Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER

State Secretariat for Economic Affairs SECO
Bilateral Economic Relations
Americas

Switzerland – Latin America
Economic Relations Report 2015

Distribution

For hard copies or further information, please contact:

State Secretariat for Economic Affairs (SECO)
Bilateral Economic Relations
Americas Unit
Holzikofenweg 36
CH-3003 Bern

Phone: +41 / 58 464 14 53
E-mail: edith.heidenthal@seco.admin.ch

Available in electronic form at:
www.seco.admin.ch/dokumentation/publikation/00008/00023/index.html?lang=en

Bern, April 2015

Content

Boxes

Figures

Appendix Tables Switzerland – Latin America

Appendix Figures Switzerland – Latin America

Acknowledgements

The Switzerland - Latin America Economic Relations Report 2015 was prepared under the direction of Philippe G. Nell, Minister, Head of the Americas Unit at the State Secretariat for Economic Affairs.

Special gratitude is expressed to Marco Kräuchi for his editorial and overall coordination work, Martin Gutjahr for assessing the economic situation in Latin America, Alain Bühlmann for undertaking the research and writing the chapter on the emerging middle class in Latin America and Edith Heidenthal for the elaboration of the tables and graphs.

The report has also benefited from input provided by the Swiss Embassies in Latin America and SECO's Economic Development Cooperation Division. They are to be thanked for their contributions.

Source: http://the-works.net/tag/map-of-southamerica

Foreword

Dear Reader,

Most of Latin America has been growing at a stunning pace during the past decade. Political stability, rigorous macroeconomic policies and very high commodity prices contributed to this remarkable result. Unlike during earlier strong economic cycles, benefits were more widely distributed. According to the World Bank, per capita real income growth of the bottom 40% was higher than the increase of mean income. The middle class expanded significantly to become for the first time larger than poor households. Governments could also alleviate the latter's situation through large conditional cash transfer programs. The IDB estimates that throughout Latin America, more than 131 million people, covering 75% of poor households benefited from the programs with a budget of 0.37% of GDP. Incentives were provided for children to attend school and families to participate in preventive health-care services. This report's special chapter is dedicated to these very important developments and the upcoming opportunities and challenges awaiting the middle class.

One of these challenges will result from lower growth linked to the end of the super cycle of commodity prices. Latin America's terms of trade and exports declined in 2014 and growth reached a five-year low. With the exception of Colombia, Costa Rica, Honduras and Mexico most countries experienced lower growth. Brazil stagnated while Argentina and Venezuela moved into recession. This had an immediate impact on Swiss exports to Latin America which decreased to all regions and major partners except Mexico.

In 2014, Swiss relations with Latin America made another important step forward. The free trade agreement between EFTA, Costa Rica and Panama came into force and negotiations with Guatemala were concluded. In addition, a new Swiss Business Hub was established in Mexico to facilitate market entry for small and medium-sized firms. Joint economic commissions with Brazil and Chile and bilateral economic meetings with Peru and Paraguay were held.

Since the beginning of the year, important developments have taken place. In March, Mercosur and EFTA states decided to launch exploratory talks with a view to possible future negotiations to establish free trade relations. Preparations are also under way to conclude a Joint Declaration on Cooperation between EFTA states and Ecuador, opening thereby the way for free trade negotiations.

This report is deemed to be a reference instrument providing an updated synthesis of the trade and investment relations between Switzerland and Latin America. Emphasis is put on the latest developments benefiting from the expertise of our network of Embassies and Swiss Business Hubs.

We thank you for your interest in Swiss-Latin American economic relations.

Livia Leu
Ambassador, Head of Bilateral Economic Relations
Delegate of the Federal Council for Trade Agreements

Introduction

The report first gives an overview of Latin America's economic situation in 2014 and forecasts for 2015. Chapter 2 discusses the development and future prospects of the growing middle class in Latin America. Chapter 3 focuses on Swiss-Latin American relations in 2014 with the evolution of trade and investment flows, bilateral agreements, Latin American integration, SECO's economic development cooperation focusing on strengthening competition and consumer protection in Latin America and official bilateral visits.

1. Economic situation in Latin America

Economic growth in Latin America reached a five-year low in 2014 with an estimated 1% to 1.5% (2013: 2.5%; 2012: 2.9%). Lower commodity prices negatively affected investment, business and consumer spending. The region's performance was significantly affected by Brazil (2014: 0.3%; 2013: 2.5%) and recessions in Argentina (-1.7%; 2.9%), and Venezuela (-3.0%; 1.3%). Other countries grew fairly well though at a lower pace than in 2013: GDP growth slowed in particular for Paraguay (2014: 4.0%; 2013: 13.6%), Peru (3.6%; 5.8%), Chile (2.0%; 4.2%) and Uruguay (2.8%; 4.4%). Mexico (2.4%; 1.1%), Honduras (3.0%; 2.6%), Colombia (4.8%; 4.7%) and Costa Rica (3.6%; 3.5%) were the only countries in the region to register moderately higher GDP growth.[1]

At a projected USD 1.049 trillion, Latin American exports declined by an estimated 1.4% in 2014.[2] The decline was particularly pronounced for Peru (-11%) and the MERCOSUR countries (-7% on average). Mexico, which accounts for almost 40% of Latin American exports, benefited from the U.S. recovery and increased exports by 5%. Other strong performers included Nicaragua (+10%), Ecuador (+8%), Bolivia, Guatemala and the Dominican Republic (+7% each).

