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Inequality in Latin America: a change of direction?

A downturn in the Gini coefficient across most of Latin America and the Caribbean (LAC) over the past decade has been cause for widespread optimism.[1] International agencies, governments, and academics are asking whether perhaps, after decades of rising inequality, a change in direction may be taking place in the most unequal region on our planet. The questions raised are many and varied: the causes of this reduction; its sustainability and deepening over time; the significance of the dip in the Gini coefficient in terms of equality; what is happening to inequality in other dimensions; etc. These were just some of the topics of contemporary political and academic relevance covered by the seminar, "Latin American inequality in the long term," organized by Luis Bertola of the University of the Republic (UdelaR), Uruguay, and Jeffrey Williamson of Harvard and Wisconsin Universities, in conjunction with the Inter-American Development Bank (IDB), the World Bank (WB), and the Economic Commission for Latin America and the Caribbean (ECLAC), in the Prebisch Auditorium of the Institute for the Integration of Latin America and the Caribbean (IDB-INTAL), Buenos Aires, Argentina, December 3-5 2014.

This article concentrates mainly on a question currently exercising researchers across the region: to explain the causes behind this downturn. Explaining it is key in terms of policy input. Being able to know what is impacting on inequality, what its limits are, and what other actions should be taken is necessary if we are to pursue the path of reducing inequities.

The article opens with an overview of the situation in the region and attempts to explain the meaning of the downturn in the Gini coefficient in terms of equality, while also looking at other dimensions of inequality. It goes on to focus on the main hypotheses to explain the downturn in income inequality, and, last, sets out the policy and research challenges ahead.

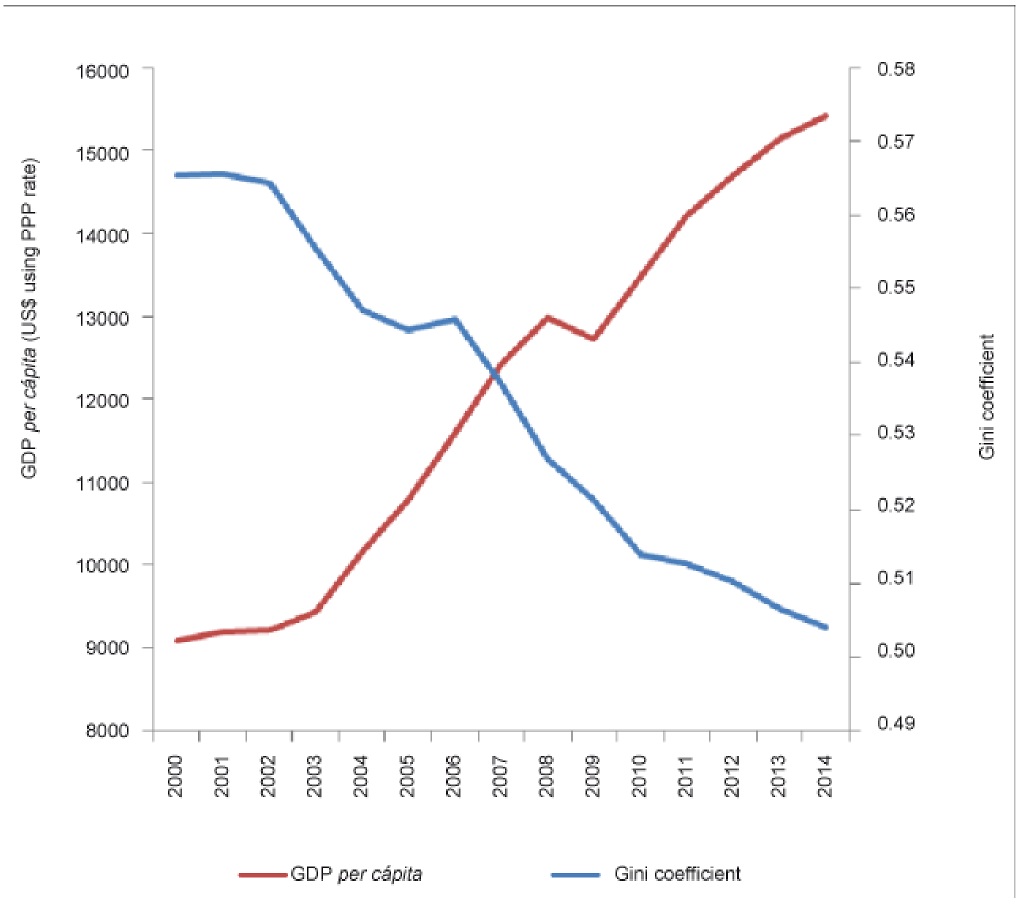
Does a downturn in the Gini coefficient mean a downturn in inequality?

While most readers are no doubt familiar with its meaning, it is worth remembering that the Gini coefficient is the most widely used indicator both for plotting a country's course over time and to establish inequality rankings between nations. It measures with values of 0 to 1 the empirical dispersion of earnings across households or persons in relation to a hypothetical line of perfect equality. It may be defined as the average absolute difference in income levels between two individuals randomly selected from the population at large, correlated with the overall average for the population. Thus, in a society where the average earnings are US$40,000, a Gini coefficient of 0.4 means that the gap between the levels of resources of two randomly selected individuals would, on average, be US$16,000 (Bourguignon, 2012, p. 12). In a hypothetical fully egalitarian society, the value should therefore equal zero. The more equitable societies, such as some in Western Europe, display figures of around 0.3, although inequality has been on the rise in several of them. According to the presentation by *Salazar*, in 2013, the average for Latin America is 0.507.

However, since 2003, the region has been experiencing a special situation. First, while inequality in developed countries has been on the rise, in Latin America it has been falling. Second, unlike theories presupposing that inequality rises in growth phases, the region has seen simultaneous significant economic growth and falling inequality (Figure 1). Ultimately, after the international crisis of 2008, unlike previous decades, the majority of countries in the region displayed countercyclical behavior in social spending, which helped them through the situation with no increase in poverty or inequality.

Figure 1: Evolution of growth and inequality in Latin America

2000-2014

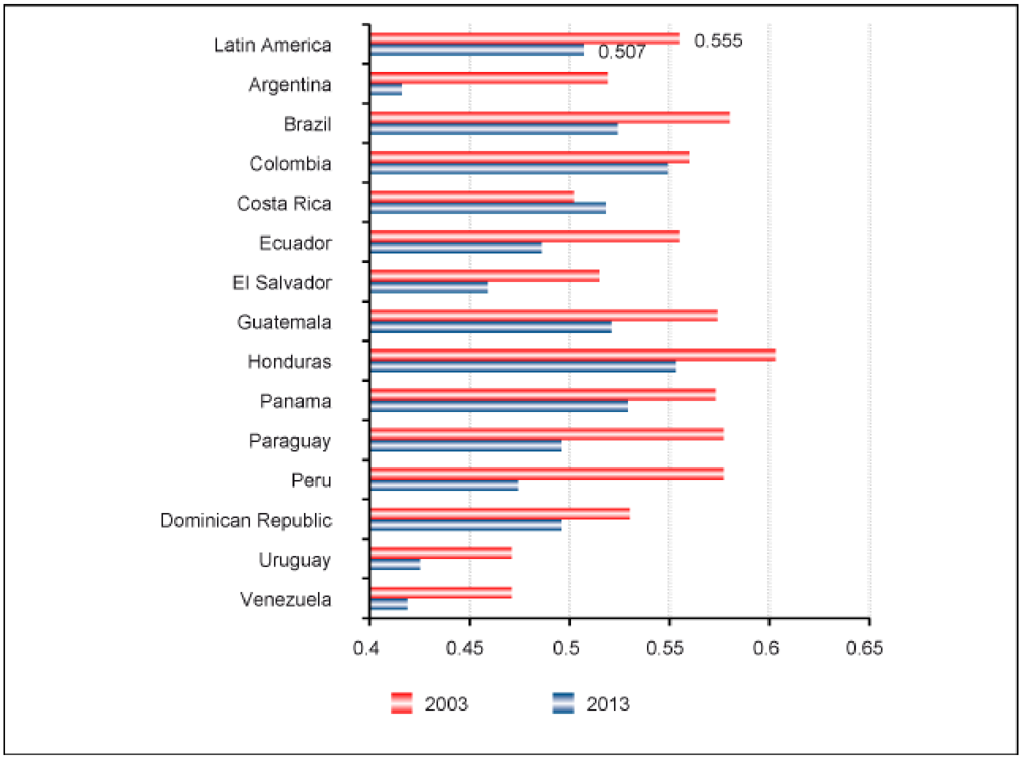


Source: Presentation by Salazar.

In this context, indigence, poverty, and income inequality fell. As shown in the above presentation by *Salazar*, the Gini coefficient for 18 countries fell from 0.555 in 2003 to the aforementioned 0.507 in 2013 (Figure 2). In the same direction, various countries have seen the growth of "emerging middle classes," as well as the "democratization of consumption" thanks to renewed access to various different goods, such as cellular telephones, computers, or cars, among the working classes.

Figure 2: Gini Coefficient in Latin America

Years 2003 and 2013



Source: Presentation by Salazar.

The causes for optimism, however, should not be overstated, the region's countries still being among the most unequal on the planet: Brazil's population contains both the richest and the poorest 2% of people in the world, and, excepting Argentina, Uruguay, and Venezuela, *Salazar* shows that all the others rose in 2013 above 0.45. This, according to the author, is a significant figure, reached by just one country in Asia (Malaysia) and none in Europe. The presentation by *Gasparini & Alvarado* provided new data on inequality in the region and in developing countries in general. They show long-term stability in inequity evolution across the countries. When sub-Saharan Africa is included in the comparison of per capita household consumption (usually left out due to insufficient data), it tops the inequity table alongside LAC: while the latter has a slightly lower average Gini coefficient, it displays a rather higher median in this indicator. This is because, compared to Africa, there is less disparity across the different nations' Gini coefficients, with no Latin American country being excepted from extremely or fairly high inequality. *Gasparini &*

Alvarado also reveal the stability of the appropriate portion of income for the middle classes (7 to 9 deciles), which exhibits little variation either over time or across LAC countries. The "action" (the name given by the authors)—that is to say, fluctuations that explain the changes in the Gini coefficient—therefore occurs at both the apex and the base of the distribution

Yet, while there is agreement over there being a fall in the Gini coefficient, there is less consensus over what this means. A first group of methodological criticisms targets the limitations of gauging inequality using income data, as is the usual practice in the region. In this regard, *De la Torre*, in his presentation, proves that, by using alternative measurements, such as consumption, incorporating data to capture the income of the super-rich (whose earnings are historically underdeclared), and configuring rich and poor consumption baskets, the downward trend in inequality over the last decade is still observed.

A second group of criticisms focuses on the assertions authorized by the downturn in the Gini coefficient. *Pérez Sáinz (2013)*, for example, points out that a mere downturn is no grounds to postulate an improvement in equality, since it focuses on secondary distribution, once the division between labor and capital has already taken place. For this author, an indicator comparing the situation of households or individuals does not inform us about distribution across classes, ethnic groups, or genders. Second, he adds that the division into deciles contributes to the invisibility of elites within the top decile. Therefore, an improvement in the distribution between middle and upper classes (excluding the lower classes) can drive down the Gini coefficient. This is precisely what has happened in Mexico, where it has reduced income dispersion without this leading to a fairer society. The presentation by *Birdsall & Meyer* contributes an additional element by laying the emphasis on the persistence of a significant fringe of "strugglers"—similar to the idea of vulnerable populations—within the emerging middle class. While this group falls outside the poverty trap, it remains extremely close to it and is therefore prone to fall into it in adverse situations.

Other voices underline the need to complement this with studies on primary or functional distribution between capital and labor. A recent work by Amarante, Abeles, & Vega (2014) in this area found that the downturn in the Gini coefficient has not been accompanied by a rise in occupational earnings' share in the region's gross domestic product (GDP). This qualifies any general optimistic judgments regarding the fall in income inequality.

So what can be said? It can be argued that, as an indicator, the downturn in the Gini coefficient is necessary but by no means sufficient in pointing up the fall in income inequality. On the one hand, other income indicators should be included; on the other, from a growing plural view of inequality, we have to ask what happens in other dimensions. Several papers at the seminar took a multidimensional view, highlighting the downside of the present. *Salazar*'s presentation showed that, in the region's countries measured, the gaps in school attendance narrowed across the various social sectors, although quality issues persisted. He also highlighted the decline in infant mortality, in particular within the groups traditionally hardest hit. According to the author, these improvements have been due to increased social spending, more and better targeted programs, cash transfers, and the construction of health and education infrastructure in deprived areas (Table 1). In terms of health, the increase in the coverage of potable water, sanitation, maternal and child health programs, and forms of basic insurance have impacted favorably.

Amarante points to an upturn in educational segregation, while residential segregation in the region has held steady or seen slight downturn. The region's tax structures display almost no capability of correcting market inequalities. In short, it seems inappropriate so early on either to celebrate the change of direction or to ignore the improvements; rather there is a need to

understand, maintain, and deepen certain positive trends. It is the keys to these trends that form the subject of the next section.

Table 1: Scope of conditional cash transfer programs and noncontributory pensions in Latin America

2011

	Conditional cash transfers	Noncontributory pensions
COUNTRY	PERCENTAGE OF POPULATION	PERCENTAGE OF OLDER ADULTS
Argentina	29.1	1.4
Bolivia	46.6	100
Brazil	28.1	37
Chile	6.4	53.5
Colombia	23.8	15.6
Costa Rica	15	30.6
Ecuador	38.3	58.2
El Salvador	7.5	3.4
Mexico	23.2	44.9
Panama	10	56.5
Paraguay	7.5	7.4
Peru	8.6	1.5
Uruguay	26.4	9.8
Latin America	**25**	**33.4**

Source: Salazar presentation.

Why is the Gini coefficient falling?

There is consensus that the downturn in the Gini coefficient is not due to profound changes, such as variations in the production structure, the restructuring of taxation, or a simple shift in the concentration of wealth at the apex. In other words, we are not dealing with a more entrenched structural transformation. Current works on the region, and several presented at the seminar, fall into investigations into the weight of long-, medium-, and short-term factors, and others focusing on specifying the most recent variables bearing the greatest explanatory weight.

In the first of these two groups, *Székely*'s presentation looked into the **weight of long-term factors**, particularly the fall in poor households' dependency ratio, and finds that it has only a limited impact on the downturn in the Gini coefficient. Where medium-term changes are concerned, he points to rising female participation in the workforce and longer times spent in education among the lower segments, in the face of the current downturn of inequality. However, he agreed that the greatest explanatory weight is borne by short-term variables, particulary shifts in the terms of trade favoring the region's economies. This conclusion led him to be cautious regarding the sustainability of the process, as this variable depends on external factors. *Andersonn & Palacio* incorporated in their presentation a dimension seldom still seen in the regional debate: according to their study, improved agricultural productivity since 1995 is likely to have had a decisive impact on the downturn in the Gini coefficient in several countries, given that this was traditionally a backward area in terms of productivity and earnings.

