POST COVID TRADE PRIORITIES AND SCENARIOS FOR LAC (GVCS)

16 JULY 2021

16h FR | 9h ES | 10h PT | 11h BR

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Fostering new development models: A multidimensional approach to the post-Covid-19 world.

The COVID-19 crisis has hit Latin America and the Caribbean (LAC) harder than any other emerging region in the world. In economic terms, the region has suffered a 7.7% drop in GDP, and in human terms, over a million lives have been lost. With around 60% of informal workers and 40% of all workers in the region surviving without any form social safety net before the pandemic hit, the most vulnerable members of society are bearing the brunt of the crisis today.

Furthermore, a series of pre-existing development traps, outlined in the Latin American Economic Outlook 2019, have accentuated the toll of the crisis in the region. As LAC countries chart the path to recovery, development models need to evolve to break the vicious cycles that held the region back even before the crisis struck. We have also seen that national responses alone are not enough to overcome a crisis of global scale; new international partnerships and international co-operation on an equal footing are essential to ensuring a long-term recovery for the region.

At this critical juncture for Latin America and the Caribbean, the EU Regional Facility on Development in Transition is engaged in a series of efforts under “Fostering sustainable development models in LAC countries: A multidimensional approach to the post-COVID-19 world”. Partners including the OECD and its Development Centre, ECLAC and the European Commission (INTPA) have joined forces with key regional institutions to contribute, through analysis and debate, to shaping new development models for a sustainable and inclusive recovery in LAC.

The “Development in Transition Days” will be a first milestone in this effort. A series of discussions will help assess the policy priorities for LAC in the aftermath of the COVID-19 crisis, especially in the fields of regional integration and global value chains; social protection systems; gender; primary healthcare, and regional and international partnerships. Latin American and European economic and political leaders will take part of the discussion for paving the way of the recovery. There will also be a focus on the specific cases of key countries in the region: Brazil, Panama and Paraguay.

Through these discussions, the EU Facility on Development in Transition aims to take stock of the valuable assessments, experiences and ideas that can help regional and European actors to jointly determine the post-COVID strategic priorities and line of action for a sustainable and inclusive recovery, beyond just the recovery phase. An endeavour that will also contribute to strengthening the longstanding partnership between both LAC and Europe towards the common goal of improving people’s well-being.
International trade and in particular production networks, characterized by close production relationships between leading firms and suppliers across borders, have provided many economies with new opportunities to participate in international trade and access new technologies. In recent years, growth of Global Value Chains (GVCs) has leveled out, but their role across many industrial sectors remains crucial. The pandemic has brought to the fore vulnerabilities in supply chains in some specific sectors. Finding ways to enhance the resilience of global production networks where necessary, and exploring potential implications for LAC, is likely to become the subject of a growing debate in the near future. This project will focus on ways how the region can reap more opportunities from international trade and production networks. This includes the identification of possible trade policy scenarios that could materialize as the global economy recovers from the COVID-19 crisis and the resulting new opportunities for regional productive capabilities and value chain integration for LAC. In particular, the project will pay attention to the opportunities derived from the existing trade agreements between the EU and the LAC region.

This expert meeting will seek to answer to the following questions:

- How did COVID-19 crisis change international trade? What where the key drivers and impacts? What do 2020-21 trade developments tell us about possible longer-term adjustments?
- How has LAC’s trade been affected? Given the nature of its participation in GVCs, does the region stand to lose or gain post-COVID? What are the actions to take or areas to investigate to improve integration and accelerate the recovery of the region?
Moderator:

• Jose Antonio Ardavin, Head of the LAC Division, OECD

Setting the scene:

• Marion Jansen, Director, Trade and Agriculture Directorate, OECD

Panellists:

• Fabrizio Opertti, Manager of the Integration and Trade Sector of the IDB
• Keiji Inoue, Deputy Director of the International Trade and Integration Division at the United Nations Economic Commission for Latin America and the Caribbean (UN ECLAC)
• Pamela Coke-Hamilton, Executive Director of the International Trade Centre*
• (TBC) EU Representative

LAC Representatives:

• Costa Rica: Francisco Monge, Deputy Director General of Foreign Trade of the Ministry of Foreign Trade of Costa Rica
• Chile: Luciano Cuervo, Economic Advisor to the Global Value Chains Division of SUBREI – Chile
• Colombia: Daniel Gómez Gaviria, deputy director of the National Planning Department of Colombia.
• (TBC) Brazil:

Q&A Session:

• Francisco Lima, Secretary General Elected, SIECA
• Adela Maestre, Director of Regional Coordination and Integration Mechanisms, Pacific Alliance*
• H.E. Luiz Gonzaga Coelho, Director, Mercosur*

Key Takeaways and next steps:

• Jens Arnold, Deputy Head of Division at the Economics Department of the OECD
• Przemyslaw Kowalski, Senior Economist, Trade and Agriculture Directorate, OECD

(* invited)
Contact points

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