



209

January 2014

Monthly Newsletter
INTAL

Monthly Electronic Publication

 **IDB** Inter-American Development Bank





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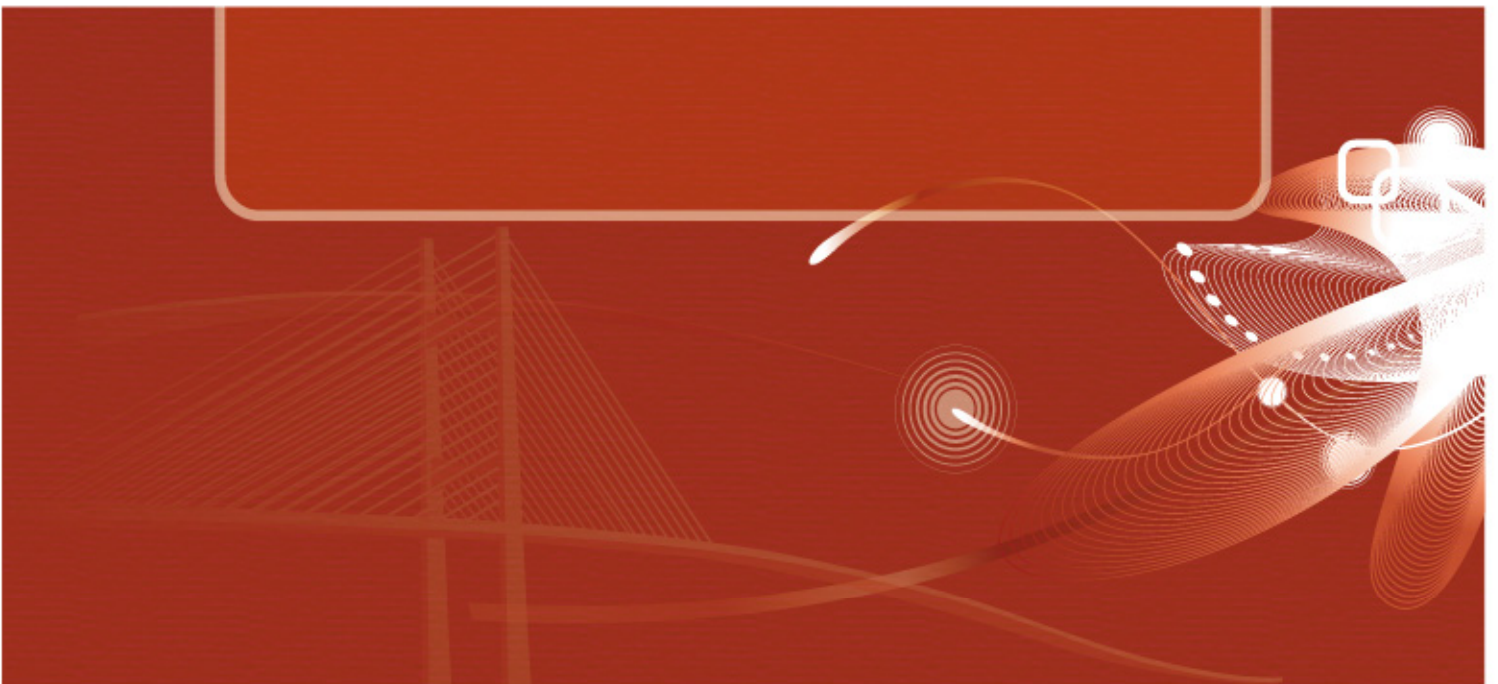
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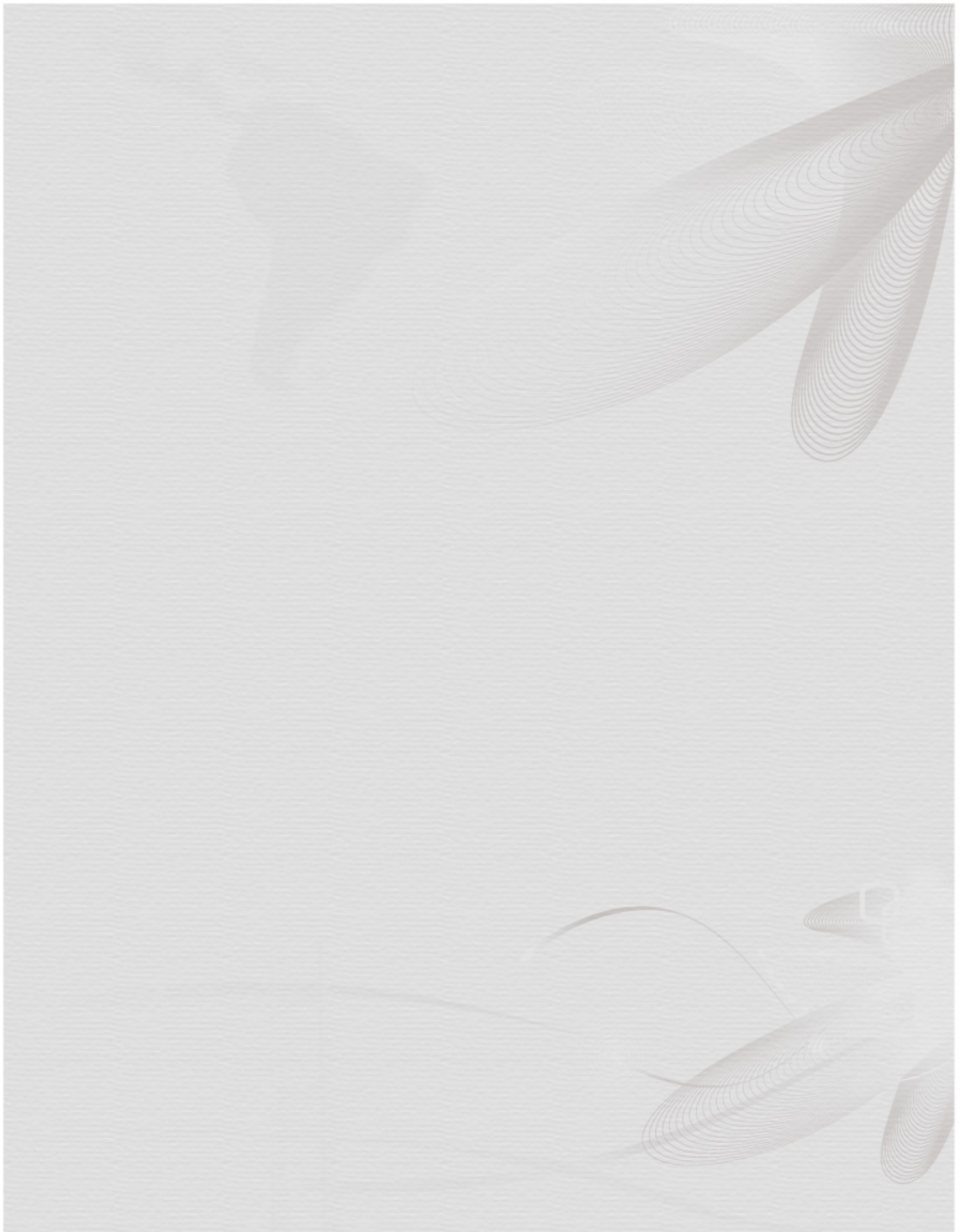
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Analysis Column







Transatlantic negotiations and the outlook for LAC

In 2013, United States and the European Union (EU) began negotiations to conclude the Transatlantic Trade and Investment Partnership (TTIP). It is still difficult to predict the final results and how soon this initiative may be concluded. On the one hand, while three rounds of negotiation have already taken place,[1] many points still remain to be agreed. It is also plausible that the negotiating progress will be conditioned by the US Congress granting the American negotiators the "Trade Promotion Authority" (TPA),[2] the legislative procedure for which may in itself turn out to be complex.[3]

Anyway, it is useful to keep track of these talks because the conclusion of the TTIP would have profound consequences, not only for the actors directly involved, but especially for trade and the global economy.

The biggest of the mega agreements

It is common knowledge that there are now several negotiations involving major players in world trade.[4] Taking into account the relative importance of the participants in global output and trade, the TTIP is the most significant of these mega agreements, with United States and the EU together representing 38.7% of world output, and 28.9% and 34.7% of exports and imports of goods respectively (Figure 1).[5]

Similarly, trade between United States and the EU represents the largest bilateral trade link in the world, accounting for approximately 5% of the total. [6]

The EU is United States' second largest trading partner after China, with a share of about 17% in both exports and imports.[7] The US market is the main destination for European exports (17.3%) and the third largest supplier of imports to the EU (11.5% of the total), after China and the Russian Federation (Figure 2).[8]

Figure 1: US and EU's share in GDP and world trade
As percentage

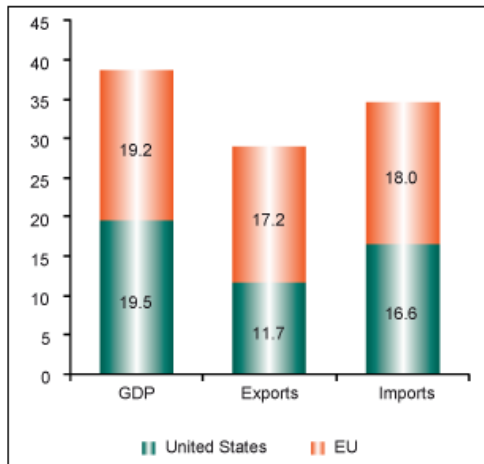
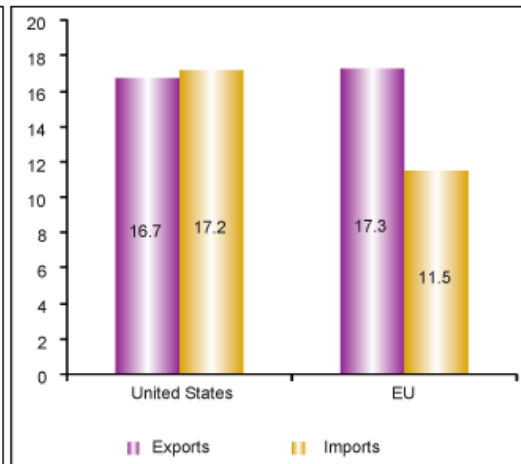


Figure 2: Partner's share total world trade
As percentage



Notes: Data for 2012. Trade figures include only goods and exclude intra-EU27 exchange.
Source: Based on data from the IMF and Comtrade.