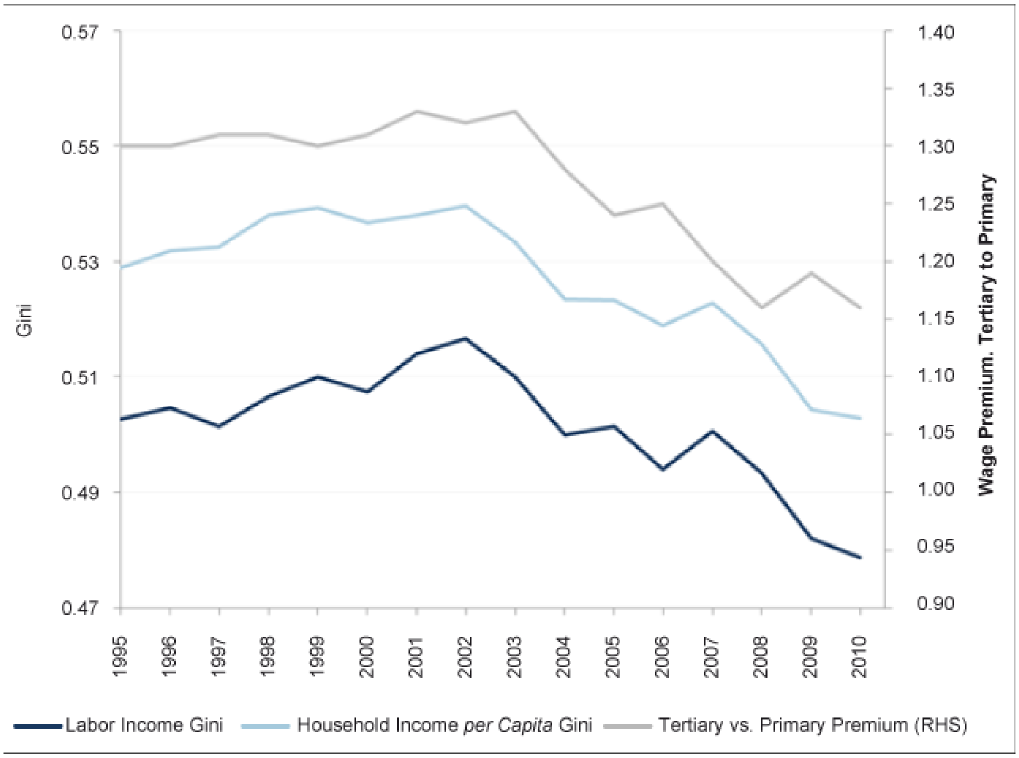
However, as has been mentioned, the explanatory weight is borne above all by the **short-term variables**. The three factors explaining the downturn are cash transfers, noncontributory pensions, and occupational earnings. There were various different stances over the role of labor policy, which will be discussed later on. As *Salazar* mentioned in his presentation, cash transfer programs are present in virtually all the countries, covering almost 25% of the population and 0.37% of the region's GDP, with around 131 million beneficiaries, according to 2011 data. Noncontributory pension programs aimed at older unpensioned adults are having a growing impact that varies greatly from country to country, reaching 33% of the reference population and taking up 0.56% of regional GDP in 2011.

What impact does each of these factors have? According to a study by *Levy & Schady (2013)*, conditional transfers probably account for around 25% of the downturn in inequality, noncontributory pensions for 5%, and occupational earnings for 50%. This leaves 20% to investigate, which may rely on other factors and variables depending on the country, such as the weight of remittances in Mexico and Central America. In this event, on the one hand, social policy can be seen to have had a bearing on falling poverty levels, but less of an impact on the downturn in inequality. It is therefore necessary to understand what has happened to occupational earnings, especially because, according to *De la Torre,* the weight of the labor component has been most important in the countries where inequality has fallen furthest.

Why have inequalities in occupational earnings fallen? The touchstone of current research is returns from education, or so-called "skill premiums." The last decade in particular has seen a narrowing of the gap between the earnings of those with tertiary education and those with just primary (Figure 3). Economists are testing three separate hypotheses to explain this, although some combination of them is not to be ruled out, as they are neither mutually exclusive nor contradictory, and their specific causes and importance may vary from country to country. The three hypotheses are: an increase in labor supply with tertiary qualifications; a decline in skill premiums among the most highly educated due to the declining value of their diplomas, the obsolescence of their qualifications, and/or poorer training at inferior universities; and, last, a change to the production matrix, which may be pushing up demand for less skilled workers.

Figure 3: Gini Coefficient and the tertiary-primary education earnings gap

Latin American average, 1995-2010



Source: Presentation by De la Torre.

De la Torre's presentation reviewed each hypothesis in terms of the current research. Where the first hypothesis is concerned, he pointed out that the rising levels of tertiary educated population date back to the 1980s without this involving a concomitant decline in skill over the past decades. This hypothesis is therefore to be discarded. Regarding the third hypothesis, which has several supporters in academic circles, he looked at examples from different countries that show the most labor-intensive sector to be services, which tends to hire the most highly skilled workers. Hence, the idea of an increase in demand for the least skilled workers, while not to be ruled out (as there may be discrepancies between labor demand and supply in relation to qualifications), is also left in the balance. But it is the second hypothesis, recently advanced by *Lustig*, that has garnered most support. However, this too has its variations. The idea of a rise in the poorest and least skilled, whose qualifications have lower premiums in the labor market, is now being tested in several ongoing studies. Also, the hypothesis that the programs they are joining in new, low-grade

universities (known in some countries as "garage universities") are contributing to this leveling of earnings, still needs to be validated with more research.

Another aspect of the hypothesis was presented by *Campos Vázquez, López-Calva, & Lustig* for the case of Mexico. They showed that, increasingly early, cohorts of workers embark on a process of leveling of their occupational earnings, which could be due to the accelerating obsolescence of their skill sets. But, as the speakers pointed out, more research is still needed to validate this hypothesis for the region as a whole. In summary, the decline in skill premiums caught everyone's eye, but there remains a need to properly define how it affects each country and the various different sectors of production.

Thus far, presentations concentrated on some of the findings and hypotheses currently under discussion in the region. It is important to add two important caveats. As *De la Torre* pointed out, the possibility that the narrowing of the gap in labor premiums between most and least skilled workers may conceal other processes, such as a reduction in inequalities across genders, ethnic groups, rural labor and urban markets, and formal and informal workers, is not to be ruled out. In other words, such processes may be affecting the least qualified, but not necessarily—or at least not solely—due to a qualification-related effect. This throws up a bone of contention for various different works and economists: namely, the place of policy. As several speakers at the seminar argued, it is impossible not to link the improvement in the occupational earnings of the poorest to labor policy, and specifically to the hike in the minimum wage, more collective bargaining, the renewed weight of unions and social movements, and other factors.

Therefore, to explain the reasons behind the downturn in the Gini coefficient it is necessary to tie the economic viewpoint in with other social sciences, such as sociology and political science, in at least three areas. The first of these involves specifically investigating the behavior of individual and collective actors. One could, for example, assume segmentation in the premiums offered by the labor market according to the type of qualification—one of the most fashionable hypotheses, as has been mentioned—but in order to validate this we need to establish, for each individual country, whether companies really are hierarchizing in this way, for which more social research is needed. Similarly, coming back to *De la Torre*'s caveat regarding the downturn in other inequalities across groups or categories affecting the least qualified, it is highly unlikely that this is linked to market mechanisms, but rather to the result of collective action and labor policy, which are issues often studied by the social sciences.

Second, echoing a tradition of historical studies on inequality in the region that have laid the emphasis on the place of elites in perpetuating inequality, various presentations at the seminar—such as those by *Rodríguez Weber* or *Sánchez-Ancochea*, both on Chile—examined their importance for the durability of inequity, and research agendas addressing inequality in the region must place the question of the elites or upper classes at their heart.

Third, from a multidimensional view of inequality, as studies like Tilly (2000) and, more recently, Dubet (2014) have pointed out for the central countries, or Reygadas (2008) for LAC, there are behaviors on the macro, meso, and micro scales that contribute to producing or perpetuating inequalities. Such behaviors, which are commonplace across the region, include spoliation, opportunity hoarding, exclusion of others, social segregation, and the stigmatization of certain groups and spaces. We must therefore examine their relationship with factors linked to the labor market if we are to reach a comprehensive understanding of the nuts and bolts of persistent inequality.

The challenges and questions ahead

There was general agreement at the seminar that there is no evidence for a consolidated narrowing of the inequality gap. Among other reasons mooted were the region's continued structural heterogeneity and low productivity, and the fact that the productively dynamic sectors still exhibit low levels of employment. There are certainly companies in the region that have high productivity and are inserted in the world market, but they do not link up with domestic economies' other sectors. Without an improvement in productivity, sustainable growth and lower inequality will be hard to achieve. The seminar also identified other additional factors: improvements being due in part to external variables, the region continues to be vulnerable to such changes, although this vulnerability is clearly latent, given that countries have substantial reserves. But, at the same time, rising levels of private debt were noted as a contributory factor in this vulnerability, as was the fact that the region's imports climb more sharply in times of growth than do its exports. Moreover, there is a present and future context in which growth will no doubt be lower than it has been in previous years. In such a context, maintaining and increasing expenditure and activity levels in order to deepen the above factors already represents a considerable challenge. Some papers also questioned the limited effects of transfer programs where inequality is concerned, and some economists expressed concern over the risk of distorting the labor market.
A second challenge has to do with public services. It has ultimately been pointed out that the better the situation of the region's households, the more likely they are to abandon various public goods and services for private schools, health plans, gated communities, private security, and so on, which continue to be on the increase. Some presentations in the seminar, such as those by *Salazar* and *Amarante*, pointed out the need to improve the quality of public services to help narrow the gap in inequality in various areas, and also the gap in productivity. But *Filgueira (2013)* points out insightfully that, to the extent that public goods and services continue to be regarded as reserved only for the poor and those without access to market-based services, few coalitions will be powerful enough to advocate improvements in quality. The region thus faces a major stumbling block on the road to greater equality.

Third, although tax reforms are taking place across the region, it is widely understood that rebuilding more progressive systems is politically a highly complex business, as these come up against powerful coalitions opposed to any such change, and states are not always willing to take on such risks. And these are just a few of the obstacles to the downturn in inequality continuing. So, what conclusions can we reach after this look at inequality and its ambiguities? In the decade since 2003, many countries have managed to counter some of the more extreme forms of exclusion and poverty, but not in a stable way, and it is still too early to say whether the path of inequality in the region has taken a new turn. But there is no doubt whatsoever that this remains the greatest challenge facing the region today.

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[1] This article was produced by the consultant, Gabriel Kessler.

India to forge closer ties with Latin America: where do we start?

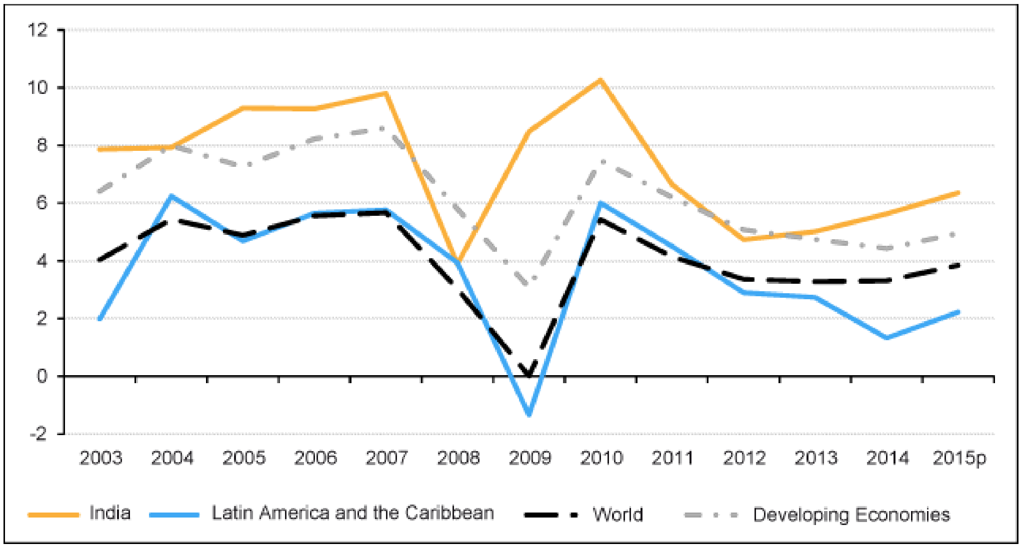
The second semester of 2014 saw various initiatives by India to forge closer ties with Latin America: there was the first investment conclave between the two economies; negotiations were announced toward a free trade agreement (FTA) with Peru, agreement was reached over expanding the country's trade agreement with Chile, and the opening of negotiations toward a partial scope agreement with Guatemala was confirmed.[1] Against this background, this article provides an overview of India's role in world trade and, in particular, of its trade relations with Latin America. On the one hand, keeping in mind that it is currently the world's third largest economy, with growth rates higher than both the global average and the group of developing countries, India represents a large potential market for Latin American countries. On the other hand, its factor endowment—Latin America being more abundant in natural resources, India in labor—resembles the link with China, raising the challenge of "primarization" and increased competition with the region's manufacturing industry.

India's role in the world economy and trade

In line with the other Asian countries' performance, India has displayed great dynamism over the past decade. In 2014, its economy accounted for 6.8% of world GDP, nearly 2 percentage points (p.p.) up on ten years ago. Although, post-crisis, the pace of expansion slowed, its GDP continues to grow at higher rates than the world economy, showing acceleration over 2013 and 2014 that is likely to continue in 2015 (Figure 1).

Figure 1: GDP in selected economies, 2003-2015p

Year-on-year rate of change, as percentage



Note: p=projection Source: IDB-INTAL based on IMF data.

Despite India's trade dynamism over the past ten years (it has gone from an trade openness rate of 21% in 2003 to 42% in 2013, and its total trade grew at an average cumulative annual (c.a.) rate of 20%, it represented just 2% of global trade in 2013. In the service sector, India's share is slightly higher (3.3%).
This is linked to the fact that India first began to open up in the early 1990s, with a more gradual approach than in Latin America; deregulation and the reduction of trade barriers were implemented for the long term.[2]

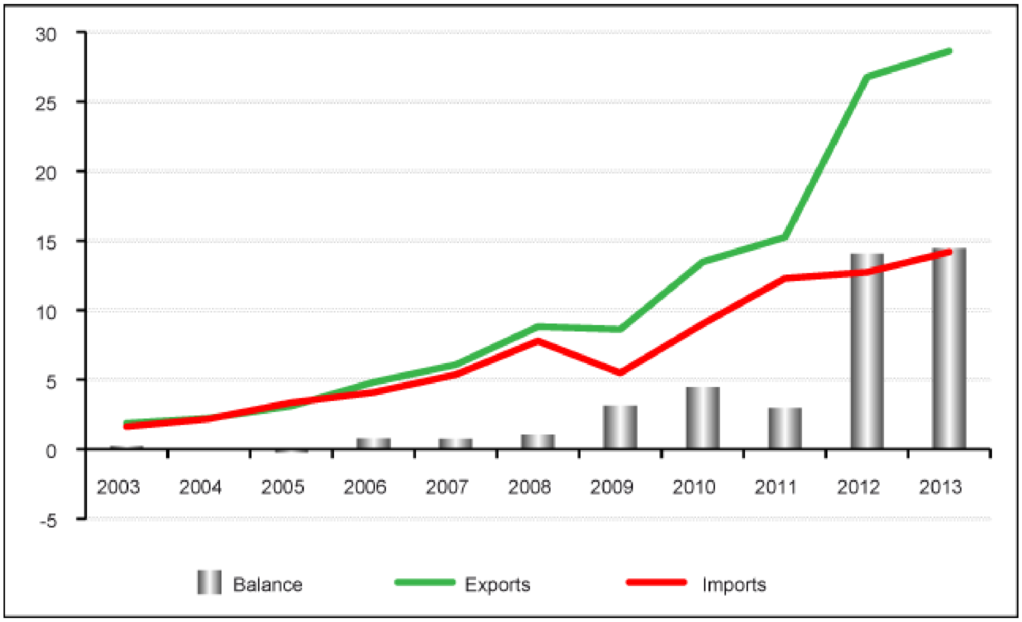
And in Latin America?

Latin America's share of India's total trade is also relatively low: in 2013, about 4% of India's exports went to the region, and 6% of its total purchases came from Latin American. India has even less relevance in these countries' trade, accounting for 3% of external sales and 1.5% of Latin American imports.

Yet trade between India and Latin America has shown itself to be more dynamic than their total trade: between 2003 and 2008, it grew at an average rate of 28% c.a. The international financial crisis impacted slightly on trade flows, and Latin American exports to the Asian economy recovered their previous rate of expansion (Figure 2). Imports continued to grow, albeit more slowly, resulting in a major increase in Latin America's surplus with India, which reached US$14 billion in 2013. Total trade between India and Latin America in 2013 was twelve times higher than in 2003.

