

Work Programme for the year 2018

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F O R E W O R D

The Work Programme of the Permanent Secretariat for the year 2018 is based on the guidelines established by the XXVIII Regular Meeting of the Latin American Council, through Decision No. 440, according to which the activities of SELA are structured into three areas, namely: Intra-regional Relations, Economic and Technical Cooperation and Extra-regional Relations.

Under its new management, the Permanent Secretariat of SELA submits a renewed agenda whose main axis focuses on the most important and urgent needs of the region. It is centred on joining efforts with other organizations within and outside the region in order to promote financial Inclusion, access to information technology and contributing with tools, so that small and medium-sized enterprises (SMEs) get inserted into global value chains and, in this way, to lead the region on the path towards sustained and sustainable growth.

In implementing the Work Programme for the year 2018, the Permanent Secretariat intends to undertake new initiatives to ensure the strengthening of cooperation, coordination and complementarity with other regional integration organizations and mechanisms.

This programme is designed in accordance with the Draft Administrative Budget of the Permanent Secretariat (SP/CL/XLII.O/DT N° 5-16), particularly in terms of the costs indicated there, without any increase in the annual contributions from the Member States. However, it does envisage complementary funding agreements for technical cooperation with international and regional institutions. A detailed account of the direct costs for each of the three areas and their projects can be seen in the Chapter entitled "Budget – Work Programme of SELA for the year 2017 – direct costs", of the aforementioned document.

For 2018, the Work Programme includes 15 studies and 19 meetings with a diverse nature and coverage, five of which are courses, seminars, and meetings corresponding to the SELA-SMEs programme. Nine activities related to the promotion of the integration process and economic growth will be conducted, as well as other four concerning the strengthening the economic and technical cooperation among Latin American and Caribbean countries.

This Work Programme also envisages diagnosis workshops to carry out technical collaboration activities with those port communities related to the project on digital and collaborative ports, under the technical cooperation agreement signed with CAF-development bank of Latin America. Seventy-three percent of the 15 studies will be conducted internally, and the rest will be assigned to external consultants on the basis of the terms of reference outlined by the Permanent Secretariat for each case.

INTRODUCTION

The Work Programme for the year 2018 of the Permanent Secretariat of SELA was structured on the basis of the three main thematic areas envisaged in the Panama Convention establishing SELA: Intra-Regional Relations, Economic and Technical Cooperation and Extra-Regional Relations, as a mandate of the Latin American Council which is based on Decision No. 440, "Restructuring SELA" (XXVIII Regular Meeting. Caracas, Bolivarian Republic of Venezuela, 07 to 09 April 2003).

The new management of the Permanent Secretariat envisages that the various projects and activities of the Work Programme should take into account the most sensitive and urgent requirements in the region based on its growth and sustained development. Some of the 29 activities included in the programme have been requested by representatives of the Member States, others continue with efforts previously undertaken by the Permanent Secretariat, and a third group responds to pressing needs in the region, such as the renewal of efforts to promote inclusive value chains to facilitate productive transformation and export processing of companies in order to favour their insertion into the global economy and to promote sustainable growth in the region.

Within this context, the need to promote the inclusion of small and medium-sized enterprises (SMEs) of the region into global value chains stands out. For such purpose, the Permanent Secretariat has planned, for the next year, an activity referred to the productive integration of SMEs into global value chains. This represents a continuation of an effort started in 2017 which is intended to become a long-term project. Such project is expected to count on the financial support from CAF-development bank of Latin America, with which talks have already been started in this regard.

In addition, the Agenda 2030 envisages the conduction of a regional meeting on the financial inclusion of MSMEs in Latin America and the Caribbean, which will assess potential alternative sources of financing for SMEs from those already existing. Another activity of particular relevance linked to MSMEs concerns the *Public Policy Index for SMEs in Latin America and the Caribbean (IPPALC)*, an instrument that aims at optimizing the decision-making process, which promotes the performance of such companies, through the evaluation of thematic areas deeply linked to their operation. This activity represents a task that has been jointly developed with the Organization for Economic Cooperation and Development (OECD). Similarly, it is worth noting the *Seminar on evaluation of the impact of public policies in Latin America*, with an emphasis on MSMEs. For organizing this event SELA expects to count on the support of CAF and the Latin American Centre for Development Administration (CLAD).

Through the activities planned for the upcoming year, the Permanent Secretariat complies with its mandates and maintains its commitment to the development of the region through initiatives that contribute to the Member States in the decision-making process with a view to strengthening the integration process. In this connection, as part of the **Area of Intra-Regional Relations**, upon its own initiative, the Permanent Secretariat has scheduled a high-level meeting of reflection among the Secretariats of integration and cooperation organizations and mechanisms of Latin America and the Caribbean in order to identify areas of convergence and promote synergies that allow for the joint preparation of programmes and projects, while avoiding duplication of activities. For this meeting, the Permanent Secretariat already counts on the Executive Secretariat of the Economic Commission for Latin America and the Caribbean (ECLAC), the General Secretariat of the Latin

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American Integration Association (ALADI) and the General Secretariat of the Andean Community (CAN).

Also, with the purpose of evaluating the integration process, the Permanent Secretariat will carry out a seminar on *prospective vision of integration* under the co-sponsorship of ECLAC. There, presentations will be made on some tools prepared internally by the Permanent Secretariat for monitoring the integration processes in the region. In addition, it will give continuity to methodological upgrades and updates to the integration index for Latin America and the Caribbean and the early warning indicators for Central America, as tools in times of crisis. Similarly, the Secretariat will continue with the reports that help understand and describe the integration process in the region and will highlight relevant case studies.

In the area of trade facilitation, the Secretariat plans to continue with the *Programme for the Creation of the Latin American and Caribbean Network on Digital and Collaborative Ports, Phase III: Transition towards the Conformation of the Network*, which has been funded by CAF through a non-refundable technical cooperation agreement signed in November 2013. This third phase, planned for the period August 2017 - August 2018, proposes the extension and consolidation of the Network, with the involvement of six new ports that have joined the programme and the creation of a transitional organizational structure that will take the initial steps to move towards the effective establishment of the Network of Digital and Collaborative Ports, as an entity with its specific legal personality.

The conduction of the X Regional Meeting on Foreign Trade Single Windows, which is aimed at promoting the analysis and exchange of experiences in this field, with a view to disseminating best practices that contribute to consolidate foreign trade in the countries of the region. Another objective is to consolidate Single Windows throughout Latin America and the Caribbean, as part of the strategies for trade facilitation and e-government.

In developing Information and Communications Technologies (ICTs) and the Knowledge Society, the focus of the Permanent Secretariat for 2018 is to facilitate access to information and the use of digital tools in the production processes. Thus, it is also envisaged to hold a seminar on electronic commerce as a tool for the insertion of small and medium-sized enterprises into international markets. For this purpose, the Secretariat expects to count on the support of the World Trade Organization (WTO); the promotion of the formation of value chains based on digital economy and intelligent technologies and the development of an interactive system for management of economic statistics and databases, which is accessible through the Web site of the organization.

In order to enhance the usefulness of the Secretariat's Web site for different users, the Work Programme for 2018 envisages to strengthen and update various specialized portals which, along with other digital resources online, make up the offer made by Secretariat to provide specialized information through its Web site.

In the **Area of Economic and Technical Cooperation**, for 2018, the Permanent Secretariat will continue with the efforts it has made in international cooperation, which have been warmly welcomed by the Member States of SELA. In this regard, the following events are planned:

(i) the XXVIII *Meeting of International Cooperation Directors for Latin America and the Caribbean*, whose central topic will be cooperation in connectivity in the commercial sector in LAC, on the basis of a greater insertion into value chains; (ii) the VIII *Annual Meeting of the Working Group on Trade and Competition of Latin America and the Caribbean*, which will be organized within the

framework of the UNCTAD-SELA Joint Project; and (iii) the *Meeting on Partnerships for Disaster Risk Reduction in Latin America and the Caribbean*, in partnership with the United Nations Office for Disaster Risk Reduction (UN/ISDR) and the National System of Emergencies (SINAE) of Paraguay. It should be noted that a forum which will discuss the current opportunities for international cooperation in the region is also planned, with a view to promoting them.

In the Area of **Extra-Regional Relations**, taking into account the need for the region to diversify its exports, the Permanent Secretariat foresees, within the framework of the IV International Seminar of LAC-China, organized by CAF-development bank of Latin America, an activity aimed at highlighting that country's importance as an area of opportunity for the SMEs of the region.

Finally, the Permanent Secretariat has proposed, through inter-agency cooperation, forging partnerships, and adding up talents and resources, so as to facilitate the efficient compliance with the Work Programme for 2018 in order to obtain concrete and beneficial results in the medium and long term for the Member States, as the new management of SELA intends to do.

BACKGROUND: WORK PROGRAMME FOR THE YEAR 2017

During 2017, the Permanent Secretariat of SELA complied with the activities foreseen in its Work Programme, as approved by the XLII Regular Meeting of the Latin American Council (Caracas, 12 December 2016), through Decision No. 559. Thus, various initiatives were executed, such as meetings, workshops, seminars, digital courses, studies, and specialized portals, among others.

According to Decision No. 440, adopted at the XXVIII Regular Meeting of the Latin American Council (Caracas, 07 to 09 April 2003), the activities contained in the Work Programme for 2017 are framed within three thematic areas: Intra-Regional Relations, Economic and Technical Cooperation and Extra-Regional Relations.

In the period being reported, and within the Area of **Intra-Regional Relations**, the Permanent Secretariat delved deeper into issues of far-reaching scope and broad interest for the Member States, and it undertook the conduction of different research projects, workshops, seminars and documents, which allow for assessing the integration processes from different perspectives, covering the economic,-structural, strategic-institutional and empirical-conceptual areas.

Among the activities associated with economic-structural aspects are the following: i) the analysis of the productive structures and economic growth in the region, which included a study on the composition of international trade and its effects on the evolution of the sectoral labour market. In addition a study is being conducted on the determinants of the changes in total productivity of factors in the countries of the region; and ii) the evaluation of the integration process in Latin America and the Caribbean.

As for the studies related to strategic-institutional aspects, emphasis was made on the following: i) the evaluation of the integration process in Latin America and the Caribbean as a result of which, it is expected to have a prospective vision of integration Latin America and the Caribbean. Similarly, an assessment was made of the determining factors of migration flows in the region and their impact on the labour market, ii) in terms of the dissemination activities, noteworthy are the follow-up reports on the Subregional Integration Mechanisms, the case studies, and the Annual Reports on the Regional Integration Process.

From the point of view of its empirical-conceptual contributions, SELA concludes the year with the following activities: i) Development of an Information Database for strengthening regional trade and productive integration; ii) Closely related to the previous activity, a renewed boost has been given to the Network of Strategic Alliances for trade promotion in Latin America and the Caribbean; iii) The Integration Index was updated and the new results were monitored; iv) The early warning indicators for Central America were prepared as a tool for times of crisis; and v) The statistical information system of SELA's Web site was strengthened, by including an interactive system for the management of databases and economic statistics.

The activities concerning Information and Communication Technologies and Knowledge Society include those activities that promote e-commerce as a tool for trade facilitation, such as the Programme for the Creation of the Latin American and Caribbean Network of Digital and Collaborative Ports (Phase III: Transition towards the Conformation of the Network) and the Regional Latin American and Caribbean Meeting of Logistic Port Communities. Activities in the field of Management and Coordination of Specialized Portals include the management and maintenance of the following portals: the Community of Latin American and Caribbean (CELAC),

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the International Cooperation Directors for Latin America and the Caribbean: Promotion of South-South Cooperation, the Specialized Portal for the Alliance between the Public and Private Sectors for Disaster Risk Reduction in Latin America and the Caribbean, and the Specialized Portal of Export Processing Zones.

In complying with its task of supporting **Economic and Technical Cooperation** among the countries of the region, the Secretariat plans: i) to strengthen economic and technical cooperation in Latin America and the Caribbean; ii) A seminar on approaches and methodologies for the formulation, evaluation and monitoring of public policies in Latin America and the Caribbean; iii) The meeting on "Public-Private Partnerships for Disaster Risk Reduction in America Latin and the Caribbean"; iv) The macroeconomic impact of natural disasters in Latin America and the Caribbean; v) The Meeting of International Cooperation Directors for Latin America and the Caribbean: Cooperation on Intellectual Property (IP); vi) The Seminar on Opportunities for International Cooperation for Latin America and the Caribbean: Towards further strengthening of regional cooperation; vii) the joint UNCTAD-SELA project on cooperation in Latin America and the Caribbean in the areas of trade and competition; and viii) the Annual Meeting of the Working Group on Trade and Competition of Latin America and the Caribbean (WGTC).

Finally, it is worth noting the relevance that the SELA-SMEs Programme has acquired and its key activities. In this regard, the Index of Public Policies for SMEs in Latin America and the Caribbean (IPPALC) stands out, as well as the workshop on support to entrepreneurs for the protection of intellectual property rights: Protection of trademarks and patents in the framework of Micro, Small and Medium-sized Enterprises (MSMEs), the digital course on entrepreneurship in Latin America and the Caribbean, the Regional Meeting on Innovative Financing and Guarantee Mechanisms for MSMEs in Latin America and the Caribbean, and the training workshop for MSMEs on business and operations continuation vis-à-vis disasters.

