

## **SUBPROGRAMME 1: INTERNATIONAL TRADE, INTEGRATION AND INFRASTRUCTURE**

### Objective

The main objective to which this subprogramme contributes, is to advance sustainable development and strengthen the role of Latin America and the Caribbean in international trade and the global economy 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.

The sustained increase in the weight of developing economies in world trade has taken place along with the ongoing reshaping 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 a 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 and the international economic interdependence in the case of certain essential goods. This has pushed countries to rethink the value and strengthen their regional supply chains.

Overall, Latin America and the Caribbean has not shared in the increased dynamism of developing countries' trade. The region's share of world merchandise exports remains at about the same level as in the 1970s. 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 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. The biggest efforts should be devoted to deepening regional integration, since the regional market is the main instance for industrial exports and for exports from small and medium-sized enterprises (SMEs) in most countries. This would increase the region's resilience to shocks such as the COVID-19 pandemic. It 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. To increase SME involvement in international trade will require greater coordination of trade policy with other spheres of public policy, as well as public-private partnerships, thus increasing the contribution of trade to sustainable development, including in employment, labour conditions and the environment.

The insufficient provision and unsustainable nature of infrastructure and logistics services remain major bottlenecks for the region's development process, acting as serious limitations 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, subprogramme 1 will monitor major developments in the world economy and global trade to assist governments in designing and implementing their international trade and integration strategies. In view of the 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, the subprogramme will assess ways to strengthen value chains and logistics within the region. The export diversification opportunities provided by services, e-commerce and products with a low environmental footprint will also be key components of the subprogramme to support the Commission's efforts with regards to the big push for sustainability.

### Strategy

Responsibility for the implementation of the activities under subprogramme 1 rests with the International Trade and Integration Division, 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, the 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; linkages with the circular economy; 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 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 sharing of best practices through expert meetings, seminars and workshops. The main beneficiaries will be policymakers, public sector institutions and other organizations at 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 Organisation for Economic Co-operation and Development (OECD), the Organization of American States (OAS), the International Trade Centre (ITC), the Bretton Woods institutions, and the secretariats of regional and subregional

integration mechanisms, regional development banks (IDB, CAF, Caribbean Development Bank (CDB)), as well as 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 discuss 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, integration, cooperation, and trade facilitation initiatives in the region.

##### 2. Recurrent publications

- (i) *International Trade Outlook for Latin America and the Caribbean, 2023.*  
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 bilateral, plurilateral and multilateral levels. Further, the publication examines the main trends and initiatives of trade policies and possible courses of action which could increase the contribution of trade to sustainable development.
- (ii) A study on 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 (in English only; three issues per year).
- (v) A study to examine scenarios regarding the impacts 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 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 foreign direct 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 (in English only).

- (v) A study to assess developments in regional and subregional integration initiatives and their impact on selected countries of the region, considering the effects of the COVID-19 pandemic.
- (vi) A study on recent trends in trade in modern services and electronic commerce and their impact on the region's trade.
- (vii) 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.
- (viii) A study on the implementation of trade facilitation measures and strategies to encourage smooth and paperless connectivity across the region.

#### 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

- (i) *Statistical Bulletin: International Trade in Goods in Latin America and the Caribbean* (four issues). This is a quarterly publication to monitor trends in regional trade.
- (ii) *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 entities and other organizations outside the United Nations working in the area of trade, subregional integration institutions and regional development banks.
- (ii) Coordination of activities in the framework of the Summit 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 on gender issues.

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 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 investment and infrastructure policies in the context of the 2030 Agenda for Sustainable Development.

2. Non-recurrent publications

- (i) A study on public policies in the field of infrastructure financing.
- (ii) A study on a specific topic relating to logistics services in the region with special focus on the status of landlocked developing countries (LLDCs), focusing on social or gender issues in the context of the 2030 Agenda.
- (iii) A study on a specific topic relating to technologies applied to logistics in 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 transport and trade facilitation 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: provision of infrastructure and logistics services to 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.