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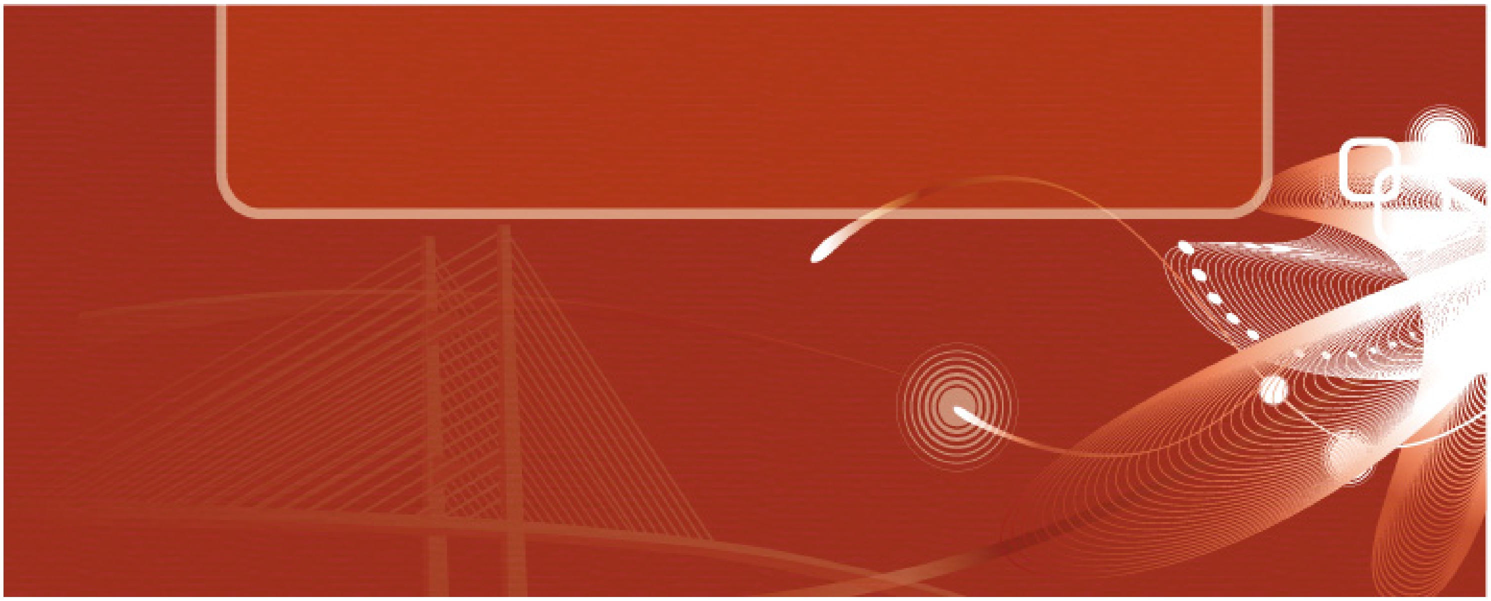
Table of contents

Analysis Column



Border integration and facilitation in South America

The interest in moving forward the various dimensions of integration, including intraregional trade flows in South America, means borders must take on a new role.[1] Border cooperation and integration are strategies of countries aiming at integral sustainable development of territories, as well as the dynamic incorporation of border spaces in development, bilateral cooperation, and economic and social integration processes.

In the search for solutions to facilitate cross-border flows of people and goods, the region's countries have opted to refine the model of border control by moving toward border facilitation and, more recently, toward coordinated border management (CBM).

Against this background, the South American Infrastructure and Planning Council (COSIPLAN) of the Union of South American Nations (UNASUR), incorporated in its 2014 Work Plan a meeting of the Executive Technical Group (GTE) Meeting on Cross-Border Integration and Facilitation in Buenos Aires, Argentina, October 16-17. The purpose of the activity was to exchange experiences, and to share the developments and initiatives that the UNASUR countries have carried out on the integration of common border territories, as well as identifying joint lines of work in the sphere of COSIPLAN aimed at deepening the process of indicative territorial planning, with a focus on border areas.

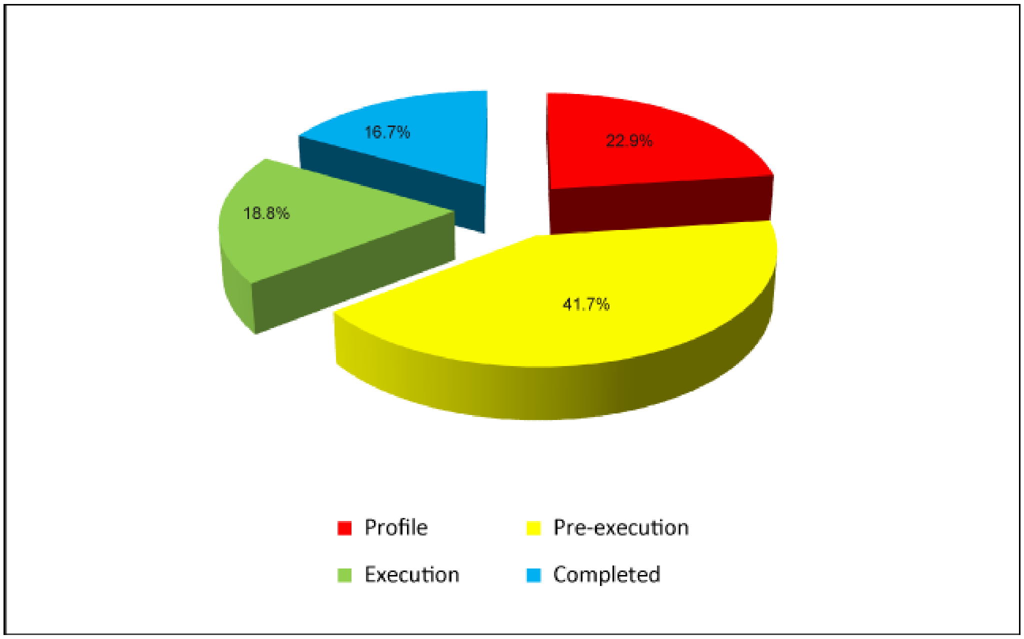
Border issues on the COSIPLAN physical integration agenda

During the first ten years' of the Initiative for the Integration of Regional Infrastructure in South America (IIRSA)[2] (2000-2010), the actions carried out were intended to make borders into channels for integration. This work came under one of the IIRSA pillars of action, still in force today: the Sectoral Integration Processes (PSIs). PSIs are designed to identify the regulatory and institutional obstacles in the way of the development and smooth running of infrastructure in the region. On that basis, actions are proposed to overcome these obstacles, linked to the harmonization of regulatory frameworks. "Border Crossing Facilitation" was one of the seven PSIs identified by IIRSA. In this framework, an extensive study was conducted, funded and technically supported by IIRSA's Technical Coordination Committee (CST),[3] that has helped to determine the typology of border crossings, as well as the activities needed to improve their operation and expand the provision of services.[4]

The objective of facilitating and modernizing the region's border crossings has gained fresh momentum with the creation of UNASUR in 2008 and the COSIPLAN[5] in 2010. The Strategic Action Plan (PAE) 2012-2022 and the Integration Priority Project Agenda (API) are the two instruments that structure the COSIPLAN's work, incorporating the facilitation and optimization of border crossings as one of their priorities. In October 2014, 48 of the 579 projects in COSIPLAN's Portfolio involved interventions in border crossings and border areas (8.3% of total projects, with an estimated investment of US$879 million). Of these 48 projects, 14 belong to the API: an estimated US$553 million.

Figure 1: COSIPLAN Portfolio border crossings projects by stages in lifecycle

Share of total 48 projects



Source: COSIPLAN Project Information System, November 2014.

At the [Fourth Ministerial Meeting of the COSIPLAN (2013)], Argentina and Chile were designated as the coordinators of the Border Integration and Facilitation GTE. In this context, progress has been made in the concept of the border not as a place of transit, but as a space for integration and development, with responsibility for planning its territory, designing its infrastructure, and promoting its execution to mesh with development and integration. From this perspective, the approach of the work in COSIPLAN-IIRSA extends outwards to "border integration and facilitation," in search of lines of action to consolidate border development projects, and social, political, and economic integration processes in border regions.

The conceptual approach of the COSIPLAN's action

Border integration involves the relations of neighboring areas of countries with common borders, involving everything from the spontaneous and informal, to relations grounded in legal and institutional frameworks (Arciniegas Serna, 2014). In this approach, borders are not just lines to cross, but spaces for integration, where inhabitants with common characteristics and feelings of belonging make up a territorial unit with functional traits of its own, regardless of nationality.[6]

A problem common to borders is that they are seen as marginal and peripheral spaces, with low priority in national policy-making.[7] The approaches of national administrations tend to restrict the performance of local governments in their relations with their counterparts in neighboring countries. It is therefore necessary to ensure the strengthening of local administrations, which have the greatest knowledge for working together to improve living conditions among border populations (Arciniegas Serna, H. 2014). Border commissions or committees play a fundamental role here, but their results are often tardy, due to the wide diversity of topics up for discussion.[8]

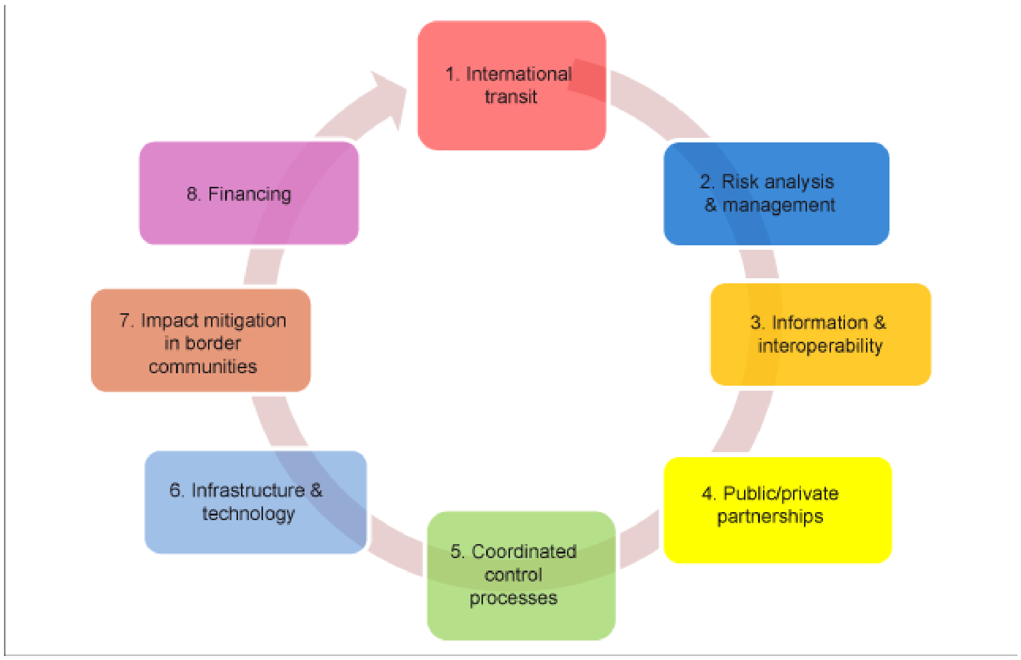
A relevant experience in this respect is the planning of binational border integration by Colombia and Ecuador in response to the challenges of the Border Integration Zone (BIZ). Based on binational policies, the two countries set 15 joint goals and indicators to be achieved by 2017, comparing topics of health, education, poverty, employment, security, connectivity, etc. with the baseline. This binational plan includes public investment with resources from both countries, with the aim of achieving economies of scale.[9]

Border facilitation involves the double challenge of security and facilitation (Márquez Farina & Martincus Volpe, 2014). On the one hand, effective control is needed to prevent illicit activities (drug trafficking, smuggling, etc.). Trade facilitation can, on the other hand, contribute to the reduction of international trade costs and delays, improving countries' competitiveness and promoting exports. This issue is particularly relevant in the framework of the Trade Facilitation Agreement (TFA) of the World Trade Organization (WTO), reached in the Bali Package in December 2013.

In this context, coordinated border management (CBM) involves a coordinated approach among international and national public institutions in order to achieve greater efficiency in the movement of goods and people, thus ensuring compliance with the control objectives.

The implementation of CBM requires political will and support, as well as technical and financial resources, summarized in Figure 2.[10]

Figure 2: Elements of the Coordinated Border Management (CBM)



Source: Presentation by Manuel Márquez Farina at the GTE Meeting on Border Facilitation and Integration.

These aspects include, on the one hand, risk analysis and management, focusing on suspicious cargo and freeing up low-risk cargo faster. On the other hand, the need to share quality information among the various agencies, as well as their interoperability, as through one-stop shops, for example. It is also important to involve the private sector through partnerships, such as the Authorized Economic Operator (AEO) programs for compliance with preestablished standards. In addition, coordination of national and binational agencies can help to avoid duplication of controls, which in turn requires infrastructure, equipment, and technologies suitable for control tasks (including information and communication technologies). A relevant topic from the social development perspective is that the efficiency gained from CBM requires alternatives for cross border communities dependent on informal activities for their livelihood.

Fresh impetus for territorial planning in border regions

At the Buenos Aires meeting, the countries agreed to incorporate border integration in COSIPLAN's indicative territorial planning, and the subject has been included in the update of the Council's project portfolio. To do this, it is necessary to make progress on various fronts: deepening the analysis and better understanding the state of borders; agreeing on the dimensions to be studied,

considering the competencies of the COSIPLAN; defining the extent of the border territories involved; and applying the planning methodologies developed by COSIPLAN.[11]
In addition, it was agreed to discuss the proposal to apply management standards and indicators to gain a regional view of South American border crossings, and so contribute to the facilitation process. These are minimum requirements or optimal reference levels that take in infrastructure. Countries will also evaluate the experience of Border Observatories applied between Argentina and Uruguay, with a view to extending them to the member countries of UNASUR.
The actions agreed by the countries in this respect will be part of the COSIPLAN-IIRSA Work Plan 2015, to be approved by Ministers at the Fifth Ordinary Meeting of the COSIPLAN Ministers and will be held in Montevideo, Uruguay, December 4, 2014.

The role of multilateral organizations

The institutions of IIRSA's CCT—the Inter-American Development Bank (IDB), Development Bank of Latin America (CAF), and Financial Fund for the Development of the River Plate Basin (FONPLATA) —accompany the work of countries and pairs of countries in specific interventions at border crossings (Table 1) and border integration programs (Table 2).[12]

Table 1: CCT support for border crossing projects, 2011-2013

1. Optimization of the Christ the Redeemer Border Crossing (IDB)
2. Ecuador-Peru River Border Crossings (IDB)
3. Cucuta-San Antonio-Ureña: Studies for the border crossing of Villa Silvania (Colombia)-Tienditas (Venezuela) Bridge (CAF)
4. Colombia-Ecuador Border Crossing Facilitation (CAF)
5. Bolivia Border Crossings (CAF)
6. Chile-Bolivia Border Crossings (CAF)

Source: Presentation by Gustavo Béliz at the GTE meeting on Integration and Border Facilitation.

