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IDB Inter-American Development Bank

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Integration Blocs

The Caribbean

Thirty-Third Meeting of CARICOM Council of Ministers

The Thirty-Third Meeting of the Council of Ministers of the Caribbean Community and Common Market (CARICOM) was held in January 2014. In his opening speech, CARICOM Secretary General Irwin LaRocque referred to the organization's reform process, as summarized in *INTAL Monthly Newsletter No. 200*, and highlighted the progress made toward the completion of the first Community Strategic Plan.

A draft of the Plan's Executive Summary was submitted at the meeting for consideration by Ministers with the objective of agreeing the final version, ahead of the upcoming meeting of Heads of Government at the end of this month. The Plan seeks to embody a five-year strategic vision and the general direction of the organization. This entails revising and determining the Community's Vision, Mission, Set of Values, and Priorities for the period 2014-18, and the most suitable structures for its governance and management.

LaRocque also spoke about the problems facing the General Secretariat in terms of carrying out its mandate in the light of poor information technology, the shortfall in human resources, and inflexibility in the use of donor resources, calling on the Ministers to reflect on the importance of prioritizing tasks and allocating resources efficiently in the New Strategic Plan.

Related articles

- IDB-INTAL. "Caribbean retables development agenda," in: *INTAL Monthly Newsletter No. 200*, April 2013.

Central America

IDB works with SIECA toward new integration projects

A meeting between officials of the Secretariat for Central American Economic Integration (SIECA) and the Inter-American Development Bank (IDB) was held January 29, with the objective of reviewing the progress of and discussing future projects relating to the Isthmus's integration. Some of IDB's main programs in the region fall within the Mesoamerica Project (MP), and, in addition to funding, the Bank provides technical assistance for their implementation.

Below is an overview of PM initiatives that have IDB support:

1. In 2013, IDB approved additional resources for the Pacific Corridor, a project that seeks to modernize over 3000km of roads linking Mexico with Panama (and which carry almost all intraregional trade) and that will have a monitoring tool to identify opportunities for future operations and progress in implementing investments.
2. To complement this, border crossings are being modernized through the IDB-supported Mesoamerican Coordinated Border Management Program.
3. The organization has also provided technical and financial support in implementing the Mesoamerican Procedure for International Transit of Goods (TIM), whose objective is also trade facilitation. Significant progress was made over 2013, such as the authorization of the mechanism in the region's land, sea, and air customs points. IDB is currently conducting feasibility studies for improvements in other transport modalities, such as rail and sea.
4. In the field of telecommunications, IDB collaborated in updating the business plan for the Central American Telecommunications Network, which operates and manages the regional fiber optic network and plans to begin commercial operations this year.
5. Finally, the Central American Electrical Interconnection System (SIEPAC) is in the final stages of construction. To complement this system, as published in *INTAL Monthly Newsletter No. 203*, the countries are seeking to diversify the energy matrix, with support from IDB, by introducing natural gas.

CAFTA-DR: arbitration panel to define difference over application of certain tariffs by El Salvador on Costa Rica

An arbitration panel is to mediate in the trade dispute between El Salvador and Costa Rica in the context of the United States-Dominican Republic-Central America Free Trade (CAFTA-DR). According to the Costa Rican Government, El Salvador is not applying the preferences agreed under the FTA.

The main products affected would be tires and juice concentrates, which represent approximately 3% of Costa Rica's total exports to El Salvador. Costa Rica is a major supplier of these products, and accounts 11% of El Salvador's total imports of these items.[1]

The Costa Rican Foreign Trade Ministry called on El Salvador, January 22, to set up an arbitration panel in CAFTA-DR's dispute settlement process because, despite consultations and meetings of CAFTA-DR's Free Trade Commission, no solution has yet been reached.

According to representatives of El Salvador, the conflict has arisen out of different interpretations of the provisions of CAFTA-DR in relation to products exported in free-trade zones.

This conflict, which began September 23, when Costa Rica activated the agreement's dispute settlement mechanism, could last up to eight months, unless the countries reach an earlier agreement outside the process. Once the arbitration panel has been set up, Costa Rica can submit its claim, after which written exchanges can be made, followed by hearings and leading up to a final report by the group.

[1] Data for 2012: items 2009, 4011, and 4012 were taken as a benchmark. Source: DATAINTAL.

Second negotiating round between El Salvador and Trinidad & Tobago

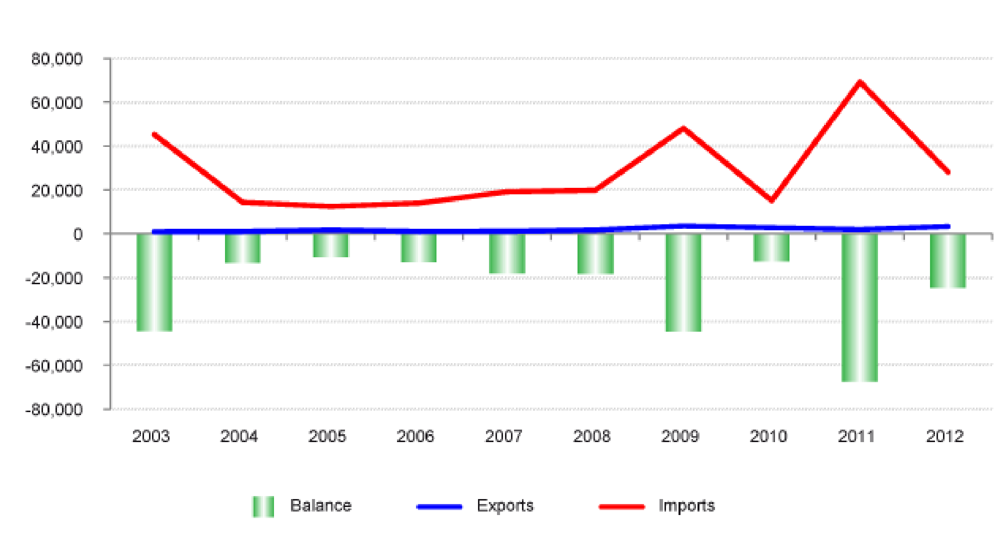
Officials from El Salvador met with their counterparts from Trinidad & Tobago in Port of Spain, January 20-23, for the second negotiating round toward a Partial Scope Agreement (PSA). In addition, the Cooperation Agreement in Tourism was finalized and much of the Agreement on Reciprocal Promotion and Protection of Investments.

The main advances were seen in the normative text on market access, rules of origin, trade defense, dispute settlement, sanitary and phytosanitary measures, technical barriers to trade, and institutional arrangements. Negotiations are to continue through virtual meetings until the next round in San Salvador, El Salvador, in April.

Trade with Trinidad & Tobago represents a low percentage of El Salvador's total trade, but has shown signs of growth in recent years, driven by Trinidadian purchases from El Salvador (Figure 1).

Figure 1: Evolution of trade between El Salvador and Trinidad & Tobago

In thousands of US$



Source: Based on data from DATAINTAL.

Imports are composed almost entirely of petroleum and iron, while exports include to that market include plastics and sugar (Table 1). According to El Salvador's Economy Ministry, the export potential to Trinidad & Tobago lies in products such as snacks, paints, flours, tuna, plastic footwear, and brooms. Simultaneous with the negotiating round, a trade mission of Salvadoran businessmen was carried out to seek new business opportunities.

Table 1: Main export and import headings, El Salvador-Trinidad & Tobago

In thousands of US$ and as percentage

Description	Thousands of US$	Participation in total
Exports		
Articles for the transport or packaging of plastic	1,108	34.2 %
Tanks, barrels, drums, cans, boxes	638	19.7 %
Cane or beet sugar	244	7.5 %
Rest	1,247	38.5 %
Total	3,237	100.0 %
Imports		
Petroleum gases and other gaseous hydrocarbons	13,572	48.4 %
Wire of iron or nonalloy steel	12,986	46.3 %
Ammonia, anhydrous or in aqueous solution	1,422	5.1 %
Others	60	0.2 %
Total	28,040	100.0 %

Source: Based on data from DATAINTAL.

Related articles

- IDB-INTAL. "El Salvador and Trinidad & Tobago agree to negotiate Partial Scope Agreement," in: *INTAL Monthly Newsletter No. 206*, October 2013.
- IDB-INTAL. "Central American internal and external integration agenda," in: *INTAL Monthly Newsletter No. 207*, November 2013.

Andean Community

CAN countries pull together to eliminate trade barriers

Trade officials from Peru and Ecuador held a meeting to find a solution to the problems raised by Resolution 116 of Ecuador's Foreign Trade Committee (COMEX).[1] Through this ruling, in force since December 3, 2013, 293 tariff subheadings are subject to sanitary controls prior to imports and the presentation of a certificate of recognition by the National Standardization Institute. While the objective of the measure is to improve the quality levels of the products sold in the country, Lima has pointed out that it affects the development of trade flows, particularly in agricultural products.

As a result of the meeting, Ecuador has promised to grant health permits for the entry of goods in transit, and, even more importantly, it plans to encourage the building of common regulations at the regional level in the Andean Community (CAN) in order to facilitate compliance with the technical requirements of all the member countries. This topic, it should be noted, is also of interest to Colombia, whose list of affected products includes processed foods, domestic appliances, cosmetics, plastic products in contact with food, toys, and cables.

On the other hand, General Secretariat of the Andean Community of Nations (SGCAN) settled a trade dispute between Peru and Colombia through Resolution No. 1647, rendering null and void the safeguard applied by Colombia to agricultural and agroindustrial products originating in CAN member countries and authorizing the application of a duty free quota on onion imports exclusively from Peru until June 2015.

In October 2013, the measure was applied to nine products -beans, powdered milk, whey, tomatoes, green peas, potatoes (fresh, prefried, and frozen), onion, fresh pears, and cheese- from member countries of CAN and the Southern Common Market (MERCOSUR), taking the form of tariff quotas: once the specified amount was exceeded, the products were to pay the general tariff charged by Colombia.

