

INTERNATIONAL MEETING ON SERVICES VALUE-ADDED IN EXPORTS

Services and trade policies
for diversification and upgrading
Brasilia, Brazil, 22-23 October 2019

ALADI - TRADE IN SERVICES

Presentation by

Mr. Alvaro Espinoza
Deputy Secretary General
Latin American Integration Association (ALADI)

MINISTÉRIO DA
ECONOMIA



ALADI

TRADE IN SERVICES

International meeting on services value-added in exports: Services and trade policies for diversification and upgrading

October 2019

PRESENTATION PLAN



ALADI and the Montevideo Treaty (MT80)

- Member countries
- Objectives and significant data



Initiatives on Trade in Services

- Legal basis
- Database and interest areas



Main challenges of the 2019-2021 Agenda



1. ALADI AND THE MT80

- 3 Member countries
- Objectives and significant data

1980 MONTEVIDEO TREATY

BACKGROUND:

MONTEVIDEO TREATY 1960

established the *Latin American Free Trade Association*. LAFTA – Free Trade Area

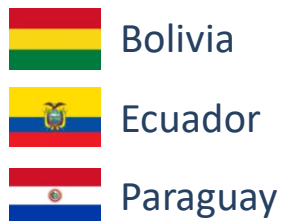
MONTEVIDEO TREATY 1980

institutes the *Latin American Integration Association* (LAIA), an intergovernmental organization based in Montevideo, Uruguay

MEMBER COUNTRIES



RELATIVELY LESS ECONOMICALLY DEVELOPED COUNTRIES



NICARAGUA

INTERMEDIATE DEVELOPED COUNTRIES



OTHER MEMBER COUNTRIES



11 founders (1980)
+ Cuba (1999)
+ Panamá (2012)

ALADI IN NUMBERS

Services
Export
124 M

Services
Import
179 M

Goods Export
730 B

Goods Import
516 B

Population 570 M

Area 20 M km²

GDP US\$ 5,124,000 M

Objectives:

- To promote an harmonious and balanced socio-economic development of the region
- The establishment of a Latin-American Common Market

24 agreements in the ALADI framework with services commitments



2. INITIATIVES ON TRADE IN SERVICES

Legal basis

Database and interest areas

LEGAL BASIS

Government Officials meeting specialized in Services Trade Statistics (2011)

- Training
- Cooperation
- Technical exchange

International trade in services statistics database

Resolution 72 from the Minister Council (2009)

Knowledge Based Services (KBS):
Incorporated into the Association's
Agenda since 2018 due to the
members interest

- Identify initiatives to promote and increase trade in the KBS of member countries

project for measuring trade
in service by mode of supply

STATISTICS OF INTERNATIONAL TRADE IN SERVICES

The Database consists of

information corresponding to international trade in services of the member countries, covering the period from 1995 to the present.

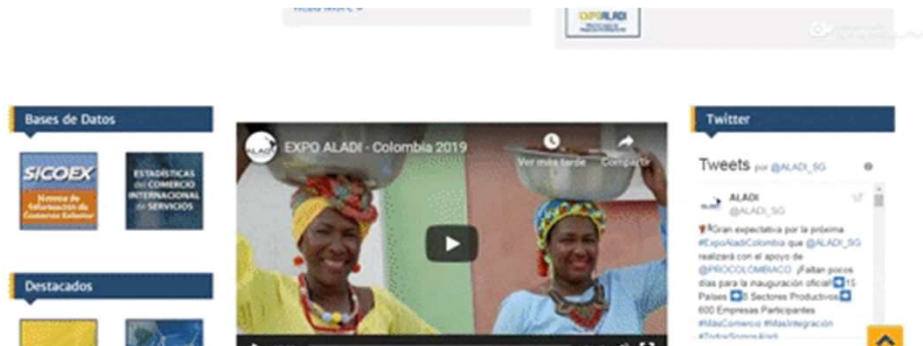
Information includes

data in version 5 of the Balance of Payments Manual (BPM5) for the period 1995-2016, and according to version 6 of BPM for the period from 2006 to the present.

Mode of service supply

is presented informatively for the period 2010-2016 following the MSITS – 2010 manual on statistics of international trade in services

WHERE TO FIND IT?