The decline in exports can mainly be attributed to the end of the commodity super cycle. The fall in energy, food and metal prices reverberated throughout the region's commodity-exporting countries. This year's current account deficit is expected to widen to 5% of GDP in Peru and Colombia, which rely on commodities for two thirds of exports. Brazil, where commodities make up 60% of exports, posted a trade deficit of USD 4 billion in 2014. The foreign-currency reserves of Venezuela and Argentina have come under pressure, as world market prices for their main commodities oil and soya, respectively, have dropped.[3]

Government gross debt remained almost unchanged in 2014 and stands at an average of 50.6% of GDP. It is projected to increase slightly to 51.1% this year. The differences in debt levels remain high with Brazil (65.8%), Venezuela (64.3%) and Uruguay (66.4%) at the high end and Chile (13.9%), Paraguay (18.5%) and Peru (19.3%) at the low end. In 2015, the strongest debt increases are expected for Argentina (+5.3%), Costa Rica (+3.6%) and Honduras (+2.8%), while reductions are anticipated for Venezuela (-4.9%), Bolivia (-2.7%),

[1] OECD/CAF/ECLAC, *Latin American Economic Outlook 2015: Education, Skills and Innovation for Development*, OECD Publishing, Paris, 2014, p. 15 ff.
[2] IDB, *Latin American Trade Trend Estimates* 2014, p. 1.
[3] Rathbone, J. P. & Leahy, J. South American countries seek fresh economic model as deficit pressures build. *Financial Times*, January 12th, 2015, p. 4.

Nicaragua (-1%) and Paraguay (-0.8%).[4]

The fiscal space of governments to stimulate internal demand or to counter the effects of decreasing terms of trade is limited, as expansionary fiscal policies introduced in response to the financial crisis of 2008/09 have not been reversed during times of strong economic growth.[5] In addition, there are few signs of idle economic capacity in most of the region's large economies, including Brazil, Colombia, Chile and Peru. Increased government spending would thus risk to drive up prices and imports rather than boosting domestic activity. A more promising way to revive slowing economies are structural reforms, targeted infrastructure investment and measures to increase labor productivity.

Public finances in some Central American and Caribbean countries are under considerable stress. Government indebtedness has increased by more than 15% of GDP since the beginning of the financial crisis in Costa Rica, the Dominican Republic, El Salvador and Honduras. In addition, the dependence of many Caribbean governments on subsidized oil from Venezuela is a matter of concern. At a cost of USD 2.3 billion per year, the PetroCaribe program to Venezuela seems increasingly difficult to sustain after last year's budget deficit amounted to more than 10% of GDP.[6]

Average inflation in Latin America was 8.3% in 2014, Venezuela (64.3%) and Argentina (25% to 38%, depending on the source) affect this figure significantly, as most other countries' prices increased at a lower rate, ranging from 2.8% in Colombia to 8.8% in Uruguay. Still, inflation in major Latin American economies is above or near central banks' targets, which limits potential for monetary easing.

Monetary policy in 2014 reflected diverging economic developments across the region. Whereas the central banks of Chile and Peru eased policy, Colombia's kept interest rates stable in spite of the falling oil price and a sliding currency. Mexico lowered its rates in June to spur the recovery. Brazil left interest rates unchanged through 2014, yet raised them in 2015 showing growing concern with increased inflation.[7]

Most of the region's currencies fell against the soaring U.S. dollar. By year end, the Argentine peso was down by 24% in nominal terms, the Brazilian real by 12% and the Mexican peso by 11%. Central American currencies fared better, as remittances swell when economic activity in the U.S. picks up. Guatemala's quetzal was up by 3% at the end of the year, fuelled by an 8% growth in remittances during the first eleven months of 2014.[8] Flexible exchange rates can act as an automatic stabilizer. In commodity-exporting countries, for example, a depreciating currency can cushion the effect of lower world-market prices on domestic revenues.

The average external current account balance of the region is projected to stand at -2.5% of GDP in 2014 and -2.6% in 2015. Last year only Venezuela (7.6%), Bolivia (2.6%) and Paraguay (1%) posted a surplus, while all other countries recorded deficits.

Foreign direct investment (FDI) flows to Latin America and the Caribbean[9] decreased for

---

[4] IMF, *World Economic Outlook Database*, 2014a.
[5] IMF, *Regional Economic Outlook Update*, 2014b, p. 5.
[6] Cheaper oil: Winners and losers. *The Economist*, October 25th, 2014.
[7] IMF, *op. cit.*, 2014a, p. 8.
[8] McDonald, M. The One Latin America Winner From U.S. Economic Boom: Currencies. *Bloomberg News*, December 25th, 2014.
[9] Excluding offshore financial centers.

the first time in the past five years by 19% to an estimated USD 153 billion in 2014, down from USD 190 billion in the previous year. A fall in cross-border mergers and acquisitions as well as weaker mining investment led to slowing inflows across the region. Among the largest FDI recipients, Mexico experienced a particularly strong decline (more than 50%), whereas Brazil remained stable.[10]

