

SUBPROGRAMME 1: INTERNATIONAL TRADE, INTEGRATION AND INFRASTRUCTURE

Objective

The main objective of the subprogramme is to support the countries of the region in the adoption of policies that strengthen the role of Latin America and the Caribbean in international trade and to promote sustainable development, particularly by deepening regional integration and enhancing logistics and infrastructure.

Presentation

Over the past three decades, developing countries have greatly increased their share of global GDP and trade, gradually shifting the centre of gravity of the world economy from North to South and from the Atlantic to the Pacific. This has led to the proliferation of international production networks spanning both developed and developing countries and to a sharp increase in South-South trade. A reflection of these changes is that China has displaced the European Union as the second largest trading partner of Latin America and the Caribbean.

The sustained increase in the weight of developing economies in world trade has taken place along with the ongoing reconfiguration of global and regional logistics and value chains in the context of rapid technological changes, shifts in global purchasing power and the digital revolution. The global trading landscape is also changing as the result of increased tensions among some key economies and the negotiation of new agreements that seek to reflect the major changes that have occurred in global trade in recent years, such as the increased weight of e-commerce. The COVID-19 pandemic has revealed the fragility of global supply chains during such an event and the interdependence of countries in certain essential goods. This has made countries rethink and strengthen their regional supply chains.

Overall, Latin America and the Caribbean has not shared in the increased dynamism in developing countries' trade. The region's share of world merchandise exports remains at about 5.5%, the same level as in 1970. Moreover, its export basket remains heavily reliant on raw materials, particularly in South America, and the pandemic has worsened the reprimarization process as demand for the region's manufactured goods has weakened. Against this background, the current challenge for Latin American and Caribbean countries is to redefine and adapt their international integration strategies in light of the major transformations under way. In this regard, they will need to improve the quality of their linkages with the region's traditional trading partners, diversify their export baskets, and strengthen production linkages with emerging economies in East Asia and other regions, including by reducing the infrastructure gap and logistics costs. But arguably the biggest efforts should be devoted to deepening regional integration, since the regional market is the main market for industrial exports and for exports from small and medium-sized enterprises (SMEs) in most countries. This involves working on several areas which are key for the smooth functioning of value chains, such as logistics, trade facilitation, regulatory convergence and labour mobility. It is also necessary to increase SME involvement in international trade and thus increase the contribution of trade to sustainable development, including in employment, labour conditions and the environment. This will require greater coordination of trade policy with other spheres of public policy as well as public-private partnerships.

The insufficient and unsustainable provision of infrastructure and logistics services remains a major bottleneck for the region's development process, acting as a serious limitation to economic competitiveness, undermining national and regional policies for structural change, reproducing social, economic and gender inequalities, and slowing progress towards greater environmental sustainability. Overcoming this challenge implies going beyond the traditional focus on mobilizing public and private investment in infrastructure or improving sectoral policies; it requires a gradual transformation of the overall governance of the logistics infrastructure sector, in terms of both construction and maintenance, and the provision of logistics and mobility services.

Against this backdrop, under subprogramme 1, major developments in the world economy and global trade will be monitored to assist governments of the region in designing and implementing their international trade and integration strategies. In view of a recent retreat of global value chains in goods, combined with a growing role of services, activities will be geared towards providing deeper insights into the structural transformation of production systems and the opportunities they provide for the countries of Latin America and the Caribbean. In particular, ways to strengthen value chains and logistics within the region will be assessed. The export diversification opportunities provided by services, e-commerce and products with a low environmental footprint will also be a key component of the subprogramme to support the Commission's efforts with regard to the big push for sustainability.

Strategy

Responsibility for the implementation of the activities under subprogramme 1 rests with the Division of International Trade, Infrastructure and Integration, working in close collaboration with other ECLAC divisions and offices in Brasilia and Washington, D.C.

The subprogramme activities will focus on the following subject areas: 1. Trade policies and negotiations, regional integration and global economic trends; and 2. Infrastructure and logistics for production, trade and distribution. Therefore, their main contributions to the 2030 Agenda will be in connection with SDGs 8, 9, 10, 12 and 17.