Figure2: Latin America's trade* with India, 2003-2013

In billions of US$

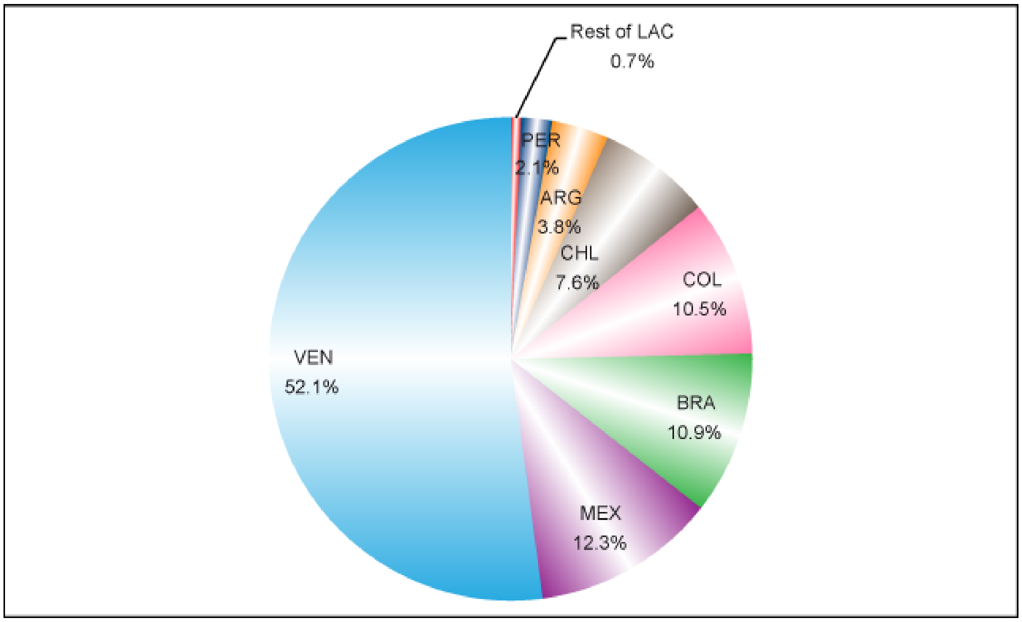


Note: * 17 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela. Source: IDB-INTAL based on DATAINTAL data.

Two thirds of the rise in Latin America's external sales to India between 2009 and 2013 is explained by oil shipments from Venezuela, India's main partner in the region, with 50% of exports (Figure 3). Mexico and Colombia, the region's second and fourth largest exporters to India, also contributed to the expansion, while Brazil, the third most important country in Latin America's external sales to India, has decreased its shipments over the past five years.

Figure 3: Latin American countries'* share in exports to India, 2013

As percentage



Note: * 17 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela. Source: IDB-INTAL based on DATAINTAL data.

Trade is concentrated in just a few countries in the region (Venezuela, Mexico, Brazil, Colombia, and Chile account for 90%) and in just a few products (Table 1). 77.9% of Latin America's exports to India are composed of crude oils, while copper ores and soybean oil are other products that are of some relevance in shipments (8.3% and 4.1% respectively). Latin American purchases from India are rather more diversified, however. A quarter of them accounted for by petroleum, 6.0% by cars, while other industrial goods, such as textiles, medicines, auto parts, and chemicals, have a share of between 2% and 3%. Trade thus follows an interindustrial pattern, in which Latin America exports natural resources to India and imports manufactured goods.

Table 1: Latin America's* exports to India by HS heading, 2013

In thousands of US$ and as percentage

Description	Thousands of US$	Share
	EXPORTS	
Petroleum oils and oils obtained from bituminous minerals, crude	22,301,036	77.9%
Copper ores and concentrates	2,380,641	8.3%
Soya bean oil and its fractions (other than crude)	1,186,290	4.1%
Cane or beet sugar and chemically pure sucrose, in solid form	435,336	1.5%
Gold (including gold plated with platinum), unwrought or in semi-manufactured forms, or in powder form	355,679	1.2%
Telephone sets, including telephones for cellular networks or for other wireless networks...	134,782	0.5%
Natural calcium phosphates, natural aluminum calcium phosphates and phosphatic chalk	104,828	0.4%
Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared.	83,693	0.3%
Ferrous waste and scrap; remelting scrap ingots	70,675	0.2%
Fluorine, chlorine, bromine, and iodine	67,147	0.2%
All other products	1,513,456	5.3%
Total	*28,633,563*	*100.0%*
	IMPORTS	
Petroleum oils and oils obtained from bituminous	3,655,851	25.8%

minerals, other than crude		
Motor cars and other motor vehicles principally designed for the transport of persons	845,060	6.0%
Synthetic filament yarn (other than sewing thread), not put up for retail sale...	399,366	2.8%
Medicines	394,999	2.8%
Parts and accessories of the motor vehicles of headings 87.01 to 87.05	356,633	2.5%
Undefined	341,052	2.4%
Heterocyclic compounds with nitrogen hetero-atoms only	327,250	2.3%
Cotton yarn thread (excluding sewing thread),85% of cotton content or over by weight	307,256	2.2%
Insecticides, rodenticides, fungicides, herbicides...	241,516	1.7%
Motorcycles (including mopeds) and cycles fitted with an auxiliary motor...	223,329	1.6%
All other products	7,085,756	50.0%
Total	*14,178,068*	*100.0%*

Note: * 17 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela. Source: IDB-INTAL based on DATAINTAL data.

Keeping in mind the complementarity between Latin America and India, and India's strong growth, it is worth asking why the region has not achieved a higher share of its trade. Some of the reasons given in the studies[3] are: the presence of high trade costs due to the infrastructure deficit in India and Latin America; high tariffs on agricultural products; and non-tariff barriers linked to the formalities for imports into India.

Its average tariff applied for all goods in 2013 was 13.5%, while that for agricultural products was 33.5%, and for industrial goods 10.2%. As mentioned previously, India's trade openness and tariff/non-tariff barrier reduction policy began to be deployed gradually in the 1990s. This liberalization was carried out unilaterally. Only in 2000 did regional and bilateral negotiations get under way.

Some of the earliest trade agreements signed by India were with Sri Lanka in 2000, Nepal in 2002, Afghanistan and the Association of Southeast Asian Nations (ASEAN) in 2003, MERCOSUR and the Customs Union of South Africa (SACU) in 2004 , Singapore and Japan in 2005, South Asia, Bhutan, Chile, and the Gulf Cooperation Council in 2006, and South Korea in 2009. There are proposals afoot to hold negotiations toward nine new agreements, four of which are with Latin American countries (Colombia, Peru, Uruguay, and Venezuela), while ten negotiations are ongoing, including those with the European Union (EU) and the Regional Comprehensive Economic Partnership (RCEP).

India has come to the fore in the multilateral arena as a result of the negotiations for the Bali Package, adopted by the members of the World Trade Organization (WTO) in December 2013, when its proposals over food security led to the trade facilitation agreement being blocked in July 2014. [4]

While levels of trade between India and Latin America are currently low, the closer ties between the two are an opportunity to narrow the gap created by tariff and non-tariff barriers. The proposed negotiations could help to move forward in trade links—bilateral and multilateral—with one of the largest, most buoyant economies in the world.

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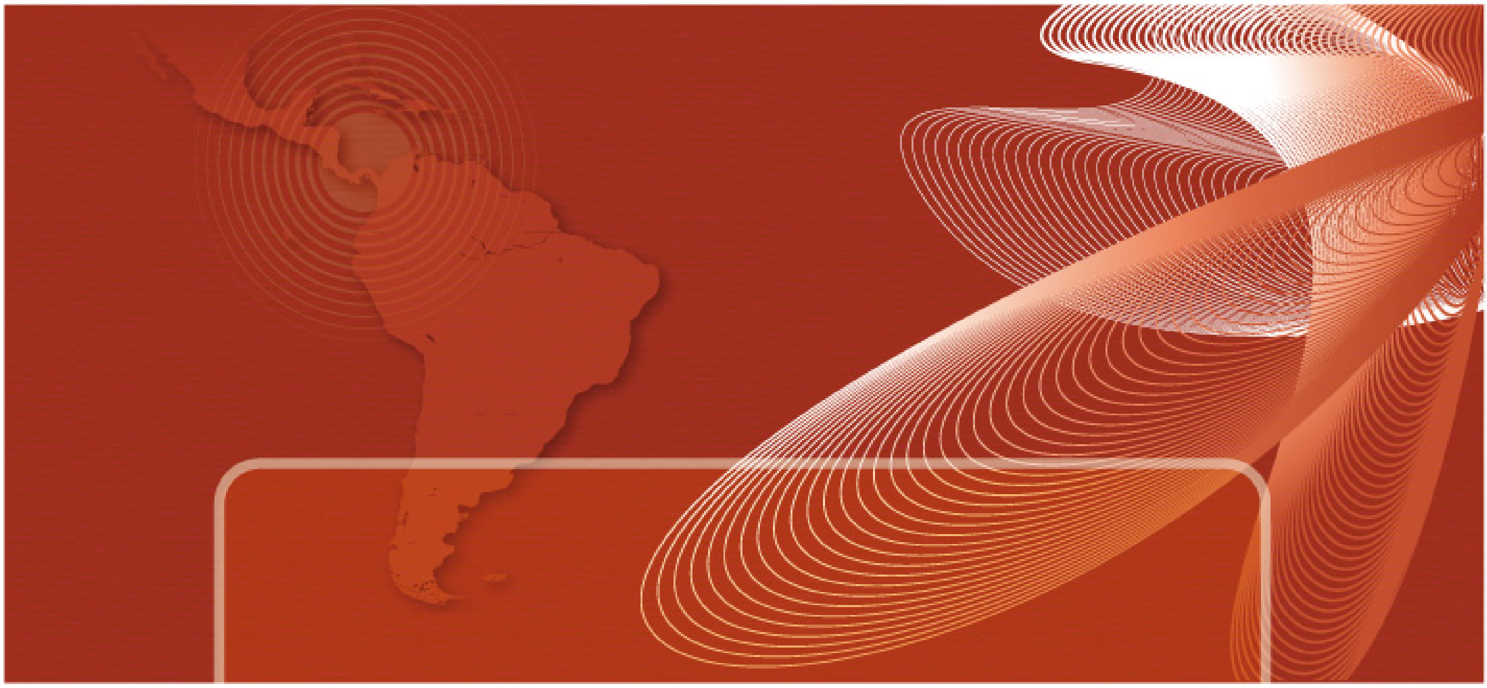
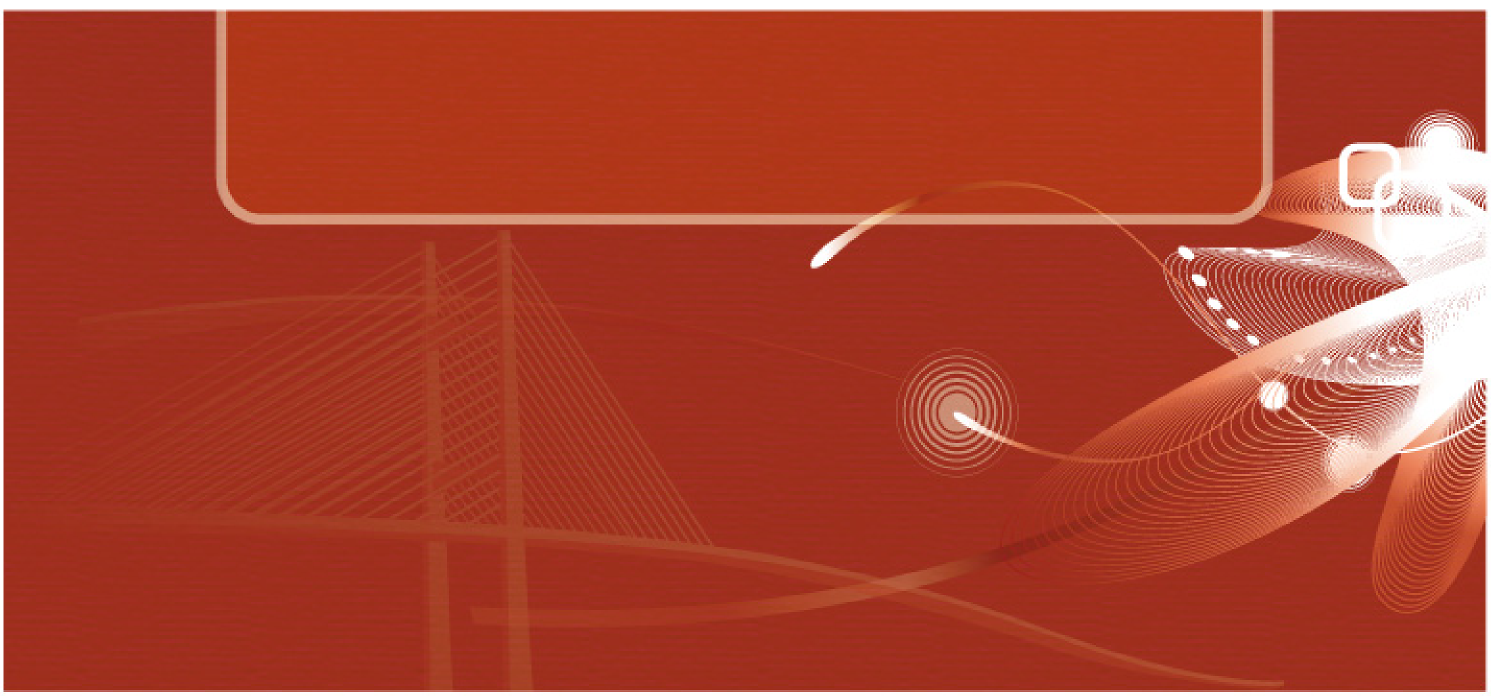
[1] This article was produced by the consultant Kathia Michalczewsky.
[2] For further details, see Mesquita (2010).
[3] See Mesquita (2010), ECLAC (2012), Olarreaga & Perry (2009), etc.
[4] See IDB-INTAL (2013), (2014a), and (2014b).



Integration Blocs



Central America

Regional Health Policy in Central America

The Forty-Fourth Meeting of Presidents and Heads of State of the countries of the Central American Integration System (SICA) in December approved the Regional Health Policy (PRSS) 2015-2022. The policy was developed with the collaboration of the Inter-American Development Bank (IDB) in the framework of the Mesoamerica Health Initiative 2015, and other regional and international organizations, after approval by the Council of Central American Health Ministers (COMISCA) in September 2014. The COMISCA is the SICA's political body. Its objective is to identify and prioritize regional health problems.

The process got under way with the COMISCA's mandate at its Thirty-Ninth Meeting in late 2013, and various workshops and consultations with specialists from the region were held during 2014. Other SICA secretariats with regional policies already in place also became involved in the development.

According to the PRSS document, health spending falls below recommended levels (5% of GDP) in all countries in the region, except Costa Rica (8.7%). Average investment in Central America is 3.6% of GDP. The diagnosis also shows that health systems are highly fragmented and poor quality, leading to disjointed and inefficient responses in the allocation of resources. The report argues that despite the fact that greater political and economic stability has positively impacted the health of the region's inhabitants (life expectancy has risen by 3 years over the last decade, and maternal and infant mortality rates have fallen), the Central American region continues to be characterized by inequality and social vulnerability, and limited access to health. The PRSS also claims that the Central American countries have not yet surmounted the stage of infectious diseases, and are also suffering epidemics of noncommunicable and chronic-degenerative diseases, thus increasing the demand for and cost of the health system. On the one hand, the document notes the growing rate of homicides in the Isthmus and, on the other hand, the risks associated with natural phenomena, such as earthquakes and floods, which increase the vulnerability of the population and necessitate emergency plans. Last, the policy poses an additional challenge, in terms of the gaps both between and within Central American countries.

Central America has, until now, had sectoral plans, strategies, and agreements regarding health issues, but these lacked a regional political framework. The PRSS thus aims to be a guide to improve the population's health through regional actions with an intersectoral approach to strengthen national action. This intersectoral approach includes areas such as gender equality, food security, natural disaster risk management, agriculture, climate change, education, and so on. The regional health policy sets strategic dimensions that will be used to establish plans of action and create a space for analysis. These dimensions are knowledge management, capacity-building, regional and international cooperation, and, last, regional integration. Priority issues include the development of international health regulations, the prevention of teenage pregnancy and childhood obesity, the strengthening of human resources, HIV/AIDS, and pharmacological and epidemiological monitoring. Also falling within this group is the joint negotiation of medicines and medical devices, to be carried out in the framework of the regional policy.
The PRSS seeks to join up national and regional action through an approach based on complementarity, and nonsubstitution and nonduplication of efforts. The PRSS also has a set of guiding principles, including, among others, universality, quality, and social inclusion.
With the approval of the PRSS, Central America is aiming to have a regional policy that strengthens national actions and decreases their dependence on political cycles in individual countries.

