

Latin America



**For a Stronger,
Cleaner, Fairer
World Economy**



■ A Deepening Partnership



The Latin American and Caribbean region is vibrant and complex, characterised by great diversity and contrast. In recent years many countries have demonstrated impressive economic growth and attracted record levels of investment; yet this has often been achieved against a background of persistent poverty, high levels of inequality and environmental degradation. As the region becomes ever more integrated into the global economy, countries are increasingly forced to tackle these and other challenges if they are to make recent economic gains sustainable and equitable.

For 50 years, the OECD has been working hand-in-hand with governments around the world to help them address many of the same issues that confront Latin American countries. As a place for government officials to meet their counterparts and share policy experiences, the OECD seeks answers to common problems and facilitates co-ordinated action on global challenges. In an increasingly integrated and interdependent world, promoting economic and social development is both a shared responsibility and a common interest. This has been made all the more evident by the worst global economic crisis in over 70 years, and the OECD has been working in tandem with governments and other international organisations in an attempt to help countries pull out of this crisis.

The mutually-enriching partnership between the OECD and Latin America builds on several years of increased co-operation. Mexico became the first Latin American member country of the Organisation in 1994; today, Chile is in the final stages of accession, and Brazil has been involved in a process of enhanced

engagement since 2007. Costa Rica, Dominican Republic and Peru have recently joined Brazil, Chile, Colombia and Mexico as Latin American members of the OECD Development Centre, the bridge between the Organisation and emerging and developing economies. Many such as Argentina, Bolivia, Costa Rica, Honduras, Nicaragua, Panama, Uruguay and Venezuela also participate as observers in various OECD committees.

This document provides a wider look at OECD activities in Latin America and describes the results of day-to-day co-operation between the OECD and Latin America and the Caribbean governments.

Latin America Pilot Project

The Latin America Pilot Project, sponsored by the Delegations of Mexico and Spain, is being created to strengthen our relationship in the region. In the coming months, a few activities in selected areas (e.g. tax, investment and social policy) will enhance OECD dialogue with Latin American and Caribbean governments by establishing a network extending the OECD method of evidence-based policy dialogue among peers.

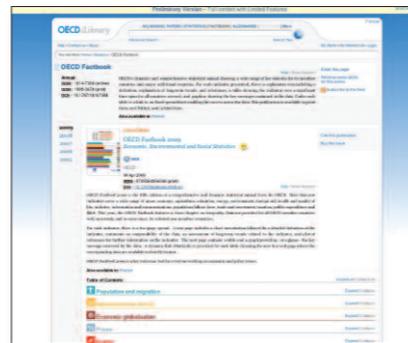


■ Highlights

Statistics

The *OECD Factbook* provides an annual global overview of today's major economic, social and environmental indicators, in a range of user-friendly formats. More countries than ever are covered in greater detail including Mexico, Brazil and Chile (forthcoming). Each edition of *OECD Factbook* contains a special chapter - this year the focus is on Inequality. **It is available on-line.**

www.sourceoecd.org/factbook



OECD Mexico Centre for Latin America

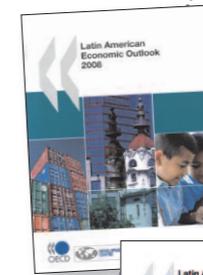
The OECD Mexico Centre exemplifies Latin America's strategic importance for the Organisation. Its purpose is to increase OECD's visibility in the region and for more than a decade has promoted OECD work and activities by reaching out to policymakers, experts, business leaders, universities and representatives from civil society. One of its main achievements has been to increase the number of OECD publications available in Spanish, supervising translations and facilitating the participation of OECD experts in seminars and events taking place in the region.

www.oecd.org/centrodemexico
mexico.contact@oecd.org

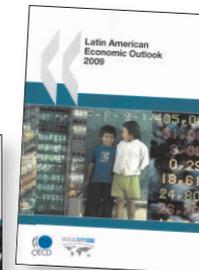
Latin American Economic Outlook

The *Latin American Economic Outlook* (LEO) is OECD's annual flagship publication on the region. Produced by the Development Centre since 2007, it is a vehicle for dialogue with Latin America and has the goal of putting OECD expertise at the service of Latin America while enriching knowledge of the region. Previous editions focused on topics ranging from fiscal reform to increasing trade with Asia. *LEO2010* examines the consequences of the global economic crisis and its particular effect on Latin American migration and remittances trends.

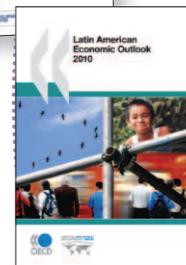
www.oecd.org/dev/leo
dev.americas@oecd.org



Latin American Economic
outlook 2008
ISBN 978-92-64-03036-7



Latin American Economic
Outlook 2009
ISBN 978-92-64-05168-3



Latin American Economic
Outlook 2010
ISBN 978-92-64-07521-4



"The OECD's efforts in Latin America and the Caribbean are welcome and allow participants to exchange perspectives and to benefit from the experience of OECD member countries."

Ambassador Paul-Henri Lapointe, Canada's Ambassador to the OECD.



■ Working with other International Organizations

United Nations Economic Commission for Latin America and the Caribbean (ECLAC/CEPAL)

ECLAC encourages economic cooperation among 33 Latin American and Caribbean countries, and provides policy advice and technical assistance focused on growth with equity. The OECD and ECLAC work together to share knowledge and expertise, and to develop policy alternatives for the region's governments. An example of this cooperation is the joint publication: *OECD Environmental Performance: Chile 2005*. Both organizations also collaborate regularly in the analysis of the development challenges Latin American economies face, including fiscal reform and innovation.

Inter American Development Bank (IDB)

The Inter American Development Bank is the main source of development finance for 26 countries in the region through loans and grants to all levels of government. The OECD contributes best practices and knowledge to local policy debates led by the IDB. The collaboration has resulted in experts meetings and regional studies, such as the annual Latin American Roundtable on Corporate Governance and, on another policy topic, the publication *Competition Law and Policy in Latin America*. The OECD and the IDB also co-organize the annual *International Economic Forum on Latin America and the Caribbean*, taking place in Paris.



“We have witnessed how the OECD contribution to the policy debate in Latin American countries has led to economic reforms and legislative changes which have been key to building stronger and more transparent economies.”

President Luis Alberto Moreno, Inter-American Development Bank.



“The OAS values its collaboration with OECD because by pooling our strengths we are able improve the depth and breadth of policy advice leading to better governance and regulation in Latin America.”

Secretary General José Miguel Insulza, Organization of American States.



Organization of American States (OAS)

The OAS is an international organization of 35 member governments whose main goal is strengthening democracy and economic development in the Americas through political and judicial activities. The OECD has pursued a close relationship with the OAS which has resulted in their participation in the OECD's Expert group on Conflict of Interest: Ensuring Accountability and Transparency in the public service and in its Working Group on Bribery in International Business Transactions.

World Bank

The World Bank is a vital source of financial and technical assistance to developing countries around the world, and has a strong presence in Latin America and the Caribbean. The OECD actively provides the World Bank with access to OECD peer reviews and best practice policy alternatives through observership in several bodies of the OECD.

International Monetary Fund (IMF)

The International Monetary Fund (IMF) is an international organization that oversees the global financial system by monitoring the macroeconomic policies of its member countries and has the objective of stabilizing international exchange rates and facilitating development. In order to form a closer collaboration, the IMF has joined the OECD Working Party on Aid Effectiveness: An International Partnership of Donors and Developing Countries that seek to improve donor policies.