Table 2: CCT support for border integration projects, 2011-2013

1. Argentina-Chile Connectivity (IDB)
2. Binational Study of Navigability of Napo River (Peru-Ecuador) (IDB)
3. Binational Study of Navigability of Morona River (Peru-Ecuador) (IDB)
4. Multinational Study of Navigability of Putumayo River (Peru-Colombia-Ecuador-Brazil) (IDB)
5. Diagnostic study on the Peruvian Border Crossing System (IDB)
6. Border Crossings in Peru (Desaguadero, Iñapari-Santa Rosa) (IDB)
7. Colombia-Ecuador Border Crossings (IDB)
8. Colombia-Peru Border Development Plan (CAF)
9. Argentina-Bolivia Border Development Plan (CAF)
10. Investment Program to Improve the Territorial Integration of Argentina and Uruguay (CAF)
11. Development and integration strategy for southern sector of Brazil-Peru border integration zone (BIZ) 2013-2022 and BIZ Operational Plan 2013-2014 (CAF)
12. Clorinda-Asunción Metropolitan Area Node (FONPLATA)
13. Ñeembucú-Bermejo River Node (FONPLATA)

Source: Presentation of Gustavo Béliz in the EWG meeting facilitation of Integration and Border.

At the meeting in Buenos Aires, IDB set out the benefits of applying CBM in order to improve efficiency, and of its joint implementation on all borders (land, sea/lake, air, rail, or internal) and at all levels (national, regional, and binational).[13] As a strategy for implementing CBM projects, the Bank relies on the administrative and technical structures created in the framework of regional initiatives and agreements, such as the Mesoamerica Project (PM), IIRSA and the COSIPLAN, and the Association of Caribbean States (ACS). IDB also uses its ability to exchange information with other financial institutions and donors to work together to identify financing needs in this area in conjunction with countries.

The Bank supports the Latin American and Caribbean countries in the total or partial implementation of CBM components through investment operations and technical assistance with non-reimbursable resources. IDB currently has a portfolio of 21 operations for a value of US$694 million and involving 14 countries in the region, as well as non-reimbursable resources of over US$15 million.

CAF, for its part, set out its initiatives in the region, while stressing that a strategic vision of the border is needed to achieve tangible progress in border development.[14] CAF has a Border Cooperation and Integration Fund (COPIF) with technical cooperation resources exclusively for support to border development, with three types of action: (i) initiatives that promote the adoption of a medium- and long-term strategic vision in order to reinforce integration objectives and sustainable human development in the region; (ii) sectoral projects within the framework of binational dynamics and Neighborhood Commissions; and (iii) initiatives in the framework of regional integration processes: principally UNASUR, CAN, MERCOSUR, the Mesoamerica Project, the Ibero-American Community, the Community of Latin American and Caribbean States (CELAC), the Latin American and Caribbean Economic System (SELA), and the Latin American Energy Organization (OLADE). Between 2008 and 2014, COPIF provided US$7.4 million in resources for 57 regional operations.

IDB-INTAL's contribution

Over its almost half century of work toward the integration of Latin America and the Caribbean, INTAL has carried out research, produced articles, and conducted studies relating to border crossings and border integration in Latin America and the Caribbean.
Its most recent contribution in this area is *Integration and Trade Journal No. 38* for the first semester of 2014. The publication is devoted to discussing the challenges and opportunities imposed by borders in relation to security and facilitation.
In its role as the Secretariat of COSIPLAN-IIRSA's Technical Coordination Committee, INTAL has, over the past 14 years, been actively involved as facilitator of actions undertaken for border integration and facilitation at the regional level. INTAL's commitment has enabled the development and dissemination of studies, the identification of lines of action, and the holding of many meetings and workshops, contributing to the building of a shared vision of the borders between the countries of South America.

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Márquez Fariña, M. & Volpe Martincus, C. 2014. "The double challenge of borders: security and facilitation," in: *Integration & Trade Journal No. 38.* Buenos Aires: IDB-INTAL.

[1] This article was written by Alejandra Radl, Rosario Campos, and Ignacio Estévez.
[2] The COSIPLAN includes the IIRSA as its technical infrastructure forum: www.iirsa.org.
[3] The IIRSA's Technical Coordination Committee is formed by IDB, Development Bank of Latin America (CAF), and Financial Fund for the Development of the River Plate Basin (FONPLATA). The IIRSA Secretariat is a permanent feature of IDB-INTAL.
[4] The study called "Transport Facilitation at South American Border Crossings" was conducted in two parts: (i) a diagnosis of the border crossings of the development and integration hubs (covering 11 border crossings), on the basis of which the ideal crossing and its components were defined, and an Action Plan was put forward (the study was carried out between 2002 and 2004); and (ii) a diagnosis of the following border crossings: Cristo Redentor Complex (Argentina-Chile), Fray Bentos-Port Unzué (Uruguay-Argentina), Ciudad del Este-Foz do Iguaçu (Paraguay-Brasil), Cúcuta-San Antonio/Ureña (Colombia-Venezuela), and Desaguadero (Bolivia-Peru), identifying the interventions required by each crossing to improve operations (the study was carried out between 2005 and 2009).
[5] The COSIPLAN is the body of UNASUR (Union of South American Nations) for political and strategic discussion, with the aim of implementing regional infrastructure integration in the countries of South America. More information about COSIPLAN at: www.iirsa.org/cosiplan.asp.
[6] See presentation by Meza Monge, Nilo: "Regional Border Spaces: Integration Platforms."
[7] See presentation by Bastos Peixoto, Alexandre: "The Brazilian Experience: The Border Strip."
[8] See presentation by González, Sebastián: "Cross-Border Integration and Cooperation: A Subregional Perspective."
[9] See presentation by Vázquez, Santiago: "The experience of Binational Planning: the case of Colombia-Ecuador."
[10] See presentation by Márquez Farina, Manuel: "The Importance and Challenges of Coordinated Border Management."
[11] Territorial Integration Programs (PTIs), the Methodology for Strategic Environmental and Social Evaluation (EASE), the Methodology for Productive Integration and Promotion of the Development of Value Added Logistics Services (IPrLg), and the Methodology for Incorporating Disaster Risk Management (DRM) into COSIPLAN-IIRSA's Regional Integration Infrastructure Projects. Link to Planning Tools and Methodologies.
[12] See presentation by Gustavo Béliz: "Experience in Border Facilitation in IIRSA and COSIPLAN."
[13] See presentation by Marquez Farina, Manuel. "The Importance and Challenges of Coordinated Border Management."
[14] See presentation by Rodríguez, Juan Pablo. "CAF's Stocks and Shares in Border Integration."

Trade and environment: Key issues for agriculture

The Regional Workshop on Trade and Environment for Latin American countries was held in San Jose, Costa Rica, September 22-25.[1] It was organized by the Inter-American Development Bank (IDB) through its Integration and Trade Sector (INT) and its Institute for the Integration of Latin America and the Caribbean (INTAL), as well as by the World Trade Organization (WTO), and the Inter-American Institute for Cooperation on Agriculture (IICA). The activity offered participants knowledge and skills to facilitate understanding of the major policy issues surrounding the interaction between trade and the environment, as well as of WTO provisions relevant to the environment.[2]

The workshop addressed the main conceptual aspects of climate change, and its impact on Latin America's trade and productivity. Given the importance of agriculture to the region and to Central America in particular, the discussion focused on the challenges posed to this sector by climate change, and on the windows of opportunity that the countries could exploit by developing environmentally friendly products.

Below are some of the highlights of the course, including the talking points surrounding the policies implemented by the host country, Costa Rica.

The impacts of climate change in Latin America

While climate change is a global phenomenon, it has certain specific features in Latin America, where geographic and climatic conditions, and vulnerability to extreme effects magnify its impact. According to a recent IDB study,[3] global warming has an effect on 0.5% and 2.5% of GDP in the region, and physical impacts such as flooding in coastal cities, heightened risks to food production, drought, flooding, more frequent hurricanes, and the irreversible loss of biodiversity, including coral reef systems.

The urgency to act on climate change stems from the need to prevent global warming of the atmosphere exceeding 2°C by 2050 over pre-industrial levels. However, IDB estimates[4] suggest that, were the course of "business as usual" (i.e. inaction) to be taken, a 4°C increase would be reached by this date, with critical impacts on the earth system.

In response to this, countries have to consider how to grow on a low-carbon path, while achieving resilience to the effects of climate change without losing competitiveness. In this regard, the Report headed by Felipe Calderón, *Better Growth, Better Climate*, concludes that the next 15 years will be critical when it comes countries setting the course toward a low-carbon global economy. The work estimates that close to US$90 trillion will be invested in three strategic sectors: infrastructure related to urban models, land use, and energy systems (around US$6 trillion per year). The Report suggests that a low-carbon growth model is cost effective because it reduces the costs of dealing with the negative impacts of climate change, while at the same time generating better quality of life. This requires a multidimensional approach and a strong political commitment to promote sustainable, climate-friendly development where the processes of economic growth and social development are uncoupled from the growth of greenhouse gas emissions (GHG). In order to

meet the challenge of incorporating the climate agenda in all sectors institutional coordination, development planning, and political commitment are needed. In this sense, climate change is a discussion of a development model; it is no longer an issue of the environmental agenda.

Climate change and agriculture

Agriculture is of special importance in Latin America, and particularly in Central America, as a major source of income and a key to food security. In terms of the impacts of climate change, the sector is already suffering the consequences of higher temperatures, altered rainfall patterns, and more frequent and severe extreme weather events. This requires the region's countries to adapt agriculture to climate change and to prepare to mitigate its effects. To this end, in 2010, the Regional Strategy on Climate Change was approved within the framework of the Central American Integration System (SICA) to provide a guide for countries to strengthen their efforts toward environmentally sustainable regional integration. As the IICA's Kathia Fajardo points out,[5] the agricultural sector faces four major challenges: (i) producing more food of higher quality using less water per unit of production, and all at affordable prices; (ii) to provide the rural population with resources and opportunities to lead healthy and productive lives, while applying clean technologies to ensure environmental sustainability; (iii) to contribute productively to the local, national, and regional economy; and (iv) to produce more food to ensure the countries' food security, since, according to estimates, there will be a global need for 50% more food by 2050 than at present.[6]

The case of Costa Rica

For over two decades, Costa Rica has been firmly committed to the fight against climate change and has been integrating the climate agenda to its public policies. In 2007, it announced its intention to become carbon neutral by 2021 and, since then, has been creating suitable legal instruments and an institutional framework for supporting environmental policies. In 2010, it established the National Climate Change Strategy (ENCC) in order to "reduce the social, environmental, and economic impacts of climate change, and to take advantage of opportunities." By promoting sustainable development through economic growth, social progress, and environmental protection by means of mitigation initiatives and adaptation actions the country is seeking to improve quality of life for its inhabitants and ecosystems. An Action Plan has been drawn up to channel the strategy. Based on a multisectoral strategic planning process it establishes priority activities and sectors, including energy, transportation, and agriculture for mitigation activities, and water and agricultural resources for adaptation.

Table 1: Environmental aspects of Costa Rica

Costa Rica	
Total Area	51,100km2
Population	4,755,234 (2014 est.)
GDP	US$49.62 billion (2013 est.)
Per capita GDP	US$9,550 (2013 est.)

Environmental Aspects	
Biodiversity	-High wealth: close to 5% of world's biodiversity. -26.21 per cent of territory under environmental protection.
Land management	-More than 50% of territory forested. -Only country to have successfully reversed deforestation.
Electrical generation	-More than 90% of electrical energy produced with renewable sources. -Fuel consumption exceeds 50,000 barrels per day.

Source: IICA and World Bank.

The agricultural sector is specifically responsible for 37% of greenhouse gas (GHG) emissions in the country. The sector also has to deal with more frequent and intense droughts and flooding. The Sectoral Agricultural Policy seeks to achieve a more sustainable agricultural system. Similarly, to move toward the goal of carbon neutrality, in 2011, it set the INTE 12-01-06 standard, which is a national standard establishing a management system to demonstrate C-neutrality[7] and can be applied to companies seeking to improve competitiveness through their commitment to environmental performance by reducing their greenhouse gas emissions (GHG).

Coffee and rice companies in the country currently implement this system. They include the world's first carbon-neutral coffee export company, COOPEDOTA: a cooperative of 800 producers that established a series of mitigation measures, including: educating producers in the more efficient use of fertilizers; introducing 100% recyclable coffee packaging; improving energy efficiency; and reducing water use in production processes. As reflected in the following video presentation by Tania López, the agricultural sector has the opportunity to take steps to reduce its carbon footprint and boost its competitiveness.

Box 1: Regional Public Good

“Greenhouse Gas (GHG) Inventory for Exporting Companies in Central America”
IDB is currently supporting a Regional Public Good (RPG) project called “Greenhouse Gas (GHG) Inventory for Exporting Companies in Central America,” with the objective of aligning countries in the region to promote exports of different sectors with a low or neutral carbon footprint. The project involves the export promotion agencies of Costa Rica, Guatemala, Nicaragua, and Dominican Republic. The project specifically expects: 1) To produce a benchmark regional regulatory framework recognized by the various different markets; 2) To define precise GHG emissions factors for certain export sectors; 3) To develop training and outreach programs on technical rules, aimed at regional export promotion organizations and companies; and 4) To accompany a limited number of exporting SMEs in carrying out GHG inventories, cutting emissions, and, where feasible, even certifying carbon neutrality, with a view to documenting and sharing these experiences at the regional level. For more information, click here.

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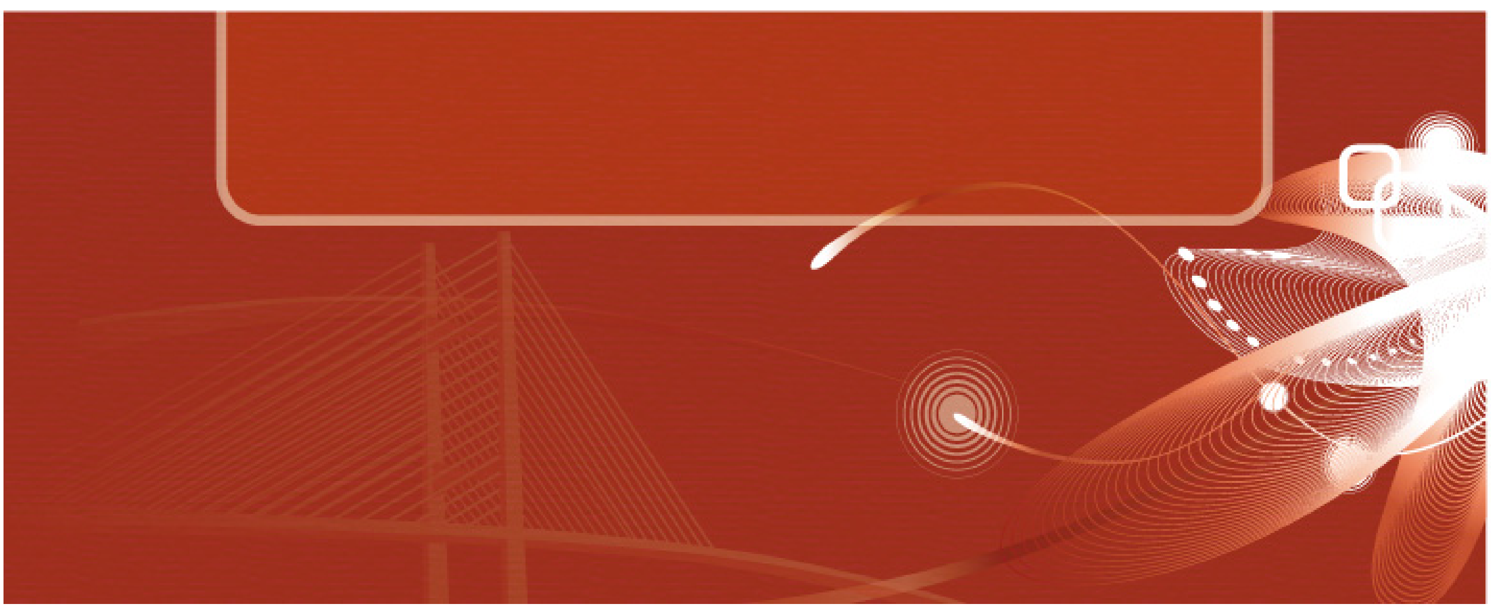
[1] This article has been prepared by Gómez Minujín Gala, Consultant.
[2] The agenda, the list of participants, and the papers presented at the Workshop are available here.
[3] See IDB, 2013.
[4] See IDB, 2013.
[5] See Fajardo, 2014.
[6] See Fajardo, 2014.
[7] This is when, through a transparent process of emissions (e) measurement, the result of the net calculation of the emissions minus the reductions and/or internal removals (r), minus any compensation (c) equals zero.