Central America seeks better use of FTA with Chile

December saw a further meeting of the Free Trade Commission of the Free Trade Agreement (FTA) between the Central American countries and Chile. The meeting was held in Managua, Nicaragua, with the aim of reviewing the working of the agreement and of setting a cooperation agenda to make better use of it.

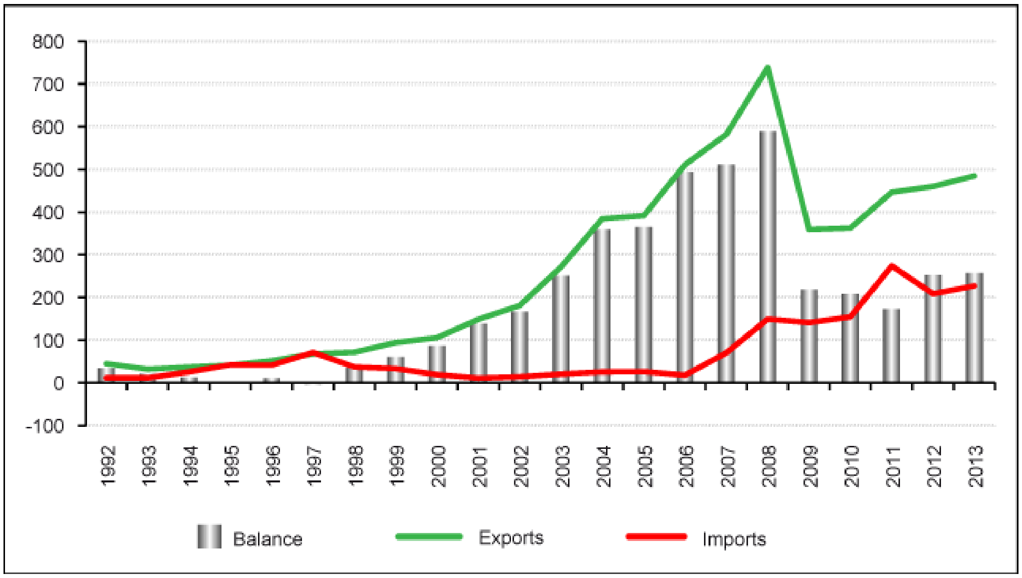
The alternatives considered included the possibility of extending the scope of the rules and disciplines laid down in the chapters on government procurement and investments in order to promote suppliers' access to the partners' respective public procurement markets and stimulate investment attraction among them.

Signed in 1999 after six rounds of negotiations, the FTA has been in effect since 2002 for Costa Rica and El Salvador, since 2008 for Honduras, 2010 for Guatemala, and 2012 for Nicaragua. The agreement has the structure of the new generation of agreements, covering twenty chapters that include the regulation of market access and trade policies (safeguards, origin, standardization and technical barriers, international fair trade), investments, services, public procurement, and dispute settlement. Relief programs and rules of origin were negotiated on a bilateral basis between the individual Central American countries and Chile.[1]

Trade between Chile and the Isthmus's economies showed a significant seven-fold growth between 1999 and 2008, reaching US$888 million, but was then cut almost in half by the impact of the international crisis, and has only seen partial recovery in recent years (Figure 1). It nevertheless still represents a very low share of the partners' total trade, accounting for 0.5% of Chilean and 0.7% of Central American trade in 2013. Chile's trade balance is in surplus, although imports from that country have recently shown a certain dynamism, driven mainly by purchases from Guatemala. That economy is the main source of Chilean imports from Central America, with Costa Rica being the most important destination.

Figure 1: Chile's trade with Central America, 1992-2013

In millions of US$



Source: IDB-INTAL based on DATAINTAL data.

Chile's main export to Central America is copper, all almost all of which goes to Costa Rica. Other relevant goods are malt extract, lumber, paper and cardboard, apples, cereal products, and wine. On the other hand, half of Chile's purchases from the Central American economies consists of cane sugar and rubber (mostly from Guatemala), toilet paper, and clothing.

The countries' efforts to make better use of the agreement are aimed not only at boosting the values traded, but also at expanding the extensive scope of the agreement by increasing the number of products exchanged. In addition, according to the Salvadoran Economy Ministry, Chile is a strategic ally, given the intentions of several countries in the Isthmus to join the Pacific Alliance (PA).

Dominican Republic also seeks trade agreement with Chile

At the meeting January 14, Dominican Republic opened dialog with Chile towards the negotiation of a trade agreement, with the two countries' representatives signing the terms of reference for any such negotiations. Trade between the two economies currently stands at around US$150 million per year.

For more information, click here.

Related articles

- IDB-INTAL. "Central America looks to the Pacific," in: *INTAL Monthly Newsletter No. 202*, June 2013.

[1] Information from IDB-INTAL's Legal Instruments of Integration (IJI). For more information on the FTA and its respective documents, go to: http:// http://www10.iadb.org/intal/iji/query/FichaAcuerdo.aspx?lang=en&acuerdo=17.

Construction work begins on Nicaragua Interoceanic Grand Canal

Construction work on the Nicaragua Interoceanic Grand Canal joining the Caribbean and the Pacific via Nicaragua got under way December 22.

The project was approved by Nicaragua's National Assembly in July 2012, and, in June 2013, the concession was awarded to the *HKND Group*[1] to plan, design, build, and operate the Nicaraguan Grand Canal for 50 years.

The Nicaraguan Grand Canal will stretch for 278 kilometers and will cost around US$50 billion. According to the company responsible for the project, the construction work will require 50,000 direct and over 200,000 indirect jobs over the five years it is expected to take to complete the canal. In addition to the canal, the project includes two ports, a free trade zone, holiday resorts, an international airport, and several roads. The construction of a power plant, a cement and steel works, and other facilities are also planned.

The project, which has been questioned in terms of its possible environmental and economic impact, will get under way in Tola, where a road will be rehabilitated to transport the heavy equipment needed for the construction of the port and the lock. According to statements by the company's President, in the first quarter of 2015, work on the surveying, design, land acquisition, and access road construction in the eastern end of the canal will be ongoing, and the final environmental impact studies are expected to be in. The second quarter will see similar activities at the western end, and the tender and start of work on the key excavation section between Tule and La Unión is set for the second half of the year. The call for tender for the design and construction of the east and west locks is scheduled for the last quarter of 2015.

The Nicaraguan Grand Canal will be the world's third largest infrastructure work of its kind, after the Suez Canal, which connects the Mediterranean Sea and the Red Sea, and the Panama Canal, which also connects the Caribbean and the Pacific. The grounds for building another canal in Central America, according to the construction company, rest on the significant growth of Latin American and US trade with the East, which has seen the Panama Canal overburdened in terms of the increasing numbers and sizes of vessels. The iron ore that Brazil exports to China, for example, could not be transported through the Panama Canal due to size limitations, and therefore has to take a longer route. According to the plans submitted, the Nicaraguan Canal will be able to accommodate these larger ships.

By 2030, the Nicaraguan Grand Canal and the Panama Canal is expected to be carrying goods worth US$1.4 trillion, making it one of the most important trade routes in the world.

[1] The initials stand for Hong Kong Nicaragua Canal Development, a private Chinese company based in Hong Kong, with offices in Managua, Nicaragua.

Costa Rica signs agreement with China to create Special Economic Zone

In the framework of the Costa Rican President's official visit to China at the start of January, the governments signed a Memorandum of Understanding to carry out a feasibility study on a special economic zone in Costa Rican territory.

A special economic zone can be defined as a demarcated region of a country, where the regulation of economic activities differs from that applied in the rest of the territory in order to foster a more favorable business environment. Regulations are linked too investment, international trade, and tax benefits.

There is some form of special economic zone under one name or another in almost every country in the world: free trade zones, duty-free zones, export processing zones, etc. They are generally aimed at attracting foreign direct investment (FDI), promoting employment, and improving international economic insertion, to which can be added more specific purposes, like the development of a strategic sector.

Special economic zones were set up In China in the 1980s, with the aim of gradually testing economic reforms and partially opening up the economy to foreign capital, technology, and knowledge. The first four zones were located on the coast in order to facilitate international market access. They offered tax incentives for the installation of companies, infrastructure for the development of their activities, lower tariffs on the importation of inputs, and more flexible labor regulations. At present, there are more than 150 special economic zones in China, employing around 50 million people.

Although the government and Chinese companies have been assisting different countries, such as Egypt, Pakistan, and United Arab Emirates (UAE), in the deployment of this tool since the mid-1990s, only since 2006 has this cooperation been part of the official support of China's Trade Ministry. The Asian giant has, therefore, begun to use the zones as a tool to establish economic and political ties with other developing countries, cooperating technically and financially in order for companies to set up there.

The first zones established in the framework of this official strategy are in Africa, and, in recent years, commitments have emerged to establish zones in Latin American countries, like Mexico, Venezuela, and Costa Rica.

The feasibility study, which will be based on Costa Rica's agreement with China, is to be completed by October 2015 and will contain a proposal for the zone's geographic location, which will be a pilot program (subsequently to be replicated in other zones in the country) and will include a market survey, an environmental viability, economic, and financial analysis, as well as an analysis of support policies for its operation. The research will be the responsibility of the Foreign Investment and Economic Cooperation Department of the Ministry of Commerce of the People's Republic of China (MOFCOM), and of the Investment and Cooperation Office of the Costa Rica's Foreign Trade Ministry.

The special economic zone is part of the Costa Rican government's National Development Plan. It will seek to fulfill some of its objectives, while attracting investment, creating businesses, creating employment, improving infrastructure, and reducing territorial asymmetries.

For more information, click here.

Other similar initiatives in the Central American region

Panama's Trade and Industry Ministry announced, mid-January, the approval of two new free zone projects in the country.
The first will be located in Herrera Province and will have the format of an ecological park, promoting the installation of companies with high environmental and ecological standards. The execution of the necessary infrastructure will be done in three stages and is expected to be completed within a seven-year period, with an estimated investment of US$30 million. The zone will be located 20km from Chitré Airport and 60km from the Multimodal Port to be built in Aguadulce.
The second initiative involves a US$17 million investment and would be located in the sector of Santa Clara, Pacora Township, District of Panama. There are plans to establish goods-producing companies, environmental and logistical services, higher education, scientific research, and high technology.
Currently in Panama, there are 16 duty-free zones, with 93 companies set up there that have created 1,500 jobs. The firms are primarily devoted to services, assembly, processing of finished or semi-finished products, and manufacturing.

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Andean Community

Exchange-rate safeguard dispute between Andean countries

Colombia and Peru have recently expressed their disagreement with the exchange-rate safeguard applied by Ecuador. In Resolution No. 050-2014, Ecuador set customs duty of up to 7%, as of January 5, on products from Peru, and up to 21% on those from Colombia. The Communiqué from Ecuador's Foreign Trade Ministry argues that this measure is in response to the devaluation of the Colombian peso and the Peruvian sol, which affects trade competition conditions between these countries. The Colombian peso, in particular, has fallen 25% against the US dollar in the past six months, and the Peruvian sol 5.4%, hitting the competitiveness of Ecuadorian products.
Faced with this Resolution, the governments of Colombia and Peru lodged a complaint with the General Secretariat of the Andean Community of Nations (CAN) to rule on the legality of the Ecuadorian safeguard under the Cartagena Agreement governing trade among the partners. The Secretariat is to reach a decision within 30 days.

Related articles

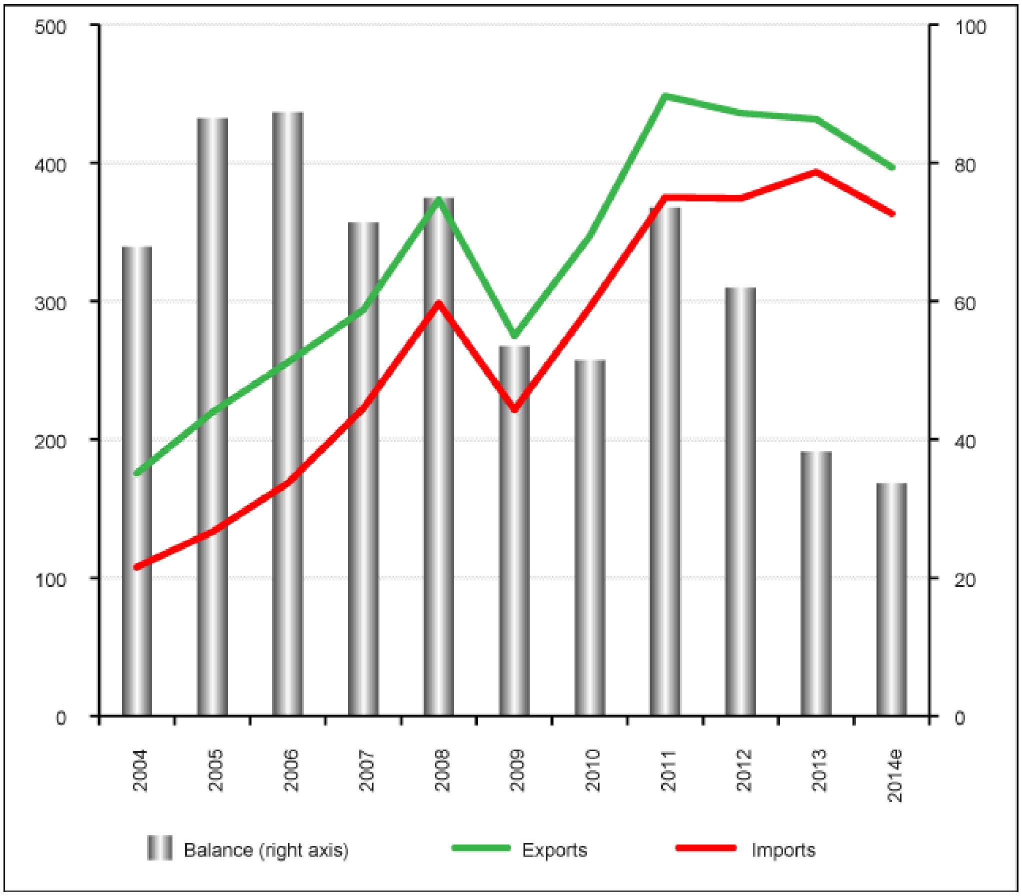
- IDB-INTAL. "Peru and Ecuador resolve trade disputes," in: *INTAL Monthly Newsletter No. 218*, October 2014.

MERCOSUR trade falls 8% over 2014

MERCOSUR's trade flows were 8% down in 2014. After three consecutive years of contraction, exports stood at US$397 billion, 13% below the 2011 high (Figure 1).
As described in *MERCOSUR Report No. 19*, the bloc's low external sales in 2014 are explained by the performance of the larger economies, with shipments from Paraguay and Uruguay rising (Figure 2). In contrast, imports in all MERCOSUR countries fell in a context of weakening and, in some cases, contracting activity. The bloc's total external purchases were down 7.7% to US$363 billion. MERCOSUR's trade surplus reflects Venezuelan and, to a lesser extent, Argentine surpluses, which offset the negative balance in the other countries. It should be noted that, Brazil's foreign trade in 2014 was in deficit (US$3.9 billion) for the first time since 2000.