■ List of Activities

1. Stronger

1.1 Economic Surveys	10
1.2 Investment	11
1.3 Trade	12
1.4 Agriculture	13
1.5 Innovation	16
1.6 Competition	17
1.7 Regulation	18
1.8 Corporate Governance	20
1.9 Territorial Development	20

2. Cleaner

2.1 Fighting Corruption	22
2.2 Tax Evasion	23
2.3 Environment and Climate Change	24
2.4 Energy	26

3. Fairer

3.1 Tax Reform	27
3.2 Budget Reform	29
3.3 Debt Management	31
3.4 Public Governance	32
3.5 Human Security	33
3.6 Social Welfare	34
3.7 Education	35
3.8 Health	37
3.9 Migration	39
3.10 Development Cooperation	42

Latin America and Caribbean Countries' Adherence to OECD instruments	44
Latin America and Caribbean Countries' Full Participation in OECD bodies	45
Latin America and Caribbean Countries' Observership in OECD bodies	46
Recent OECD Publications on Latin America	48



1. Stronger, Cleaner, Fairer

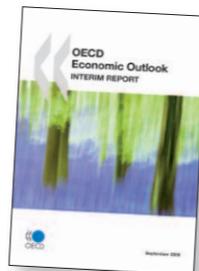
Economic growth should benefit everyone in Latin America. The OECD analyses economic trends and effective performance; it is also increasingly partnering with Latin American and Caribbean countries to maximise trade and investment opportunities while fostering best practices in innovation.

1.1 Economic Surveys

Twice a year, the *OECD Economic Outlook* analyses the major trends and examines the economic policies required to foster high and sustainable growth. Its analysis of world economic developments provides insights on dynamics affecting Latin America and the Caribbean. For many years, the report has included a section on South America, but most recently specific country notes and projections for Brazil and Chile have joined those prepared for Mexico.

www.oecd.org/oecdEconomicOutlook

OECD Economic Outlook



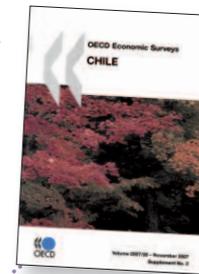
will be released in the coming months, highlighting policy reforms in areas that can facilitate a faster convergence towards higher income countries (e.g. innovation, competition and education). The most recent Survey for Brazil was released in July 2009 and focused on government efficiency and tax reform.

www.oecd.org/eco
eco.contact@oecd.org

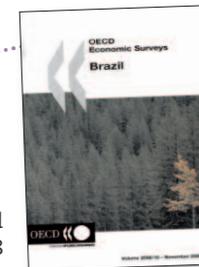
1.2 Investment

A core mission of the OECD is to enhance the contribution of international investment to growth and sustainable development. Many Latin American countries already participate actively in OECD bodies and activities that advance this purpose. Argentina, Chile, Brazil and Peru are adherents to the OECD Declaration on International Investment and Multinational Enterprises, which sets standards for open and transparent investment policies and for responsible business conduct in areas such as employment, industrial relations, environment, competition and taxation. Together with Mexico, these countries are also active participants in OECD's Investment Committee, promoting policies towards inward direct investment and non-discriminatory treatment of foreign-controlled enterprises.

Latin American countries played an active role in the development of the OECD's Policy Framework for Investment (PFI), used for policy design and reform to attract more and better investment in support of development. A recently launched Latin American Regional Investment Initiative strengthens this work



OECD Economic Surveys-Chile
ISBN 978-92-64-04006-9



OECD Economic Surveys-Brazil
ISBN 978-92-64-03000-8



through regional peer dialogue and the development of reform roadmaps.

In addition, outward investments by Latin America-based multinational enterprises (multilatinas) rapidly expanding abroad is also being examined by the OECD Development Centre, particularly its implications for development.

www.oecd.org/investment/pfitoolkit
www.oecd.org/investment
investment@oecd.org

1.3 Trade

Increasingly integrated into the world economy, Latin America has experienced a substantial boost in trade levels during the last decade and important changes in its trade patterns. The OECD's work on trade issues provides analytical underpinnings to support continued trade liberalisation not only in the region, but also at the international level through the completion of the Doha Round of trade talks.

A detailed assessment on trade and competitiveness in Argentina, Brazil and Chile contributed to identifying the forces driving trade specialisation in the Southern Cone, as well as their main policy determinants. Regional approaches have also been taken in order to compare trade policies, providing



specific recommendations on trade measures that could lead to better economic performance. Instruments like the annual OECD Global Forum on Trade have helped push forward the inclusion of environmental provisions in some trade agreements involving Latin American countries, also advancing aid for trade schemes.

Trade and Competitiveness in Argentina, Brazil and Chile: Not as Easy as A-B-C
 ISBN: 978-92-64-10872-1

www.oecd.org/trade
tad.contact@oecd.org

Research on changing regional trade patterns has underlined the challenges and the opportunities posed by China's rise in the world economy, with an eye on beneficial complementarities and sustainable specialisation in those sectors where Latin American economies enjoy a comparative advantage.

The Visible Hand of China in Latin America
 ISBN: 978-92-64-02796-1

www.oecd.org/dev/leo
dev.americas@oecd.org



1.4 Agriculture

Rising food prices affect Latin Americans, both as producers and consumers. The OECD monitors commodity markets and provides a Global Forum on Agriculture for high-level discussion on effective

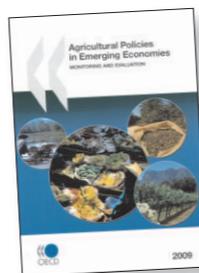


“The work of the OECD is crucial in developing fact-based analysis which in turn facilitates the formulation of policies that encourage open markets and maximize their benefits.”

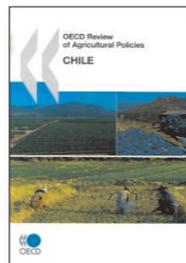
Ambassador Fernando Cepeda, Colombia’s Ambassador to France.



policy responses in areas such as agricultural support, food security, trade implications and biofuels. Statistics on agricultural production, consumption and trade are maintained for Argentina, Brazil, Chile, Mexico and Uruguay. In addition, Brazil, Chile and Mexico are covered by regular agricultural policy monitoring and evaluation reports, which include the calculation of the level of support to agricultural producers and competitiveness in the agro-business sector.



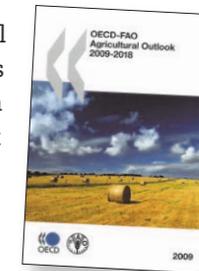
Agricultural Policies in Emerging Economies 2009
ISBN: 978-92-64-05927-6



OECD Review of Agricultural Policies: Chile 2008
ISBN: 978-92-64-04223-0

Together with the Food and Agriculture Organisation of the United Nations (FAO), the OECD publishes the annual *Agricultural Outlook*, with forward looking policy analysis. The 2009 edition provided detailed projections for global commodity markets through 2018, including forecasts on future prices for products

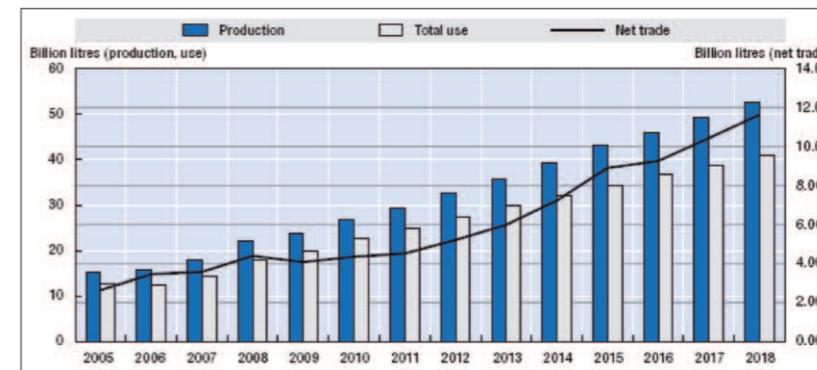
vital for many Latin American economies. A particular economic assessment of biofuel support policies, for instance, concluded that Brazil’s ethanol production is economically viable, in contrast to biofuel support policies in many other countries. In the case of Chile, a recent review measures the level and composition of support provided to Chilean agriculture, and evaluates the effectiveness of current measures in attaining their objectives. Six Latin American countries participate actively in the work of the OECD Seed Schemes, which provides an international framework for the certification of agricultural seed.



