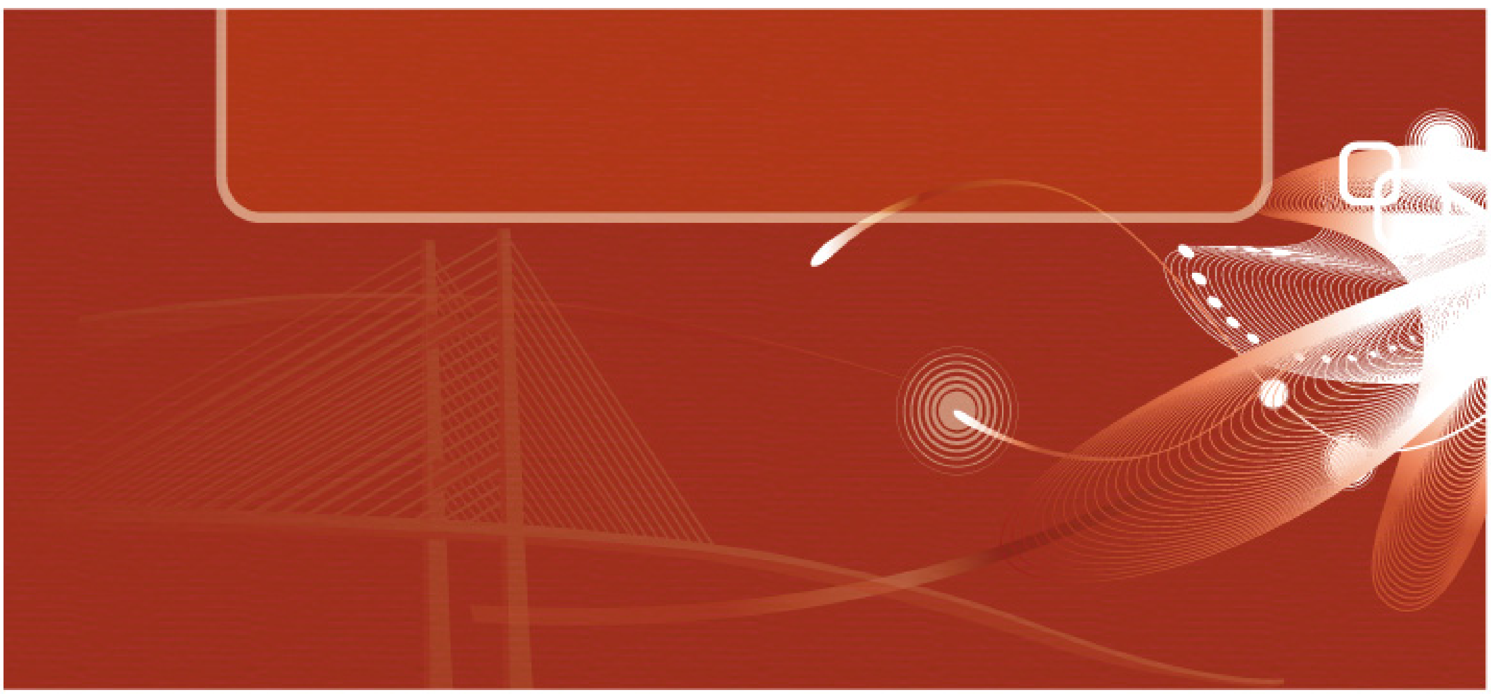

Reviews

El impacto de China en América Latina: Comercio e Inversiones. Montevideo: MercoNet, February 2012 [320 p.] Series: MercoNet; 20.

This MercoNet publication seeks to answer various different questions about the links in trade and investment between China and Latin America (LA). It consists of an introduction and five chapters by authors from various different academic institutions in Uruguay, Mexico, Brazil, and Argentina belonging to MercoNet.