Figure 1: Evolution of MERCOSUR trade *

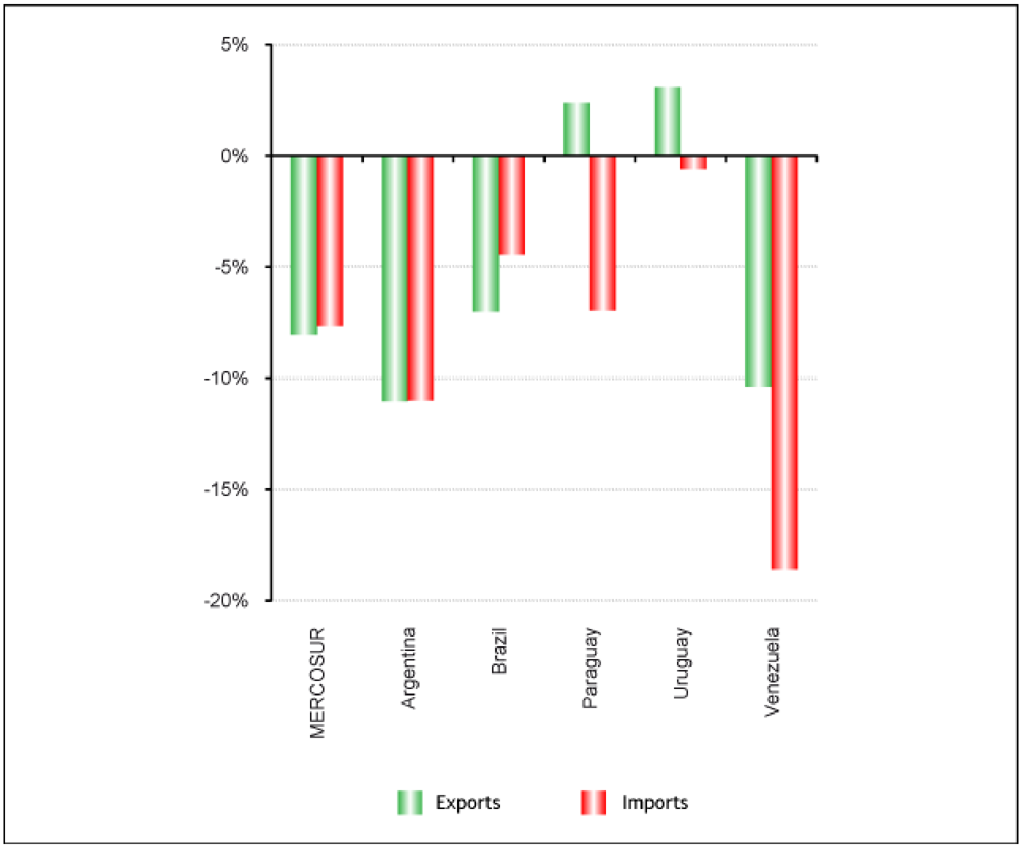
In billions of US$



Notes: * Includes intra-MERCOSUR trade. Includes Venezuela over the entire period, despite being a full member since 2012. The data for 2014 are estimated. Source: INTAL, based on data from INDEC, SECEX, BCP, BCU, and UN Comtrade.

Among the salient factors explaining the drop in the bloc's exports are the lower dynamism of the global economy, particularly the slowdown in China and the weakness of the Euro Zone, as well as the deterioration in the macroeconomic conditions within MERCOSUR. Accordingly, with the exception of United States, shipments to major destinations were down. Another contributory factor was the falling prices of certain highly significant products in MERCOSUR's export basket, such as iron ore, soy and derivatives, oil, corn, sugar, etc.

Figure 2: MERCOSUR: YOY variation in exports and imports, 2014



Note: Data for Argentina, Uruguay, and Venezuela are estimated. Source: INTAL, based on data from INDEC, SECEX, BCP, INE, BCV, and Giordano et al. (2014).

Unlike 2013, when intra-MERCOSUR trade performed better than trade with the rest of the world, intrazone exports in 2014 contracted faster than extrazone shipments. While all the countries' sales to the bloc were down—with the exception of Paraguay—most of the fall was due to a drop in trade between Brazil and Argentina (-21.2%), particularly in the automotive sector. As shown in Table 1, motor vehicles (42% of bilateral trade in 2014) account for more than two thirds of the contraction of flows among the larger economies, followed by fuels, machinery, and cereals.

Table 1: Sectors contributing most to falling trade between Argentina and Brazil in 2014

Heading	Variation	Contribution to Total Variation	Share of Total
Total	*-21.2%*	*100.0 %*	*100.0 %*
Motor Vehicles	-30.2%	67.4 %	42.0 %
Fuels	-40.9%	8.2 %	3.2 %
Mechanical Machinery	-20.7%	7.0 %	7.2 %
Cereals	-38.3%	5.9 %	2.6 %
Others	-6.4%	11.5 %	45.1 %

Source: Based on SECEX data.

For 2015, there are some encouraging signs for exports, such as the prospect of higher growth in the global economy (due mainly to the consolidation of growth in United States), the recent depreciation of certain MERCOSUR currencies, and the possible increased volumes of agricultural exports owing to expectations of better crops. However, there remain major challenges ahead in 2015, such as the slowing of the Chinese economy[1] and the contraction of commodity prices, which could, in many cases, counteract the increased volumes. The fall in the oil price (more than 50% accumulated between June 2014 and January 2015) may benefit the MERCOSUR founder members, which are net importers of fuels, but should deepen the contraction of Venezuela's external sales.

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[1] According to UN/DESA (2014), Chinese growth in 2015 should be 7.0%, as against the 7.3 % and 7.7 % in 2014 and 2013 respectively.

WTO: Appellate Body issues report on Argentine import measures

As mentioned in *INTAL Monthly Newsletter No. 217*, Argentina appealed, in August 2014, against the ruling by the Panel of the World Trade Organization (WTO) on the questioning of its imports restrictions by the European Union (EU), United States, and Japan.
In January, the WTO issued the report from the Appellate Body in response to the Argentine appeal. The Appellate Body document confirmed the findings by the Panel in August 2014. With regard to trade-related requirements (TRR) and the Advance Sworn Import Declarations (DJAI), the Appellate Body confirmed that they constitute a restriction on the importation of goods and are, therefore, incompatible with Paragraph 1 of Article XI of the General Agreement on Tariffs and Trade (GATT).[1] With regard to the requirement of national content, the Body stated that the measure is incompatible with Paragraph 4 of Article III of the GATT, since it modifies competition conditions within the Argentine market, so that imported products are given less favorable treatment than similar national products.[2]
The SAB report recommends that the Dispute Settlement Body (DSB) should call on Argentina to bring the measures incompatible with the GATT into line with the agreement. Argentina will have to adapt the rules to the DSB's recommendations within a reasonable time period, otherwise it will have to negotiate the establishment of mutually acceptable compensation with United States, Japan, and the EU. Should no agreement be reached, the claimants may call on the DSB for authorization to retaliate.
These three economies are the destination for a quarter of Argentina's exports. Argentine external shipments declined 10% in 2014, a situation that may deepen in the event of any retaliation.

The full Appellate Body report is available here.

Related articles

- IDB-INTAL. "WTO establishes panel to review EU antidumping on Argentine biodiesel," in: *INTAL Monthly Newsletter No. 213*, May 2014.
- IDB-INTAL. "WTO Panel rules against Argentina over import restrictions," in: *INTAL Monthly Newsletter No. 217*, September 2014.

[1] Article XI: General Elimination of Quantitative Restrictions. 1. No prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import or export licences or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation or sale for export of any product destined for the territory of any other contracting party.
[2] Article III: National Treatment on Internal Taxation and Regulation. 4. The products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use. The provisions of this paragraph shall not prevent the application of differential internal transportation charges which are based exclusively on the economic operation of the means of transport and not on the nationality of the product.

UNASUR

COSIPLAN Work Plan 2015

As reported in *INTAL Monthly Newsletter No. 220*, the Fifth Ordinary Meeting of the Ministers of the South American Infrastructure and Planning Council (COSIPLAN) of the Union of South American Nations (UNASUR) was held in Montevideo, Uruguay, in December. As part of the agenda, the Ministers approved the Work Plan 2015. The Council's annual work plans are based on the Strategic Action Plan 2012-2022 (PAE), designed and approved in 2011 in order to steer the COSIPLAN's actions toward implementing regional infrastructure integration in UNASUR member countries.[1]
In accordance with the COSIPLAN Statute, the Council has three supporting bodies to carry out these actions: the Coordinating Committee, the Initiative for the Integration of Regional Infrastructure in South America (IIRSA), and the Working Groups (GTs) in different areas.[2] The Work Plan 2015 prioritizes actions, and defines activities and products for each body.
The COSIPLAN Coordinating Committee proposes to move forward in the current year on the diagnosis of infrastructure networks in South America and to promote regulatory convergence based on the contributions of studies and workshops, completed or ongoing, in areas such as rail, air, and port and waterway integration, integration and border facilitation, and freight transport and logistics. The Committee will also continue its work to promote social participation in the COSIPLAN's activities and will foster the Council's coordination with other UNASUR bodies.

The COSIPLAN's four Working groups plan to move forward on the following lines of action:

1. *Working Group on Financing Mechanisms and Guarantees*: coordinated by Brazil, this GT's objective is to identify financial solutions for the efficient implementation of projects on the Integration Priority Project Agenda (API) and the COSIPLAN Project Portfolio. With this in mind, actions will be coordinated with the Working Group on Financial Integration of UNASUR's Economy and Finance Council, alternative sources of financing will continue to be identified, and the possibility of setting up a fund for preinvestment studies for border integration projects will be analyzed.
2. *Working Group on Rail Integration*: coordinated by Uruguay, progress is expected in a study to provide inputs to develop an action plan facilitating South American rail integration, the activities of the subgroup of the Paranaguá-Antofagasta Bioceanic Rail Corridor (Argentina-Brazil-Chile-Paraguay) will continue, and the activities of the Central Bioceanic Rail Corridor subgroup (Brazil-Bolivia-Peru) will get under way.
3. *Working Group on Telecommunications*: coordinated by Paraguay, this GT's objective is to promote the intensive use of Information and Communication Technologies (ICTs) to overcome geographical and operational barriers in South America. Over the present year, it will work on the recruitment and monitoring of the study "South American Integration Connectivity Network," move forward in the use of the "Red Clara" (Clara Network), and coordinate with the Working Group on Cyber Defense of UNASUR's South American Defense Council to draw up an action plan on fiber optic network security.
4. *Working Group on the Geographic Information System (SIG) and the COSIPLAN's Website*: coordinated by Argentina, this GT's objective is to apply methodologies and develop tools to steer territorial planning and raise the profile of the design, execution, and operation of physical integration projects. In 2015, it will move forward in the implementation of the COSIPLAN's SIG, with the assistance of UNASUR's Common Initiatives Fund and in coordination with UNASUR's Center for Communication and Information, following the guidelines approved by COSIPLAN Ministers to begin developing the website.

IIRSA's commitment to South American physical integration in 2015

The Initiative for the Integration of Regional Infrastructure in South America (IIRSA) is the Technical Forum for the COSIPLAN's planning of South American regional physical integration. In the framework of COSIPLAN-IIRSA, work is structured into three thematic areas, and there are defined activities and products corresponding to each area for the current year.

I. COSIPLAN projects

Included in this area are activities on the COSIPLAN Project Portfolio, the Integration Priority Project Agenda (API), and the COSIPLAN Project Information System (SIP). Efforts will continue in 2015 to complete and improve project information, especially in the fields of descriptors by sector, subsector, and type of work, to apply the Permanent Monitoring System (SMP) for ongoing projects, and to complete the performance indicators for completed projects. Meetings of the Executive Technical Groups (GTEs) will also be held in order to update the project portfolio and the API for the nine Integration and Development Hubs (EIDs), the socioeconomic and environmental descriptions of the EIDs will be completed and distributed, and the Project Portfolio and API Progress Reports 2015 will be prepared.

II. Planning Methodologies

These are tools to deepen and enrich the sustainable planning process in infrastructure by incorporating such aspects as environment, society, production integration, logistics, disaster risk management, or standards and regulations. For 2015, activities have been scheduled in the following methodologies:

- *Integration Territorial Programs (PTIs)*: the PTI and its plan for the implementation of the Agua Negra Binational Tunnel (Argentina-Chile) API project will be formulated on the basis of the work plan approved by Ministers at the Fifth Ordinary Meeting of the COSIPLAN.[3] This activity includes: the formulation and application of a participation scheme to interact with key players at national, regional/provincial, and local levels; the development of the Integrated Diagnostic Study and the Strategic Analysis; and the presentation of results and lessons learned.
- *Risk and Disaster Prevention and Management in Infrastructure*: coordinated by Chile the "Methodology for the Incorporation of DRM into the Integration Infrastructure Projects" will be applied in pilot form to the Group 5 Central Interoceanic Hub. The User's Manual[4] will be updated on the basis of this application, and the results and lessons will be presented. The coordination and exchange of information with other UNASUR councils and bodies working in this area will also be developed.

III. Sectoral Integration Processes

Sectoral Integration Processes (PSIs) are designed to identify regulatory and institutional obstacles in the way of infrastructure development in the region and to propose actions to overcome them. In 2015, progress will be made in the following PSI:

- *Freight Transport and Logistics*: coordinated by Peru, a regional training program in freight transport and logistics policy-making and management for national teams will be developed. The initial proposal was submitted to Ministers at the Fifth Ordinary Meeting of the COSIPLAN.[5] Progress will also be made on a proposal for information management and the definition of freight transport and logistics indicators at the regional level.

- *South American Integration through Ports and Waterways*: this topic has been included in the annual COSIPLAN-IIRSA Work Plan for the first time. Coordinated by Brazil, it is expected to identify the regulatory frameworks of ports (sea, lake, and river), with the aim of improving the effectiveness and efficiency of port facilities, fostering joint action to improve the potential for passenger and freight transport on the region's waterways, mapping existing projects and studies in order to take advantage of the potential of port facilities and river connections, and assessing possible sources of financing for projects focusing on port modernization and integration through waterways.
- *Air Integration*: coordinated by Brazil, a meeting will be held to discuss the IDB study on Air Freight Transport in Latin America, to submit and select proposals for studies and activities for the Technical Executive Group (GTE) on Air Integration, and to approve the Terms of Reference of the study on air integration for the Guiana Shield countries (Brazil, Guyana, Suriname, and Venezuela).
- *Cross-Border Integration and Facilitation*: coordinated by Argentina and Chile, cross-border integration will be incorporated into the COSIPLAN's indicative territorial planning, and this area will be included in the process of updating the Council's Project Portfolio. The experiences of Border-Crossing Observatories will also be assessed, with the aim of promoting their implementation within the COSIPLAN, and the proposal for border-crossing management standards and indicators will be analyzed.
- *Trade Integration through Postal Services*: coordinated by Brazil and Peru, there will be progress in two lines of work. In exports, there will be a series of visits to monitor the "Exporta Fácil" program, the prediagnostic study will be conducted in Paraguay, the program will be implemented in the countries concerned, priority treatment at destination for "Exporta Fácil" shipments will be promoted, its inclusion in IDB's ConnectAmericas Portal will be analyzed, and the performance indicators presented to Ministers at the Fifth Ordinary Meeting of the COSIPLAN will be agreed and implemented.[6] In imports, annual follow-up reports will be drawn up on the National Work Plans to simplify postal import processes, the Inter-Institutional Working Committee of the project in each country will be formalized and/or renewed, agreements will be established to design a connectivity pilot program for the "Exporta Fácil" and "Importa Fácil" programs between Brazil and Peru, and the Post-Customs Contact Committee will be formalized. Last, there will be a meeting of the GTE on Trade Integration through Postal Services and the correlations between the actions of the GTE and the projects and activities of the Universal Postal Union (UPU) and Postal Union of the Americas, Spain, and Portugal (UPAEP) will be deepened further.

