



2013

**Regional and global value
chains: What can Latin
America learn from Asia**



NACIONES UNIDAS

CEPAL

Nanno Mulder



Policies for constructing value chains

- **Favorable macro-environment for trade and investment**
- **Deep trade integration: mega-negotiations**
- **Logistics and trade facilitation**
- **Human capital**
- **Industrial policy**



NACIONES UNIDAS

CEPAL

More favorable context for GVCs in Asia

- Over the past three decades: (East) Asia has had:
 - high and reduced volatility of growth of GDP and trade
 - Low (variance of) inflation and external debt
 - High shares of manufactures and lower share of commodities in X
 - lower volatility of export earnings (diversification of X basket!)
 - competitive real exchange rate
- All previous factors contribute to a higher investment rate in infrastructure, machinery and innovation

Coefficient of variation of the rate of growth of GDP per capita
Selected regions of the world

Region	1960-1970	1970-1980	1980-1990	1990-2000	2000-2007	2000-2011
East Asia and the Pacific	2.92	0.53	0.27	0.40	0.23	0.20
Europe and Central Asia				-3.17	0.33	0.83
Latin America and the Caribbean	0.71	0.39	-6.77	1.39	1.17	1.22
Middle East and North Africa	0.65	1.77	-15.76	0.88	0.54	0.47
South Asia	1.25	3.72	0.43	0.50	0.45	0.43
Sub Saharan Africa	0.84	1.81	-1.98	-3.81	0.58	0.62
World	0.34	0.95	0.96	0.64	0.50	1.26
High Income (OECD)	0.32	0.81	0.60	0.46	0.44	1.90
North America	0.70	1.30	1.27	0.78	0.58	2.27

Note: The coefficient of variation is equal to the ratio of the standard deviation (σ) of the rate of growth of GDP

Source: Esteban Pérez Caldentey, Daniel Titelman, and Pablo Carvallo (2013).



2013

GCVs: What can
LA learn from
Asia?

Nanno Mulder



CEPAL

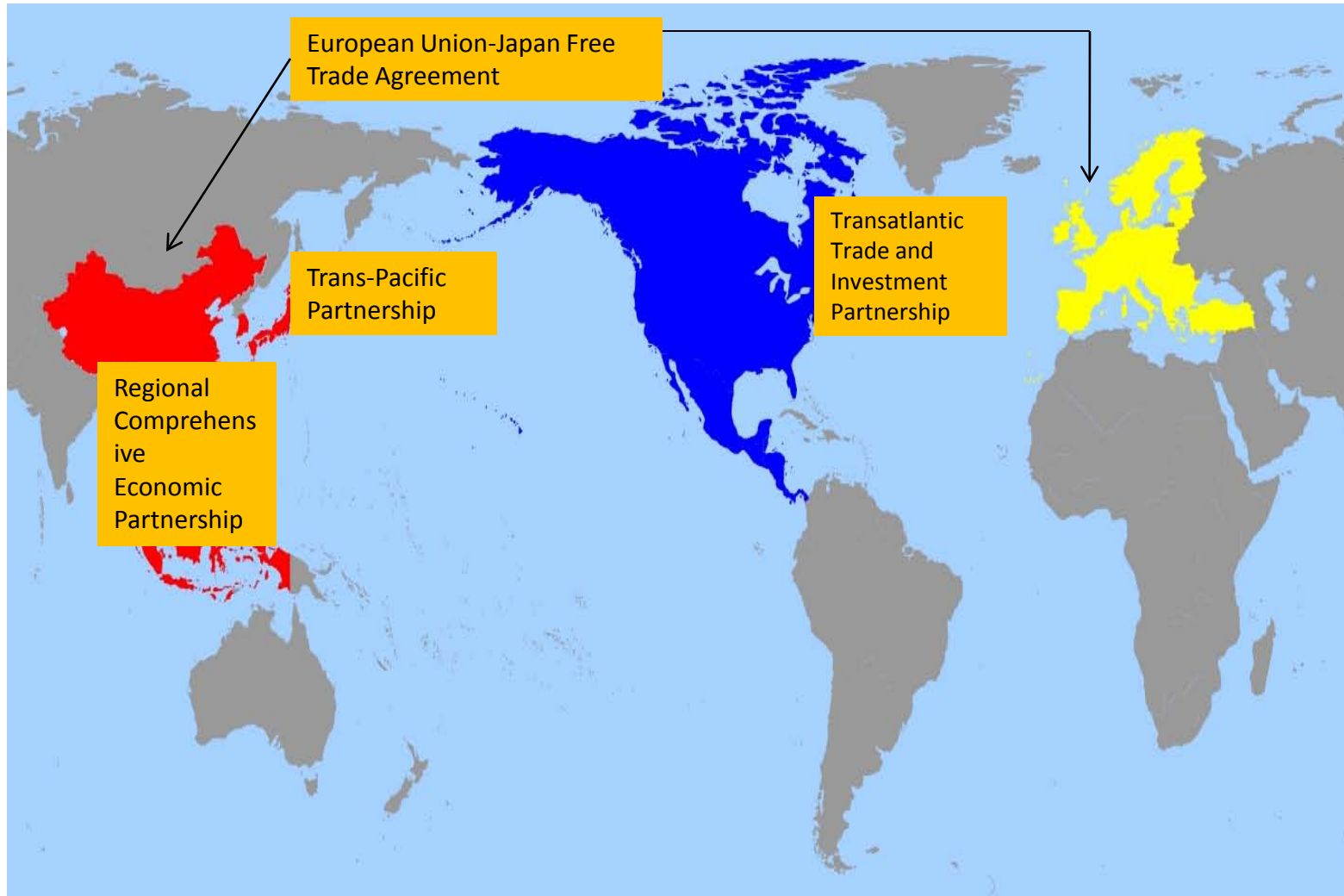
Towards deep integration: Asia participates actively in Mega-negotiations to link the world's three major "factories"