OECD-FAO. Agricultural Outlook 2009-2018
ISBN: 978-92-64-0114-4

www.oecd.org/agriculture
tad.contact@oecd.org

Production and Use of Brazilian Ethanol Will Triple



Source: OECD-FAO Agricultural Outlook 2009-2018



1.5 Innovation

A new Innovation Strategy is being developed to better understand how innovation works in a global market for science and technology. This effort will be instrumental for Latin American governments in improving framework conditions for innovation and trigger a virtuous circle driving growth. The project is built around evidence-based analysis and benchmarking, and will include a framework for dialogue and review, new indicators on the innovation-economic performance link, initiatives for innovation-friendly business environments, and the development of best practices and policy recommendations.

www.oecd.org/innovation/strategy

At the country level, reviews of innovation policy in Chile and Mexico have been undertaken. The review on Chile, published in 2008, has had an impact on policy making. The review of Mexico complements the review of regional innovation in 15 Mexican states, both launched in 2009.

INNOVALatino, a forthcoming report, will capture the broader dimensions of innovation practices in Latin America. Based on multiple indicators, the first edition of this new publication will provide forward-looking policy recommendations to strengthen innovation for development and well-being in the region.

<http://www.innovalatino.org>



OECD Reviews of Innovation Policy: Mexico 2009
ISBN: 978-92-64-07597-9

OECD Reviews of Innovation Policy: Chile 2007
ISBN: 978-92-64-03751-9

As part of its foresight mission and analysis of emerging economic sectors, the OECD is preparing another edition of the *Space Economy at a Glance* (forthcoming 2010), a compilation of statistics on the space sector and its contributions to economic activity. It will feature a spotlight section on the emergent Latin American space programmes (Argentina, Brazil, Chile, Ecuador, Mexico, Peru, Uruguay)."

www.oecd.org/futures/space
www.oecd.org/innovation
sti.contact@oecd.org



The Space Economy at a Glance
ISBN: 978-92-64-03109-8

1.6 Competition

Peer review mechanisms and the exchange of experiences in designing and implementing competition policies promote transparent markets in Latin America. Argentina, Brazil, Chile, Colombia, El Salvador, Mexico and Peru have carried out OECD-led peer reviews exercises that have contributed to improve competition law, promote effective law enforcement, combat cartels and encourage competition-based economic reforms. In the case of Mexico, a special pilot project aimed at the "microeconomic transformation" of the economy through pro-competitive reform is yielding results in areas such as trade and banking.



Peer Reviews of Competition Law and Policy in Latin America: A Follow-up: Argentina, Brazil, Mexico and Peru
ISBN: 978-92-64-04200-1



The annual Latin American Competition Forum, co-sponsored by the Inter-American Development Bank, is another mechanism promoting dialogue, consensus building and networking between competition policymakers and law enforcers. Senior Latin American officials and competition experts from OECD countries and international organisations share best practices and identify potential policy reforms. One of the areas where this exchange of knowledge has been particularly fruitful for Latin America is in bid rigging, a harmful form of anti-competitive conduct. Brazil and Chile have implemented specific programs that assist competition and procurement authorities in detecting and preventing bid-rigging in both public and private procurement.

www.oecd.org/competition/latinamerica

www.oecd.org/competition

dafcomp.contact@oecd.org

www.oecd.org/competition/cartels

1.7 Regulation

Poor-quality regulations impose unnecessary costs, not only by hurting economic performance and business activities, but also by impeding innovation and driving down competitiveness. With Mexico, the OECD is working on impact analysis to ensure effective and efficient regulation at all levels of government.

Infrastructure development is an area where adequate regulation is particularly important for Latin America. The *OECD Regulatory Reform Review of Brazil* undertook an examination of the role of regulatory agencies for increasing infrastructure investment. Following efforts among members of the Asia-Pacific

Economic Cooperation (APEC) to stimulate inclusive growth through regulatory reform, an integrated checklist of regulatory governance capacities in APEC countries has been developed. This initiative focuses on expanding the possibilities for business start-ups through administrative simplification, as well as improving cross-sectoral co-ordination in governments.

www.oecd.org/gov
gov.contact@oecd.org

OECD Reviews of Regulatory Reform: Brazil 2008:
Strengthening Governance for Growth
ISBN: 978-92-64-04293-3



“Latin America, stretching from the Antarctic regions of Chile in the south to Mexico in the north, is an important and dynamic part of the world. Its politics are increasingly democratic, and it looks set to develop into an economic powerhouse”.

Cristina Narbona Ruiz, Spain's Ambassador to the OECD; formerly Minister of the Environment (2004-2008).



1.8 Corporate Governance

The integrity of corporations, financial institutions and markets is central to the health and stability of economies around the world. For this reason, Latin America and the OECD have worked closely with the public and private sectors for nearly a decade to improve the governance of companies using the Principles of Corporate Governance, which help policymakers, regulators and market participants improve the legal, institutional and regulatory framework. In particular, the Principles set out specific rules of business conduct for companies listed in stock exchanges.

The Latin American Corporate Governance Roundtable and its Companies Circle promotes good practices in corporate governance. Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Panama, Peru and Venezuela participate in the Roundtable, together with some OECD member countries. Members of the Roundtable have agreed on a White Paper containing recommendations for action and reform priorities based on the OECD's Principles, resulting in substantial progress in corporate governance practices.

www.oecd.org/daf/corporateaffairs/roundtables/latinamerica
daf.contact@oecd.org

1.9 Regional, Urban and Rural Development

Every country needs competitive, dynamic regions if it is to achieve its economic and social objectives. Regional development is an indispensable complement to national macroeconomic and structural policies and has the objective of reducing regional disparities by supporting employment- and wealth-generating activities in lagging regions. The OECD is collaborating with many Latin American governments in developing a new approach to regional development; one that favours measures to

increase the competitiveness of all regions rather than simply promoting inward investment and large scale infrastructure projects. Latin American countries have been the subject of study in the *Territorial Review of Mexico, Mexico City and Yucatán*, the *Territorial Review of Mesoamerica* and the *Territorial Review of Chile*. A *Rural Policy Review* has been carried out for Mexico.

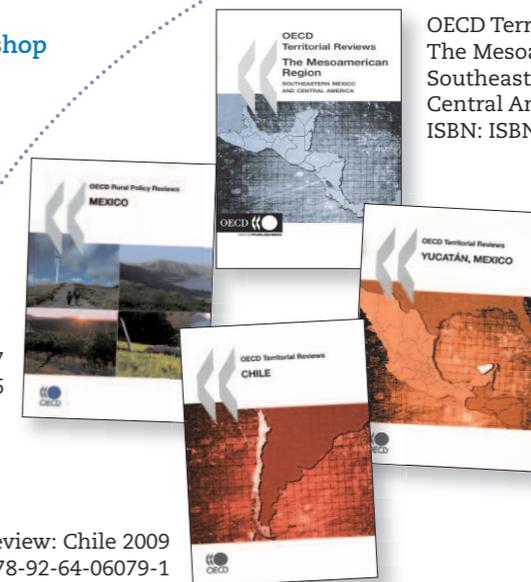
www.oecd.org/regional
www.oecd.org/gov/cities/laspalmasworkshop
www.oecd.org/gov
gov.contact@oecd.org

OECD Rural Policy Review: Mexico 2007
 ISBN: 978-92-64-01152-6

OECD Territorial Review: Chile 2009
 ISBN: 978-92-64-06079-1

OECD Territorial Review
 The Mesoamerican Region:
 Southeastern Mexico and
 Central America, 2006.
 ISBN: ISBN 92-64-02191-4

OECD Territorial Review:
 Yucatan, Mexico.2007
 ISBN: 978-92-64-03710-6





2. Stronger, Cleaner, Fairer

As Latin American economies develop, the pressure on natural resources and the environment increases. Drawing on its experience promoting a co-ordinated analysis of economic, environmental and social issues with a long-term perspective, the OECD is contributing the region's efforts to promote a greener and sustainable development.