**INTERNATIONAL
TRADE IN
SERVICES**



**ESTADÍSTICAS
del COMERCIO
INTERNACIONAL
de SERVICIOS**

MBP5

- By year
- By country
- By services

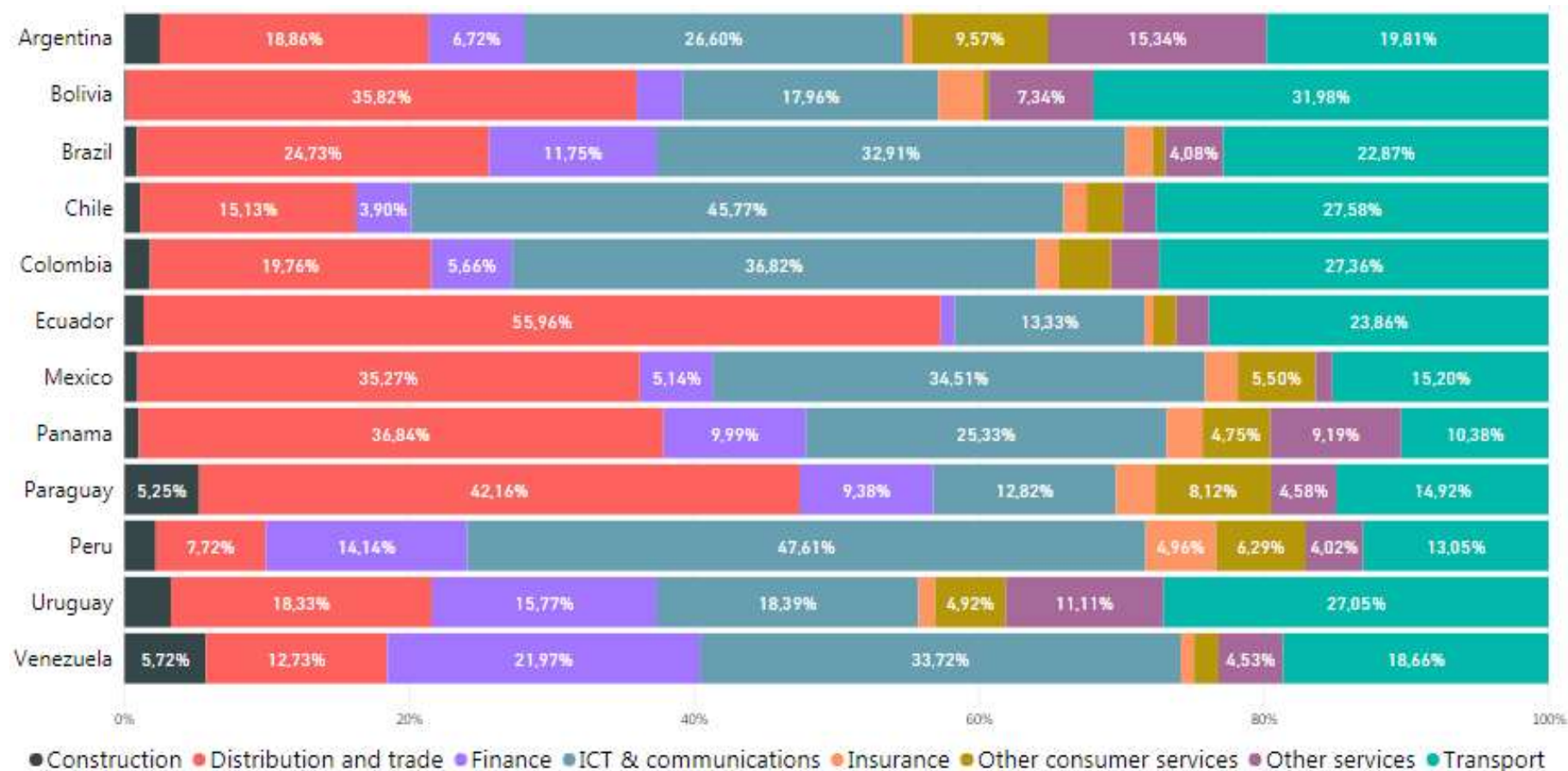
MPB6

- By year
- By country
- By services

MODE