Integration Blocs



The Caribbean

CARICOM Energy Week

CARICOM Energy Week (CEW) was held November 16-22, with the theme "Achieving Climate and Economic Resilience through Sustainable Development." The event, which has been held annually since 2011, aims to raise awareness of the fundamental importance of energy to the region's economic development.

During the inaugural speech, Ambassador Gail Mathurin, Director General of the CARICOM Office of Trade Negotiations (OTN), drew attention to the countries' growing efforts to increase the use of renewable energy, and to improvements in energy efficiency. These efforts are part of the Strategic Plan for the Caribbean Community, adopted by the Heads of Government last July, and of the 2013 CARICOM Energy Policy (CEP). The CEP in particular singles out the key issues of energy security, sustainability and affordability through the diversification of energy supplies, and the management of demand through renewable energies.

The Caribbean countries belong to the "Sustainable Energy for All" Initiative, a multisectoral alliance of governments, civil society, academia, and the private sector, launched in 2011 by the Secretary General of the United Nations. The Initiative supports countries in the adoption of more energy-efficient technologies and the increasing use of renewable energy. The Inter-American Development Bank (IDB) is the regional hub for Latin America and provides an online platform to catalyze the region's efforts toward sustainable energy.

For more information, click here.

39th Meeting of COTED

The 39th Meeting of CARICOM's Council for Trade and Economic Development (COTED) was held in Turkeyen, Guyana, November 3-7. The meeting discussed the role of the private sector in regional economic development and emphasized the need to involve it in the Community's decision-making processes. To this end, the development of a Caribbean Business Council (CBC) was anticipated in order to articulate the dialog between the private and public sectors at the regional level. Under the Strategic Plan for the Caribbean Community, approved last July, the private sector is considered as a key partner for the strengthening and economic resilience of Caribbean countries.

Another of the topics highlighted at the Meeting was the free movement of people and transit facilitation. Here it was noted that, while the free movement of people is considered a key aspect for the region's economic and social growth, Community legislation has lagged behind in terms of its countries' high levels of migratory flows. In response to this, the need was emphasized to modernize Community legislation and implement reforms to streamline migration and border formalities.

Related articles

- IDB-INTAL. "36th meeting of COTED," in: *INTAL Monthly Newsletter No. 201*, May 2013.
- IDB-INTAL. "Strategic Plan for the Caribbean Community," in: *INTAL Monthly Newsletter No. 216*, August 2014.

Central America

Luis Alberto Moreno honored by SIECA

The Secretary General of the Secretariat of Central American Economic Integration (SIECA), Carmen Gisela Vergara, bestowed the Order of the Jaguar, October 16, on Luis Alberto Moreno, President of the Inter-American Development Bank (IDB), in recognition of his contribution to the Central American economic integration process.

Central America completes electrical interconnection

The last stretch of the Central American Electrical Interconnection System (SIEPAC) was finished September 29. The operational start-up of the Palmar Norte-Parrita section in Costa Rica means that the six Central American countries are interconnected by a 1,800km transmission line that also joins Mexico and Colombia at each end. The project also foresees the creation of a Regional Electricity Market (MER), in which the Central American countries can buy and sell their surplus energy and thus reduce costs, creating economies of scale and promoting greater competition among power generating companies.

As well as providing technical support in the realization of the transmission line, the Inter-American Development Bank (IDB) has financed close on half of the project, which required around US$500 million, in conjunction with other international agencies.

The SIEPAC project came into being in 1995, when the Central American and Spanish governments, together with IDB, agreed a technical cooperation that led to technical and economic feasibility studies, and the Framework Agreement for the Regional Electricity Market.

SIEPAC is one of the many initiatives that come within in the Mesoamerica Project. Other ongoing projects are to do with road infrastructure through the creation of the International Network of Mesoamerican Highways (RICAM), telecommunications integration with the establishment of the Mesoamerican Information Highway (AMI), and the application of the Mesoamerican International Transit of Goods (TIM) Procedure.

The following video sets out the features of the SIEPAC, focusing particularly on Costa Rica's connection to the transmission network.

For more information, click here.

Related articles

- IDB-INTAL. "Regional strategy to encourage renewable energy sources," in: *INTAL Monthly Newsletter No. 166*, June 2010.
- IDB-INTAL. "Central America makes progress in physical integration," in: *INTAL Monthly Newsletter No. 168*, August 2010.
- IDB-INTAL. "12th Ordinary Summit of the Tuxtla Mechanism for Dialogue and Agreement," in*: INTAL Monthly Newsletter No. 171*, November 2010.
- IDB-INTAL. "Mesoamerica Project: electrical interconnections," in: *INTAL Monthly Newsletter No. 178*, June 2011.
- IDB-INTAL. "Electrical interconnection and diversification of the Central American," in*: INTAL Monthly Newsletter No. 203*, July 2013.
- IDB-INTAL. "Energy integration in Central America ," in: *INTAL Monthly Newsletter No. 209*, January 2014.
- IDB-INTAL. "IDB works with SIECA toward new integration projects ," in: *INTAL Monthly Newsletter No. 210*, February 2014.
- IDB-INTAL. "Panama-Colombia electrical interconnection relaunched *," in: INTAL Monthly Newsletter No. 216*, August 2014.

Central American integration: Second round of talks toward Customs Union and COMIECO Meeting

The Council of Ministers for Central American Economic Integration (COMIECO) met in Managua, Nicaragua, October 23, to review progress in integration. Some of the main topics up for discussion were the unification of land border posts between the region's countries and the proposal for common border procedures.
With the support of the Inter-American Development Bank (IDB) and the United States Agency for International Development (USAID), trade facilitation measures were also assessed. Ministers at the meeting approved IDB's proposal regarding the Trade Facilitation and Competitiveness Action Plan.
There was also a review of the institutional framework for regional integration in order to move forward on improvements to the Customs Union.
Other topics dealt with at the meeting were the Roadmap for Regional Economic Integration and other decisions in the framework of the Partnership Agreement among Central American countries. There was also follow-up on the commitments deriving from the Protocol of Panama's Incorporation in the Central American Economic Integration Subsystem (SIECA), and technical regulations and certain changes in tariff rates were approved.

The Second Customs Union Round saw the completion of some technical regulations on processed foods and beverages, textiles and their products, and pesticides and chemical formulations. There was also headway in other regulations, and progress was made in Panama's accession to the Agreement on Investment, Trade, and Services. In the technical meetings, six rules of origin were also harmonized.

More information at the following links: [1]; [2]; [3]

Related articles

- IDB-INTAL. "Central American integration priorities for second semester of 2014," *in: INTAL Monthly Newsletter No. 216*, August 2014.
- IDB-INTAL. "Extraregional negotiations and trade facilitation in the Central American agenda," *in: INTAL Monthly Newsletter No. 218*, October 2014.

El Salvador's active external agenda

El Salvador's recent negotiations with Trinidad & Tobago, on the one hand, and Venezuela, on the other, are aimed at reversing the sharp deficit shown by the Central American economy's trade flows with these partners, who are its main suppliers of hydrocarbons.

After the close of the fourth round, the Salvadoran Ministry of Economy confirmed the conclusion of the negotiations with Trinidad & Tobago toward a partial scope agreement (PSA). The document contains provisions concerning market access, rules of origin, sanitary and phytosanitary measures, technical barriers to trade, trade defense, cooperation, and dispute settlement. In addition, the two countries have already completed negotiations for a Cooperation Agreement in the Tourism Sector, and another for the Promotion and Mutual Protection of Investments.

The agreement gives preferences to around 200 tariff lines. The products where El Salvador could boost exports to Trinidad & Tobago are plastics, clothing, paper and cardboard, food and beverages, iron and steel, medications, and furniture. In 2013, total trade stood at US$90 million, which shows the low relevance in total flows for both countries, with Trinidad & Tobago shipments accounting for nearly all trade.

Since the close of the negotiations, the process of legal review has got under way, and this will continue over the coming weeks in the lead-up to the signing of the Agreement. This will come into force once it has been ratified by each country's legislative bodies and, in Trinidad & Tobago's case, approved by the Caribbean Community and Common Market (CARICOM).

Also, the first round to renegotiate the PSA between El Salvador and Venezuela was held in Caracas, Venezuela, October 14-16, and discussed the normative texts in the field of market access, rules of origin, customs procedures and trade facilitation, trade protection measures, sanitary and phytosanitary measures, technical barriers to trade, dispute settlement, and institutional arrangements. The deadline for completion of the technical negotiations was set for December this year.

In other business, El Salvador and Barbados signed a Visa Waiver Agreement September 25, for regular, diplomatic and official passports, with the objective of promoting trade and tourism, as well as investments. El Salvador also expressed interest in moving forward in the negotiation of an Air Transport Agreement enhancing interconnection and mobility between the two countries.

Related articles

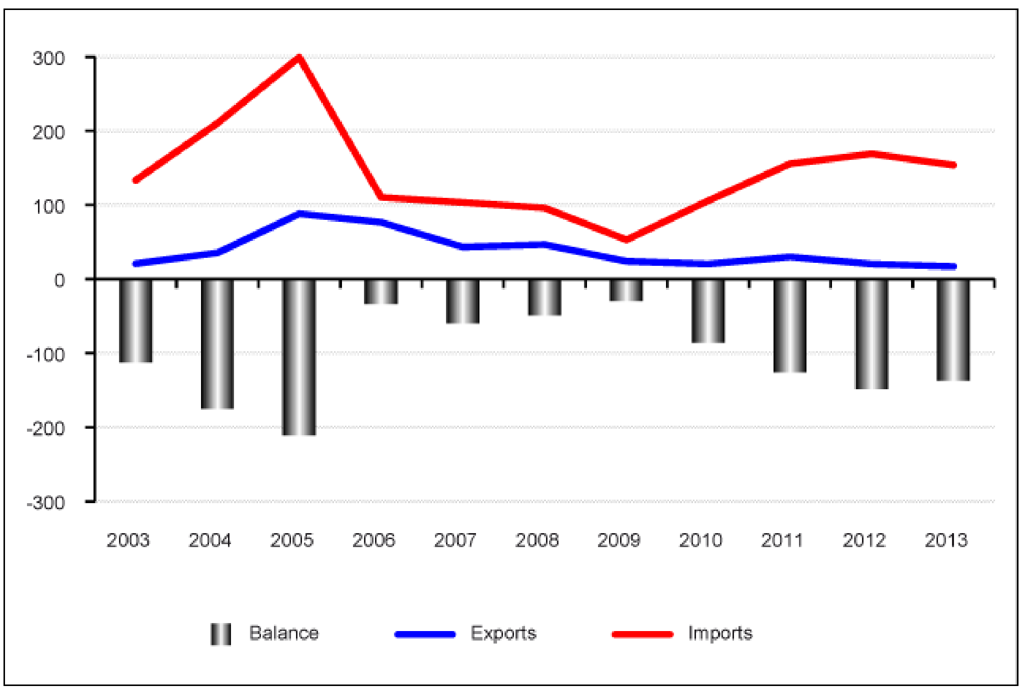
- IDB-INTAL. "Second negotiating round between El Salvador and Trinidad & Tobago," *in: INTAL Monthly Newsletter No. 210*, February 2014.
- IDB-INTAL. "Fresh talks between Trinidad & Tobago and El Salvador," *in: INTAL Monthly Newsletter No. 212*, April 2014.

Guatemala concludes agreement with EFTA

In the round of talks held in Guatemala, October 14-15, the Central American economy successfully concluded negotiations toward a free trade agreement (FTA) with the European Free Trade Association (EFTA) (Iceland, Liechtenstein, Norway, and Switzerland). This agreement falls within the European bloc's FTA negotiations with Central America. In June 2013, agreements were signed with Costa Rica and Panama. These came into force over the course of this year. The negotiations with Honduras, on the other hand, are at a standstill.
Guatemala's trade with the EFTA countries has not significantly altered in recent years: average total flows stand at around US$180 million, 80% and 90% of which is accounted for by the Central American economy's imports from European countries (Figure 1).

Figure 1: Evolution of Guatemala's trade with EFTA

In US$ millions



Source: IDB-INTAL based on DATAINTAL data.

Imports consist of petroleum gas, which accounts for two thirds of the total, followed by mineral or chemical fertilizers, and some medications. Coffee forms 85% of Guatemala's exports, the remaining 15% being made up of sugar and cigars.

Related articles

- IDB-INTAL. "Central America and Panama open talks toward free trade agreement with EFTA," *in: INTAL Monthly Newsletter No. 176*, April 2011.
- IDB-INTAL. "First negotiating round between the EFTA and Costa Rica, Guatemala, Honduras, and Panama," *in: INTAL Monthly Newsletter No. 187*, March 2012.
- IDB-INTAL. "Negotiating fronts in Central American external trade talks," *in: INTAL Monthly Newsletter No. 190*, June 2012.
- IDB-INTAL. "EFTA and Canada form focus of Central American trade negotiations," *in: INTAL Monthly Newsletter No. 193*, September 2012.
- IDB-INTAL. "Central America: active efforts in trade," *in: INTAL Monthly Newsletter No. 195*, November 2012.
- IDB-INTAL. "Central America: Fresh progress in trade negotiations," *in: INTAL Monthly Newsletter No. 196*, December 2012.
- IDB-INTAL. "Costa Rica and Panama sign FTA with EFTA," *in: INTAL Monthly Newsletter No. 203*, July 2013.

Andean Community

CAN General Secretariat gets makeover

In the framework of the reengineering process of the Andean Community of Nations (CAN), the Foreign Ministers of the member countries have adopted priority areas for action and a new structure for the CAN General Secretariat. To this effect, the number of Committees and Ad Hoc Groups was cut from 101 to 27. These will work on priority areas, such as small and medium enterprises (SMEs), customs, and agriculture.[1] A functional organizational division of the General Secretariat has also been established, through which the following areas deemed fundamental to CAN's intracommunity and extracommunity trade is set out: Market Access, Agricultural Health, Quality and Technical Barriers to Trade, Physical Integration, Productive Transformation, Services and Investment, Social Affairs, Intellectual Property, and Special Areas. The meeting saw Peru hand over the Pro Tempore Presidency to Bolivia for the period 2014-2015.