2.1 Fighting Corruption

Fighting bribery and corruption has become a high priority for all governments in Latin America; Argentina, Brazil, Chile and Mexico are all states which are Parties to the OECD Convention on *Combating Bribery of Foreign Public Officials in International Business Transactions*. The OECD has developed international standards for transparency and co-operation on taxation to counter tax abuse, particularly in tax havens and countries with strict bank secrecy. The Financial Action Task Force, where Argentina, Brazil and Mexico are members, also engages a worldwide network to combat money laundering and the financing of terrorism.

At the regional level, a long-standing collaboration with the Organisation of American States in the monitoring and implementation of the Inter-American Convention against Corruption promotes public integrity and regional co-operation in the fight against corruption. The next OECD-Latin America Regional Conference on the issue of the liability of legal persons for foreign bribery will be held in Brasilia in May 2010. Public procurement is another area of public activity particularly vulnerable to fraud and corruption. In 2008, Mexico, Brazil and Chile adopted OECD's *Recommendation on Enhancing Integrity in*

Public Procurement, providing guidance for transparency, good management, the prevention of misconduct and accountability, as well as a comprehensive map of risks that can help auditors prevent and detect fraud and corruption.

www.oecd.org/corruption

anti-corruption.contact@oecd.org

www.oecd.org/dac/governance/corruption

dac.contact@oecd.org

2.2 Tax Evasion

The global economic crisis and recent tax evasion scandals have spurred calls for fairness and transparency of the tax system. Removing practices that facilitate tax evasion is part of a broader drive to clean up one of the more controversial sides of a globalised economy. The OECD advocates exchange of information between tax authorities on request in cases of specific tax inquiries to better equip tax authorities to tackle tax evasion. In this regard, the OECD-Mexico Multilateral Tax Centre and the OECD Forum on Tax Administration, where Argentina, Brazil, Chile and Mexico are full participants, provide a venue for technical consultation among senior Latin American officials on tax policies and administration issues leading to more openness and transparency in this realm.

www.oecd.org/tax/globalforum/mexico



Tax Co-operation 2009:
Towards a Level Playing Field
ISBN: 978-92-64-04063-2



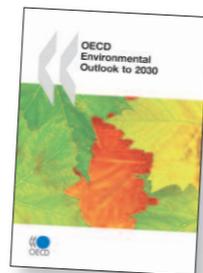
“The OECD’s fact-based analysis and policy prescriptions help create the positive economic environment necessary for businesses to compete, innovate, grow and prosper – in Latin America and across the globe. It’s an indispensable institution.”



Charles P. Heeter, Chairman of the Business and Industry Advisory Committee to the OECD (BIAC)

2.3 Environment and Climate Change

Climate change is a serious challenge for Latin America’s progress, whose effects can already be explicitly felt throughout the continent in, for example, the worsening of hurricanes in Central America and the Caribbean or the melting of glaciers in the Southern cone. The economics of climate change under study at the OECD is assisting policymakers in Latin America to identify and implement policies that are sustainable and eco-friendly, so growth and development do not hurt the environment and their benefits can be extended to future generations. Beyond the design of sustainable development indicators, specific work on biodiversity protection is focusing on enhancing the cost-effectiveness of policies addressing climate change and finding innovative sources to finance action in this realm.



OECD Environmental Outlook to 2030
ISBN: 978-92-64-04048-9



The Economics of Climate Change Mitigation: Policies and Options for Global Action beyond 2012
ISBN: 978-92-64-05606-0

During the next two years a Green Growth Strategy will be developed to help countries recover from the economic crisis while building a green, low-carbon economy. Also, the OECD has recently published *Integrating Climate Change Adaptation into Development Co-operation* which includes information on potential climate change impacts and adaptive responses in Latin America.

www.oecd.org/dac/environment/climatechange/adaptationguidance
www.oecd.org/env/cc/adaptation/guidance



Integrating Climate Change Adaptation into Development Co-operation: Policy Guidance
ISBN: 978-92-64-05476-9

At the country level, *Environmental Performance Reviews* of the environmental policies and progress are conducted for each member country and selected non-OECD countries. They scrutinize efforts to meet domestic objectives and international commitments and provide policy recommendations. Over 60 reviews has been completed and includes a review of Chile and two reviews of Mexico.

www.oecd.org/env/countryreviews
www.oecd.org/environment
env.contact@oecd.org

OECD Environmental Performance Review
ISBN: 978-92-64-0967-7





2.4 Energy

On the path toward greater prosperity, Latin America, home to some of the earth's greatest untapped natural resources, needs to meet today's pressing needs without diminishing the capacity of future generations to meet theirs. Energy statistics, performance and trends in most Latin American countries are being monitored, allowing the International Energy Agency of the OECD to provide analysis and counsel on topics such as market reform and energy technology. The IEA's annual *World Energy Outlook* incorporates the latest data and energy projections to 2030 for the region, addressing all types of energy sources and putting forward recommendations on good practices, as well as the assessment of potential renewable energy sources for the region.

www.oecd.org/energy
www.iea.org
www.iea.org/stats

Electricity consumption in Latin America (2006)



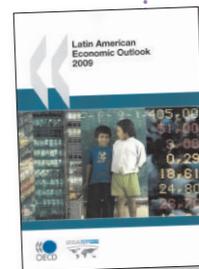
Source: IEA

3. Stronger, Cleaner, Fairer

Better public governance and fiscal management will be pillars of Latin America's gradual economic progress and democratic consolidation. Drawing on the experience of its member democracies, the OECD is working with Latin American governments in their efforts to improve fiscal policy, fight corruption and improve public governance.

3.1 Tax Reform

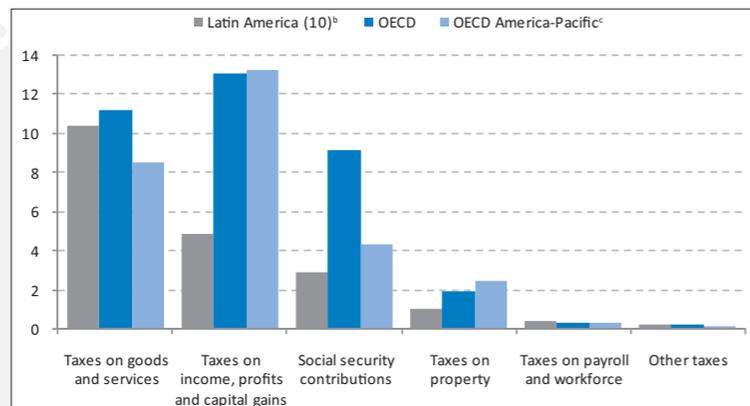
Although most Latin American countries have improved their fiscal performance during the last decade, the *Latin American Economic Outlook 2009* (LEO2009) has called attention to the many challenges still lying ahead in terms of tax and budget reform, and the untapped potential of fiscal policy to boost growth and reduce poverty in the region. LEO2009 highlighted the limited role of Latin American fiscal regimes in reducing inequality when compared to other emerging regions, as well as their excessive reliance on volatile non-tax sources of public revenues and indirect taxation which is not a cost-effective instrument for income redistribution. A more comprehensive *Latin American Revenue Statistics Project*, thoroughly reviewing tax systems in 20 Latin American and Caribbean countries, is currently being carried out.