In the **Area of Extra-Regional Relations**, SELA intends to continue delving deeper in the monitoring and analysis of preferential trade agreements with extra-regional countries that might influence economic, trade relations and investment with the countries of Latin America and the Caribbean. This includes the analysis of economic, trade relations and cooperation of Latin America and the Caribbean with: the European Union, the United States, and the Republic of Korea; i.e. their relations with the region's economies.

Through the activities developed as part of the Work Programme for the year 2017, the Permanent Secretariat complies with its mandates and commitment to the development of the region, by contributing to strengthening the Latin American and Caribbean integration process, and by providing Member States with the tools to facilitate decision-making so as to favour the process.

AREA I. INTRA-REGIONAL RELATIONS

PROGRAMME: INTEGRATION PROCESS AND ECONOMIC GROWTH IN LATIN AMERICA AND THE CARIBBEAN

PROJECT I.1. Assessment of the Latin American and Caribbean integration process

Activity I.1.1. Reflection Meeting of the Integration and Cooperation Secretariats of Latin America and the Caribbean

A. Background and justification

As of the second half of the 20th century, regional and subregional integration organizations start to shape up in Latin America and the Caribbean, with the purpose of setting up concerted positions among the Member States that comprise them to defend their interests, but also to develop coordination, consultation and development tasks for the benefit of Latin American integration and unity.

In the current circumstances, and in order to bring about substantive benefits to Latin American and Caribbean countries that contribute to overcome their challenges – mainly in the economic and social fields – it is advisable to promote concrete actions among integration and cooperation organizations and mechanisms in order to substantially increase their potential and strengthen regional cooperation and integration.

Thus, a high-level meeting of the Secretariats of Integration and Cooperation Organizations and Mechanisms of Latin America and the Caribbean would foster a process of dialogue, reflection and coordination among them, which would make it possible to gain knowledge from a broader perspective about the situation of integration in Latin America and the Caribbean, to formulate a joint, convergent and efficient strategy as regards the efforts made by each institution, as well as the articulation of agendas, programmes and prospects among the various organizations, while overcoming fragmentation, dispersion of efforts and duplication of work.

B. Objectives

1. Describe the current situation of the regional integration process
2. Gain knowledge about the programmes and work of the Secretariats of Integration and Cooperation in Latin America and the Caribbean
3. Identify areas for convergence, and promote synergies that allow for progressively overcoming duplication of activities, by jointly promoting specific programmes and projects

C. Expected results

High-level meeting of the Secretariats of integration and cooperation organizations and mechanisms in Latin America and the Caribbean, with the purpose of establishing an economic and social cooperation system among regional institutions.

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Activity I.1.2. Prospective vision of Latin American and Caribbean integration

A. Background and justification

With a view to evaluating the integration process in Latin America and the Caribbean, the Permanent Secretariat of SELA has promoted research to deepen the knowledge about the progress of subregional integration mechanisms in all the matters of interest, by evaluating its commercial, institutional, political, regulatory, immigration and labour dimensions, among others. Thus, during the implementation of the Work Programmes for the years 2014 and 2015, several research works were conducted, which furthered the knowledge about the current status of the integration processes, as well as the major challenges and opportunities faced by the region.

In 2016, three issues were developed, which are of particular relevance for understanding the integration process in the region, which also allowed for creating a quantitative and comparative assessment of the reality of the various integration schemes. The analysis of asymmetries not only provided a compilation of a series of definitions drawn from various analyses associated with the evaluation of the conditions of integration, but it also confirmed a conceptual lack, which, beyond making a description of the types of asymmetries, can provide a definition that serves as a referential framework and contributes to quantify the asymmetries in the analysis of regional integration.

In this line of thought, the Permanent Secretariat, in 2016, submitted a proposal on the basis of a statistical and economic foundation with which it is also possible to make progress with measuring convergence in the region.

When the variable in question approaches in the long-term to the most representative values of the group of countries, asymmetries are considered to be reducing, and vice versa. In the event that the dimensions in the study show a gradual, but significant, reduction, and manage to enter the symmetry zone in the long term, it is said that series enter into a process of convergence.

With the integration index, an indicator of periodic updating was created, with which it is possible to establish and describe the phases of integration that each of the subregional mechanisms is going through; in addition, the behaviour in the various stages of integration identified in the economic theory is quantified and monitored.

Issues such as asymmetries, the integration index and the evaluation of convergence have paved the way for the Permanent Secretariat to propose the design of a tool that allows for generating various referential scenarios for medium and long-term prospects of the various integration mechanisms under study.

Objectives

1. Develop scenarios of prospects for integration for the years 2016-2017, based on the concepts generated by the Permanent Secretariat.
2. Assess the trends of integration mechanisms in the long run.
3. Monitor and evaluate the possibilities for the region to head towards higher levels of convergence.

B. Expected results

A document that explores the prospects and that highlights a long-term vision of integration, of the various subregional integration mechanisms, and well as the conduction of a seminar that exposes the aforementioned tool and the various methods for measuring integration from the perspective of SELA.

Activity I.1.3. Integration Index of Latin America and the Caribbean. Updates and revision of the methodology

A. Background and justification

In 2016, the Secretariat began to develop an indicator whose main objective is to quantify the degree of integration among the various integration mechanisms of the region, namely: the Pacific Alliance (PP), the Common Market of the South (MERCOSUR), the Central American Integration System (SICA), the Andean Community (CAN), and the Caribbean Community (CARICOM).

This study was accompanied by a Regional Meeting on the Integration Index for Latin America and the Caribbean, which was held in Guatemala in the headquarters of the Secretariat of Central American Economic Integration (SIECA). It is a composite index based on simple indicators that include various levels of disaggregation, so that they incorporate variables within the economic, social, political, environmental and cultural sectors, which are also associated to regional integration, for a sample covering the period 1990-2014. The development of this indicator provides a tool to monitor progress regional integration.

In 2017, the Secretariat began a process of methodological revision of the indicator, with the purpose of optimizing its calculation and its strength. The revision of the methodology is aimed at reducing the number of indicators used in each dimension of the index, implementing the technique of Analysis of Main Components, and constructing ponderations.

In 2018, the Secretariat intends to complete the methodological revision of the index, to finally upgrade the indicator with a view to using it in the explanation of the behaviour of each of the dimensions used in its calculation. It should be noted that the Integration Index for Latin America and the Caribbean comprises five dimensions: i) Economic: which includes the main indicators of the economic activity related to trade in goods and services, capital mobility, financial capacity, as well as convergence of per capita income and the inflation rate; ii) Social: it covers indicators representing the level of poverty, income, and the situation of the labour market; iii) Political: this dimension assesses the status of the institutions in each country; it also evaluates the treaties and agreements facilitating the mobility of production factors; iv) Cultural: it provides access to media through so as to facilitate the dissemination of culture; and v) Environmental: It collects data on the

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form of coordination among the States as regards their policies for environmental preservation of and sustainable growth.

The assessment and monitoring of each one of these dimensions will pave the way for the creation of public policies designed to guide policy-makers as regards the control variables that can be used and should be incorporated in order to improve the instruments that will take them to the achievement of the objectives.

B. Objectives

1. Conduct a methodological revision of the Index, in order to limit the number of indicators used and improve their strength and significance.
2. Continue with the periodic updating, which allows for quantifying the behaviour of the subregional mechanisms at the different stages of integration identified in the economic theory.
3. Identify the dimensions that provide signals for optimum management of public policies oriented towards subregional integration.

C. Expected results

A document updating the Index, which provides possible instruments for an optimum management of integration public policies.

Activity I.1.4. Vulnerability Indicators. Forecasts and evaluation of results

A. Background and justification

The importance of the economic history of countries lies in the generation of fundamental bases that contribute to the prediction of its future evolution process, since this determines the capabilities for development and the elements that generate the scenarios for economic policy. As pointed out by Reinhart (2003), "the history of a country in meeting its debt obligations and the management of its macro-economy in the past is relevant to predict its ability to sustain moderate to high debt levels, both at the internal and external levels, for many years in the future".

Over the last few decades, emerging countries have suffered recurring economic crises; which have been characterized by reductions in their levels of production, lower dynamism in foreign trade flows, high rates of inflation and unemployment, and low level of consumption of goods and services. In this regard, the financial crisis of 2008, which was caused by the collapse of the housing bubble in the United States and had an impact on the global economy.

Within this context, SELA submitted in 2017 the Work Document entitled "Early Warning Indicators for Central America: A tool for times of crisis", which selected a set of variables that allowed for designing an indicator capable of timely identifying episodes of high speculative pressure that could lead to the occurrence of a crisis. Analysis was performed for Costa Rica, El Salvador, Guatemala, Nicaragua and Dominican Republic, separately, in order to establish a monitoring system in accordance with the limitations as regards information about statistics for each country.

For 2018, SELA proposes to update the indicators used for creating the External Vulnerability Index (EVI) and the estimation of the behaviour of this indicator, in order to maximize the time

available for each of the countries to forecast the occurrence of a crisis or of episodes of high speculative pressure. While the methodology used in the study of 2017 was developed by Kaminsky et al. (1998) and incorporates the contributions made by Supriyadi (2014), the update of this study will include new methodological contributions that strengthen the results obtained.

It should be noted that the countries of Latin America and the Caribbean are not ready yet to carry out a process of coordination of policies that allows them to anticipate external shocks and mitigate their effect on the economy. Therefore, the measurement efforts through vulnerability indicators are essential. These models and the analytical trials derived from them allow for identifying the moment in which a crisis starts in order to take timely measures, so as to prevent it or minimize its impact. Such trials are known in the literature as early warning systems, in which statistical methods are applied to quantitatively predict the probability of occurrence of a crisis, based on a series of economic and financial variables that are deemed to provide early signals of internal vulnerability to changes in the international environment and the external perception of the country.

B. Objectives

1. Update the indicators used for making up the External Vulnerability Index (EVI) for Central America.
2. Estimate the future behaviour of the External Vulnerability Index (EVI) for Central American countries.
3. Produce aggregate indicators for Central American countries that allow them to identify a profile of potential challenges from external origin, for the effective advancement of the integration processes in which they are involved.

C. Expected results

The update of the study and the forecasts will be made for the Central American countries selected in the document published in 2017, namely: Costa Rica, El Salvador, Guatemala, Nicaragua and Dominican Republic.

Activity I.1.5. Follow-up reports on subregional integration mechanisms

A. Background and justification

In 2016, the Secretariat began to prepare the Follow-up Reports on Integration Mechanisms. These reports offer readers synthesized information about the regional dynamics of Latin America and the Caribbean, making emphasis on the analysis of the macroeconomic environment and the variables of the external sector of the five subregional integration mechanisms, namely: the Pacific Alliance (PA), the Common Market of the South (MERCOSUR), the Central America Integration System (SICA), the Andean Community (CAN), and the Caribbean Community (CARICOM).

Published every six months, these reports gather updated statistics of the regional situation, as well as a description of the main events of interest during the semester and the situation of the mechanism with respect to the region in terms of population size, life expectancy, size of the economy and per capita income. They analyse the main facts about the macroeconomic performance of each mechanism, by using variables such as economic growth, the composition of the Gross Domestic Product (GDP) according to the approach, expenses (specifically consumption, investment, public spending, and exports), inflation and unemployment. They also summarize the

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performance of the external sector through the analysis of the behaviour of the trade balance, foreign direct investments (both in flows and balances), the external public debt as a percentage of GDP, and the net international reserves.

The data published in the report come from the official institutions of each country, and they are appropriately supplemented with information provided by qualified institutions in the survey of socio-economic data at the regional level, such as ECLAC and the IMF. In 2018, the Secretariat will continue with the periodic updates of these reports, in accordance with the accessibility and availability of official data from the countries.

B. Objectives

1. Prepare descriptive reports that analyse the situation of key economic variables, within the context of each subregional integration mechanism.
2. Build up a consistent database of such variables for economic follow-up.
3. Keep the Member States, and the public in general, updated as regards the economic situation of the countries of the region, through the electronic portal of SELA.

C. Expected results

Descriptive reports on the economic performance of subregional integration mechanisms that allow the reader to be regularly updated as regards the regional dynamics and its prospects. These reports will add value to the portfolio of SELA by allowing the Permanent Secretariat to expand its base of readers.

Activity I.1.6. Case studies for integration

The case studies for integration are short articles that contain a rigorous analysis, but are written in a less academic tone. The logic behind these reports is to present decision-makers of the region various intra and extra-regional initiatives, which show policy initiatives that allow for assessing the relevance of said experiences in America Latin and the Caribbean.

In 2017, these reports were designed as a product to complement SELA's document base. Their structure has allowed for dealing with a variety of topics in an easy-to-read format aimed at the public in general.

