

LATIN AMERICA AND CARIBBEAN-OECD **INVESTMENT** **INITIATIVE**

Tapping into international value-chains: opportunities and challenges for Latin America

San José, Costa Rica

31 October – 1 November 2012

DRAFT PROGRAMME



Tapping into international value-chains: Opportunities and challenges for Latin America

This event will promote a dialogue on international value chains and explore what Latin American governments can do to maximise the economic and development benefits these can generate.

With the on-going internationalisation of production, multinational enterprises (MNEs) continue to allocate different economic activities to different countries and regions according to a range of strategic considerations. These strategic considerations include things such as proximity to markets, quality of infrastructure (transport, telecommunications), availability of essential services, and characteristics of the local work force and labour market, among many others.

An important implication for countries of the internationalisation of value-chains is that foreign direct investment brings different benefits depending upon which parts of the value-chain a country attracts. Multinational enterprises generally don't replicate the full range of their economic activities in a particular location where they make an investment – they will set up that part of their value chain they deem best suited to local characteristics and qualities. Whereas one country might attract a research and development facility, another might attract a production line, and yet another might attract retail or distribution facilities.

One part of the value chain is not better than another part of the value chain. At each stage, the nature of the economic activity aimed at generating value-added is different. But the objective for the firm remains to add value. This is why FDI generally brings benefits to the countries in which it takes place.

Government policies play a crucial role in shaping the factors that firms consider when deciding where to locate different parts of their value chains. Conversely, certain government policies (or the lack of government policies) will discourage certain types of investment. For example, a weak intellectual property regime will not attract many R&D centres.

The objective of this conference is to identify practical policy options for Latin American governments in the formulation of their investment promotion strategies with a specific focus on international value chains. Latin American governments face growing competition for international investment from different regions and in different sectors. In addition, the concentration of international investment in the primary sector in some Latin American countries has raised concerns for these governments about the sort of benefits this investment brings and whether there are ways to promote more diversified international investment.

The sessions will be organized as moderated panel discussions, with ample time for questions and discussion. Hosted by the Government of Costa Rica, this is the third meeting of the Latin America and Caribbean-OECD Investment Initiative. It will bring together policymakers, international experts and other interested stakeholders, from business, think tanks, academia and civil society. Leading international organisations will also be represented, including the IADB, IDE-JETRO and the WTO.

DRAFT PROGRAMME

Day 1 – 31 October 2012	
08:00 – 8:45	Registration
08:45 – 09:30	<p>Welcoming remarks</p> <p>Anabel González, Minister of Foreign Trade, Costa Rica</p> <p>Richard Boucher, Deputy Secretary-General, OECD</p> <p>Luis Alberto Moreno, President, IDB</p> <p>Special keynote speaker: H.E. Laura Chinchilla, President of Costa Rica</p>
09:30 – 11:00	<p>Panel 1: The fragmentation of international production: a new global landscape for trade and investment</p> <p>Over the last decades, the world has witnessed a growing international fragmentation of production processes, resulting from a continuous search by companies of better business conditions and maximum efficiency. Global production schemes are transforming the structure of international business, have prompted offshoring services, and are creating economic opportunities for developing countries. This session will explore the following questions:</p> <ul style="list-style-type: none"> • What are the consequences of this increasingly international and globally efficient production process for Latin American and Caribbean countries? • What are the opportunities and challenges involved for business, society, government and other stakeholders? • What is the impact on trade and investment? <p>Keynote speaker: Gary Gereffi, Director of the Center on Globalization, Governance and Competitiveness, Duke University</p> <p>Moderator: Richard Boucher, Deputy Secretary-General, OECD</p> <p>Panel</p> <p>Anabel González, Minister of Foreign Trade, Costa Rica</p> <p>Huberth Escaith, Economic Research and Statistics Division, WTO</p> <p>Greg Slater, Director of Trade and Competition Policy, Intel Corporation</p> <p>Pat Cronin, General Manager, IBM Global Services</p> <p>Q & A session</p>
11:00 – 11:30	Coffee break
11:30 – 13:00	<p>Panel 2. Global value chains: regional experiences and approaches</p> <p>Global value chains have evolved differently across the world. Panelists in this session will focus on the interaction of inputs and outputs from Latin American countries within global value chains (GVCs). They will also discuss what public policies can do to enhance and improve Latin America's performance in GVCs and how business models have evolved to take better advantage of new production patterns. This session will address the following questions:</p> <ul style="list-style-type: none"> • How has the nature of international value chains in Latin America changed in recent years? What are the reasons behind those changes?