Latin American Economic Outlook 2009
 ISBN 978-92-64-05168-3



Latin American Tax Revenues Still Not Equal to the Challenges of Development, 2005. (tax revenues as share of GDP)



Source: OECD Latin American Economic Outlook 2009.

The OECD also works closely with Latin American countries and regional organisations to encourage dialogue on the taxation of cross-border transactions. In this regard, the OECD-Mexico Multilateral Tax Centre and the OECD Forum on Tax Administration, where Argentina, Brazil, Chile and Mexico are full participants, provide a venue for technical consultation among senior Latin American officials on tax policies and administration issues leading to more openness and transparency in this realm.

www.oecd.org/ctpa
ctpa.contact@oecd.org

www.oecd.org/dev/leo
dev.americas@oecd.org



“Brazil is among the world’s ten largest economies and is a leading player in South-South co-operation, drawing attention to regional integration. Already an active observer at the OECD, Brazil has been deepening and widening its participation alongside India and South Africa.”

Eduardo Ferro Rodrigues, Portugal’s Ambassador to the OECD; held three Ministerial portfolios from 1995 to 2002.

3.2 Budget Reform

As many Latin American economies try to exit the crisis via stimulus packages, promoting fiscal discipline and sustainability is at the core of the policy recommendations produced for the region by OECD’s Working Party of Senior Budget Officials. The Working Party’s continued technical support to governments in Latin America has been based on three pillars: cross-country analytical studies in order to identify best practices, peer reviews of the budgeting systems of countries such as Brazil, Chile and Mexico, and the updating of extensive databases of budget institutions and practices.

Recent research on budget reform in Latin America has emphasised the efficient allocation of resources subject to a fair distribution of income and a stable macroeconomic environment. Ongoing analysis focuses on the relationship between budgetary institutional arrangements and fiscal performance to highlight the importance of progressive public spending and the quality of public goods and services for

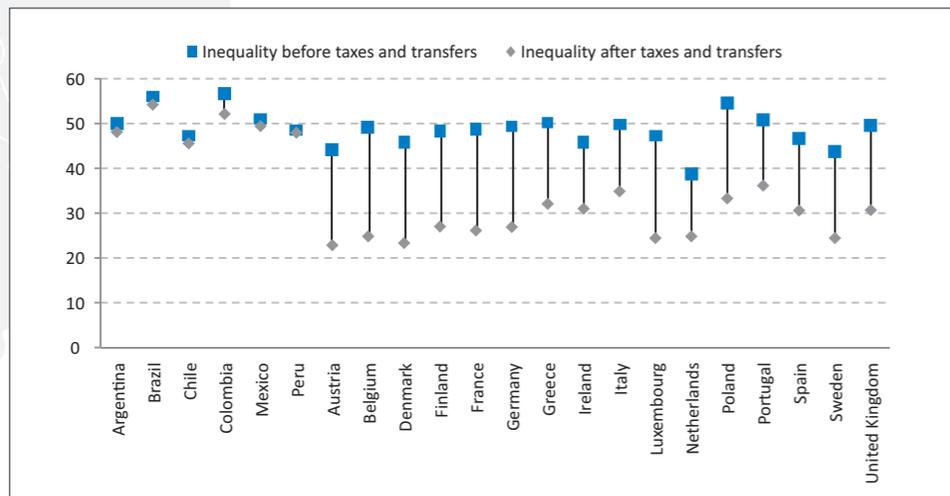


the consolidation of democracy in the region. The OECD works very closely with the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) in this area.

www.oecd.org/ctp
ctp.contact@oecd.org

www.oecd.org/dev
dev.americas@oecd.org

Latin American Fiscal Systems Do Too Little To Reduce Gini Coefficients before and after taxes and transfers, 2007

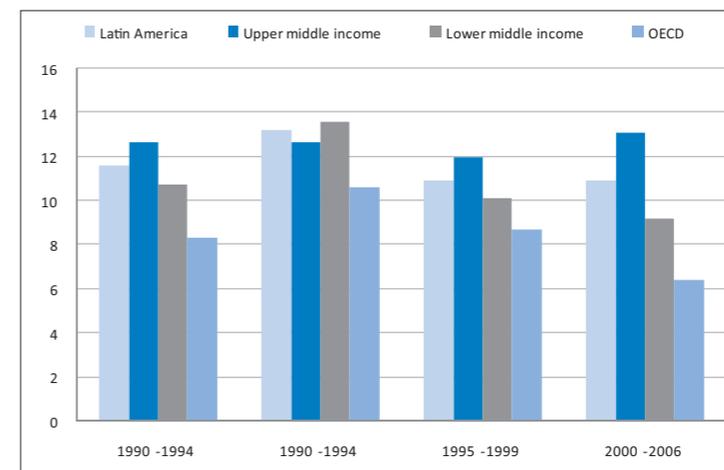


Source: OECD Latin America Economic Outlook 2009

3.3 Debt management

Characterised by high levels of public debt that makes the region vulnerable to adverse shocks, many Latin American countries have progressed in managing the composition of their debt and improving their public finances. Recent research monitoring the region's progressive reduction of its foreign-currency exposure and the development of domestic bond markets shows how Brazil, Colombia, Peru and Uruguay are increasingly able to issue external debt in their local currency, hence reducing their

Interest Payments on Public Debt are Falling for Latin American and OECD Countries, 1990-20
 (as a share of total government expenditure)



Source: OECD Latin American Economic Outlook 2009.



vulnerability to exchange rate fluctuations. However, research has also called attention to the effect of political cycles on sovereign bonds, calling for better information flows from rating agencies and investment banks around elections in order to further decouple fiscal policy from politics in the region.

www.oecd.org/governance
www.oecd.org/dev
dev.americas@oecd.org
www.oecd.org/daf/publicdebtmanagement

3.4 Public governance

Through technical assistance, the provision of comparative data and active engagement with many governments and regional partners like the Inter American Development Bank and the Organisation of American States, the OECD is contributing to improve government efficiency throughout Latin America. This includes efforts that target building local capacity, providing new insights into the management and reform of public administration and helping to develop regional strategies for sustainable economic development. Brazil is undertaking an OECD-led peer review of human resource management in its federal civil service.

www.oecd.org/governance
gov.contact@oecd.org

The recently established Partnership for Democratic Governance (PDG) promotes adequate public governance in post-conflict countries and states in fragile situations to deliver essential public services and government functions. In Latin America and the Caribbean, the Partnership is engaged in Grenada, Guatemala and Haiti, where it helps governments build governance capacity and improve service delivery to citizens in sectors such as procurement, municipal management and justice.

pdgcontact@oecd.org
www.oecd.org/pdg

3.5 Human Security

The OECD is analysing the links between growth, social and institutional policies and human security, and identifying ways to support the most vulnerable, particularly in Central America, the Caribbean and the Andean regions. Special attention is being placed on regional efforts to reduce armed violence and conflict, which pose a threat to economic and social development. Based on examples from Haiti and Guatemala, the International Network on Conflict and Fragility (INCAF), for instance, is currently developing programming notes to help donors and governments implement projects that tackle armed violence by working with the youth and in urban areas.