After a year of stagnation, economic growth in the region is expected to recover to 2-2.5% in 2015. Performance will continue to be heavily influenced by external factors, namely lower commodity prices and slower Chinese growth. External financing conditions are beginning to tighten, as the U.S. Federal Reserve is considering to raise interest rates over the course of the year.[11] This is likely to affect not only public borrowers but also private companies, which have about USD 300 billion in outstanding foreign-currency bonds.[12] The World Bank projects average growth of 2.6% from 2015 to 2017. The uptick in growth is likely to be stronger in the Caribbean, Central America and Mexico, which should benefit from recently undertaken structural reforms.[13]

Antapaccay Copper Mine, Peru

[10] UNCTAD, *Global Investment Trends Monitor*, No. 18. 2015.
[11] OECD et al., *op. cit.* p. 18.
[12] Rathbone & Leahy, *op. cit.*
[13] World Bank, *Global Economic Prospects: Latin America and the Caribbean*, 2015.

2. Latin America's emerging middle class: Facts, challenges and perspectives

Over the past fifteen years, Latin America has made substantial progress in reducing poverty and building its middle class by promoting inclusive growth. Extreme poverty[14] has declined by half and in 2011, for the first time, the region was home to more people belonging to the middle class than to the poor. Although roughly 80 million people still live in extreme poverty, the underprivileged have benefited more from economic growth than the already well-off since the turn of the millennium.[15] This chapter takes a closer look at the development and future prospects of the middle class across Latin America.

2.1. Evolution of Latin America's middle class

2.1.1. Development and Drivers

Since the early 2000s, economic growth in Latin America has been accompanied by modern and innovative social policies. This laid the foundation for the reduction of extreme poverty and the emergence and enlargement of a new middle class. While increasing labor income (61%) was the main driver of the reduction of extreme poverty since 2003, transfers (23%) and pensions (13%) also accounted for a substantial share.[16] Extreme poverty declined the most in the Southern Cone[17] followed by the Andean region.[18]

Box 1. Key instrument: Conditional cash transfers (CCT)

CCT aim to alleviate poverty with cash payments and specific programs focused in particular on the children of beneficiaries. Since their first introduction in Brazil and Mexico in the late 1990s, CCT have grown rapidly in Latin America and the Caribbean. By 2011, CCT had spread to 18 countries in the subcontinent covering more than 130 million beneficiaries.[19] Between 2000 and 2012, CCT coverage increased from 5.7% to 21.1% of the population.[20] The largest CCT programs are in Brazil, Mexico, Argentina and Colombia. Due to expanded fiscal space, the programs came to cover on average 75% of the poor (Box 2).

---

[14] In Latin America, people living on less than USD 2.50 a day are considered extremely poor. The World Bank defines three main income segments for the region: (1) the poor (between USD 2.50 and USD 4 per day); the (2) vulnerable (between USD 4 and USD 10 per day); and the (3) middle class (between USD 10 and USD 50 per day). People with more than USD 50 a day belong to the rich/affluent and make up less than 3% of Latin America's population. Note that World Bank definitions of poverty thresholds vary across regions.

[15] World Bank, *Shifting Gears to Accelerate Shared Prosperity in Latin America and the Caribbean*, June 2013, p. 7.

[16] Ibid., pp. 9-10.

[17] Argentina, Brazil, Chile, Paraguay and Uruguay.

[18] Bolivia, Colombia, Ecuador and Peru.

[19] Inter-American Development Bank, *The growth of conditional cash transfers in Latin America and the Caribbean: did they go too far?*, November 2012, p. 1.

[20] ECLAC, *Social protection Systems in Latin America and the Caribbean: A comparative view*, November 2014, p. 33.

Box 2. **Conditional cash transfer programs in Latin America**

Country	Program	Year	Coverage x 1000		Coverage as % of population			Budget
			Household	people	total	poor	extreme poor	(% of GDP)
Bolivia	*Bono Juancito Pinto*	2011	972	4'957	46.6	96.2	100	0.23
Ecuador	*Bono de Desarrollo Humano*	2011	1'212	5'758	38.3	100	100	0.71
Guatemala	*Mi Familia Progresa*	2011	873	4'799	32.6	60.6	100	0.24
Dom. Rep	*Solidaridad*	2011	831	3'243	32.2	100	100	0.24
Argentina	*Asignación Universal por Hijo*	2011	1'876	11'821	29.1	100	100	0.49
Brazil	*Bolsa Familia*	2011	13'352	54'744	28.1	100	100	0.41
Uruguay	*Asignaciones Familiares (Plan Equidad)*	2011	207	889	26.4	100	100	0.48
Honduras	*Programa de Asignación Familiar*	2011	412	2'059	25.6	41.4	61.6	0.32
Colombia	*Familias en Acción*	2011	2'438	10'971	23.8	69.9	100	0.22
Mexico	*Oportunidades*	2011	5'827	26'423	23.2	45.3	100	0.46
Costa Rica	*Avancemos*	2011	143	693	15.0	60.5	100	0.23
Panama	*Red de Oportunidades*	2011	74	359	10.0	36.2	87.0	0.15
Peru	*Juntos*	2011	474	2'588	8.6	31.0	100	0.13
El Salvador	*Comunidades Solidarias Rurales*	2011	95	442	7.5	20.5	66.9	0.15
Paraguay	*Tekoporã*	2011	94	489	7.5	21.9	41.6	0.13
Chile	*Chile Solidario*	2011	264	1'109	6.4	44.6	100	0.13
Latin America			29'144	131'344	25.0	75.0	98.2	0.37

* ordered by coverage of total population. The data do not include non-contributory pensions to the elderly
** population-weighted average

Source: Inter-American Development Bank (2014), own illustration.