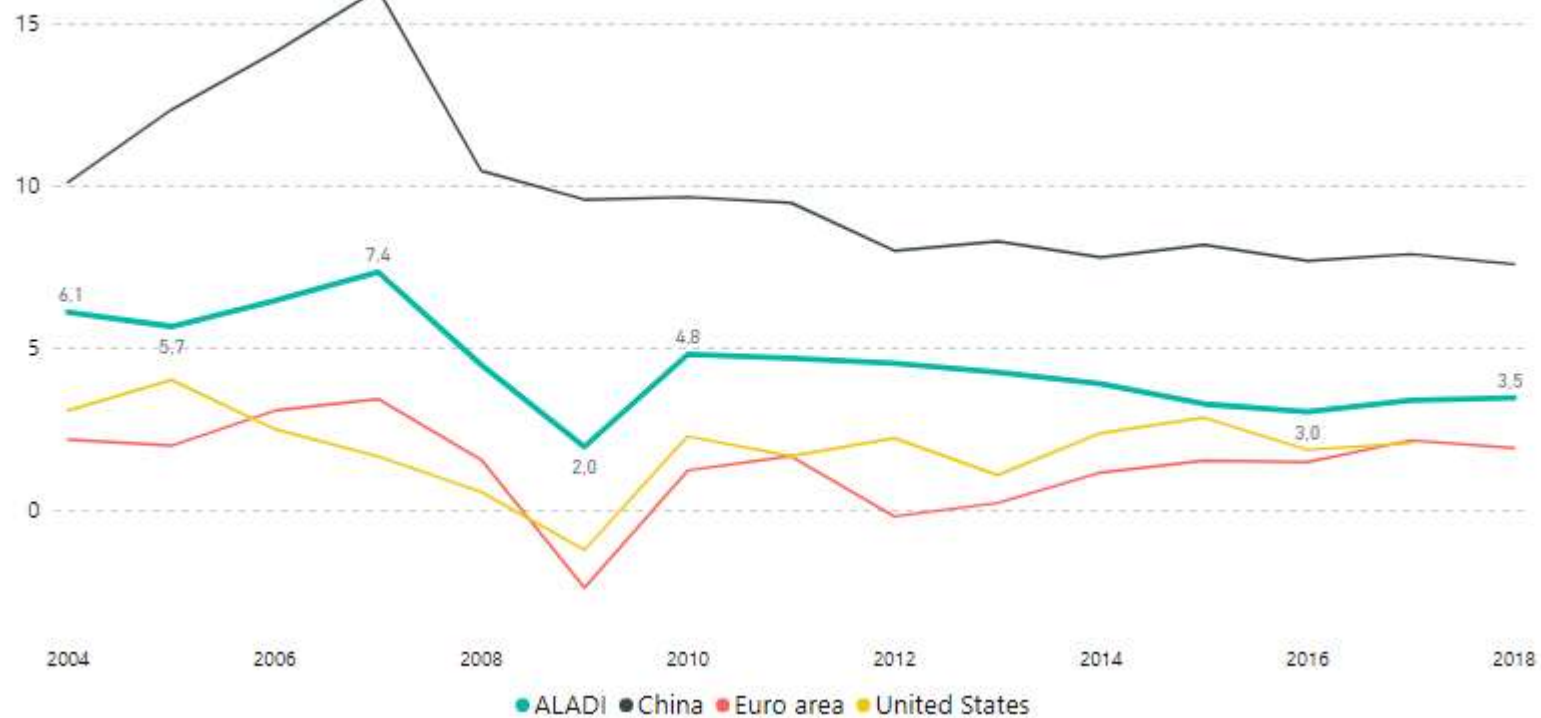
- By country
- By mode

VALUE ADDED OF SERVICES FOR EXPORT (2011)



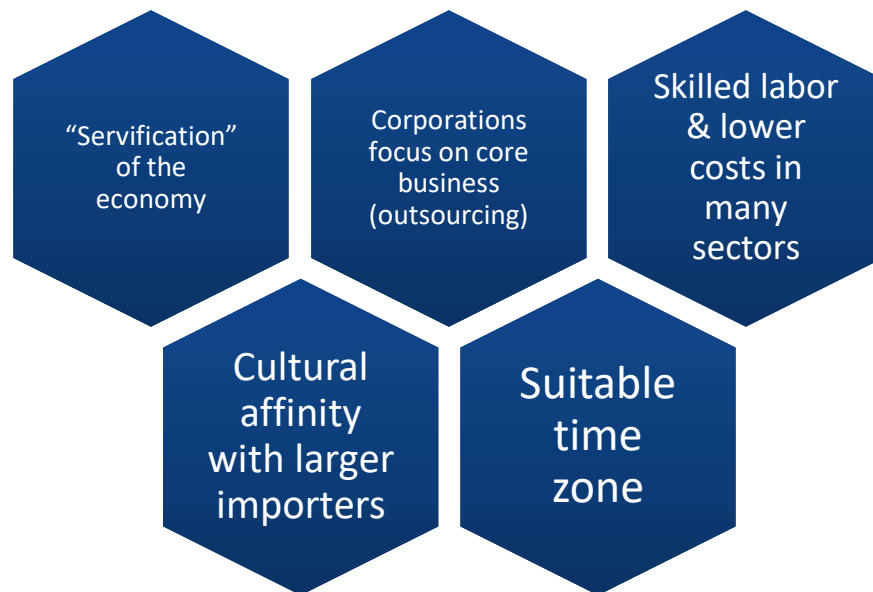
Source: own elaboration based on World Bank data

SERVICES, VALUE ADDED (ANNUAL % GROWTH)