New trade facilitation measures

To facilitate and boost trade among member countries, the CAN Commission recently approved two new Community rules. On the one hand, Decision No. 798 updates the Common Tariff Nomenclature of the CAN Member Countries, based on the Harmonized Commodity Description and Coding System for Goods of the World Customs Organization (WCO). On the other hand, Decision No. 799 clarifies issues over the origin of goods, stipulating that "an importing member country's customs authorities shall not prevent clearance (a process performed by the customs office to determine the legal regime to which the goods are subject) of goods when a product features in the Nomenclature of Goods Not Produced in the Subregion (NBNP), thus decoupling certification and control procedures for certificates of origin from the Nomenclature."

Related articles

- IDB-INTAL. "Reengineering the Andean Integration System," *in: INTAL Monthly Newsletter No. 206*, October 2013.
- IDB-INTAL. "Reengineering CAN: the Andean Parliament," *in: INTAL Monthly Newsletter No. 211*, March 2014.

[1] Complete listing of the Committees and Ad Hoc Groups in the next here.

International Seminar: "MERCOSUR: Integration Scenarios"

The International Seminar "MERCOSUR: Integration Scenarios" was held in the Raúl Prebisch Auditorium of the Institute for the Integration of Latin America and the Caribbean (INTAL), November 20. The Seminar presented *MERCOSUR Report No. 19*, and discussed the international context and MERCOSUR's external relations.
It was attended by diplomats from MERCOSUR, the bloc's member countries, and some of its major trading partners, as well as academics and representatives of the private sector.
The Seminar was inaugurated by INTAL Director, Gustavo Béliz, and by the Integration and Trade Manager of the Inter-American Development Bank (IDB), Antoni Estevadeordal, who reflected on the sea changes in the international arena and the challenges this poses for Latin America.

The first panel, moderated by Ricardo Markwald of FUNCEX, Brazil, featured Ivan Ramalho, General High Representative of MERCOSUR, who looked at the most relevant recent advances made by the bloc. *MERCOSUR Report No. 19* was presented by Alejandro Ramos Martínez, INTAL's senior economist.

[Vera Thorstensen](#) of the Getúlio Vargas Foundation (FGV), Brazil, opened the second panel, which looked at two major challenges posed for MERCOSUR's trade by the international scenario: regulatory changes arising from the proliferation of mega-agreements and the international reconfiguration of production, and the misalignment of exchange rates at the global level. The paper by [Demián Dalle](#) of the Center for International Economics (CEI), Argentina, concentrated on the secular stagnation of multilateralism. The panel was moderated by Ricardo Rozemberg, Secretary of the National University of San Martín (UNSAM), Argentina.

MERCOSUR-European Union (EU) relations were the object of analysis in the third panel, moderated by Alvaro Ons of the University of the Republic (UdelaR), Uruguay. [Adrián Makuc](#) of the

National University of Tres de Febrero (UNTREF), Argentina, examined the evolution and prospects of negotiations between the two blocs, while Ambassador Alfonso Díez Torres, Head of the EU delegation in Argentina, analyzed how the successful completion of the biregional agreement could help to promote the export-based growth of MERCOSUR.

The fourth panel focused on MERCOSUR and integration processes in Latin America. [Paulina Nazal]() of General Directorate of International Economic Relations (DIRECON), Chile, set out the vision of the Pacific Alliance (PA), highlighting key areas with potential for cooperation between the two blocs. [Pablo Trucco]() of the Latin American Trade Network/Latin American Social Sciences Faculty (LATN/FLACSO), Argentina, reviewed productive integration scenarios in the region from the trans-Latins' point of view, while Jeremy Harris of IDB analyzed regimes of origin in the region and the use of trade preferences within the framework of the agreements. The panel was moderated by Fernando González Vigil of the University of the Pacific (UP), Peru.

The challenges and opportunities of the relationship with China were the center of debate on the fifth panel, moderated by Fernando Masi of the Center for Analysis and Diffusion of the Paraguayan Economy (CADEP), Paraguay. Andrés López of South American Network on Applied Economics (Red Sur)/Research Centre for Transformation (CENIT), Argentina, discussed the challenges in the area of natural resources, while Enrique Dussel Peters of the National Autonomous University of Mexico (UNAM), Mexico, focused on China's foreign direct investment (FDI) in Latin America.

The close of the event was moderated by Gustavo Béliz and attended by Ambassadors Carlos Bianco (Secretary of International Economic Relations, Argentina), Everton Vieira Vargas (Brazil) Marcelo Díaz Díaz (Chile) and Guillermo José Pomi Barriola (Uruguay).

MERCOSUR Report No. 19 (2nd semester 2013-1st semester 2014) (only in Spanish)

Since 1996, the Institute for the Integration of Latin America and the Caribbean of the Inter-American Development Bank (IDB-INTAL) has published the annual edition of the *MERCOSUR Report* with the aim of documenting the most important aspects of MERCOSUR's economic and commercial development, taking careful stock of the main aspects of its evolution over the period under study. *Report No. 19*, presented here, covers the second half of 2013 and the first half of 2014. Like its predecessors, it is part of a broader range of activities carried out by the Inter-American Development Bank (IDB) designed to analyze and strengthen regional and multilateral integration processes in Latin America and the Caribbean, such as that of the Southern Common Market (MERCOSUR), which was created by the Treaty of Asunción signed in 1991.

For more information, go to *MERCOSUR Report No. 19* and the Executive Summary (only in Spanish).

First Sectoral Meeting on MERCOSUR's Productive Integration

MERCOSUR's First Sectoral Meeting on Productive Integration was held in Montevideo, Uruguay, October 20-21, organized by the Argentine Pro Tempore Presidency of the MERCOSUR Productive Integration Group (GIP), the General High Representative of MERCOSUR, Dr. Ivan Ramalho, and the Training Center for Regional Integration (CEFIR).

The event saw the inauguration of the Montevideo Center for Business Partnerships, and there were meetings of representatives from MERCOSUR'S chemical, plastics, textiles, and metalworking industries in order to identify potential, difficulties, and challenges in the regional productive fabric. Based on a methodology specifically designed for this purpose, participants explored areas to develop productive integration in the bloc and to move forward with a work agenda.

Also presented were the results of the work of the Brazilian Agency for Industrial Development (ABDI) as the Executive Unit of the FOCEM Auto Project, which promotes productive integration through the development of capacities in the auto parts sector. Alongside these results were experiences in this area in the toy, chemical, and petrochemical industries.

The GIP also relaunched its www.gipmercosur.org portal, which collates information on MERCOSUR's productive integration, such as the main instruments for support in the member countries, a business directory, publications on the subject, and so on. The meeting witnessed the close of the cooperation project with the Spanish Agency for International Development Cooperation (AECID).

For more information on the breakthroughs in productive integration, see *MERCOSUR Report No. 19* (only in Spanish), recently published by IDB-INTAL.

Bilateral breakthroughs between MERCOSUR countries

In the last few weeks, there have been some significant breakthroughs in integration among the MERCOSUR countries. First, is the entry into force of Economic Complementation Agreement (ECA) No. 69 between **Brazil and Venezuela**, which establishes the provisions for liberalizing bilateral trade during Venezuela's accession to the bloc. As noted in *MERCOSUR Report No. 19*, the ECA between the founder members of MERCOSUR and Venezuela establish frameworks for relief of the entire tariff universe, with the exception of the oil, sugar, and automotive industries. Automotive trade will be governed by ECA No. 59 (between MERCOSUR and the Andean Community of Nations (CAN), when Venezuela was still a member) until a specific framework for the sector is defined.
With regard to the automotive industry, **Brazil and Uruguay** signed the 75th Additional Protocol to ECA No. 2, incorporating provisions about the regulation of bilateral automotive trade, including quotas and their distribution, and the Progressive Integration Program (PIP). The agreement also stipulates that the digital certification of origin will have the same validity as paper certificates, provided it has been issued and signed electronically by authorized entities and officials. Both countries also agreed on a work plan to improve the agreement during the period August 2014-July 2015. The plan's objectives notably include the definition of origin requirements in order to increase the regional content of automotive parts, as well as the harmonization of technical standards on motor vehicle safety.
Last, the 15th Meeting of the **Argentina-Paraguay** Mixed Technical Group of Physical Integration was held in Asuncion, Paraguay, October 31**,** to discuss bilateral issues relating to connectivity and physical interconnection between the two countries.

Brazil: EU challenges stimulus measures before WTO

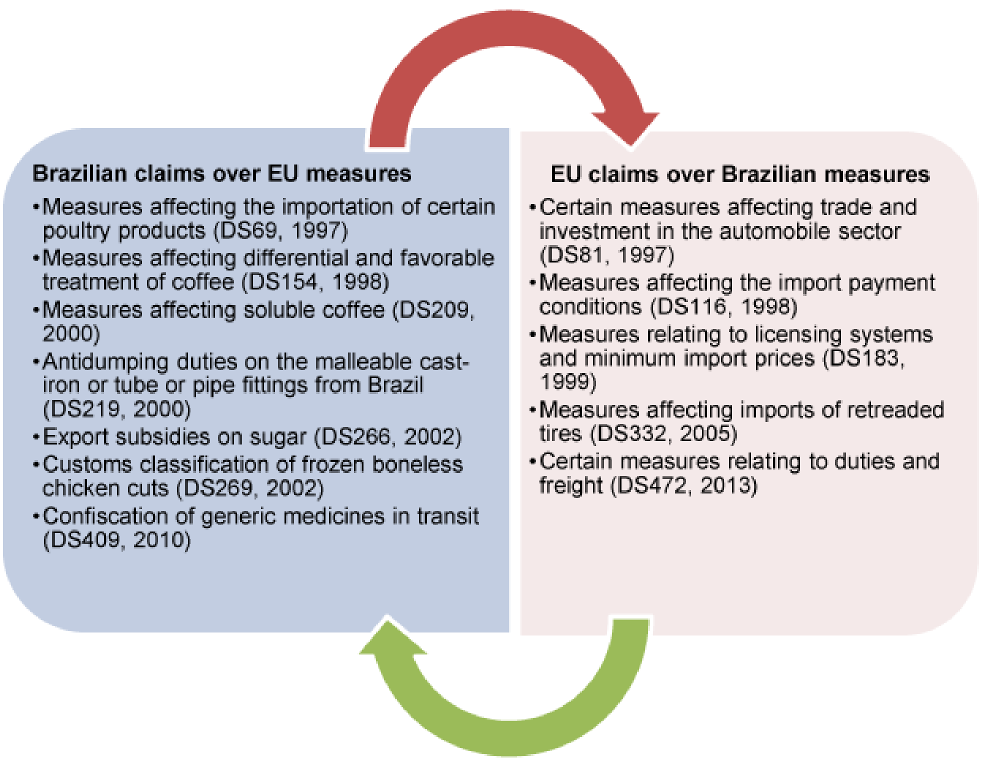
After failing to reach a satisfactory solution via consultations, the European Union (EU) has called on the World Trade Organization (WTO) to establish a panel to examine certain measures implemented by Brazil. According to the EU's argument, these provisions give Brazilian producers advantages that are incompatible with multilateral rules. The questions refer in particular to exemption from or reduction of internal taxes payments—contingent upon the use of components originating in Brazil—benefiting, among other sectors, local automobile producers, IT and telecommunications goods, and machinery. The EU argues that, coupled with tariffs, these duties create differences of between 50% and 80% in the prices of imported products when compared against their Brazilian counterparts.

While the South American country has rejected the panel's request for compliance, the EU could call for it at the next meeting of the WTO's Dispute Settlement Body (DSB) without Brazil being able to protest.

Both parties have made use of the WTO's dispute settlement system to question each other. Since the organization's creation in 1995, Brazil has made seven claims against the EU, while the EU has disputed Brazilian measures on five occasions (Figure 1).

Figure 1: Disputes between Brazil and the EU in the framework of the WTO

Title, number of dispute, and start year



Source: Based on WTO data.

Related Articles

- IDB-INTAL. "Trade and stimulus measures for motor vehicles, computer equipment, and tourism," in: *INTAL Monthly Newsletter No. 194*, October 2012.
- IDB-INTAL. "Active participation by LAC in WTO dispute settlement system in 2012," in: *INTAL Monthly Newsletter No. 197*, January 2013.

Brazil-Uruguay local currency payment system and Argentina-China currency swap

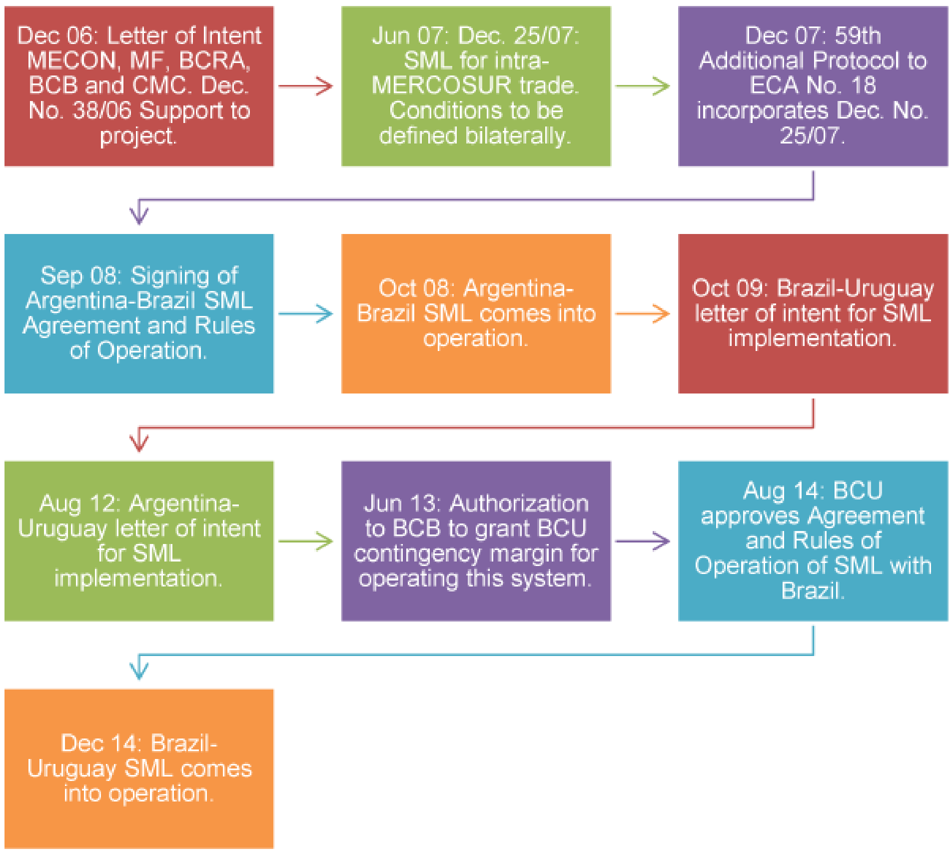
The local currency payment system (SML) between Brazil and Uruguay will come into operation December 1, whereby natural and legal persons resident in either country will have the option to send and receive payments to and from their counterparts in the other country in the local currency. This scheme is part of Common Market Council (CMC) Decision No. 25/07, establishing the SML for intrabloc trade, which will be governed by bilateral agreements between member countries (see Figure 1).

The SML between Brazil and Uruguay may be used not only for operations of trade in goods and services, but will also be available for direct investments and their returns, and unilateral transfers, such as retirement and pensions payments, and remittances.

Through this system, geared to small and medium enterprises, and to individuals, parties involved in operations will make and receive payments in their respective currencies, reducing transaction costs by avoiding the use of a third currency (usually the US dollar) and by reducing transaction processing times.