SELA intends to continue conducting these case studies with the same purpose as in years before.

A. Objectives

1. Identify new initiatives to evaluate the economic situation.
2. Encourage debate to generate proposals for high-impact, innovative initiatives, that contribute to promote integration in the region.
3. Keep the Member States and the public in general updated as regards the economic situation of the countries of the region, through SELA's Web site.

B. Expected results

Quarterly reports describing the initiatives to promote cooperation, coordination and articulation among nations and integration mechanisms, which serve as a reference and news updates, for the benefit of the regional integration process.

Activity I.1.7. Report on the Regional Integration Process**A. Background and justification**

Regional integration is a matter of paramount interest for Latin America and the Caribbean. Since 1960 to date, at least seven economic integration projects have been launched, mainly focused on deepening intra-regional trade relations. In addition, several supranational organizations have been created with the purpose of offering spaces for coordination and cooperation among the States that make up the region. Within this context, it is envisaged that regional integration will continue to play an important role on the agenda of public debates both in the region and in the world.

Despite the efforts that have been made by various regional organizations to understand the integration process in Latin America and the Caribbean, today's challenges underscore the need for a regular and rigorous analysis of the regional economic and social dynamics. In this connection, a frequent monitoring of the evolution of integration in Latin America and the Caribbean has the potential to serve as a guideline for the formulation and implementation of action strategies, both joint and individual, among the countries of the region, so as to gain a detailed knowledge of the trends and the context of intra-regional economic and social relations.

The *Report on the regional integration process in Latin America and the Caribbean* seeks to bridge this gap of knowledge by providing a detailed technical report of the annual changes in the regional situation as regards the topics of business inter-relations, movements of capital and labour, coordination of economic policies, development of common regional institutions, among other issues related to regional integration. Therefore, the Member States of SELA and the public in general count on a regular consultation document, carried out by following the leading methodological practices in this area and on the basis of updated statistical information and documents that are relevant for the countries of the region.

B. Objectives

1. Provide the Member States of SELA with useful and up-to-date information for decision-making in relation to the extra-regional and intra-regional economic and social relations in Latin America and the Caribbean.
2. Present the States members of SELA possible lines of action for progressing with the regional integration process and achieving an optimal development of the economies of the region.
3. Position SELA as a leading organization in the analysis, coordination and cooperation related to the integration of its Member States, in particular, and of Latin America and the Caribbean, in general.

C. Expected results

A technical report which will contain an analysis of the changes that have occurred in Latin America and the Caribbean over the last year in terms of business inter-relations, movements of capital and labour, coordination of economic policies, development of common regional institutions, among other topics related to regional integration.

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Activity I.1.8. Impact of infrastructure on the effectiveness of trade integration in Latin America and the Caribbean

A. Background and justification

The empirical evidence available since the mid-20th century evidences the contribution of regional integration Programmes to the increase of trade volumes among the economies of the world. It has been documented, for example, that the reduction of economic barriers among countries in Asia and Europe has allowed for expanding trade in those regions, which in turn has opened up spaces for technological progress, structural changes and the economic development of the countries that make up those regions. In the case of Europe, the gradual deepening of its integration project has achieved that at present the bulk of its trade volume is within the region, thus exploiting highly profitable idiosyncratic complementarities of the European economies.

While the economic integration mechanisms created in Latin America and the Caribbean have led to greater trade relations among the countries of the region, the evidence seems to indicate that the effects of such programmes on trade have been limited.¹ In this connection, some authors have pointed out as causative factors of such ineffectiveness to the existence of high transaction and transportation costs, caused primarily by an insufficient quantity and quality of infrastructure and outdated institutional development within the region. However, such assertions have been kept at the level of hypotheses and little has been done to formally investigate the implications of those elements on the effectiveness that they have on regional integration.

The study on the *Impact of infrastructure on the effectiveness of regional integration and on intra-regional trade in Latin America and the Caribbean* seeks to cover the existing knowledge gap on this matter by investigating the limitations that can be generated by the absence of an adequate development of infrastructure in the commercial dynamics of countries. This project intends to broaden existing knowledge about the economic impacts of infrastructure and to provide useful background information for the formulation of joint public policies in favour of a more effective integration process, which benefits Latin American and Caribbean citizens.

B. Objectives

1. Determine the influence of existing infrastructure (aggregate and by components) on the effectiveness of the economic integration efforts in the promotion of intra-regional trade in Latin America and the Caribbean.
2. Examine the Latin American and Caribbean experience in the areas of infrastructure, economic integration and intra-regional trade in light of the experiences in Asia and Europe.
3. Identify the sectors of infrastructure that most affect the relationship between regional integration and intra-regional trade in Latin America and the Caribbean.
4. Suggest lines of action in the area of investment, in order to optimize the positive effects of the regional integration projects on intra-regional trade in Latin America and the Caribbean.

¹ See, for instance, Josef C. Brada and José A. Méndez, "Economic Integration among Developed, Developing and Centrally Planned Economies: A Comparative Analysis", *The Review of Economics and Statistics* 67, Number 4 (1985): 579-556, doi: 10.2307/1924798; and Francisco E. Thoumi, "Bilateral trade flows and economic integration in Latin America and the Caribbean", *World Development* 17, Number 3 (1989): 421-429, doi: 10.1016/0305-750X (89)90214-3.

C. Expected results

A report which will contain a review of the empirical evidence concerning the impact of infrastructure on the effectiveness of economic integration projects and on the promotion of intra-regional trade in Latin America and the Caribbean.

PROJECT I.2. Analysis of productive structures and economic growth in the region

Activity I.2.1. Ecotourism and its role in the promotion of sustainable development

A. Background and justification

One of the goals and objectives outlined in the Agenda 2030, which has been agreed upon by the heads of State and senior representatives of the nations of the world within the United Nations Organization (UN) is the promotion of productive transformation of the economies in the region towards sustainable and inclusive growth. This promotes poverty reduction, the support to the economy of subsistence concerning primary goods and the incorporation of small States to the use the most modern technological tools.

Within this context, tourism is one of the activities that are constantly being subject to evaluation, due to the impact that it can have on the environment. This activity, according to the World Tourism Organization (UN WTO, 2016), generates more than 8.7% of the employment in Latin America and represents 9.3% of global GDP.

In addition to encouraging greater promotion to tourist destinations as an important activity for these countries, a mechanism of preservation and conservation of the environment must be encouraged. Thus, ecotourism emerges as a new way of continuing with tourist activities as a source of resources, while raising awareness about the need and importance of preserving the environment for future generations.

The International Ecotourism Society defines this new form of tourism as a responsible way to enjoy natural areas, which seeks to preserve the environment and improve well-being of local residents through the prevention and mitigation of the environmental impact of tourist activities and the promotion of environment awareness and culture.

Ecotourism aims at a sustainable growth, in the sense that it is aligned with the Agenda 2030, particularly in terms of its objectives, including: i) ensure sustainable consumption and production patterns; ii) take urgent measures to combat climate change; iii) preserve and use oceans, seas and marine resources in a sustainable manner; and iv) promote the sustainable use of terrestrial ecosystems.

There are successful experiences in the development of this type of activities. Such is the case of the initiative of the Spanish Ministry of Industry, Energy and Tourism, which, in 2012, decided to aim at the transformation of the tourism model based on the concepts of innovation, sustainability and accessibility, in order to preserve the tourist capacity of this nation. It should be noted that Spain is the second country in tourism expenditure and the third one in the number of tourists received annually at the global level.

Within the region, several countries have worked to promote this form of tourism and implement best practices in environmental conservation.

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With this initiative, the Permanent Secretariat of SELA aims to open up a space for the generation of debates and discussions on ecotourism and sustainable development, so as to allow for expanding links with other regions that are more advanced in this field, and share experiences and best practices. Thus, this is a contribution towards the achievement of the goals of the Agenda 2030 through the promotion of the tourist activity and the increase of well-being of the communities linked to this activity.

B. Objectives

1. Disseminate regional and extra regional experiences and initiatives on Smart Tourist Destinations and Ecotourism, highlighting the barriers that have been faced in the implementation of these activities from the institutional point of view, and the different ways to find a solution through public-private partnerships.
2. Identify the benefits of ecotourism as regards environmental, economic, cultural and social matters, according to the objectives of the Agenda 2030.
3. Generate a space of encounter for cooperation between public and private organizations with the purpose of promoting ecotourism initiatives and Smart Tourist Destinations in the region, by collecting and disseminating statistical data (*Open Data*) for the design and implementation of more appropriate public policies.

C. Expected results

1. Holding a Regional Meeting that convenes tourist focal points of the Member States of SELA, with the purpose of promoting ecotourism in Latin America and the Caribbean as an engine for sustainable growth.
2. Establishing working groups between public and private organizations, which addresses the recommendations stemming from that forum.

Activity I.2.2. Determinants of migration flows in the region and their impact on the labour market

A. Background and justification

Migratory processes are, perhaps, the latest and deepest manifestation of regional integration processes. They have an impact on a variety of aspects, such as urban planning, labour market, capital movements and citizen security. However, their importance goes beyond any of these elements, because above all, migratory processes, put to the test the capacity of adaptation of peoples and recognizing each other as equals, so as to build relations for co-existence and tolerance.

Although it is a variable of enormous significance there are not many studies that analyse its determinants and evaluate their impact on the region. This is mainly due to two reasons. Firstly, the lack of studies on migration is explained by the difficulties faced in finding reliable statistical databases on cross-border people flows. The information available tends to be inconsistent and, in general, incomplete.

Secondly, the studies on migration have emerged as complementary information to the integration processes, and the emphasis of the governments has rather been on the analysis of intra-regional trade. Paradoxically, the latter continues to be relatively small, whereupon the

economies of Latin America and the Caribbean have integrated deeper with extra-regional markets, rather than with each other.

The region's economies cannot escape the globalization and productive transformation processes, which open up new opportunities for the integration of labour markets. These trends are expressly reflected in the constituent documents of the integration mechanisms, and they provide for the harmonization of economic and social policies with the free movement of goods, services, and productive factors among countries within the mechanism.

Thus, concerning mobility of factors and migration aspects, subregional integration schemes have made proposals ranging from the Residence Agreement as a key step in the integration process – since it offers equal treatment in terms of labour law and working conditions – to the promotion of programmes for recognition of higher education diplomas in foster the free movement of labour force and the best use of human resources.

Beyond the legal issues associated with the treatment of persons in the different integration mechanisms, there is a series of economic incentives that have an impact on migration processes. This meeting intends to discuss some of the elements that determine migratory flows and to describe the way in which they have an impact on the labour market of the countries of Latin America and the Caribbean. It also seeks to review, compare and characterize the available information on migratory movements in the region, which will be useful for the entities responsible for decision-making around this reality facing our nations.

B. Objectives

This event is intended to highlight the importance of migratory movements, as a significant manifestation of the regional integration processes, taking into consideration that their impact affects a variety of aspects, such as urban planning, labour market, capital movements and citizen security.

C. Expected results

1. A document on the determining factors of migration flows in the region and their impact on the labour market, which gathers the proposed indicators, with a methodology that allows for expanding and maintaining the database required on the process of migration flows in the region.
2. A Regional Meeting that presents, on the one hand, the main results of the study analysing the factors and causes of migration in the region and its implications at the level of the labour markets; and on the other hand, it intends to analyse migration policies in the region based on the experiences of integration blocs. Various experts will make presentations on immigration policy in the subregional blocs. Such an analysis will allow for gaining knowledge about the common and divergent points of migration policies in the region. This topic will be preceded by a presentation on the prospects of migration in Latin America and the Caribbean.

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PROGRAMME: TRADE FACILITATION

PROJECT I.3. Regional Meetings on Foreign Trade Single Windows

Activity I.3.1. X Latin American and Caribbean Regional Meeting on Foreign Trade Single Windows

A. Background and justification

Foreign Trade Single Windows are strategic tools to facilitate trade and promote an increase in trade flows, with a greater potential as progress is achieved in terms of interoperability at the regional and/or subregional levels. The appropriate application of ICTs for the development of Single Windows serves as a basis so that business information flows efficiently accompany the international movement of goods and can contribute to greater gains in competitiveness throughout the international supply chain.

The agreement on trade facilitation of the WTO includes a specific provision concerning the adoption of Single Windows and encourages to make progress in terms of their interoperability, as an effective means for streamlining, simplification, efficiency and transparency in commercial transactions of exports, imports and transit.

Continuing with the effort launched in 2010 with the first Latin American and Caribbean Regional Meeting on Foreign Trade Single Windows, carried out jointly with the Ministry of Commerce, Industry and Tourism of Colombia, the Permanent Secretariat of SELA has systematically promoted these annual regional meetings with the purpose of fostering concertation processes that contribute to digital inclusion within the framework of the regional integration processes, as well as a permanent and proactive debate on issues of significance related to Single Windows, regarding regulatory, technical, technological and governance matters.

