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Nanotechnology and MERCOSUR

Some 1,800 people took part in the conferences, presentations, and workshops at the Nanomercosur (link in Spanish) conference, which was held on September 26, 27, and 28, 2017, with the support of INTAL/IDB. The event is held every two years in Buenos Aires and aims to be a meeting space for the major players in the world of nanotechnology: researchers, business people, government officials, tech specialists, and entrepreneurs, who presented major regional and global trends in the field. FAN president Daniel Lupi said that “nanotechnology is now reaching more of society.” He added that the state is playing a part in this process “by backing researchers, innovation, and entrepreneurs.”

INTAL/IDB director Gustavo Beliz discussed the impact that automation will have on the productive sector and employment in Argentina and Latin America and the Caribbean. He stressed that “we are headed toward a cyberphysical production model with a significant digital component, one in which low salaries are no longer a comparative advantage for many countries. Under this new model, Latin America needs to seek innovative advantages through processes based on high value added.” In this new state of affairs, Mr. Beliz went on, “robots will be agents for the creation, destruction, and replacement of jobs.” He added that “automation is affecting all productive sectors—one good example is the use of 3D printing in construction.” Automation is even affecting the personal care economy. “Some 2000 Da Vinci surgery robots are already operating in the United States and there are 32,000 robots looking after the elderly.”

Dynamic Integration: Toward Regional Innovation Policies
We are currently experiencing a sudden acceleration in technological change, which is a defining feature of the Fourth Industrial Revolution. This is bringing **windows of opportunity** for countries in the region but is also putting pressure on them. As was analyzed from several angles in *Robotlution*, issue 42 of the *Trade and Integration* journal, one of its main impacts is the trend toward automation, which could bring significant consequences for labor markets, trade, and countries’ international integration profiles. Other developments include productivity leaps and the creation of new markets in the **bioeconomy**, where many countries in the region have opportunities for growth. To take good advantage of these processes, they will first need to accumulate **skills and capacities** to generate, use, and adapt **new knowledge** to introduce innovations. This factor is crucial to developing **genuine competitive advantages** in international trade that are cumulative and sustainable over time.

**Domestic Support for Agriculture: From the Amber Box to the Green**

*Trends in Negotiations on Agricultural Trade*, which appeared in from the August issue of INTAL Connection, analyzed the progress on **agricultural negotiations** at the World Trade Organization (WTO). The Nairobi Package, which was agreed on in 2015, committed countries to eliminating export subsidies for the agriculture sector. Although this is a step in the right direction, it falls short of eliminating the distortions that affect agricultural trade in terms of both market access and domestic support. For some sectors, **market access** is hampered by high tariffs, including tariff peaks on some products which in practice prevent trade. Other restrictive measures include highly scattered tariffs, higher tariffs on products with greater value added (tariff escalation), and differential taxes, among other restrictive measures. Although distortive interventions in terms of domestic support have been reduced, the upper limits that have been set remain extremely high.
Toward VUCE 2.0: The Digital Economy and Trade Facilitation in the Pacific Alliance and MERCOSUR

The 9th Meeting of the Inter-American Network on Single Windows for Foreign Trade and Trade Facilitation was held on September 7 and 8, 2017, in Montevideo, Uruguay. The event was organized by the Inter-American Development Bank's Integration and Trade Sector and Uruguay XXI, the Investment and Export Promotion Institute. At the event, trade facilitation authorities from the Pacific Alliance and MERCOSUR countries held a meeting to develop a shared work agenda on single windows for foreign trade (VUCEs), in line with the road map that was drafted at the ministerial meeting on April 7, 2017.

3D Printing and Trade

3D Printing Could Redefine Global Value Chains and Pose Challenges to Trade

The inclusion of information technology, digital devices, and communication systems in manufacturing processes has transformed industrial plants into high-tech, automatable productive units, which is having major consequences on global value chains, logistics, trade, and the transportation of goods. One example of this is 3D printing, which optimizes, accelerates, and decentralizes the product design, development, and innovation stages and introduces greater services and software components into the production process.