	<ul style="list-style-type: none"> • Are Latin American countries being successful in attracting the type of investments they target? • What are the key factors supporting or impeding international investments to bring greater development benefits to Latin America? <p>Moderator: Antoni Esteveordal, Manager of Integration and Trade, IADB</p> <p>Panel</p> <p>Juan Blyde, Senior Trade Economist, IADB</p> <p>Satoshi Inomata, Director, International Input-Output Analysis Studies Group, Development Studies Center, IDE-JETRO</p> <p>Q & A session</p>
13:00-14:30	<p>Luncheon meeting for the members of the Inter-governmental Steering Group for the Latin America and Caribbean Investment Initiative (IGSG) <i>(closed session)</i></p>
14:30 – 16:00	<p>Panel 3: Government strategies for enhancing global value chain competitiveness</p> <p>Enhancing competitiveness in global value chains requires understanding a country's current position within the global production system and working to resolve the problems that prevent economic agents from moving up to higher value added activities. There could be a role for governments to implement strategic policies to enhance and speed up the upgrading process. The session will address the following questions:</p> <ul style="list-style-type: none"> • What are the main challenges that Latin American countries face to engage in higher value added activities? • Which LAC and other countries have been successful in moving up the value chain? • What specific policies and institutional designs have been particularly effective? <p>Moderator: Fernando Ocampo, Vice Minister Foreign Trade, Costa Rica</p> <p>Panel</p> <p>Ricardo Monge, President, Presidential Council for Competitiveness and Innovation, Costa Rica</p> <p>Gabriel Duque, Vice Minister of Foreign Trade, Colombia</p> <p>Alejandro Faya, Investment Director, Ministry of the Economy, Mexico</p> <p>Anthony O'Sullivan, Head of Private Sector Development Division, OECD</p> <p>Q & A session</p>
16:00 -16:30	<p>Coffee break</p>
16:30 – 18:00	<p>Panel 4: International value chains, insertion strategies and linkages with the local economy</p> <p>Many of the social and economic benefits that accrue from international value chain investment are associated with linkages between Multinational Enterprises (MNEs) and the local economy. Local firms, especially small and medium sized enterprises, can be important economic partners for MNEs, providing various</p>

	<p>inputs and services. Linkages with MNEs provide local firms with new business opportunities and access to international markets. They also generate jobs and support knowledge and technology transfers. However, in many cases those linkages have remained weak, raising questions about the extent to which international investment contributes to broader development objectives. This session will address the following questions:</p> <ul style="list-style-type: none"> • In the Latin American context, are the linkages between international investment and the local economy stronger in some sectors than in others? • Do some government policies involuntarily weaken linkages between international investment and the local economy? • What can governments do to encourage deeper linkages with the local economy? <p>Moderator Carolyn Robert, Lead Trade and Integration Specialist, IADB</p> <p>Panel</p> <p>Julio Lizano, President and Operations Director - Latin America, Vitec Videocom Ltda.</p> <p>Bo Meng, International Input-Output Analysis Studies Group, Development Studies Center, IDE-JETRO</p> <p>Isaías Gonzalez, General Manager, Hospira</p> <p>Flavio Díaz, President DM Lawyers and Partners</p> <p>Q & A session</p>
18:00 – 20:00	<p>Reception (time and venue tbc)</p> <p>Welcoming remarks</p> <p>Anabel González, Minister of Trade, Costa Rica</p> <p>Richard Boucher, Deputy Secretary General, OECD</p>

Day 2 – 1 November 2012

09:00 – 10:30	<p>Panel 5: Trade policy in the context of global value chains</p> <p>Trade in the 21st century is characterized by the unbundling of production. Trade liberalization has allowed MNEs to establish complex international value chains. However, the same international trade system that has allowed global value chains to emerge may have its limits in promoting further growth of those value chains. There is a debate about whether preferential trade agreements and other measures in the multilateral trading system hinder MNE investment or whether they are a symptom of the need for the system to evolve. This session will address the following questions:</p> <ul style="list-style-type: none"> • To what extent are international trade and investment policies in Latin American complementing each other in support of investment in international value-chains in the region? • What areas of trade policy are most important from the perspective of MNEs? • What are the characteristics of a 21st century trade system that supports international investment in Latin America?
---------------	--