In early November 2013, Peru expressed its dissatisfaction and concern about the measure, and called on SGCAN to express its agreement. Respecting the bloc's dispute settlement mechanism,

Colombia sent a report December 6, 2013, explaining the reasons for the safeguard, as of which date the SGCAN had a deadline of 60 days to comment. Peru sent its comments in mid-January and finally published the Secretariat's response 4 February, 2014, via Resolution No. 1647.[2]

Related articles

- IDB-INTAL. "Colombia: Agriculture trade measures," in: *INTAL Monthly Newsletter No. 205*, September 2013.

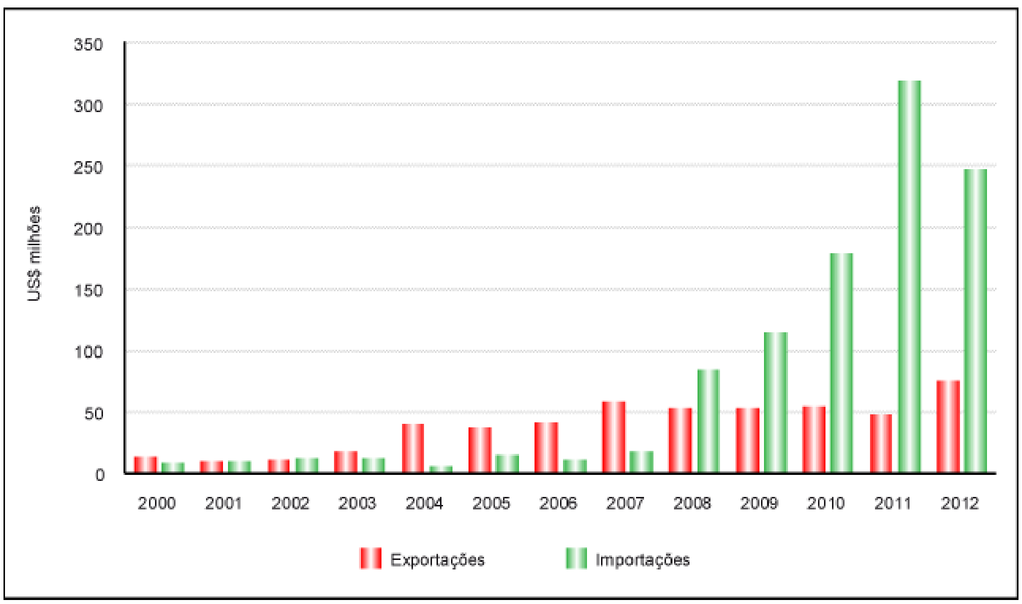
[1] See Resolution No. 116 of the COMEX in: http://www.iadb.org/intal/intalcdi/PE/CM 2014/13410.pdf

[2] See Resolution No. 1647 of the GSCAN in: http://www.iadb.org/intal/intalcdi/PE/CM 2014/13411.pdf

First round of Peru-Turkey FTA talks

The first negotiating round toward the signing of a Free Trade Agreement (FTA) between Peru and Turkey was held in the Turkish city of Ankara, January 20-24.
According to the Ministry of Foreign Trade and Tourism (Mincetur), the round has proved successful, with progress being made in the chapters on trade in goods and services, intellectual property, technical barriers to trade, trade defense, and sanitary and phytosanitary measures. It was agreed, for example, to create a sanitary and phytosanitary measures subcommittee, including commitments on trademarks and geographical indications in the chapter on intellectual property.
The second round of talks has been scheduled for the first week of May in Lima.
During the past 10 years, Peru's trading with Turkey has increased at a cumulative annual average rate of 21.4% for exports and 34.8% for imports.

Figure 1: Peru's trade with Turkey 2000-2012



Source: DATAINTAL

In 2012, Peruvian shipments to this destination totaled US$75 million, including fishery, mining, agriculture, and textile products. Purchases from Turkey amounted to US$247 million, notably in iron, steel and their derivatives.[1]

Peru and Turkey had agreed to formalize the start of the negotiations after the preparatory meetings in October 2013. Only Chile in the region has an FTA with Turkey, in force since 2011.

Related articles

- IDB-INTAL. "Andean trade negotiations," in: *INTAL Monthly Newsletter No. 207*, November 2013.

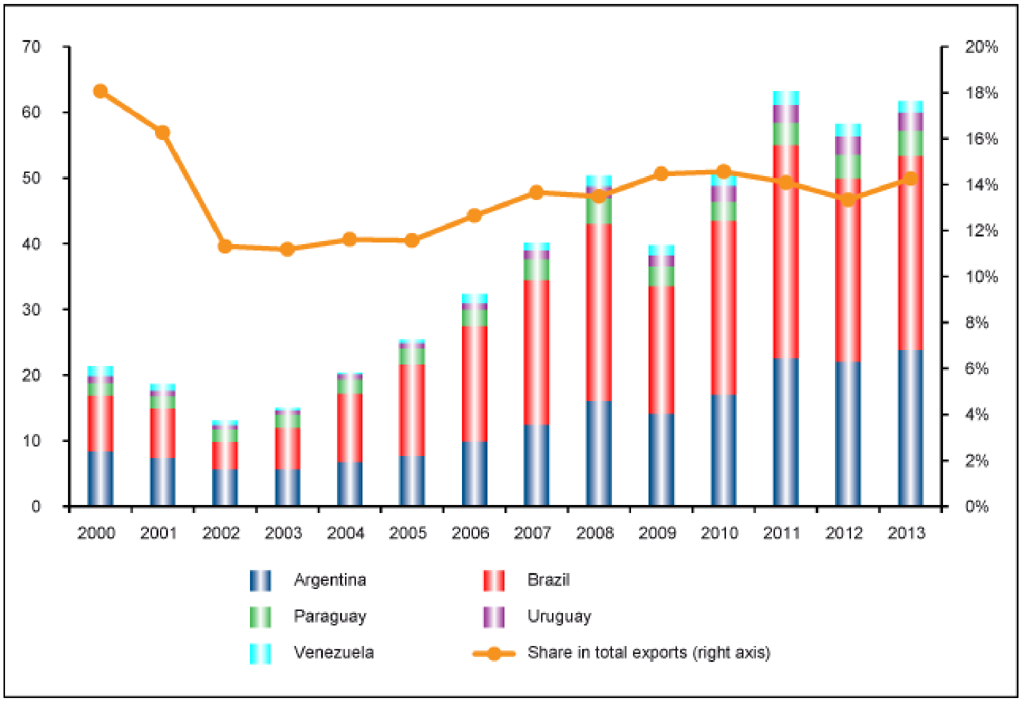
[1] For more information about the trade relations between these countries, see the Mincetur report "Peru-Turkey Bilateral Trade."

Partial recovery in intra-MERCOSUR trade in 2013

MERCOSUR's total exports were down 0.8% over 2013. However, trade between the bloc's countries was up 5.9%, to US$61.7 billion (see Figure 1). While this trend stands in contrast to 2012, when trade among the partners fell for the first time in a period of expansion of the bloc's economies, the rate of trade growth is significantly below the period 2004-2011, which, with the exception of 2009, saw rates of above 25% p.a.
Shipments to MERCOSUR from Argentina, Brazil, and Paraguay rose by between 6% and 8% in 2013; 0.9% in Uruguay. Venezuela was the only member of the bloc to see a reduction in intraregional shipments (-12.8%). Continuing the trend that began in 2003, there was an intrazone trade surplus for the bloc's largest economy, Brazil, which saw a positive result with each of the member countries.[1]

Figure 1: Intra-MERCOSUR exports

Value (in billions of US$) and share in total exports (in percentage)

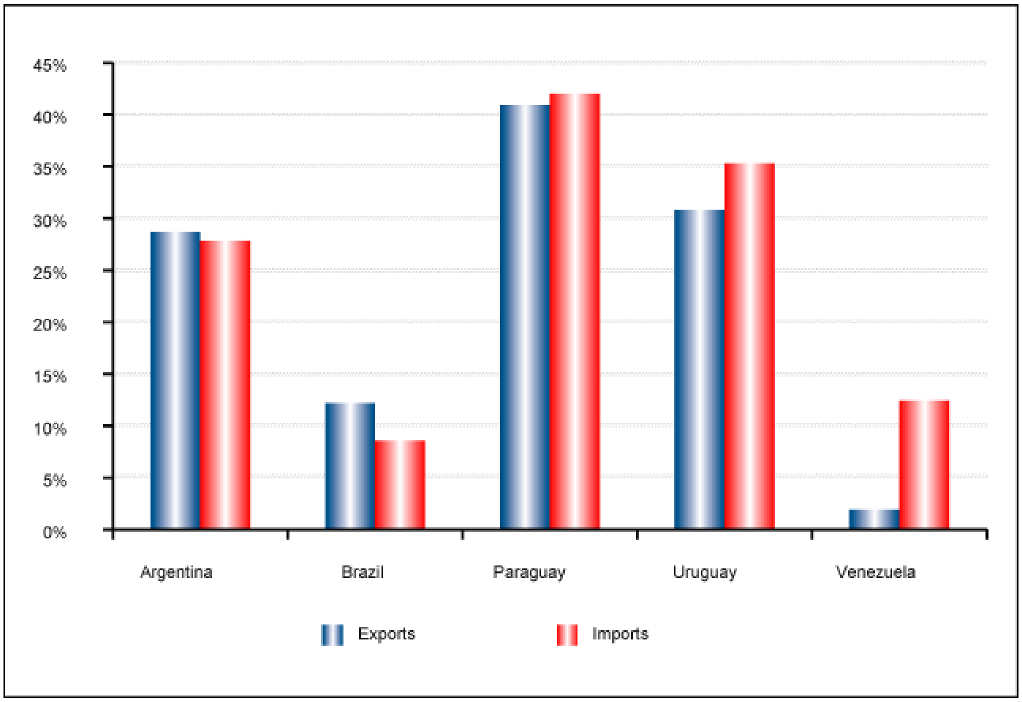


Note: Due to lack of information, the data for Venezuela's intrazone exports are taken from the figures for Venezuelan imports as reported by the partners. The figures for Venezuela's total trade are based on estimates by Giordano et al. (2013). Source: Based on data from INDEC, SECEX, BCP, and BCU.

