



**Latin America/Caribbean and Asia/Pacific
Economics and Business Association**

An initiative of the Inter-American Development Bank and the Asian Development Bank Institute

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Regional Integration in LAC

Antoni Estevadeordal - IDB

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**Inter-American Development Bank
Integration and Trade Sector**

***Regional Integration in LAC
A Moving Agenda...***

**Antoni Estevadeordal
Manager**

***Accelerating Regional Integration
in the Asia-Pacific Region
ADBI – IDB LAEBA Annual Conference
Singapore, July 2009***



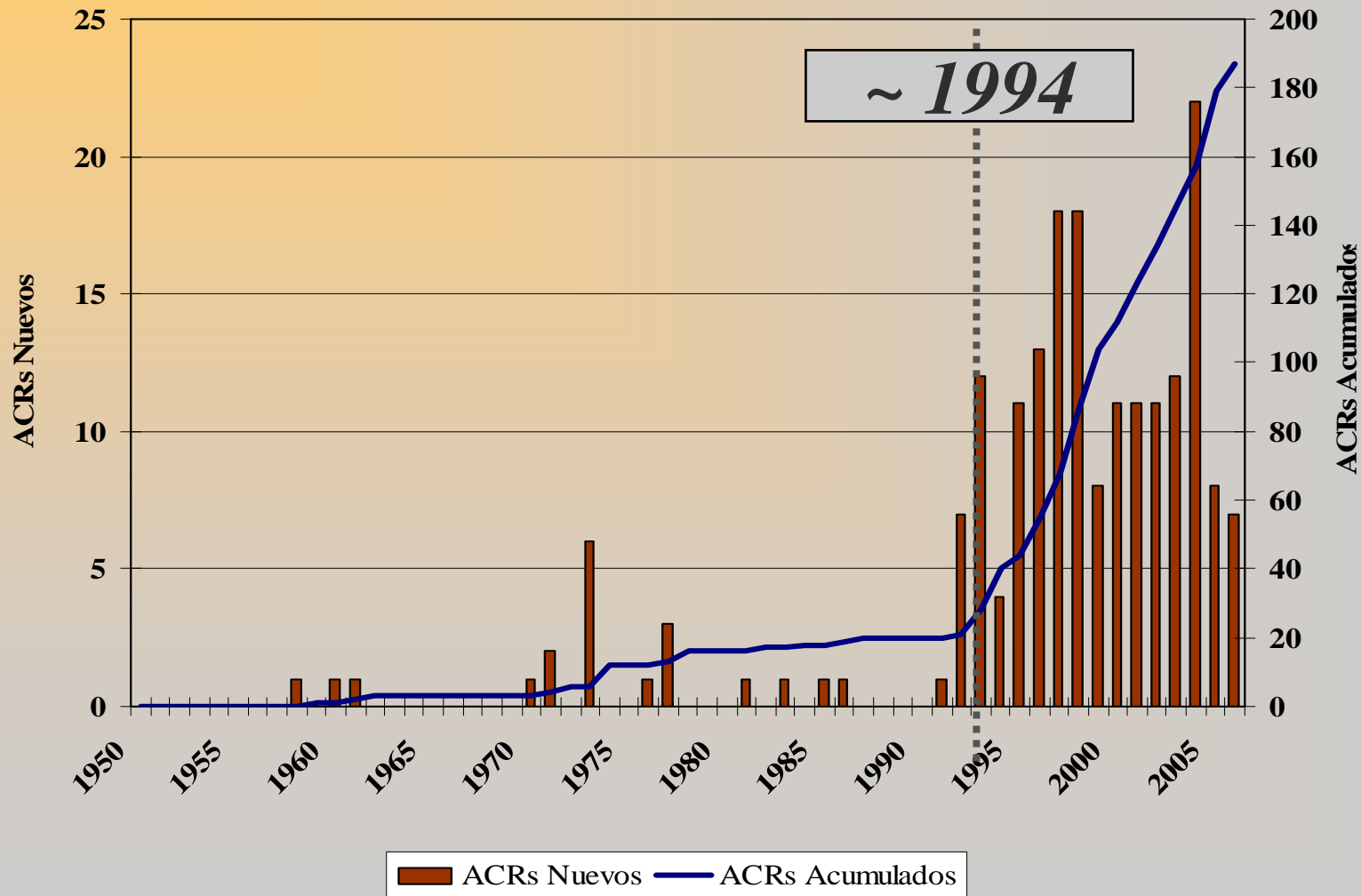
Outline

- ★ *Global Regionalism and the Regionalism “Menu” in LAC*
- ★ *A Changing Environment for LAC Integration Strategies*
- ★ *Recalibrating the World Trading System*
- ★ *Conclusions*

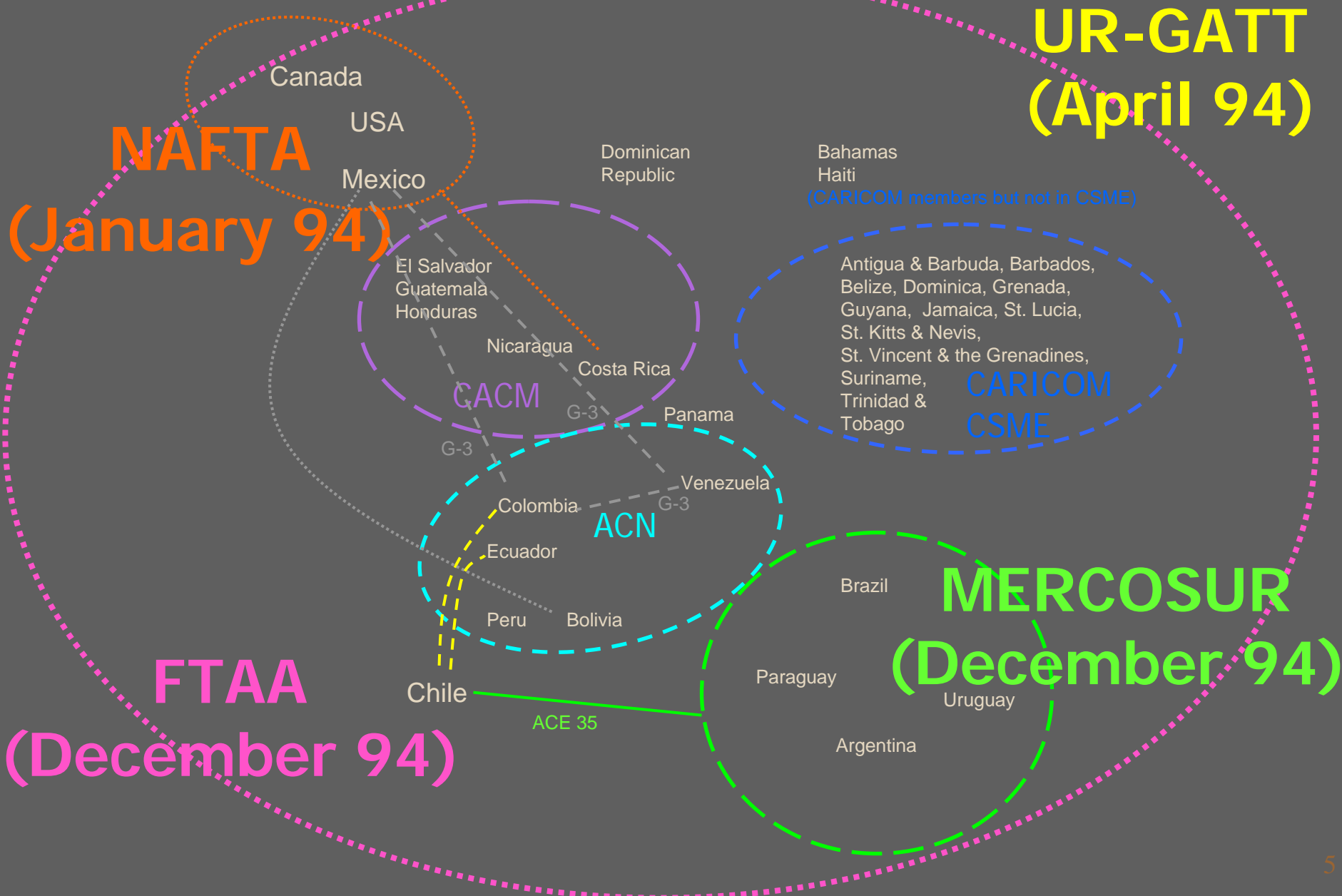
***Global Regionalism and
the Regionalism “Menu”
in LAC***

Global Regionalism...

(RIAs notified to the WTO, 1950-2006)



LAC Integration in 1994...



LAC Integration menu in 1994:

"pizza"

Canada

USA

Mexico

Dominican Republic

Bahamas
Haiti

El Salvador
Guatemala
Honduras

Nicaragua

Costa Rica

Panama

Antigua & Barbuda, Barbados,
Belize, Dominica, Grenada,
Guyana, Jamaica, St. Lucia,
St. Kitts & Nevis,
St. Vincent & the Grenadines,
Suriname,
Trinidad &
Tobago