Through the Development Assistance Committee and INCAF, the OECD is collaborating with the OAS to increase ministerial level commitments to public security in the region. Based on the Guidelines on Security System Reform (SSR), countries like Bolivia are being assisted in their efforts to develop better security systems, as shown by a national SSR action plan that has helped improve government-donor co-



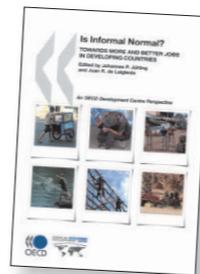
ordination. Guatemala has also benefitted from support in preparation of its new National Security Strategy during 2009.

www.oecd.org/fsprinciples
www.oecd.org/dac
www.oecd.org/dac/incaf/ssr
dac.contact@oecd.org

3.6 Social Welfare

As Latin American societies change rapidly and the global financial situation puts their social protection systems under additional stress, the OECD is leading work on various areas related to social welfare and addressing the human dimension of the crisis. It supports poverty programmes reducing poverty, such as conditional cash-transfer schemes in Mexico and Brazil, but it emphasises long-term and sustained solutions to welfare challenges. Given its size, the informality of employment is another pressing problem with more than half of Latin American workers lacking pension rights through their jobs. The complexity and multiple implications of this phenomenon in the region has been the subject of recent study in *Is Informal Normal?*.

www.oecd.org/dev



Is Informal Normal?: Towards More and Better Jobs in Developing Countries
 ISBN: 978-92-64-05923-8

Ageing population and the maintenance of pension systems is another of the greatest challenges welfare systems in Latin America confront, as a result of increasing life-expectancy and lower fertility rates. With regard to private pensions, new international standards and valuable data monitoring of the industry have been developed, and new guidelines have been devised regarding the security of pension funds' investments. A review of Chile's private pension system discussing progress achieved and remaining challenges has contributed to the development of ambitious reforms, targeting coverage, management costs, choice and supervision. Research has also underlined the mixed results of private pension systems in Latin America in terms of increasing national savings and deepening capital markets.

www.oecd.org/employment els.contact@oecd.org
www.oecd.org/daf/insurance daf.contact@oecd.org
www.oecd.org/daf/pensions daf.contact@oecd.org
www.oecd.org/gov gov.contact@oecd.org
www.oecd.org/dev/poverty/employment

3.7 Education

Education is not only a pillar of economic growth, but a prerequisite for long-term development by empowering individuals to become fully active citizens. Many countries in Latin America participate in OECD's Global Forums on Education and benefit from periodic reviews of their education systems. The annual *Education at a Glance* provides a rich, up-to-date array of comparable indicators on the performance



OECD Reviews of Labour Market and Social Policies: Chile 2009
 ISBN: 978-92-64-06060-9



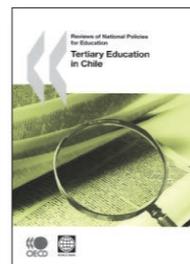
Iberoamérica en PISA 2006
 ISBN: 978-84-294-9269-9



of education systems, including those of Brazil, Chile and Mexico, together with practical recommendations on how to enhance the efficiency and the effectiveness of education policy. As a member, Mexico is particularly engaged with the OECD on improving education, with a focus on quality, inclusiveness and evaluation. The OECD also collaborates with Latin American authorities in other dimensions of education, such as advancing school leadership and management, improving the professionalization of teaching, reforming curricula or even ensuring that the necessary infrastructure is in place.



Highlights from Education at a Glance 2009
ISBN: 978-92-64-06372-3



Reviews of National Policies for Education:
Tertiary Education in Chile 2009
ISBN: 978-92-64-05089-1

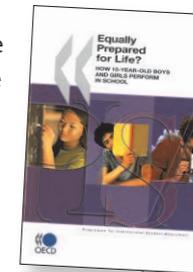
Financial Education. As individuals increase their use of financial products, it becomes more important that they be financially literate. Policymakers need to be able to identify individuals who are most in need of financial education and the best ways to improve that education. In order to assist policy makers, the OECD has established the International Gateway for Financial Education to describe, analyse and assess the effectiveness of programmes to improve financial literacy.

www.oecd.org/daf/financialeducation

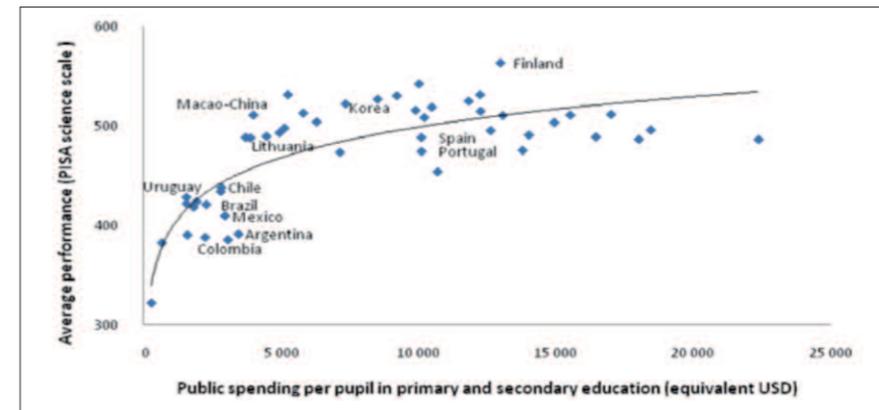
The Programme for International Student Assessment (PISA) assesses and compares the performance of 15-year-olds in over 50 countries in reading, mathematics and science competencies. The 2009 edition of PISA will include Argentina, Chile, Colombia, Dominican Republic, Panama, Peru, Trinidad and Tobago and Uruguay.

www.pisa.oecd.org
www.oecd.org/edu
edu.contact@oecd.org

PISA: Equally prepared for life?:
How 15-year-old boys and girls perform in school
ISBN: 978-92-64-06394-5



Quantity of Spending Matters, But Quality Matters More



Note: Public spending is calculated as average of available data throughout the 2000s.
Source: PISA 2006 Science Competences for Tomorrow's World



3.8 Health

OECD Reviews of Health Systems are studies of the health system of member countries, with a particular focus on economic issues and assessing performance in a comparative context. The *Review for Mexico* describes the strengths and weaknesses of the Mexican health system in terms of access to health care, quality of care, efficient supply of services and the financial sustainability of the system. The report also evaluates reforms to the system with particular emphasis on the recently-introduced System of Social Protection in Health (“Sistema de Protección Social en Salud”) and assesses remaining policy challenges facing the Mexican Authorities.



OECD Reviews of Health Systems: Mexico 2005
ISBN: 978-92-64-00892-2

A recent publication on the international mobility of health workers, *The Looming Crisis in the Health Workforce, how can OECD countries respond?* has provided new evidence on the scope and impact of this phenomenon on Latin American countries, especially in the Caribbean. It has identified possible measures to better share the benefits and reduce the risks of health workers leaving their country of origin, where specialised professionals are in short supply and health services are weak.



The Looming Crisis in the Health Workforce, how can OECD countries respond?
ISBN: 978-92-64-05043-3

www.oecd.org/health



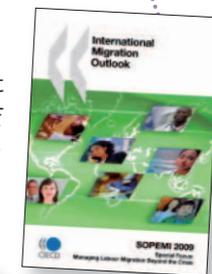
“OECD instruments that promote integrity and transparency, such as the anti-bribery convention and the Guidelines on Multinational Enterprises, are important tools of accountability used by labour organisations. We look forward to sharing experiences with our Latin American colleagues on these and wider issues.”

John Evans, General Secretary, Trade Union Advisory Committee to the OECD.