2013

GCVs: What can LA learn from Asia?

Nanno Mulder



NACIONES UNIDAS

CEPAL

Mega-negotiations include topics that are not regulated by WTO and that are important for international production networks

2013

Thematic coverage of mega-regional negotiations, 2013 ^a

Traditional topics	“Second-generation” topics	Topics that are not regulated by WTO
<ul style="list-style-type: none"> ▪ Tariffs ▪ Quotas ▪ Customs valuation ▪ Antidumping duties ▪ Safeguards ▪ Technical norms ▪ Sanitary and phytosanitary norms 	<ul style="list-style-type: none"> • Trade in services • Intellectual property • Public procurement 	<ul style="list-style-type: none"> • Regulatory convergence • E-commerce • State-owned enterprises • Investment • Competition policies • Temporary entry of business persons • Cross-border data flows • Copyright and the Internet • Export taxes • Energy trading • Labour standards • Conservation of forests, fisheries and protected species • Trade and climate change

GCVs: What can LA learn from Asia?

Nanno Mulder



CEPAL

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data.

^a Transatlantic Trade and Investment Partnership, Trans-Pacific Partnership and Regional Comprehensive Economic Partnership.

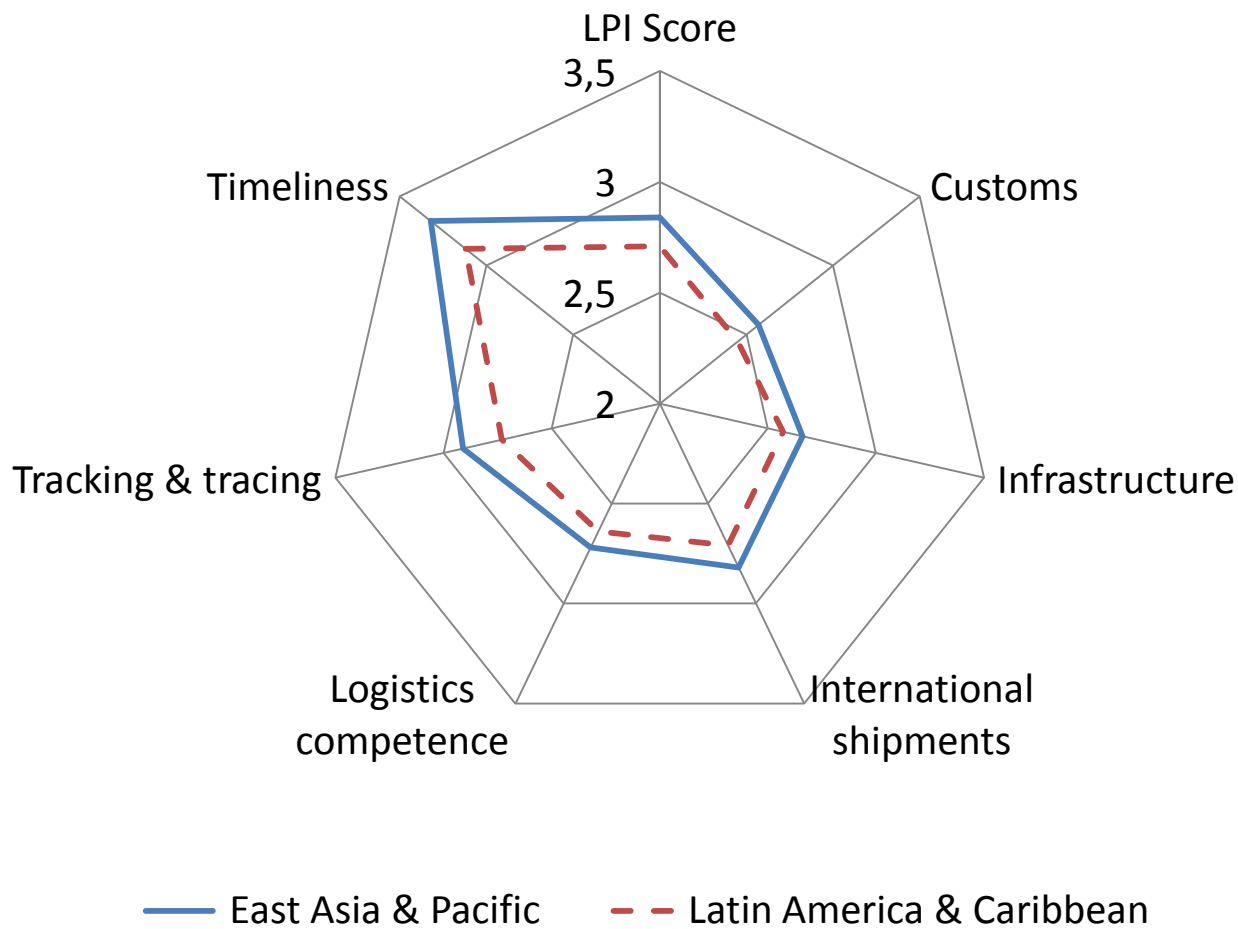
Asia has better logistics performance



2013

GCVs: What can
LA learn from
Asia?