The IX Latin American and Caribbean Regional Meeting on Foreign Trade Single Windows addressed three thematic blocs that dealt with issues relating to the management of information on Single Windows and their use for risk management; the progress in the implementation of the WTO agreement on Trade Facilitation; the latest recommendation of the UN-CEFACT concerning public-private partnerships for trade facilitation; some elements pertaining governance of Single Windows; the importance of transport for trade facilitation; and, as traditional, sharing the progress and challenges of Single Windows in the member countries of SELA that participated in the meeting.

As with the previous meetings, with the X Regional Meeting on Single Windows, the Permanent Secretariat seeks to promote the analysis of strategic elements and relevant experiences in this matter, with a view to disseminating best practices and recommendations that contribute to strengthen programmes for the optimization of processes that facilitate and promote foreign trade in those countries that have incorporated this tool and that also support the efforts aimed at consolidating Single Windows in Latin America and the Caribbean, as part of the trade facilitation and e-government strategies.

B. Objectives

1. Discuss emerging and innovative issues with relevant impact on the design and development of Foreign Trade Single Windows in Latin America and the Caribbean, as an essential tool for international trade facilitation.
2. Provide cutting-edge analytical elements that contribute to the progress and deepening of Foreign Trade Single Windows in Latin America and the Caribbean and their relationship with other links in the supply chain.
3. Continue with the efforts to provide information that contributes to link facilitation of transport to the discussions and developments that are generated as regards Single Windows and trade facilitation in general.
4. Disseminate the best practices generated by projects and/or programmes dedicated to designing and implementing Single Windows, highlighting methodologies, procedures and resources of proven effectiveness in the area of cross-border trade paperless trade, following criteria of efficiency, compatibility of standards and security.
5. Generate convergences around the development of Single Windows, aiming at the unification of the criteria required for implementing common processes and deploying systems capable of exchanging information, oriented towards the development of the organizational and technological interoperability and harmonization of data on the basis of international standards in foreign trade.

C. Expected results

Conduction of the X Latin American and Caribbean Regional Meeting on Foreign Trade Single Windows as a space to analyse critical and emerging issues related to their development, and dissemination of the most significant regional experiences on this subject. For this purpose, as on previous occasions, the meeting foresees the participation of representatives of the Member States in charge of the design and execution of Single Windows, related instances such as customs, ports and ministerial bodies associated with imports and exports of goods and services. The participation of representatives of international and multilateral institutions related to these processes is also planned.

PROJECT I.4. Programme for the creation of the Latin American and Caribbean Network of Digital and Collaborative Ports: Towards strengthening logistic port communities, standards of services and technological innovation

Activity I.4.1. Programme for the creation of the Latin American and Caribbean Network of Digital and Collaborative Ports – Phase III: Transition towards the conformation of the Network

A. Background and justification

Through Resolution P.E. No. 0047/2017, dated 9 June 2017, CAF-development bank of Latin America approved a non-reimbursable technical cooperation fund to the Permanent Secretariat of SELA in order to support the programme for the creation of the Latin American and Caribbean Network of Digital and Collaborative Ports, Phase III, which aims to consolidate and expand the Regional Programme for the creation of the Network of Digital and Collaborative Ports, launched in 2014 and continued in 2015-2016, so that progress can be made in the achievement of the ultimate objective of effectively establishing the Network, and the recommendations can be

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replicated in order to facilitate and encourage collaborative innovation projects in countries, port communities and logistic corridors in Latin America and the Caribbean.

The implementation of Phase III of the programme started on 15 August 2017 and it is expected to last one year. This Phase III proposes the expansion and consolidation of the Network, with the involvement of six new ports in the programme and the formation of a transitional organizational structure that will take the initial steps that will enable progress towards the effective establishment of the Network of Digital and Collaborative Ports as an entity with legal personality.

This programme has undertaken the task of strengthening various aspects of logistic competitiveness, from the institutional and logistic port communities standpoints, regional public-private partnerships around logistic national plans, and from operational point of view, with best practices for synchronizing ship-port-terrestrial transport operations and collaborative information technologies such as Port Single Windows, logistic coordination and logistic modules in interoperation with the Foreign Trade Single Windows.

To the extent that more countries and its port communities conform real trade and transport facilitation networks with emphasis on the reference model for competitiveness of logistic port chain designed within the framework of this programme, they should begin to make progress in minimizing the structural flaws present in our region.

In addition, the Network proposes a series of support subsystems, such as the strengthening of the Methodological Support Groups consisting of centres for research and innovation that technically support every port community in each region and country. Also, the programme intends to move forward in providing a greater regional institutionality to the Network, in such a way that there is a strategic plan that allows them to promote and influence public policies as regards trade and transport facilitation, digitalization of ports and greater cooperation in each country.

B. Objectives

1. Implement a temporary organizational scheme that supports the management of the governance structure and the collaborative activities proposed in the institutional model for the transition towards the establishment of the Network of digital and collaborative ports, made in Phase II of the programme and adopted at the first Regional Meeting on port logistic communities. This structure will be co-managed in an *ad honorem* manner, by representatives of the nine (9) countries and 15 ports participating in Phases I and II, on the basis of the signing of the terms of cooperation agreed upon in the Memorandum of Understanding for Phase III of the transition of the programme.
2. Make progress in the early stages of conceptualization, mobilization of members and strategic planning in six (6) new port communities during 2017: Puerto de Lázaro Cárdenas in Mexico, Kingston in Jamaica, Lisas in Trinidad and Tobago, Barranquilla in Colombia, Buenos Aires in Argentina, and Santa Catarina in Brazil. A strategic diagnosis workshop on the logistic port community will be held in each port.
3. Continue with the training and capacity building activities in the workshops on "Management of the logistic port chain" in the ports incorporated in Phase II of the programme, and support specific programmes in governance, cohesion, connection and benchmark in the ports included in Phase I of the programme.
4. Structure some terms of reference (ToR) to address the analysis of competitive and institutional aspects, operations and information technologies enabling for a pilot port logistic corridor in the region.

- 5 Organize regional meetings of logistic port communities, in 2017 and 2018, in Cartagena de Indias, Colombia (2017), and Lima, Peru (2018), with the support of international and local partners.

C. Expected results

1. Conduct technical visits for making strategic diagnoses, strategic planning exercises and execution of workshops on management of logistic port chains, as appropriate, in the port systems linked to the various phases of the programme.
2. Design the Quantitative Model of indicators of productivity in the logistic port chain.
3. Apply and report the measurement of the Index of Competitiveness and Management of the logistic port chain, Version 2.
3. Conduct the Regional Meeting on Logistic Port Chains.
4. Prepare and submit the Final Report on Phase III at SELA.

Activity I.4.2 III Latin American and Caribbean Regional Meeting of Logistic Port Communities

A. Background and justification

Pursuant to the Work Programme of the Permanent Secretariat for 2017, the II Regional Meeting of logistic port communities was held in Cartagena, Colombia, from 26 to 29 July 2017. On that occasion, the central objective of the event was to consolidate the temporary working structure that serves as a basis for the effective creation of the Network of digital and collaborative ports, based on a new regional partnership around them, whose mission is to respond to the new challenges of port governance, technological modernization and trade facilitation, promoting the regional port ecosystem towards higher levels of technological interoperability, logistic integration, adaptation to the markets, as well as social and environmental sustainability.

Specifically, its objectives were: i) Strengthen links, networking and collaboration among institutions, professionals and academics linked to the logistic port chain; ii) Develop a high-level debate among representatives of international technical cooperation (CAF-development bank of Latin America, SELA and ECLAC), port communities, government, unions, academia and suppliers to the industry on topics that strengthen the ecosystem of digital and collaborative ports in the region; iii) Inform about the working plan of the Technical Cooperation Programme Phase-III with long-standing and new ports; iv) Socialize the organisational structure of the Network in its transition stage and its working plans for 2017-2018; and v) Create an initial strategic guideline for the Network in its formalization stage and make progress with a survey on adoption of technologies in the logistic port chain.

The Transitional Directive Committee, established in March 2017 and chaired by the national port authority of Peru, presented the working plan for each one of the committees and of the Expert Group, highlighting among their fundamental objectives the formalization of the Network as a regional non-profit association.

The II Meeting recommended to continue with these annual seminars and the delegation of Peru proposed to conduct the third Latin American and Caribbean meeting on logistic port communities in Lima, which was unanimously approved.

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B. Objectives

1. Maintain levels of recognition, legitimacy and cohesion of port systems linked to the programme.
2. Promote collaborative work among those linked to the programme.
3. Inform the members of the Network about the technical and methodological tools developed within the framework of the programme.
4. Promote the best practices identified for the logistic port community
5. Disseminate specific information and knowledge.
6. Foster debates in port communities, so that they include medium and long-term strategic definitions and lead to the creation of multidisciplinary teams according to priorities of competitiveness and sustainability.
7. Submit the results of the collaborative work carried out by the three technical committees and the Transitional Directive Committee.
8. Submit the proposal for the formal constitution of the Network of digital and collaborative ports.

C. Expected results

Conduction of the III Latin American and Caribbean Meeting on Logistic Port Communities, as part of the strategies for cohesion and dissemination of the work carried out during the implementation of Phase III of the programme, whose ultimate goal is to achieve the effective conformation of the Network of Digital and Collaborative Ports. The III Meeting foresees the participation of the representatives of the port systems linked to the programme, as well as officials from ministerial bodies related to this subject and other organizations interested in contributing to the collaborative work executed within this context.

PROGRAMME: INFORMATION AND COMMUNICATIONS TECHNOLOGIES AND KNOWLEDGE SOCIETY

PROJECT I.5. Promotion of Innovation and technological development

Activity I.5.1. Electronic commerce and its development in Latin America and the Caribbean. Status and prospects

A. Background and justification

Since the end of the 20th century, electronic commerce has acquired an increasingly relevant role on the world economic stage. According to data collected by the United Nations Conference on Trade and Development (UNCTAD), in the United States, between 2002 and 2012, the participation of business income from e-commerce doubled from 15% to 30% of the total income of companies in that country. In turn, companies in Asia, such as Alibaba Group (China) or Rakuten (Japan), have assumed the leadership in the provision of electronic commerce services in the region, which has enabled them to achieve milestones such as providing the greatest volume of goods in the world (in terms of their market value) and offer electronic mechanisms for placement of Asian goods in markets of other regions of the world.

In Latin America and the Caribbean, e-commerce also has gained spaces in regional economic relations, although unevenly and on a smaller scale in comparison with other countries of the world. In this connection, it has been reported that Brazil, Mexico and Argentina accumulate nearly

65% of e-commerce between businesses and final consumers in the region. Also, it has been reported that Argentina, Chile and Uruguay accumulate the largest proportions of online shoppers, reaching values close to 70% of Internet users in those countries.

Despite the challenges existing in the field of digital media in Latin America and the Caribbean, electronic commerce has the potential to become a very useful tool for the empowerment of the participation of small and medium-sized enterprises of Latin America and the Caribbean in international markets. The use of online trading mechanisms is accompanied by a significant reduction of the transaction costs incurred by both firms and consumers, in view of the presence of economies of scale derived from the flexibility in the flows of information without additional costs. Therefore, Internet trade offers a path outward to companies with scales of production so small that they could not take up the typical costs of export through traditional mechanisms.

As part of SELA's activities regarding the digital economy and the use of information and communications technologies for trade, the meeting *E-Commerce in Latin America and the Caribbean: Opportunities and Challenges for the internationalization of SMEs* seeks to take a first step in addressing the concerns of small and medium-sized enterprises with export potential in the region. Through this meeting, both business leaders as public policy makers will get a picture of the usefulness of electronic commerce as a tool for internationalization, and will envisage concrete solutions in this area, in accordance with the needs faced by small and medium-scale enterprises in the region.

B. Objectives

1. Identify the specific opportunities and challenges that must be addressed by the countries of Latin America and the Caribbean for the use of electronic commerce as a tool for the insertion of small and medium-sized enterprises into international markets.
2. Define a concrete framework of public policies for the use of electronic commerce in the insertion of small and medium-sized enterprises of the region into international markets.

C. Expected results

A document outlining the development of the participations in the meeting which gathers the results of the discussions about the use of e-commerce as a mechanism for the internationalization of small and medium-sized enterprises in Latin America and the Caribbean.

Activity I.5.2. Intra-regional value chains based on digital economy and smart technologies

A. Background and justification

The need to generate sustainable growth and decent employment through trade remains an important political goal for many developing countries. According to the International Trade Centre, 80% of world trade takes place within the value chains, and around 60% of this trade is of intermediate goods. Integration into value chains allows SMEs in developing countries to benefit from participation in world trade. Globalization, coupled with the rapid advance of new technologies and their disruptive business models, poses a series of challenges and opportunities for the internationalization of SMEs on a large scale, since the agreements of Bali in 2014 will allow for rules of the game aimed at trade and transport facilitation.