The work highlights some of LA's main concerns raised by trade links with China:

1. The pattern of specialization of bilateral trade, where LA's exports are composed mostly of commodities, while its purchases in China are manufactures with higher added value and technological content.
2. Mexico and Central America's rising trade deficit with China.
3. The threat posed by China for Latin American economies, both in its domestic markets and in third countries (the European Union, United States, and other Latin American countries).

Chapter 1, by Enrique Dussel Peters, describes China's main policies regarding the promotion of exports and foreign direct investment (FDI) within the country (through Special Economic Zones and other sectoral and territorial instruments) and abroad (through China's "Going Global Strategy," which consists of financial and logistical support). The author stresses that China has achieved remarkable economic growth and trade flows, based not only on static advantages in labor costs and scale, but on a strategy for transforming these advantages through the acquisition and transfer of technology.

Chapters 2 and 3, by the Brazilian teams (with the collaboration of Mexico, Argentina, and Uruguay), describe the trade relations between LA and China and highlight two features: the profound difference in the composition of bilateral exports and imports, on the one hand; and, on the other, the asymmetry between the South American countries (who benefit from the improved terms of trade and Chinese demand) and Mexico and Central America (who, due to the similarities between their export structures and China's, with higher manufacturing content, encounter

challenges in Chinese competition in their own and Mexico's domestic markets). The report also notes the high concentration of LA's sales to China in a handful of products, while China's sales to LA cover a wide array of sectors. At the same time, intraindustrial trade makes up a very low proportion (below 10%) of total bilateral trade.

Chapter 4, by Carlos Bianco *et al.*, summarizes the main features of the FDI received by the MERCOSUR countries and Mexico, and then compares it with the FDI received by China, in order to assess the possible existence of competition for the capture of these flows. The analysis points out that, unlike what happens with some trade flows, access to FDI of both is not a zero-sum game. In particular, it discusses the FDI recently received by the region from China, and stresses that these investments have been made in natural-resource intensive sectors such as energy (oil and gas) and mining (copper, iron, and gold).

Chapter 5, by the Uruguayan work team, is an econometric study of the effects of China's emergence as a world power on the foreign investment received by LA. The results swing in the direction of a hypothesis of "complementarity" between the FDI flows received by the Chinese economy and those received by other developing countries (DGCs), albeit less significantly in LA than in other DGCs.

While providing a comprehensive analysis of China's trade flows with LA, the publication's most novel contribution lies in its study of China's impact on global FDI flows and the comparative performance of global FDI to China and the region, which are less frequently analyzed in these kinds of works. Also, the document does not confine itself to a diagnosis of trade and investment linkages, but proposes specific policies for Latin American countries. These policies are derived from the diagnosis made, taking into account the heterogeneity among countries, while drawing attention to the need for a strategy in links with China.

Bibliographic alert

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Monthly Highlights

* Panorama de la Inserción Internacional de América Latina y el Caribe 2011-2012 : Crisis duradera en el centro y nuevas oportunidades para las economías en desarrollo. (2012). Santiago de Chile : CEPAL.

Título: Panorama de la Inserción Internacional de América Latina y el Caribe 2011-2012 : Crisis duradera en el centro y nuevas oportunidades para las economías en desarrollo
Otros responsables: Comisión Económica para América Latina y el Caribe, CEPAL
Edición: Santiago de Chile: CEPAL, Septiembre 2012 [175 p.]
Serie: Panorama de la inserción internacional de América Latina y el Caribe
Temas:<INTEGRACION ECONOMICA><COMERCIO INTERNACIONAL><CONVERGENCIA><COOPERACION REGIONAL><COMERCIO INTERNACIONAL><CRISIS>
Geográficos:<AMERICA LATINA><CARIBE>