Impact evaluations have proven CCT programs' ability to reduce poverty while simultaneously increasing demand for education and health services.[21] Interestingly, Latin America's CCT outlay was less than 0.5% of GDP in 2011 - except Ecuador, 0.71% - despite extensive coverage. Given their recognized positive impact, well-designed CCT are a worthwhile investment of public funds. They are an innovation of the region that has spread to other parts of the world (mainly Asia and Africa).

Mexico: "Prospera"[22]

In 1997, Mexico's government started to phase out decade-old food-subsidy programs and gradually replaced them with a cash grant provided to the poorest families only. Under the new program named "Progresa", payments were made on the condition that parents send their children to school and that the families participate in preventive health-care services. Mexico's policy initiative served as a model with unforeseen global impact and was subsequently adopted by many other countries. In 2002, "Progresa" was renamed "Oportunidades". In 2011, it covered 5.8 million households with 26.4 million individuals and executed transfers of USD 4.2 billion in 2013.[23] Since 2014 the program is called "Prospera".

Brazil: "Bolsa Familia"

"Bolsa Familia" grants families earning less than BRL 120[24] per head per month an allowance of up to 95 reais provided that their children go to school and participate in government vaccination programs. With nearly 14 million households, the program is currently the largest CCT in the world and has been labelled "Brazil's quiet revolution" by

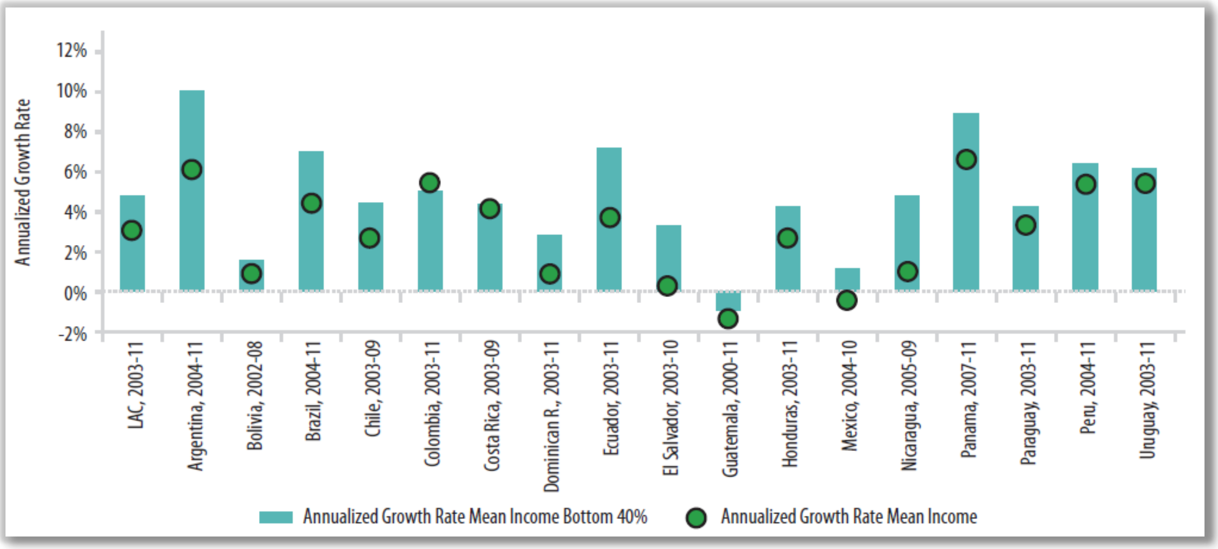
---

21 Inter-American Development Bank, November 2012, p. 22.
22 Mexican Government. Available online: *http://www.oportunidades.gob.mx:8010/index1.php*, accessed in December 2014.
23 World Bank, *Implementation Completion and Results Report "Oportunidades"*, June 2014, p. 21.
24 In January 2015 one Brazilian real (BRL) equaled USD 0.38.

World Bank officials. “Bolsa Familia” is among the world’s best targeted programs[25] and a key factor behind the positive social developments achieved by Brazil in recent years. Ten years after its implementation, extreme poverty declined by half (from 9.7% to 4.3%) and the Gini coefficient decreased significantly (by 15%). Today, the program reaches more than 50 million people (about 25% of the population) and is widely seen as a success story and a reference for social policy around the world.[26]

Despite its relevance, economic growth as such may not suffice for the development of a middle class. Rather, it needs to be inclusive in order to benefit large parts of society. This type of economic development has been named “shared prosperity”. Between 2000 and 2010, real income grew by more than 25% in Latin America and GDP per capita by 2.1% per year compared with 1.6% in the second half of the 1990s.[27] This evolution proved resilient even during the 2009 financial turmoil when sound macroeconomic policies helped the region to weather the crisis fairly well despite a high level of integration with international markets. Achievements in social development could be sustained and public policies further developed.[28]

Figure 1. Shared prosperity in Latin America and the Caribbean (LAC): 2003-2011



Source: The World Bank (June 2013)

The World Bank’s indicator of shared prosperity underscores that growth in the recent past has benefited poor and vulnerable households (Figure 1). Between 2003 and 2011 the increase of real income per capita of the bottom 40% was considerably higher than the

[25] Bolsa Familia was met with skepticism at the beginning because Brazil had traditionally spent substantial amounts of GDP (22%) in the social sectors (education, health, etc.). The success of Bolsa Familia (which accounts for only 0.5% of GDP) is largely based on its effectiveness in targeting beneficiaries.