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According to a United Nations and ECLAC document entitled "Digital Agenda for Latin America and the Caribbean (e-LAC 2018)", derived from the V Ministerial Conference on the Information Society, in 2015, to the extent that ICTs, and particularly Internet, permeate all the economic and social fields, their relevance in terms of innovation, growth and development takes on a new dimension. After more than one decade of ICT policies, Latin America and the Caribbean shows progress in the establishment of legal frameworks, the levels of coverage of telecommunication services (mobile telephony and the Internet, mainly), the implementation of programmes in social areas (especially education and health) and the development of e-government. However, the countries of the region continue to advance at different speeds, with gaps within and between them, as well as differences vis-à-vis more developed economies.

The pillar of the digital economy on the Agenda promotes the development of the ICT industry, and proposes to increase growth based on innovation and productivity, enhance e-commerce, and strengthen the regional digital entrepreneurship ecosystem. Countries have begun to adopt the guidelines of the Regional Digital Agenda, where one of the bets is achieving efficient integration between the ICT industry and traditional and exporting companies, and each country bases its capacity for trade integration at the regional and global levels. It is the case, for example, of the "smart industries" programme, which is being developed by the government agency CORFO in Chile, and aims at creating an ecosystem of integration between ICT suppliers and the research and innovation centres, in strategic alliance with traditional exporting sectors, such as mining, salmon farming and agribusiness industries. Such integration is based on improving governance skills among public, private and innovation stakeholders, as well as strengthening marketing, promotion and improvement processes.

In Latin America and the Caribbean there is a significant lag with respect to the adoption of technologies in companies. According to the results of the Digitization Index (DIGIX), which is measured by the Research Team of the BBVA Bank (Cámara and Tuesta, 2017), there is a poor performance in the region.

The DIGIX evaluates factors and behaviours of the agents and institutions that allow a country to take advantage of information and communications technologies (ICTs) to increase their competitiveness and welfare. The DIGIX is structured around six main dimensions: (1) Infrastructure, (2) Adoption in households, (3) Adoption in enterprises, (4) Costs, (5) Regulations and (6) Contents. Each dimension is, in turn, divided into a number of individual indicators, for a total of 21 indicators.

A smart value chain is defined as an international supply chain involving suppliers, producers, logistic services networks, distributors and final consumers, who have achieved a degree of exchange of information based on digital enablers that allow them to reduce their response times to markets, take advantage of shared resources, minimize the carbon footprint from their operations, and continually improve their products in two-way collaboration with the final customer.

In its mission to support trade and investment, SELA aims at facilitating the internationalization of SMEs in intra-regional value chains and their integration into the ecosystem of the digital economy and smart technologies. For this purpose, it is necessary to undertake technical cooperation activities focused on disseminating global best practices in matters of regional integration of value chains, promote sectoral and transnational governances that integrate the ICT industry, innovation and entrepreneurship to the current and future needs of the internationalized SMEs and strengthen public policies for the promotion of such collaboration actions.

B. Objectives

1. Identify the best international practices for governance of “enterprises-digital platforms-government-innovation”
2. Characterize the main challenges, gaps and opportunities for a pilot group of intra-regional value chains, to then accompany them in their evolution into intelligent development ecosystems.
3. Promote collaborative work among providers of digital platforms (ICT companies, innovation centres and entrepreneurs), the internationalized SMEs, and decision-makers in governments and development institutions.
4. Develop a series of new instruments or reference models to promote region-wide smart value chains, increasing trade among our nations and raising the standards of employment and sustainability.

C. Expected results

Conduction of a Seminar and a document covering the intra-regional possibilities for international technical cooperation for strengthening a new ecosystem of collaboration between those SMEs participating in value chains, new service platforms based on the digital economy and public policies that generate the regulatory framework for promoting these new forms of collaboration.

PROJECT I.6. Strengthening the statistical information system on SELA’s Web site**Activity I.6.1. Development of an interactive system for the management of databases and economic statistics on SELA’s Web site****A. Background and justification**

The design and publication of statistical indicators for the analysis of the various economic and social phenomena that occur in the world has gained importance in the academic and public policy spaces in recent years. Thanks to the development of information technology, processing and storage of large volumes of information are carried out at an increasingly lower cost in terms of space, time and money. In addition, the evolution of the internet has fostered the dissemination of information at very high speeds, along with the creation and implementation of new strategies for data distribution, based on the pillars of openness and transparency of information.

Following the current global context, international organizations have taken on the challenge of creating the various statistical indicators and use tools for a more efficient dissemination of data, with the purpose of providing a necessary overview of our environment and contribute to create solutions to contemporary challenges based on information.

An example can be found in the experience of the World Bank, which has been expanding its range of statistical indicators on poverty, inequality and economic and social development in general, in addition to offering search tools and online access to its databases. In turn, the Inter-American Development Bank has made available a series of easy-access, online specialized databases, which share indicators covering extensive areas, such as public policies for the development of skills or social security systems in Latin America. Other organizations are also conducting similar actions, which points towards the consolidation of large networks of information driven by national and international public institutions in the next few years.

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In this connection, the *Interactive Portal of Statistical Indicators* of SELA seeks to strengthen the dissemination of information relating to the social and economic integration in Latin America and the Caribbean, by providing an interactive space that provides access to the various statistical products offered by the organization. By using this tool, the Member States and other users can timely access statistical information on the regional integration process and other economic and social interrelationships among the countries of the region.

B. Objectives

General objective

Offer the statistical indicators prepared by SELA through a simple, interactive platform.

Specific objectives

1. Provide an interactive and dynamic environment for visualization of statistical information produced by SELA.
2. Provide a tool to access and download the indicators estimated within the organization, together with their relevant statistical information base.
3. Facilitate the work to disseminate the resulting quantitative information of the activities conducted at SELA.

C. Expected results

A web site consisting of an interactive visualization environment and an advanced search tool, as well as download of quantitative indicators which will work on a detailed statistical information database compiled or estimated at SELA, which will be hosted on the Network.

PROJECT I.7. Management and coordination of specialized portals

Activity I.7.1. Management and maintenance of the specialized portal on the Community of Latin American and Caribbean States (CELAC)

A. Background and justification

The Latin American Council of SELA, at its XXXVII Regular Meeting, held in Caracas, Venezuela, from 19 to 21 October 2012, through Decision 527 "Support of the Permanent Secretariat of SELA and its Work Programme to the establishment of the Community of Latin American and Caribbean States (CELAC)", instructed the Permanent Secretary of SELA to attach priority, in implementing its Work Programme, to the activities of the Community of Latin American and Caribbean States (CELAC)"

As part of its efforts to comply with the aforementioned decision and, in order to help promote CELAC's initiatives based on fostering the processes of regional integration, the Permanent Secretariat created in its portal a site or subportal that reflects all the documents containing the intellectual production of CELAC, published by its Pro Tempore Secretariat. Also, the site includes a selection of information from regional and international media referred to the community.

B. Objectives

Continue with the process of dissemination of the regular activities and, in particular, the documents produced by the *Pro Tempore Presidency* and other instances of CELAC.

C. Expected results

Timely and effective access to updated documents produced by CELAC so that planners, scholars and, in general, those persons interested in the integration processes of Latin America and the Caribbean, know CELAC's vision of those processes, its initiatives and its contributions to its success.

Activity I.7.2. Management and maintenance of the specialized portal on International Cooperation Directors for Latin America and the Caribbean: Promotion of South-South Cooperation**A. Background and justification**

The creation of this portal, in 2012, was based on Decision No. 56 of the Latin American Council (IX Regular Meeting, Caracas, Venezuela, from 21 to 21 September 1983) through which the Latin American and Caribbean Economic System (SELA) was designated as "Regional Focal Point for the exchange of information on Technical Cooperation among Developing Countries".

Since its activation, this portal has been the channel through which the Permanent Secretariat has collected, systematized and disseminated selected information on international cooperation of interest for Latin America and the Caribbean, with special emphasis on South-South and Triangular Cooperation, surveying the documents, initiatives and most significant events associated with the progress of such modalities of international cooperation, as well as the value that they have gained for regional development.

B. Objectives

In 2018, one of the objectives of the Permanent Secretariat of SELA in the field of international cooperation is to maintain this portal as an observatory that registers events and situations associated with international cooperation, with special reference to South-South Cooperation in Latin America and the Caribbean, and offers relevant, up-to-date and reliable information addressed, especially, to the International Cooperation Directors of the region and, in general, to stakeholders in such an important aspect to promote the development of the Member States of SELA and the region as a whole.

C. Expected results

A tool of relevant information, up-to-date and easy to use, in the field of international cooperation, with emphasis on South-South Cooperation, for the benefit of organizations, specialists, planners and decision makers, especially the International Cooperation Directors of Latin America and the Caribbean.

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Activity I.7.3. Management and maintenance of the specialized portal on Public-Private Partnerships for Disaster Risk Reduction in Latin America and the Caribbean

A. Background and justification

In Latin America and the Caribbean, there is a strong interest in fostering initiatives that promote and strengthen Public-Private Partnerships (PPP) in various areas of regional development. At present, both sectors are involved in shared projects both in the phase of construction and financing and in the operational phase. In this way, these projects turn out to be more attractive to the private component because risks are also taken by the governments.

With respect to the area of disaster reduction, there is recognition of the need to exploit the potential of the private sector to support and complement government actions in planning activities for disaster risk reduction, as well as in the response and humanitarian assistance vis-à-vis disasters at the national and regional levels. It has also been acknowledged that the expertise and resources of the private sector can help to reduce disaster risk, strengthen community resilience and contribute to adaptation to climate change, especially in collaboration with the communities and the local and national governments. Hence, participants in the "V Regional Meeting on Partnerships between the Public and Private Sectors for Disaster Risk Reduction in Latin America and the Caribbean" (Santiago, Chile, 28 and 29 November 2016), organized by SELA, recommended to improve the message as regards public-private partnerships and DRR to the private sector, so that it can perceive clearly the incentives, encouragement and the benefits that can be obtained by participating in such alliances.

The issue of public-private partnerships is already critical for regional organizations such as the United Nations Office for Disaster Risk Reduction (UN/ISDR), the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) and SELA.

In 2018, the Permanent Secretariat of SELA intends to continue to promote partnerships for disaster risk reduction, underscoring the need to continue strengthening the relationship of complementation and joint action between the two sectors, in order to enhance the capacity of response and prevention in society and its institutions amid disaster situations.

B. Objectives

1. Collect, select, organize, systematize and disseminate information, initiatives, best practices and proposals about public-private partnerships to reduce disaster risk in Latin America and the Caribbean, with special emphasis on the information generated by entities specialized in the subject such as CAPRADE, CDEMA, CEPREDENAC, REHU, CELAC, UN/ISDR and OCHA, as well as the information stemming from instances such as the "Forum of Coordination and Cooperation of Subregional Mechanisms in charge of Disaster Risk Management of the Americas", the "Regional Platform for Disaster Risk Reduction" and the "Regional Meetings on International Humanitarian Assistance Mechanisms (MIAH)".
2. Promote enterprises and guilds of the Latin American and Caribbean private sector interested in contributing to reducing disasters in the region, highlighting the actions of the "Volunteer Commitment of the Private Sector of Latin America and the Caribbean towards Disaster Risk Reduction and Resilience Building"

C. Expected results

1. Maintenance, update and enrichment of the portal on Public-Private Partnerships for Disaster Risk Reduction in Latin America and the Caribbean.
2. Effective dissemination of the actions undertaken by CAPRADE, CDEMA, CEPREDENAC, REHU and the UN/ISDR, as well as OCHA, and the "Volunteer Commitment of the Private Sector of Latin America and the Caribbean towards Disaster Risk Reduction and Resilience Building" in complying with their mandates.

Activity I.7.4. Management and maintenance of the specialized portal on Free Trade Zones in Latin America and the Caribbean**A. Background and justification**

Free trade zones, as a mechanism for economic modernization, have a direct impact on economic growth and income levels of the "host country". Therefore, they represent a valuable element for boosting competitiveness, economic growth, job creation and technology transfer. In addition, the development of the activity in free trade zones is directly related to the dynamism of flows of foreign direct investment (FDI), the promotion of foreign trade, the promotion of economies of scale, capital investment and the development of the productive, industrial and services system of the country.

Experts attending the First Conference of Government Authorities in charge of Free Trade Zones in Latin America and the Caribbean (Cali, Colombia, 20 and 21 September 2012), organized by the Permanent Secretariat, emphasized that free trade zones have become a significant instrument for the productive and industrial development of Latin American and Caribbean countries, especially for their potential to transform economically and socially depressed areas and towns into real development poles through the promotion of competitiveness, the formation of productive linkages and the development of technology-intensive activities producing goods and services, as well as logistics.

In addition, participants in the aforementioned event recommended that the Permanent Secretariat should create "a bank of knowledge and exchange of information on existing commercial and industrial free zones in Latin America and the Caribbean". In response to this approach, the Permanent Secretariat launched and maintains the specialized portal of Free Trade Zones in Latin America and the Caribbean.

B. Objectives

Continue gathering and disseminating relevant and up-to-date information on free trade zones in Latin America and the Caribbean.

C. Expected results

An updated tool that contains relevant and useful information for stakeholders involved in the development of free trade zones in the region.