Industrial products make up 95% of bilateral trade, and the composition of exports and imports is very similar in both cases, notably machinery and transportation equipment, chemicals, other manufactured goods, mineral fuels, and lubricants and related products.


The key is in the disciplines

The TTIP will be crucial to the future of world trade not just because of its members' importance in global trade. In a context where multilateral negotiations have made little progress over the last decade, the disciplines agreed in the TTIP will play a key role in defining a new regulatory order for world trade.

Like most recent regional agreements, the TTIP negotiations go far beyond liberalizing trade in goods to include numerous "new generation" issues, many of which are not discussed (or are only partially negotiated) in the arena of the World Trade Organization (WTO).

As stipulated by the US and EU High Level Group on Employment and Growth (2013), the TTIP has to meet ambitious goals in three areas:

1. Market access: elimination of barriers to trade in goods and services, and opening in investment and government procurement.
2. Regulatory Issues and non-tariff barriers (including sanitary and phytosanitary measures and technical barriers to trade): provisions to reduce administrative costs and unnecessary delays, and to avoid the emergence of new restrictions of this kind.

- 
3. Rules, principles, and new forms of cooperation: provisions on trade related intellectual property rights, labor and environmental standards, restrictions on exports of raw materials, competition policy, aid to state owned enterprises, trade facilitation, transparency, etc.

According to the calculations of François et al. (2013), the TTIP could stimulate an increase of 28% of EU exports to United States, and of 36.6% in US shipments to Europe, but the abolition of *tariffs* will represent only a small proportion of the expected gains for the agreement, as aliquots are generally low, with the exception of those applied to agricultural products.

The main improvements in access would therefore stem from the elimination of *another form of restrictions* to increase consistency, transparency, and regulatory compatibility in sanitary and phytosanitary measures, technical barriers to trade, and norms governing specific sectors, as well as the establishment of institutional bases for future cooperation on these issues.

The negotiation of *regulatory standards* is without doubt one of the most complex issues in these talks. On the one hand, the harmonization of rules is extremely complicated, in particular when it comes to a comprehensive agreement such as the TTIP. On the other hand, the mutual recognition of norms could put goods and services produced in countries with more stringent standards at a disadvantage to those originating in countries with slacker regulation. Among the most sensitive topics in the TTIP negotiations are the regulation of financial services (generally stricter in United States), norms on intellectual property and access to personal information by businesses (more restrictive in the EU), labor rights (more far-reaching in the EU), sanitary and phytosanitary standards, environmental regulation, etc. Examples of these differences include European protective barriers for genetically modified (GM) crops, meat from animals treated with hormones, the use of certain chemicals, or the exploitation of shale gas. This principle runs counter to the one promoted by United States, under which this type of barrier cannot be precautionary in nature, but must be based on scientific evidence. The sectors with significant regulatory differences include the automotive, chemical, food and beverage, electronics, and financial services industries.[9]

The consequences for Latin America and the Caribbean

The conclusion of the TTIP could substantially influence Latin America and the Caribbean (LAC), as well as the rest of the world economy. It is not yet possible to predict the impact with any accuracy, as this will ultimately depend on the final agreement reached. So far there are not many studies that assess the impact on global trade, or on LAC in particular. Moreover, the few available works show a mixed bag of results: while the Regional Comprehensive Economic Partnership (RCEP) (2013) provides that the TTIP should contribute to the expansion of the global economy, other authors such as Felbermayr et al. (2013) argue that a scenario of broad based liberalization will only benefit United States and the EU, and would, in the long term, have a negative effect on almost all countries across the globe.[10] In spite of the difficulties involved in determining specific impacts, it is possible to identify some of the major pathways through which the transatlantic agreement could influence LAC.

Exports

On the one hand, the liberalization of trade between United States and the EU will impact Latin American exports to those destinations, as they will have to compete with preferential imports from the other party. For countries whose products enter the European and/or US markets free of tariffs under trade agreements or other schemes, such as the Generalized System of Preferences (GSP), the TTIP will involve an erosion of such preferential access, while those that enter with the most favored nation tariff will be at a disadvantage.[11]

As mentioned earlier, the tariffs levied on imports of industrial products are relatively low, and a significant impact on this sector is expected; the elimination of another type of barriers, however, could harm countries exporting manufactured goods to these destinations, particularly in the case of Mexico and Central America's shipments to United States.

For the rest of LAC, the greatest threats are to the agricultural exports, where barriers to the markets of developed countries are tougher. Although the TTIP talks do include this sector, more exceptions could be established in the case of sensitive activities for both parties. So far there are no plans to eliminate agricultural subsidies, which means that, in many cases, Latin American products will continue to compete with subsidized goods.

Felbermayr et al. (2013) believe that the TTIP's impact on LAC will be limited in the short term, although it could have a significant impact on the region after 15 or 20 years. The elimination of tariffs between United States and the EU will have a negative impact across the board in LAC, with the exception of Brazil and to a lesser extent Uruguay. The main losses will fall to Argentina, Guatemala, Peru, Ecuador, and Venezuela. However, deeper liberalization, such as is being negotiated, would be negative right across the region, the countries most affected being those most closely linked with United States, notably Mexico, Chile, Jamaica, and the Central American economies.

In any event, the authors remark that initiatives like the Pacific Alliance could help to mitigate these effects. Indeed, depending on the agreements reached in the TTIP in terms of rules and cumulation of origin, countries that already have trade agreements with United States and the EU (i.e. the Pacific Alliance and Central American countries) stand to benefit from the TTIP through the insertion of their exports in transatlantic trade value chains.



Regulations

On the other hand, the trade rules arising from the TTIP will be key in the configuration of the international regulatory scenario in the coming years and will consequently have an impact on LAC trade, not just where United States and the EU are concerned, but also among countries in the region, and with the rest of the world.

Although, the first multilateral trade agreement since the creation of the WTO was concluded at the end of 2013, progress in this field has been limited when set against what was stipulated upon the launch of the Doha Round in 2001.[12] In this context, there has been a significant proliferation of regional trade agreements throughout the world. The EU and United States have been very active in this regard, moving forward bilaterally with their partners not only in the topics on the Doha Agenda, but also on "WTO-plus" issues, i.e. those that do not yet form part of the multilateral negotiations.

Given that these issues will be part of the TTIP, the consensus of rules between the leading players in world trade will very probably affect the agenda for these issues in the future, both in terms of regional agreements and multilateral negotiations.

The Latin American economies that already have agreements with United States and the EU may therefore be less likely to be affected by this phenomenon, as they have had to modify their national rules in order to implement these agreements. The challenge will, however, be of a greater order for the remaining countries. Indeed, Felbermayr et al (2013) remind us that their estimates do not include benefits that might arise from the convergence of standards for this group, which could give rise to some net gains for these economies.

To summarize, while the scope of the impact will depend on the final agreement, the conclusion of the TTIP will have major consequences for world trade. While its effects are likely to differ across the LAC economies, there is no doubt that a transatlantic agreement will represent a milestone that all countries will have to take on board in their international integration strategies.

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[1] The [third negotiating round](#) was held in Washington last December, and the next is tabled for Brussels, in March this year.

[2] The TPA enables the Executive Branch to negotiate trade agreements according to a given mandate and specific objectives while, at the same time, establishing the procedures for parliamentary consideration of the laws to implement such agreements.

[3] ICTSD (2014) and O'Grady (2014).

[4] See IDB-INTAL (2013a).

[5] Data from 2012. Does not include intra-EU27 trade. If intra-European trade is included, the share in the exchange of goods worldwide amounts to 42.9% for exports and 46.3% for imports. Source: Based on data from Comtrade.

[6] Data from 2012. Does not include intra-EU27 trade. Source: Based on data from Comtrade.

[7] EU28. Data from 2012. Source: Comtrade.

[8] EU27. Data from 2012. Does not include intracommunity trade. Source: Eurostat.

[9] Bizzarri (2013).