Although its use is limited, there are other similar mechanisms in the region, such as the SML between Argentina and Brazil (also in the framework of Decision No.25/07) and the Reciprocal Payments and Credits Agreement (CCR) of the countries in the Latin American Integration Association (LAIA). Similarly, the central banks of Uruguay and Argentina signed a letter of intent in 2012 for the implementation of the SML between the two countries.

Figure 1: Chronology of Local Currency Payment System in MERCOSUR



Notes: ECA: Economic Complementarity Agreement; BCB: Central Bank of Brazil; BCRA: Central Bank of the Argentine Republic; BCU: Central Bank of Uruguay; MECON: Ministry of Economy and Public Finance (Argentina); MF: Ministry of Finance (Brazil). Source: Based on BCU data.

Also in the field of international financial agreements, the central banks of Argentina and China agreed to activate the local currency swap agreement they signed last July. The Central Bank of the Argentine Republic (BCRA) requested a local currency exchange equivalent to US$841 million, and each central bank accordingly credited the equivalent in its own currency. Under the provisions of this agreement, which is valid for three years, additional exchanges may be made for up to US$11 billion. The two countries signed a similar agreement in 2009, which has not been activated.

Related articles

- IDB-INTAL. "Latin America explores alternatives to boost trade in local currencies," in: *INTAL Monthly Newsletter No. 153,* April 2009.
- IDB-INTAL. "China's greater presence in the world economy: currency swaps," in: *INTAL Monthly Newsletter No. 153,* April 2009.
- IDB-INTAL. "37th Ordinary Meeting of the Common Market Council," in: *INTAL Monthly Newsletter No. 156,* July 2009.
- IDB-INTAL. "Currency swap agreement between Argentina and Brazil," in: *INTAL Monthly Newsletter No. 157,* August 2009.
- IDB-INTAL. "Argentina-Brazil bilateral agreements and developments in the Local Currency Payment System," in: *INTAL Monthly Newsletter No. 160,* November 2009.
- IDB-INTAL. "The Local Currency Payment System in MERCOSUR," in: *INTAL Monthly Newsletter No. 175*, March 2011.
- IDB-INTAL. "Developments in the MERCOSUR agenda trade," in: *INTAL Monthly Newsletter No. 200*, April 2013.
- IDB-INTAL. "Fifth BRICS Summit, and currency swap between Brazil and China," in: *INTAL Monthly Newsletter No. 200,* April 2013.
- IDB-INTAL. "Challenges and initiatives for SMEs' international insertion in the region," in: *INTAL Monthly Newsletter No. 202,* June 2013.
- IDB-INTAL. "Fresh initiatives for trade financing," in: *INTAL Monthly Newsletter No. 212*, April 2014.
- IDB-INTAL. "China: Bilateral agreements with MERCOSUR countries," in: *INTAL Monthly Newsletter No. 216*, August 2014.

COSIPLAN-UNASUR: risk and disaster prevention and management in infrastructure

The Executive Technical Group (ETG) Meeting on Risk and Disaster Prevention and Management in Infrastructure was held in Buenos Aires, Argentina, October 14, in the framework of the 2014 Work Plan of South American Infrastructure and Planning Council (COSIPLAN)-Union of South American Nations (UNASUR).[1] Disaster risk management (DRM) is part of the COSIPLAN-IIRSA Strategic Plan Action (PAE) 2012-2022. The objective is to design a methodology to provide the countries with tools and clear procedures to prevent and mitigate the effects of disasters on South American infrastructure, and to establish connectivity recovery plans.
The first draft of the "Methodology to incorporate DRM in COSIPLAN-IIRSA Regional Integration Infrastructure Projects" was developed in 2013. The Buenos Aires meeting presented a simplified draft, as well as the preliminary draft of the "User Manual" for its application. The methodology proposed a three-phase approach:

- Phase 1: *Screening* identifies the object of study, i.e. the infrastructure it is wished to ascertain the risk or threat to, for subsequent management;
- Phase 2: *Risk analysis* includes four steps to ascertain risk and mitigation measures;
- Phase 3: *Risk management* identifies the options for action once the risk present in a given infrastructure has been studied.

As a result of the meeting, the countries agreed to a pilot application in 2015 of the User Manual to Project Group 5 "Connections of the Hub to the Pacifi-c: Ilo/Matarani-Desaguadero-La Paz + Arica-La Paz + Iquique-Oruro-Cochabamba-Santa Cruz" of the Central Interoceanic Hub, a zone of seismic silence, with IDB technical cooperation resources. They also decided to update the User Manual based on the experience of the pilot application. Last, they determined to articulate and exchange information with other UNASUR councils and bodies working in the field of disaster risk through the COSIPLAN Pro Tempore Presidency and the UNASUR General Secretariat.

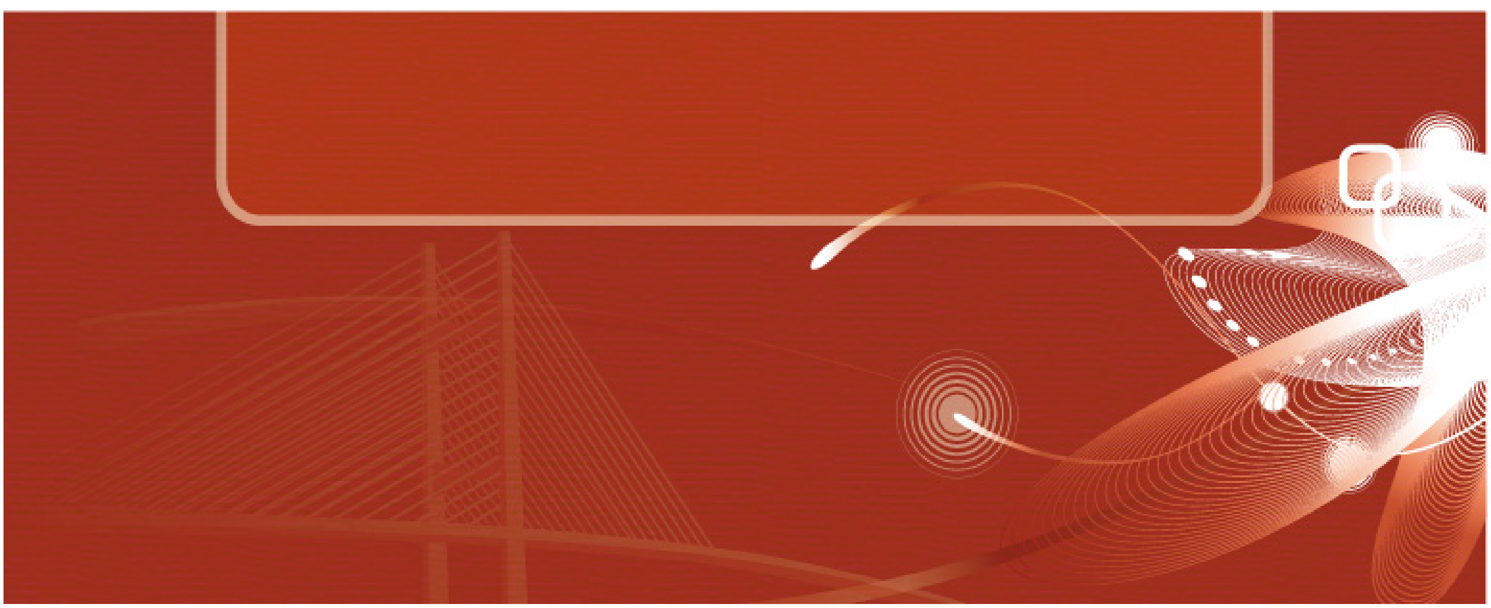
IDB's support

This work is being coordinated by Chile's Ministry of Public Works, with support from IDB through a Regional Technical Cooperation.[2] At the meeting, IDB presented two tools developed by the Bank to contribute to public policy decision-making in the field of DRM:

- Risk Management Index (IGR)": A performance indicator measuring the gap between current and probable loss if investments were not made, in order to improve risk management public policy planning. The RMI contains four components, each with six indicators: risk identification, disaster management, financial protection, and risk reduction. According to this index, performance has been improving in all countries in the region between 1995 and 2013. While none has reached a satisfactory level, there have been significant improvements especially in risk identification and disaster management.
- Index of Governance and Public Policy (iGOPP) for disaster risk management": A tool to (i) diagnose a country's governance conditions in DRM, i.e. whether it has the legal, institutional, and budgetary resources to promote disaster risk management; and (ii) monitor and evaluate public policy reforms. It consists of 241 binary indicators. This is a tool for research and is not for assessing or measuring performance.

[1] The meeting was attended by delegations from Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Uruguay, and Venezuela, the UNASUR General Secretariat, the IIRSA Technical Coordination Committee, and sectoral specialists in disaster risk management from IDB.
[2] IDB Regional Technical Cooperation RG-T2474.

Regional And Global Overview



Pacific Alliance and MERCOSUR explore packed integration agenda

As part of efforts to establish closer ties between the Pacific Alliance (PA) and MERCOSUR, which got under way in June 2014 with the Declaration of Punta Mita in the framework of the Ninth PA Summit, the Foreign Ministers of the two blocs met on two occasions to explore potential areas of biregional cooperation.

The first briefing of member countries' foreign ministers was held in Cartagena de Indias, Colombia, November 1, while the seminar "Dialog on Regional Integration: Pacific Alliance and MERCOSUR" took place in Santiago de Chile, Chile, November 24. There were presentations from the Chilean President, the foreign ministers of eight Latin American countries, five ministers and deputy ministers from other areas, four heads of international organizations, academics, and representatives of the private sector, trade unions, etc. Notable among the two meetings' main conclusions was the need to maintain a space for dialog between the two blocs.

The meetings have seen the beginnings of a rich integration agenda, whose topics include cumulation of origin, foreign trade one-stop shops, trade facilitation and customs cooperation, electronic certification, regulatory cooperation, mobility of people, supply chains, infrastructure, energy, communications, science, technology, productive partnerships, and the internationalization of small and medium enterprises (SMEs).

Recently published by IDB-INTAL, *MERCOSUR Report No. 19* (only in Spanish) provides information about the links between the two integration processes.

Related articles

- IDB-INTAL. "Pacific Alliance moves toward dialog with MERCOSUR," in: *INTAL Monthly Newsletter No. 214*, June 2014.
- IDB-INTAL. "Pacific Alliance and MERCOSUR trade profiles," in: *INTAL Monthly Newsletter No. 215*, July 2014.
- IDB-INTAL. "MERCOSUR-Pacific Alliance: Brazil seeks to step up free trade with Colombia and Peru," in: *INTAL Monthly Newsletter No. 217, September 2014.*

WTO: Consensus over implementing first multilateral trade agreement

The member countries of the World Trade Organization (WTO) reached an agreement to proceed to the implementation of the commitments taken at the Ninth Ministerial Meeting in Bali, Indonesia, in December 2013.

As noted in previous editions of the *INTAL Monthly Newsletter*, the Bali package was to have been implemented before July this year, but has been delayed owing to differences of opinion over certain key issues. In particular, India made the adoption of the Protocol to the Trade Facilitation Agreement (TFA) conditional on a satisfactory solution to the build-up of public stocks for food security purposes.

At the start of November, United States and India reached an agreement that unlocked the negotiations. On that basis, the WTO General Council, made up of all member countries, adopted three decisions, November 27, that will allow them to proceed further.

First, the peace clause (a mechanism whereby **food security** programs cannot be questioned) will remain in force until the adoption of a definitive solution, which attempts will be made to reach by December 31, 2015 (rather than 2017 as originally planned).

Second, the **Protocol on the TFA**, which is coming into operation, was adopted. This protocol must be ratified by two thirds of member countries.

Third, the members of the WTO pledged to resume the other components of the Bali Package as soon as possible, including an agreement on the Doha Development Agenda's work program, by no later than July 2015.

On the other hand, United States and China agreed some points that could unlock the negotiation of the extended version of the **Information Technology Agreement (ITA)**. Unlike what was agreed in Bali, which was multilateral in nature, the ITA is a plurilateral agreement covering trade in high-tech products such as computers, telecommunications equipment, semiconductors, software, etc. The 80 member countries (including 28 in the European Union) account for almost all global trade in these goods. The Latin American economies taking part in the ITA are Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, and Dominican Republic.

The agreement was signed in 1996, and talks began in 2012 to include new technology products in the ITA's coverage. The talks subsequently stalled. The understanding between United States and China over the scope of the agreement could help to revive them.

According to the WTO, preliminary calculations suggest that the annual trade in these goods could reach anywhere between US$800 billion and US$1.4 trillion. It should be remembered that liberalization within the ITA does not benefit only the countries that have signed the agreement, but all WTO members because the reduction of barriers is non-discriminatory.

Related articles

- IDB-INTAL. "WTO: Looking ahead to the Bali Conference," in: *INTAL Monthly Newsletter No. 202,* June 2013.
- IDB-INTAL. "Least developed countries ahead of the Bali Conference," in: *INTAL Monthly Newsletter No. 205*, September 2013.
- IDB-INTAL. "Agriculture ahead of the Bali Conference," in: *INTAL Monthly Newsletter No. 206,* October 2013.
- IDB-INTAL. "WTO: First multilateral trade agreement," in: *INTAL Monthly Newsletter No. 208,* December 2013.
- IDB-INTAL. "WTO: Trade facilitation and food security," in: *INTAL Monthly Newsletter No. 216,* August 2014.
- IDB-INTAL. "Difficulties implementing Bali Package," in: *INTAL Monthly Newsletter No. 218,* October 2014.

Chile and India expand trade agreement

The Chilean and Indian trade delegations in New Delhi concluded negotiations October 20 toward expanding the Partial Scope Agreement (PSA) in force since 2007. This means that the two countries will increase tariff coverage of 474 tariff lines to 2,807. Of this total, 1,023 tariff lines correspond to preferences granted by India for Chilean products, and 1,784 lines to Chilean preferences for India. The new products include fresh cherries, onions, avocados, grapes, kiwi fruit, mandarins, canned peaches, tomato paste, canned cherries, fruit cocktails, and apple and grape juice, as well as improved access to goods already included in the original agreement, such as copper concentrates, wooden boards, fish meal, molybdenum concentrates, cellulose, newsprint, pig meat, and poultry meat.

The deepening of the agreement includes broadening tariff preference margins between 50% and 80% in India's case, and 80% and 100% in Chile's. The negotiations tackled the issues of rules of origin, sanitary and phytosanitary measures, and technical barriers to trade.

India is the seventh most important destination for Chilean exports. These include copper sales (92% of the total), followed by fresh fruit, while India exports fuels and mineral oils, natural and cultured pearls, and electrical machinery and equipment to Chile.

APEC Economic Leaders Meeting

The Twenty-Second Asia-Pacific Economic Cooperation (APEC)[1] Economic Leaders' Meeting (AELM) was held in Beijing, China, November 10-11. The results of the Declaration include the impetus to set up a Free Trade Area of the Asia-Pacific (FTAAP). The Declaration has four action plans: a roadmap for the FTAAP; a plan to promote global value chains (GVCs); an agreement to develop innovations, structural reforms, and growth; and a connectivity plan with goals until 2025. On the other hand, the Presidents of the APEC countries currently negotiating the Trans-Pacific Partnership Agreement (TPP) issued a press release[2] urging their ministers and negotiators to make the conclusion of this agreement the highest priority.