[26] World Bank (2013). Available online: *http://go.worldbank.org/3QI1C7B5U0* and *http://www.worldbank.org/en/news/opinion/2013/11/04/bolsa-familia-Brazil-quiet-revolution*, accessed in December 2014.

[27] World Bank, *op.cit.*, 2013, p. 19.

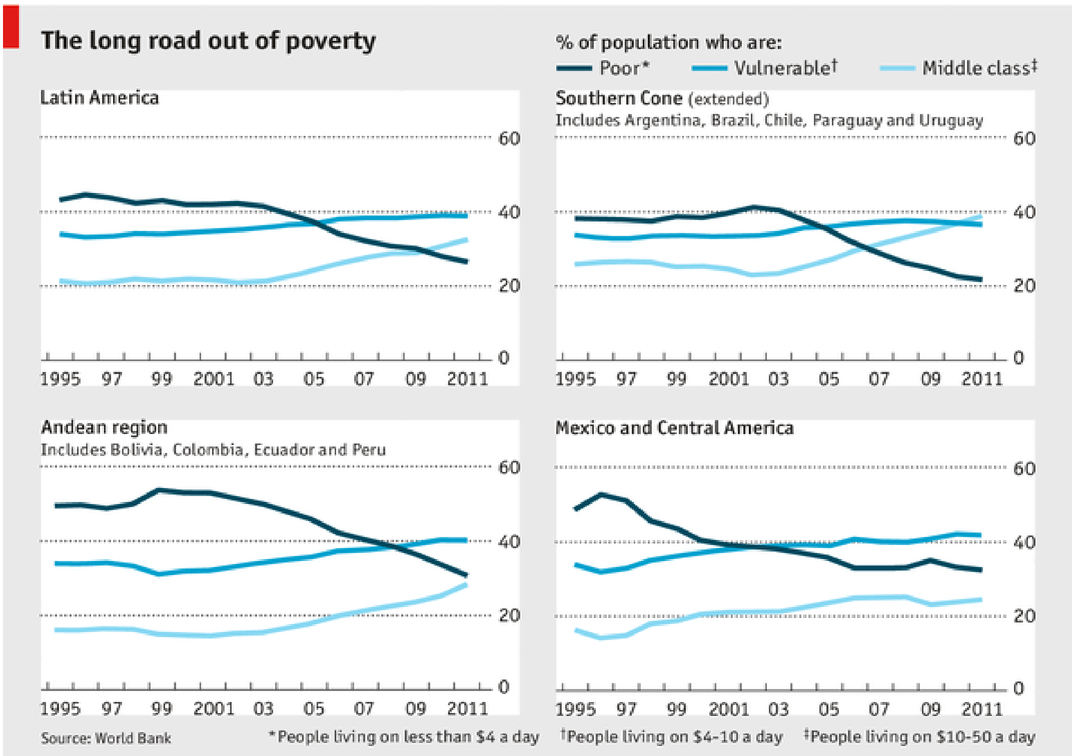
[28] OECD, *Latin American Economic Outlook 2011,* December 2010, pp. 15-16.

increase of the mean income in Argentina, Brazil, Chile, the Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, Nicaragua and Panama. Guatemala reported declining income but nonetheless, the decline of average income was higher than that of the bottom 40%. In Bolivia, Costa Rica, Paraguay, Peru and Uruguay, income growth of the bottom 40% was equal to or only slightly higher than mean income growth. Colombia is the only country where mean income increased more than the income of the bottom 40%.

Faster and more inclusive growth led to the expansion of the middle class to 32 percent of Latin America's population in 2011.[29] Figure 2 shows that the middle class became the largest economic group in the Southern Cone.[30] In Mexico and Central America as well as in the Andean region the middle class remains smaller than the other income groups. The two main drivers of middle class development are income growth (61%) and social policies (36%).[31]

Since 2000, the growth of Latin America's middle class was associated with a decline of income inequality. The Gini coefficient fell from its peak (0.58) in 1996 to the lowest level ever recorded in the region (0.52) in 2011.

Figure 2. Overall and regional development of the middle class in LAC: 1995 – 2011



Source: *The Economist* (2014), based on data from the *World Bank*

2.1.2. Characteristics

Latin America's middle class is heterogeneous and its composition varies across countries.

29 With the poor accounting for 27% and the vulnerable for 39%.

30 At the LAC level, the vulnerable are the largest economic group (around 40%), followed by the poor and the middle class in the last position.