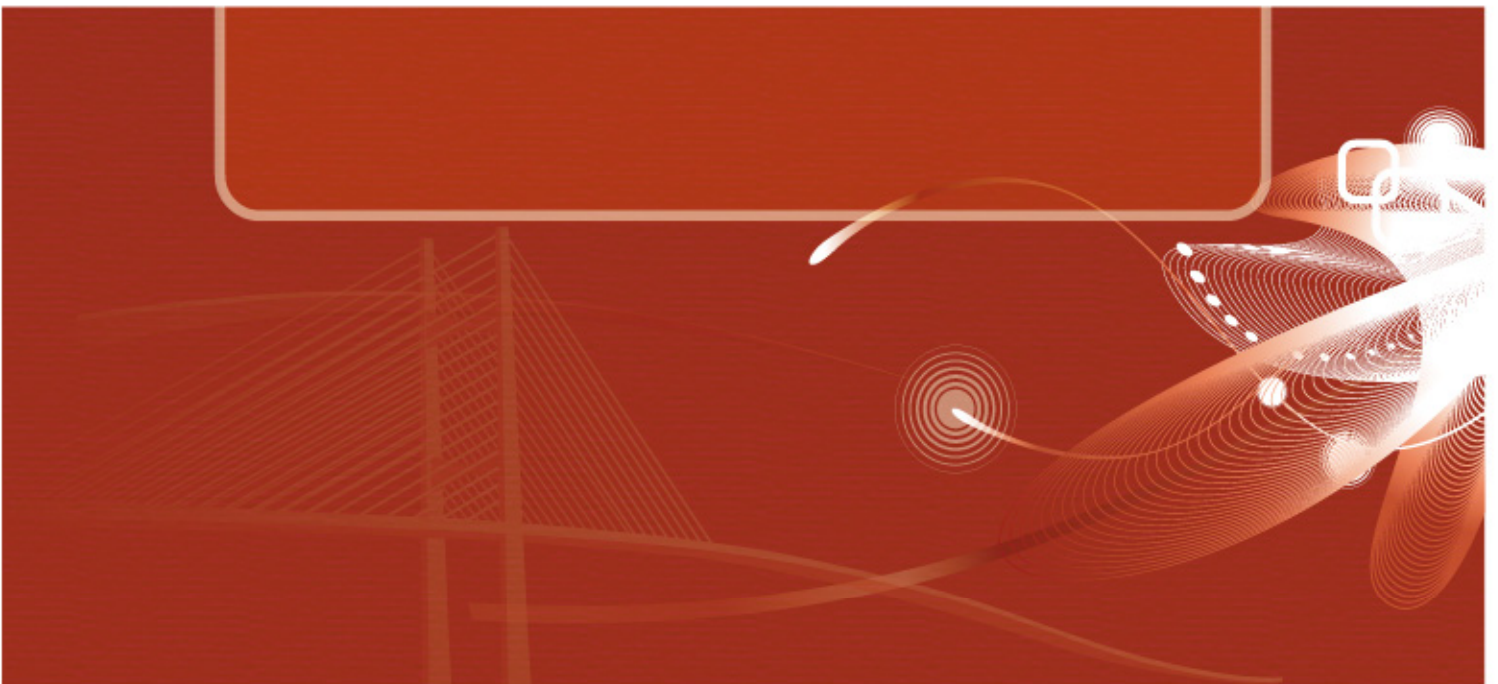
[10] In any event, these estimates do not include potential benefits obtained by the countries that already have agreements with the EU and/or United States, and the negative impact may therefore be overestimated.

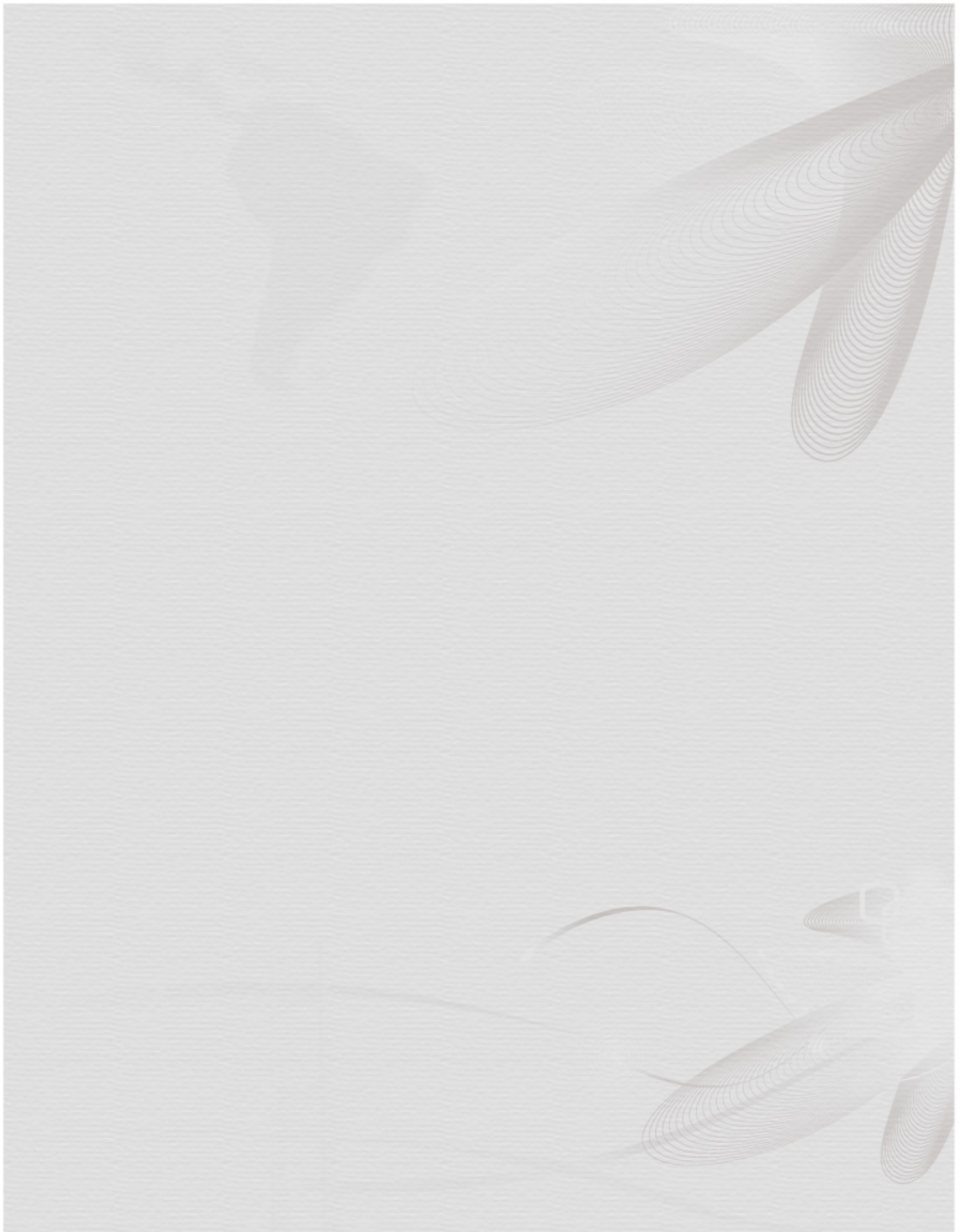
[11] For more information on the various Latin American economies' conditions of access to the European market, see "[EU keeps GSP for twelve LAC countries and scraps preferences for others](#)" in this edition of the *INTAL Monthly Newsletter*.

[12] See IDB-INTAL (2013b).



Integration Blocs







The Caribbean

First meeting of the Governmental Commission for the Binational Dialogue Haiti-Dominican Republic


The first meeting of the Governmental Commission for the Binational Dialogue Haiti-Dominican Republic, consisting of five representatives from each country, was held in Ouanaminthe, Haiti, January 7. The Commission was set up as a space to discuss migration, trade, border security, and binational market regularization issues. Acting as observers were the Caribbean Community, the European Union, and Venezuela.

The first meeting addressed the Dominican Republic's immigration policy, implemented by mandate of the Constitutional Court of the Dominican Republic in [Ruling TC/0168/13](#) of September 23, 2013. The provision "sets out the terms and conditions for the regularization of from illegal immigrants settling in Dominican Republic territory" (Article 1, [Decree 327-13](#)).

The Haitian government had expressed its concern over the provision in the framework of the [Permanent Council of the Organization of American States \(OAS\)](#), considering the large number of Haitian immigrants in Dominican Republic. On that occasion, the [Dominican Representative](#) stated that "the Dominican State will not allow the fundamental rights of people protected by our laws to be violated."

The [Joint Statement](#) of the first meeting of the Governmental Commission reaffirmed Dominican Republic's commitment to safeguard basic rights of persons of Haitian origin.

The meeting also reached agreement on other issues like customs cooperation, environmental issues, agricultural exports, and security, and it was agreed to reactivate the Joint Bilateral Commission, which will be responsible for followup on the agreements reached in the framework of this High-Level Dialogue Commission. Improving the trade link was another of the meeting's concerns. In this area, [Haiti's private sector](#) expressed the need to seek agreements over tariff issues and other barriers to trade.



A methodology of work was defined during the meeting, as well as the schedule for future meetings, to be held on a monthly basis. The next meeting will be held in Dominican Republic, February 3.

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



Central America

Energy integration in Central America

The Central American economies have been carrying out numerous initiatives with the goal of achieving energy development in the region, in a framework of sustainability and efficiency. Against this background, the [2nd Regular Meeting of the Council of Energy Ministers of the Central American Integration System \(SICA\)](#) was held in Panama City, Panama, December 6, 2013. The Ministers took decisions regarding the governance and organization of the SICA's energy sector. One of the most important energy integration projects in Central America is the Central American Electrical Interconnection System (SIEPAC), consisting of the construction of a 1,800km transmission line to optimize the use of energy resources and reduce costs through the creation of the Regional Electricity Market (MER). The MER began operating in June 2013, with 95% of infrastructure already built and plans for completion in October this year. Also, in December, the [Honduran government received a loan from the Inter-American Development Bank \(IDB\)](#) to move forward with the connection of the Panaluya (Guatemala)-San Buenaventura (Honduras) section. It should be remembered that IDB is the leading provider of the SIEPAC's financing, in addition to providing technical support.

In terms of sustainability, during 2013, the Central American countries have worked on the use of renewable sources for energy generation. As the [INTAL Monthly Newsletter No. 207](#) shows, Nicaragua and Costa Rica are the countries with the greenest energy matrices in the region.