In particular, the subprogramme components will concentrate on:

(a) Proposing adjustments to national and regional trade policies to face emerging challenges and harness new opportunities, particularly with regard to innovation and technological progress; cross-border digital trade; services; global and regional value chains and internationalization of SMEs; new public and private standards; gender mainstreaming; environmental sustainability; and links with emerging issues.

(b) Evaluation of the negotiation, implementation and administration of trade agreements at the bilateral, regional and multilateral levels, including monitoring developments in trade and regional integration, as well as in trade relations with Asia and the Pacific.

(c) Promotion of export diversification, enhancement of inter-agency coordination and public-private cooperation, institutional modernization, trade facilitation and aid-for-trade initiatives.

(d) Promotion of integrated logistics and mobility policies and their coordination at the subregional level, including sharing good practices and lessons learned, taking into account regional integration initiatives, to address the infrastructure investment gap in the region.

(e) Analysis of logistics, trade facilitation and infrastructure development at the national and transboundary levels in landlocked developing countries and other countries with special needs.

The subprogramme will respond to the needs of stakeholders by providing updated information, analysis and policy recommendations. It will provide technical assistance and support knowledge dissemination and the sharing of best practices through expert meetings, seminars and workshops. The main beneficiaries will be policymakers, public and private sector institutions and other organizations at the local, subregional and regional levels.

The subprogramme activities will continue to be coordinated and pursued in cooperation with the United Nations Conference on Trade and Development (UNCTAD), the World Trade Organization (WTO), the International Labour Organization (ILO), the Organization for Economic Cooperation and Development (OECD), the OAS, the International Trade Centre (ITC), the Bretton Woods institutions, the secretariats of regional and subregional integration mechanisms, IDB, CAF, and other entities from the United Nations development system and those working in the areas of trade, public works, transport, logistics, integration and development.

Activities

Subject area 1.1: Trade policies and negotiations, regional integration and world economic trends

1. Substantive servicing of meetings

Ad hoc expert groups

- (i) A meeting of experts to consider the links between trade and other policies in countries of the region in light of developments in the global economy and international trade. Particular attention will be paid to the impact of such policies on the region's participation in international value chains.
- (ii) A meeting of experts to consider the relationship between regional trade and the achievement of the SDGs.
- (iii) A meeting of experts to consider developments in, and the outlook for, cooperation and trade facilitation initiatives in the region.

2. Recurrent publications

- (i) *International Trade Outlook for Latin America and the Caribbean, 2022.*
This annual publication monitors trends in global and regional trade. It also explores the repercussions of international negotiations in which the countries of the region are engaged at the bilateral, plurilateral and multilateral levels, examines the main trends and initiatives of trade policies and the possible courses of action which could increase the contribution of trade to sustainable development.
- (ii) A study on the economic relations between the United States and Latin America and the Caribbean.
- (iii) Reports on capital flows to Latin America and the Caribbean (in English only; three issues per year).
- (iv) Three reports on the United States economy.
- (v) A study to examine the probable impact of plurilateral and/or multilateral trade negotiations on Latin America and the Caribbean.

3. Non-recurrent publications

- (i) A study on recent trends in global trade, including the pandemic, and their impact on the participation of selected countries of the region in regional and global value chains.
- (ii) A study on strategic aspects of bilateral trade and investment relations between countries of Latin America and the Caribbean and Asia.
- (iii) A study on the linkages between trade and the SDGs in the region in the aftermath of the pandemic.
- (iv) A study on emerging trade and financial issues in the global economy that have a potential impact on implementation of the SDGs in Latin America and the Caribbean.
- (v) A study on Brazil's foreign trade and its inclusion in international trade agreements and value chains.

- (vi) A study to assess developments in regional and subregional integration initiatives and their impact on selected countries of the region, in light of the effects of the COVID-19 pandemic.
- (vii) A study on recent trends in trade in modern services and electronic commerce and their impact on the region's trade.