3.9 Migration

Latin American immigrants make up about 25% of the foreign-born immigrant population (around 20 million). They are concentrated in a limited number of countries (the United States, Canada, Spain and Portugal), women are equally represented in the immigrant population. The main characteristics of Latin American immigrants are described and internationally compared in the OECD Database on Immigrants (DIOC) and in *A Profile of Immigrant Populations in the 21st Century* of the OECD countries. Ongoing work with the Organisation of American States is improving the monitoring of Latin American migration flows through the SOPEMI system, a permanent observatory which produces the annual *International Migration Outlook*.

A Profile of Immigrant Populations in the 21 Century :
Data from OECD Countries
ISBN 978-92-64-04090-8.



International Migration Outlook
ISBN: 978-92-64-05661-9



Remittance flows to developing countries surge in the 2000s, 2002-2008 (USD billion)

INFLOWS	2002	2003	2004	2005	2006	2007	2008*	Change 2008-07	Annual change 2002-08
Developing countries	116	143	164	195	229	281	305	9%	17%
East Asia and Pacific	30	35	39	47	53	65	70	8%	15%
Europe and Central Asia	14	16	22	31	38	50	53	6%	25%
Latin America and Caribbean	28	37	43	50	59	63	63	0%	14%
Middle-East and North Africa	15	20	23	24	26	31	34	10%	15%
South Asia	24	30	29	33	40	52	66	27%	18%
Sub-Saharan Africa	5	6	8	9	13	19	20	5%	26%
Low-income countries	15	17	20	24	29	43	49	15%	22%
Middle-income countries	100	127	143	169	197	238	256	7%	17%
Lower MIC's	71	89	95	110	127	155	170	10%	16%
Upper MIC's	30	38	48	60	70	82	85	3%	19%
High income OECD	53	61	67	68	74	86	88	12%	9%
High income non-OECD	1	2	3	4	4	4	5	7%	31%
World	170	207	235	268	307	371	398	7%	15%

OUTFLOWS	2002	2003	2004	2005	2006	2007	2008e	Change 2006-07	Annual change 2002-07
All developing countries	19	22	30	34	43	54	na	23%	23%
High income OECD	89	101	115	126	142	164	na	13%	13%
High income non-OECD	24	23	23	24	28	30	na	2%	5%
World	131	147	167	185	213	248	na	13%	14%

Source: OECD International Migration Outlook 2009

In addition, the *Latin American Economic Outlook 2010* analyses the impact of the current economic crisis on migration and remittance flows in the region, explaining how migration influences labour markets in sending countries, offering policy recommendations on how remittances can help deepen capital markets and highlighting the need for greater coordination and coherence between migration and development policies in Latin American and Caribbean countries.

www.oecd.org/migration
els.contact@oecd.org
www.oecd.org/dev/leo
dev.americas@oecd.org

Latin American Economic Outlook 2010
 ISBN 978-92-64-07521-4



“The ever-growing relationship between the OECD and Latin America - through membership, adhesion and new initiatives - is a mutually beneficial process for both the actors and the rest of the world.”

Antonio Armellini, Ambassador of Italy to the OECD.



3.10 Development Cooperation

Regular monitoring of aid flows, including peer reviews of donor programmes, has drawn attention to the declining share of ODA to Latin America and Caribbean since the mid-1990s. This is line with donor efforts to concentrate aid on poorer countries. Improving development effectiveness and better policy coordination is at the core of the Working Party on Aid Effectiveness where Mexico, Bolivia, Colombia, Honduras, Nicaragua participate. This Working Party monitors the implementation of the OECD-inspired 2005 Paris Declaration and the subsequent 2008 Accra Agenda for Action, which encourage harmonization, accountability, inclusiveness and country ownership in development co-operation, and have been endorsed by twelve Latin American countries.



Development Co-operation Report 2009
ISBN: 978-92-64-05504-9

www.oecd.org/development
www.oecd.org/dac
dac.contact@oecd.org

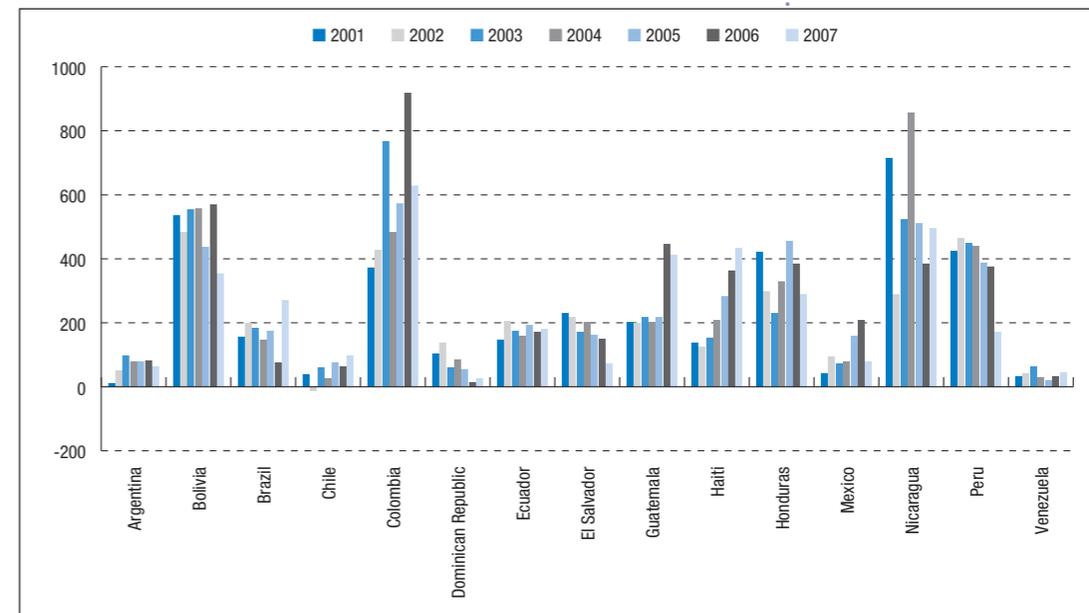


"Since Mexico joined in 1994 as the first Latin American member, the OECD has transferred its policy tools for achieving sustainable economic growth and better living standards for our societies. The OECD also benefits from a better understanding of the reality of Latin America to hone their analytical tools and to expand its global influence."

Agustín García-López, Ambassador of Mexico to the OECD.



Aid To Latin America is Declining, But Still Important to Andean and Central American Countries: Official Development Assistance (ODA) Total, Net disbursements 2001-2007, USD millions.



Source: OECD Stat.

www.oecd.org/development
dac.contact@oecd.org



Latin America and Caribbean countries' adherence to OECD instruments

Convention on Combating Bribery of Foreign Public Officials in International Business Transactions	Argentina, Brazil, Chile, Mexico
Declaration and Decisions on International Investment and Multinational Enterprises	Argentina, Brazil, Chile, Peru
Sector Understanding on Export Credits for civil aircrafts (annex III of the Arrangement on Officially Supported Export Credits)	Brazil
Declaration on the Future of the Internet Economy	Chile
Agricultural Seed Schemes	Argentina, Bolivia, Brazil, Chile, Mexico, Uruguay
Bologna Process on SMEs policies	Argentina, Brazil, Chile, Costa Rica, Peru, Venezuela
Recommendation on Core Principles of Occupational Pension Regulation	Brazil
Recommendation of Council concerning Effective Action against Hard Core Cartels	Brazil
Paris Declaration on Aid Effectiveness	Argentina, Bolivia, Dominican Republic, Guatemala, Guyana, Haiti, Honduras, Jamaica, Peru
Mutual Acceptance of Data in the Assessment of Chemicals	Argentina (provisional), Brazil (provisional)

Latin America and Caribbean countries' full participation in OECD bodies

Co-operative Action Programme on Local Economic and Employment Development (LEED)	Chile (Argentina's application under consideration)
Development Centre	Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Peru
Programme for International Student Assessment Governing Board (PISA)	Argentina, Brazil, Chile, Columbia, Dominican Republic, Panama, Peru, Trinidad and Tobago, Uruguay
Steel Committee	Brazil
Work related to Declaration on International Investment and Multinational Enterprises of the WP of the Investment Committee	Argentina, Brazil, Chile, Peru
Working Group on Bribery in International Business Transactions of the Investment Committee	Argentina, Brazil, Chile, Mexico
WP on Aid Effectiveness	Bolivia, Honduras, Nicaragua
Global Forum on Transparency and Exchange of Information for Tax Purposes	All Latin American and Caribbean countries.