Venezuela

Colombia

Ecuador

Brazil

Peru

Bolivia

Chile

Paraguay

Uruguay

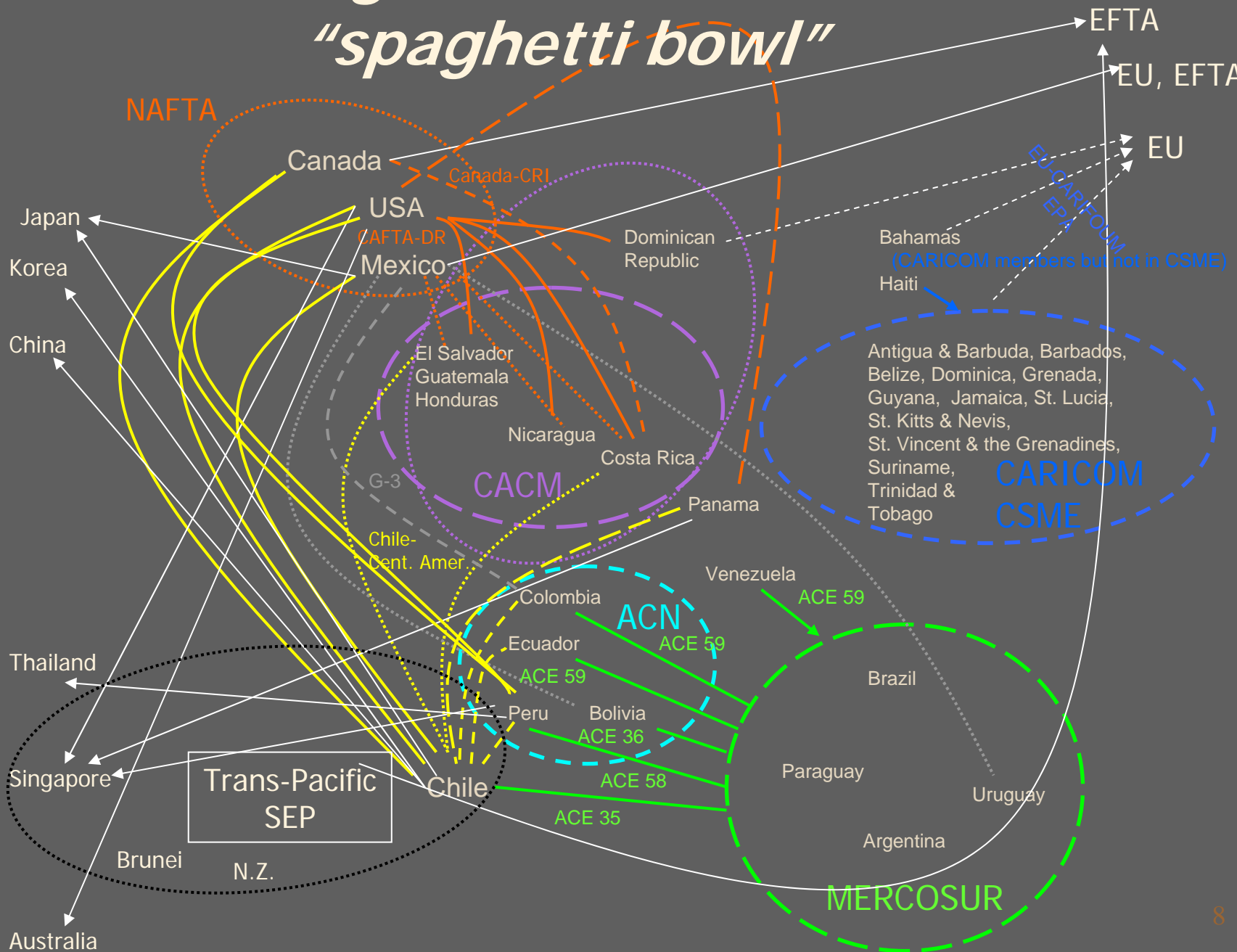
Argentina

FTAA

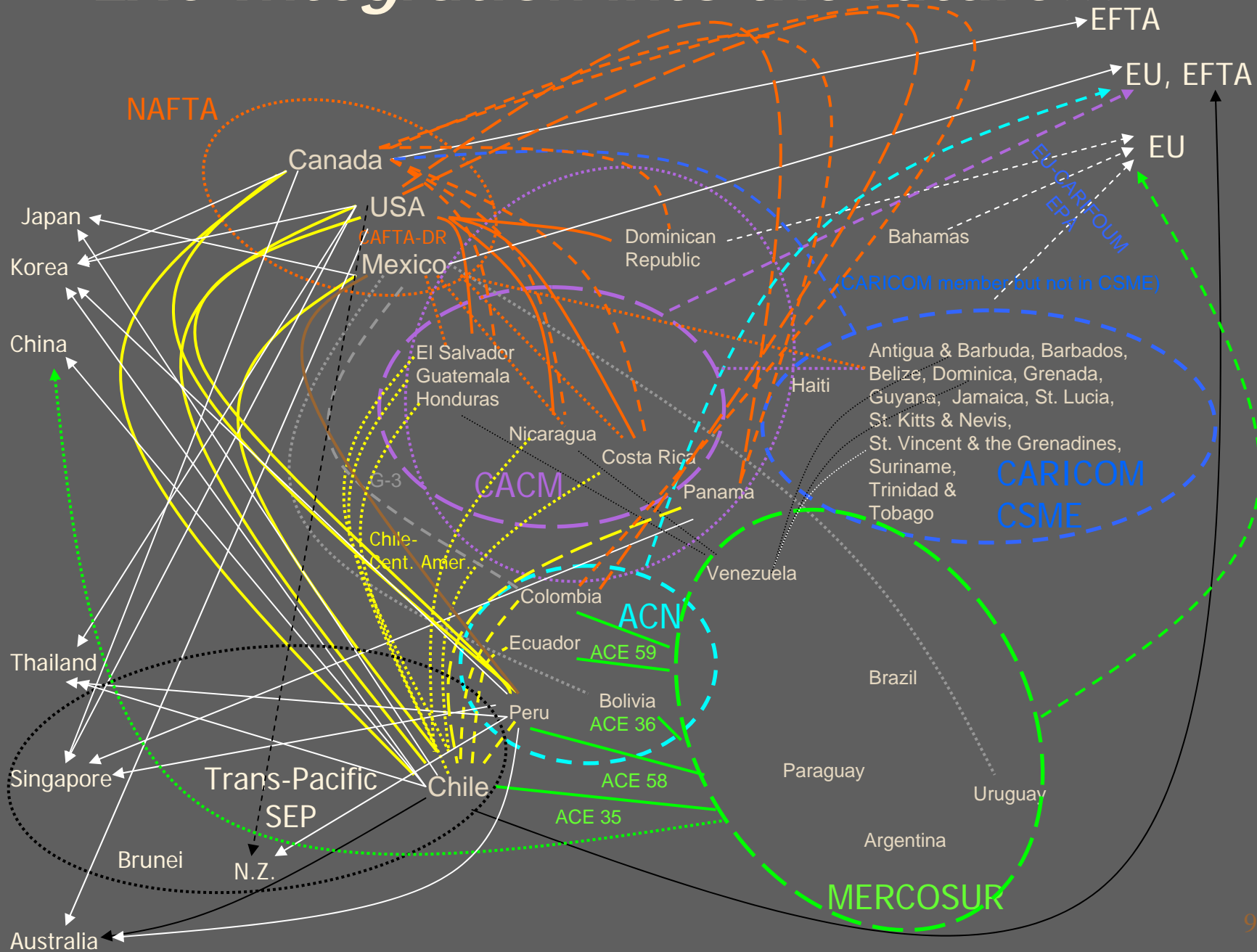
LAC Integration menu in 1994: "ravioli"



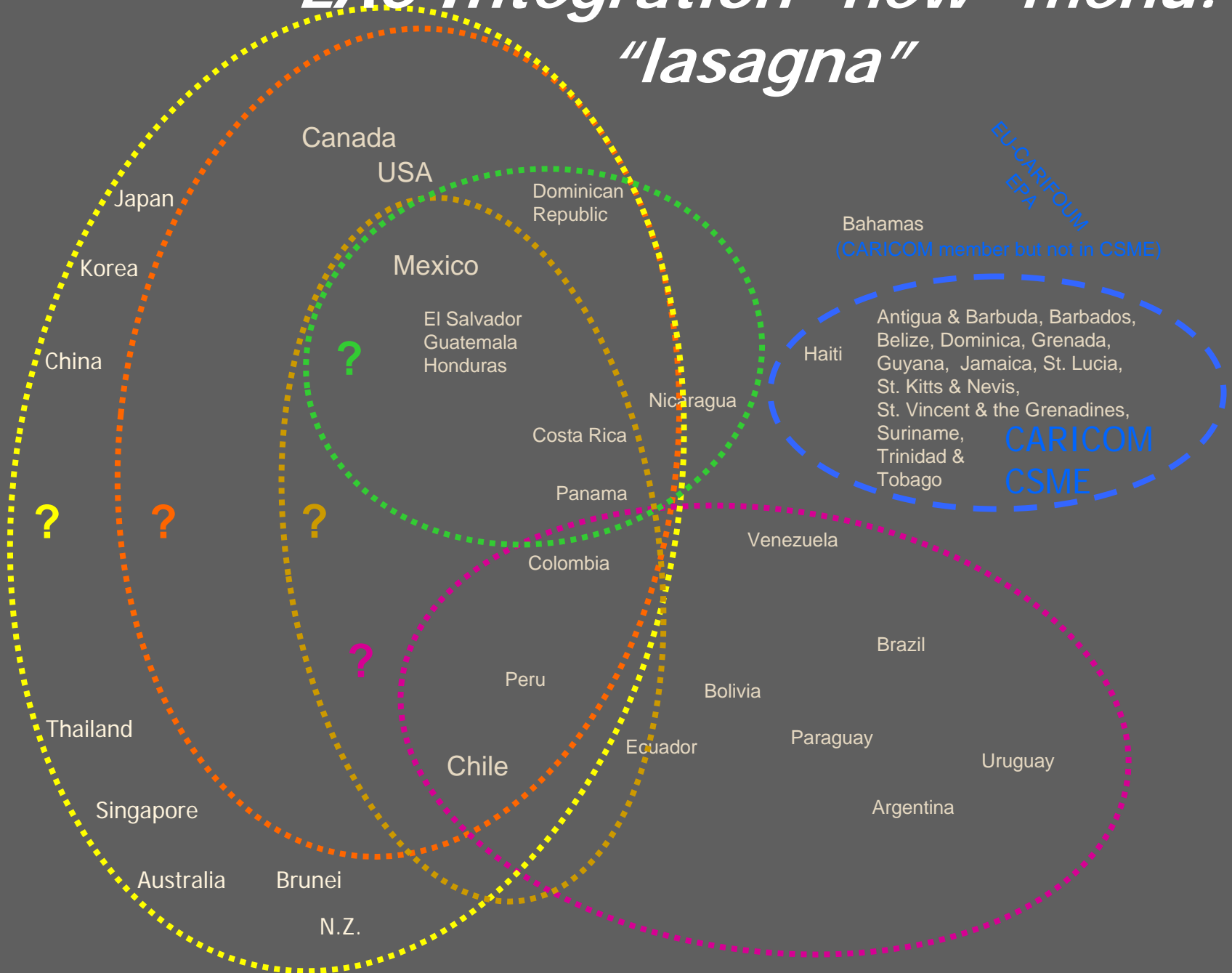
LAC Integration menu in 1994: "spaghetti bowl"