During 2013, exports to MERCOSUR accounted for 14.3% of the member countries' total external sales (Figure 1). The 1 percentage point increase on the previous year reflects a greater degree of dynamism in intraregional trade in terms of shipments to the rest of the world in the larger economies. In any event, the share is significantly below the levels of previous decades. It should also be noted that the regional market's relative importance for each partner in the bloc is extremely heterogeneous (Figure 2). Despite MERCOSUR's being the destination for just 12.2% of Brazilian exports, it is a destination of great importance for its external manufacturing sales, absorbing 26.8% of the total. Indeed, as noted in *MERCOSUR Report No. 18*, the higher technological content[2] of exports to the bloc compared to extrazone shipments is a common denominator in all MERCOSUR countries.

Figure 2: Relative importance of regional market

MERCOSUR's share in member countries' exports and imports. 2013 data. As percentage.



Note: See note to Figure 1. Source: Based on data from INDEC, SECEX, BCP, BCU, and Giordano et al (2013).

The recovery of trade between the MERCOSUR countries in 2013 reflects rising demand in the larger economies, notably in the growth of automotive trade between Brazil and Argentina, favored by the evolution of activity levels (2.2% and 4.5% YOY respectively), cheaper vehicles in Argentina in real terms, and a tax amendment in Brazil. In 2014, however, prospects for this sector are less encouraging as a result of the slowdown in the two countries' demand (2.6% growth is expected in Argentina and 1.9% in Brazil), trade restrictions and recent tax measures in Argentina, and the evolution of the bilateral exchange rate. It should be noted that this sector represents 46.4% of flows between the two countries, and therefore has a significant impact on total intrabloc trade.[3]

Read more on intraregional trade in *MERCOSUR Report No. 18*.

Bibliography

- Giordano P., Harris J., & Ramos A. 2013. *INTrade: Latin American Trade Trend. Estimates: 2013*. Integration & Trade Sector. Washington, D.C.: Inter-American Development Bank (IDB).

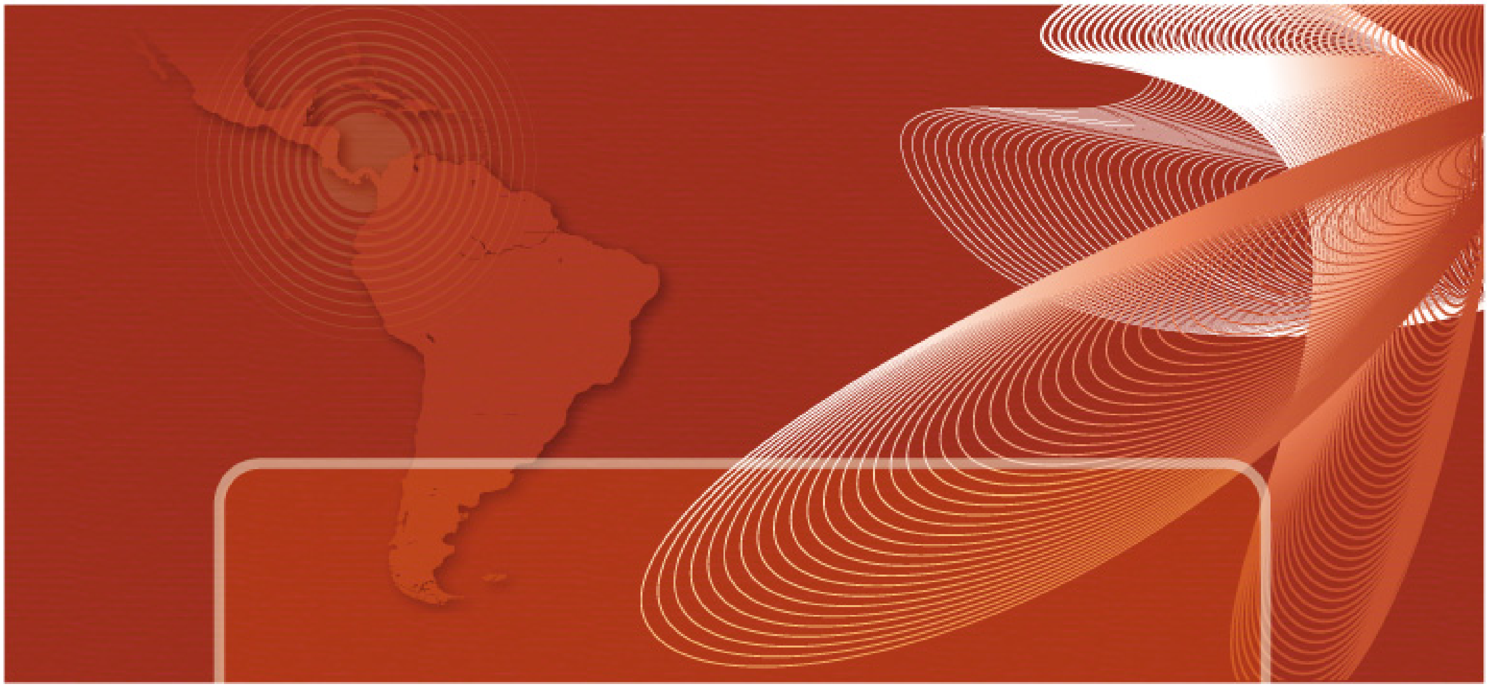
[1] According to data from SECEX, bilateral trade has, since 2003, only seen a deficit for Brazil with Argentina in 2003, and with Uruguay in 2003 and 2010.
[2] Medium- and high-tech manufactured goods, according to Lall's classification (2000). These include the following industries: automotive, medium-tech processes, medium-tech engineering, electrical and electronic, and other high-tech manufacturing.
[3] Source of estimates and projections: ECLAC for Argentina; BCB for Brazil (median from market expectations survey).

UNASUR Delegates and Electoral Councils meet

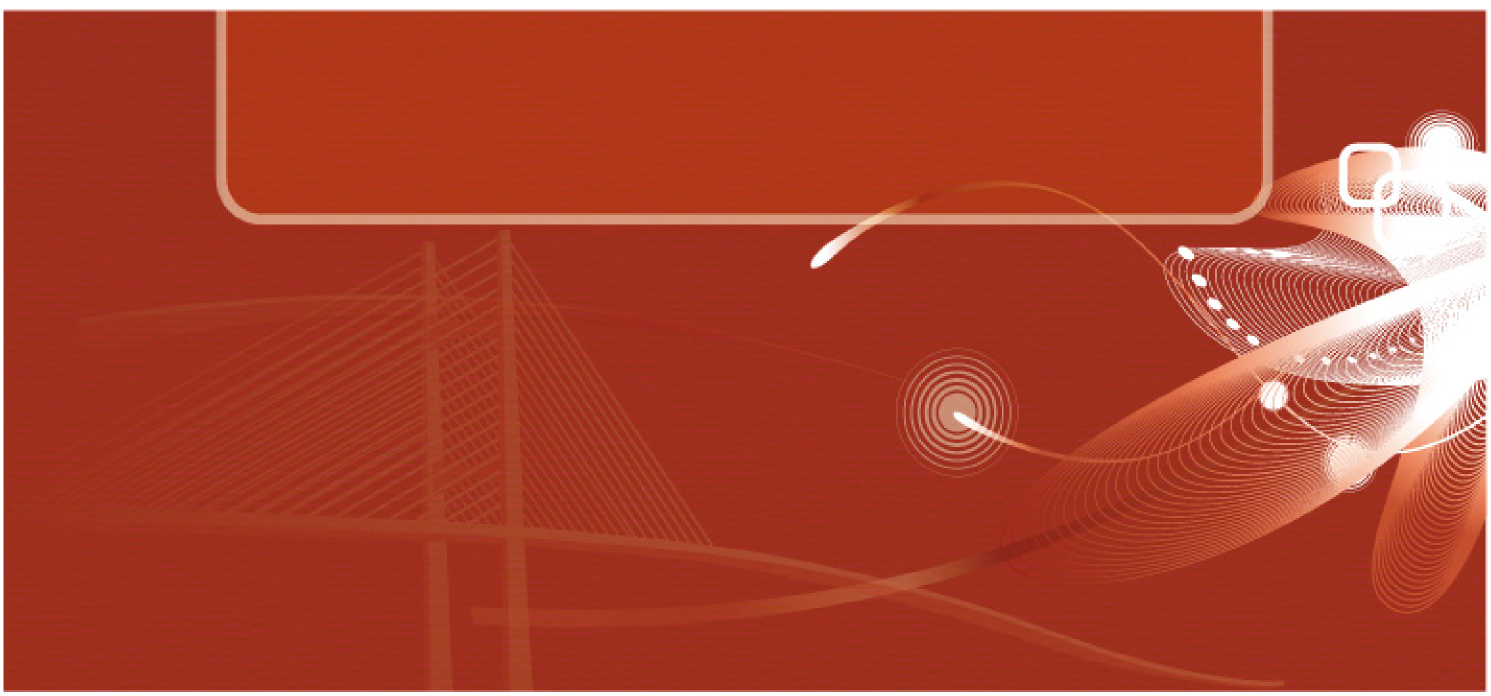
The 42nd Meeting of the Council of Delegates of the Union of South American Nations (UNASUR) was held in Paramaribo, Suriname, January 9-10, 2014.
The meeting's agenda focused on the institutional strengthening of the General Secretariat, the mechanisms for managing the Sectoral Councils, and the progress in organizing electoral observation and accompaniment missions in the framework of the UNASUR Electoral Council.
To these ends, the 2nd Extraordinary Meeting of the UNASUR Electoral Council was held in Guayaquil, Ecuador, January 28, adopting the 2013-2015 Biannual Work Plan and confirming the upcoming missions: namely, the regional elections in Ecuador, February 23, and the parliamentary and presidential elections in Colombia, in March and May respectively.

Related articles

- IDB-INTAL. "UNASUR General Secretariat and Suriname seek institutional strengthening," in: *INTAL Monthly Newsletter No. 207*, November 2013.