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Activity I.7.5. Management and maintenance of the specialized portal on SELA-SMEs

A. Background and justification

The Permanent Secretariat of SELA, through its Latin American and Caribbean Regional Programme for Small and Medium-sized Enterprises (SELA-SMEs Programme), promotes the development of the public and private business structure of the Member States of the organization through the strengthening of the institutional capacities of governmental and business focal points, as well as other bodies concerned to promote and implement programmes to support micro, small and medium-sized enterprises (MSMEs) in Latin America and the Caribbean.

To that end, the Permanent Secretariat aims to develop projects that encourage the creation of new production units, the expansion of existing ones, partnerships, the technological transformation and the productive articulation of MSMEs, among other objectives. In addition, it encourages the preparation of documents on the subject by means of seminars, meetings, workshops, and in particular the specialized portal on SELA-SMEs, a tool created in 2015 to provide both public and private stakeholders in the area with relevant and up-to-date information, including documents of particular relevance and interest generated by third parties.

This tool also provides the user with links to regional and international institutions related to the issue of MSMEs, as well as a directory of business and governmental focal points of the Member States of SELA. It should be noted that this portal includes a search engine to access existing legal instruments in the Member States of SELA, which contain the national regulatory frameworks for MSMEs.

B. Objectives

1. Gather, select, systematize and disseminate up-to-date information on MSMEs in Latin America and the Caribbean, focusing on the relevant areas envisaged in the SELA-SMEs Programme, such as innovation; entrepreneurship, partnerships, internationalization, and access to financing, as well as on the directories of focal points and legal instruments related to MSMEs;
2. Contribute to the dissemination of best practices and lessons learned from the development of MSMEs in the region; and
3. Continue strengthening the network of contacts with both public and private entities related to the development of MSMEs in the region.

C. Expected results

Updated portal aimed at becoming a first-hand reference in terms of useful information to the different stakeholders linked to MSMEs in the region.

Activity I.7.6. Management and maintenance of the specialized portal on the Network of Digital and Collaborative Ports

A. Background and justification

In order to increase visibility and disseminate, transfer and share knowledge and information generated within the framework of the Programme for the creation of the Network of Digital and Collaborative Ports, the portal on the Network was designed during Phase II of this Programme and is expected to become a key element that provides digital support at the stage of institutionalization of the Network of Digital and Collaborative Ports promoted by SELA.

Based on the first version of the design of this portal and specific feedback targeted in March 2017 with members of the Transitional Advisory Directory of the Network, focused on its features and tools for collaborative work, the optimization of the portal is considered necessary for it to respond in a more friendly manner to the needs of the public, private and academic stakeholders that are part of the community and thus support the collaborative work of the Programme.

B. Objectives

Optimize the specialized portal of the Network of Digital and Collaborative Ports, so that it becomes a real functional and friendly tool for the collaborative work of the community linked to the Programme for the Creation of the Network of Digital and Collaborative Ports and meets the goals of contributing to the dissemination, transfer, and share of knowledge and information generated within the framework of this Programme and in other related areas.

C. Expected results

A specialized portal as a functional and friendly tool for the institutionalization of the Network of Digital and Collaborative Ports and for the collaborative work of its members.

AREA II. ECONOMIC AND TECHNICAL COOPERATION

PROGRAMME: SUPPORT TO ECONOMIC AND TECHNICAL COOPERATION AMONG LATIN AMERICAN AND CARIBBEAN COUNTRIES

PROJECT II.1. Strengthening economic and technical cooperation in Latin America and the Caribbean

Activity II.1.1. XXIX Meeting of International Cooperation Directors for Latin America and the Caribbean: Strengthening cooperation in commercial connectivity in Latin America and the Caribbean: Towards greater integration into value chains

A. Background and justification

The impact of international trade on economic performance is recognized, as long as this may cause greater accumulation of productive factors or increases in productivity through the dissemination of technologies and knowledge. In this regard, three characteristics of the trade

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structure are of fundamental importance: the industries involved, the form of production of traded products and trade connections with world growth poles.

At present, the dynamics of international trade has moved away from the traditional approach with the creation of global value chains (GVC), which have been defined by UNCTAD (2013) as cross-border production systems in which the countries involved incorporate value into products according to their comparative advantages.

According to estimates of Hoekman, B. (2013, December), for the period 1990-2010, the countries with high participation in GVCs and high value added in exports reported an average annual growth rate of 3.4%, while those with high participation and low value added reached an annual rate of 2.2%.

In addition, according to OECD and ECLAC (2013), the lack of an adequate framework for logistics optimization in the production, transportation, storage and distribution processes affects the potential of relatively smaller economies to increase international competitiveness, and therefore logistics costs in Latin America and the Caribbean can exceed four times those of the countries of the Organisation for Economic Cooperation and Development (OECD).

The main element behind the low logistics performance of the region is the infrastructure deficit associated with the storage, distribution and transport sector. The Latin American and Caribbean region reports a high use of road transport with respect to other modes of transport, which affects the possibilities of complementarity and cost reduction. According to estimates from OECD and ECLAC (2013), the high concentration of road transport in the region is 15 times higher than that in the United States and originates an increase in logistics costs by 57%.

This situation presents a complex outlook, since, according to OECD and ECLAC (2013), the proportion of regional logistics-intensive exports is three times higher than in the OECD countries. For the region, the reduction in connectivity costs would facilitate its repositioning in GVCs by increasing intra- and extra-regional trade for a greater territorial interconnection and access to lower prices.

B. Objectives

1. Identify the main opportunities and challenges for international, triangular and South-South cooperation in strengthening trade infrastructure with a view to facilitating greater participation of the region in global value chains;
2. Generate synergy for the exchange of successful experiences and best practices in managing trade infrastructure with a view to reducing costs and time in foreign trade logistics;
3. Present the progress in managing trade infrastructure through the evaluation of the status of implementation of physical infrastructure works and the use of information and communications technologies for the modernization of logistical processes.

C. Expected results

1. Survey of the major cooperation initiatives developed by both Member States and regional and subregional institutions in the field of commercial connectivity;
2. Promotion of a public-private partnership that identifies and promotes investment in infrastructure, greater use of information and communications technologies and modernization of the regional transport network;

3. Strengthening regional governance for the achievement of institutional agreements that expand the spaces for cooperation regarding insertion in global value chains.

Activity II.1.2. Forum on opportunities for international cooperation for Latin America and the Caribbean: Challenges of the 2030 Agenda

A. Background and justification

Achieving sustainable development and meeting the Sustainable Development Goals (SDG) will be the strategic challenges of this generation, and the General Assembly of the United Nations in 2015 expressed the will and the need to integrate economic development with social inclusion and environmental sustainability.

At present, and according to the World Economic Forum (2016), three major trends can be identified: i) the global economy is grinding to a halt due to the slowdown in production and trade rates; ii) inequalities in the global and domestic spheres threaten political and social cohesion of societies; and iii) environmental degradation and accentuation of climate change increase the potential of natural disasters and make countries more susceptible and vulnerable to conflicts arising from these events.

Given this scenario, the 2030 Agenda for Sustainable Development creates the institutional framework for each country to manage to overcome the cross-cutting and multi-dimensional challenge that the development has raised for the 21st century through cooperation among States, the private sector and the civil society. However, the practical problem is how to coordinate the various initiatives and actions in a global framework adapted to local realities, with the necessary incentives to do so.

In this connection, Latin America and the Caribbean is at a crossroads: In a context of economic downturn, the region must urgently take measures that will prevent a greater economic backwardness with respect to the advanced economies while preserving the social benefits obtained during the commodity boom, under an umbrella that integrates, crosswise, a less predatory relationship with the environment.

For this reason, the achievement of the 2030 Agenda requires international cooperation schemes able to identify and respond to socio-economic and institutional, domestic and structural factors, which determine the success and failure of Latin American and Caribbean countries in their efforts to properly meet the SDGs.

Under these circumstances, institutional and inter-sectoral partnerships become an anchor point to obtain and mobilize the resources needed to implement the commitments in the area of Official Development Assistance (ODA), a fundamental tool to accelerate progress in achieving the SDGs. Said assistance is reflected in Goal 17 "Partnerships for the goal", Target 17.2: Ensure that developed countries meet the target of 0.7 per cent of gross national income for ODA to developing countries and 0.15 to 0.20 per cent of ODA to least developed countries.

In addition, the Permanent Secretariat of SELA since 1983 became a regional focal point for the exchange of information on technical cooperation among developing countries by Decision No. 156 of the Latin American Council, and in compliance with this mandate, it recognizes the opportunity to present to the Member States of SELA the major existing challenges in implementing the 2030 Agenda in the region.

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B. Objectives

1. Identify the main opportunities and challenges of international, triangular and South-South cooperation in implementing national and regional strategies to achieve the goals of the 2030 Agenda;
2. Contribute to the promotion of greater coordination and synergy among international cooperation focal points in Latin America and the Caribbean and bilateral and multilateral donors to achieve the goals of the 2030 Agenda;
3. Present innovative cooperation sources for sustainable development between regional and extra-regional stakeholders, linked to the public and private sectors, and civil society.

C. Expected results

1. Reduction in the information gap with respect to the main difficulties faced by the Member States of SELA, along with bilateral and multilateral donors who work with them, in implementing the 2030 Agenda;
2. Detection of regional hotspots demanding greater coordinated action among international cooperation agencies to facilitate the implementation of the SDGs;
3. Promotion of inclusion of non-State stakeholders in national strategies.

Activity II.1.3 VII Meeting on “Public-Private Partnerships for Disaster Risk Reduction in Latin America and the Caribbean”

A. Background and justification

Public-private partnerships for disaster risk reduction have awakened particular interest in recent years, due to the impact of natural disasters in the region and the need to develop contingency, continuity and prevention plans.

During the year 2017, and following the guidelines of the *Sendai Framework for Disaster Risk Reduction 2015-2030*, the Fifth Regional Platform for Disaster Risk Reduction brought together countries of the continent and intergovernmental organizations in the region to establish action guidelines that contribute to the compliance with the Sendai Framework. In the same year, the Global Platform for Disaster Risk Reduction (DRR) took place in Cancun and focused on the advances in the implementation of the Sendai Framework and on actions and plans aimed at reducing disaster risk.

In addition, the activities of the Permanent Secretariat of SELA in the context of partnerships for disaster risk reduction adhere to guidelines adopted by the United Nations General Assembly in its 2030 Agenda, among which are the end of poverty, sustainable cities and communities and climate action.

In this context, the Permanent Secretariat of SELA continues working, jointly and in a coordinated manner, with the United Nations Office for Disaster Risk Reduction (UNISDR) on providing spaces to continue promoting the creation of public-private partnerships for disaster risk reduction the continuity of Government and business operations during disaster situations.

In 2017, the “VI Meeting on Public-Private Partnerships for Disaster Risk Reduction in Latin America and the Caribbean: Business continuity and prevention plans for the tourism sector”, which will take place in Santo Domingo, Dominican Republic, on 7 and 8 December. This event is being

organized by the Permanent Secretariat of SELA, in cooperation with the Ministry of the Presidency and the Ministry of Environment and Natural Resources of the Dominican Republic, and the United Nations Office for Disaster Risk Reduction (UNISDR). This meeting aims to: i) Analyse the main variables that contingency, prevention, and continuity of business and operations plans should contain to deal with the priorities and essential and strategic issues of the tourism sector in the Member States of SELA; and ii) Exchange experiences and best practices on the development of contingency and continuity of business and operations plans within institutions and companies in the tourism sector.

For 2018, the Permanent Secretariat of SELA, in collaboration with the UNISDR, is scheduled to organize the VII Regional Meeting on Public-Private Partnerships for Disaster Risk Reduction in Latin America and the Caribbean in Montevideo, which is expected to be carried out in cooperation with Uruguay's National Emergency System (SINAE) in the field of action that the government authorities responsible for disaster risk consider a priority according to the interests of the region in this matter.

B. Objectives

1. Continue promoting the creation of public-private partnerships for disaster risk reduction with the help of governmental and private focal points in the region and the implementation of actions in the field;
2. Continue supporting the coordination and cooperation of the work carried out by the UNISDR in the field of strategic partnerships between the public and private sectors for disaster risk reduction, as well as in global and regional platforms; and
3. Further promote continuity of government, business and operations during disaster situations with the exchange of knowledge and experiences, collaborative environments among the various stakeholders in the field of risk management.

C. Expected results

Conduction of the VII Regional Meeting on Public-Private Partnerships for Disaster Risk Reduction in Latin America and the Caribbean.

Activity II.1.4. Latin American and Caribbean cooperation in trade and competition. Joint UNCTAD-SELA project. VIII Annual Meeting of the Working Group on Trade and Competition of Latin America and the Caribbean (WGTC)

A. Background and justification

The Latin American Council of SELA, by Decision N° 519 (2010), decided to support the establishment of the Working Group on Trade and Competition (WGTC), with purpose of achieving the institutional strengthening of the countries in the region in the area of trade and competition by facilitating the exchange of knowledge and experiences, promoting regional consultation and searching for economic and technical cooperation from both the region and the relevant international organizations working in the area.