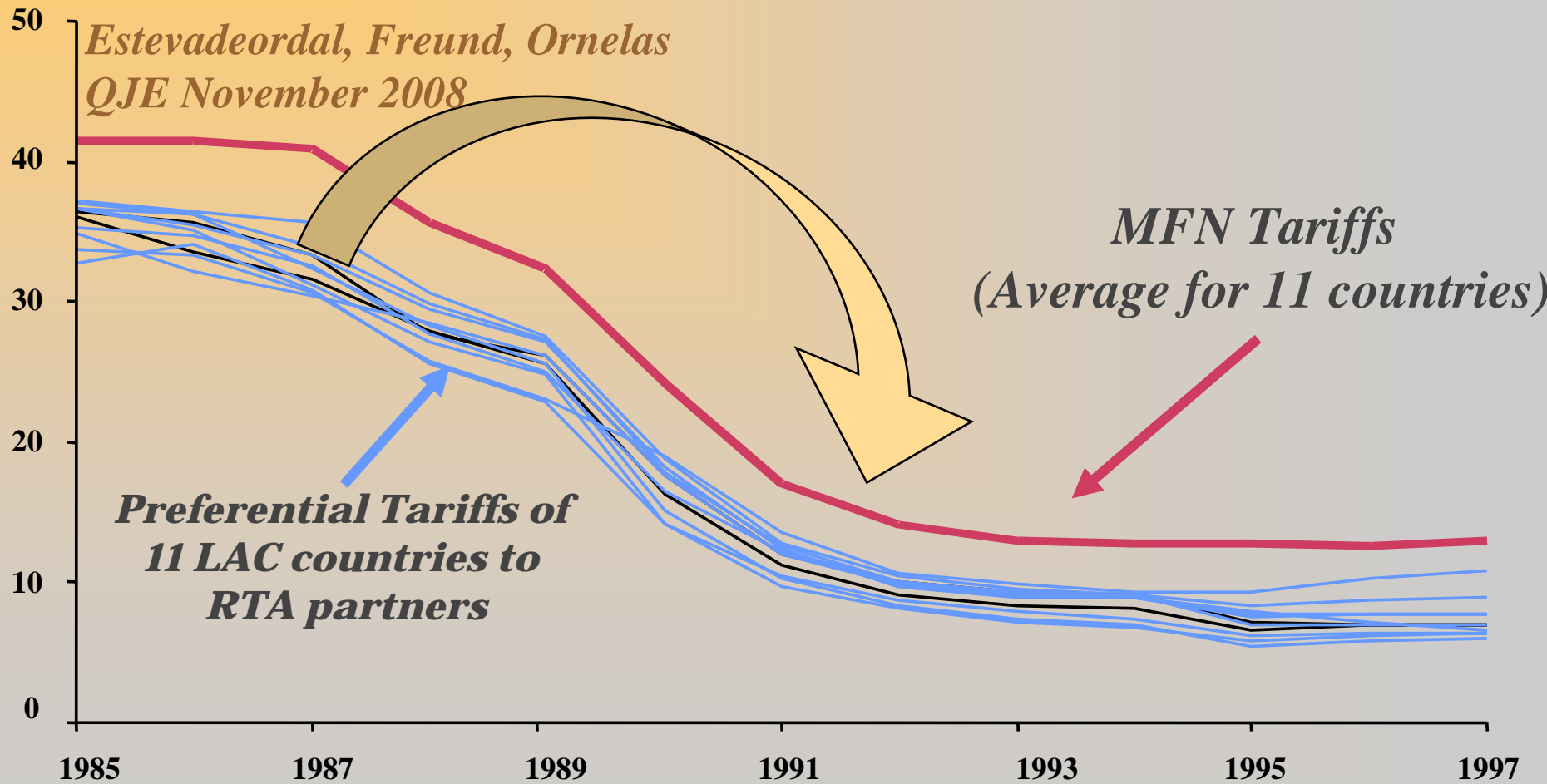
LAC Integration into the future...



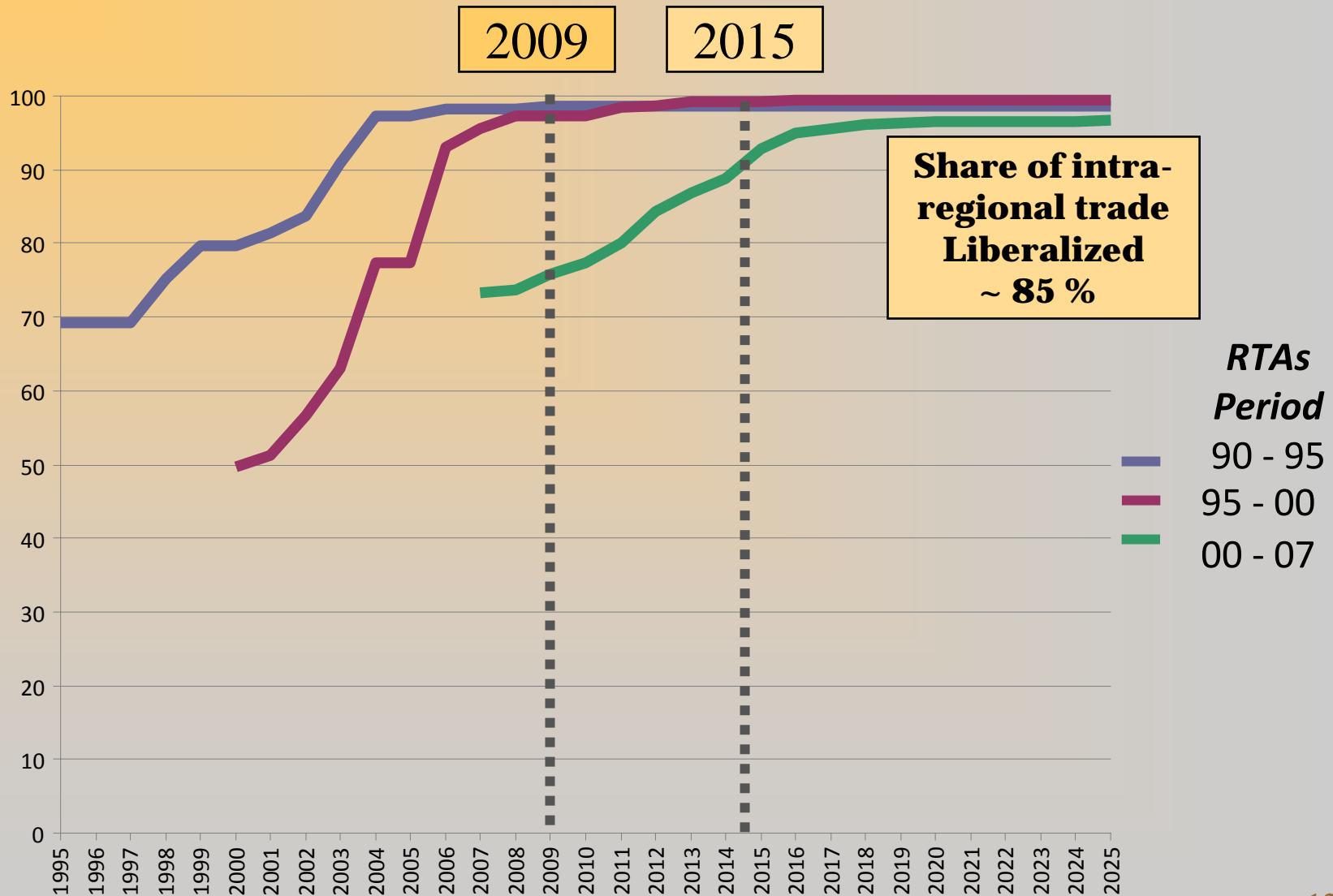
LAC Integration "new" menu: "lasagna"



Preferential and Multilateral Trade Liberalization in LAC...

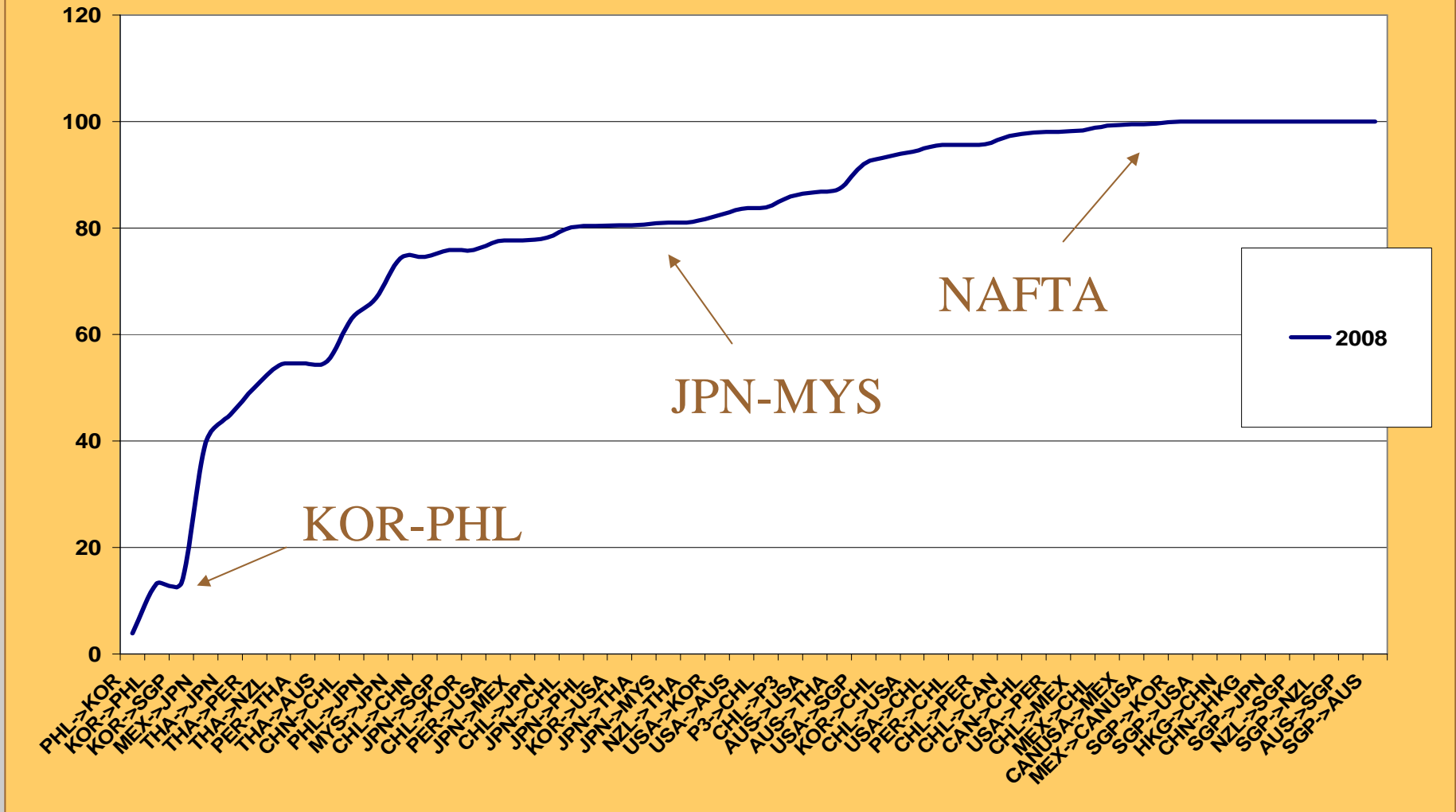


RTAs Liberalization in LAC...