Chile grants Nicaragua preferences in the framework of LAIA

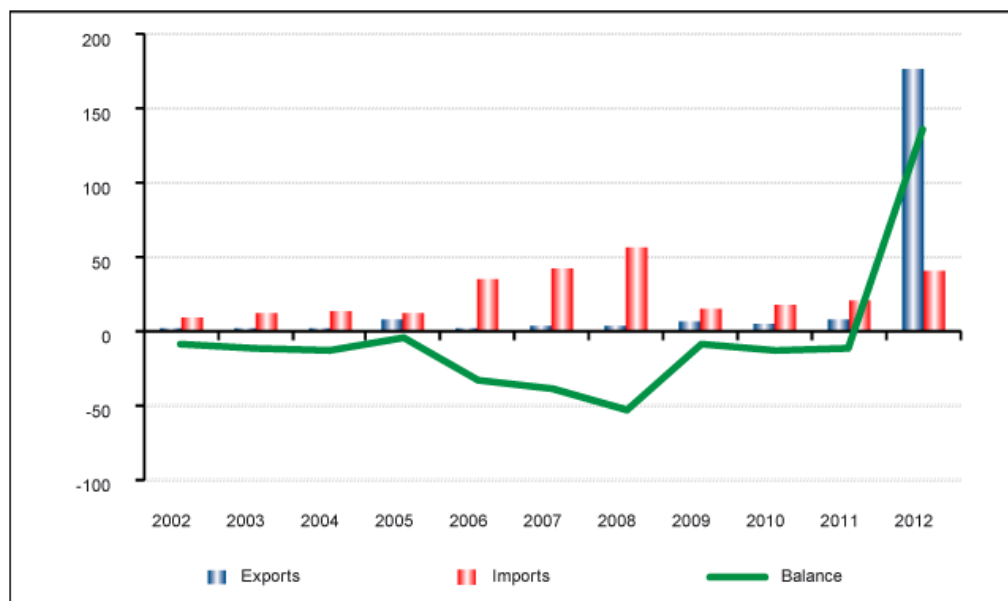
[Chile and Nicaragua concluded negotiations](#) on the list of products to enter the Andean country's market tariff-free in the context of the [Central American economy's accession to the Treaty of Montevideo](#) of the Latin American Integration Association (LAIA).

Nicaragua is considered as a less economically developed country, as a result of which it is to enjoy non-reciprocal trade preferences. In this context, Chile has granted it immediate liberalization on more than 400 items.


In recent years, the flow between these two countries has hovered around the US\$25 million mark, a figure that was driven up to US\$216 million in 2012 by Nicaragua's exports to the Chilean market (Figure 1). The balance, which up until then had shown a deficit for the Central American economy, was US\$135 million.

Figure 1: Evolution of trade between Nicaragua and Chile 2002-2012

In millions of US\$



Source: Based on data from Dataintal



Whereas Nicaragua exported just eleven items to Chile in 2011, for a value of US\$8.3 million, 110 items were exported in 2012, for a total of US\$176 million. Among the most relevant headings were crustaceans, tobacco, oilseeds, cotton fabrics, cardboard packaging, and palm oil. Imports from Chile also saw a sharp rise, albeit relatively minor, doubling to US\$40.6 million in 2012.



Andean Community

First Ecuador-EU negotiating round

The [first negotiating round](#) of the Agreement on Trade-part between Ecuador and the European Union (EU) was held in Brussels, Belgium, January 13-17. The topics covered were those included in the offers exchanged in mid-December (market access for agricultural and industrial goods, trade in services, and establishment and government procurement, and geographical indications). It must be remembered that the countries of the Andean Community of Nations (CAN) had started negotiations with the EU at the biregional level, but, due to differences among the member countries, Colombia and Peru moved ahead independently and signed an agreement in 2012. Bolivia and Ecuador suspended negotiations, but Ecuador decided to resume dialog with the EU after resolution of the banana dispute.

Related articles

- IDB-INTAL. 2010. "[Colombia and Peru reach agreement with the EU; Ecuador reopens talks](#)," in: *INTAL Monthly Newsletter No.163*, March.
- IDB-INTAL. 2010. "[LAC-EU negotiations and Partnership Agreements](#)," in: *INTAL Monthly Newsletter No.165*, May.
- IDB-INTAL. 2012. "[EU-Colombia/Peru trade agreement signed](#)," in: *INTAL Monthly Newsletter No.191*, July.
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Argentina launches export development plan

According to IDB's recent publication, "[Latin American Trade Trend Estimates](#)," the region's exports stagnated in 2013. Thus, there was a weakening of external demand for the second consecutive year. Against this background, the implementation in Argentina of the [Export Growth and Diversification Program \(PADEx\)](#) is of particular note. Argentina's external sales fell 4% in 2012 and grew just 3% in 2013.

The PADEx sets out to meet several objectives: to increase traditional exports and contribute to regional economies' export development, and to increase the number of exporting companies and diversify export destinations and the export basket.

Using various tools and incentives, the program sets out to attain export levels of around US\$94 billion in 2014 and US\$102 billion by 2015. According to the PADEx, the 2015 level would be 17% above the estimate for 2013 (close to US\$87 billion). However, the actual level of exports for that year ([published in late January 2014](#)) was lower (US\$83 billion). The Program's goal consequently means an increase of 22% on the reference year.

In the two years under review, industrial manufacturing (IM) is expected to receive the greatest boost in relative terms (+32%), while the growth targets for exports of primary commodities (PCs) and agricultural manufacturing (AM) is 17% and 8% respectively. Fuel and energy exports (F&E), on the other hand, would fall 8%.

Table 1: Goods exports, FOB values

In billions of US\$

Large Items	2013	2014 (p)	% Var 2013/2014	2015 (p)	% Var 2013/2014
PC	21.794	23.652	9%	25.591	17%
AM	29.456	30.819	5%	31.732	8%
IM	29.530	33.957	15%	38.834	32%
F&E	5.914	5.606	-5%	5.448	-8%
Total	86.695	94.034	8%	101.606	17%

Sources: Ministry of Foreign Affairs, International Trade, and Worship (recent) Note: (p) projected.

If the targets are met, the relative share of IM in total exports will rise to 4%, at the expense of the AM and F&E headings, which will fall by 3% and 2% respectively. Meanwhile, the share of the PC heading would remain constant at 25%.

To achieve the targets, quantitative and qualitative improvements must be made to the current export profile.

First, the PADEX is to encourage the opening of new markets for Argentine products in 15 emerging nations that display greater signs of dynamism. The savings identified as priorities, based on an **import potential ranking**, are: Brazil, Mexico, Nigeria, Angola, South Africa, Turkey, China, Indonesia, India, Vietnam, Russia, Kazakhstan, Qatar, Saudi Arabia, and United Arab Emirates.

Second, the PADEX identifies nine Latin American destinations where Argentina has strong potential in IM exports, consequently deepening technology transfer and strengthening production integration in the region: Bolivia, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Paraguay, and Peru.

262 products were selected for promotion based on the following criteria:[1] substantive imports in the country of destination, trade balance surplus for Argentina, revealed comparative advantages, and industrial sectors with the capacity for expansion of its production and exports. Nearly two thirds of these goods are IM.

The incentive package also included some services related to cultural industries, software, computer services, and professional services.[2]

The greater absolute contribution to the increase in exports by 2015 is expected to come from India, Brazil, Chile, China, and Saudi Arabia (Table 2). In total, the 24 selected countries' contribution to Argentine exports is expected to stand at around US\$9.800 billion, meaning that these 24 markets will make up 10% of total exports, three percentage points up on 2013.

Table 2: Projection of exports by destination, 24 selected countries

In billions of US\$


Destination	2013	2015	Difference	Variation 2015/2013	Share in 2013	Share in 2015
	US\$ bn	US\$ bn	US\$ bn	%	%	%
India	944.2	2400.9	1456.7	154	1.09	2.36
Brazil	1302	1685	383	29	1.50	1.66
Chile	923.1	1245.7	322.6	35	1.06	1.23
China	499.6	799.6	300	60	0.58	0.79
Saudi Arabia	97.9	271.2	173.3	177	0.11	0.27
Rest (19 priority countries)	2,072.9	3,365.1	1,292.2	62	0.02	0.03
X 24 priority countries	5.840	9.768	3.928	67	7	10
X total	86.695	101.606	14.911	17		

Source: Based on data from Ministry of Foreign Affairs, International Trade and Worship (recent)

The PADEX establishes various tools for increasing exports in the selected headings. Support measures must be negotiated with the producers of each value chain, taking into account the particular sectoral and regional economic features. The tools available include:

- **Trade Promotion:** 92 trade missions and participation at 252 international trade fairs.
- **Financing:** Argentine Economic Development Fund; Central Bank of Argentina (BCRA) Productive Investment Credit Line; National Development Fund for MSMEs (FONAPYME), Bank of the Argentine Nation (BNA), Investment and Foreign Trade Bank (BICE), etc.
- **Repayment compensation:** for investment projects aimed at the acquisition of capital goods and/or new infrastructure. A differentiated repayment system was established between SMEs and large companies for the payment of national taxes.
- **Analysis and review of export duties and repayments** with emphasis on improving competitiveness and rewarding value added.

Some of the instruments chosen (such as financing) are already in force, while others are likely to be implemented as the program is applied.



The launch of the PADEx acquires relevance at a time when the international context still shows signs of uncertainty: for example, those related to the reversal of US monetary policy and its possible impact on commodity prices, some of which are of great importance in Argentina's export basket.

[1] To 6 digits of the Harmonized System (subheadings).

[2] According to the INDEC, the balance of payments services account saw a US\$1.333 billion deficit in the third quarter of 2013, 52% up on the same period in 2012.



MERCOSUR Summit to be held in February

According to [the Paraguayan Foreign Minister](#), the heads of government of the MERCOSUR member countries put back the Summit until next month due to scheduling conflicts. The Summit, initially tabled for December, will be held in the second half of February, in Caracas, Venezuela, which holds the bloc's Pro Tempore Presidency until mid-2014. Paraguay's reincorporation in the bloc and the negotiations with the European Union will be the focal points of the meeting. These issues and others are discussed in depth in the *MERCOSUR Report No. 18*, recently published by the Institute for the Integration of Latin America and the Caribbean of the Inter-American Development Bank (IDB).