Nanno Mulder

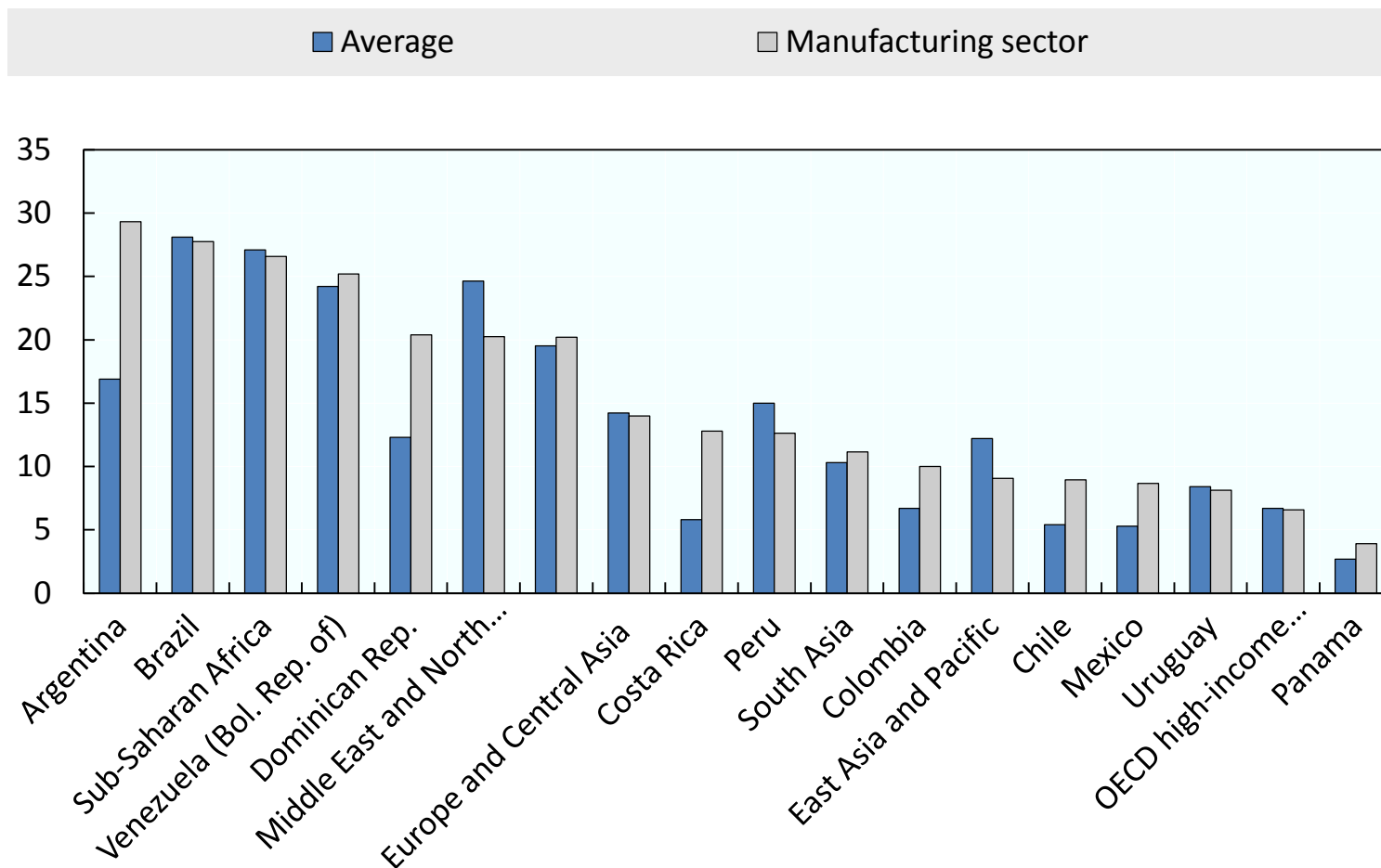


CEPAL

Source: World Bank Logistics Performance Index, 2012.

Real-economy firms' perceptions of international trade procedures

Percent of firms identifying customs and trade regulations as a major constraint



Source: World Bank Enterprise Survey.



2013

GCVs: What can
LA learn from
Asia?