31 World Bank, *op.cit.*, June 2013, pp. 9-10.

People face a substantial risk of social downward mobility in case of slower economic growth or recession, sickness, job loss, etc. because coverage of social protection schemes is low. The number of informal workers is very high and except for Chile, there are more informal than formal workers. This has serious implications for the government's ability to raise taxes as well as for pension coverage.[32]

2.1.3. The education challenge

Education is at the core of middle-class development and widely recognized as one of the most effective tools to break the vicious cycle of inequality.[33] In most Latin American countries, access to educational services is low in terms of both quantity and quality.[34] The OECD average of public expenditure on education (as a percentage of GDP) was 5.8% in 2010.[35] Many Latin American countries spend comparable GDP shares on education. However, their youth population accounts for a much larger share of the population and GDP per capita is much lower. Access to post-secondary education is only open to few young people and not many can benefit from technical and vocational training or from university education.[36]

Between 1990 and 2012, the average net enrollment rate for primary school in Latin America moved up from 84% to 92%. While differences between countries were considerable in 1990, ranging from 70% (Nicaragua) to 97% (Mexico), they diminished gradually over time. In 2012, the lowest primary net enrollment was recorded in Colombia (84%) and the highest in Mexico (96%);[37] the OECD average stood at 96%.

Considerable progress has been made in secondary-school enrollment where the average increased from 41% in 1990 to 75% in 2012. Despite this improvement, 25% of Latin Americans still lack the opportunity to attend secondary school and differences between countries remain significant. While only 68% of the population attend secondary school in Mexico, 84% do in Chile. The OECD average was 91% in 2012.

With regard to tertiary education, the region lags far behind OECD levels where an average of 62% of young adults entered tertiary education and another 17% received vocational training in 2012.[38] In Latin America, only 49% attended tertiary institutions during that year. Even though all countries improved access to tertiary education within the last two decades, significant variation between them is apparent. While a mere 27% of the Mexican population attended university in 2010,[39] the enrollment rate was as high as 75% in Argentina. Besides Mexico, below-average enrollment rates were recorded in Brazil (11.8%, 1996), Nicaragua (17.9%, 2003), Paraguay (34.5%), Bolivia (37.7%, 2007), Ecuador (38.9%, 2008), Colombia (39%), Peru (42.6%) and Panama (43.9%) while Uruguay (63.2%), Chile (65.9%) and Venezuela (78.1%, 2009) ranked above the average.

32 Ibid., p. 57.
33 ECLAC, *Social Panorama of Latin America*, 2010, p. 81.
34 OECD, *op.cit.,* 2011, pp. 19-20.
35 OECD, *Education at a Glance 2013*, 2013, p. 218.
36 ECLAC, *op.cit.,* 2010, p. 89.
37 Due to missing data the highest and lowest ranks might not be accurate.
38 OECD, *Education at a Glance 2012*, 2012, p. 21.
39 Data for 2011 and 2012 are incomplete and therefore not suited for an informed comparison.

The PISA[40] results of 2012 leave little doubt that the quality of education in Latin America can be improved. All eight countries[41] that participated in the test rank among the bottom 20%. Chile achieved the best result of the region (51st out of 65).[42] In addition to low standards comes the fact that the educational quality a student receives largely depends on his or her socio-economic standing.[43] Private schools tend to offer better quality than their public counterparts. However, at a cost ranging between USD 500 and USD 1000 per month, these schools remain out of reach for most middle-class families.

2.2. Perspectives for Latin America's middle class

The future of Latin America's middle class is closely linked to global economic perspectives. Weaker external demand, falling commodity prices and uncertainty in external monetary and financial conditions hint at a much less favorable environment. This makes the years to come a critical time for Latin America: after a decade of substantial poverty reduction and improvements regarding social inequality, the region's emerging middle class risks to lose the newly-gained ground. What can we reasonably expect? Although it is probably too early to venture into predictions, the trends of some key indicators deserve close attention. They give an idea of how the future of Latin America's middle class may unfold.

2.2.1. Opportunities and threats

There are potential drivers of further consolidation and growth. A sizeable and relatively prosperous middle class is statistically correlated with long-term growth and therefore plays an important economic role. Middle-class households have historically stimulated investment through physical and human capital accumulation and become a key driver for consumption and domestic demand.[44] In Latin America, this has led to increasing demand for skilled workers, rising wages and to lower inequality. Furthermore, due to an expansion of education since the 1980s, earning gaps have kept decreasing and may lead to a further reduction in inequality.[45] Hence, in combination with prudent macro-economic policies keeping inflation at a low level and further improvement and expansion of education, the middle class is likely to increase its contribution to economic growth.

A strong middle class does not only promote growth per se but stimulates economic and social development by requiring specific services - improvement of education, housing, infrastructure - as well as through direct political engagement. Brazil's experience during the run-up to the World Cup is indicative in this context. Many expressed strong disagreement with billions of dollars spent on a football tournament rather than on infrastructure and social needs. Most Brazilians who took to the streets were members of the new middle class;[46] they have great aspirations and face serious difficulties to improve

---

[40] PISA tests are conducted every three years among 15 to 16 year-old students. The 2000 and 2009 tests focused on reading, the 2003 and 2012 tests on mathematics and the 2006 and 2015 tests on science.

[41] Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Peru and Uruguay. Only Brazil and Mexico have taken part in all PISA tests since their inception in 2000.