In addition, in order to monitor the actions of the Work Plan with a strategic planning approach to South American physical integration, countries agreed to hold three National Coordinator meetings rather than two, as had been the case until 2014. As part of the meetings' individual agendas, there will be special sessions on specific areas of the Work Plan requiring special handling.
Below is the consolidated schedule for technical meetings and workshops:

Table 1: COSIPLAN Schedule 2015

Date	Place	Body	Activity
January, 19	Santiago	IIRSA	First Meeting to Coordinate the Application of the DRM to the GP5 of the Central Interoceanic Hub (Chile-Peru)
March	Buenos Aires,	COSIPLAN/ (experts)	Meeting of the Working Group on GIS and COSIPLAN Website
March	Santa Cruz de la Sierra	COSIPLAN	Subgroup on the Paranaguá-Antofagasta Bioceanic Railway Corridor (Argentina - Brazil - Chile - Paraguay)
March	Santa Cruz de la Sierra	COSIPLAN	Subgroup on the Central Bioceanic Railway Corridor (Bolivia-Brazil-Peru)
March	Coquimbo	IIRSA	Binational Workshop on the PTI Agua Negra Binational Tunnel (Argentina-Chile)
April, 14	Montevideo	COSIPLAN	Meeting of the Working Group on Telecommunications
April, 15	Montevideo	IIRSA	GTE Meetings on EIDs and API to Update the Project Portfolio
April, 16	Montevideo	IIRSA	XXVI Meeting of IIRSA National Coordinators
April, 17	Montevideo	COSIPLAN	XI Meeting of the COSIPLAN Coordinating Committee
May, 7	Videoconference	IIRSA	GTE Meetings on Update the Project Portfolio and API -

			Capricorn and *Southern* Hubs
May, 14	Videoconference	IIRSA	GTE Meetings on Update the Project Portfolio and API - Amazon, Andean and Guianese Shield Hubs
May, 21	Videoconference	IIRSA	GTE Meetings on Update the Project Portfolio and API - MERCOSUR-Chile and Paraguay-Paraná Waterway Hubs
May, 28	Videoconference	IIRSA	GTE Meetings on Update the Project Portfolio and API - Central Interoceanic and Peru-Brazil-Bolivia Hubs
July	Buenos Aires	COSIPLAN/ (experts)	Meeting of the Working Group on GIS and COSIPLAN Website
August, 4-6	San Juan	IIRSA	Binational Workshop on the PTI Agua Negra Binational Tunnel (Argentina-Chile)
August, 19	Montevideo	IIRSA	XXVII Meeting of IIRSA National Coordinators
August, 20	Montevideo	COSIPLAN	XII Meeting of the COSIPLAN Coordinating Committee
September, 9	Georgetown	COSIPLAN/ CEF	Joint Meeting of the COSIPLAN WG on Financing and Guarantee Mechanisms and the Economy and Finance Council WG on Financial Integration
September, 10	Georgetown	IIRSA	GTE Meeting on Air Integration
September, 28-29	Lima, Peru	IIRSA	GTE Meeting on Trade Integration through

			Postal Services
September, 30	Lima, Peru	IIRSA	GTE Meeting on Risk and Disaster Prevention and Management
October, 13-14	Brasilia, Brazil	IIRSA	Workshop on South American Integration through Ports and Waterways
To be confirmed - October	Buenos Aires, Argentina	COSIPLAN/ (experts)	Meeting of the Working Group on GIS and COSIPLAN Website
November, 3	Asunción, Paraguay	COSIPLAN	Meeting of the Working Group on Telecommunications
November, 4	Asunción, Paraguay	COSIPLAN	Meeting of the Working Group on GIS and COSIPLAN Website
November, 5	Asunción, Paraguay	COSIPLAN	GT Meeting on Railway Integration
November, 25	Caracas, Venezuela	IIRSA	XXVIII Meeting of IIRSA National Coordinators
November, 26	Caracas, Venezuela	COSIPLAN	XIII Meeting of the COSIPLAN Coordinating Committee
November, 27	Caracas, Venezuela	COSIPLAN	VI Ordinary Meeting of the COSIPLAN Ministers

Source: IIRSA-COSIPLAN Work Plan 2015

IDB-INTAL's contribution

In its role as the Secretariat of COSIPLAN-IIRSA's Technical Coordination Committee, IDB-INTAL has, over the past 14 years, been actively involved as a facilitator of dialog among South American countries in the field of physical integration and once again renews its commitment to providing technical and operational support to actions prioritized by the countries as a whole in its Work Plan 2015.

[1] See Article 1 of the COSIPLAN Statute. The Council's Statute and Regulations were approved by Ministers at the First Ordinary Meeting of the COSIPLAN (Buenos Aires, December 2009) and later ratified by the Fourth Meeting of the Council of UNASUR Heads of State (Georgetown, November 2010).
[2] See Articles 5 and 6 of the COSIPLAN Statute.
[3] See Work Plan for the Formulation of the Integration Territorial Program (PTI) to the Agua Negra Binational Tunnel Project (Argentina-Chile) (November 2014).
[4] The "User's Manual" for the "Methodology for the Incorporation of DRM into the Integration Infrastructure Projects" was approved by the Ministers at the Fifth Ordinary Meeting of the COSIPLAN.
[5] See Training Program in Policy-Making and Policy Management on Freight Transport and Logistics (November 2011).
[6] See Indicators of Results of the COSIPLAN-IIRSA Exports through Postal Services Program (December 2014).

Supplementary protocols to Argentina-Chile Maipú Treaty

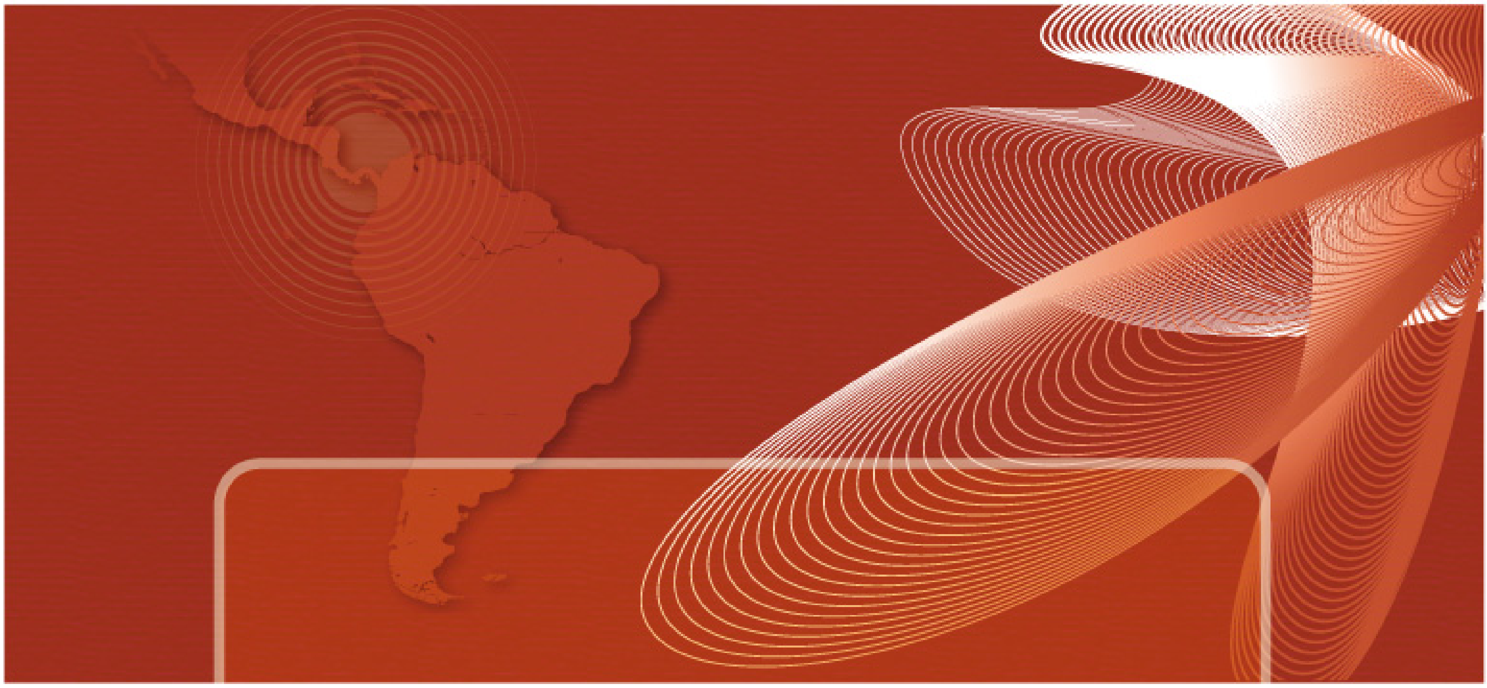
The Argentine and Chilean Foreign Ministers signed two supplementary protocols to the Maipú Treaty, in Santiago de Chile, Chile, December 23, for works to advance binational connectivity infrastructure. According to the communiqué, this is the "Second Supplementary Protocol of the Agua Negra Tunnel Binational Entity (EBITAN)" and the "Second Supplementary Protocol of the Trans-Andean Low-Altitude Railway Binational Entity (EBIFETRA)," giving these binational entities legal status and opening the way for a call to international public tender for companies interested in both works.

Furthermore, the Chilean Foreign Minister and the Argentine Ambassador to Chile signed the "Supplementary Protocol to the Maipú Integration and Cooperation Treaty," January 6, creating the Paso Las Leñas International Tunnel Binational Entity (EBILEÑAS) Project, with the objective of carrying out the technical studies for these road infrastructure works.

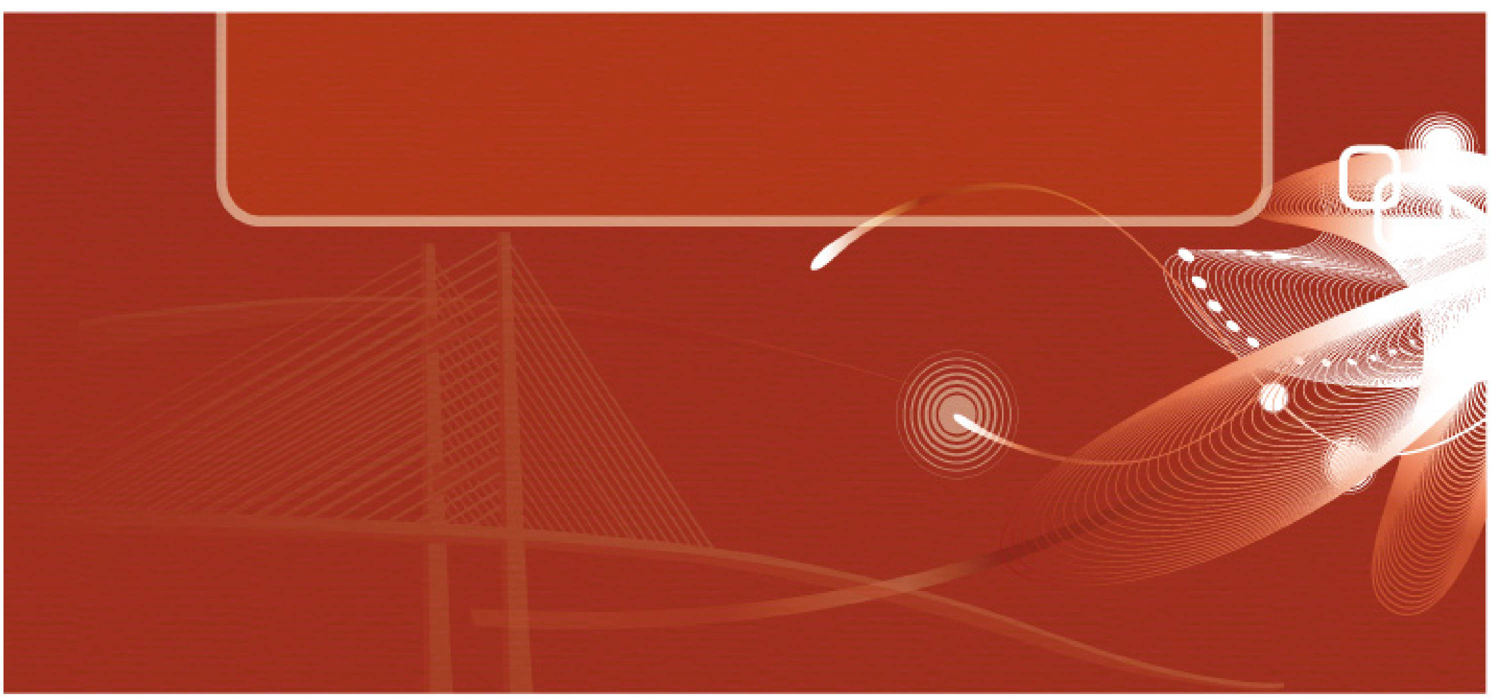
All three projects are part of the Project Portfolio for the South American Infrastructure and Planning Council (COSIPLAN) of the Union of South American Nations (UNASUR). Specifically, the Agua Negra Binational Tunnel is part of the COSIPLAN's Integration Priority Project Agenda (API).

Related articles

- IDB-INTAL. "The Maipú Treaty between Chile and Argentina," in: *INTAL Monthly Newsletter No. 159*, October 2009.
- IDB-INTAL. "Argentina and Chile relaunch Maipú Treaty," in: *INTAL Monthly Newsletter No. 213*, May 2014.



Regional And Global Overview



First Ministerial Meeting of the CELAC-China Forum

The First Ministerial Meeting of the Community of Latin American and Caribbean States (CELAC)-China Forum was held in Beijing, China, January 8-9. The meeting was attended by the Foreign Ministers and Representatives of China and the CELAC member states, as well as by international organizations, including the Inter-American Development Bank (IDB). The meeting's main theme was "New Starting Point, New Opportunity: Joint Efforts to Promote China-Latin America and the Caribbean Partnership of Comprehensive Cooperation." Established in the framework of the Second Summit of CELAC Heads of State in January 2014, the Forum is aimed at encouraging cooperation between CELAC and China in the diplomatic, political, economic, scientific-technological, trade, financial, cultural, environmental, and other fields.

The Forum's owes its importance to the fact that China is the second largest global economy and the largest exporter of goods in the world, with growing economic and trade ties with the region's countries. CELAC countries' trade[1] with the Asian giant reached US$250 billion in 2013, or 12% of their total trade. China is also the main partner for Brazil and Chile, and the second most important for Antigua & Barbuda, Argentina, Colombia, Costa Rica, Ecuador, Honduras, Mexico, Panama, Paraguay, Peru, Dominican Republic, Suriname, Uruguay, and Venezuela. Where the other countries are concerned, top-ten partners include: Barbados, Belize, Bolivia, El Salvador, Grenada, Guatemala, Guyana, Jamaica, Nicaragua, St. Kitts & Nevis, Saint Vincent & the Grenadines, and St. Lucia.[2] China is also the third largest investor in LAC (after United States and the Netherlands), mainly in the exploitation of natural resources.[3]

The Foreign Ministers at the event signed the 2015-2019 China-LAC Cooperation Plan. The plan was presented as a scheme known as "1+3 +6." The 1 refers to the fact of its being a single plan for the entire region. The 3 to the three engines of regional cooperation: trade, investment, and financial cooperation. In these areas, China proposes taking trade with the region to US$500 billion over 10 years, and FDI stock in the region to US$250 billion, as well as promoting local currency payment schemes in trade. Last, the 6 refers to the six specific areas that China wishes to prioritize. These are: energy and natural resources, infrastructure development, agriculture, industry, scientific and technological innovation, and information technology. Similarly, through the Beijing Declaration, the representatives of the respective States agreed to work toward increasing people-to-people exchanges through greater interaction among legislative bodies, and state and local governments, as well as young people and other actors in society, in order to promote mutual understanding, and to expand exchange and cooperation in areas such as education, human resources training, think-tanks, press, culture, sports, science and technology, agriculture, tourism, energy, natural resources, and infrastructure. Institutional arrangements and operational rules for the Forum were also approved, and it was agreed that the Caribbean countries be given special treatment.

Last, the Second Ministerial Meeting of the CELAC-China Forum was tabled to be held in Chile, in January 2018, and the Third CELAC Summit in San José, Costa Rica, January 28-29, 2015.

[1] Exports plus imports.
[2] Ranking based on DATAINTAL data. No data for Bahamas, Haiti, Dominica, Cuba, or Trinidad & Tobago.
[3] According to ECLAC, “First Forum of China and the Community of Latin American and Caribbean States (CELAC): Exploring opportunities for cooperation on trade and investment.” Santiago de Chile, Chile, January 2015.

EU publishes tentative TTIP texts

The European Commission (EC) unveiled its proposals for the legal text of the Transatlantic Trade and Investment Partnership (TTIP), which it is negotiating with United States. As noted in *INTAL Monthly Newsletter No. 219*, the content of the talks was kept under wraps until October 2014, when the EC decided to declassify the mandate of the European Union (EU) for these negotiations. According to the material distributed in January, the TTIP would have 24 chapters based around three themes: market access, regulatory cooperation, and rules. The eight documents published include the proposals of legal texts of the last two themes, covering topics such as competition, food safety, and animal and plant health, customs issues, technical barriers to trade, small and medium enterprises, and disputes among states. The EC also put out the European position on engineering, vehicles, and sustainable development. These texts are in addition to those previously distributed on the EU's position over negotiations on financial services, government procurement, regulatory consistency, chemicals, pharmaceuticals and cosmetics, textiles, raw materials, and energy.

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.
- IDB-INTAL. "Breakthroughs in transatlantic negotiations," in: *INTAL Monthly Newsletter No.219*, November 2014.