Regional And Global Overview



Eighth Presidential Summit of the Pacific Alliance

The Eighth Summit of the Pacific Alliance (PA) was held in Cartagena de Indias, Colombia, February 8-10. The presidents of Colombia, Chile, Mexico, and Peru signed the Cartagena de Indias Declaration, highlighting the signing of the Additional Protocol to the Framework Agreement. This document brings together previous agreements in one legal instrument and introduces some new topics. The agreement contains 18 chapters and gives a green light to a total tariff reduction of 92% of the universe of goods, and includes areas such as trade facilitation, the simplification of customs operations, sanitary and phytosanitary measures, public procurement, and disciplines in the field of services and investment.

Among other initiatives, it was agreed to assess the creation of an infrastructure development fund in the PA countries, with the ability to capture inputs of foreign funds.

In the private sector, the Joint Committee on Services and Investment was set up for entrepreneurs to present their needs, and make suggestions to boost investment and trade in services. The PA's Business Council also met, issuing a Declaration highlighting the call by the Inter-American Development Bank (IDB) for a study to identify potential supply chains, and for another on logistics competitiveness to disclose freight transport costs in the four PA countries.

Given the international community's interest in the PA at the annual meeting of the World Economic Forum in Davos, a panel was held, entitled "The Promise of the Pacific Alliance." It was attended by the presidents of Mexico and Colombia, the Chilean Finance Minister and the Prime Minister of Peru, and was moderated by the Executive Secretariat of the Economic Commission for Latin America and the Caribbean (ECLAC). The leaders emphasized that the PA is a process of deep integration and includes financial integration.

The countries at the Summit also accepted Finland, India, Israel, Morocco, and Singapore as observer members, making a total of 30 countries in this category.

The two countries applying for membership showed some progress in this regard. On the one hand, Panama ended the Intersessional Round of Negotiations toward a Free Trade Agreement (FTA) with Mexico, a necessary condition for its full membership. The meeting was held in Panama, January 13 -17, and included topics such as national treatment, market access, rules and procedures of origin, services, investment, and government procurement.

On the other hand, the Summit saw the signing by Costa Rica of the roadmap toward its full accession to the bloc.

Between 2002 and 2012, Costa Rica's trade (exports plus imports) with the countries of the Pacific Alliance grew a cumulative annual rate of 12.1% (c.a.), due mainly to the evolution of imports from Mexico. This growth was slightly higher than Costa Rica's total trade with the rest of the world (9.6% c.a.). At any rate, the PA is not a destination of major relevance to this country's exports, absorbing just 3.7% of the total. Its main export destinations are United States and the European Union. The PA has greater relevance as a supplier of Costa Rica, being the origin of 10.7% of imports, due mainly to purchases from Mexico.

It is important to note that Costa Rica's composition of trade with the PA is different from trade with the rest of the world (Table 1). Sales to the PA mainly include fats and oils (due mainly to palm oil sales to Mexico), while it exports food products and machinery (mainly electronic components) the rest of the world. Most of Costa Rica's imports from the PA are manufactured goods and chemicals, while, in purchases from the rest of the world, machinery and transport equipment predominate.

Table 1: Costa Rica's trade with PA

In millions of US$. Data for 2012

SITC Rev. 4	Exports		Imports	
	World	PA	World	PA
Food products	3,499	61	1,626	287
Beverages & tobacco	55	3	111	21
Nonedible raw materials	487	14	438	58
Fuels & lubricants	5	0	2,286	15
Fats & oils	231	147	48	1
Chemicals	770	26	2,560	478
Manufactured goods classified according to the material	1,102	77	2,823	504
Machinery & transport equipment	3,117	50	6,484	417
Miscellaneous manufactured articles	1,951	39	1,970	178
Other	35	0	10	0
Total	**11,251**	**417**	**18,356**	**1,961**
PA's share in total		*3.7 %*		*10.7 %*

Source: Based on data from COMTRADE.

Chile-Vietnam FTA

One of the PA's objectives is to consolidate itself as a linking platform with Asia-Pacific. It is worth highlighting in this respect the entry into force of the FTA between Chile and Vietnam. This agreement includes the entry of 73.7% of Chilean exports tariff free (notably fishmeal and medical supplies, both currently with a 5% tariff), while providing an elimination schedule for up to 15 years, covering 96% of the tariff universe, including beef, veal, and pork, dairy products, and fruit. Vietnamese goods covered by the Agreement include printers, cameras, and footwear.

Second CELAC Summit

The second Summit of Heads of State and Government of the Community of Latin American and Caribbean States (CELAC) was in Havana, Cuba, January 28. It was attended by representatives of the 33 countries of the bloc and, as special guests, the United Nations Secretary General, Ban Ki-moon, and the Organization of American States (OAS), José Miguel Insulza.
The CELAC Action Plan for 2014 was presented at the Summit. The 21 points of the Plan include issues relating to South-South cooperation, energy, infrastructure, industrial and production development, and the environment. Of particular note was the commitment to hold the first China-CELAC Forum this year, with the objective of promoting political, economic, and cultural relations between the two parties.
The Havana Declaration, signed at the end of the meeting, highlights CELAC's role as a key space for dialog and policy consultation in order to move forward in the process of regional integration and improve countries' insertion and projection in the international arena.

The CELAC was formed after an initiative by Mexican President Felipe Calderón during the Twenty-First Rio Group Summit in Mexico, February 22-23, 2010, and began operating in December 2011. The first CELAC Summit was held in Santiago de Chile, Chile, in January 2013, which was also the occasion of the CELAC-EU Business Summit attended by Inter-American Development Bank (IDB) President, Luis Alberto Moreno.

Related articles

- IDB-INTAL. "CARICOM at the CELAC Summit," in: *INTAL Monthly Newsletter No. 198*, February 2013.
- IDB-INTAL. "Physical integration: CELAC and Ibero-American Summit priorities," in: *INTAL Monthly Newsletter No. 195*, November 2012.
- IDB-INTAL. "1st Summit of the Community of Latin American and Caribbean States (CELAC)," in: *INTAL Monthly Newsletter No. 184*, December 2011.

Third negotiating round of the RCEP

The third round of the Regional Comprehensive Economic Partnership (RCEP), one of the mega-agreements under negotiation for about a year, was held January 20-25.

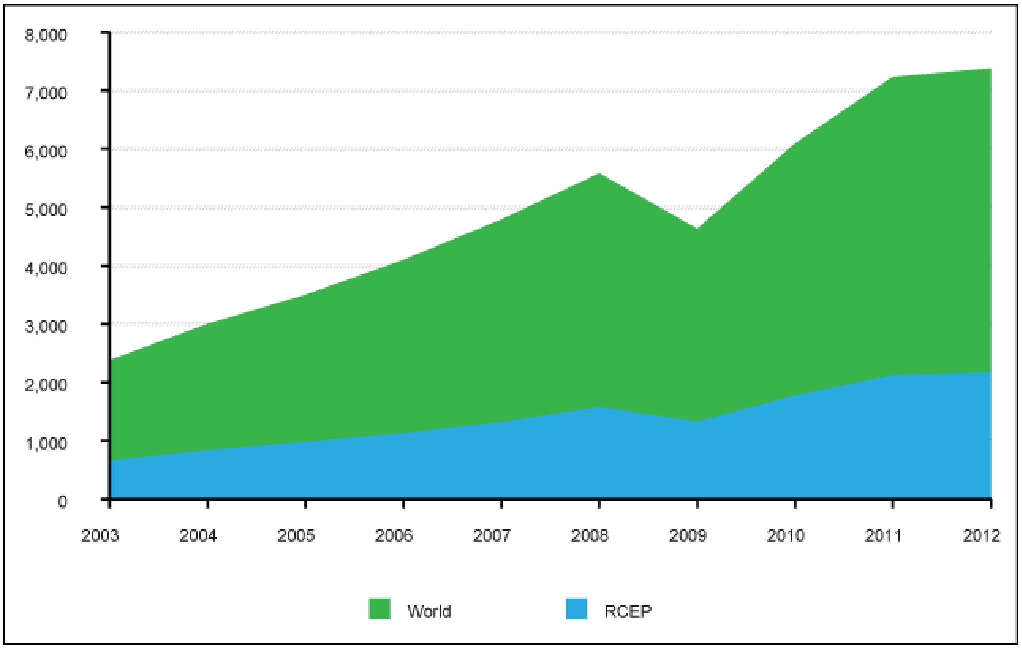
The RCEP aims to integrate current free trade agreements (FTAs) between the member countries of the Association of Southeast Asian Nations (ASEAN),[1] China, Japan, South Korea, Australia, India, and New Zealand, and to deepen cooperation and economic integration. ASEAN currently has agreements with each of the six remaining countries, among some of which FTAs are already in place or are under negotiation.

The round was held in Kuala Lumpur, Malaysia, and focused on topics such as market access for goods and services, with an emphasis on the methods of negotiating tariff reductions, nontariff measures, technical regulations, sanitary and phytosanitary measures, customs procedures, trade facilitation, and rules of origin. Also discussed were the contents of the chapter on investment. It was also decided to set up working groups for specific intellectual property rights, competition policy, technical and economic cooperation, and dispute settlement.

This group of countries represents approximately 30% of world GDP and trade, and about half of the world population. In the past ten years, trade between these economies has grown at the same rate as their exports to the rest of the world, around 14% p.a. on average (Figure 1). It should be noted that the flow of intraregional trade (among countries negotiating the RCEP) accounts for around 44% of total sales, reflecting the great importance of the future block for its members.

Figure 1: Evolution of intraregional and world RCEP exports

In billions of US$



Source: Based on data from COMTRADE.

Although the composition of exports from the RCEP countries to their partners and to the rest of the world is relatively similar, with a high content of manufactured goods, the relevance of fuels and minerals in intraregional trade should be noted, accounting for around 15% of the total (Table 1).