[42] OECD, *PISA 2012 Results in Focus*, 2012, p. 5.

[43] ECLAC, *op.cit.,* 2010, p. 91.

[44] OECD, *op.cit.,* 2011, pp. 16-17.

[45] World Bank, *op.cit.,* June 2014, p. 3.

[46] BBC Homepage (May 2014), *Brazilian anti-World Cup protests hit Sao Paulo and Rio*. Available online: http://www.bbc.com/news/world-latin-america-27423404, accessed in December 2014.

their living standards.

The foremost threat to middle-class development in Latin America is the looming decline of economic growth which might be reinforced by the overreliance on commodities common to several of the region's countries.[47] Sharply falling prices since the end of the "commodities super cycle" and declining Chinese and European demand growth for raw materials lead to lower export revenues. Commodities hitherto accounted for up to 60% of Latin American exports.

The vulnerability to external and internal shocks is not the only structural threat to the consolidation of living standards. Some of Latin America's emerging economies risk falling into the "middle-income trap" which would affect the incipient middle classes. Decreasing social mobility and the emergence of a convulsive social environment may then loom large.

Box 3. The middle income trap[48]

Factors such as urbanization, demographic shifts, a shrinking agricultural workforce and a closing technology gap usually characterize early-stage economic development and boost per-capita income. However, once these sources of growth reach their limits people's incomes begin to stall, a phenomenon for which economists have coined the term "middle-income trap".

In addition, the dual structure of Latin American labor markets with a high number of informal workers and a very low coverage of social protection schemes (well below 50% of workers) increases the risk of downward mobility.

2.2.2. Looking into the future

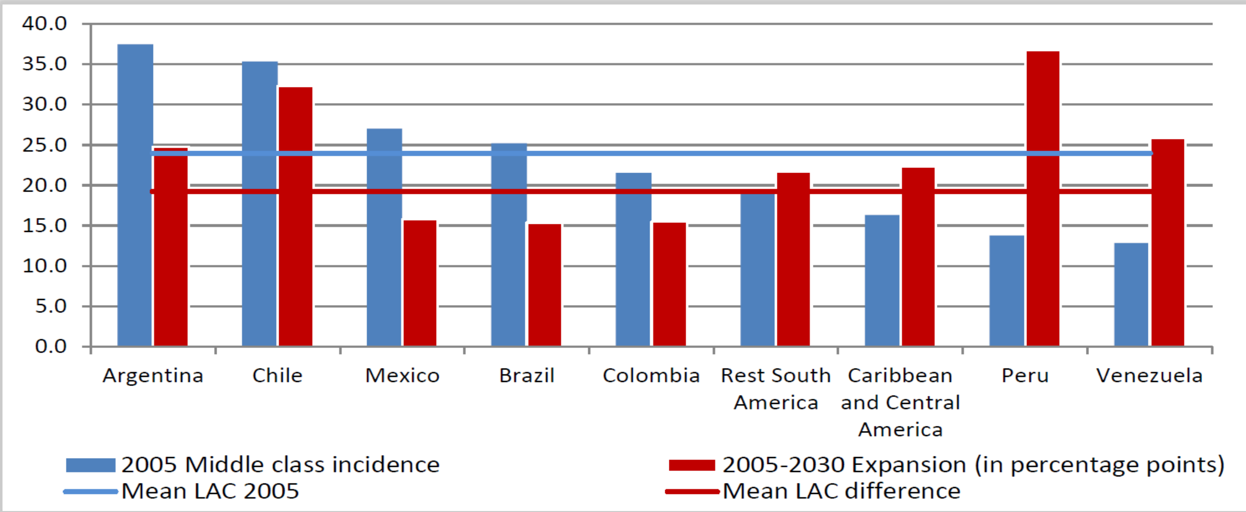
World Bank research suggests that between 2005 and 2030 Latin America's middle class will expand significantly, almost doubling its size relative to the population. As more people move out of poverty, a virtuous cycle is likely to evolve with different segments of the middle class acting as driving forces in creating job opportunities for the lower income segments as well as for the poor. Hence, assuming roughly constant economic growth, the region could turn into a true middle class society during this period.[49]

47 Commodities account for 60% of the region's exports of goods (up from less than 40% at the beginning of the millennium): Venezuela (96%), Chile (70%), Colombia (66%), Peru (66%), Brazil (60%).

48 OECD, Development Bank of Latin America (CAF), ECLAC, *op. cit.*, 2013, p. 19.

49 World Bank, *op.cit.*, June 2014, p. 35.

Figure 3. LAC Middle class (% of population) and projected expansion (percentage points): 2005 – 2030



Source: World Bank (June 2014), p. 24.

In 2005, 24% of Latin America's total population (135 million people) belonged to the middle class (Figure 3). The respective share amounted to 35% in Argentina and Chile, 25% in Mexico and Brazil and less than 15% in Peru and Venezuela.