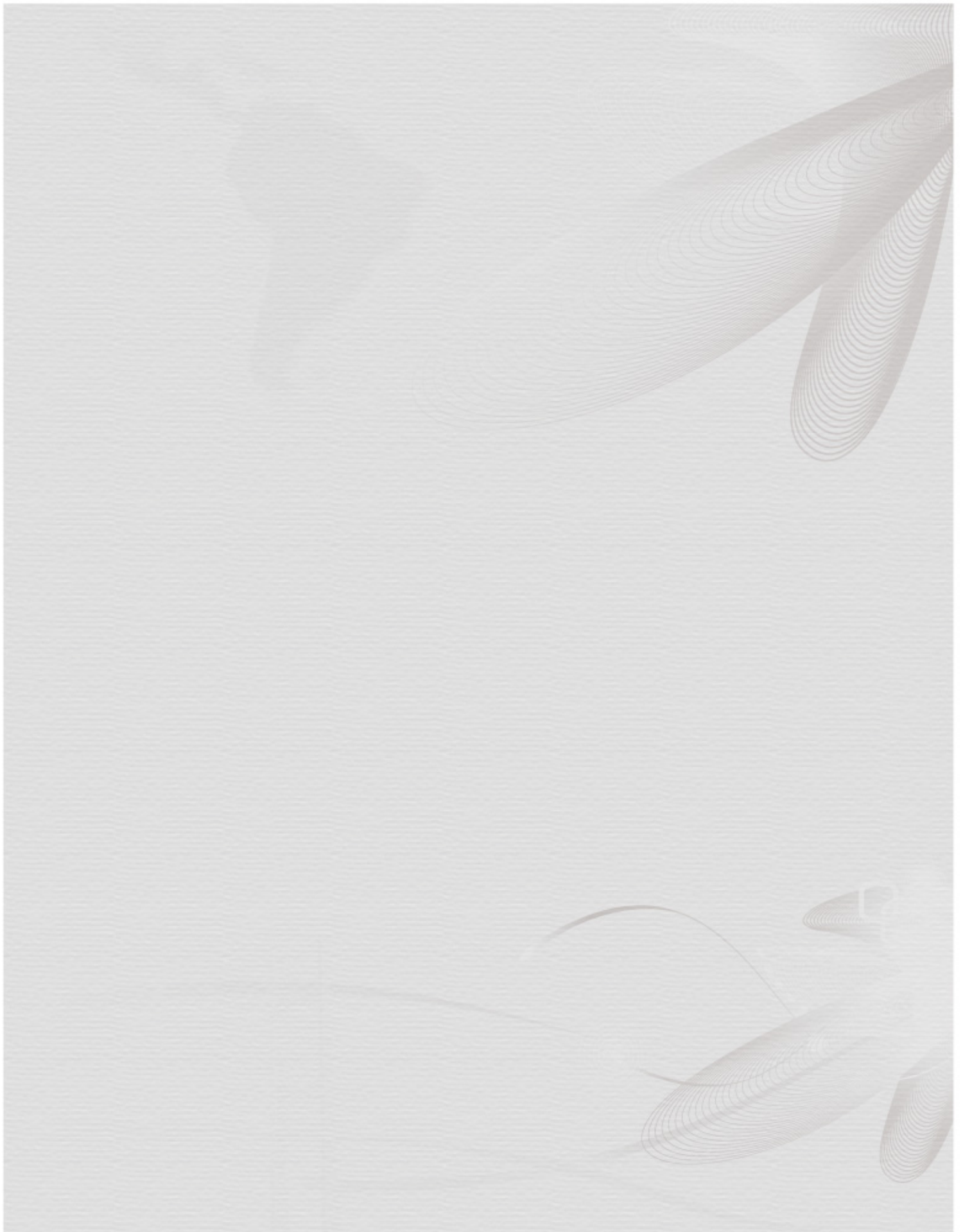
The publication may be accessed by clicking [here](#).





Regional And Global Overview





EU keeps GSP for twelve LAC countries and scraps preferences for others

The [new Generalised Scheme of Preferences \(GSP\) of the European Union \(EU\)](#) came into force, January 1, unilaterally reducing or eliminating import tariffs on certain products originating in developing countries. The reform of the GSP will affect several countries in Latin America and the Caribbean (LAC).

Applied in the EU since 1971, the old GSP benefited 177 economies. The current version of the system will apply to just 90 countries, including 12 in Latin America and the Caribbean:

- **Haiti:** Like the other least developed countries, it will enjoy free of tariff- and quota-free access for all its products except weapons, in the framework of the “Everything but Arms” initiative.
- **Colombia, El Salvador, Guatemala, Honduras, Nicaragua, and Panama:** They will continue to benefit from tariff preferences for some goods.
- **Bolivia, Costa Rica, Ecuador, Paraguay, and Peru:** They will access the European market in the framework of GSP+, which grants more preferences to economies that have ratified and implemented international conventions on human, labor, and environmental rights, and good governance practices.

It should be mentioned that several of these countries will continue to benefit from the GSP in spite of association agreements with the EU, because, while they are in force, they have not yet been fully implemented.

A further 67 economies, including **Mexico** and **CARIFORUM** (Antigua & Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Dominican Republic, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Suriname, and Trinidad & Tobago), have been excluded from the GSP because they will enter the European market in the context of other agreements^[1] covering the products included in that system.

The remaining 20 countries, which have reached a high or medium-high level of per capita income (according to the World Bank classification), have lost preferential access. Thus, exports from **Argentina, Brazil, Cuba, Uruguay, and Venezuela** have, since 2013, entered the European market paying the most-favored-nation tariff.

Related article

- IDB-INTAL. “[Developed countries’ new trade measures could hit Latin America,](#)” in: *INTAL Monthly Newsletter No. 179*, July 2011.

[1] Mexico-EU Association Agreement and CARIFORUM-EU Economic Association Agreement.



ALBA-TCP and Petrocaribe Summit

The second [Summit between the Bolivarian Alternative for the Peoples of Our America-People's Trade Treaty and Petrocaribe \(ALBA-TCP\)](#) was held in Caracas, Venezuela, December 17.

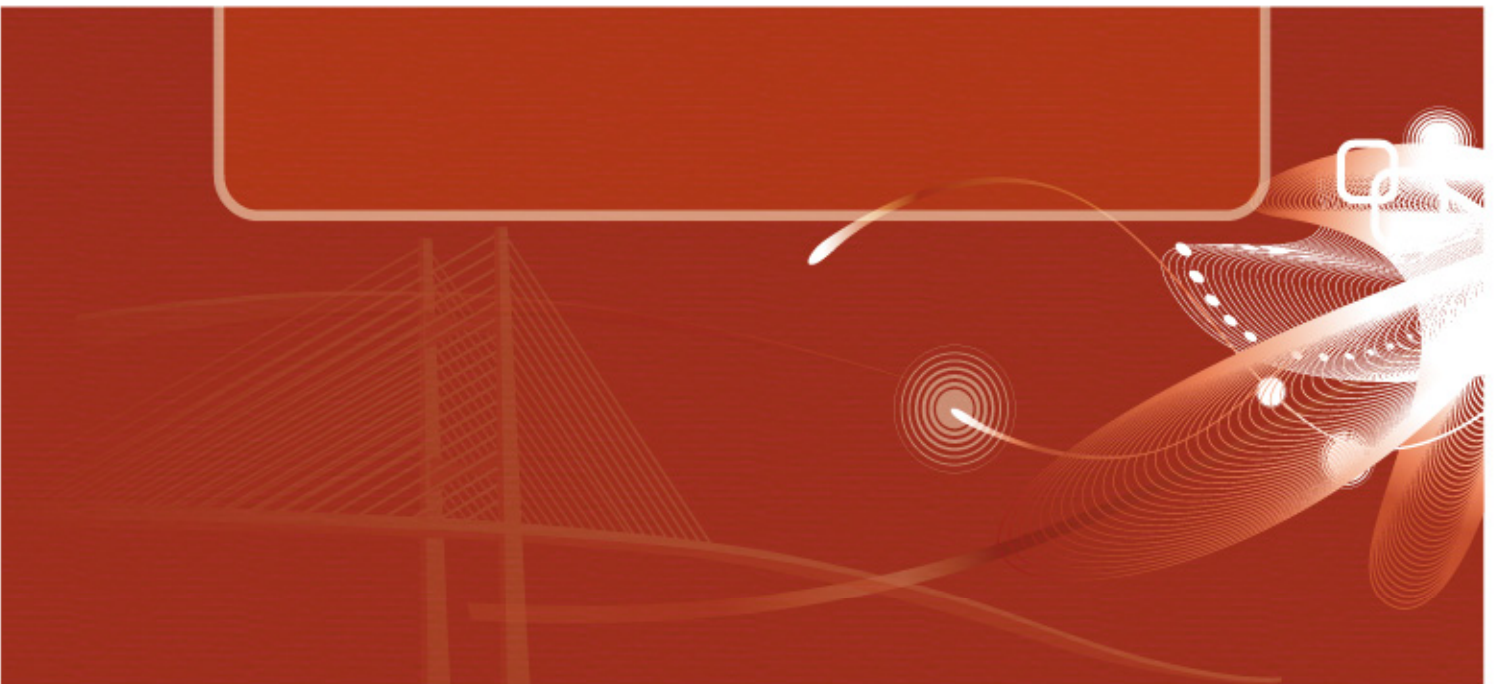
The [Declaration](#) stated a willingness to bring the two blocs together into a single economic space, raising the proposal to merge MERCOSUR and CARICOM in a Complementary Economic Zone. Among the initiatives proposed are the identification of potential production linkage and the realization of a feasibility study for air interconnection among the ALBA-TCP countries and Petrocaribe.