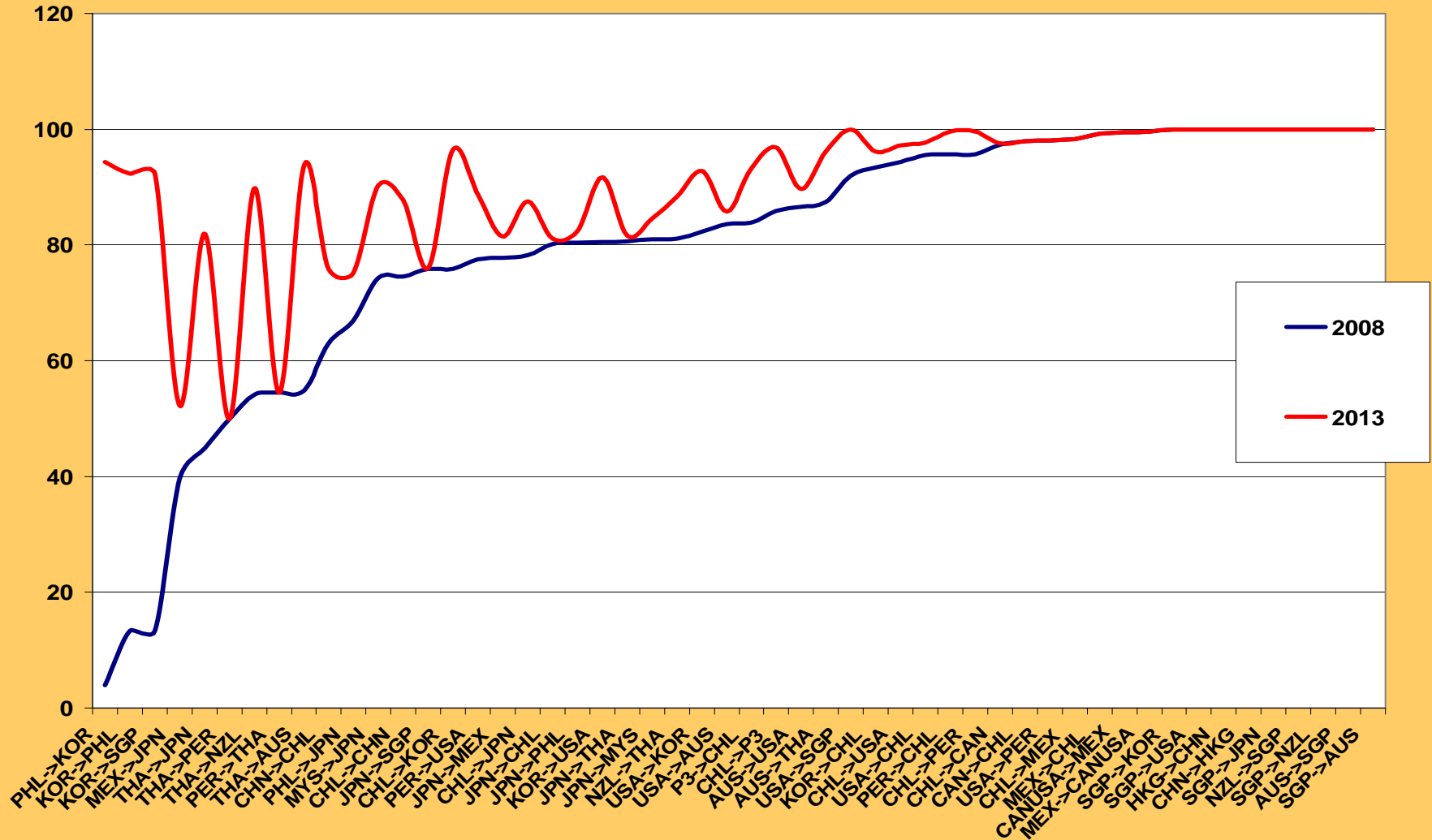
APEC liberalization state of play, 2008

% of product items free by 2008, by bilateral RTA relation



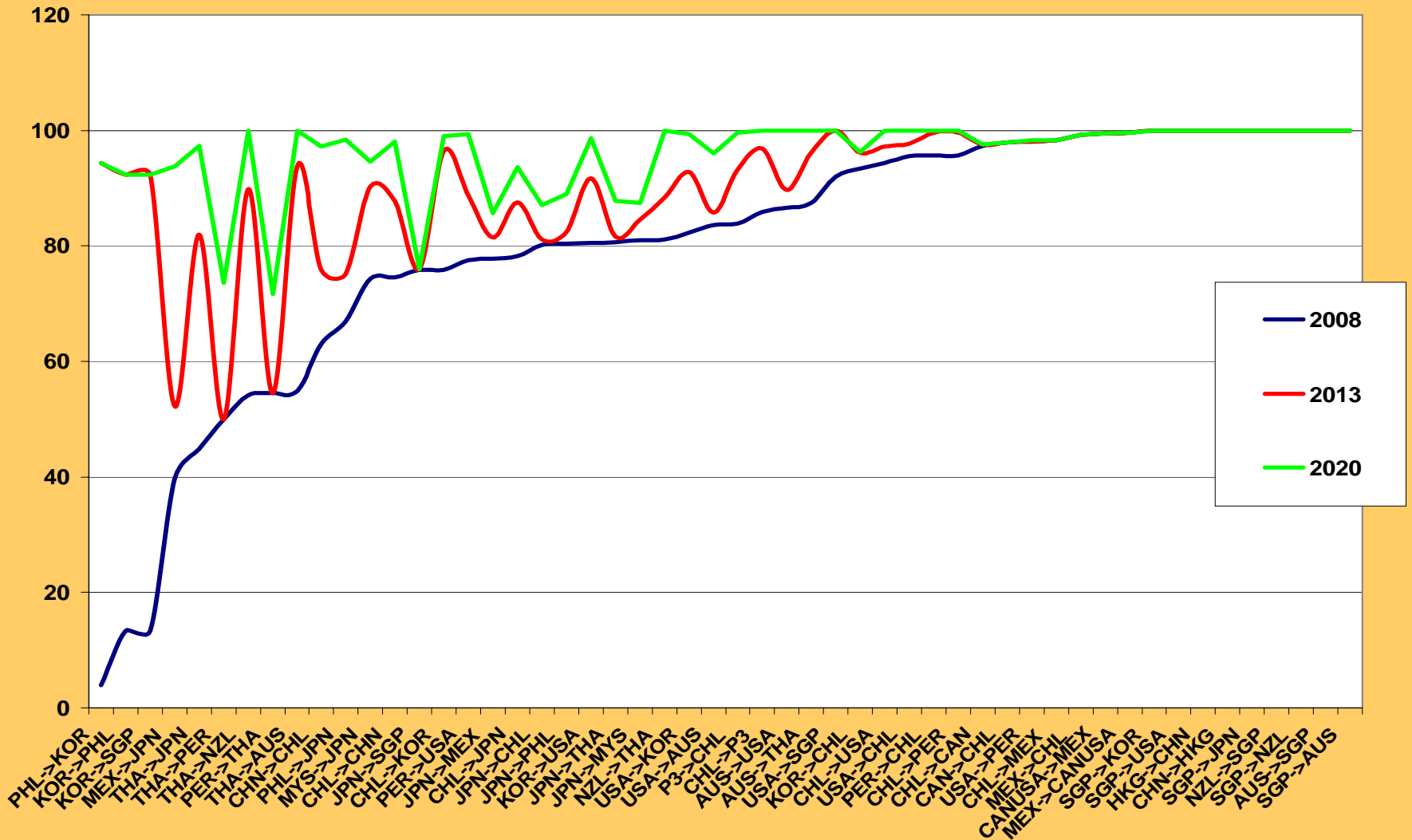
...advances toward 2013

% of product items free by 2008 and 2013



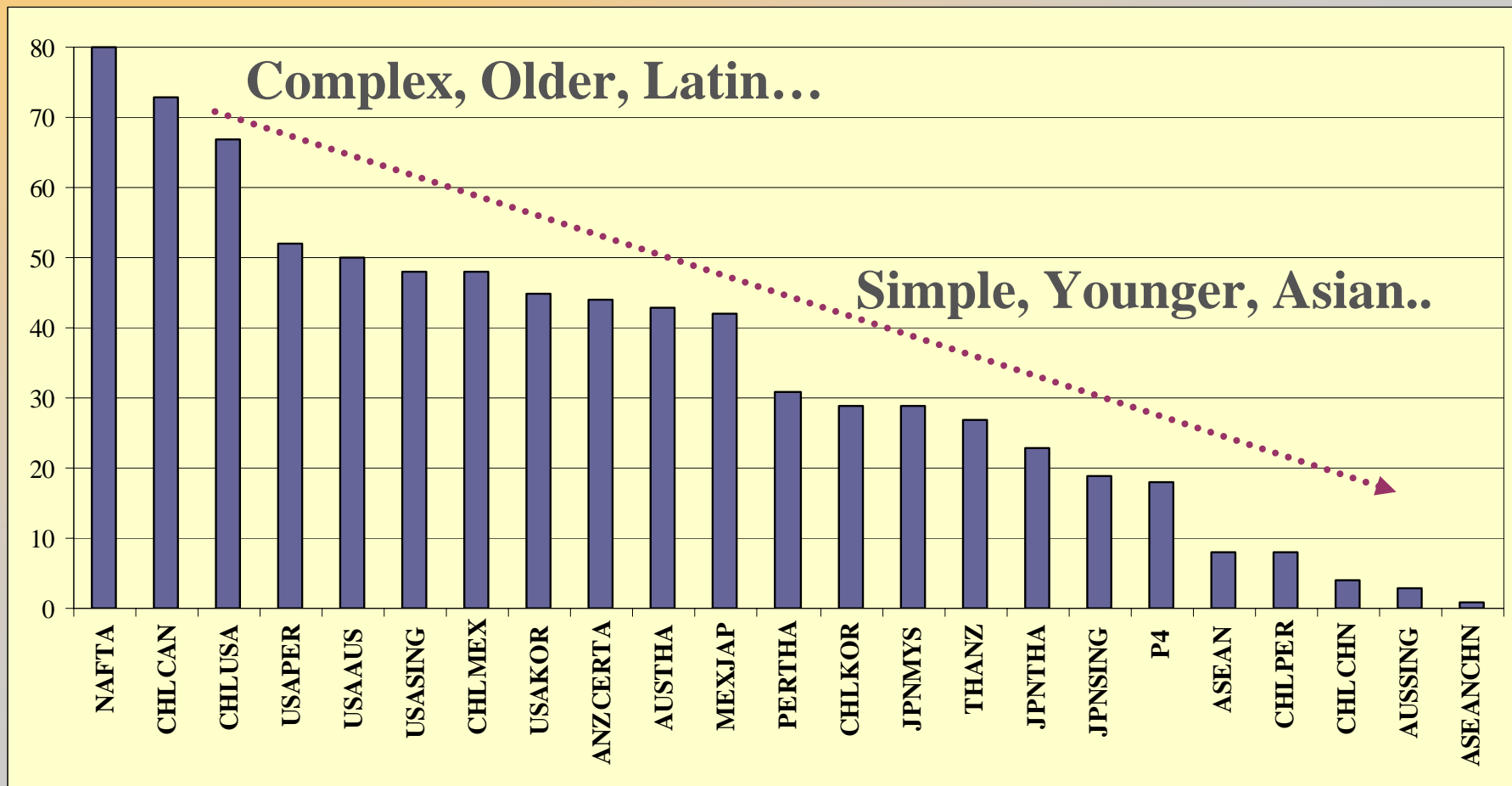
...and further by 2020

% of product items free by 2008, 2013, 2020



The complex world of RTAs: Rules of Origin

Number of RoO Criteria Combinations (RTAs-APEC)



