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The boundaries and names shown on the maps included in this publication do not imply official endorsement or acceptance by the United Nations.

Explanatory notes:

- A full stop (.) is used to indicate decimals.
- The word "dollars" refers to United States dollars, unless otherwise specified.

Foreword

The proposal for development and integration in Central America put forward by the Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of its considerable prior experience, is set out and updated in these infographics. The proposal emphasizes the need for a progressive structural change driven across various fronts: the social sector, energy, climate change challenges, infrastructure, fiscal coordination, trade, productive integration and innovation. It focuses on the importance of an environmental big push for equality and sustainability, supported by coordinated public policies capable of decoupling development from environmental externalities and improving the quality of life of the population.

The new ECLAC proposals for the Central American integration process support progress towards the Sustainable Development Goals that the United Nations and the Member States set for 2030. The ideas that frame these infographics are based on fruitful past experiences and seek to forge new areas for ECLAC collaboration in pursuit of Central American integration.

> Alicia Bárcena Ibarra Executive Secretary Economic Commission for Latin America and the Caribbean (ECLAC)





In 1945, the United Nations was founded,

Center-

from which the Economic Commission for Latin America and the Caribbean (ECLAC) was created. ECLAC's mission is to collaborate with countries in the region in their economic development and improvement of their standards of living, as well as to amplify and strengthen their relationships within and outside the region.

UNITED NATIONS



ECLAC thinking is based on the intellectual

contribution of the Argentinian economist Raúl Prebisch, who developed the concept of center-periphery to explain the problems faced by the countries of the region in achieving development objectives.

At the beginning of the 1950s,

the economies of Central America were based on the production and exportation of primary goods such as:





The countries competed amongst

themselves for the external markets and intraregional trade was scarce.



This situation was unsustainable

and therefore Central American governments asked ECLAC to assist them in finding solutions



where the countries of the center,

or developed ones, gained greater profits.

The Commission described the

Center-Periphery relations that Central American countries maintained with the developed world



through the extraction

of resources, perpetuating the underdeveloped condition of the countries of the periphery.



The economic integration model for Central America

developed by ECLAC proposed integration accompanied by a policy of industrial and commercial reciprocity.

Evolution of intra-regional exports (Percentages of total)

On December 13th, 1960, the countries signed the General Treaty of Central American Economic Integration in order to unify the economies through the gradual construction of a Central American Common Market, a Free Trade Zone, a Common External Tariff regime and a Union Customs

In implementing these policies, there was an increase in intraregional trade. For example, in 1960, exports to the Central American Market represented only 6.7%; 10 years later, they reached 26%.

This growth rate was not

sustained however the internal armed confrontation in several Central American countries affected the integration model.





The industrialization process

also produced good results. In 1986, the export of primary products accounted for almost 75 per cent of total exports, and manufacturing accounted for the rest. 30 years later, these proportions have been inverted.



The peace processes of Esquipulas I and II between 1986 and 1987

allowed for the relaunch of the Central American economic integration with a new legal and operational framework.

000 1991 1991

The protocols of Tegucigalpa in 1991 and Guatemala in 1993 redefined a new model for regional integration privileging open regionalism and the linkwith the world economy, aiming to gradually and progressively reach an Economic Union. Since its creation, ECLAC collaborates closely with all the institutions of the Central American Integration System (SICA).

> With the peace processes and creation of institutionality, trade between countries has strengthened.

Open regionalism

2000





WORK RELATION

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UNITED NATIONS

Through its long working relationship with Central American countries, ECLAC has collaborated with governments on proposals for commercial, economic and social integration as we will see now.



ENERGY SECTOR

ECLAC has actively promoted integration in the energy sector.

Raúl Prebisch emphasized that without sufficient

availability of electricity, industrialization would not be possible and integration policy would be thwarted.

The Commission has encouraged the use of hydroelectric resources and the harmonization of the electricity industry

through the creation of a regional electricity market, and binational and regional interconnections.