Robotics, Millennials, and Regional Integration

INTAL/IDB presented its main lines of work and major publications at the 13th National Political Science Conference (link in Spanish), which was held between September 2 and 5, 2017, at Torcuato Di Tella University (link in Spanish) and was organized by the Argentine Society for Political Analysis (link in Spanish) (SAAP). At the event, specialists from INTAL/IDB gave presentations on some of the areas the institution is working on, which included its research on
millennials in Argentina, the recent publication of the Robotlution magazine, and IIRSA/COSIPLAN’s experience managing physical integration projects in Latin America.

“INTAL/IDB has been working for many years on the connections between technological change, regional integration, and trade,” said INTAL director Gustavo Beliz. “Integration 4.0 is an idea that we have been working on in depth. It has to do with the emergence of a hybrid concept of integration that is associated with a mix of factors related to information technology and production. These include both tangible aspects and the flow of data and new forms of manufacturing and ways of generating value in the knowledge economy.”

Automation, Employment, and Trade: What Does the Economic Literature Tell Us?

Is technological change threatening to replace jobs in the future? Does the automation of employment explain the weakening of the middle classes in developed economies? Can the field of economics anticipate these phenomena and predict the productive sectors where robotization poses the greatest threats? Robotlution: The Future of Work in Latin American Integration 4.0 reviews the specialist literature on the subject and includes answers to these questions from over 40 global experts.

Latin America, A Young Region

The recent INTAL publication Millennial Beats looks in depth at the opinions and habits of young Argentinians of between 18 and 34 years of age in relation to employment, new technologies, the region, and the future. This article presents the study’s main conclusions on regional integration and trade. Click here to download the full publication (link in Spanish).

Latin America is the region in the world that the young people interviewed viewed in the most favorable light—54% of respondents rated it positive terms. These proportions were as high as 58% among high- and medium-high-income
sectors of the population but dropped to 50% among low-income sectors. Respondents’ views on other regions and countries were as follows: Europe (47% positive opinions), China (36%), the United States (31%), and Russia (25%). These views were repeated when millennials were asked about which of its foreign relations Argentina should seek to promote. With regard to the regions and countries millennials said they thought the government should promote integration with, once again Latin America ranks first—64% of opinions on it were positive. Europe came second (49%), followed by China (39%) and the United States (31%). Russia ranks lowest on the list (30%).

Geographic Information Management in South America

The 5th Workshop on the COSIPLAN Geographic Information System (GIS) was held on August 24, 2017, in the city of Buenos Aires, Argentina. The event was attended in person and via webinar by representatives from the ten Spanish-speaking countries in South America, officials from the General Secretariat of UNASUR (link in Spanish), the Pan-American Institute of Geography and History (PAIGH), the Development Bank of Latin America (CAF), and the IDB’s Institute for the Integration of Latin America and the Caribbean (INTAL) in its role as the Technical Coordination Committee for COSIPLAN/IIRSA.

The workshop was coordinated by the Republic of Argentina, which leads the Working Group on the COSIPLAN GIS (link in Spanish). One outcome of the meeting was a review of the information available for inclusion in the six thematic layers of the GIS (free trade zones, logistics centers, indigenous commune, fiber optic network, electrical transmission lines, and power stations). The participants also agreed on the criteria for including an additional layer on disaster risk reduction and emergency management.

Argentina and Brazil Partner to Support Tech Start-Ups

As well as sharing borders and trade relations through MERCOSUR, Argentina and Brazil are planning to work together to further develop 30 start-ups that
specialize in agritech, FinTech, e-commerce, and medtech. This initiative is one of a wider set of tools launched by the Argentine government to support entrepreneurs. The Entrepreneur Exchange Program was presented at the 5th Bilateral Production and Trade Committee Meeting (link in Spanish) and was attended by Argentina’s minister of production, Francisco Cabrera, and his Brazilian counterpart, Marcos Pereira.

FOR MORE NEWS ON INTEGRATION IN LATIN AMERICA AND THE CARIBBEAN, SEE THE FULL VERSION (IN SPANISH) OF THE LATEST INTAL CONNECTION: conexionintal.iadb.org