Impact assessment

Cluster support policy impact assessment in Brazil and Argentina

This article looks at two works on *cluster* support policy impact assessment in Brazil and Argentina. An overview of impact assessment can be found in the article published in *INTAL Monthly Newsletter No. 216*, explaining its objective and the methodologies deployed.

The economic grounds for promoting *clusters* lie in the presence of economies of agglomeration (i.e. networks and connections arising from the proximity of firms and workers in a geographic area), which can boost innovation and learning activities, reduce transaction costs, and improve companies' competitiveness.

The study by Figal Garone *et al.* (2014) assesses the impact of the industrial cluster support program in Minas Gerais and São Paulo States in Brazil, with the objective of facilitating interaction between companies through a variety of instruments, including export promotion, training, and technology transfer activities, among others, using data from SMEs in various sectors (footwear, textiles, furniture, construction materials, and electronics) over the period 2002-2009. The research estimates the effects, both direct (beneficiary companies) and indirect (companies not participating in the program, but receiving spillovers due to geographic proximity). The companies acting as a control group do not either participate or receive spillover effects and are located outside of the states where the program was implemented. As participation in the program is not random, the problem of selection bias has to be addressed. The authors used a fixed effects model. The exercise finds, on the one hand, a positive and dynamic impact on the number of formal employees, the value of exports, and the probability of exporting from the participating companies, and, on the other hand, an indirect positive effect on the exports of companies not participating but with links to participating companies.

The work by Boneu *et al.* (2014) assesses the indirect impact of the Production Chain Development Program in Córdoba Province, Argentina, financed by IDB's Multilateral Investment Fund (MIF) and executed between 2003 and 2007. The program sought to improve companies' competitiveness in information and communication technologies (ICTs) in the province, by promoting linkages between ICT companies, and access to technology and markets.

The research identifies direct beneficiaries (participating companies), but focuses on the indirect effects (companies not participating, but with some link to the companies treated due to geographic proximity). The companies identified as the control group, (i.e. with observable characteristics similar to those participating) did not participate in the program or receive spillover effects due to being located outside of Cordoba Province. The study puts together a panel of firms for the period 2003-2011 and makes an estimate through the generalized method of moments (GMM). The exercise finds that the indirect impact was positive and significant, boosting nonbeneficiary companies' sales, and having an increasing effect over time.

The main contribution of the two studies is the evidence it provides for *cluster* support programs' positive externalities in Brazil and Argentina. In this sense, they can be used to evaluate the benefits of these programs from a broader perspective, measuring the effects on nonbeneficiary businesses. The main limiting factor is the availability of data at the company level, to measure the impact on other useful variables, such as exports in the case of the program in Argentina.

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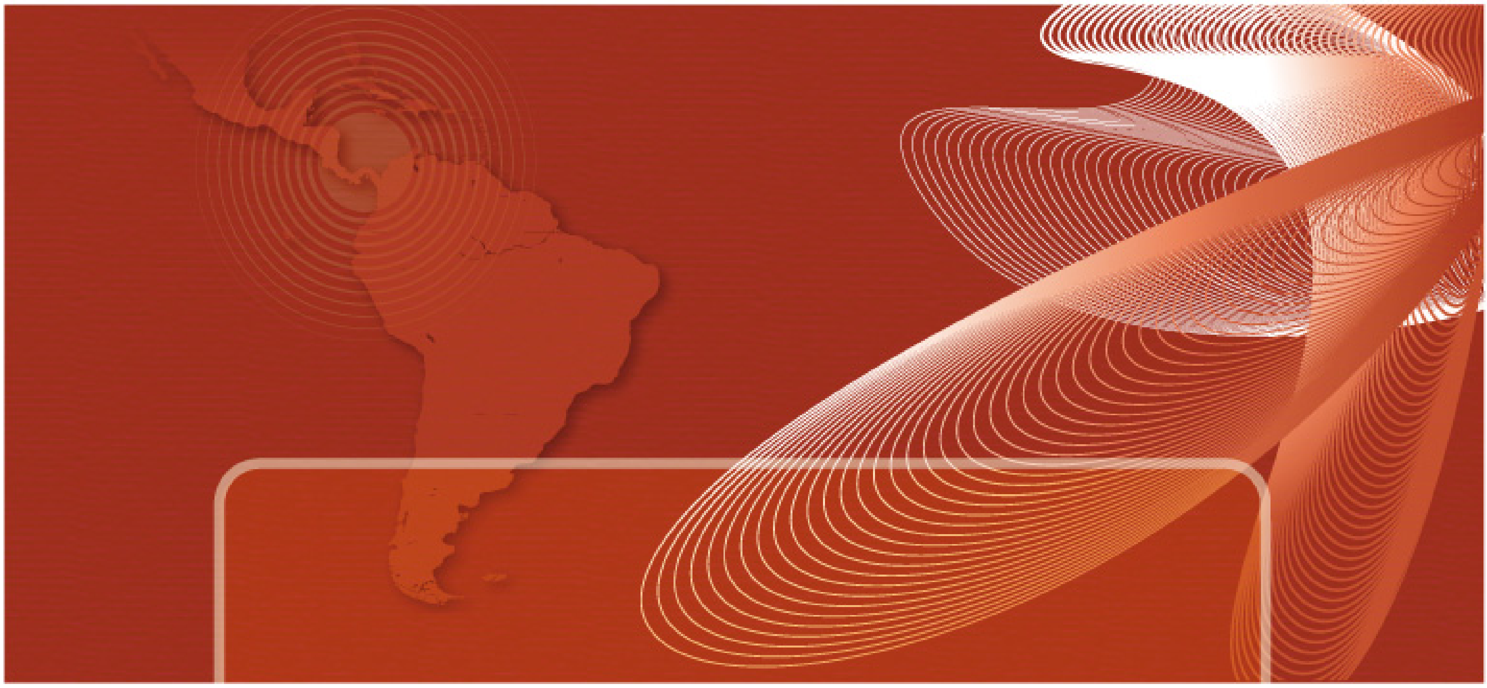
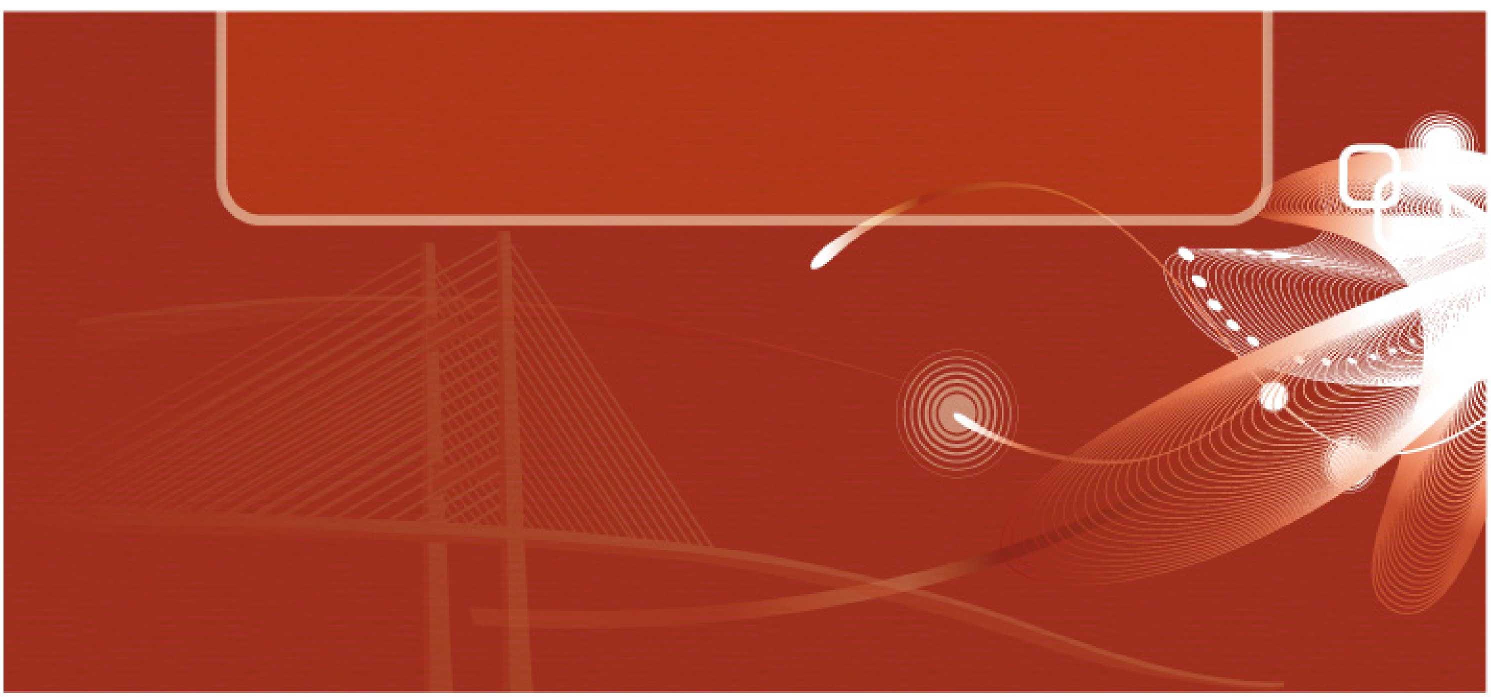
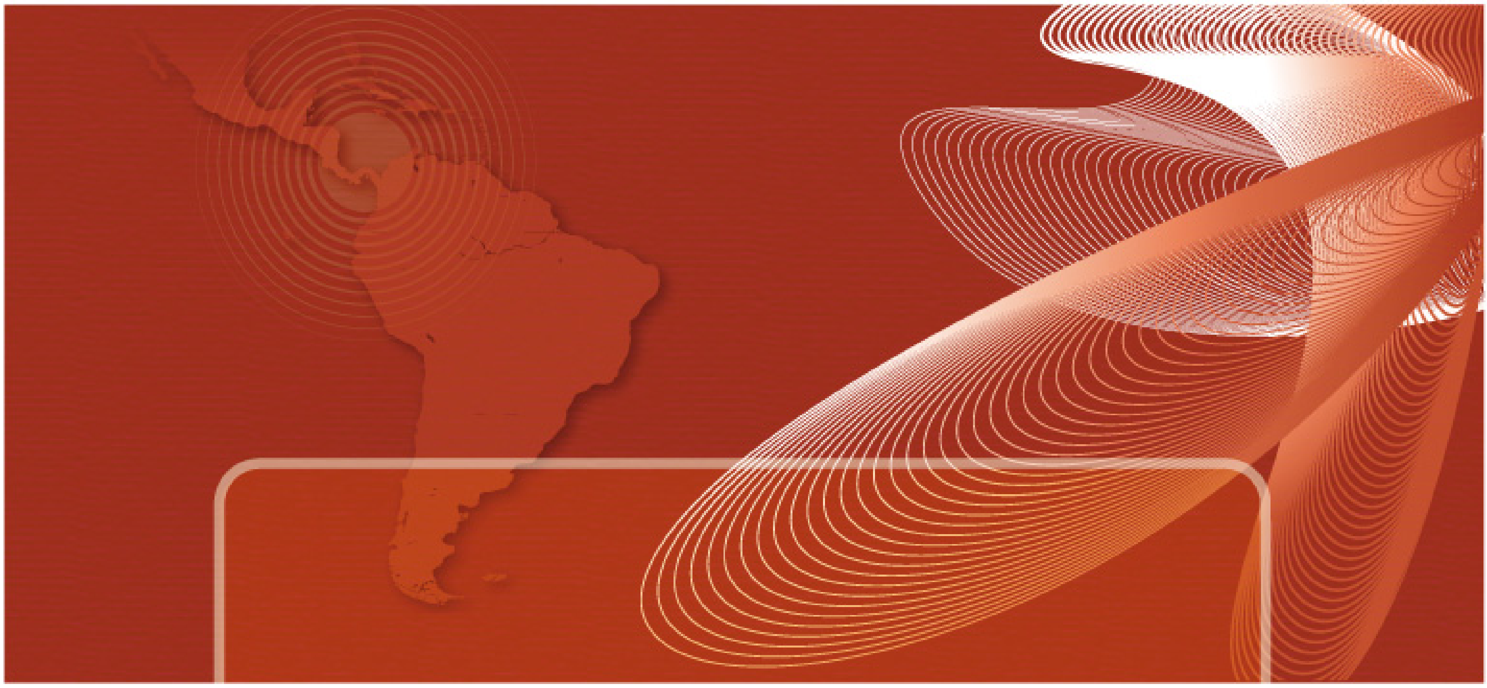


Other IDB Activities



Latin America and the Caribbean growth expected to pick up slightly in 2015

Latin America and the Caribbean's economic growth might recover modestly to 2.2% in 2015, up from 1.3% in 2014, its lowest rate since last decade's global financial crisis. Despite the slowdown, the region has managed to maintain its gains against poverty, said Inter-American Development Bank President Luis Alberto Moreno. (Link)



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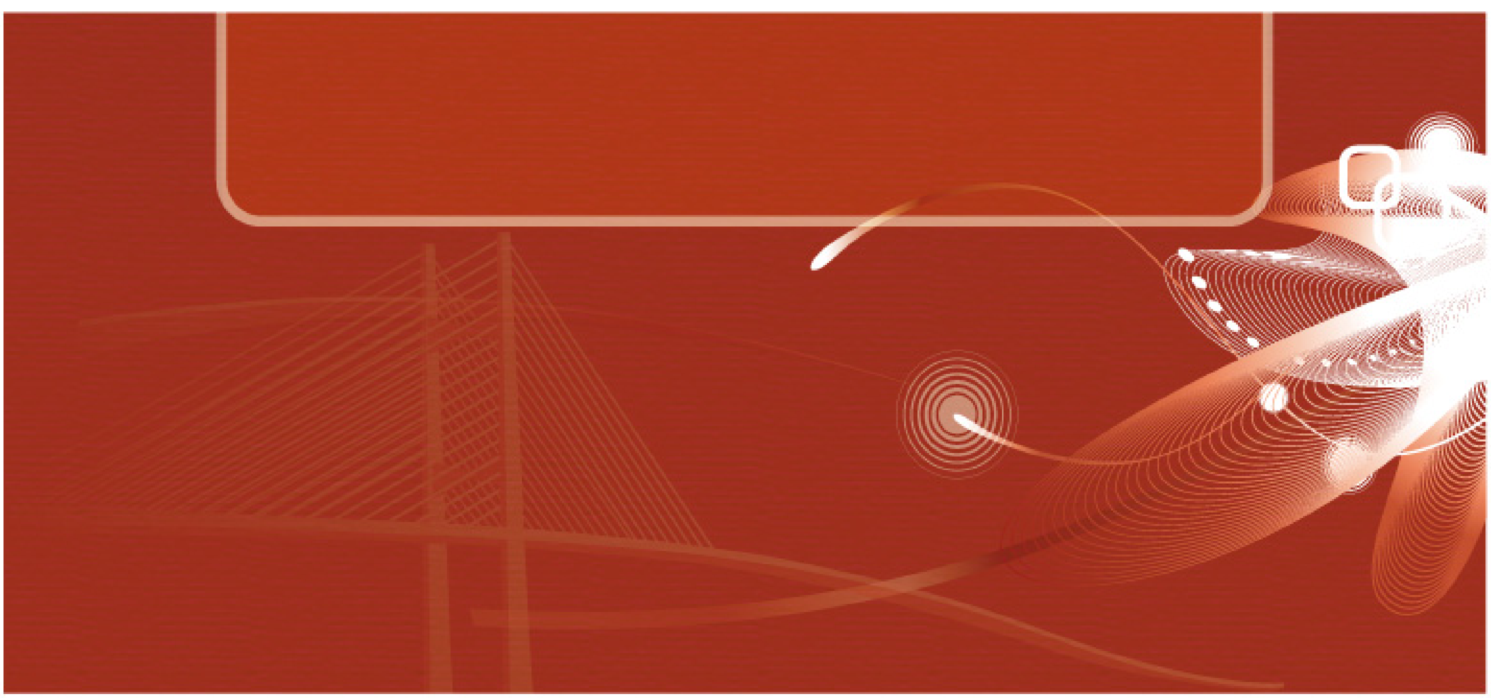

Reviews

Dussel Peters, Enrique (coord.). La inversión extranjera directa de China en América Latina: 10 estudios de caso. MUniversities of Latin America and the Caribbean (UDUAL), 2014exico: Union of . [352 pages]

Chinese foreign direct investment (FDI) in Latin America and the Caribbean (LAC) has certainly been less closely studied than international trade flows between the Asian giant and the region. When the topic has been analyzed, it has generally been from a macroeconomic viewpoint. Taking this as his starting point, Dussel Peters sets out to deepen our knowledge through a microeconomic approach that examines motivations and potential impacts. With this in mind, the book presents a selection of ten Chinese companies operating in Argentina, Brazil, Mexico, Peru, and Uruguay. The volume is grouped into five chapters by various authors.