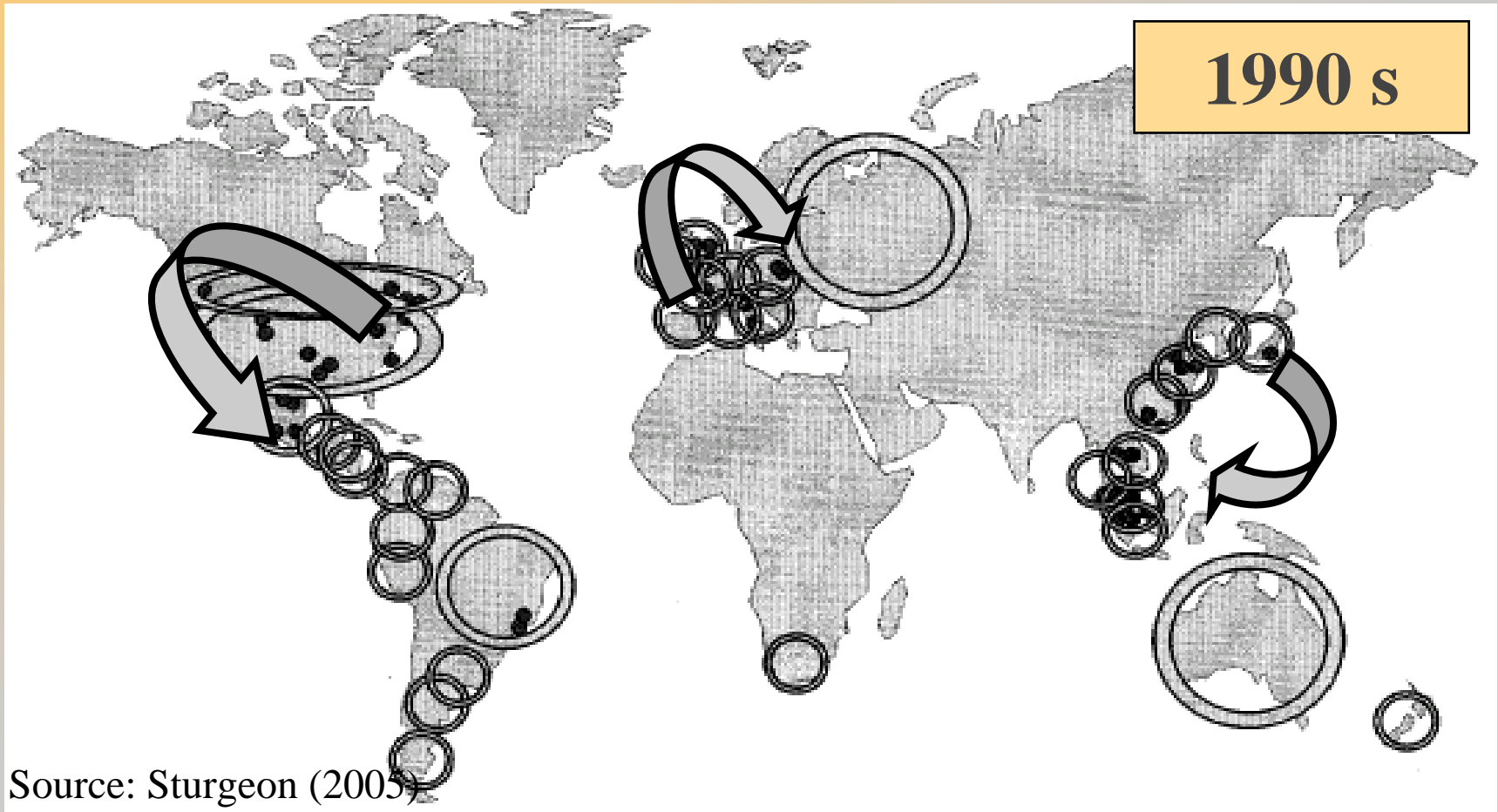
***A Changing Environment
for LAC Integration Strategies***

A changing environment for LAC integration strategies...

Increasing importance of private sector logic
over state-led integration...

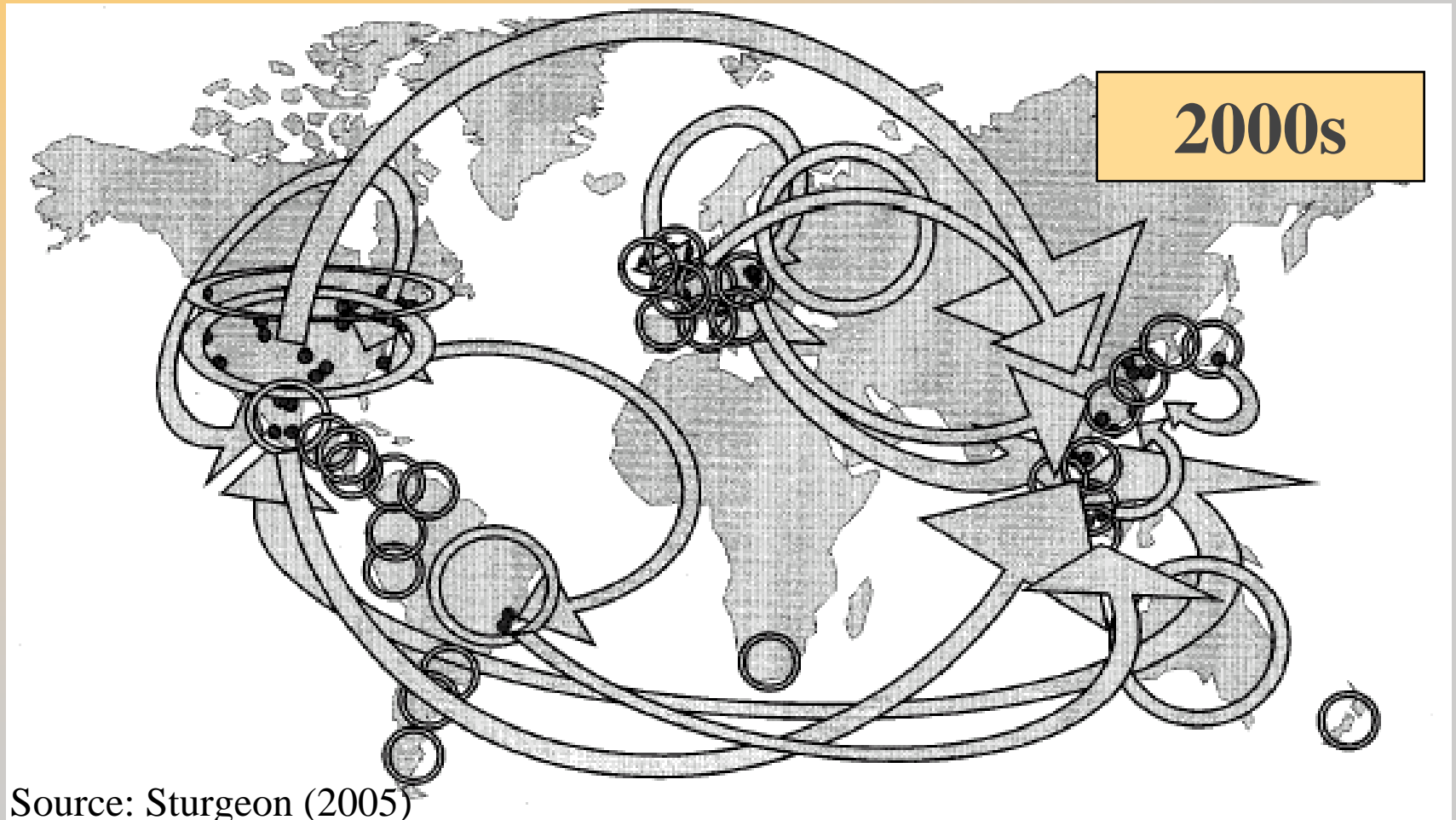
Private Dynamics: National & Regional Production Networks

Contract Manufacturers in the Electronics Sector (firms sample)



Private Dynamics: Global Production Networks

Contract Manufacturers in the Electronics Sector (firms sample)



Source: Sturgeon (2005)

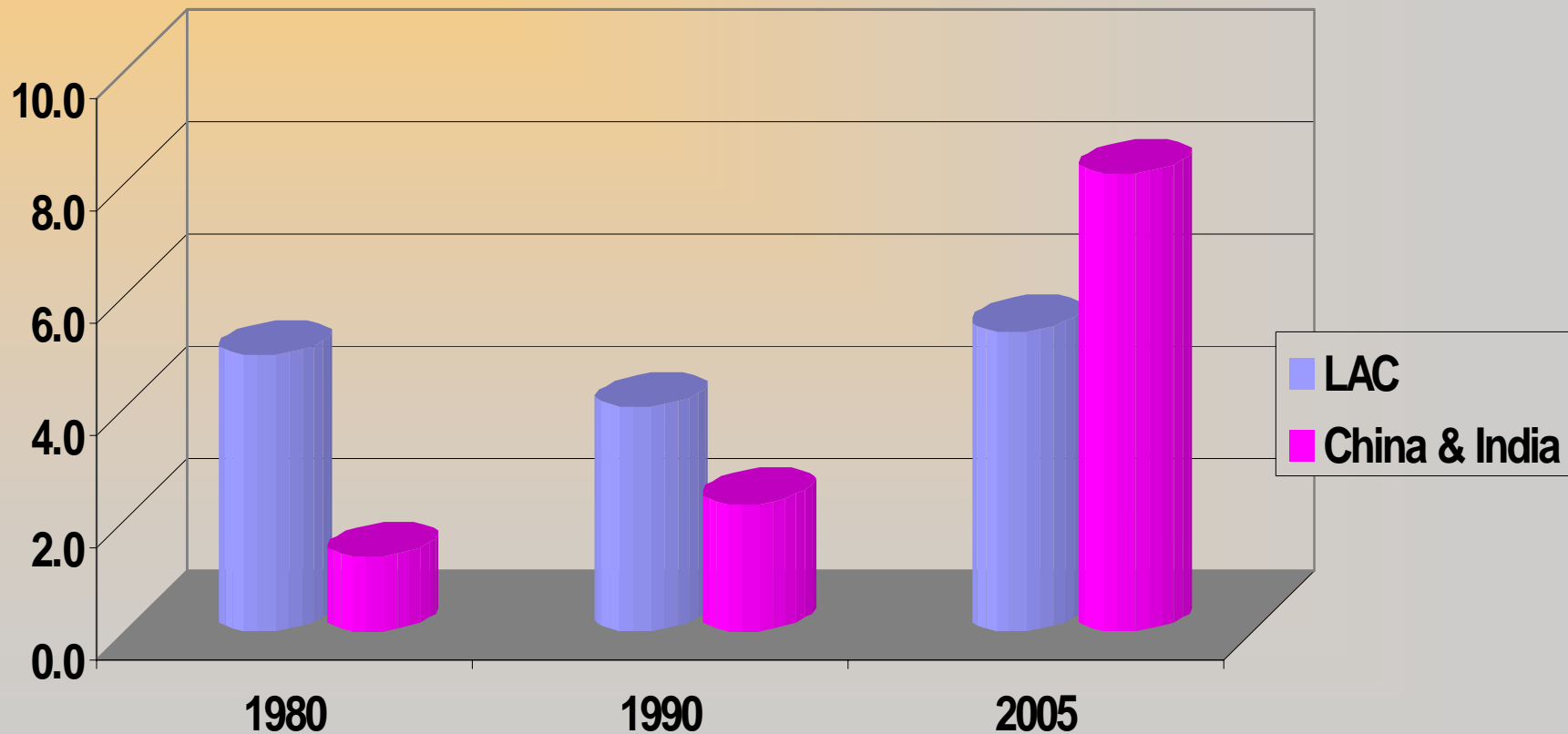
A changing environment for LAC integration strategies...

Increasing importance of private sector logic over state-led integration...

Increasing importance of external forces on external integration strategies...