	<p>Moderator: Ken Ash, Director, Directorate of Trade and Agriculture, OECD</p> <p>Panel</p> <p>Anabel González, Minister of Foreign Trade, Costa Rica</p> <p>Arancha González, Chief of Staff, Office of the Director General, WTO</p> <p>Guillermo Valles, Director, Division on International Trade in Goods and Services, and Commodities, UNCTAD</p> <p>Luis de la Calle, Director of De la Calle, Madrazo, Mancera Consulting, former Undersecretary of Trade Negotiations, Mexico</p> <p>Q & A session</p>
10:30 -11:00	<p>Coffee break</p>
11:00 – 12:30	<p>Panel 6: Integrating to the world with talent: the role of human capital in strengthening and enhancing participation in global value chains</p> <p>Having highly qualified human capital allows for competitiveness improvements and enhances the participation of a country in global value chains. Talented people innovate by absorbing and developing new technologies and new approaches to business. As MNEs choose where to locate their operations, one of the main factors they often consider is the quality and quantity of human talent. Upgrading human capital requires a coordinated effort between households, educational institutions and MNEs. Adequate public policies can facilitate the coordination process. This session will address the following questions:</p> <ul style="list-style-type: none"> • Which are the main areas in which human capital and skills require upgrading in Latin America? • Which public policies could facilitate a better match between what educational institutions offer and what MNEs demand from human capital? What kinds of incentives are required for this to happen? <p>Which public policies could promote early career orientation towards math, science and other degrees highly sought by MNEs?</p> <p>Moderator: Gabriela Llobet, Director General, CINDE</p> <p>Panel</p> <p>Karina Fernández-Stark, Center on Globalization, Governance & Competitiveness, Duke University</p> <p>Anthony Salcito, Vice President, Microsoft Corporation and Member of the Executive Board of ATC21S</p> <p>Alejandro Cruz, Minister of Science and Technology, Costa Rica</p> <p>Yasushi Ueki, Technological Innovation and Economic Growth Studies Group, Inter-disciplinary Studies Center, IDE-Jetro</p> <p>Q & A session</p>

12:30 – 13:00	<p>Closing session – The way forward</p> <p>Anabel González, Minister for Trade, Costa Rica</p> <p>Alejandro Faya Rodríguez, Executive Director, Ministry of the Economy, Mexico (host of the fourth meeting of the LAC-OECD Investment Initiative)</p> <p>Richard Boucher, Deputy Secretary-General, OECD</p>
---------------	---

Background

The Latin America and Caribbean-OECD Investment Initiative aims to increase the contribution of private investment to economic and social development in Latin America and the Caribbean. It does so through peer dialogue, both between governments as well as between governments and investors. The Initiative helps governments create better policies at three levels: through general improvements to the investment climate (e.g. less red tape); through more focused approaches that reflect the particular needs of specific sectors (e.g. investment in agriculture); and through initiatives that enhance the development contribution of private investment (e.g. creating fairer public-private partnerships for essential infrastructure).

This conference is hosted by the Government of Costa Rica, in co-operation with the OECD and with financial support from the IADB. It is the third event of the LAC-OECD Investment Initiative. The first event took place in Santiago, Chile, in September 2010. The second event took place in Bogota, Colombia, in July 2011. The fourth meeting will be held in Mexico in the fourth quarter of 2012, dates to be confirmed.

Registration and further information

To register for the Conference on “Tapping into International Value-Chains: Opportunities and Challenges for Latin America”, please send an e-mail to: david.bullon@comex.go.cr providing your name, affiliation, and contact details.

For regular updates, including the most recent programme, and information concerning registration and accommodation, please visit www.oecd.org/daf/investment/lac.

For further information please write to us at investment@oecd.org.

Sponsorship

The organisers gratefully acknowledge the generous financial support provided by the Inter-American Development Bank.

Partners

IDE-JETRO Institute of Developing Economies
Japan External Trade Organization