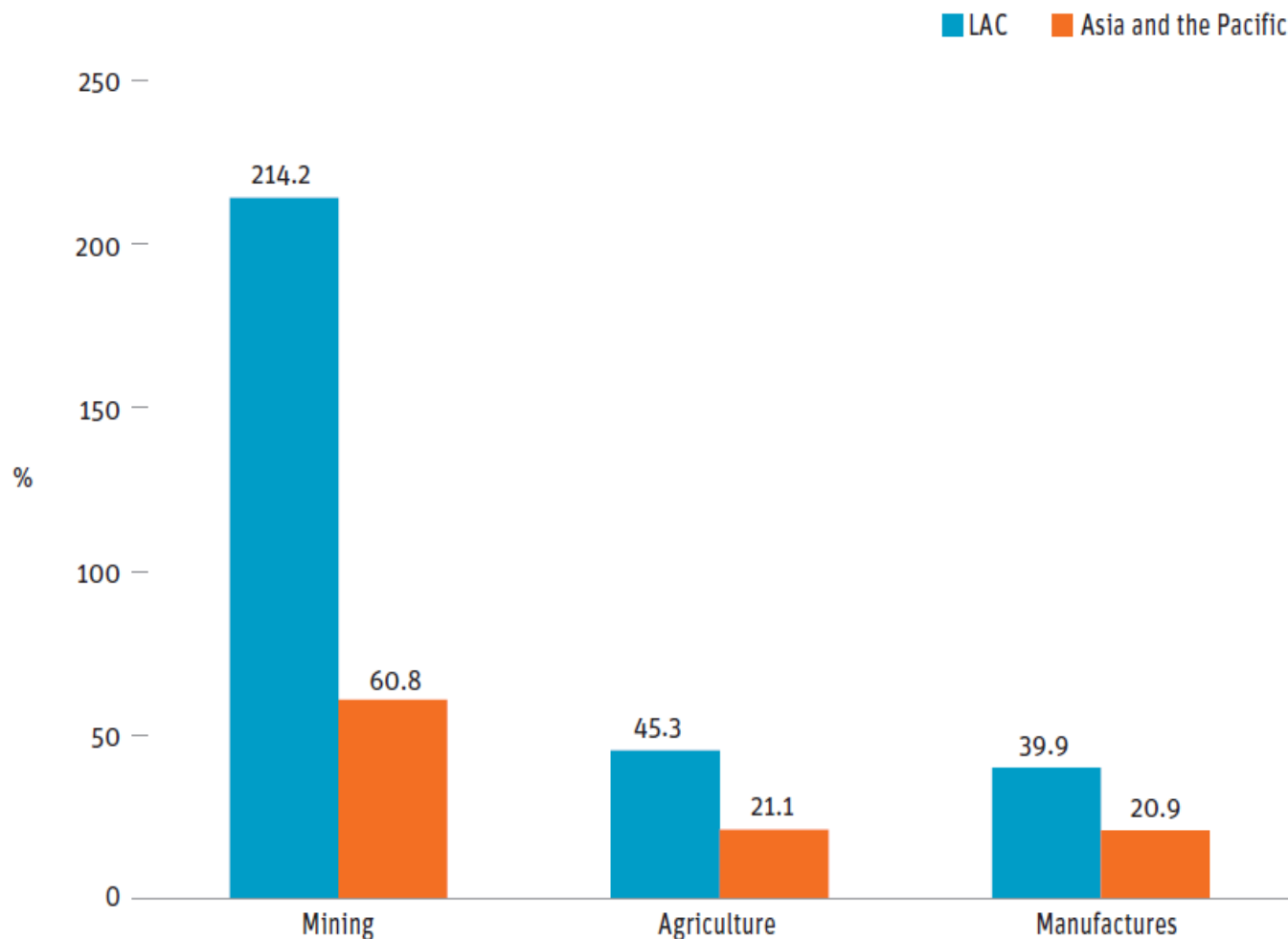
Nanno Mulder



NACIONES UNIDAS

CEPAL

Intrarregional export gains from improving the port infrastructure



Source: IDB/INT.



2013

GCVs: What can
LA learn from
Asia?