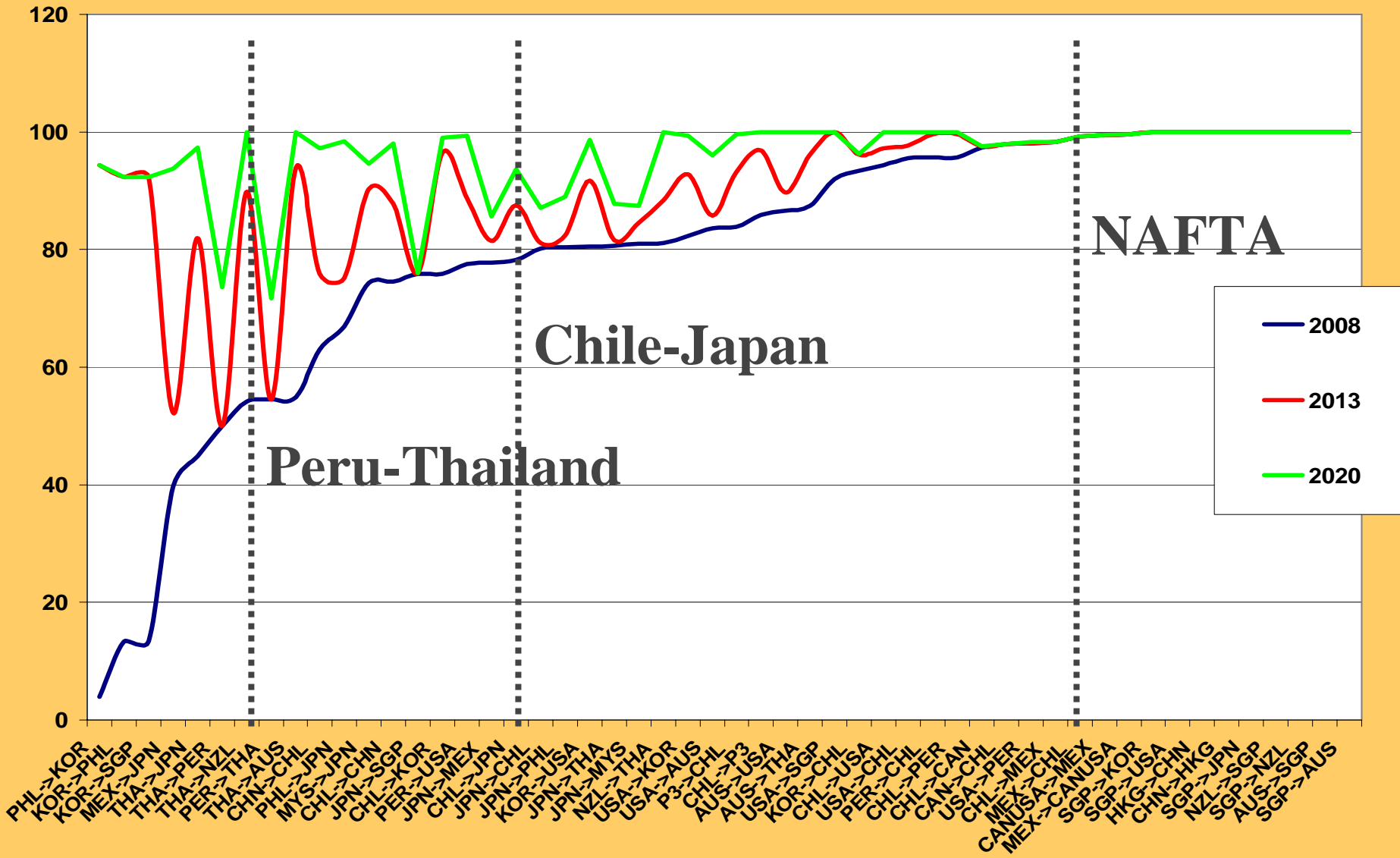
China, India, LAC...

Shares in World Exports of Goods (% , Current US\$)



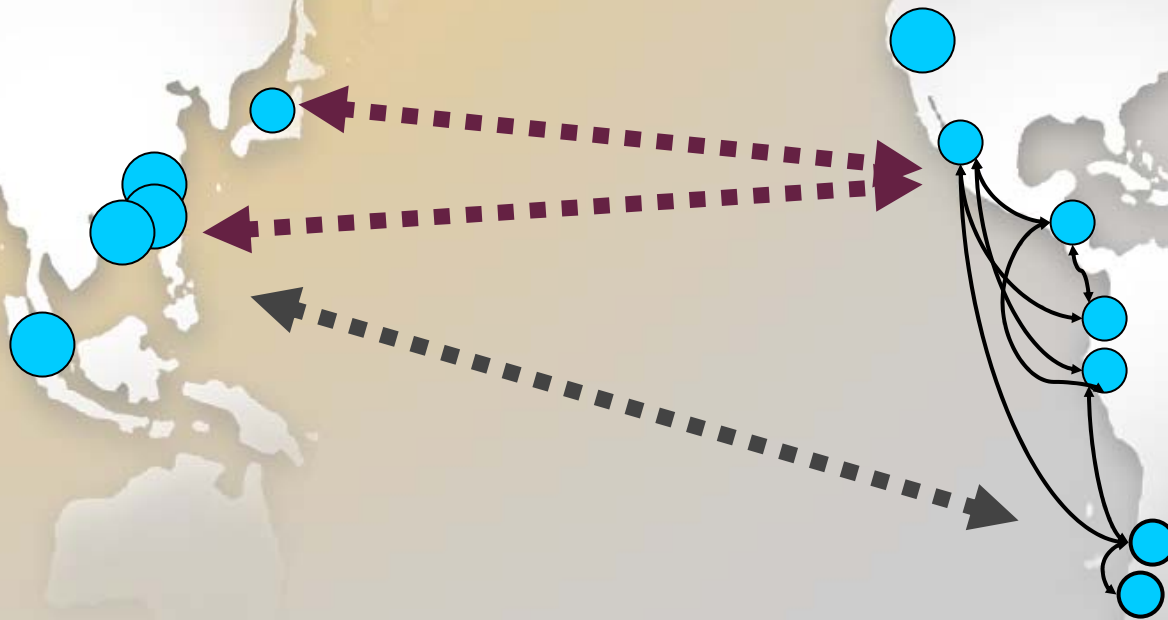
Liberalization in APEC region...