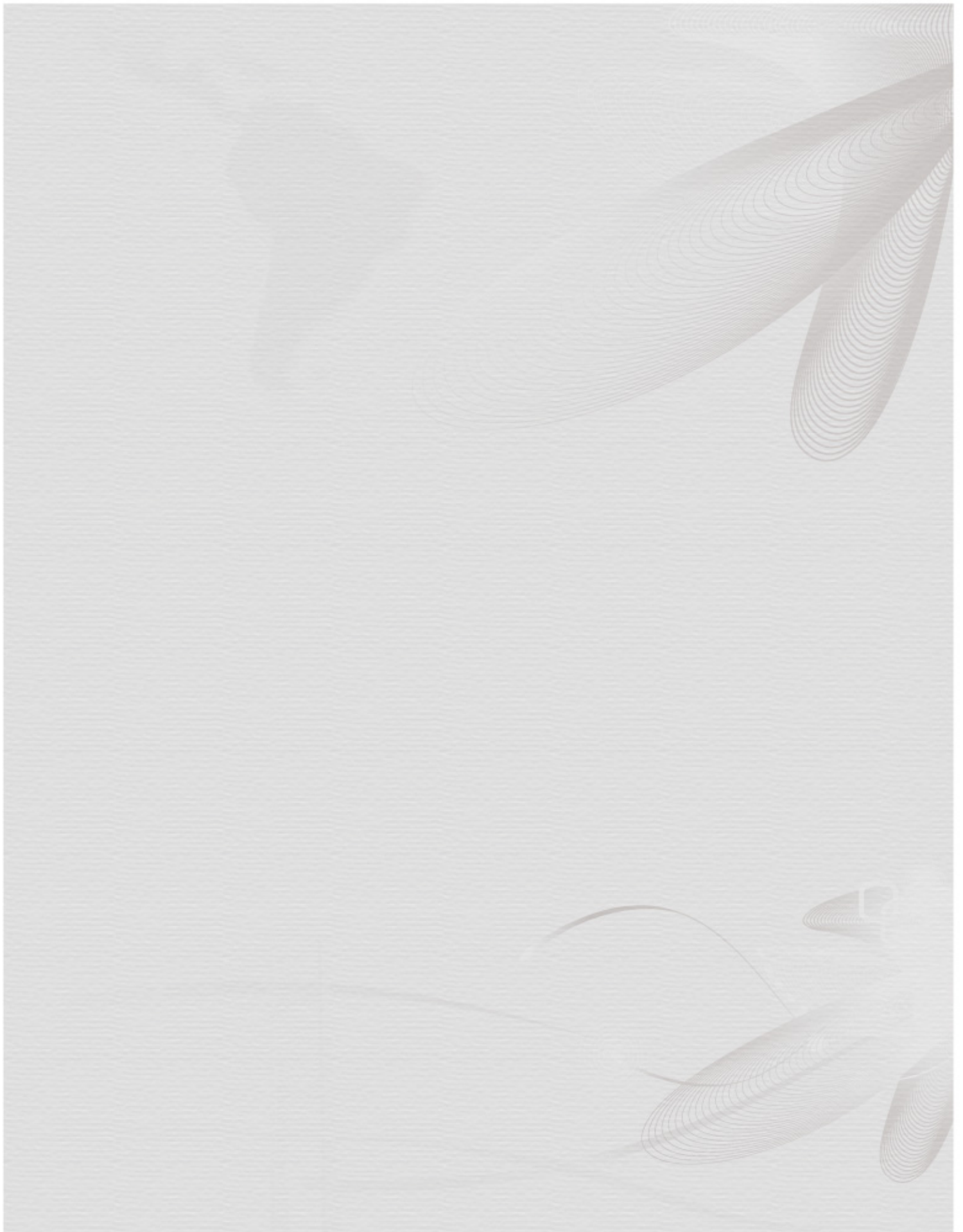
In the framework of the Summit, [St. Kitts & Nevis](#) submitted its application to join ALBA-TCP, which will be discussed at the meeting of the Community of Latin American and Caribbean States (CELAC) in Cuba at the end of January.

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



INTAL Documentation Center







Reviews


Elms, Deborah Kay. *The Trans-Pacific Partnership Agreement: Looking Ahead to the Next Steps*. Tokyo: Asian Development Bank Institute, December 2013. ADBI Working Paper No. 447.

This work deals with aspects of the institutional structure of the Trans-Pacific Partnership Agreement (TPP). The author argues that the success of this integration agreement will be partly conditioned by the solution reached regarding its institutional architecture, and suggests avoiding a hasty conclusion to the negotiations that may leave out key elements from this architecture. The author also makes various suggestions regarding the concept of a “living agreement,” which has been part of the agenda since the start of the negotiations on the formation of a TPP Secretariat, its links with the Asia-Pacific Economic Cooperation (APEC) Forum, and admission procedures for possible new members, such as China.

The negotiation of the TPP involves 12 countries.[1] Since its launch in 2010 there have been 19 rounds, and it is hoped that a conclusion to the process will be reached this year. It has been presented as a “high-quality twenty first century agreement,” with topics not included in other agreements, such as the promotion of small and medium-sized enterprises, regulatory consistency, and issues relating to development and cooperation. The author is rather pessimistic about the effective progress being made in these new areas, and contends that the final results are likely to produce a less ambitious agreement.

The idea of “living agreement” alludes to the possibility of implementing a regular discussion process, more frequent than the usual annual reviews of these initiatives. For the author, it is not clear whether this idea will be kept in or whether only an extended version of the normal review mechanisms for free trade agreements (FTAs) will ultimately be implemented.

One thought provoking point made by the study is the need to establish a TPP Secretariat as an independent institutional structure capable of implementing the initiative’s complex agenda. It also highlights the need for each country to follow up the agreement in order to make the most of the consensus reached. Another issue underlined is the formalization of a dispute settlement structure. Similarly, it suggests not using the APEC Secretariat as a Secretariat for the TPP due to the differences in its functions and member countries; while all the countries in the TPP are also part of APEC, this Forum is broader and includes 21 members.



According to the study, given that the 12 members are connected via existing FTAs, the impact of the TPP will be modest in terms of tariff reduction and market access. But the author sees the greatest potential for this mega agreement as a facilitator of global value chains, not so much through tariff reduction, but through aspects that go beyond trade policy, such as regulations, investment, or competition (“behind the border provisions”).

The work draws attention to the overlapping and complexity of agreements in Asia-Pacific and the problems of convergence between them. In particular, she points to differences between the TPP, which includes United States, and the Regional Comprehensive Economic Partnership[2] (RCEP), formerly known as ASEAN+6, which includes China. Citing other documents, the essay argues that, given China’s importance in global value chains, its inclusion in the TPP would generate significant economic benefits.

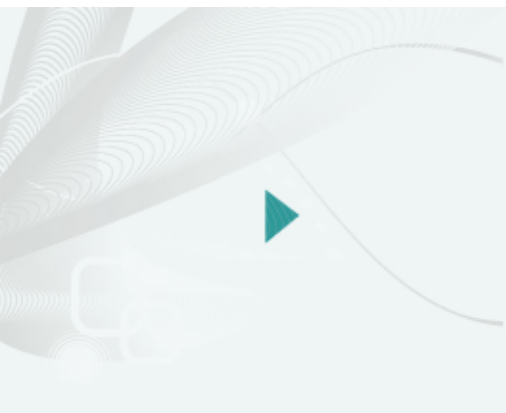
One final point is the proposal to revise the current procedure of access of new members to the TPP. The way things stand today, a new member would have no chance of negotiating the rules of the TPP, but would be faced with the dilemma of “take it or leave it” as it is. This lack of flexibility could hinder the entry of other countries, such as China, in the future. The author therefore suggests the need to allow minor changes to the agreement in the event of new members joining. The suggestion is a relevant one insofar as it is sought to set up a scheme entailing the real convergence of the actors involved, and not divergent, rival schemes like, potentially, the TPP and the RCEP.

The publication’s interest lies in its emphasis on an aspect usually neglected in the course of many trade negotiations: the institutional tools that negotiators have to build for the agreement to remain stable in the long term and produce the expected benefits. While the work focuses specifically on the TPP, the discussion and its recommendations are also thought provoking in terms of the problems of negotiations and agreements involving various countries in Latin America and the Caribbean.

The Trans-Pacific Partnership Agreement: Looking ahead to the Next Steps ([link](#))

[1] Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, and Vietnam.

[2] ASEAN countries (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam), plus Australia, China, South Korea, Japan, India, and New Zealand. (N.B. 7 countries participate in both the TPP and the RCEP.)

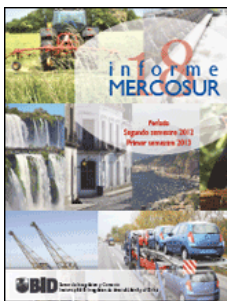


Bibliographic alert

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

* Schamis, G., dir. y Ramos, A., coord. (2013). Informe MERCOSUR número 18 : Segundo semestre 2012 - Primer semestre 2013. Buenos Aires: INTAL.



Autor:Schamis, Graciela, dir.; Ramos, Alejandro, coord.

Título:Informe MERCOSUR número 18 : Segundo semestre 2012 - Primer semestre 2013

Otros responsables:Carciofi, Ricardo; Campos, Rosario; Gayá, Romina; Michalczewsky, Kathia; Lucángeli, Jorge; Mesquita Moreira, Mauricio; Instituto para la Integración de América Latina y el Caribe, INTAL

Edición:Buenos Aires: INTAL, diciembre de 2013 [144 p.]