Table 1: Main RCEP exports to the rest of the world and participating partners

As percentage of total exports

Description	To rest of the world
Nuclear reactors and their parts; data processing equipment	5.3 %
Machinery and electrical equipment (music players, televisions, telephones, etc.)	5.0 %
Personal transport vehicles	4.2 %
Electronic integrated circuits	4.1 %
Petroleum Oils	3.0 %
Boats, ships and other similar structures	2.3 %
Vehicle parts and accessories	2.0 %
Nonspecified commodities	2.0 %
Pearls and other precious stones	1.6 %
Optical, photographic, film, etc. instruments and devices	1.3 %

Description	To RCEP
Petroleum oils	7.2 %
Electronic integrated circuits	5.6 %
Iron ore and concentrates	2.7 %
Machinery and electrical equipment (music players, televisions, telephones, etc.)	2.7 %
Coal and its derivatives	2.6 %
Crude oils	2.4 %
Nuclear reactors and their parts; data processing equipment	2.2 %
Petroleum gases	2.1 %
Vehicle parts and accessories	1.8 %
Optical, photographic, film, etc. instruments and devices	1.6 %

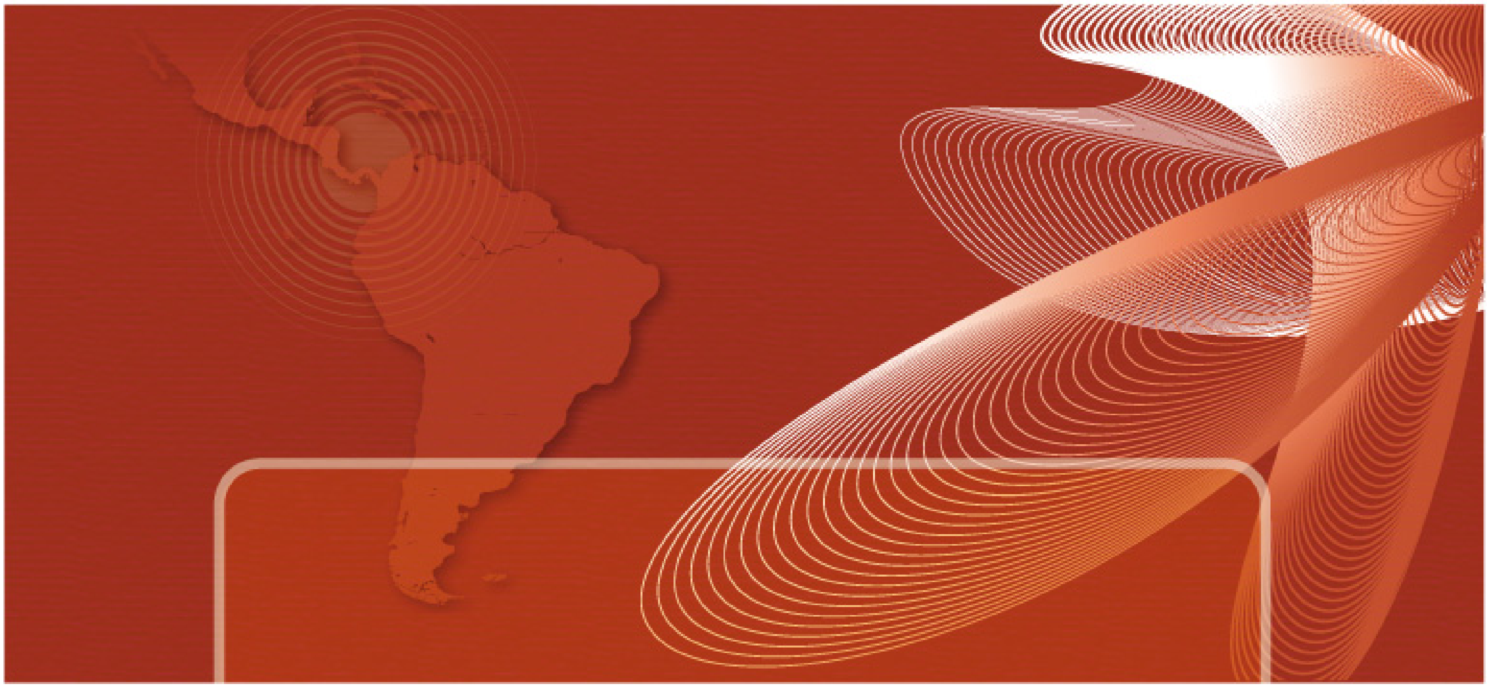
The fourth round is to be held in China in April and the negotiations are expected to be concluded by the end of 2015.

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

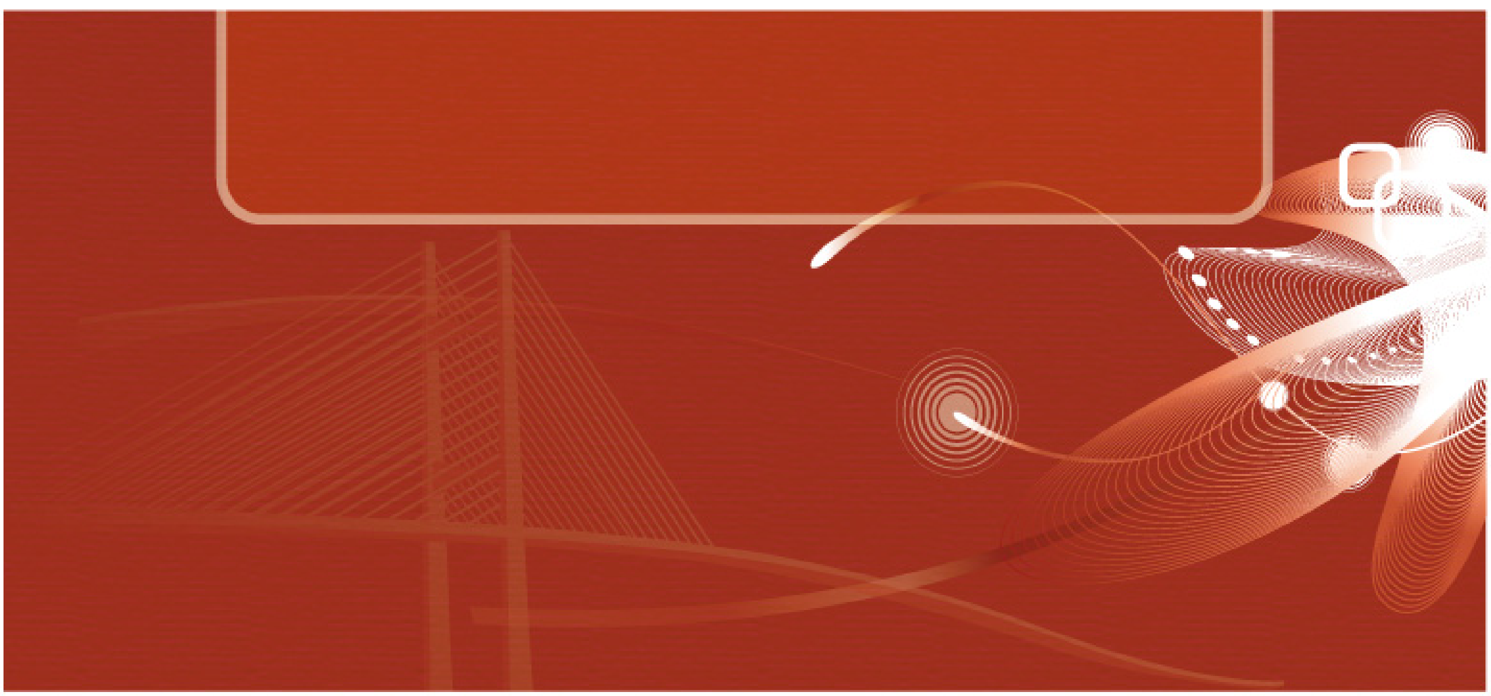
Related articles

- IDB-INTAL. "Mega-agreement negotiations: how will they influence Latin America?," in: *INTAL Monthly Newsletter No. 204*, August 2013.
- IDB-INTAL. "Negotiating scenarios in the major economies," in: *INTAL Monthly Newsletter No. 201*, May 2013.
- IDB-INTAL. "Integration scenarios in the Pacific," in: *INTAL Monthly Newsletter No. 200*, April 2013.

[1] Brunei Darussalam, Cambodia, Philippines, Indonesia, Laos, Malaysia, Myanmar, Singapore, Thailand, and Vietnam.



Integration and Trade Sector



Integration & Trade Journal N° 37 (July-December 2013)

The Internationalization of Small and Medium Enterprises in Latin America and the Caribbean

In spite of the fact that they make up more than 90% of firms and account for a substantial portion of employment in Latin American and the Caribbean (LAC), rather little is known about the role of small- and mid-size enterprises (SMEs) in these countries trade. In particular, there are a series of pending yet pivotal questions, such as: To what extent and how do SMEs contribute to their countries' exports? How internationalized are LAC SMEs compared to SMEs in other world regions? How diversified are LAC SMEs' exports across products and destinations? What are the key bottlenecks to LAC SME internationalization? This issue of the Journal intends to drive a holistic, thoughtful and targeted discussion of patterns of SME internationalization and its major bottlenecks and how they can be (or not) mitigated most effectively.

Click here to access *Integration & Trade Journal 37*.