Resumen: La edición 2011-2012 del Panorama de la inserción internacional de América Latina y el Caribe, titulado "Crisis duradera en el centro y oportunidades para las economías en desarrollo" se divide en cuatro capítulos. En el primer capítulo se examina la difícil coyuntura económica internacional y sus perspectivas para el resto de la década. En el capítulo II se realiza un balance del período de auge de los precios de los productos básicos, iniciado alrededor de 2003, y su impacto en la evolución del valor de las exportaciones de la región. En el capítulo III se revisan el desempeño reciente y las perspectivas de corto plazo del comercio y la integración económica de la región. Se hace un análisis de la evolución del comercio exterior de América Latina y el Caribe en 2011 y 2012 por principales socios y categorías de productos, para el conjunto de

la región y sus subregiones, donde se observa una marcada desaceleración a partir del segundo semestre de 2011. De hecho, en 2012 las exportaciones y las importaciones crecerían solo un 4 porciento y un 3 porciento , respectivamente, cifras que obedecen, entre otros factores, a la crisis en la zona del euro, el escaso dinamismo económico en los Estados Unidos y el Japón, y la moderación del crecimiento en China y otras economías emergentes. En el capítulo IV se analiza la inserción internacional de América Latina y el Caribe frente a las tendencias expuestas en el resto del documento. Se concluye con dos tipos de recomendaciones de política

Nota de contenido:

Accesos al documento:
eHM CEPAL-PAN.INS.INT. [2012]
Documento Electrónico

texto completo. Si no pudo acceder haga click aqui

* Moneta, C. y Cesarín, S. (2012) Tejiendo redes : estrategias de las empresas transnacionales asiáticas en América Latina Buenos Aires: UNTREF.

Autor: Moneta, Carlos; Cesarín, Sergio
Título: Tejiendo redes : estrategias de las empresas transnacionales asiáticas en América Latina
Edición: Buenos Aires: UNTREF, 2012 [518 p.]
ISBN:978-987-1889-00-6
Temas:‹EMPRESAS TRANSNACIONALES›‹POLITICA FINANCIERA›‹INVERSION EXTRANJERA DIRECTA, IED›‹ACUERDOS DE LIBRE COMERCIO, TLC›‹COMERCIO INTERNACIONAL›‹REFORMA DEL ESTADO›‹POLITICA INDUSTRIAL›
Geográficos:‹AMERICA LATINA›‹ARGENTINA›‹BRASIL›‹CHILE›‹CHINA›‹COLOMBIA›‹MEXICO›‹PERU›‹URUGUAY›‹ESPANA›‹VENEZUELA›

Nota de contenido:
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Primera parte: Transformaciones económicas y creación de ETNs en China
1: Reformas económicas, política industrial y empresas transnacionales chinas. Impactos en América Latina y el Caribe / Moneta, Carlos; Cesarín, Sergio
Segunda Parte: La perspectiva atlántica
IIa: Argentina. Visiones desde la República Popular China
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· Posibilidades de ampliar la cooperación comercial y económica entre China y Argentina / Zhao Xue-mei [p. 123]
IIb: Argentina. Visiones desde Argentina
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· As empresas indianas no Brasil / Altemani Olivera, Henrique [p. 227]
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V: Venezuela

· La presencia económica de China en Venezuela / Cornejo, Romer; Navarro, Abraham [p. 299]
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VIII: Colombia
· Inversión extranjera y empresas de Asia-Pacífico en Colombia / Roldán Pérez, Adriana [p. 375]
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· Empresas e inversión de la República Popular China en México / Haro Navejas, Francisco Javier; Correa López, Gabriela [p. 399]
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X: España
· Empresas chinas en España : esperando "El Dorado" / Soler Matutes, Jacinto [p. 429]
XI: A modo de conclusiones
· La marginalidad de América Latina en la política financiera internacional China / Ramírez Bonilla, Juan José [p. 459]

Accesos al documento:
336.69 / MON-TEJ / 2012
Documento Impreso

* World Economic Forum, WEF. (2012). The Global Competitiveness Report 2012-2013. Geneva: World Economic Forum, WEF.