In addition, by Decision N° 530 (2011), the Council asked the Permanent Secretariat of SELA to further provide technical support to the organization and development of activities of regional interest related to trade and competition identified by said Working Group, which operates in cooperation with UNCTAD.

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The WGTC, in coordination with the Permanent Secretariat of SELA and the General Secretariat of UNCTAD acting as Executive and Technical Secretaries, respectively, has met in: Bogota, Colombia (July 2011); Lima, Peru (June 2012); Buenos Aires, Argentina (September 2013); Punta Cana, Dominican Republic (November 2014); Manta, Ecuador (December 2015); Roatan Island, Honduras (November 2016); and San Salvador, El Salvador (October 2017).

B. Objectives

1. Share experiences with authorities responsible for trade and competition in the Member States on priority issues of the regional agenda, as they emerge from deliberations among said authorities in the region; and
2. Develop an analytical study on the subject that the authorities responsible for trade and competition in the region determine by consensus.

C. Expected results

Conduct the VIII Annual Meeting of the Working Group on Trade and Competition of Latin America and the Caribbean (WGTC).

PROGRAMME: SELA-SMEs

PROJECT II.2. Latin American and Caribbean Regional Programme for Small and Medium-sized Enterprises

Activity II.2.1 Productive integration of SMEs into global value chains

A. Background and justification

The inclusion of countries in productive articulation systems allows greater interconnection, which could reduce operating costs of transnational corporations (TNCs), facilitating the entry of foreign direct investment (FDI) flows and technology transfer processes. In addition, a more active participation in international production systems will boost competitiveness and efficiency of local small and medium-sized enterprises (SMEs) for them to be adapted to the required quality standards and increase their productivity levels (Javorčík, 2012).

In general terms, Latin America and the Caribbean's share stands below that of developed, developing and transition economies. The Caribbean, with a domestic value added in exports exceeding 25% of its production level, reports the best performance in the region, being close to the levels of transition economies. Central America and Mexico, with a ratio of slightly more than 20%, and South America, with levels lower than 15%. According to Bhagwati (2013), the incorporation of Latin America and the Caribbean into GVCs occurs in early or late stages of the production process, where the value added is reduced and learning and technology transfer are lower.

Given the need of small and medium-sized enterprises (SMEs) to adapt to the new challenges posed by the latest-generation trade opening schemes, it is necessary to create a space for opportunities to promote the inclusion of SMEs in productive processes, identify the linkages and trade links that promote the diversification of small and medium-sized enterprises. In this way, it is possible to achieve the gradual incorporation of SMEs into global value chains, a process that

must be accompanied by a work programme aimed at training, associativity, improvement in access to credit and new information technologies of these companies.

The Permanent Secretariat of SELA proposes that regional production niches can be identified for the creation of a Network of Strategic Alliances, which will lead to the creation of SME clusters and interconnections that promote competition, collective learning and innovation as a strategy to enter global supply chains. Insofar as these interconnections among regional productive sectors are more complex, greater capabilities of innovation, new linkages and products will be generated to strengthen the productive transformation of SMEs at the regional level.

B. Objectives

1. Develop a set of indicators that assess and monitor regional trade, in order to identify potential complementarities in production between sectors and countries;
2. Create a map of niches where SMEs can be inserted into global value chains. To that end, it is necessary to coordinate the active participation of trade promotion agencies and guilds of the main industrial sectors, with the purpose of creating strategic alliances that promote a detailed information system about the business opportunities for SMEs at the regional level; and
3. Provide the countries in the region with a tool that assesses the degree of interdependence of national and regional markets, responding to specific needs of a country's productive sectors.

C. Expected results

1. Conduction of a regional meeting for: a) the promotion of strategic alliances among SMEs at national and regional levels; b) the identification of advantages and strengths of trade; c) the development of a preliminary mapping of production niches;
2. Creation of working groups for: a) the active participation of public and private sectors of each country; b) the exchange of qualitative and quantitative information on production niches; c) the provision of information that enriches the directory of SMEs for the regional Network of Strategic Alliances;
3. A document that shows: to) statistics of production niches; b) potential opportunities for SMEs in global value chains; and c) the renewal of the directory of the Network of Strategic Alliances for SMEs; and
4. Creation of a database for its publication on the portal, which will contain statistical information on production niches and the directory of SMEs at the regional level.

Activity II.2.2. Public Policy Index for MSMEs in Latin America and the Caribbean (IPPALC)

A. Background and justification

Micro, small and medium-sized enterprises (MSMEs) represent 90% of the production units in Latin America, generate 67% of regional employment and are responsible for 40% of the economic activity in our countries. However, their productivity levels range from 16% to 36% of that reported by large companies, and only 9% and 13% of small and medium-sized enterprises, respectively, export directly and indirectly.

Despite their importance in generating employment and number of companies, MSMEs face great challenges in terms of productivity, efficiency, international competitiveness and informality. To overcome them, government intervention is required for the development of public policies aimed

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at creating and strengthening their capacities. In particular, it is necessary to encourage investment in research and development, develop training programmes and access to markets, facilitate access to funding, and simplify administrative procedures.

For this reason, the Permanent Secretariat has promoted the dissemination and implementation of the Public Policy Index for SMEs as a tool designed to optimize the decision-making process related to this productive sector. This index, created in 2006 by the Organization for Economic Cooperation and Development (OECD), has been implemented in the Middle East and North Africa, in the countries of Association of Southeast Asian Nations (ASEAN), in South-Eastern Europe and Turkey, as well as in Eastern Europe and Central Asia.

In 2015, when the document "Methodological considerations for developing an Index of Public Policies for SMEs in Latin America and the Caribbean" was prepared, the Permanent Secretariat made a proposal for conceptual and methodological adaptation of the indicator created by the OECD, according to the structural characteristics of the economies of Latin America and the Caribbean. This study was presented at a Regional Meeting held in Cartagena de Indias, Colombia, with the support of the Ministry of Commerce, Industry and Tourism and the Chamber of Commerce of Cartagena.

This effort was maintained during the year 2016 with the conduction of two regional seminars. The first of them, called "Regional Meeting on the Update Study on the Public Policy Index for SMEs in Latin America and the Caribbean (IPPALC)", was held in San José, Costa Rica, with the co-sponsorship of the Ministry of Economy, Industry and Trade (MEIC). The second, called "Workshop on implementation of the Index of Public Policies for SMEs in Latin America and the Caribbean (IPPALC)", took place in Panama City, with the collaboration of the OECD and the Authority for Micro, Small and Medium-sized Enterprises of Panama (AMPYME). Both activities aimed to promote the use of this tool and allowed the identification of countries with interest in adopting this indicator as part of their strategies to support MSMEs.

In May 2017, the pilot project of the IPPALC was launched in the Member States of the Pacific Alliance, Argentina, Ecuador and Uruguay, in a joint effort among OECD, SELA and CAF-development bank of Latin America. This launch took place during the development of the "Workshop to launch the Public Policy Index for MSMEs in Latin America and the Caribbean (IPPALC): Pacific Alliance and South America", which was held in Jalisco, Mexico, within the framework of the macro-event "Responding to the challenges of SMEs in the international context", organized by the National Institute of the Entrepreneur (INADEM) of the Secretariat of Economy of Mexico, the Organization of American States (OAS) and the International Network for Small and Medium-Sized Enterprises (INSME).

As part of the agreements of this pilot project, execution times and responsibilities of the agencies involved and the national coordinators of the countries were established. Thus, during the months of July, August and September 2017, assessments questionnaires of the IPPALC were answered and sent to the technical team (OECD-SELA-CAF). With this information, during the period October-January, the team will evaluate the results obtained and draft a preliminary report on each country

In addition, in October 2017, the "Technical Workshop on the Public Policy Index for MSMEs in Latin America and the Caribbean (IPPALC): Central America" was held in San Salvador, with the support of the Organization for Economic Cooperation and Development (OECD) and the co-sponsorship of the National Commission for Micro and Small Enterprises (CONAMYPE) of the

Ministry of Economy of El Salvador. This event aimed to achieve consensus among participating countries for the establishment of a concrete work plan that facilitates the implementation of the IPPALC in Central America in 2018 and the involvement of regional and international organizations in efforts that support the technical and financial work.

As a result of the development of the IPPALC project, three subregional seminars are expected to be conducted in 2018. The first of them, associated with the member countries of the Pacific Alliance, Argentina, Ecuador and Uruguay and scheduled to take place in April, will enable the validation and discussion of the results obtained. Then, a subregional event will be held for the official presentation of the final report of the pilot project with the participation of national and regional authorities. Finally, the third event will be linked to the launch of the IPPALC project in Central American countries and is scheduled to take place during the second half of 2018.

B. Objectives

1. Promote the exchange of best practices that allow the optimization of the process of formulating public policies for MSMEs in the participating countries;
2. Support the improvement of competitiveness and productivity of MSMEs through the recognition of opportunities and challenges faced for the strengthening of their productive capacities; and
3. Promote evaluation and comparability of the degree of development of public policies for MSMEs among participating countries and with regions internationally recognized for their successful practices.

C. Expected results

1. Publication of the final report on the Public Policy Index for MSMEs (IPPALC) implemented in the member countries of the Pacific Alliance, Argentina, Ecuador and Uruguay; and
2. Launch of the project on the Public Policy Index for MSMEs (IPPALC) in the countries of Central America.

Activity II.2.3. 2030 Agenda: Regional Meeting on Financial Inclusion of Micro, Small and Medium-sized Enterprises (MSMEs) in Latin America and the Caribbean

A. Background and justification

The adoption of financial innovation poses significant challenges for Latin America and the Caribbean, in particular for micro, small and medium-sized enterprises (MSMEs). Despite the progress made by the region, access to financing still represents the main obstacle faced by MSMEs.

During the "Regional Meeting on innovative mechanisms for financing and guarantees for MSMEs in Latin America and the Caribbean", held in April in Santo Domingo, Dominican Republic, an emphasis was made on the need of MSMEs in terms of: i) Diversity of financial products and services, wider dissemination of them and more effective access to these financing possibilities; ii) Promotion of financial literature and training in ICTs (information and communications technologies) and incorporation of innovation into business management; iii) Optimization of the business climate in order to reduce the risks for financial institutions; and iv) Creation of subregional financing schemes.

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Given the characteristics of MSMEs, which represent a large and economically important sector with huge financing needs, financial inclusion should be considered a productive inclusion policy. In this connection, achievements in financial technology have increased. However, little is known about the new microfinance platforms that have emerged, as the so-called Fintech or Crowdfunding, which are currently a viable financing alternative for MSMEs in Latin America and the Caribbean.

Despite regional efforts aimed at formulating innovative strategies to mitigate risks, reducing costs and increasing attention to financial needs of MSMEs, it is necessary to strengthen rapprochement between regulatory entities and private-sector stakeholders to promote the search for effective solutions and better use of existing opportunities.

That is why the Latin American and Caribbean Economic System, through its SELA-SMEs Programme, offers a space for regional encounter that will enable follow-up of achievements in financing and new initiatives in Latin America and the Caribbean, highlighting the following themes: Cooperation between commercial banks and microfinance institutions for financing MSMEs, improvements in financial infrastructure in the region, role of national development banks in the financial inclusion of MSMEs and best practices and, finally, the potential of financing alternatives in MSMEs, such as "Fintech".

B. Objectives

1. Identify successful practices in financial education and inclusion of MSMEs: Issuance and use of electronic money, mobile banking, digital payment and simplification of procedures for both business registration and entry into the financial system; and
2. Identify successful practices in the design of financial instruments and schemes aimed at meeting the needs of MSMEs, in particular, potential financing alternatives, such as "Fintech".

C. Expected results

1. This regional meeting aims to expound on the main obstacles faced by MSMEs for financial inclusion. In addition, participants will present regional and extra-regional best practices, in order to contribute to the exchange of experiences for the strengthening of financing systems, with emphasis on the use of ICTs, such as issuance and use of electronic money, mobile banking and the new financing alternatives, known as "Fintech"; and
2. In addition, during this regional meeting, working tables for discussion and drafting of conclusions will be formed, in order to give continuity to the work done and assess the next steps to be taken by representatives of Latin America and the Caribbean.

Activity II.2.4 Experiences of formalization of MSMEs in Latin America and the Caribbean

A. Background and justification

SMEs represent the highest share of companies that have a strong presence in all productive sectors in Latin America and the Caribbean, thus employing almost half of the workers in the region. Hence the importance of strengthening their access to innovation, developing their competitiveness, expanding their capacity and taking advantage of opportunities associated with public procurement offered by free trade agreements.

The process of formalization is one of the biggest obstacles faced by SMEs due to transaction costs of the process, lack of advice, traditional models of registration and lack of incentives. Financing is another of the major challenges for the development of SMEs in Latin America and the Caribbean, and therefore it is imperative to improve, on a par with formalization, financing, guarantees and factoring, in order to achieve competitiveness in national economies.

In 2018, the Permanent Secretariat is scheduled to conduct a regional meeting to address issues related to the inclusion of SMEs and the formalization of MSMEs in Latin America and the Caribbean.