Latest update of IJI

INTAL has updated the database (Legal Instruments of Integration (IJI) belonging to INTradeBID, with the latest trade negotiations news from November 1, 2013, to January 31, 2014.
IJI is a compilation of normative texts, comments, and follow-up on the basic legal commitments of the various integration processes of Latin America and the Caribbean. As of 2014, IJI is being updated monthly.
Major developments in the period include:

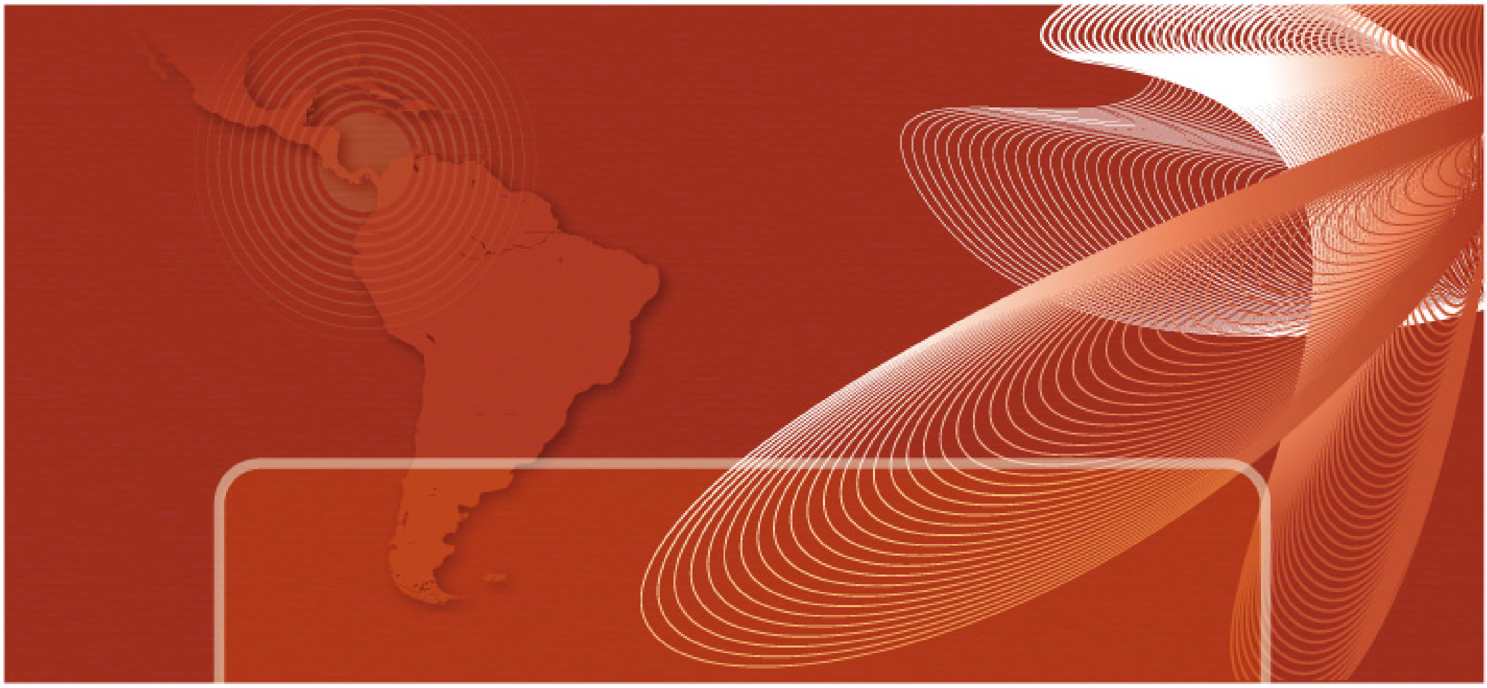
- The entry into force of the Central America-European Union (EU) Free Trade Agreement (FTA) for Guatemala, two new protocols between Cuba and Mexico, an additional protocol between Brazil and Uruguay, and the deposit of the Panama-Cuba *Partial Scope Agreement* (PSA) in the Latin American Integration Association (LAIA);
- The signing of the agreements between Honduras-Canada;
- The start of negotiations between Peru and Turkey, Ecuador and the EU and the continuation of negotiations between Mexico and Panama;
- The 2nd Summit of the Community of Latin American and Caribbean States (CELAC) in Cuba.
- The Ministerial Meeting of the *Trans-Pacific Economic Partnership Agreement (TPP)*;
- The 42nd Meeting of Heads of State and Government of the countries of the Central American Integration System (SICA);
- Paraguay's approval of Venezuela's entry to Southern Common Market (MERCOSUR); and
- The 4th Meeting of Ministers of the South American Infrastructure and Planning Council (COSIPLAN).

Regional Public Goods 2014 Call for Proposals

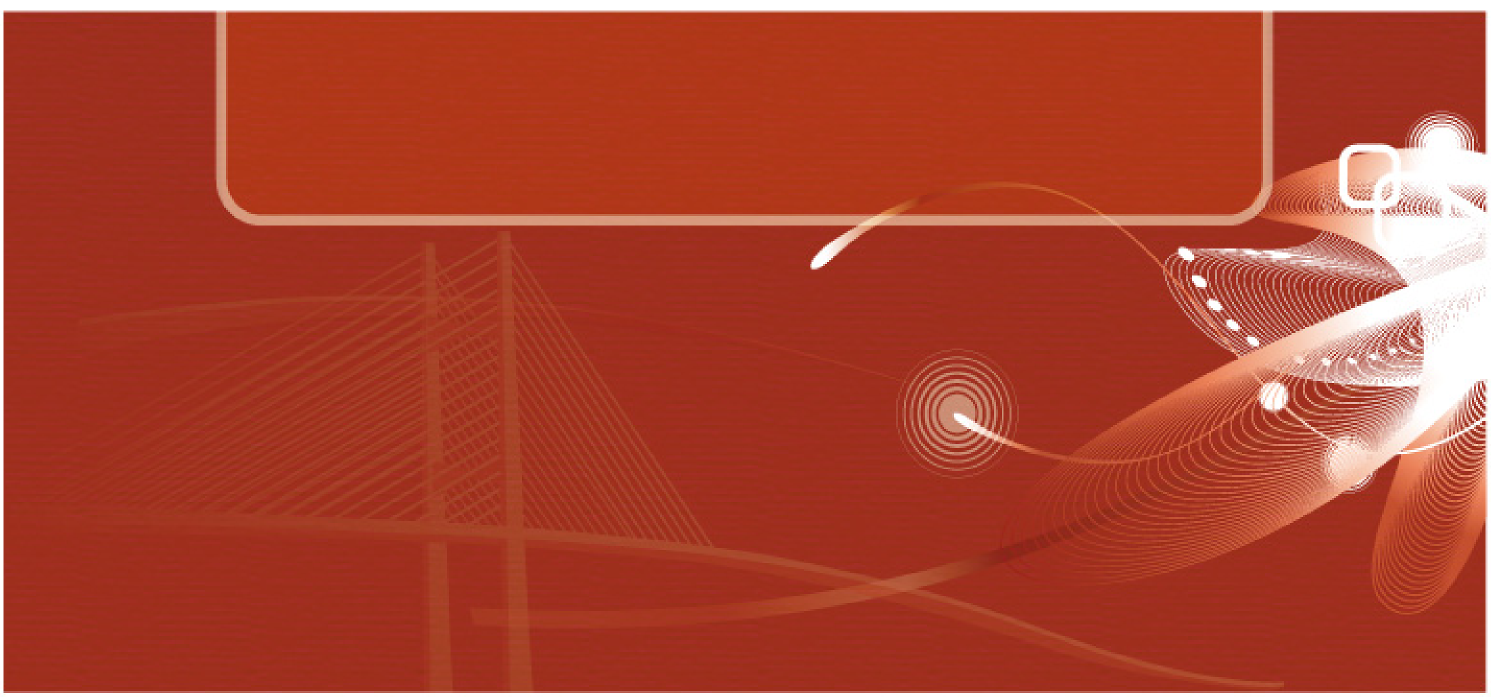
On February 24, 2014, the Inter-American Development Bank (IDB) launched the 2014 Call for Proposals (CFP) of the Initiative for the Promotion of Regional Public Goods in Latin America and the Caribbean (LAC). The Initiative provides grants to address challenges or seize opportunities for development that can be dealt with more effectively and efficiently by means of regional cooperation.

The program is the Bank's most prominent grant instrument to support South-South cooperation and the collective design of development solutions in LAC. Starting February 24th, public and private (non-for-profit) institutions from IDB borrowing member countries can register for the CFP. Proposals must be submitted online before 11:59 pm (US Eastern Standard Time) on **April 24th, 2014**.

For more information click here.



Other IDB Activities



Annual Meeting of the Boards of Governors (IDB-IIC)

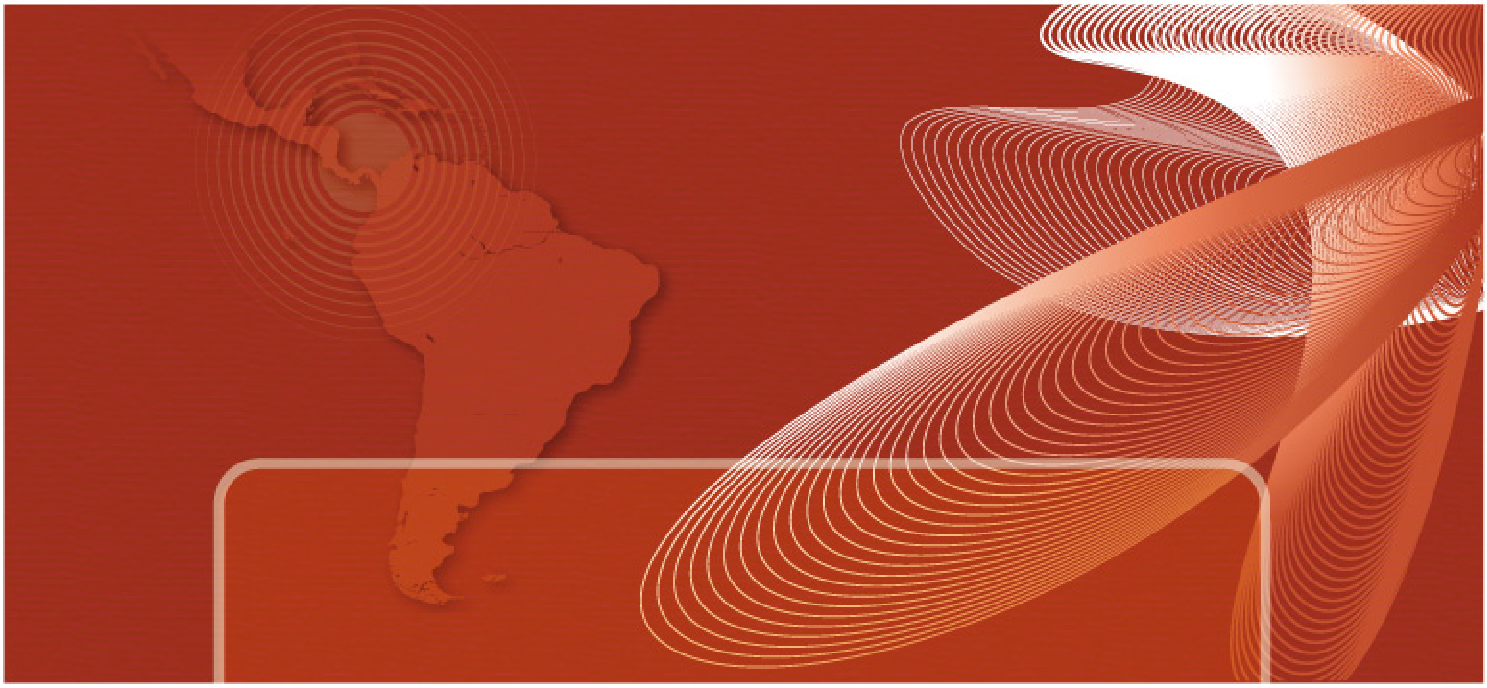
In late March or early April of each year, the Boards of Governors of the Inter-American Development Bank (IDB) and the Inter-American Investment Corporation (IIC) hold their Annual Meeting in one of the Bank's member countries. This official gathering is a forum for discussion among the institution's Governors, most of whom are Ministers of Finance, Presidents of Central Banks, or other high level authorities of the member countries. Representatives of multilateral financial institutions, development agencies, and private banks also attend. In 2014, the Annual Meeting will take place in Costa do Sauípe, Bahia, Brazil from March 27 to 30. A series of seminars on topics of interest to participants will be sponsored prior to the opening of the meeting (link).