Autor inst.: World Economic Forum, WEF
Título: The Global Competitiveness Report 2012-2013
Edición: Geneva: World Economic Forum, WEF, 2012 [545 p.]
ISBN:978-92-95044-35-7
Serie: The Global Competitiveness Report
Temas:<COMPETITIVIDAD><SISTEMA FINANCIERO INTERNACIONAL><COYUNTURA ECONOMICA><CRISIS><ECONOMIA INTERNACIONAL><POLITICA MACROECONOMICA>

Resumen: The Global Competitiveness Report 2012-2013 assesses the competitiveness landscape of 144 economies, providing insight into the drivers of their productivity and prosperity. The Report series remains the most comprehensive assessment of national competitiveness worldwide. Access the data platform to visualize and download the data. This year's report findings show that Switzerland tops the overall rankings in The Global Competitiveness Report for the fourth consecutive year. Singapore remains in second position with Finland, in third position, overtaking Sweden 4th). These and other Northern and Western European countries dominate the top 10 with the Netherlands, Germany and United Kingdom respectively ranked 5th, 6th and 8th. The United States (7th), Hong Kong (9th) and Japan (10th) complete the top 10. The Report emphasizes persisting competitiveness divides across and within regions, as short-termism and political deadlock continue to hold back the economic performance of many countries and regions. Looking forward, productivity improvements and private sector investment will be key to improving global economies at a time of heightened uncertainty about the global economic outlook. Read the full report, press release and access the full rankings.

Nota de contenido:
Part 1: Measuring Competitiveness
1.1: The Global Competitiveness Index 2012-2013: Strengthening Recovery by Raising Productivity / Sala-i-Martín, Xavier; Bilbao-Osorio, Beñat; Blanke, Jennifer; Crotti, Roberto; Drzeniek Hanouz, Margareta; Geiger, Thierry; Ko, Caroline [p. 3]
1.2: Assessing the Sustainable Competitiveness of Nations / Bilbao-Osorio, Beñat; Blanke, Jennifer; Crotti, Roberto; Drzeniek Hanouz, Margareta; Fidanza, Brindusa; Geiger, Thierry; Ko, Caroline; Serin, Cecilia

Accesos al documento:
eHM WEF-GCR [2012]
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* Levy-Yeyati, E. (2012). Latin American Economic Perspectives : All Together Now. The Challenge Of Regional Integration. Aspen: Brookings Institution Press.

Autor: Levy-Yeyati, Eduardo
Título: Latin American Economic Perspectives : All Together Now. The Challenge Of Regional Integration
Organizadores: Brookings Institution
Otros responsables: Castro, Lucio; Cohan, Luciano
Edición: Aspen: Brookings Institution Press, April 2012 [80 p.]
Temas:<INTEGRACION ECONOMICA><SECTOR INDUSTRIAL><INTEGRACION REGIONAL><COMERCIO INTRARREGIONAL><DESARROLLO ECONOMICO><ECONOMIAS REGIONALES>
Geográficos:<AMERICA LATINA>

Resumen: In this edition, we concentrate on another economic dimension on which the region is falling behind: commercial integration. Our comparative analyses reveal that, in both the depth and quality of regional integration, the Latin American and Caribbean economies are lagging from their emerging peers in Asia. And this is happening at a time when the missing intraindustry trade could provide the economies of scale needed to increase productivity in nonprimary sectors, and when regional markets offer a welcome counterpoint to the growing Chinese influence and to a global context that, even as the worldwide financial crisis subsides, will not be as stable and supportive as in the 2000s. Chapter 3 highlights several reasons why the wave of free trade agreements in the 1990s fell short of achieving true commercial integration, and it argues that a more proactive political agenda is needed to counter short-term economic incentives to diversify away from the region.

Nota de contenido:

Accesos al documento:
E 338.2 / LEV-LAT / 2012
Documento Electrónico

texto completo. Si no pudo acceder haga click aqui

* Montoro, C. y Rojas Suarez, L. (2012). Credit at times of stress: Latin American lessons from the global financial crisis. Basilea: BIS.