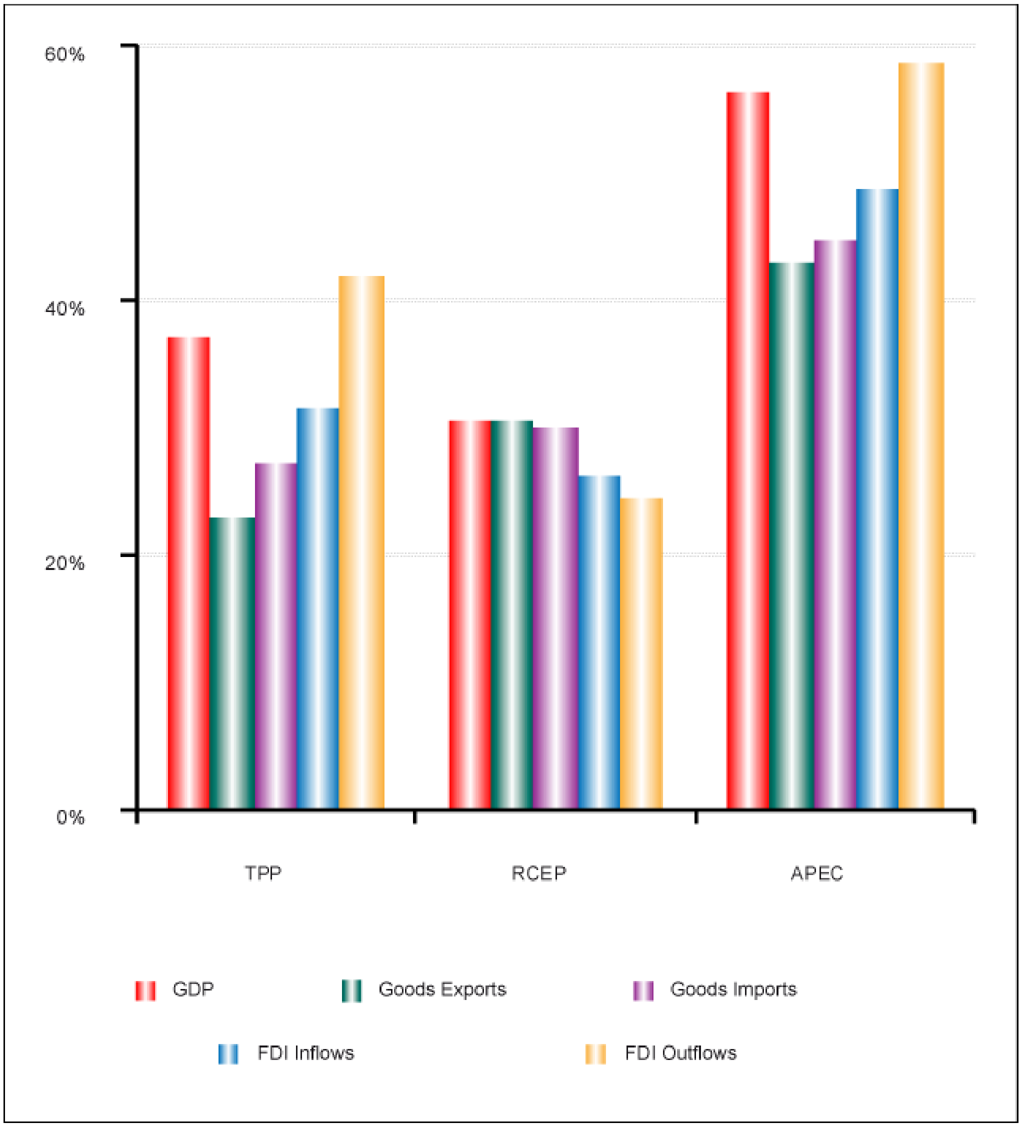
The participation in both initiatives of three Latin American countries from the Pacific Alliance (Chile, Mexico, and Peru) should be noted.

Should it come into being, the FTAAP would include both United States and China, two countries that have pushed for various integration initiatives in Asia-Pacific: the TPP and the Regional Comprehensive Economic Partnership (RCEP) Agreement[3] respectively. All the countries negotiating the TPP belong to APEC, whereas the RCEP has several APEC and non-APEC members.

The growing role of Asia-Pacific in the negotiations of regional mega-agreements reflects its importance in GDP, trade, and global foreign direct investment (FDI) flows (Figure 1). In particular, the 19 APEC economies account for 56% of world GDP, more than 40% of world trade, and around 50% of the world FDI revenue. In this respect, we must not forget the importance in the bloc of two of the three “factories” around which production is organized at the international level: Asia and North America (the third is Europe). These “factories” are formed by economies linked up by industrial production networks and significant intraregional trade. Effectively, APEC’s intraregional trade represents 57.5% of the Forum’s total trade flows.

Figure 1: Indicators of selected agreements

As % of world total. 2013 data.



Source: IDB-INTAL based on IMF (WEO, October 2014), WTO, and UNCTAD data.

Related articles

- IDB-INTAL. "Mega-agreement negotiations: how will they influence Latin America?," in: *INTAL Monthly Newsletter No. 204,* August 2013.

[1] APEC: Australia, Brunei, Canada, Chile, China, South Korea, the United States, Philippines, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Russia, Singapore, Thailand, and Vietnam.
[2] TPP: Australia, Brunei, Canada, Chile, United States, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.
[3] RCEP: ASEAN countries (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam), Australia, China, South Korea, Japan, India, and New Zealand.

Breakthroughs in transatlantic negotiations

The seventh negotiating round of the Transatlantic Trade and Investment Partnership (TTIP) was held in Washington D.C, United States, September 29-October 3. The European Union (EU) and United States have made progress in the technical work of the regulatory components and in the negotiations on certain specific topics, such as market access, services, investment offerings, and so on. Table 1 summarizes the main topics addressed in this round.

Given that bilateral trade tariffs are low, the agreement's greatest impact would come from the reduction of non-tariff barriers. Trade diversion would not be the TTIP's only effect on the rest of the world: the search for regulatory consistency between United States and the EU, and the establishment of new standards would affect the exports of third countries, which would have to adapt their products to the new rules for access to these markets and so increase costs. In cases where the rules become barriers to trade for countries not forming part of the agreement, it will be hard to turn to the World Trade Organization (WTO) when they exceed the scope of the multilateral rules.

On the other hand, one of the most significant changes relating to the TTIP is the recent declassification of the EU mandate for the talks toward the agreement. Prepared in June 2013, the document was released last October by the EU's Council. So far, the content had been kept secret, so the declassification constitutes a sign of transparency.

Table 1: Main topics covered in the seventh round of TTIP talks

Market Access
• Revision of proposals on national treatment and market access texts. • Agriculture: Discussion of non-tariff barriers, in particular relating to wines. • Services and Investments: environmental services, distribution, postal services, commercial services, health, education, energy, transport, telecommunications. Movement of skilled workers.
Regulatory Component
• Sanitary and Phytosanitary Measures • Regulatory consistency. • Transparency and good regulatory practices. • Technical barriers to trade: harmonization, transparency, conformity assessment procedures, cooperation, and institutional provisions. • Automotive Sector. • Pharmaceutical products. • Medical Devices. • Cosmetics. • Information and communication technologies (ICTs). • Pesticides.
Other Rules
• Energy and raw materials. • Trade facilitation and customs. • Intellectual property rights. Geographical Indications. • SMEs • Dispute settlement: State-State • Legal and institutional aspects.

Source: European Commission.

The mandate sets forth the agreement's general guidelines, objectives, and rationale included in each of the negotiation's major themes. According to the document, the TTIP "shall be ambitious, comprehensive, balanced, and fully consistent with World Trade Organization (WTO) rules and obligations."

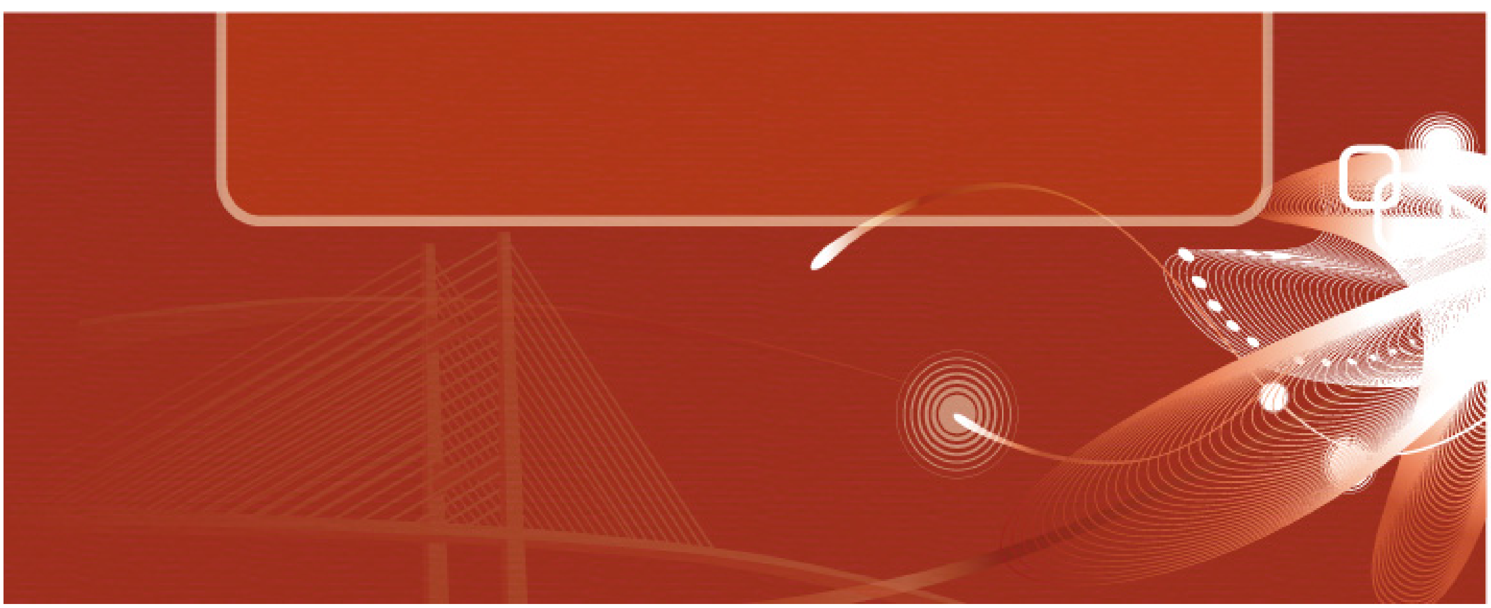
In terms of the most sensitive issues for the EU, the mandate rules investor-state disputes shall be accepted only if EU members are in agreement. This mechanism, whereby companies can file claims against states, is used in many agreements for the promotion and reciprocal protection of investments signed by the countries of the EU and United States with third—primarily developing—countries, and contrasts with the WTO's dispute settlement model, in which only states may file claims.

The document also stipulates that the agreement should recognize sustainable development as an overarching goal, whereby all commitments should conform to the environmental protection, labor, and consumer standards. In this respect, the parties shall undertake not to reduce levels of compliance in order to attract investments. The EU's cultural and linguistic diversity must also be protected, allowing it and its member countries to implement development policies in these areas, particularly in the digital realm.

Related articles

- IDB-INTAL. "Mega-agreement negotiations: how will they influence Latin America?," in: *INTAL Monthly Newsletter No. 204*, August 2013.
- IDB-INTAL. "2nd round of TTIP negotiations," in: *INTAL Monthly Newsletter No. 208*, December 2013.
- IDB-INTAL. "Transatlantic negotiations and the outlook for LAC," in: *INTAL Monthly Newsletter No. 209*, January 2014.
- IDB-INTAL. "EU-US: fourth round of talks," in: *INTAL Monthly Newsletter No. 211*, March 2014.
- IDB-INTAL. "Fifth round of US-EU negotiations," in: *INTAL Monthly Newsletter No. 214*, June 2014.

Impact assessment



Countries' internal infrastructure and exports: Remarks on two works of impact assessment

The aim of this article is to comment on two works assessing the impact of countries' internal infrastructure on international trade. An overview of this subject is available in an article published in *INTAL Monthly Newsletter No. 216*, explaining the purpose and methodologies used in impact assessment studies. The two studies in question are Vijil & Wagner (2012) and Kerem Co□ar & Demir (2014).

The first of these works seeks to assess the effectiveness of variables with a probable impact on trade, such as trade-related institutions and infrastructure (transport, communications, etc.) or the implementation of the Aid for Trade initiative (AFT). To this effect, it performs a two-step empirical analysis based on a gravity model, in which a country's export supply depends on its size, internal costs, and market access. These are based on a sample of 116 developing countries in Asia, Latin America, and Africa for the period 2002-2008. The first step involves studying the effects of these two transmission channels (infrastructure and institutions) on the performance of exports; the second step assesses the impact of the AfT initiative on trade flows.

In the first step, the authors have to tackle the problem of endogeneity by retrocausality or omitted variables, stemming from the fact that countries with better export performance may be interested in reducing the costs of internal trade deriving from infrastructure and institutions. The authors manipulate both variables: that is to say, they choose variables that correlate with infrastructure and institutions, but not directly with the performance of exports.

The **infrastructure** variable is implemented through the geographical conditions given by the proportion of a country's area at a distance of 100km from the coast or a navigable river. The **institutions** variable is implemented through the number of documents needed to export. Where this variable is concerned, it is important to note that the larger number of documents is linked to the longer time required to process them, but is not affected by the volume exported.

The authors find that the first transmission channel is significant, whereas the second is not. They also show that, given its impact on export performance, infrastructure is as important as a tariff reduction or non-tariff measures.

In the second step, the authors include AfT funds as an explanatory variable of export performance, controlled by infrastructure and institutions variables. The results show that the AfT infrastructure component's impact on export performance is significant and that a 10% increase in AfT commitments in infrastructure leads to a 2.34% increase in the exports/GDP ratio.

In the same vein, Kerem Co□ar & Demir (2014) study the impact of the quality of a country's internal transport infrastructure on its international trade. They focus on a public investment program carried out in Turkey between 2003 and 2012 and aimed at improving the quality of the country's roads. The investment sought to expand the capacity of existing roads, moving from two to four lanes, rather than adding new sections. The World Bank's Logistics Performance Index (LPI) indicators show that there has been an improvement in the quality of infrastructure and a reduction

in the transit times from point of origin to point of exit. The work assesses the impact of improved roads on provincial exports and finds that it is significant. The number of destinations is the main channel through which the improvement in infrastructure quality operates. That is to say that this improvement helps increase the number of markets, but does not help companies to start exporting or export firms to increase their sales to a given destination. The work finds that the effect is not evenly spread across sectors, but rather increases exports with a higher weight/value ratio.
Both works provide empirical evidence for the impact of the reduction of internal transport costs on international trade and, therefore, of the importance of investment in transport infrastructure to improve developing countries' international market access. Interestingly, two other recent IDB works, coordinated by Mesquita Moreira, et al. (2008; 2013) provide evidence along the same lines.

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Kerem Co□ar, A. & Banu Demir. 2014. "Domestic Road Infrastructure and International Trade: Evidence from Turkey."

Mesquita Moreira, M.; Volpe Martincus, C. & Blyde, J. S. 2008. *Unclogging the Arteries: The Impact of Transport Costs on Latin American and Caribbean Trade*. Special Study on Integration & Trade. Washington, D.C.: IDB.