OAS, IDB, and British Council present the study "The Economic Impact of the Creative Industries in the Americas"

The Organization of American States (OAS), the Inter-American Development Bank (IDB), and the British Council, jointly commissioned a report, a first of its kind exercise, to show the important contribution to growth, jobs, and trade in the hemisphere generated by creative and cultural activities such as the arts, design, music, and advertising, amongst others (link).

IDB stresses increased productivity as driving force behind regional growth

Loans, guarantees and grants totaled nearly $14 billion in 2013. The year now coming to a close was marked by an external context that did not encourage a strong economic performance in Latin America and the Caribbean. The high degree of volatility that rattled international financial markets and the fall in prices for basic goods took a toll on the region's GDP growth, which averaged 2.7 percent. In 2014, the growth forecast for the economies of Latin America and the Caribbean as a whole is 3.0 percent (link).



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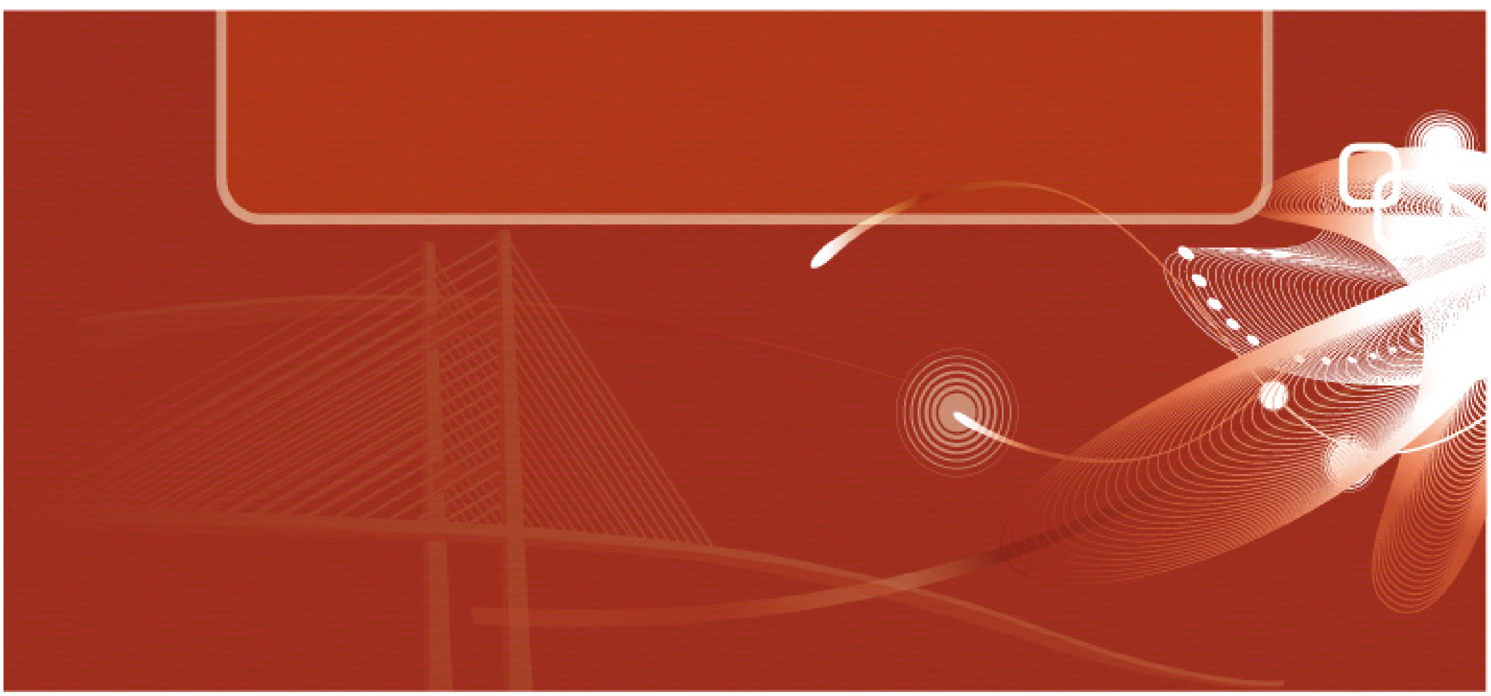

Reviews

Malamud, Andrés. Overlapping Regionalism, No Integration: Conceptual Issues and the Latin American Experiences. RSCAS Working Papers 2013/20. Fiesole: European University Institute. March 2013.

This work presents a critical view of regional integration processes in Latin America, using an institutional-based approach. In the first part, Malamud reviews certain analytical categories, which he uses in the second part to interpret Latin American experiences. He refers, among others, to the works of Haas (1971), for whom integration involves the transfer of state sovereignty and the adoption of dispute settlement mechanisms, and Schmitter (2004), who associates regional integration with the creation of common permanent institutions able to make binding decisions for all members. Malamud emphasizes the opposition between **cooperation**, which involves voluntary compliance, and **integration**, associated with a degree of sovereignty transfer. The author also points out that regional blocs may give priority to the authority of impersonal institutions ("rule oriented") or to the decisions of politicians wielding power ("power oriented").

Applying this theoretical framework to Latin America, the author argues that there are several "segmented regionalisms" with overlapping initiatives that have never converged into a single project. He also shows that each new bloc created excludes neighboring countries or intentionally differentiates itself from other subregional organizations. In this view, the Union of South American Nations (UNASUR) and the Community of Latin American and Caribbean States (CELAC) do not qualify as integration processes because of the absence of sovereignty transfer. The author characterizes UNASUR as a tool for top-level dialog and political coordination, and points out that CELAC lacks legal status, organizational structure, and institutional authority.

Malamud takes critical stock of MERCOSUR, pointing out the bloc's failure to achieve the objectives set out in its treaty: "After more than twenty years, it is neither a common market nor even a customs union." He agrees with the hypothesis of a previous work by Bouzas *et al.* (2002), whereby MERCOSUR is the result of a negotiation between Brazil and Argentina in which preferential access to the Brazilian market was granted in exchange for Argentine support for Brazil's international strategy. According to Malamud, however, this underlying formula lost momentum and the bloc acquired different meanings for each member, with divergent national strategies.

The author argues that the political decision to establish the bloc developed from the will of the political leadership and not in response to social demands or previous economic interdependence. He also shows that “inter-presidentialism” has predominated in MERCOSUR, marked by direct negotiations between presidents over crucial decisions, rather than by talks held among professional diplomats. In this vein, he points out that MERCOSUR has been oriented by the relative power exercised by the largest members, rather than by rules. It could even be argued that the bloc sometimes seems to lack steady common rules and objectives, which leads, for example, to conflicts such as those over Paraguay’s suspension or Venezuela’s accession.

Malamud’s main positive appreciation of the bloc lies in its role in transitions to democracy, strengthening domestic economic reforms and consolidating the peaceful resolution of conflicts. He also points out that, unlike other blocs such as CAN, MERCOSUR is still pursuing joint negotiations with the EU.

The author concludes that regionalism in Latin America has developed through a proliferation of segmented agreements, rather than via an inclusive broadening or spreading to most countries in the region, and by changing goals, rather than achieving them.

Malamud’s work flows from works like North (1994), emphasizing the role of institutions in economic development, an aspect that should certainly be the subject of further discussion in the regional context.

Four areas of discussion can be distinguished.

First, quoting Burges (2005), Malamud draws attention in his closing remarks to certain economic factors, such as the Latin American economies’ noncomplementarity and third market orientation, which imposed a ceiling on any potential gains from integration. He contends that an institutional arrangement is incapable of compensating for this limitation. It is striking that the author does not consider this point from the outset. In fact, weak complementarity among economies is one of the determining factors that have hampered the achievement of the ambitious objectives imposed in the Treaty that established MERCOSUR. Malamud’s verification of the weakness of this experience in the light of the theoretical framework he employs, therefore, has root causes that go beyond the scope of its construction and institutional forms. On the other hand, though the author points out that the aim of the work is not to focus on the European Union, it would seem that the categories analyzed make more sense for the EU than for other parts of the world. The degree of the European economies’ development lies behind a need—which could be termed endogenous—to move forward in integration, related to the potential for exploitation of their larger internal markets (advantages of specialization, economies of scale, and so on). This economic incentive no doubt more than justifies sovereignty transfer, the benefits of which feed back into the economic drivers of integration. In contrast, there are in Latin America fewer incentives to create such an institutional construction. Institutional partnership initiatives can only slowly contribute to changing economic conditions. The reduction of the high costs arising from the economic distances between countries, for example, requires prolonged institutional effort (which does not necessarily involve substantive sovereignty transfers) and enormous financial resources.