4. Other substantive activities

Technical materials

- (i) Development, maintenance and updating of the Interactive Graphic System for International Trade Data (SIGCI), which contains trade data at national, regional and global levels.
- (ii) Development, maintenance and updating of the database Observatory of Latin American and Caribbean Bond Issuance, Spreads and Credit Ratings.

Booklets, fact sheets, wall charts and information kits

- (iii) *Statistical Bulletin: International Merchandise Trade in Latin America and the Caribbean* (four issues). This is a quarterly publication to monitor trends in regional trade.
- (iv) *CEPAL News* (12 issues), a monthly note by the ECLAC office in Washington, D.C. (in English only).

5. Advisory services

Provision of technical cooperation services to countries of the region, including government ministries and agencies, business and trade promotion organizations, SME promotion agencies, and other stakeholders, at their request, in the following areas:

- (i) Promoting the potential benefits of subregional integration and strategies for the development of value chains.
- (ii) Trade facilitation and aid-for-trade initiatives, including the design and implementation of trade policies that promote the SDGs.
- (iii) Negotiation, implementation and administration of trade agreements and plurilateral and multilateral rules.
- (iv) Linkages among trade, social and environmental issues (such as poverty, income distribution, productivity gaps, gender and employment creation), including the environmental footprint of exports and trade in environmental goods and services.

6. Intermediate activities

- (i) Coordination of inter-agency activities with other United Nations bodies and other organizations working in the area of trade, subregional integration institutions and regional development banks.
- (ii) Coordination of activities in the framework of the Summits of the Americas process and/or the Tripartite Committee (ECLAC, IDB and OAS).
- (iii) Coordination of inter-agency activities to follow up on economic cooperation initiatives, including in the area of gender.

The ECLAC office in Washington, D.C. will be responsible for the execution of the activities indicated in subparagraphs 2 (ii), (iii) and (iv), 3 (iv), 4 (ii) and (iv), and 6 (ii) and (iii), and will contribute to the activities indicated in paragraph 5. The ECLAC office in Brasilia will be responsible for the execution of the activity indicated in subparagraph 3 (v).

The implementation of operational activities, including advisory services, training activities and technical cooperation projects, will be subject to the availability of extrabudgetary resources.

Subject area 1.2: Infrastructure and logistics for production, trade and distribution

1. Substantive servicing of meetings

Ad hoc expert group meetings

A high-level meeting of experts to examine new challenges in Latin America and the Caribbean in relation to resilient logistics, mobility and infrastructure policies in the post-pandemic era and in the context of the 2030 Agenda for Sustainable Development.

2. Non-recurrent publications

- (i) A study on public policies in the field of resilient infrastructure.
- (ii) A study on a specific topic relating to logistics or mobility services in the region, focusing on social or gender issues in the context of the 2030 Agenda.
- (iii) A study on a specific topic relating to regional physical integration to support an economically and socially sustainable recovery with equality.
- (iv) A study on the participation of Latin American and Caribbean firms in global and regional value chains, with a particular focus on SMEs and their competitiveness.
- (v) A study on the obstacles to implementing trade facilitation measures and lessons learned during the COVID-19 pandemic to encourage smooth and seamless connectivity across the region.

3. Other substantive activities

Technical materials

Maintenance and updating of the Maritime and Logistics Profile of Latin America and the Caribbean and other infrastructure services data, including infrastructure investments in Latin America and the Caribbean.

Booklets, fact sheets, wall charts and information kits

Six issues of the *FAL Bulletin* on logistics and the facilitation of transport and trade in Latin America and the Caribbean.

4. Advisory services

Provision of technical cooperation services to countries of the region, at their request, in relation to logistics or transport infrastructure.

5. Technical cooperation projects

During the year, projects are expected to be undertaken in the following areas: providing infrastructure and logistics services that promote economic efficiency, social equality and environmental sustainability; and increasing logistical integration in the region.

The implementation of operational activities, including advisory services, training activities and technical cooperation projects, will be subject to the availability of extrabudgetary resources.