Nanno Mulder



NACIONES UNIDAS

CEPAL

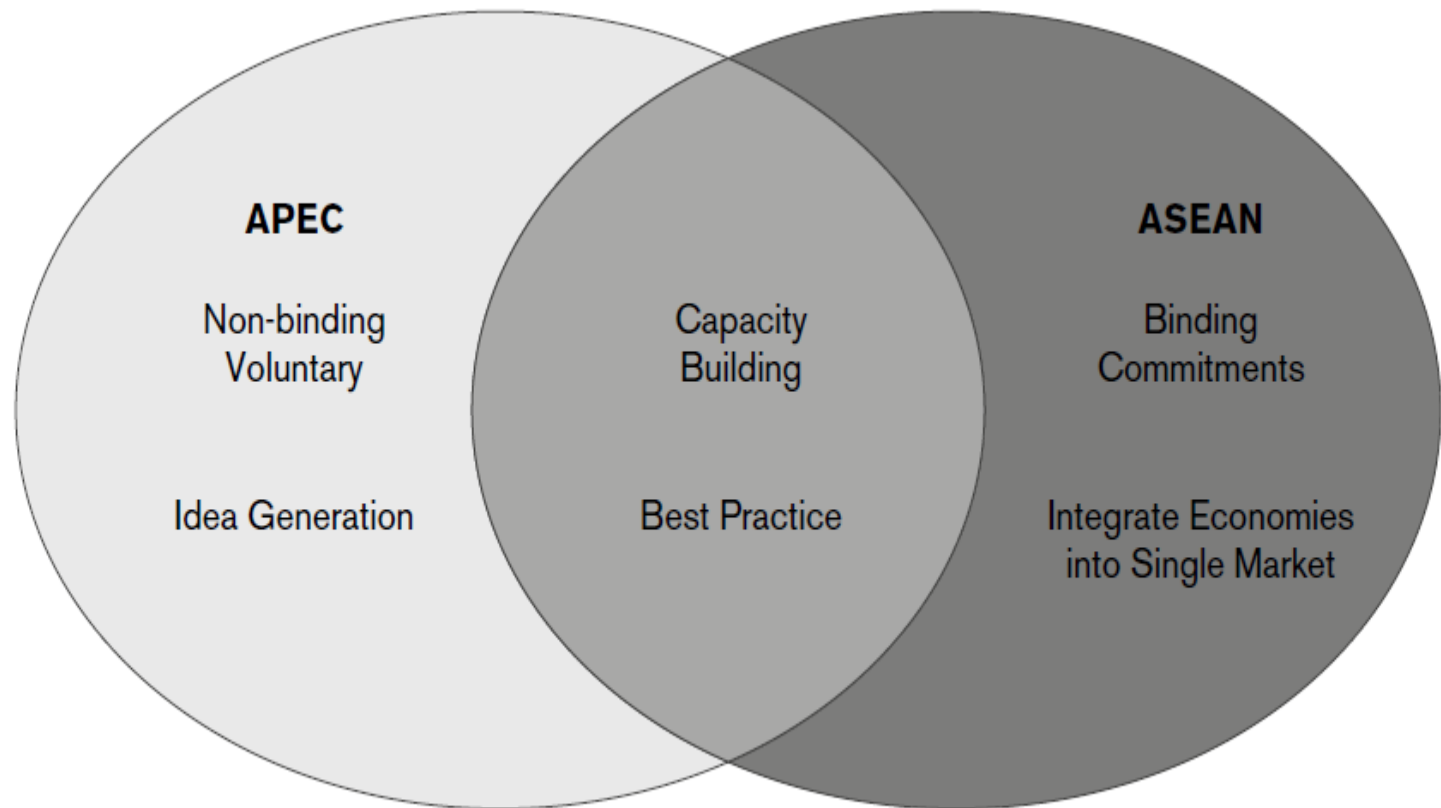
Trade facilitation: APEC and ASEAN partly coordinate work on trade facilitation



2013

GCVs: What can
LA learn from
Asia?

Nanno Mulder



NACIONES UNIDAS

CEPAL

ASEAN: Master plan of connectivity

6 Projects under Physical Connectivity

- Completion of the ASEAN Highway Network (AHN) missing links and upgrade of Transit Transport Routes (TTRs);
 - Completion of the Singapore Kunming Rail Link (SKRL) missing links;
 - Establishment of an ASEAN Broadband Corridor (ABC);
 - Building the Melaka-Pekan Baru Interconnection (IMT-GT: Indonesia);
- Building West Kalimantan-Sarawak Interconnection (BIMP-EAGA: Indonesia);
 - Study the Roll-on/roll-off (RoRo) network and short-sea shipping;

5 Projects under Institutional Connectivity

- Developing and operationalising mutual recognition arrangements (MRAs) for prioritized and selected industries;
 - Establishing common rules for standards and conformity assessment procedures;
 - Operationalising all National Single Windows (NSWs) by 2012;
- Providing options for a framework/modality towards the phased reduction and elimination of scheduled investment restrictions/impediments;
 - Operationalising ASEAN Agreements on transport facilitation

4 Projects under People-to-People Connectivity

- Easing visa requirements for ASEAN nationals;
- Developing ASEAN Virtual Learning Resources Centres (AVLRC);
 - Developing ICT skill standards; and
 - Pushing the ASEAN Community building programme.

Source: MPAC, ASEAN Secretariat, June 2011



2013

GCVs: What can
LA learn from
Asia?