Second, the work does not mention the tensions that macroeconomic fluctuations have been transmitted to the performance of the integration initiatives among Latin American countries, a factor that in today’s Europe has impacted the institutional and political life of the Union.

Third, when pointing to the lack of convergence toward a single regional project, the author fails to mention that the asymmetries and heterogeneity between the Latin American countries (e.g. differences in scale, per capita GDP, or production specialization) make it hard to think of the region as a single bloc.

Fourth, certain achievements of MERCOSUR and UNASUR made possible by their institutions cannot be avoided. With limited budgets, the projects of the MERCOSUR Structural Convergence Fund (FOCEM) have made concrete progress. It is also worth recalling IIRSA's contribution to physical integration as the technical forum for UNASUR's COSIPLAN: despite occasional hitches, the project portfolio has made significant breakthroughs.

Overlapping Regionalism, No Integration: Conceptual Issues and the Latin American Experiences (link)

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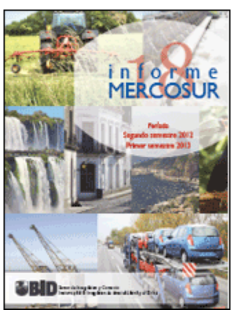
Bibliographic alert

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 Integraçao 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 Nº 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.

Nota de contenido:

Accesos al documento:

HM INTAL-ISI.MERCOSUR 18 [2013]

Documento Electrónico
texto completo. Si no pudo acceder haga click aqui

*Iniciativa para la Integración de la Infraestructura Regional Suramericana, IIRSA. (2013). API : Agenda de Proyectos Prioritarios de Integración : Informe de avance 2013. Santiago de Chile: IIRSA.

Autor inst.: Iniciativa para la Integración de la Infraestructura Regional Suramericana, IIRSA
Título:API : Agenda de Proyectos Prioritarios de Integración : Informe de avance 2013
Edición: Santiago de Chile: IIRSA, 29 de noviembre de 2013 [264 p.]
Temas:<INICIATIVA PARA LA INTEGRACION DE LA INFRAESTRUCTURA REGIONAL SURAMERICANA, IIRSA><UNION DE NACIONES SURAMERICANAS, UNASUR><PROYECTOS DE INTEGRACION><INFRAESTRUCTURA><INTEGRACION FISICA>

Resumen: Este Tercer Informe de la Agenda de Proyectos Prioritarios de Integración (API) previsto en el Plan de Trabajo COSIPLAN-IIRSA 2013, destinado a la consideración del Consejo de Infraestructura y Planeamiento de la UNASUR y al público en general, persigue un doble objetivo. Por un lado, reseña el progreso durante el presente año en materia de desarrollos metodológicos y de herramientas de tecnología de la información para registrar y analizar el estado de los proyectos de la API y, por otro lado, presenta un balance general del avance de estos proyectos. Se ofrece así un detalle del estado de situación actual de los proyectos y se analiza su fundamento y potencial para generar sinergias transfronterizas que promuevan el desarrollo social y económico sustentable a partir de la construcción de redes estratégicas de infraestructura.

Nota de contenido:
Parte I

Accesos al documento:624.1 / IIRSA-API / 2013

Documento Electrónico

texto completo. Si no pudo acceder haga click aqui

*Inter-American Development Bank, IDB; Institute for the Integration of Latin America and the Caribbean, INTAL. (2013). Taller Regional sobre Metodologías de Registro Estadístico de los Flujos de Comercio en Países Centroamericanos y México [San José de Costa Rica, 19 al 21 de noviembre de 2013]. Buenos Aires: BID-INTAL.

Título: Documentos.
Reunión: Taller Regional sobre Metodologías de Registro Estadístico de los Flujos de Comercio en Países Centroamericanos y México [19 al 21 de noviembre de 2013 :San José de Costa Rica]
Organizadores: Inter-American Development Bank, IDB; Institute for the Integration of Latin America and the Caribbean, INTAL
Edición: Buenos Aires: BID-INTAL, noviembre de 2013 [p.v.]
Temas:<INTEGRACION REGIONAL><EXPORTACIONES><DATA INTAL><COMERCIO INTERNACIONAL><ESTADISTICAS>
Geográficos:<AMERICA LATINA><CARIBE>

Resumen: Este Taller se enmarca dentro de las actividades de cooperación técnica, gestión de conocimiento y permanente actualización del Sistema de Información sobre Integración y Comercio (INTradeBID) y, particularmente, de uno de sus componentes clave, la base de datos sobre comercio exterior del BID, (DataINTAL) que reúne y brinda información actualizada sobre flujos de comercio de los países de América Latina y el Caribe con series que se remontan a 1992.

Nota de contenido:
· Lista de participantes
· Agenda
· Presentacion BID-INT-INTrade / Harris, Jeremy
· Presentacion BID-INTAL : DataINTAL / Mazzella, Federico
· Presentación BIN INTAL: Procesamiento de datos en DataINTAL / Ianuzzi, Patricia
· Presentación Nicaragua D.G.A / Rios, Ernesto
· Honduras Instituto Nacional de Estadistica / Hernandez, Franklin
· Procedimientos de compilación, difusión, verificación y validación de la información de Comercio Exterior, Guatemala / Herrera, Magda
· Avances y Estado Actual del Proyecto Regional de Armonización de las Estadísticas del Sector Externo (PRAESE): Comercio de Bienes / Soto Crovetto, Consuelo

· Territorio Económico, Territorio Estadístico, Territorio Aduanero y Sistema Comercial, Panamá / Carrasco, Liridma
· De niciones territoriales y sistema comercial Manual de Estad sticas de Comercio Internacional de Mercanc as, Divisi on de Estad stica de Naciones Unidas
· Arreglos institucionales, experiencia de méxico en la generación de la balanza comercial de mercancías, INEGI
· Fortalecimiento de los Sistemas Estadísticos Nacionales de América Latina y el Caribe / Perfit, Janine
· Metodología utilizada en la elaboración de Estadisticas de Comercio, Guatemala / Rosales, Javier
· Sistemas de recopilación, Procesamiento y difusión de información, Actores intervinientes y arreglos institucionales / Giovanni, Mario
· Comercio Exterior de Mercancías entre El Salvador y el Resto del Mundo / Campos, Claudia
· Difusión de Información SICCEWEB / Umaña, Ana
· Difusión de Información SICCEWEB: Procedimiento de Comercio Exterior / Umaña, Ana
· Sistemas de Consulta WEB de Comercio Exterior del INEC, SICCE
· Evolucion y calidad de datos y metadatos / Rosa, Geraldo
· Regimenes especiales de Comercio / Morales, Dalys
· Comercio Exterior de Mercancías entre El Salvador y el Resto del Mundo, El Salvador
· Regímenes especiales de comercio exterior, BCH / Martinez, Helene
· Evolución de los REC y su registro estadístico, Nicaragua / Velazquez, Isabel
· Primer Censo Economico para el sector de zonas Francas, Costa Rica, BCRD
· Recopilación de estadísticas de comercio exterior / Medaglia, Cindy
· Procedimientos aduaneros Manual de Estad sticas de Comercio Internacional de Mercanc as

Accesos al documento:

HS FOROS-INTAL 20131119
Documento Electrónico;

texto completo.

*Energía : Una visión sobre los retos y oportunidades en América Latina y el Caribe : Integración energética. (2013). Caracas: CAF.

Título: Energía : Una visión sobre los retos y oportunidades en América Latina y el Caribe : Integración energética
Edición: Caracas: CAF, 2013 [294 p.]
Serie: Informe Sectorial energético : Hacia una nueva agenda Energética para la región; [4]
Temas:<GAS><ENERGIA><INTEGRACION ENERGETICA><UNION DE NACIONES SURAMERICANAS, UNASUR><MERCADO COMUN DEL SUR, MERCOSUR><SISTEMA DE INTERCONEXION ELECTRICA PARA LOS PAISES DE AMERICA CENTRAL, SIEPAC>
Geográficos:<AMERICA DEL SUR><REGION ANDINA>

Resumen: Diferentes estudios realizados y el desarrollo de las tareas precedentes, indican que las magnitudes y estructuras de las ofertas y demandas energéticas de la región, presentan importantes complementariedades estratégicas, en especial en algunas subregiones. CIER (01, 02, CIER 15, y otros), CAF, OLADE, CEPAL, y otras instituciones han estudiado profundamente estas oportunidades. Los estudios que CIER, lleva adelante hace casi cinco décadas, han indicado que la integración de sistemas eléctricos, puede generar importantes beneficios para los países intervinientes. La complementariedad hidroeléctrica entre países con características y cuencas hidrográficas distintas, o el apoyo hidro-térmico entre sistemas nacionales (disminuyendo riesgos hidrológicos, o el aprovechamiento de la diversidad de disponibilidades y costos de combustibles), o la utilización de potenciales diferencias de diversidad horaria en las demandas, así como la complementación estacional, son algunos de los beneficios que permiten justificar las interconexiones.

Nota de contenido:

Accesos al documento:HM CAF-INFO.ENER.SECT [4] [2013]

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Links to original information sources in this issue:

- Declaración de Cartagena. 8° Cumbre de la Alianza del Pacífico. [8-10 de Febrero de 2014]. Cartagena de Indias: Alianza del Pacífico. Link.
- Declaración de La Habana. 2° Cumbre de la CELAC [27-29 de Enero de 2014]. La Habana: CELAC. Link.
- Declaración del Consejo Empresarial de la Alianza del Pacífico. 8° Cumbre de la Alianza del Pacífico. [8-10 de Febrero de 2014]. Cartagena de Indias: Alianza del Pacífico. Link.
- Declaración Especial sobre el Establecimiento del Foro CHINA-CELAC. 2° Cumbre de la CELAC [27-29 de Enero de 2014]. La Habana: CELAC. Link.
- Media Release : 3rd Meeting of the RCEP Trade Negotiation Committee. (2014, 20-24 January). Kuala Lumpur: RCEP. Link.
- Plan de acción. 2° Cumbre de la CELAC. [27-29 de Enero de 2014]. La Habana: CELAC. Link.
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- Resolución 1647. [4 de febrero de 2014]. Lima: CAN. Link.

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