% of product items free by 2008-2013-2020

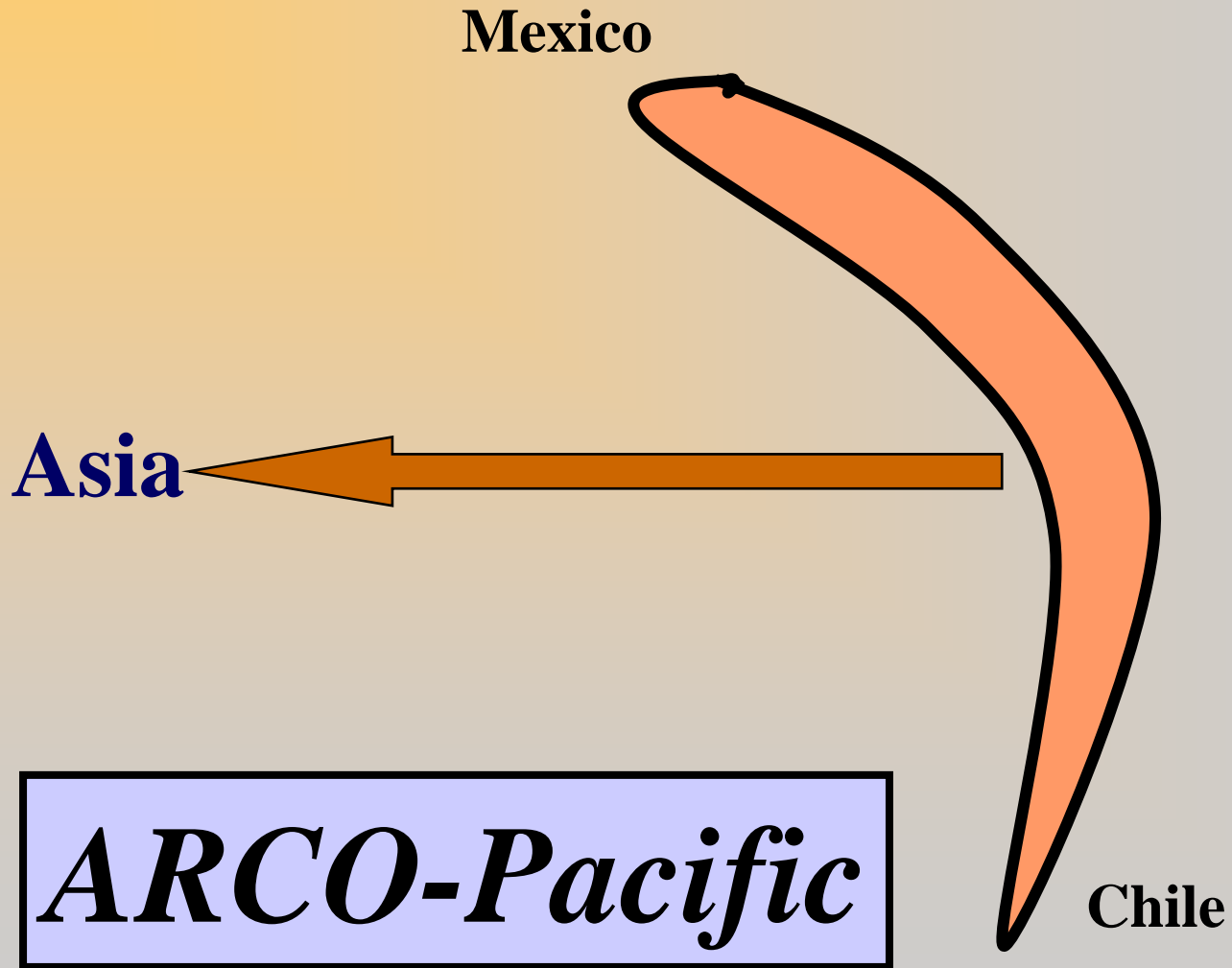




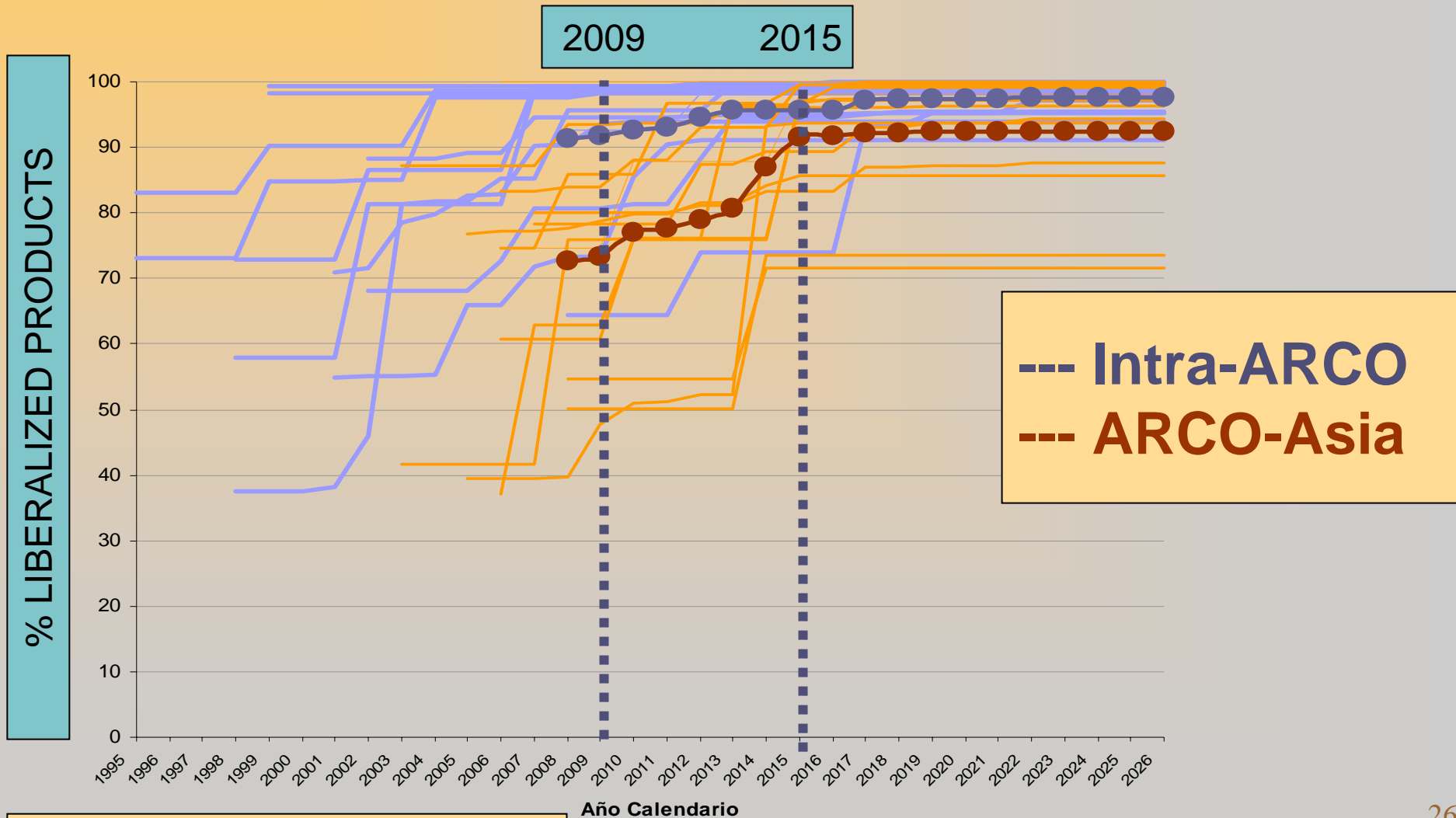
Asia-LAC transport corridors: Changing patterns...



“New” integration initiatives



Liberalization intra-ARCO-Asia



Source: Integration and Trade Sector, IDB

A changing environment for LAC integration strategies...

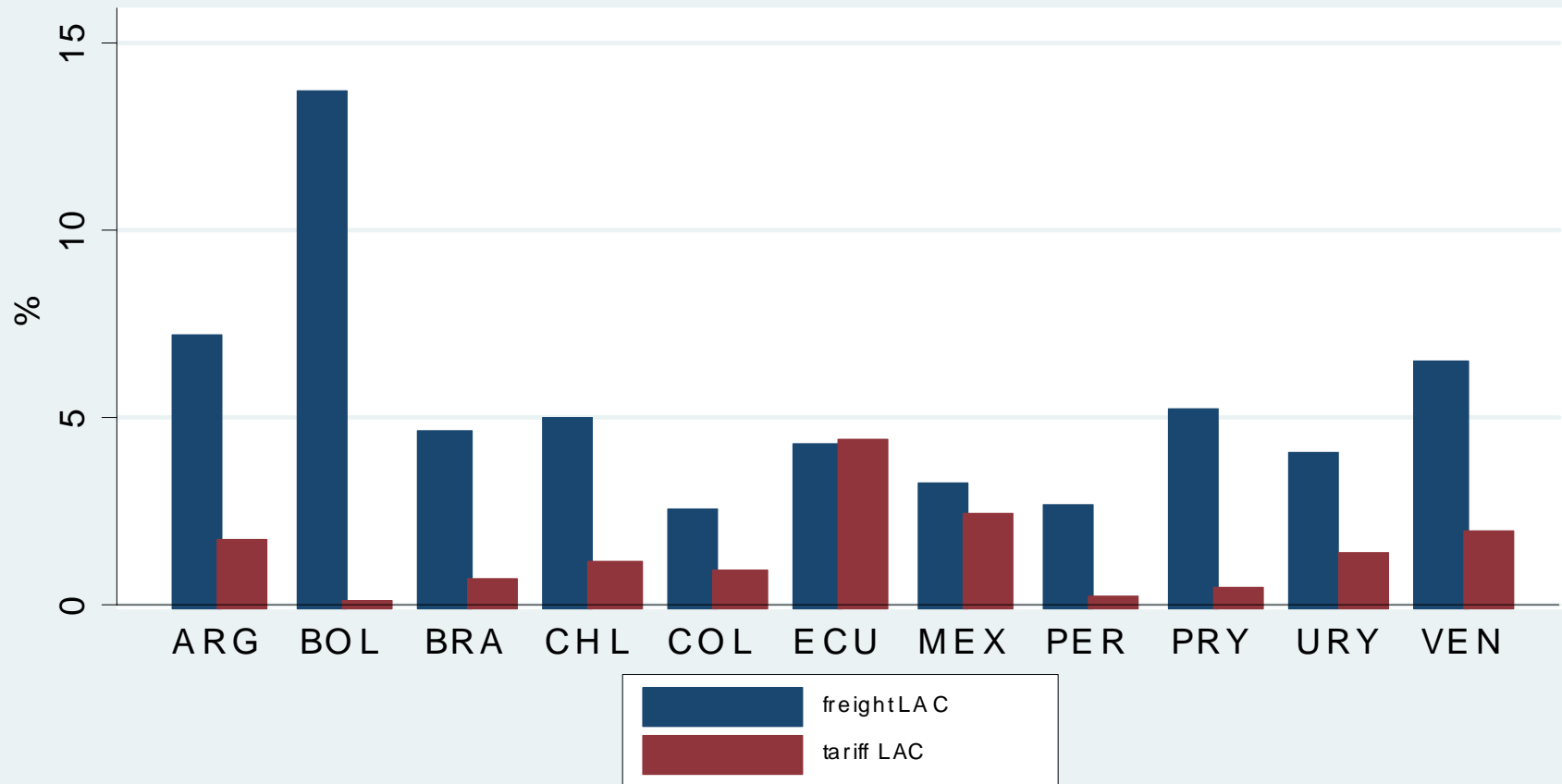
Increasing importance of private sector logic over state-led integration...

Increasing importance of external forces on external integration strategies...

Increasing importance of non-trade issues...

Beyond Tariffs: Trade costs in LAC...

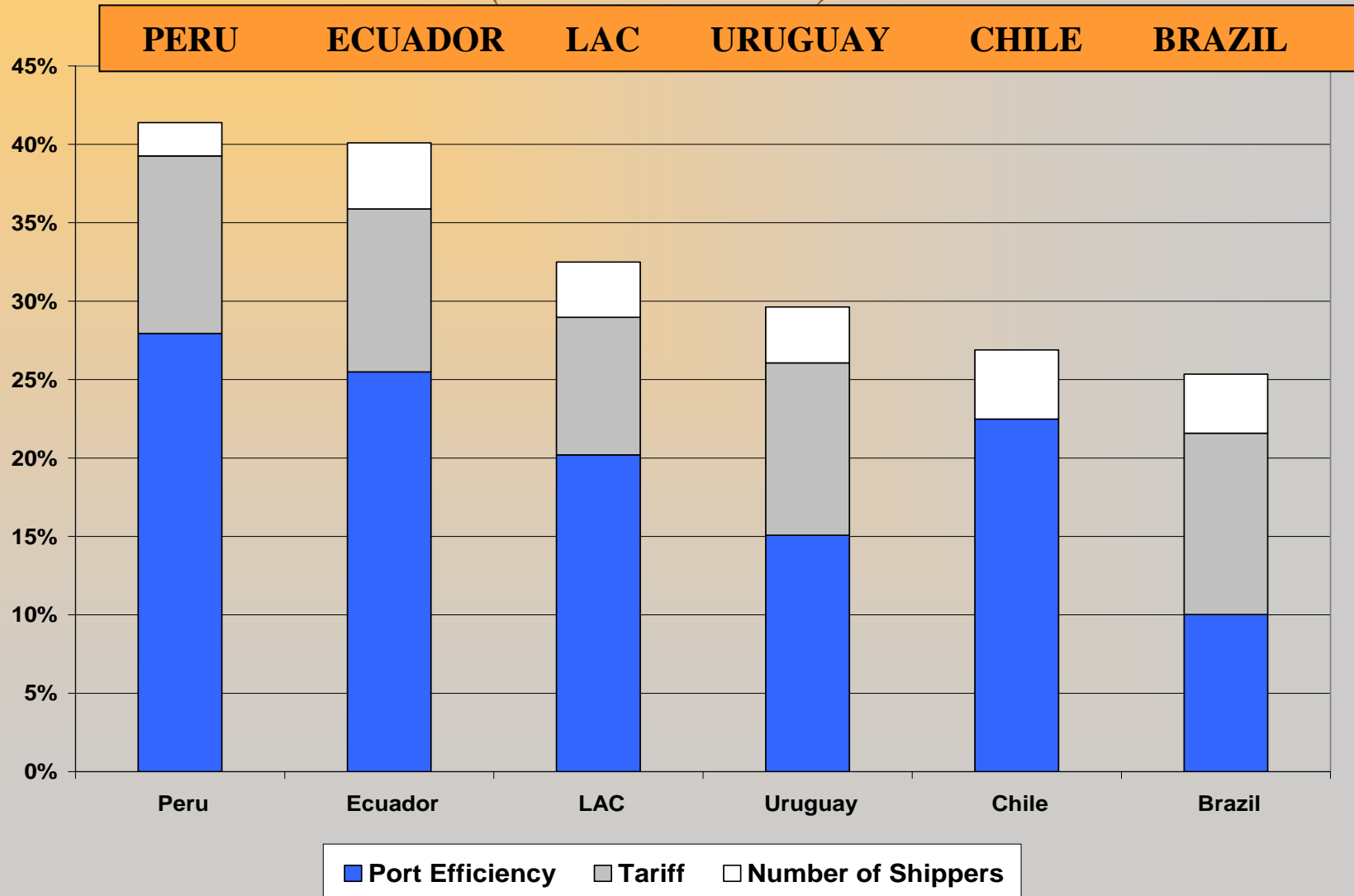
Weighted Average Ad Valorem Freight and Tariff for Select LAC Countries.
Intraregional Exports