The research points out that the growth of Chinese FDI at the global level is explained by the "*Going Global*" strategy launched by the Chinese government toward the end of the 1990s, with macroeconomic and production development objectives prioritizing the adoption of new technologies, and the acquisition of raw materials and energy resources. Among the main features of Chinese FDI is the fact that firms generally belong to the public sector (central government, provinces, cities, and municipalities), and are mainly concentrated in mining and energy as strategic investments to ensure the long-term supply of resources—"*resource seeking*"—while investments by companies in other sectors, like communications and motor vehicles, are "*market seeking*."

The author invites readers to explore the multiple challenges of China's investments in the region. Among the difficulties encountered are the enormous differences in FDI registration among the national offices of LAC countries and China. These differences go some way to explaining why the Asian giant registers this FDI as going to Hong Kong, Macau, Taiwan, and various tax havens or offshore financial centers, from where the investments are made.

The **first chapter** focuses on three companies operating in Argentina: *the China National Offshore Oil Corporation* (CNOOC) and *the China Petroleum and Chemical Corporation* (SINOPEC) in oil, and *Huawei* in communications. The two oil companies bought up preexisting assets and made no significant changes in production, keeping their activities the same as pre acquisition. In the case of Huawei, the communications giant is the world's largest networking, and telecommunications services and equipment company. Its activities in Argentina are focused primarily on importing *kits* and inputs for the assembly of cellular telephones in Tierra del Fuego Province for the domestic market, in partnership with local firm BGH.

The **second chapter** focuses on the activities in energy distribution of *the State Grid Corporation of China*, and *Lenovo* in electronics in Brazil, both *market-seeking* investments. The business of the first company, which is state-run, is the construction and operation of energy networks. The company's focus is on hydroelectric, renewable energy, and energy transmission projects, based largely on electrical equipment and products imported from China. The Brazilian public sector has sought to protect local producers by concentrating on local content requirements for purchases of equipment by electrical energy concessionaires.

The second company, Lenovo, is the single largest manufacturer of personal computers in China, with a price-based competition strategy geared to global expansion. In Brazil, Lenovo has operations in the Manaus Free Zone and manufactures computers, *tablets*, cellular telephones, and *smartphones*. The authors point out that the public policy challenges are to do with reducing the dependence on imported inputs, although it is unlikely that the country will become a regional platform for electronics exports.

The **third chapter** describes the activities of *the China Fishery Group* and Chinalco Mining Corporation International in Peru, both *resource-seeking* investments. The first firm catches and processes fish for the production of oil and flour for human and animal consumption, mainly for export. The main challenge for the Peruvian government is its role as a regulator for the preservation of fishery resources. The second company is a state-run producer of aluminum. In Peru, it focuses on iron, zinc, and copper mining for export. Public policies in Peru have endeavored to guarantee the enforcement of social and labor rights, and environmental standards.

The **fourth chapter** examines the activities of two Chinese automobile companies, *Chery and Lifan*, in Uruguay. Being a small market, automotive policies in Uruguay have been geared to encouraging exports to the regional market, primarily Brazil and Argentina. The automotive sector is excluded from MERCOSUR's trade liberalization, and is therefore is governed by bilateral agreements between the bloc's partners. Uruguay has a favorable import regime for vehicles and auto parts, consisting of a 10% tax refund on their *free-on-board* (FOB) value. This makes exporting to neighboring countries that have an industry protected with a 35% tariff on imports from extra-MERCOSUR partners a profitable concern. *Chery* has been assembling two models of vehicles in Uruguay since 2010, using the facilities of an existing plant. The inputs are imported from China and, to a lesser extent, Argentina, and the finished automobiles are exported to Argentina and Brazil. *Lifan*, on the other hand, is a private Chinese company that acquired the facilities of a plant in the Uruguayan department of San José, in the metropolitan area of the capital, Montevideo, and, like *Chery*, has been exporting two models to Brazil and Argentina since 2010.

The rationale behind the two companies' investment is to establish a beachhead in the region, although both have had occasional problems in access to the Argentine and Brazilian markets. The main challenges facing the Uruguayan government are to promote local suppliers and production linkages without infringing World Trade Organization (WTO) regulations.

The **fifth chapter** focuses on the investments of *Huawei* and *Giant Motors Latinoamérica* (GML) in Mexico. *Huawei* is the leading supplier of mobile and fixed telecommunications equipment in Mexico, with the characteristic that the products sold are imported. While GML is a Mexican company, it has a strategic partnership with China's *First Automotive Work* (FAW) *Group Corporation*, producing light commercial vehicles. Dussel Peters points out the significant learning process by *FAW Trucks* México with Mexican suppliers, manufacturers, and distributors, as a strategy to export and invest in the country in the future. The author also highlights the enormous potential of the auto parts and automotive chain between Mexico and China.

The book covers several areas of great relevance for LAC's public policy in its relations with China. These include the conditions of governments' negotiations with Chinese companies on behalf of their companies, the preservation of natural resources, the need to promote backward and forward linkages, and job creation in the region's countries. More generally, the author calls on the region to deepen its knowledge of China in order to have better tools for understanding and steering the "meeting" of the two. In this sense, economic relations with China pose enormous challenges for the region, which must be addressed both through public policy and the private sector. This is a valuable publication both for government officials responsible for promoting and regulating FDI in LAC and for actors in the private sector, wishing to learn more about Chinese companies' strategies in the region.

Dussel Peters, Enrique (coord). La inversión extranjera directa de China en América Latina: 10 estudios de caso. (Link).

Bibliographic alert

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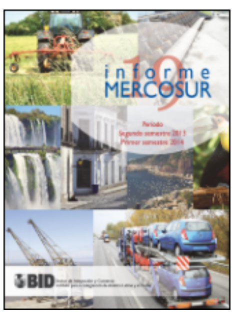
Monthly Highlights

* Beliz, G., dir. y Ramos Martínez, A., coord. (2014). Informe MERCOSUR número 19 : Segundo semestre 2013 - Primer semestre 2014 = Informe MERCOSUL No 19 : Segundo Semestre 2013 - Primeiro 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›
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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.

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Título: Primer Foro de la Comunidad de Estados Latinoamericanos y Caribeños (CELAC) y China : Explorando espacios de cooperación en comercio e inversión = First Forum of China and the Community of Latin American and Caribbean States (CELAC) : Exploring opportunities for cooperation on trade and investment
Edición: Santiago de Chile: CEPAL, enero de 2015 [53 p.]
Temas:‹ECONOMIA INTERNACIONAL›‹RELACIONES COMERCIALES›‹PAISES EN DESARROLLO›‹COMERCIO INTERNACIONAL›‹INVERSIONES›‹DIVERSIFICACION DE LAS EXPORTACIONES›‹COMUNIDAD DE ESTADOS LATINOAMERICANOS Y CARIBEÑOS, CELAC›
Geográficos:‹AMERICA LATINA›‹CARIBE›‹CHINA›

Resumen: El presente documento constituye un aporte de la Comisión Económica para América Latina y el Caribe (CEPAL) al primer Foro de la Comunidad de Estados Latinoamericanos y Caribeños (CELAC) y China, (Beijing, 8 y 9 de enero de 2015). El documento se compone de tres partes. En la primera parte se sintetizan los principales elementos del contexto económico internacional en que se inserta hoy América Latina y el Caribe. En la segunda, se presenta un breve panorama de las relaciones comerciales y de inversión entre la región y China. Finalmente, en la tercera parte se ofrecen algunas conclusiones y recomendaciones para mejorar la calidad de los vínculos económicos entre ambos socios comerciales.

Nota de contenido:

Accesos al documento:
339.9 / CEPAL-PRI / 2015
Documento Electrónico

Versión en español. Si no pudo acceder haga click aqui
Versión en chino. Si no pudo acceder haga click aqui
English version. Si no pudo acceder haga click aqui

* Balance preliminar de las economías de América Latina y el Caribe 2014 = Preliminary overview of the economies of Latin America and the Caribbean. (2014). Santiago de Chile: CEPAL.

Título: Balance preliminar de las economías de América Latina y el Caribe 2014 = Preliminary overview of the economies of Latin America and the Caribbean
Otros responsables: Comisión Económica para América Latina y el Caribe, CEPAL
Edición: Santiago de Chile: CEPAL, diciembre de 2014 [22 p.]
Serie: Balance Preliminar de las Economías; 2014
Temas:<ECONOMIAS REGIONALES><MACROECONOMIA><CRISIS><CRECIMIENTO ECONOMICO><POLITICA FISCAL><POLITICA MONETARIA><SALARIOS><MERCADO DE TRABAJO><EXPORTACIONES><IMPORTACIONES><REMESAS><BALANZA DE PAGOS><PRODUCTO BRUTO INTERNO, PBI>
Geográficos:<AMERICA LATINA><CARIBE>

Resumen: En 2014, el crecimiento de la economía mundial ha presentado una leve recuperación, en un contexto de desempeño heterogéneo de los países desarrollados y de desaceleración de las economías emergentes. La tasa de crecimiento mundial aumentó al 2,6 por ciento en 2014, en comparación con un 2,4 por ciento registrado en 2013. Los países desarrollados han mostrado una dinámica de crecimiento diferenciada, en la que se destaca el Reino Unido, cuya economía se expandió un 3,1 por ciento en 2014, frente a un 1,7 por ciento en el año anterior. La economía de los Estados Unidos, por su parte, exhibe un crecimiento del 2,1 por ciento, levemente inferior al 2,2 por ciento de 2013, pero ha seguido una trayectoria muy dinámica en el segundo semestre, que permite prever una expansión aún mayor en 2015. En la zona del euro, el crecimiento volvió a ser limitado en 2014 y se observaron marcados contrastes: Alemania y España crecieron un 1,5 y un 1,3 por ciento, respectivamente, en tanto que Francia solo creció un 0,3 por ciento e Italia experimentó una recesión, al contraerse su actividad un 0,4 por ciento. El Japón, aun cuando presentó signos de recuperación durante los primeros meses de 2014, cayó en recesión en los últimos meses del año ...

Nota de contenido:

Accesos al documento:
HM CEPAL-BAL.PRE.ECO 2014 [2014]
Documento Electrónico

Informe completo. Si no pudo acceder haga click aqui
Documento informativo - Español. Si no pudo acceder haga click aqui
Briefing paper - English. Si no pudo acceder haga click aqui

* Iniciativa para la Integración de la Infraestructura Regional Suramericana, IIRSA. (2014). API : Agenda de Proyectos Prioritarios de Integración : Informe de avance 2014. Montevideo: IIRSA.

Autor inst.: Iniciativa para la Integración de la Infraestructura Regional Suramericana, IIRSA
Título:API : Agenda de Proyectos Prioritarios de Integración : Informe de avance 2014
Edición: Montevideo: IIRSA, diciembre de 2014 [294 p.]
Temas:<INICIATIVA PARA LA INTEGRACION DE LA INFRAESTRUCTURA REGIONAL SURAMERICANA, IIRSA><UNION DE NACIONES SURAMERICANAS, UNASUR><PROYECTOS DE INTEGRACION><INFRAESTRUCTURA><INTEGRACION FISICA>

Resumen: Este cuarto Informe de la Agenda de Proyectos Prioritarios de Integración (API), previsto en el Plan de Trabajo COSIPLANIIRSA 2014, se encuentra destinado a la consideración del Consejo de Infraestructura y Planeamiento (COSIPLAN) de la UNASUR y a la ciudadanía. El Informe reseña los resultados del trabajo realizado por los países en la implementación de los proyectos estructurados, y presenta un balance general y la evolución de la API.

Nota de contenido:

G: Eje de la Hidrovía Paraguay-Paraná [p. 179]
H: Eje Interoceánico Central [p. 205]
I: Eje MERCOSUR-Chile [p. 229]
J: Eje Perú-Brasil-Bolivia [p. 267]

Accesos al documento:
624.1 / IIRSA-API / 2014
Documento Electrónico

texto completo. Si no pudo acceder haga click aqui

* Cartera de Proyectos del COSIPLAN 2014. (2014). Buenos Aires: IIRSA.

Título: Cartera de Proyectos del COSIPLAN 2014
Edición: Buenos Aires: IIRSA, diciembre de 2014 [270 p.]
Temas:‹INTEGRACION FISICA›‹CONSEJO SURAMERICANO DE INFRAESTRUCTURA Y PLANEAMIENTO, COSIPLAN›‹INICIATIVA PARA LA INTEGRACION DE LA INFRAESTRUCTURA REGIONAL SURAMERICANA, IIRSA›‹PROYECTOS DE INFRAESTRUCTURA›
Geográficos:‹AMERICA DEL SUR›

Resumen: Este Cuarto Informe de la Cartera de Proyectos del COSIPLAN, previsto en el Plan de Trabajo COSIPLAN-IIRSA 2014, se encuentra destinado a la consideración del Consejo Suramericano de Infraestructura y Planeamiento (COSIPLAN) de la UNASUR y a la ciudadanía, y persigue un doble objetivo. Por un lado, reseña los resultados del trabajo realizado por los países durante el presente año en materia de planificación territorial. Por otro lado, presenta un balance general de la Cartera, incluyendo un detalle de la evolución de los proyectos.

Accesos al documento:
332.135 / COS-CAR / 2014
Documento Electrónico

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* Cord, L.; Barriga Cabanillas, O.; Lucchetti, L.; Rodríguez-Castelán, C.; Sousa, L. y Valderrama, D. (2014). Inequality stagnation in Latin America in the aftermath of the global financial crisis. Washington: World Bank.

Autor: Cord, Louise; Barriga Cabanillas, Oscar; Lucchetti, Leonardo; Rodríguez-Castelán, Carlos; Sousa, Liliana D.; Valderrama, Daniel
Título: Inequality stagnation in Latin America in the aftermath of the global financial crisis
Edición: Washington: World Bank, december 2014 [40 p.]
Serie: Policy Research Working Papers; 7146
Temas:<CRISIS><MERCADO DE TRABAJO><COYUNTURA ECONOMICA><DISTRIBUCION DEL INGRESO>
JEL:D63; I38; J2; O54

Resumen: Over the past decade (2003-12), Latin America has experienced strong income growth and a notable reduction in income inequality, with the region's Gini coefficient falling from 55.6 to 51.8. Previous studies have warned about the sustainability of such a decline, and this paper presents evidence of stagnation in the pace of reduction of income inequality in Latin America since 2010. This phenomenon of stagnation is robust to different measures of inequality and is largely attributable to the impact of the Global Financial Crisis on Mexico and Central America, where inequality rose after 2010 as labor income recovered. Moreover, this paper finds evidence that much of the continuation of inequality reduction after the crisis at the country level has been due to negative or zero income growth for households in the top of the income distribution, and lower growth of the incomes of the poorest households. The crisis also highlighted weaknesses in the region's labor markets and the heavy reliance on public transfers to redistribute, underscoring the vulnerability of the region's recent social gains to global economic conditions.

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- Comunicado : Suscripción de protocolo EBILEÑAS. (2015). [s.l.]: Ministerio de Relaciones Exteriores de Chile. Link.
- Constataciones y conclusiones correspondientes al Informe del Órgano de Apelación en la Diferencias DS438, DS444 y DS445. (2014). Ginebra: OMC. Link.
- Figal Garone, L.; Maffioli, A.; Negri, J.; Rodríguez, C. y Vázquez-Baré, G. (2014). Cluster development policy, SME's performance, and spillovers: Evidence from Brazil. New York: Springer.
- Sistema de la Integración Centroamericana, SICA. Política regional de salud del SICA : 2015-2022. (2014). La Libertad: SICA. Link.
- Suscripción de Protocolos Complementarios al Tratado de Maipú. (2014). [s.l.]: Ministerio de Relaciones Exteriores de Chile. Link.
- World Economic Situation and Prospects 2015. (2015). Nueva York: ONU. Link.

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