Nanno Mulder



CEPAL

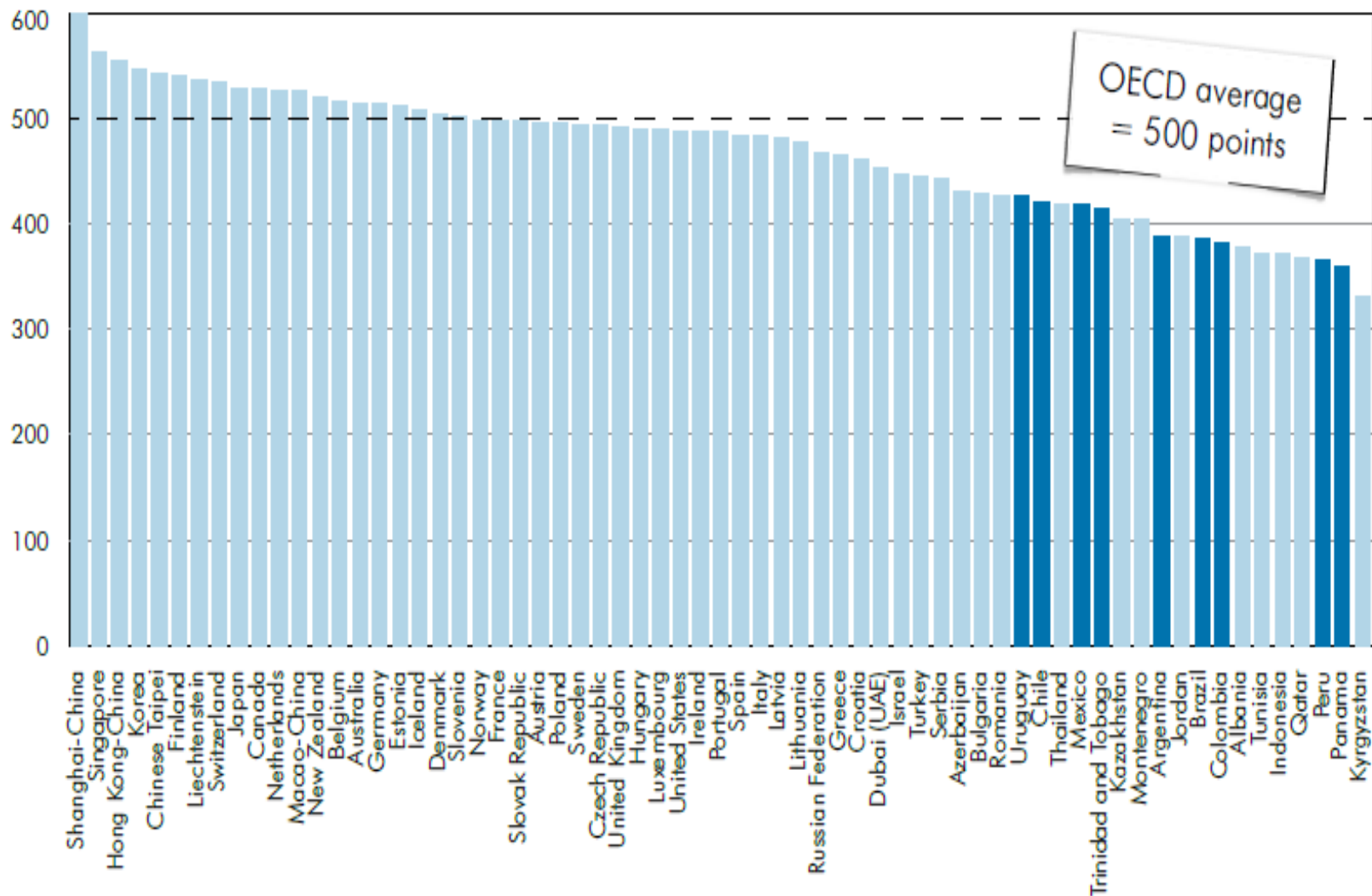
Human capital: Asia is part of the high rankings of PISA



2013

GCVs: What can LA learn from Asia?

Nanno Mulder



Source: OECD-PISA.



NACIONES UNIDAS

CEPAL

Latin America: Value Chains and Productive Integration

- **Improve macroeconomic environment**
- **Promote deep integration**
- **Address deficits in infrastructure**
- **Coordinated progress in trade facilitation**
 - Single window; digital documents
- **Foster plurinational industrial policies**
 - Clusters in sectors with highest intra-industry trade potential
 - Regulatory convergence
 - Joint programs to promote SMEs
 - Education and Training
 - Quality certifications
 - Traceability and carbon footprint
- **Incorporate Trans-Latins in the effort**
- **Support from the regional development banks for these programs**

2013



NACIONES UNIDAS

CEPAL



Global and regional value chains: What can Latin America learn from Asia?

nanno.mulder@cepal.org



CEPAL