Latin America and Caribbean countries' observership in OECD bodies

Committee for Agriculture and some of its working parties/groups	Argentina, Brazil, Chile
Committee on Fiscal Affairs and its working parties/groups	Argentina, Chile
Committee for Scientific and Technological Policy and its working parties /groups	Brazil, Chile
Committee on Statistics and its working parties/groups	Brazil, Chile
Competition Committee and its working parties	Brazil, Chile
Education Policy Committee and most of its working parties/groups	Chile
Fisheries Committee	Argentina
Institutional Management in Higher Education Governing Board	Brazil, Barbados, Ecuador, Trinidad and Tobago
Investment Committee and Advisory Group on Cooperation with Non-Members	Argentina, Brazil, Chile
Joint Working Party on Agriculture and Trade	Argentina, Brazil, Chile

Joint Working Party on Trade and Environment	Brazil
Public Governance Committee and its subsidiary bodies	Brazil, Chile
Steel Committee	Argentina
Territorial Development Committee and its working parties/groups	Chile
Trade Committee and its Working Party	Argentina, Brazil, Chile
Working Party on Private Pensions (of the Insurance and Private Pensions Committee)	Brazil, Chile
Working Group of National Co-ordinators of the Test Guidelines Programme (of the Environment Policy Committee)	Argentina, Brazil
Working Group on Good Laboratory Practice (of the Environment Policy Committee)	Argentina, Brazil
Task Force for the Safety of Novel Foods and Feeds (of the Environment Policy Committee)	Argentina
Working Group on the Harmonisation of Regulatory Oversight in Biotechnology (of the Environment Policy Committee)	Argentina
Working Party on SMEs and Entrepreneurship (of the Committee on Industry, Innovation and Entrepreneurship)	Brazil, IADB



“The OECD has played a pivotal role in developing a consensus on international economic rules to create a more efficient, more broadly prosperous world economy both among member countries and in other parts of the world, and can do the same with a strengthened relationship with the countries of Latin America.”

Karen Kornbluh, US Ambassador to the OECD.



■ Recent OECD publications on Latin America

- OECD in Figures (ISBN 978-92-64-05199-7)
- Latin American Economic Outlook 2010 (ISBN: 978-92-64-07521-4)
- Latin American Economic Outlook 2009 (ISBN 978-92-64-05168-3)
- Latin American Economic Outlook 2008 (ISBN 978-92-64-03826-4)
- Chile Energy Policy Review (2009, ISBN 978-92-64-07314-2)
- OECD Economic Surveys: Brazil (2009, ISBN 978-92-64-054487-9)
- OECD Economic Surveys: Mexico (2009, ISBN 978-92-64-05441-7)
- Competition Law and Policy in Colombia (2009, pdf available on-line)

- OECD Territorial Reviews: Chile (2009, ISBN 978-92-64-06074-6)
- OECD Review of Budgeting in Mexico (2009, ISBN 978-92-64-7340-1)
- OECD Reviews of Labour Market and Social Policies: Chile (2009, ISBN 978-92-64-06060-9)
- OECD Reviews of Innovation Policies: Mexico (2009, ISBN 978-92-64-07597-9)
- OECD Reviews of National Policies for Education: Tertiary Education in Chile (2009, ISBN 978-92-64-05089-1)
- OECD Reviews of Regional Innovation: 15 Mexican States (2009, ISBN 978-92-64-06149-1)
- Globalisation and Emerging Economies: Brazil, Russia, India, Indonesia, China and South Africa (2009, ISBN 978-92-64-04480-7)
- World Energy Outlook 2009 (2009, ISBN: 978-92-64-06130-9)
- Natural Gas Market Review 2009 (2009, ISBN: 978-92-64-06413-3)
- Gadgets and Gigawatts : Policies for Energy Efficient Electronics (2009, ISBN: 978-92-64-05953-5)
- Deploying Renewables: Principles for Effective Policies (2008, ISBN: 978-92-64-04220-9)
- From 1st- to 2nd-Generation Biofuel Technologies - Full Report (2008, pdf available on-line)
- OECD Peer Reviews of Competition Law and Policy in Latin America – A Follow-up: Argentina, Brazil, Mexico and Peru (2008, ISBN 978-92-64-04200-1)
- OECD Reviews of Regulatory Reform: Brazil (2008, ISBN 978-92-64-04293-3)
- OECD Review of Agricultural Policies: Chile (2008, ISBN 978-92-64-04223-0)
- OECD Reviews of Tertiary Education: Mexico (2008, ISBN 978-92-64-03923-0)



- OECD Investment Policy Reviews: Peru (2008, ISBN 978-92-64-05374-8)
- OECD Reviews of National Policies for Education: Dominican Republic (2008, ISBN 978-92-64-04081-6)
- The Visible Hand of China in Latin America (2007, ISBN 978-92-64-02796-1)
- OECD Economic Surveys: Mexico (2007, ISBN 978-92-64-03843-1)
- OECD Economic Surveys: Chile (2007, ISBN 978-92-64-04006-9)
- OECD Reviews of Innovation Policies: Chile (2007, ISBN 978-92-64-03751-9)
- OECD Reviews of Innovation Policies: Chile (2007, ISBN 978-92-64-03751-9)
- OECD Rural Policy Reviews: Mexico (2007, ISBN 978-92-64-01152-6)
- OECD Territorial Reviews: Yucatan, Mexico (2007, ISBN 978-92-64-03702-1)
- SMEs in Mexico: Issues and Policies (2007, ISBN 978-92-64-03178-4)
- OECD Economic Surveys: Brazil (2006, ISBN 978-92-64-02999-6)
- OECD Territorial Reviews: The Mesoamerican Region (2006, ISBN 978-92-64-02191-4)
- Challenges to Fiscal Adjustment in Latin America (2006, ISBN 978-92-64-02207-2)
- Competition Law and Policy in Latin America: Argentina, Brazil, Chile, Mexico and Peru (2006, ISBN 978-92-64-01498-5)
- OECD Reviews of Health Systems: Mexico (2005, ISBN: 978-92-64-00892-2)
- Competition Law and Policy in Chile: A peer review (2004, ISBN: 978-92-64-06476-8)



“The OECD is sometimes referred to as a club of rich countries; it should be referred to, instead, as a club of countries that promote and foster best practices.”

President Michelle Bachelet, Chile.





Contact

www.oecd.org/americalatina

Centro de la OCDE en México para América Latina
Av. Presidente Mazaryk 526, Colonia: Polanco, C.P. 11560, México, D.F.

Tel.: 52 55 91 38 62 33

Fax.: 52 55 52 80 04 80

www.oecd.org/centrodemexico
jose-antonio.ardavin@oecd.org

Centre for Co-Operation with Non-Members
2, rue André-Pascal, 75775 Paris CEDEX 16, France

www.oecd.org/ccnm

Centro para la Cooperación con non miembros

www.oecd.org/ccnm
ccnmcont@oecd.org