Serie:Subregional Integration Report Series MERCOSUR = Informes Subregionales de Integración MERCOSUR = Série Informes Subregionais de Integração MERCOSUL; 18

Temas:<MACROECONOMIA><INTEGRACION REGIONAL><INTEGRACION ECONOMICA><MERCADO COMUN DEL SUR, MERCOSUR><INVERSION EXTRANJERA DIRECTA, IED><COMERCIO INTERNACIONAL><NEGOCIACIONES COMERCIALES><RELACIONES COMERCIALES><COMERCIO EXTERIOR><ECONOMIA INTERNACIONAL><EXPORTACIONES><INTEGRACION PRODUCTIVA><INTEGRACION ENERGETICA>

JEL:F15; F21; F4; F5; O4

Geográficos:<AMERICA LATINA><CONO SUR>

Resumen:Desde 1996, el Instituto para la Integración de América Latina y el Caribe del BID (BID-INTAL) ha publicado la edición anual del Informe MERCOSUR, con el objeto de documentar los aspectos más importantes del desarrollo económico y comercial de esta entidad regional, haciendo un recuento ordenado de los principales aspectos de su evolución durante

el período del estudio. Este Informe N° 18, corresponde al período comprendido entre el segundo semestre de 2012 y el primer semestre de 2013, y al igual que aquéllos que le precedieron, se inscribe dentro de un ámbito más amplio de actividades realizadas por el Banco Interamericano de Desarrollo (BID) orientadas a analizar y fortalecer los procesos de integración regional y multilateral de América Latina y el Caribe, como el del Mercado Común del Sur (MERCOSUR), creado por el Tratado de Asunción y suscrito en 1991, que presentamos en esta oportunidad.

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G: Otros temas de la agenda interna [p. 70]

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HM INTAL-ISI.MERCOSUR 18 [2013]

Documento Electrónico

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* Giordano, P.; Harris, J. y Ramos, A. (2013). Estimaciones de las tendencias comerciales 2013 = Latin American Trade Trend Estimates 2013. Washington: BID.



Autor:Giordano, Paolo; Harris, Jeremy; Ramos, Alejandro

Título:Estimaciones de las tendencias comerciales 2013 = Latin American Trade Trend Estimates 2013

Otros responsables:Kyungjo, An; Iannuzzi, Patricia; Michalczewsky, Kathia; Solano, Cristian; Mesquita Moreira, Mauricio; Ramos, Barbara

Edición:Washington: BID, december 2013 [11 p.]

Temas:<COMERCIO INTERNACIONAL><REGIONALISMO><INTEGRACION REGIONAL><EXPORTACIONES><IMPORTACIONES><COMMODITIES><PRODUCTO BRUTO INTERNO, PBI><CRECIMIENTO ECONOMICO>

Geográficos:<AMERICA LATINA>

Resumen:'Estimaciones de las Tendencias Comerciales de América Latina' es un estudio anual publicado por el Sector de Integración y Comercio del Banco Interamericano de Desarrollo, en él se analiza el desempeño comercial de la región, con base en datos nacionales e internacionales disponibles para países seleccionados. El estudio, realizado para el 2013, señala que las exportaciones de América Latina presentaron un estancamiento, acumulando dos años de bajo crecimiento. El incremento anual de las ventas externas de la región fue apenas superior al 0 por ciento y su nivel alcanzó cerca de US\$ 1 billón. En el primer semestre de 2013, las exportaciones sufrieron una contracción interanual que prolongó la tendencia negativa iniciada a fines de 2012. Sin embargo, en el tercer trimestre del año, las exportaciones comenzaron a crecer de nuevo, lo que permite estimar un leve crecimiento positivo para el conjunto del año. Los resultados varían considerablemente entre los países. Brasil, Colombia, Perú y Venezuela tuvieron caídas en sus exportaciones, mientras que Argentina, Bolivia, Chile, Ecuador, México, Paraguay y Uruguay alcanzaron resultados positivos en el año. En Centroamérica el panorama fue mixto, ya que las ventas externas apenas crecieron en Costa Rica y Guatemala, cayeron en Honduras y Nicaragua, y se expandieron en El Salvador y Panamá.

Accesos al documento:

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* Las PYMES de América Latina y el Caribe : cerrando la brecha para los bancos de la región. (2013). Washington: FOMIN.



Título:Las PYMES de América Latina y el Caribe : cerrando la brecha para los bancos de la región

Otros responsables:Narita, Tetsuro; Rojo, Francisco; Ortega, Marilu; Ho Xuan-Trang

Edición:Washington: FOMIN, November 2013 [72 p.]

Temas:<PEQUEÑAS Y MEDIANAS EMPRESAS, PYMES><EMPRESAS><BANCO INTERAMERICANO DE DESARROLLO, BID><ESTADÍSTICAS>

Geográficos:<AMERICA LATINA>

Resumen:Este reporte presenta los resultados generales de la sexta encuesta con 100 bancos localizados en 21 países de América Latina y el Caribe. También incluye un análisis detallado de las respuestas según tamaño de banco y ubicación de las entidades en la región, así como otros comportamientos y aspectos del sector PYME. La meta es entender la predisposición de los bancos en la región para financiar a las PYMES. Esta encuesta es resultado de la colaboración entre el Fondo Multilateral de Inversiones (FOMIN), la Corporación Interamericana de Inversiones (CII), y el Departamento de Finanzas Estructuradas y Corporativas (SCF, por sus siglas en inglés) del Banco Interamericano de Desarrollo (BID) y la Federación Latinoamericana de Bancos (FELABAN).

Accesos al documento:

332.135 / FOMIN-PYM / 2013

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* Rosales, O.; Herreros, S.; Frohmann, A. y García-Millán, T. (2013). Las negociaciones megarregionales: hacia una nueva gobernanza del comercio mundial. Santiago de Chile: CEPAL.



Autor:Rosales, Osvaldo; Herreros, Sebastián; Frohmann, Alicia; García-Millán, Tania

Título:Las negociaciones megarregionales: hacia una nueva gobernanza del comercio mundial

Edición:Santiago de Chile: CEPAL, diciembre de 2013 [56 p.]

Serie:Serie Comercio Internacional; 121

Temas:<COMERCIO INTERNACIONAL><NEGOCIACIONES COMERCIALES><INTEGRACION ECONOMICA><INVERSION EXTRANJERA DIRECTA, IED><NORMAS DE ORIGEN><ACCESO A LOS MERCADOS><CADENAS DE VALOR>

Resumen:En el presente documento se examina el surgimiento reciente de varias negociaciones comerciales conocidas como 'megarregionales', las que apuntan a crear espacios económicos integrados de vasto alcance, tanto asiáticos como transatlánticos y transpacíficos. Las negociaciones megarregionales involucran a economías que representan proporciones importantes del producto, la población, el comercio y la inversión extranjera directa mundiales. Estas iniciativas responden en gran medida a las transformaciones acontecidas en las últimas décadas en la organización de la producción y el comercio mundial, y que se asocian al fenómeno de las redes internacionales de producción. Otro elemento distintivo de estos procesos es la amplitud y complejidad de su agenda temática, la que considera diversas áreas no abordadas por los acuerdos de la Organización Mundial del Comercio ni por otros acuerdos previos. Se concluye que las negociaciones megarregionales en curso probablemente tendrán un fuerte impacto en la distribución geográfica y la gobernanza de los flujos mundiales de comercio e inversión en los próximos años. La magnitud de estas iniciativas podría en la práctica implicar que hacia fines de la presente década se haya producido una verdadera redefinición de las reglas del comercio mundial. Esta situación plantea importantes desafíos a la centralidad del sistema multilateral de comercio. Por otra parte, el fenómeno del megarregionalismo plantea a América Latina y el Caribe el desafío de profundizar su propia integración, como una herramienta para mejorar la calidad de su inserción económica internacional.