Autor: Montoro, Carlos; Rojas Suarez, Liliana
Título: Credit at times of stress: Latin American lessons from the global financial crisis
Edición: Basilea: BIS, February 2012 [44 p.]
ISBN:1682-7678
Serie:BIS Working Papers; 370
Temas:<MERCADOS FINANCIEROS EMERGENTES><CRISIS><ESTABILIZACION ECONOMICA><MONEDA><CRECIMIENTO ECONOMICO>
JEL:E65; G2
Geográficos:<AMERICA LATINA>

Resumen: The financial systems in emerging market economies (EMEs) during the 2008-09 global financial crisis performed much better than in previous crisis episodes, albeit with significant differences across regions. For example, real credit growth in Asia and Latin America was less affected than in Central and Eastern Europe. This paper identifies the factors at both the country and the bank levels that contributed to the behavior of real credit growth in Latin America during the global financial crisis. The resilience of real credit during the crisis was highly related to policies, measures and reforms implemented in the pre-crisis period. In particular, we find that the best explanatory variables were those that gauged the economy's capacity to withstand an external financial shock. Key were balance sheet measures such as the economy's overall currency mismatches and external debt ratios (measuring either total debt or short-term debt). The quality of pre-crisis credit growth mattered as much as its rate of expansion. Credit expansions that preserved healthy balance sheet measures (the "quality" dimension) proved to be more sustainable. Variables signaling the capacity to set countercyclical monetary and fiscal policies during the crisis were also important determinants. Moreover, financial soundness characteristics of Latin American banks, such as capitalization, liquidity and bank efficiency, also played a role in explaining the dynamics of real credit during the crisis. We also found that foreign banks and banks which had expanded credit growth more before the crisis were also those that cut credit most. The methodology used in this paper includes the construction of indicators of resilience of real credit growth to adverse external shocks in a large number of emerging markets, not just in Latin America. As additional data become available,

these indicators could be part of a set of analytical tools to assess how emerging market economies are preparing themselves to cope with the adverse effects of global financial turbulence on real credit growth.

Accesos al documento:
eHM BIS-DT 370 [2012]
Documento Electrónico

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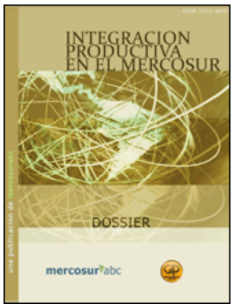
* Integración productiva en el Mercosur. (2012). Montevideo: MercosurABC.



Título: Integración productiva en el Mercosur.
Otros responsables: Grupo de Integración Productiva del MERCOSUR, GIP
Edición: Montevideo: MercosurABC, 2012 [35 p.]
Serie: Dossier de Integración
Temas:<INTEGRACION PRODUCTIVA><COOPERACION REGIONAL><MERCADO COMUN DEL SUR, MERCOSUR><PEQUEÑAS Y MEDIANAS EMPRESAS, PYMES>
Geográficos:<AMERICA DEL SUR>

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2.: Políticas de facilitación y apoyo a emprendimientos de integración productiva y alianzas estratégicas entre PyMEs [p.6]
· Ministerio de Industria. Director de Mercosur e Integración Secretaría de Industria y Comercio de la Nación. Marcelo Marzocchini
3.: Un proyecto argentino-uruguayo de carácter estratégico La creación del Grupo de Integración Productiva de la Cuenca del Río Uruguay [p.6]
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8.: Los sistemas de garantías pymes: ya existe masa crítica para proyectar una garantía a nivel regional [p.22]
· Entrevista al representante del Banco de Desarrollo Latinoamericano (CAF) en Argentina, Alvaro García
9.: Integración Productiva: la salida competitiva para las economías pequeñas del Mercosur [p.25]
· Entrevista a Fernando Masi, coordinador del GIP de Paraguay
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IDB-INTAL Esmeralda 130, 11th & 16th floors (C1035ABD) Buenos Aires, Argentina

Links to original information sources in this number:

- Ministerio de Relaciones Exteriores y Culto de la República Argentina (2012). Argentina inicia acciones contra Estados Unidos en OMC por prácticas proteccionistas ilegales. Buenos Aires. Dirección de Prensa de Cancillería. Link.
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IDB Inter-American Development Bank