Source: own elaboration based on World Bank data

TRADE IN SERVICES, OPORTUNITY FOR ALADI MEMBER COUNTRIES



- Risk: easy replacement of primary services based on cost
- There is a real need to strengthen knowledge based services (KBS)

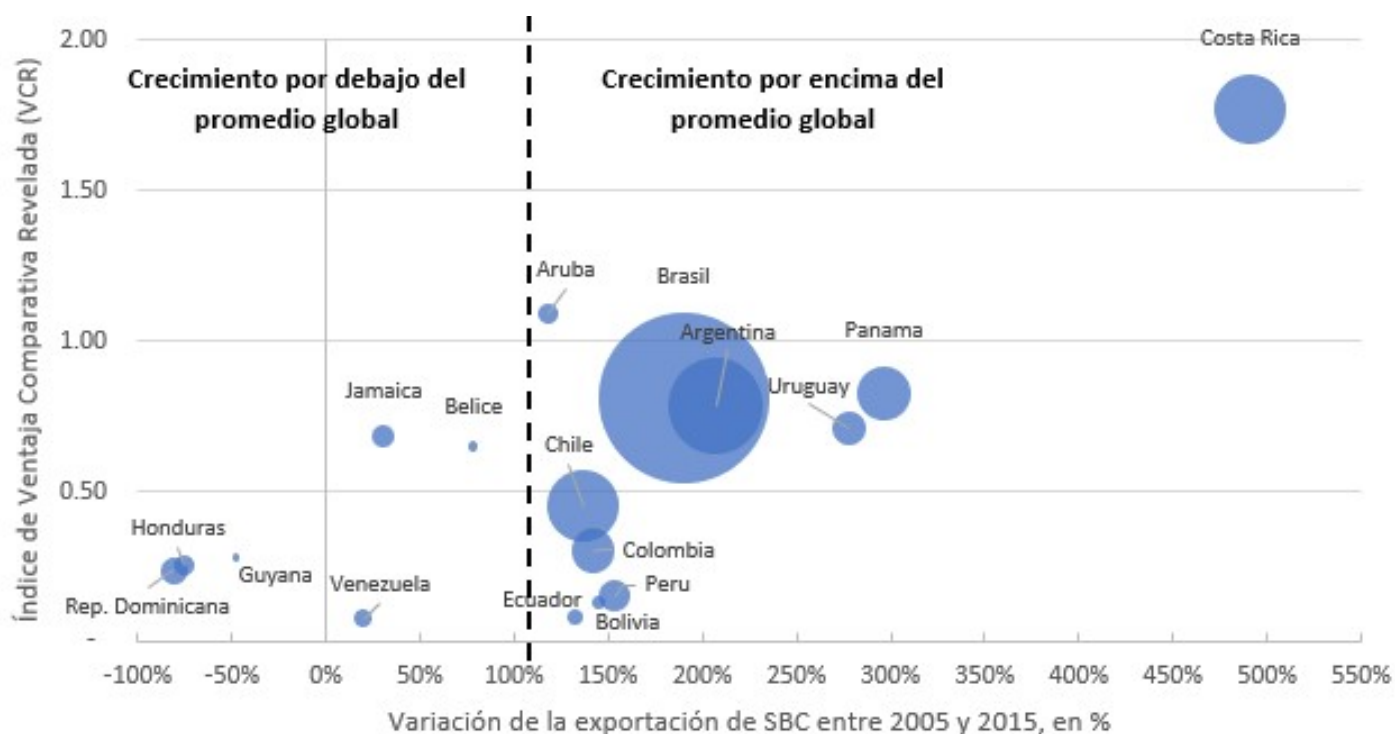


6 of 10 biggest companies in the world are specialized in KBS

- Google
- Amazon
- Facebook
- Apple
- Microsoft
- JP Morgan Chase

KNOWLEDGE BASED SERVICES - KBS

KBS export variation and development of comparative advantages



Source: INTAL-BID based on UNCTAD data

KNOWLEDGE BASED SERVICES - KBS

In process: study about regional opportunities of the KBS

Cooperation opportunities

Set up a **virtual worktable** as a dialogue space between experts from member countries

Work on the identification of weaknesses and aspects that hinder the compilation and measurement of KBS statistics

Virtual trainings

Create a Digital Economy 4.0 Regional Observatory



3. CHALLENGES OF THE AGENDA 2019-2021

2019 – 2021 ALADI CHALLENGES



Consolidate and take advantage
of regulations ALALC/ALADI



Extend ALADI scope
(Geographic, issues and actors)



Convergence

THANK YOU

General Secretariat

ALADI

sgaladi@aladi.org

www.aladi.org