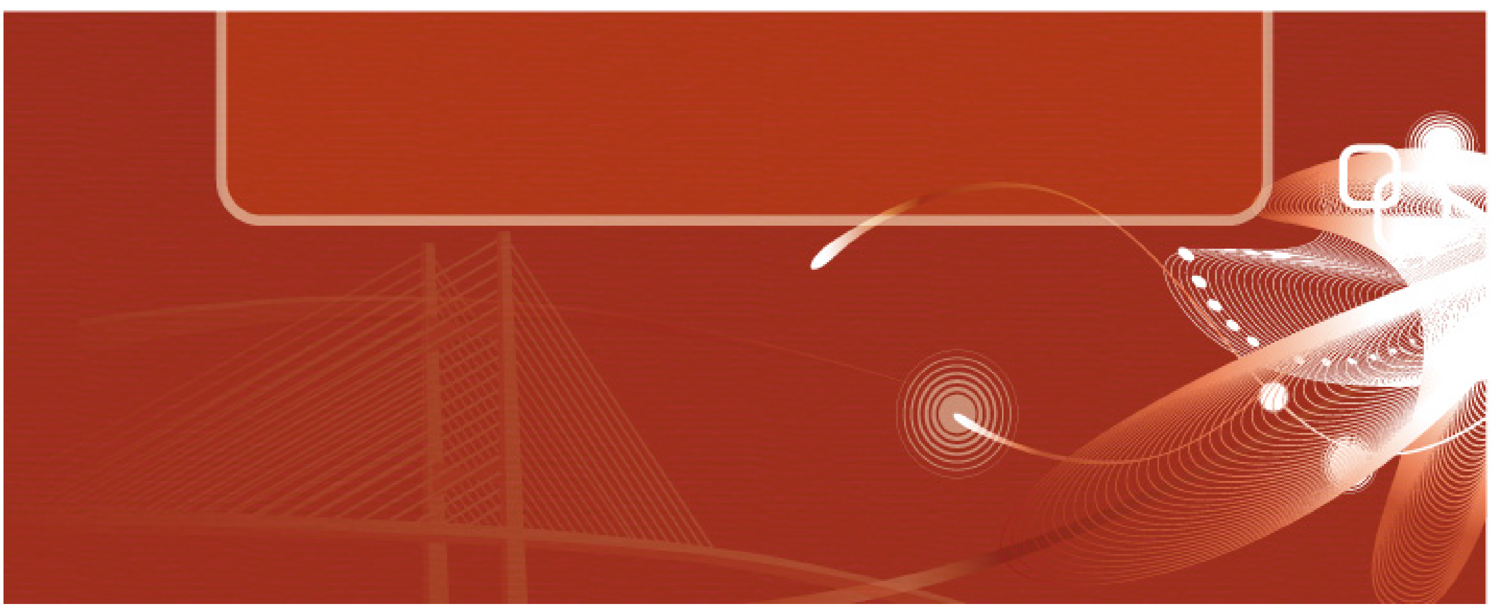
-----& Molina, D. 2013. *Too Far to Export: Domestic Transport Costs and Regional Export Disparities in Latin America and the Caribbean*. Special Study on Integration & Trade. Washington, D.C.: IDB.

Vijil, Mariana & Wagner, Laurent. 2012. "Does Aid for Trade Enhance Export Performance? Investigating the Infrastructure Channel," in: *The World Economy*, 35(7): 838-868.

Related articles

- IDB-INTAL. "Impact assessment in integration and international trade," in: *INTAL Monthly Newsletter No. 216,* August 2014.
- IDB-INTAL. "Impact Assessment and external market access: comments on two works," in: *INTAL Monthly Newsletter No. 217,* September 2014.

Integration and Trade Sector



Legal Instruments of Integration (IJI) Observatory

Quarterly tren August-October 2014

In the period indicated, the most relevant trend was the progress seen in the region's trade negotiations with extraregional partners, notably involving:

Honduras-Canada

- The free trade agreement (FTA) between Canada and Honduras came into force October 1.

Chile-Hong Kong

- The agreement signed September 7, 2012, came into force October 9.

360° view

Over the quarter, there were breakthroughs in 12 trade negotiations (1 new, 9 advanced and 2 concluded). There was also significant activity in other ongoing agreements.

New negotiations

- Mexico-Turkey: The Second Negotiating Round toward the FTA between Mexico and Turkey got under way October 15.

Advanced negotiations

- The Twenty-Sixth Pacific Alliance High Level Group Meeting was held in Chile, October 10.
- MERCOSUR-EU: prospects for the Agreement .
- Trans-pacific Agreement (TPP): ten days of meetings in Hanoi were completed September 10.
- Seventh Colombia–Japan Business Round: September 8-12. FTA could be signed in 2015.
- Colombia and Turkey sign firm Agreement on the Reciprocal Promotion and Protection of Investments (ARPPI): July 28.
- Costa Rica, Guatemala, Honduras, and Panama-European Free Trade Association (EFTA): schedule for entry into force of FTA between Panama, Costa Rica and the EFTA: August 15.
- El Salvador and Honduras-Peru: Peru and Honduras resumed talks, 4 August, toward an FTA promoting bilateral trade.

Concluded negotiations

- Guatemala-EFTA: talks concluded October 18.
- El Salvador-Trinidad & Tobago: negotiations concluded toward the signing of a Partial Scope Agreement (PSA) in trade. October 10.

Trade agreement highlights

- Seventeenth Meeting of the Council of Ministers of the Latin American Integration Association (LAIA): concluded in Montevideo, Uruguay, late August.
- Bolivia-Brazil Economic Complementation Agreement (ECA) No. 36: the Twenty-Seventh Additional Protocol to ECA No. 36 between Bolivia and Brazil came into force October 14.
- Brazil-Chile (ECA No. 35): the Fifty-Sixth Additional Protocol to ECA No. 35 between Brazil and Chile came into force October 14.
- Brazil-Uruguay (ECA No. 2): the Seventy-Fifth Additional Protocol to ECA No. 2 came into force October 17.
- Chile-Japan: deepening of Strategic Partnership Agreement (SPA), October 1.
- Colombia-Panama – A 25 TM 29: Colombia takes Panama off tax haven gray list, October 22.
- Colombia-Venezuela: Colombia and Venezuela signed the agreement permitting freight and passenger transport between the two countries' nationals, August 1.
- Central America and the EU deepened political dialogue and cooperation. Tegucigalpa, Honduras, October 17. See Joint Statement.
- Central American Integration System (SICA): SELA published the study, An analysis of trade flows between the CARICOM and Latin America.
- The Sixth Mexico-China Binational Permanent Commission concluded September 30.
- Dominican Republic-Central America-United States Free Trade Agreement (DR-CAFTA): United States Proceeds with Labor Enforcement Case Against Guatemala, September 18.
- Latin American and Caribbean Economic System (SELA) analyzed the situation in Europe and impact on Latin America, and the economic relations between Latin America and the Caribbean (LAC) and China, October 30.
- Union of South American Nations (UNASUR): Former president Ernesto Samper signed the act of possession as Secretary General of UNASUR, September 11, 2014. The Tenth Meeting of Deputy Ministers of the UNASUR South American Defense Council is to be held in Cartagena, Colombia, August 14, 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. To learn more about advances and developments in trade agreements and negotiations visit the IJI website.

Results of IDB-INTAL/RED SUR's Call for Research Projects and Young Economists Award

Results of IDB-INTAL/RED SUR's Call for Research Projects

The Call for Research Projects was a tremendous success, mobilizing more than one hundred researchers from 43 different academic centers around Latin America and the Caribbean.

In the framework of its Integration and Trade Sector, IDB-INTAL and the South American Network on Applied Economics/Red Sur,* received 65 research proposals, from which 4 projects were selected, one for each of the following subject areas: Value chains and natural resources, Climate change and integration, Renewable energy, and Standards and market access.

159 researchers from 43 different centers around Latin America and the Caribbean, including: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Chile, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Paraguay, Peru, Dominican Republic, Trinidad and Tobago, Uruguay, and Venezuela.

The selected projects can be accessed here.

Results of the Young Economists Award IDB-INTAL and RED SUR

The call successfully mobilized nearly 40 young economists from all over Latin America.

In the framework of its Integration and Trade Sector, IDB-INTAL and the South American Network on Applied Economics/Red Sur* received a total of 27 research proposals from close to 40 young economists in Latin America and the Caribbean (Argentina, Bolivia, Brazil, Colombia, Ecuador, Paraguay, Peru, Dominican Republic, Trinidad & Tobago, Uruguay, and Venezuela).

The Award consists of a grant to develop projects in the following subject areas: "Value Chains and Natural Resources", "Climate Change and Integration" and "Renewable Energy," as well as tutoring from a South American Network on Applied Economics/Red Sur researcher.

The jury singled out two projects in the categories of "Climate Change and Integration" and "Renewable Energy," deciding, in this edition of the Award, to declare the category of "Value Chains and Natural Resources" void.

The winning projects can be accessed here.

Hundreds of international businesspeople will take part in Outsource2LAC in Guatemala

Latin America and the Caribbean's main outsourcing and offshoring event took place November 11-13. (Link)

Latin America needs better logistics infrastructure, deeper regional integration and stronger rule of law to become key player in global value chains

New IDB report outlines steps that business and policymakers in Latin America and the Caribbean can take to diversify their exports, attract more foreign investment and increase international competitiveness. (Link)

Other IDB Activities

IIC launches InvestAmericas, a platform to foster financing for small and medium-sized enterprises

Innovative initiative to put SMEs in contact with local and international investors. (Link)

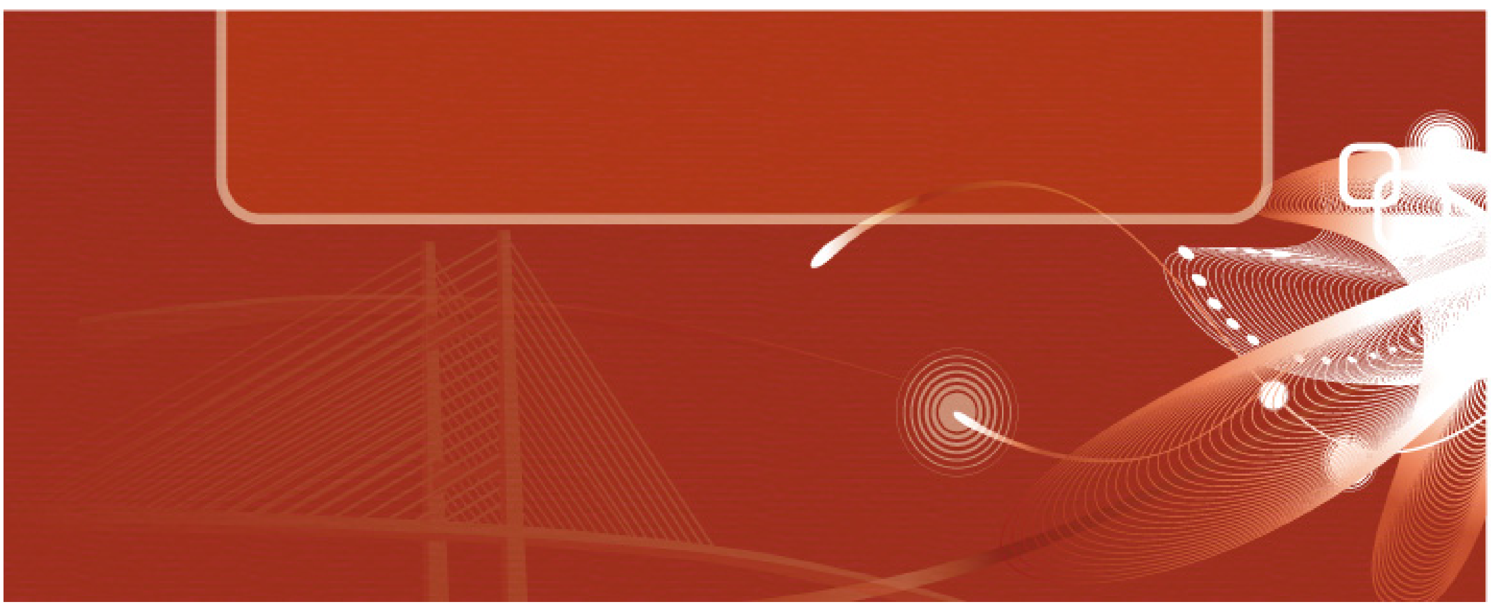
Global study shows clean energy activity surges in developing world

China, Brazil and South Africa show wide diversity of clean energy investment opportunities. Developing nations represent a large and rapidly growing share of the world's clean energy investment, according to Climatescope 2014, a landmark study released today. The results suggest renewable technologies can be just as cost-competitive in emerging parts of the world as they are in richer nations. (Link)

Mexico and the Inter-American Development Bank foster innovation in sustainable energy technology

The CONACYT-SENER Fund for Energy Sustainability (FSE) and the IDEAS program of the Inter-American Development Bank (IDB) announce the 2014 call for proposals to fund innovate energy project in Mexico and the Latin American and Caribbean regions. (Link)

INTAL Documentation Center



Reviews

Kunaka, Charles & Carruthers, Robin. 2014. Trade and Transport Corridor Management Toolkit. Washington, D.C.: World Bank. [411 pages.]

This publication by the World Bank is a guide to tools for trade and transport corridor projects. Trade and transport corridors are defined as roads that facilitate the movement of goods and people between regions and countries. In particular, the work seeks to contribute to the implementation of corridor projects, both in terms of their design and the determination of their components, while also analyzing the impact they have.

The publication points out that these corridors involve multiple elements: not just transport infrastructure, but other dimensions of competitiveness, such as legal and institutional frameworks, control procedures, and logistics services. On the one hand, they are highly relevant in terms of landlocked countries improving their connectivity with international markets. On the other, they provide a territorial framework for cooperation and collaboration among countries, and for public and private organizations providing infrastructure and services.

The publication identifies some elements of the corridor approach for development. On the one hand, it highlights the importance of productive integration in value chains and, on the other, the concept of "anchor project," which has backward and forward linkages, and can generate the critical mass of economic activity needed to make sustainable investments.

The book is divided into three sections. The first focuses on diagnosis of the corridor, based on primary and secondary sources on services, infrastructure, and the legal and institutional framework. The objective is to identify the constraints and bottlenecks that restrict trade facilitation, and on weaknesses and opportunities, and also to calculate performance indicators (volumes, cost, time, reliability, security).

The second section focuses on options to improve the corridor through specific interventions, both investments in infrastructure and changes in trade facilitation-related policies and regulations. Each module addresses issues such as border management, crossings, customs, roads, rail, sea, and air transport, operations, and port access, among other topics.

The third section focuses on assessing the impact of investments, such as the increase in volumes traded or the reduction of export and import costs, to determine whether the impacts justify the investment.

While underlining the fact that the World Bank's major interventions have been in Sub-Saharan Africa, Europe, and Asia, it is worth noting the publication's scant treatment of the subject in Latin America and the Caribbean.

Here, we should draw attention to the work's complementarity with the Methodology of Indicative Territorial Planning and the Integration and Development Hubs (EIDs) of the Initiative for the Integration of Regional Infrastructure in South America (IIRSA) in its first 10 years of work and its continued presence through the Council and South American Infrastructure Planning (COSIPLAN) of UNASUR.

An EID is a multinational strip of territory articulated by infrastructure that facilitates the flow of goods and people. But it is also conceived as an element of physical integration that catalyzes economic, social, and environmental development. In this sense, IIRSA's approach is significant not only in the economic impacts of infrastructure projects, but also in the environment, social development, local population, and other significant areas.

The approaches of both the World Bank and IIRSA, it should be noted, take into account not only physical connectivity, but also normative and institutional aspects in order to improve the diagnosis and identification of the interventions needed.