The Central American Electrical Interconnection System

(SIEPAC), completed in 2014, is the greatest achievement in this area.

Regional electrical interconnection of SIEPAC (in operation)

 Binational Electrical Interconnection Mexico-Guatemala (in operation)

ECLAC also advised on reducing the consumption

of hydrocarbons using natural gas as transitional energy.

Composition of power generation 2016 (Percentages)



Central Ame<mark>rica is today</mark> the region with the fastest

transition to renewable energy on the continent.

LOGISTICS INFRASTRUCTURE AND MOBILITY



Central American governments have invested in the construction of highways; this concentrates the highest percentage of the total infrastructure investment.



Average investment by type of infrastructure (Percentages of GDP)

REGIONAL VALUE CHAINS

The Economic Commission for Latin America and the Caribbean works with countries in the region to strengthen their Value Chains.



ECLAC created a methodology

to strengthen the regional chains, allowing for the design of specific industrial policies.

Recently, this method was

applied in the dairy value chain.

CUSTOMS UNION

Although tax is low on imports

in Central America, barrier tariffs hinder intraregional trade and make it more expensive.



ECLAC works with the countries to facilitate the trade process.

In 2000, a first attempt was made to create the Central American

Customs Union. In 2017, the Customs Union became a reality between Guatemala and Honduras.





The Commission projected that with the integration between

these 2 countries, their Gross Domestic Product could grow up to 0.5%.

If the Customs Union became a reality for all Central America, the regions GDP would increase 2.4%.

CLIMATE CHANGE

Central America is one of the most exposed and vulnerable regions

of the world to the adverse effects of climate change: it is impacted by recurring droughts, torrential rain, cyclones, El Niño, as well as the rise in temperatures.

And although Central American

countries are among the lowest producers of greenhouse gas, their populations are among the most vulnerable to the effects of climate change.



+ vulnerable

ECLAC continues to work with countries

in the region in their sustainable and inclusive adaptation efforts, helping governments to realize and visualize the importance of climate change when drafting their public policies on finance, agriculture and health.

INPUT-OUTPUT MATRIX

The Commission is working on the development

of the input output matrix of each country.

INPUT OUTPUT MATRIX

The input output matrix is a tool used to know, in detail, the structure of the productive economy of each country, allowing the governments to detect areas of opportunity and improve decision making.

CENTRAL AMERICAN FISCAL INTEGRATION



In order to collaborate and direct their efforts towards fiscal integration, in 2006 the governments created the Council of Ministers of Finance of Central America, Panama and the Dominican Republic.

SCIENCE TECHNOLOGY AND INNOVATION

Science, technology and innovation are necessary to achieve

higher rates of economic development, that's why ECLAC has proposed 3 strategic lines of action:



SOCIAL DIMENSION



The Commission has worked with the countries in their efforts to

consolidate regional policies on issues such as dignified work, health, gender equality and the migratory cycle.



On December 1sth, 2018, the presidents of El Salvador, Guatemala, Honduras and Mexico asked ECLAC to

prepare a Comprehensive Development Plan that addresses the structural causes of migration. The Commission proposed a sustainable development model that attends to the structural causes of human mobility and the comprehensive



FUTURE CHALLENGES

The themes of ECLAC's accompaniment to Central America

evolve as the needs of the countries and regional and global challenges change.

Today the region is facing profound changes such as:

The rise of China as an economical and geopolitical power



ECONOMIC

The rise of economic nationalism

The evolution of mega trade agreements

A growing ageing

population



Climate change The technological revolution To face these challenges, the Economic Commission for Latin America and the Caribbean (ECLAC) continues to work with the countries of Central America, following a tradition of more than seven decades.

The Central American integration process is part of ECLAC's own history, which has adapted its thinking to the requirements of the times, maintaining the focus on structural change. This process has allowed an important accumulation of knowledge, intellectual development and technical support that are presented as a process of "continuity with changes".

The region still has a long way to go, but it should not be forgotten that the path of integration already exhibits a set of numerous results and milestones that must be celebrated.



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