Source: Integration and Trade Sector, IDB |

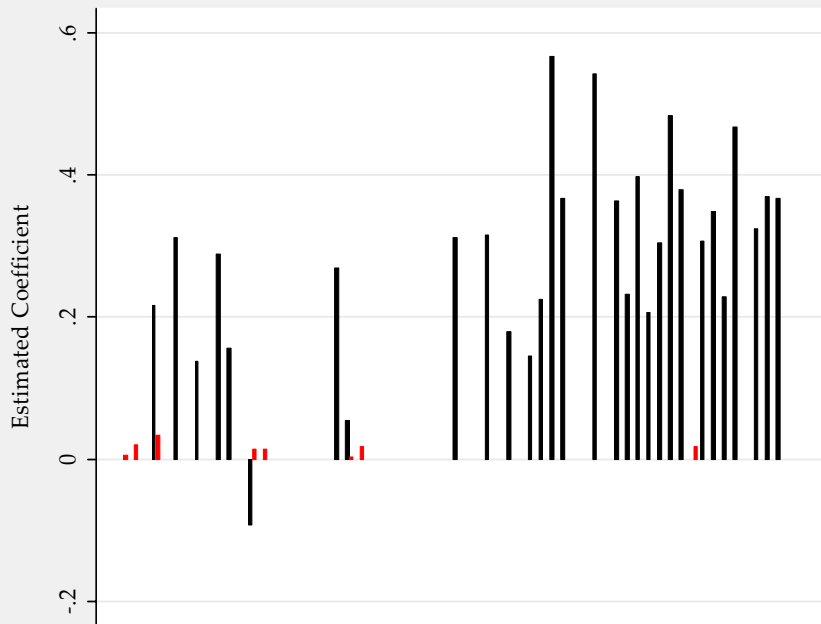
Transportation cost reductions associated to: Port efficiency – Tariffs – Number of Vessels

(US Levels – 2005)



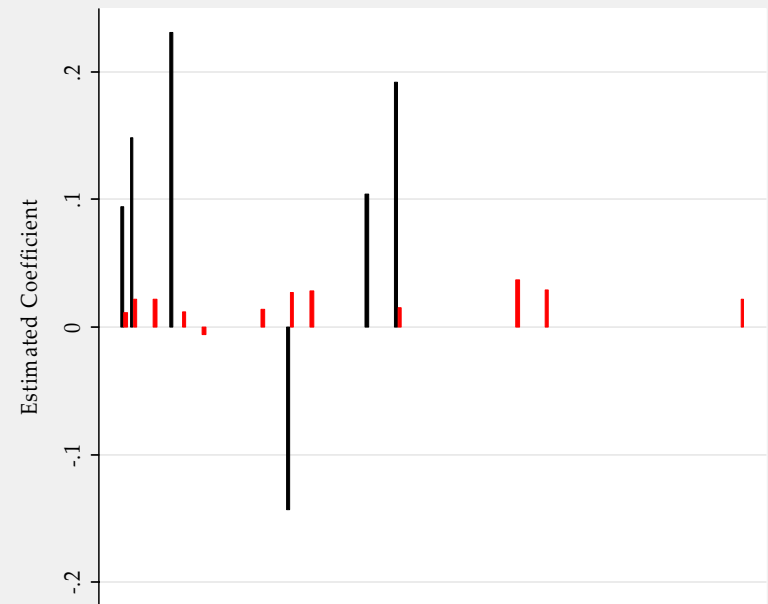
Information costs...the role of export promotion agencies...

Differentiated Goods



Sectors

Homogenous Goods



Sectors

A changing environment for LAC integration strategies...

Increasing importance of private sector logic over state-led integration...

Increasing importance of external forces on external integration strategies...

Increasing importance of non-trade issues...

Increasing importance of overlapping agendas and “variable” geometry...

“Variable Geometry” of integration initiatives

North America

Mexico

Europe

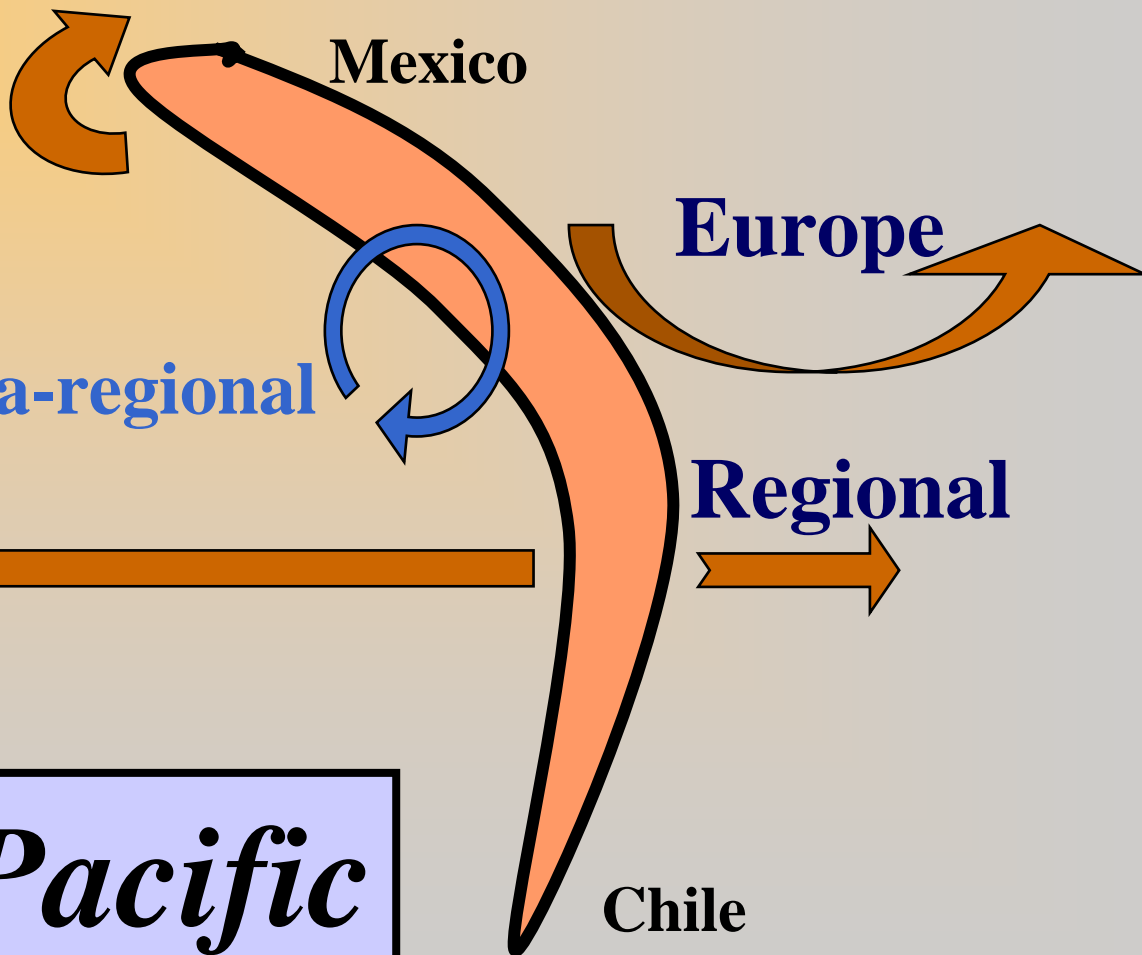
Intra-regional

Asia

Regional

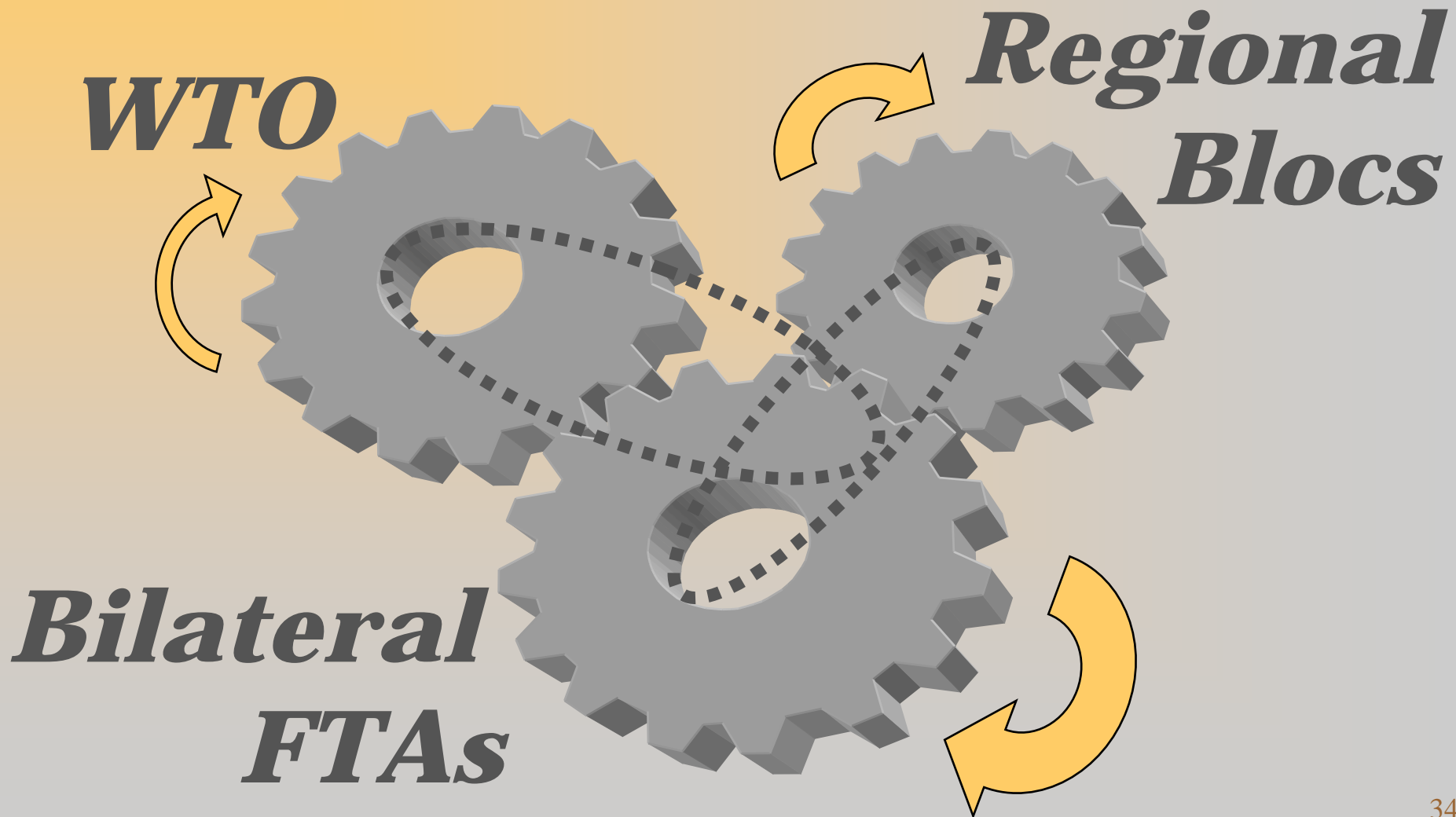
ARCO-Pacific

Chile



***Recalibrating the
World Trading System***

Recalibrating the world trading system...



Conclusions...

- ★ *Emerging New Global Dynamics (Asia...)*
→ *Adjust Regional Dynamics...*
- ★ *Emerging New Regional Dynamics (RTAs..)*
→ *Calibrate World Trade Architecture...*
- ★ *Emerging New Inter-Regional Cooperation (Energy, Migration, Financial Integration. Regional Infrastructure...)*
→ *Expand the Integration Agenda...*
- ★ *Emerging New Private Sector Logic (FDI, Outsourcing, Global Supply Chains, Multilatinas)*
→ *Develop Pragmatic Approaches...*

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