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 - B: Principales contenidos [p. 29]
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- IV: La Asociación Económica Regional Integral [p. 37]
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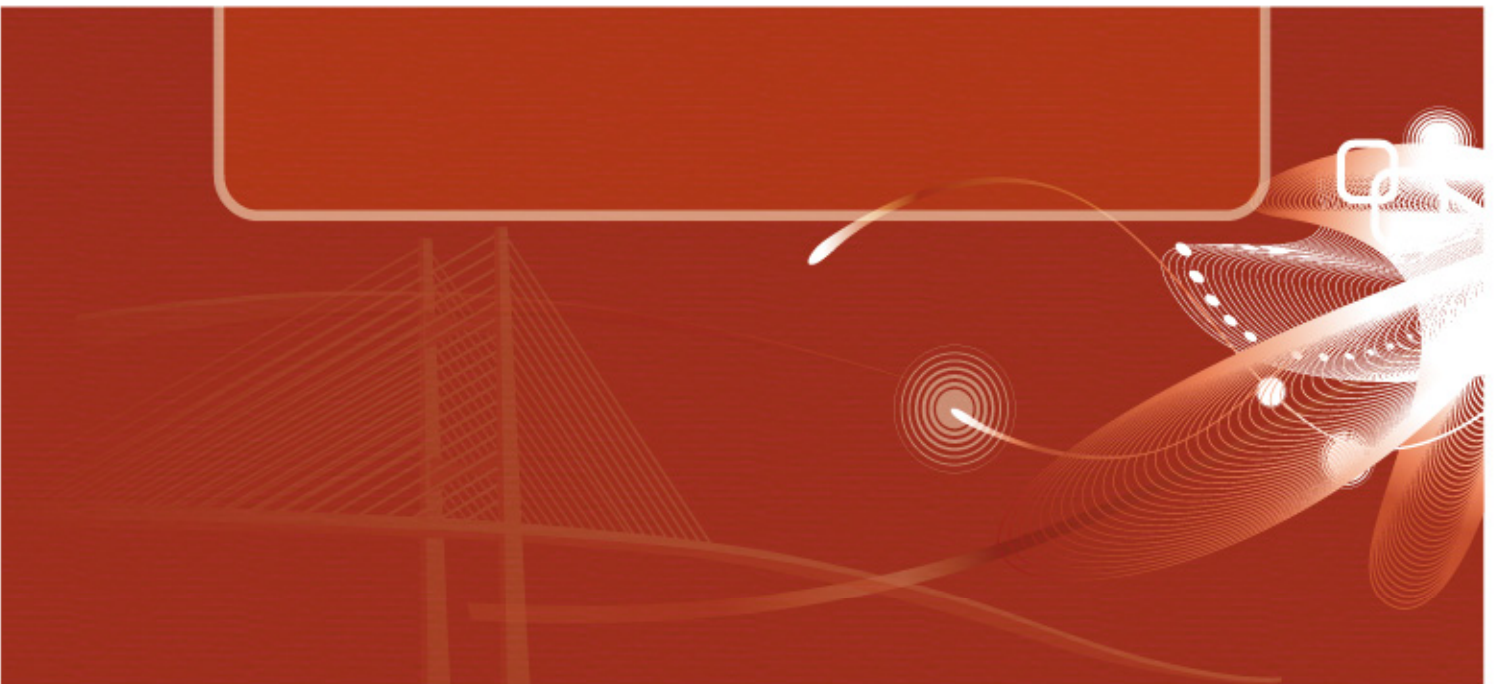
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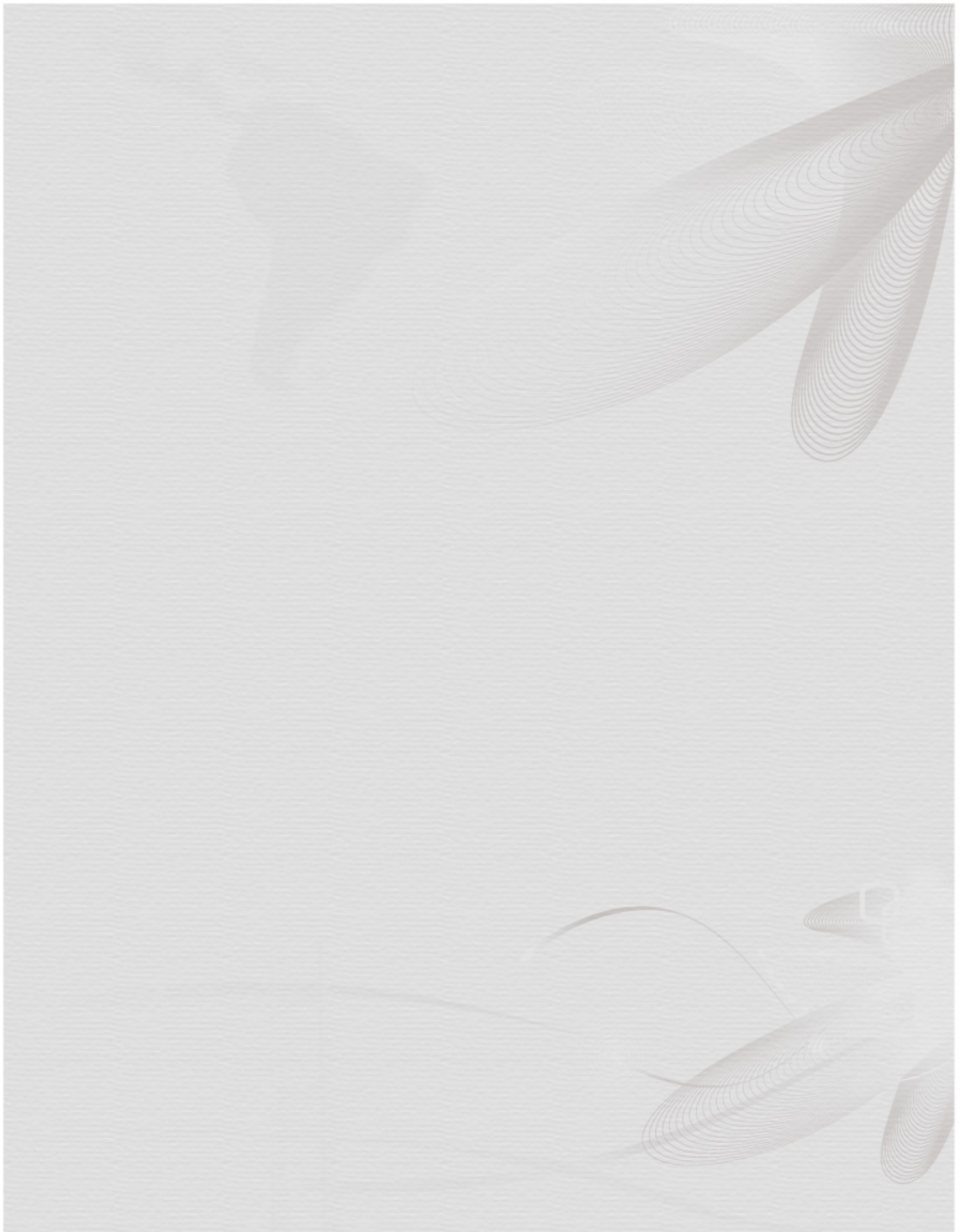
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Information sources: Press releases and clippings from: LAIA; IDB; CARICOM; Andean Community; Euro-Lat; Group of 77; ACS; Group of Rio; MERCOSUR; PARLATINO; LAES; SG-SICA; SIECA. Official and International Agencies. INTAL Press.

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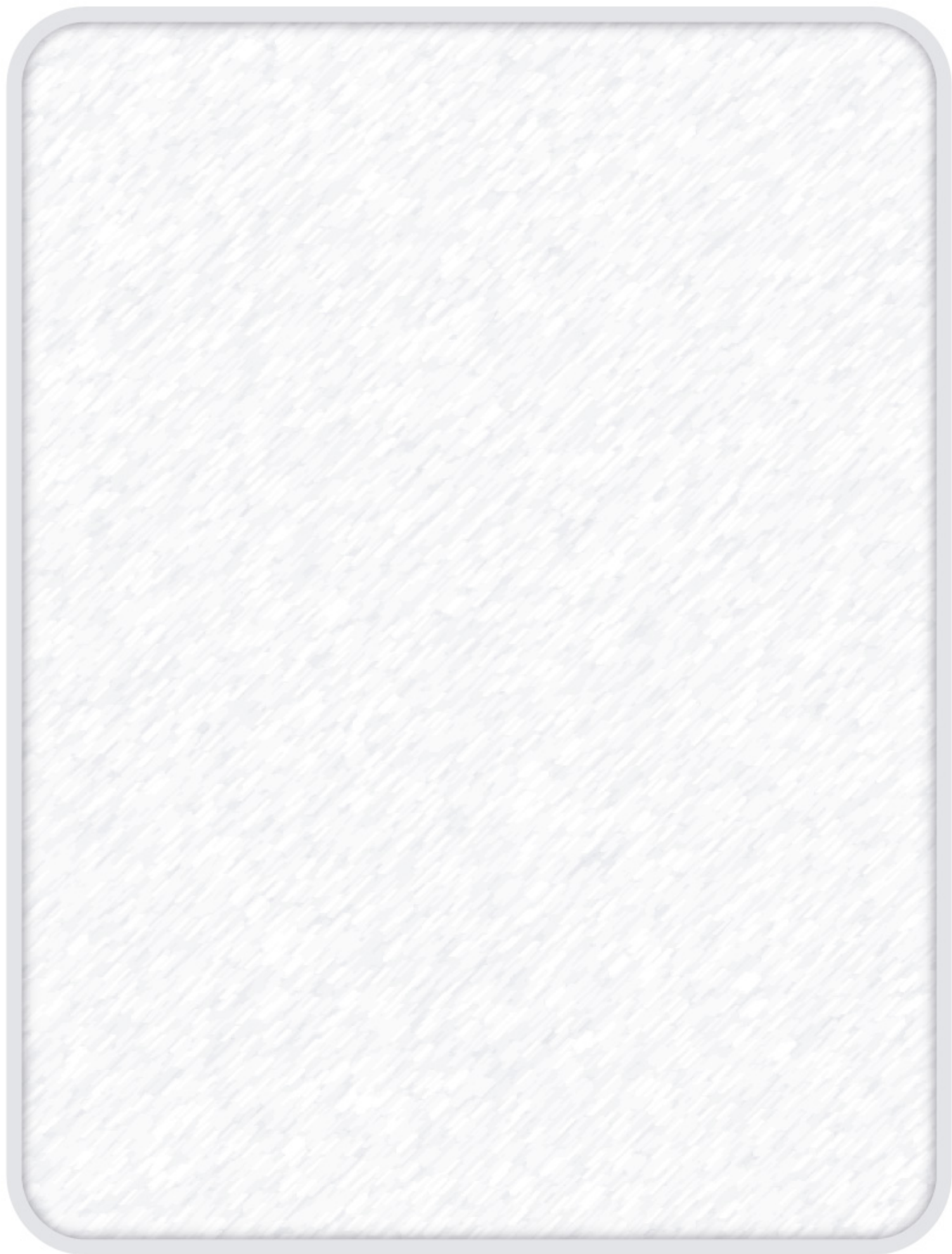
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Links to original information sources in this issue:

- European Commission. (September 2013). Transatlantic Trade and Investment Partnership: The Regulatory Part. Luxembourg: EC. [Enlace](#).
- Declaración de la Reunión a Nivel Ministerial del Comité de Contratación Pública. (3 de Diciembre de 2013). Bali: OMC. [Enlace](#).



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