B. Objectives

1. Examine policies and programmes for formalization of SMEs in Latin America and the Caribbean; and
2. Make a survey of the best practices in formalization in Latin America and the Caribbean.

C. Expected results

Conduction of the Regional Meeting on regional free trade agreements in Latin America and the Caribbean for the development and strengthening of exporting SMEs.

Activity II.2.5 Seminar on evaluation of impact of public policies for MSMEs in Latin America and the Caribbean

A. Background and justification

In Latin America and the Caribbean, small and medium-sized enterprises (SMEs) account for 90% of companies in the region, generating 67% of employment in the region (World Bank Group, 2014). However, they provide only 25% of the Latin American GDP (CAF, 2016).

Although unemployment in the region is relatively low, there is still a high incidence of informality, at around 50% (ILO, 2013), and the productivity gap with respect to advanced economies is increasing (OECD, 2016).

In order to meet these challenges, governments have identified key areas in public policy, such as human capital formation; improvement of the financial and commercial ecosystem; inclusion into the formal labour market; promotion of innovation and construction of adequate infrastructure for production, distribution and trade.

For this reason, a set of public policy initiatives have been developed with a view to promoting growth of SMEs by facilitating their access to financing, extending the technical and legal assistance services for their formalization, reducing their tax burden and implementing trade promotion measures.

Despite these efforts, the areas in which SMEs continue reporting major difficulties are access to financing, access to strategic resources and internationalization, with the latter being a very important point, since only 10% of them exports (CERALE, 2017).

In this regard, significant needs are observed in recognizing the efficiency of public policies. Therefore, the promotion of the impact evaluation methodology as a tool of governance is presented as an innovative strategy that aims to generate, through the methodological

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rigorousness in data and evidence, a process of learning that contributes to the identification of results of implemented policies.

That is why government authorities responsible for the promotion of business development of SMEs in Latin America and the Caribbean require a technical body specializing in impact assessment, in order to contribute to the proper measurement of benefits and results of public policies related to this area.

B. Objectives

For the institutions responsible for SMEs in Latin America and the Caribbean in terms of impact assessment of public policies:

1. Train the technical staff in the design, implementation and evaluation of such programmes;
2. Disseminate best practices and experiences related to the design, evaluation and implementation; and
3. Promote technical cooperation among the focal points for SMEs.

C. Expected results

The results expected from the seminar are divided as follows:

1. The identification of technical tools that enable an appropriate design and experimental implementation of public policies for SMEs in Latin America and the Caribbean;
2. The adoption of an impact assessment methodology that will contribute to greater efficiency in the implementation of public policies for SMEs in Latin America and the Caribbean; and
3. The creation of a space that fosters the exchange of ideas and best practices related to SMEs among policymakers in Latin America and the Caribbean.

To assess the impact of the seminar, this project should be carried out, preferably, on an annual basis in order to determine if what was learned is feasible and the objectives were achieved.

Activity II.2.6 Regional Meeting of business associations and MSMEs in Latin America and the Caribbean: Achievements for the construction of public-private partnerships in the region

A. Background and justification

The SELA-SMEs Programme includes, among its fundamental purposes, the promotion and development of public-private partnerships of the Member States of SELA, with a view to strengthening the entrepreneurial culture, business development and trade promotion through micro, small and medium-sized enterprises (MSMEs) in the region.

The private sector in Latin America and the Caribbean plays a key role for economic development and social welfare. In general, its strengthening contributes to poverty reduction and generation of opportunities for the most vulnerable sectors of society, thus favouring job creation and social inclusion. Therefore, the economic development and strengthening of MSMEs are priority objectives that complement each other.

For their part, public policies that are defined and implemented by the government have a significant impact on the performance of the private sector and determine the type of relationship and the potential of public-private partnerships, as well as the spaces and opportunities for cooperation and complementation.

In this connection, it is necessary to maintain the dialogue and take into account the views of the private sector, and specifically of business associations and MSMEs. These synergies may be beneficial for all parties involved and for society as a whole, since the goal is to build win-win relationships.

Entrepreneurs, guilds and MSMEs are precisely the entities that know their strengths and opportunities, as well as their weaknesses and threats they have to face to be able to travel successfully along the difficult path of the private sector in the process of creating a company.

The issue of public-private partnerships is precisely one of the agreements reached within the framework of the 2030 Agenda and the sustainable development goals, which deal with “the means required to implement this Agenda through a revitalized Global Partnership for Sustainable Development” and, in particular, better “policy coherence for sustainable development” and promotion of “effective public, public-private and civil society partnerships”.

The construction of public-private partnerships and the participation of business associations and MSMEs in these efforts is not a new issue, but the economic and social challenges faced by the region today deserve the creation of spaces that facilitate and promote cooperation, coordination and complementarity of the various initiatives that are implemented in the region.

At present, various initiatives for the private sector are being developed and promoted from the area of bilateral and multilateral cooperation. However, these initiatives are little known by the stakeholders in the private sector, so the dissemination of such cooperation and networking opportunities is essential to create the necessary incentives to encourage public-private partnerships.

In this connection, it is important to publicize the progress made in public-private cooperation thanks to projects such as those being executed through the GIZ, AECID, USAID, among others, at the bilateral level, as well as initiatives conducted by the IDB, IIC, MIF and especially the European Union, through the AI-Invest Programme, among others, at the multilateral level.

B. Objectives

1. Identify the main constraints faced by the private sector, business associations and MSMEs in developing strong and long-lasting sustainable development-oriented partnerships between the public and private sectors;
2. Identify mechanisms that improve the opportunities for cooperation and complementarity between the public and private sectors;
3. Collect the main initiatives being developed by the private sector, business associations and MSMEs for the strengthening of public-private partnerships in the region;
4. Collect the main cooperation initiatives being promoted by bilateral and multilateral donors to encourage public-private partnerships and better use of them by the private sector, business associations and MSMEs; and

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5. Analyse mechanisms for the establishment or strengthening of regional and/or subregional business associations to facilitate the exchange and dissemination of information to the private sector.

C. Expected results

1. Through the “Regional Meeting of business associations and MSMEs in Latin America and the Caribbean: Achievements for the construction of public-private partnerships in the region”, create a public-private meeting space to discuss issues of common interest;
2. Easily access information on the main programmes and initiatives being carried out by the private sector, business associations and MSMEs to promote public-private partnerships, as well as a survey of the main programmes and initiatives being implemented by bilateral and multilateral donors in this direction; and
3. Identify counterparts of the private sector, business associations and MSMEs to design future actions of public-private cooperation at the regional and/or subregional levels.

AREA III. EXTRA-REGIONAL RELATIONS

PROGRAMME: EVALUATION AND PROMOTION OF EXTRA-REGIONAL ECONOMIC RELATIONS OF LATIN AMERICAN AND CARIBBEAN COUNTRIES

PROJECT III.1 Follow-up and analysis of preferential trade agreements signed among extra-regional countries that could influence their economic, trade and investment relations with Latin American and Caribbean nations

Activity III.1.1 Analysis of economic, trade and cooperation relations of Latin America and the Caribbean with China: A place of opportunities for SMEs in the region

A. Background and justification

During the past few years, China has steered its foreign policy towards strengthening cooperation with its main partners in the trade, financial and infrastructural areas. As evidence of this, noteworthy are the “One Belt, One Road” (OBOR) and “International Production Cooperation” initiatives. Despite covering different geographical areas – OBOR is limited to Eurasia, while the second initiative is global – they share the goal of promoting the development of the parties involved, which reflects China’s willingness to forge a new model of globalization based on mutual cooperation.

One of the key regions for this new aspect of China’s foreign policy is Latin America and the Caribbean, with which the Asian nation has developed important bilateral and financial ties over the past years. These links have recovered strategic value as a result of the visit of Xi Jinping to the region in November 2016, which served to establish bilateral negotiations among the Chinese Head of State and leaders from the region, as well as to lay the foundations for a new framework for trade integration between China and the region’s countries making up the Asia-Pacific Economic Cooperation (APEC).

The second document on foreign policy for Latin America and the Caribbean, published by the Ministry of Foreign Affairs of the People's Republic of China,² highlights the intensification of trade, the increase in China's industrial investment in LAC, and the strengthening of financial cooperation among authorities in the two regions.

As regards foreign trade, China in the medium term aims to increase bilateral trade in goods with high comparative advantages, high value added and high technology intensity, as well as to strengthen trade in services and intensify cooperation in electronic commerce (e-commerce). In the long term, trade cooperation between the two sides includes the negotiation of stable trade relations and bilateral agreements, including free trade agreements (FTA) or preferential trade arrangements (PTA).

In terms of industrial investment in LAC, the Chinese Government supports financial platforms, such as China-Latin American Investment Fund (CLAIFUN), which includes public and private companies intending to invest in the region and is administered by The Export-Import Bank of China. In addition, the Chinese Government promotes the participation of Chinese companies in the development of infrastructure and energy projects in LAC, as well as the inclusion of Chinese manufacturers of automobiles, electrical machinery and chemicals, so that said projects can complement the productive structure and the provision of local services, thus favouring local employment, the level of industrialization and economic development in the region.

The third axis of cooperation is financial cooperation. In this connection, China says that its financial institutions will strengthen trade and cooperation ties with international or local institutions in Latin American and Caribbean countries, in order to establish Chinese financing platforms in the region. As regards bilateral financing, the goal is to promote the role of the China-Latin American Cooperation Fund, of concessional credits and loans for infrastructure projects, development projects, and cooperation projects in productive capacities between China and Latin America.

The previous guidelines of Chinese foreign policy for the region are summarized in the manifest will to reach, by 2025, US\$ 500 billion in China-LAC trade and US\$ 250 billion in Chinese investment in the region.

In response to SELA's interest in focusing its activities on the promotion of small and medium-sized enterprises (SMEs) in Latin America and the Caribbean, cooperation between China and LAC will be aimed at stimulating the direct or indirect inclusion of these companies into the global value chains that may arise in the region with the development of the aforementioned frameworks for commercial, industrial and financial cooperation, so as to design work programmes aimed at their progressive growth.

In this connection, it is necessary to make Chinese investment strategies compatible with industrial and regional characteristics of their potential partners. Thus, it is in the mutual interest of the parties involved to reach a high level of complementarity among the value chains of China and LAC, where SMEs can be playing important roles.

Given the political will of China and Latin American and Caribbean countries, the existence of investment platforms, trade relations and multilateral financing networks, it is necessary to maximize the impact of this cooperation on the local economic development. In order to

² Ministry of Foreign Affairs of the People's Republic of China. China's Policy Paper on Latin America and the Caribbean.

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incorporate small and medium-sized entrepreneurs in the region into this dynamics, the Latin American and Caribbean Economic System will provide the relevant focal points with the necessary logistical and technical information to take advantage of the status and future of cooperation between China and LAC.

An opportunity arises within the framework of the IV LAC-China International Seminar, which is being organized by LAC-China Network and CAF-development bank of Latin America and will be held in Mexico City in May 2018. This event will include presentations by representatives of public and private institutions interested in disseminating latent opportunities in the context of LAC-China cooperation, which makes it the ideal setting to establish strategic relations on which the Permanent Secretariat's future programmes of extra-regional relations will be based. In this context, SELA will actively participate in the design and creation of a session to discuss the opportunities for SMEs to participate in technical support programmes and various forms of support in order to be inserted into value chains in sectors with strong presence of Chinese capital or, in their absence, with high volume of demand in the market of this Asian nation.

B. Objectives

1. Create a group of leading experts in the area of internationalization of SMEs and LAC-China cooperation, who will represent the Secretariat with their participation in the IV LAC-China International Seminar;
2. Assess the opportunities for Latin American and Caribbean countries, in particular the SMEs in the region, to achieve higher levels of trade, financial and technological cooperation with China;
3. Create opportunities for rapprochement between the SMEs of the region and relevant cooperation agencies;
4. Provide China with opportunities to invest in LAC, based on sectoral settings and comparative advantages of the countries in the region;
5. Determine the possibilities for SMEs in LAC to be inserted into global value chains in sectors of strong presence of Chinese capital or high demand coming from China;
6. Provide information to SME focal points in LAC about their options for inclusion in multilateral agendas of FDI from China to LAC and in trade integration agendas promoted by China towards countries in the region; and
7. Promote closer relations between SME focal points in the region and organizations linked to trade and financial cooperation agendas between China and LAC, in order to establish working groups that lay the foundations for future cooperation programmes.

C. Expected results

1. Descriptive study about trade relations, technical cooperation, and financial cooperation between China and LAC, offering guidance and informing the SMEs in LAC about their options for inclusion in cooperation programmes between China and LAC;
2. Contribution of SELA to the design and creation of a session with a group of experts, who will be expected to make presentations at the IV LAC-China International Seminar, to be held from 28 to 30 May in Mexico D.F. by the LAC-China Network and CAF-development bank of Latin America; and
3. SELA stands as the creator of spaces and as a facilitating agent in effective networks of technological and financial cooperation between China and LAC.