The most significant contribution of the World Bank's book is the section on impact assessment, describing possible methods of economic evaluation. In summary, the publication is a highly relevant source of consultation for public and private sector actors, and for international organizations involved in territorial planning, and trade and transport corridors, especially in developing countries.

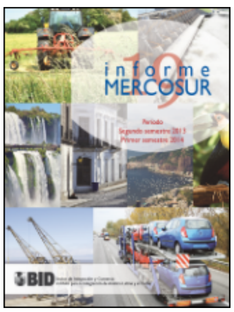
Kunaka, Charles & Carruthers, Robin. 2014. Trade and Transport Corridor Management Toolkit. Washington, D.C.: World Bank.

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

* Beliz, G., dir. y Ramos Martínez, A., coord. (2014). Informe MERCOSUR número 19 : Segundo semestre 2013 - Primer semestre 2014. Buenos Aires: INTAL.



Autor: Beliz, Gustavo, dir.; Ramos Martínez, Alejandro, coord.
Título: Informe MERCOSUR número 19 : Segundo semestre 2013 - Primer semestre 2014
Otros responsables: Campos, Rosario; Gayá, Romina; Michalczewsky, Kathia; Rozemberg, Ricardo; Makuc, Adrián; Svarzman, Gustavo; Mesquita Moreira, Mauricio; Instituto para la Integración de América Latina y el Caribe, INTAL
Edición: Buenos Aires: INTAL, noviembre de 2014 [141 p.]
Serie: Subregional Integration Report Series MERCOSUR = Informes Subregionales de Integración MERCOSUR = Série Informes Subregionais de Integraçao MERCOSUL; 19
Temas:‹MACROECONOMIA›‹ECONOMIA INTERNACIONAL›‹INTEGRACION REGIONAL›‹INTEGRACION ECONOMICA›‹INTEGRACION PRODUCTIVA›‹NEGOCIACIONES COMERCIALES›‹RELACIONES COMERCIALES›‹ACCESO A LOS MERCADOS›‹ACUERDOS REGIONALES DE COMERCIO›‹COMERCIO INTERNACIONAL›‹COMERCIO INTRARREGIONAL›‹DESARROLLO ECONOMICO›‹ENERGIA›‹EXPORTACIONES›‹IMPORTACIONES›‹INVERSIONES›‹POLITICA COMERCIAL›‹REGIONALISMO›‹TRANSPORTES EN GENERAL›‹TRANSPORTE TERRESTRE›‹INVERSION EXTRANJERA DIRECTA, IED›‹MERCADO COMUN DEL SUR, MERCOSUR›‹BRICSALIANZA BOLIVARIANA PARA LAS AMERICAS, ALBA›‹CARIBBEAN COMMUNITY, CARICOM›‹UNION EUROPEA, UE›‹ARCO DEL PACIFICO›
JEL:E; E23; E3; E6; F; F1; F2; F3; F4; F5; F53; H54; O; O1; O11; O13; O2; O3; O54

Geográficos:<AMERICA LATINA><CARIBE>

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 19, corresponde al período comprendido entre el segundo semestre de 2013 y el primer semestre de 2014, 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 general: Nota Técnica BID Nº 719.

Nota de contenido:

D: La propuesta de creación de una Zona Económica Complementaria (ZEC) entre los países miembros del MERCOSUR, el ALBA, CARICOM y PETROCARIBE [p. 94]
E: Los BRICS y el MERCOSUR [p. 96]
F: El MERCOSUR y la Conferencia Ministerial de la OMC en Bali [p. 99]
G: El MERCOSUR y los Mega Acuerdos Comerciales Regionales [p. 102]
Bibliografía [p. 105]

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texto completo. Si no pudo acceder haga click aqui

* Giordano, P., coord. y Ramos, A., col. (2014). Trade and Integration Monitor 2014 : Facing Headwinds : Policies to support a trade recovery in the post-crisis era = Monitor de Comercio e Integración 2014 : Vientos Adversos : Políticas para relanzar el comercio en la post-crisis. Washington: BID.

Autor: Giordano, Paolo, coord.; Ramos, Alejandro, col.
Título: Trade and Integration Monitor 2014 : Facing Headwinds : Policies to support a trade recovery in the post-crisis era = Monitor de Comercio e Integración 2014 : Vientos Adversos : Políticas para relanzar el comercio en la post-crisis
Otros responsables: Estevadeordal, Antoni; Galeazzi, Clara; Harris, Jeremy; Iannuzzi, Patricia; Michalczewsky, Kathia; Curran, Linda; Campos, Rosario; Kobylnik, Andrea; Mazzella, Federico; De Oliveira, Mauro; Crotto, Manuel; Skinner, Martha; Osorio, Carolina; Mesquita Moreira, Mauricio; Ramos, Bárbara; Lucenti, Krista; Vodusek, Ziga
Edición: Washington: BID, october 2014 [71 p.]
Serie: Trade and Integration Monitor
Temas:<DESARROLLO ECONOMICO><COMERCIO INTERNACIONAL><INTEGRACION ECONOMICA><NEGOCIACIONES COMERCIALES><FACILITACION DEL COMERCIO><EXPORTACIONES><BALANZA DE PAGOS><PRECIOS>
Geográficos:<AMERICA LATINA><CARIBE>

Resumen: This report provides a detailed analysis of the principal characteristics of LAC's exports during the post-crisis period. The weak performance of the export sector stems from a combination of multiple variables operating in the global economy and whose future remains uncertain. In any case, the trends identified in this analysis represent a warning for the region and emphasize the need to support the recovery of the export sector. This is particularly true in the area of trade policies, where measures to remedy the situation do not rise to the magnitude of the challenges. The first section examines the principal characteristics of the slowdown in world and regional trade since the middle of 2011. The second section provides an overview of the region's trade performance between 2012 and 2013, as well as the trends in value and composition of the regional export basket in 2013, highlighting the key factors in each subregion and country. Additionally, it presents an analysis of the evolution of the terms of trade of the region, outlining the deterioration of the last two years, as well as the contributions of price and volume changes to the trajectory of foreign sales. The third section discusses

recent developments in the trade policy sphere, with emphasis on the progress of multilateral and regional agreements on trade facilitation.

Nota de contenido:

Accesos al documento:HM BID-INTRADE.BID [2014]
Documento Electrónico
English version. Si no pudo acceder haga click aqui
Versión en español. Si no pudo acceder haga click aqui

* Blyde, J., coord. (2014). Fábricas sincronizadas : América Latina y el Caribe en la era de las cadenas globales de valor = Fábricas sincronizadas : A América Latina e o Caribe na era das cadeias globais de valor. Washington: BID.

Autor: Blyde, Juan S., coord.
Título:Fábricas sincronizadas : América Latina y el Caribe en la era de las cadenas globales de valor = Fábricas sincronizadas : A América Latina e o Caribe na era das cadeias globais de valor
Otros responsables: Volpe Martincus, Christian; Molina, Danielken; Li, Kun; Harris, Jeremy; Ribeiro, Thiago Alves; Silva, Tiago Andreotti e; Brown-Grossman, Flor; Cafaggi, Fabrizio; Domínguez-Villalobos, Lilia; Almeida, Lucila Gabriel de; González, Andrea; Hallak, Juan Carlos; Joppert Swensson, Luana F.; Meléndez Arjona, Marcela; Monge-González, Ricardo; Gross, Clarissa Piterman; Macedo Junior, Ronaldo Porto; Schott, Peter K.; Soria Genta, Tatiana; Uribe, Maria José; Zolezzi, Sandro
Edición: Washington: BID, octubre de 2014 [209 p.]
ISBN:978-1-59782-182-7
Temas:<CADENAS DE VALOR><INTEGRACION PRODUCTIVA><DESARROLLO INDUSTRIAL><SECTOR INDUSTRIAL><COMERCIO INTERNACIONAL><EMPRESAS>
Geográficos:<AMERICA LATINA><CARIBE>

Resumen: El surgimiento de las cadenas globales de valor está permitiendo que las naciones que se vinculan a ellas se industrialicen a un ritmo mucho más acelerado que el que necesitarían desarrollando cadenas domésticas completas. Además de crear oportunidades para diversificar la producción y el comercio, la participación en estas cadenas globales permite que los países capturen algunas de las ganancias asociadas al bien manufacturado en la cadena sin tener que poseer habilidades en todas sus etapas de producción. A pesar de estos potenciales beneficios, muy poco países en América Latina y el Caribe están aprovechando estas nuevas tendencias en la organización internacional de la producción. Este reporte presenta inicialmente un panorama muy completo del nivel de participación de los países de la región en las cadenas globales de valor vis à vis otras regiones del mundo. Posteriormente se examinan los principales factores que subyacen a las tasas de participación observadas, para concluir con una serie de propuestas de política.

Nota de contenido:
Capítulo 1: Consideraciones preliminares: conceptos, tendencias y marcos

Accesos al documento:
338.45 / BLY-FAB / 2014
Documento Electrónico
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* Organization for Economic Co-Operation and Development, OECD; World Trade Organization, WTO; Conferencia de las Naciones Unidas sobre Comercio y Desarrollo, UNCTAD. (2014). Report on G20 trade measures (mid-may 2014 to mid-october 2014). Paris: OCDE.

Autor inst.: Organization for Economic Co-Operation and Development, OECD; World Trade Organization, WTO; Conferencia de las Naciones Unidas sobre Comercio y Desarrollo, UNCTAD
Título: Report on G20 trade measures (mid-may 2014 to mid-october 2014)
Edición: Paris: OCDE, november 2014 [73 p.]
Temas:<GRUPO DE LOS VEINTE, G20><POLITICA COMERCIAL><COMERCIO INTERNACIONAL><COMERCIO DE SERVICIOS><LEGISLACION ANTIDUMPING><BARRERAS COMERCIALES><ACUERDOS SOBRE MEDIDAS SANITARIAS Y FITOSANITARIAS, MSF>

Resumen: This is the twelfth report on G-20 trade measures. With continuing global economic uncertainty and sluggish trade growth, it remains of concern that the stock of restrictive trade measures introduced by G-20 economies since 2008 has continued to increase during the period between mid-may 2014 and mid-october 2014. Prevailing global economic conditions mean that this is not a time for complacency in the international trading system. The G-20 economies must take decisive action to reduce this stock of trade restrictions by showing restraint in the imposition of new measures and by effectively eliminating existing ones ...
Accesos al documento:
339.94 / OECD-REP / 2014
Documento Electrónico
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* Las compras públicas como herramienta de desarrollo en América Latina y el Caribe. (2014). Caracas: SELA.

Título: Las compras públicas como herramienta de desarrollo en América Latina y el Caribe
Edición: Caracas: SELA, septiembre de 2014 [64 p.]
Serie: Relaciones Intrarregionales; 11-14
Temas:‹COMPRAS DEL ESTADO›‹SECTOR PUBLICO›‹POLITICA DE DESARROLLO›‹PEQUEÑAS Y MEDIANAS EMPRESAS, PYMES›‹ACUERDOS REGIONALES DE COMERCIO›‹ACCESO A LA INFORMACION›‹POLITICA DE COMPETENCIA›‹FINANCIAMIENTO DEL DESARROLLO›‹FORMACION PROFESIONAL›‹DESASTRES NATURALES›
Geográficos:‹AMERICA LATINA›‹CARIBE›

Resumen: El objetivo principal del presente estudio es reflejar el panorama actual de las compras públicas en América Latina y el Caribe como instrumento de desarrollo nacional. El documento está organizado en cuatro capítulos. El I capítulo analizará la importancia de las compras públicas, como actividad de Estado, en el Producto Interno Bruto (PIB) de los países de la región. El concepto de compra pública ha evolucionado hasta llegar a entenderla como una herramienta de desarrollo que permite incorporar a sectores vulnerables de la sociedad dentro del proceso económico general, y generar no sólo egresos al Estado, sino buena parte del dinamismo de la economía nacional, con efectos en la generación de empleo, la canalización de inversiones y el desarrollo productivo. El Estado, a través de su poder de compra, puede influir en el desarrollo sostenible, fomentando la producción y comercialización de bienes y servicios más adecuados en términos sociales, ambientales y económicos ...

Nota de contenido:

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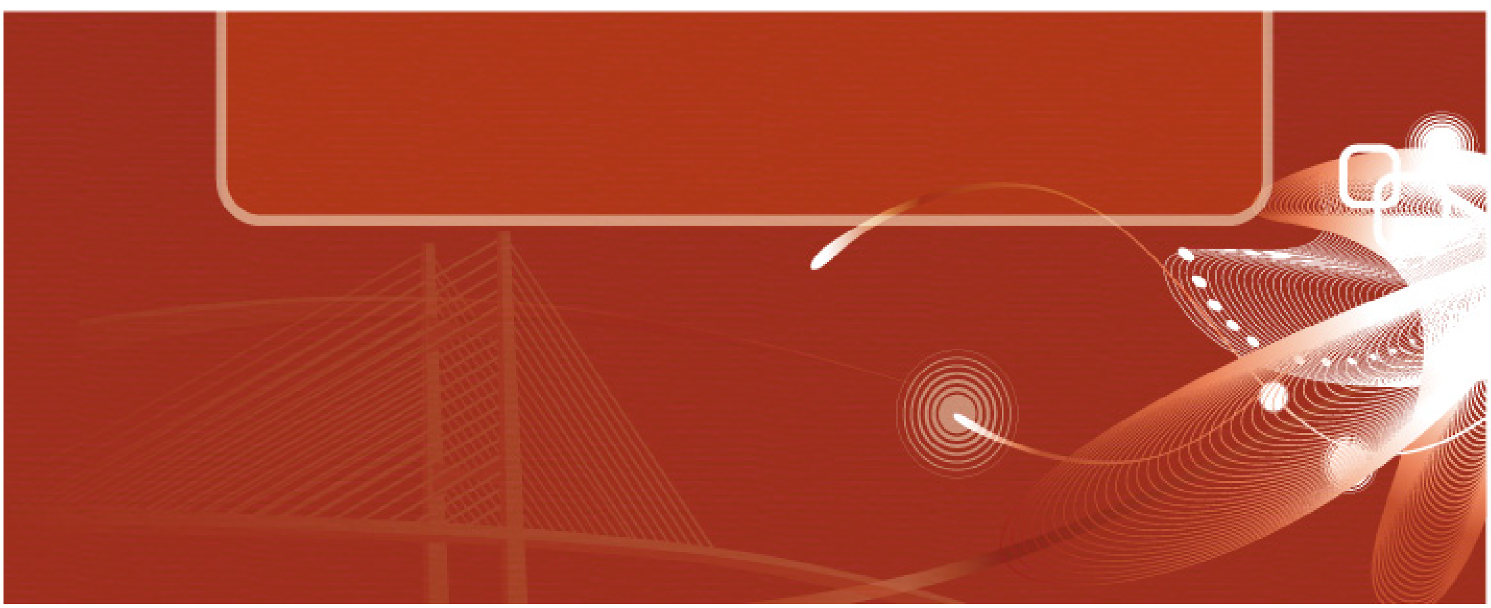

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Links to original information sources in this issue:

- Ambler, K., Aycinena, D. y Yang, D. (2014). The impact of fee discounts on remittances: A field experiment with migrants from Central America. Cambridge: NBER. Link.
- Directives for the negotiation on the Transatlantic Trade and Investment Partnership between the European Union and the United States of America. (2014). Brussels: EU. Link.
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