

INTAL Connection 255—December 2017

Techno-Integration in Latin America

The study “[Techno-Integration in Latin America: Institutions, Exponential Trade, and Equality in the Age of Algorithms](#)” was published recently as part of a program on Regional Public Goods (RPGs) operating at the Institute for the Integration of Latin America and the Caribbean (INTAL), which belongs to the IDB’s Integration and Trade Sector (INT). The main source of data for the study came from the survey that Latinobarómetro has been carrying out in 18 Latin American countries for over 20 years. The data was initially analyzed in isolation and then cross-referenced with other findings from the same survey before eventually being compared with other objective indicators from different statistical sources, some of which are compiled by international organizations.

The study was presented before an audience of 300 people on November 21, 2017, at the Chamber of Deputies in Mexico City. Authorities from the host institution were among the speakers at the event, as were Marta Lagos, director of Latinobarómetro, Alejandro Moreno, another member of the Latinobarómetro team, and specialists from INTAL.

The following section summarizes some of the main conclusions of the report, which [you can download in full here \(text in Spanish\)](#):

1. **YES to Latin America.** One in every four Latin Americans believes that economic integration is important for development, and 77% are in favor of regional economic integration. At a time when protectionism, separatism, and isolationism are on the rise in other parts of the world, Latin Americans mostly remain committed to regional economic integration.
2. **But Latin America isn’t the only priority.** When asked about integration, Latin Americans would prefer closer ties with the United States, then with the European Union, then with China, and finally, in fourth place, with other countries in the region. This desire for greater integration with the United States correlates with levels of trade between it and Latin America and with citizens’ favorable views toward it. The same is true of China and the European Union.
3. **How people feel about integration coincides with the hard data on trade.** The countries where people most associated economic integration with free trade and political dialogue are the countries with the most concentrated export baskets and the lowest levels of FDI.

The WTO and Its Contribution to Governance of the International Trading System

On November 3, 2017, INTAL-Lab hosted the [second workshop in a series that formed part of the run-up to the 11th WTO Ministerial Conference \(MC11\), which took place in Buenos Aires \(link in Spanish\)](#). The aim of the [first workshop \(link in Spanish\)](#) had been to analyze the balance between

flexibility and predictability in trade agreements. At this second workshop, experts debated the international context around MC11 and the factors that might influence results. More generally, the session looked in detail at the forces that are shaping the governance of global trade. The sessions were organized by the Institute for the Integration of Latin America and the Caribbean (INTAL), part of the Inter-American Development Bank (IDB), CAF/Development Bank of Latin America, the ICBC Foundation Argentina's International Trade Institute, and the Argentine Council for International Relations (CARI).

Beyond the Recovery: Market Competition in the Digital Era

November 15, 2017, marked the launch of the latest issue of the Trade and Integration Monitor, a report published by the organized by the IDB's Integration and Trade Sector and the Institute for the Integration of Latin America and the Caribbean (INTAL) based on data available from the Information System on Trade and Integration (INTradeBID).

The publication was presented by Paolo Giordano and Alejandro Ramos Martínez, who discussed the current trade situation and two strategic issues: the effect of competitiveness on the region's share in the global market and the opportunities that e-commerce promises. The report was then commented on by two other experts, Álvaro Ons, Uruguay's secretary for productive transformation and competitiveness, and Ricardo Rozemberg, chief economist at the IDEAS Center at the University of San Martín, Argentina.

Export Capital

Exports of knowledge-based services, which are connected to the availability of human capital and internet access, are a growing asset that represents an opportunity for Latin America and the Caribbean to diversify its foreign trade. Brazil, Argentina, and Costa Rica rank among the top 30 countries in the world generating business in this sector.

According to data from the World Trade Organization (WTO), in 2016, the knowledge economy generated exports worth US\$900 billion. The United States is the main player in this market sector, with sales worth US\$278 billion, with India (US\$86.2 billion) a distant second, followed by Japan (US\$80.8 billion), Singapore (US\$42.9 billion), and Switzerland (US\$38 billion). The most noteworthy Latin American countries in this market, which also includes software and computing services, are Brazil (US\$18.9 billion), Argentina (US\$6.12 billion), Costa Rica (US\$3.77 billion), and Uruguay (US\$704 million).

This sector includes traditional professional services such as medicine, accounting, law, design, architecture, engineering, and advertising, which can now be provided remotely following the boom

in communications infrastructure. It also includes the use of licenses and intellectual property; research and development activities; the production of cultural and entertainment content; computing services; and programming and software development.

Latin American Public Goods

The 5th Conference on International Relations organized by the [Latin American School of Social Sciences \(FLACSO\)](#) was held in Buenos Aires on November 2 and 3, 2017, and included a presentation entitled “Regional Public Goods: Latin America’s Role in International Corporation 4.0” which was given by IDB/INTAL director Gustavo Beliz; Joaquim Tres, integration and trade specialist at the IDB; and Amitav Acharya, professor at the [American University](#).

Dr. Acharya, who is [UNESCO Chair](#) in Transnational Challenges and Governance and a co-author of the book *21st Century Cooperation: Regional Public Goods, Global Governance, and Sustainable Development* framed the discussion by describing what he termed the “**multiplex world**.” He argued that “**regionalism**, which we define in a very broad sense and which includes both formal and informal organizations, is a key factor in the emerging global order and is an important means for supplying public goods, be they economic, security-related, financial, or environmental, among others. Their significance should not be underestimated.”

Good Practices in Freight Logistics

The [Executive Technical Group Meeting on Freight Transportation and Logistics \(link in Spanish\)](#) took place on October 18 and 19, 2017, in Lima, Peru. The event was attended by government officials who had taken part in [COSIPLAN’s Online Course on Drafting and Management of Policies on Freight Transportation and Logistics \(link in Spanish\)](#) and who are currently part of the Network of Experts on Freight Logistics. Other participants included representatives from the [IDB](#), [CAF](#), and [INTAL](#). The aim of the event was to exchange best practices on freight logistics, review progress on the activities planned for 2017, and agree on work areas for 2018.

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