By 2030, variations between regions and countries will remain significant as the middle class could encompass 43% (310 million people) of the population in Latin America. The biggest expansion between 2005 and 2030 is expected in Peru (plus 36 percentage points) and Venezuela (plus 25 percentage points), as well as in Chile and Argentina. Less middle-class growth is projected in Colombia, Mexico and Brazil (15 percentage points).[50]

Despite impressive improvements and encouraging prospects, maintaining the achievements of the past 15 years is not guaranteed. Many people remain vulnerable to falling back into poverty. Especially those countries with large inequalities need to achieve high rates of inclusive growth in order to sustain and further consolidate their middle class.[51] Countries with high birth rates also face significant challenges.

2.3. Conclusion

Latin America has made substantial progress in reducing poverty and in building its middle class over the past 15 years. Economic growth combined with modern and innovative social policies were the main drivers of this positive development. However, the deteriorating global context and the current slowdown in growth comes at a critical moment and will put the resilience of Latin America's incipient middle class on a serious test. The outcome depends on the region's resolve to further develop effective policies, especially in the areas of education, health care and infrastructure. Only on this basis can Latin America's new middle class consolidate its achievements and become a real engine of socio-economic development. Given continuous economic growth World Bank research suggests that Latin America has the means to meet these challenges and to nurture a middle class that will continue to grow significantly over the next decade.

[50] World Bank, *op.cit*., June 2014, p. 24.
[51] World Bank, *op.cit*., June 2014, p. 1.

3. Bilateral Economic Relations

3.1. Trade

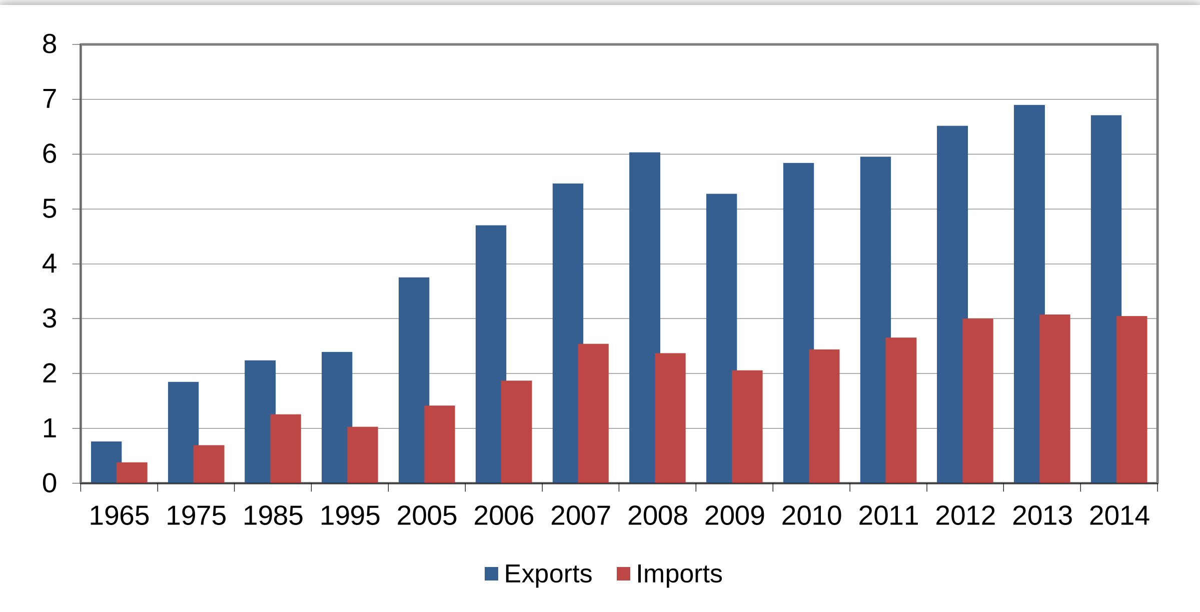
In 2014, total trade between Switzerland and Latin America and the Caribbean (LAC) decreased by 2.2%, falling behind overall Swiss trade, which rose by 1.6%. It marked the first decline since the great recession of 2009.

Swiss trade with its most important partner, the European Union (63% of total trade), showed signs of a slight recovery, growing by 0.6%. An increase of 2.3% resulted in trade flows with Asia, whereas with Africa trade decreased by 10.8%.

Trade within Latin America displayed large regional differences. With Mexico and the Caribbean it grew by 3.8% and 2.2% respectively, while with Central America it decreased by 9.8% and with South America by 4.3%. The latter makes up 60%, Mexico and Central America 37% and the Caribbean 3% of overall Swiss trade with LAC.

In 2014, Swiss exports to the region amounted to CHF 6.7bn and imports to CHF 3.1bn. Switzerland traditionally registers a large trade surplus with Latin America which turns into a deficit if gold is included in the data (see p. 21, Table A.8., p. 41 and Figure A.5., p. 42).

Figure 4. **Switzerland - Latin America: Merchandise Exports and Imports, 1965 – 2014** (billions of Swiss francs)



Source: Swiss Federal Customs Administration, Bern.

In absolute terms, **Swiss exports** to Latin America and the Caribbean have almost doubled over the last 10 years. Yet, in relative terms, the region's share fell from almost 6% of overall Swiss exports in the seventies to 2.4% in 2005. This trend has since been reversed and the continent made up 3.1% of Swiss exports in 2014 (see Table A.2. p. 36). However, last year sales to the region decreased by 2.8%, much in contrast to some other parts of the world. In comparison exports to the EU (+2.6%), the United States of America

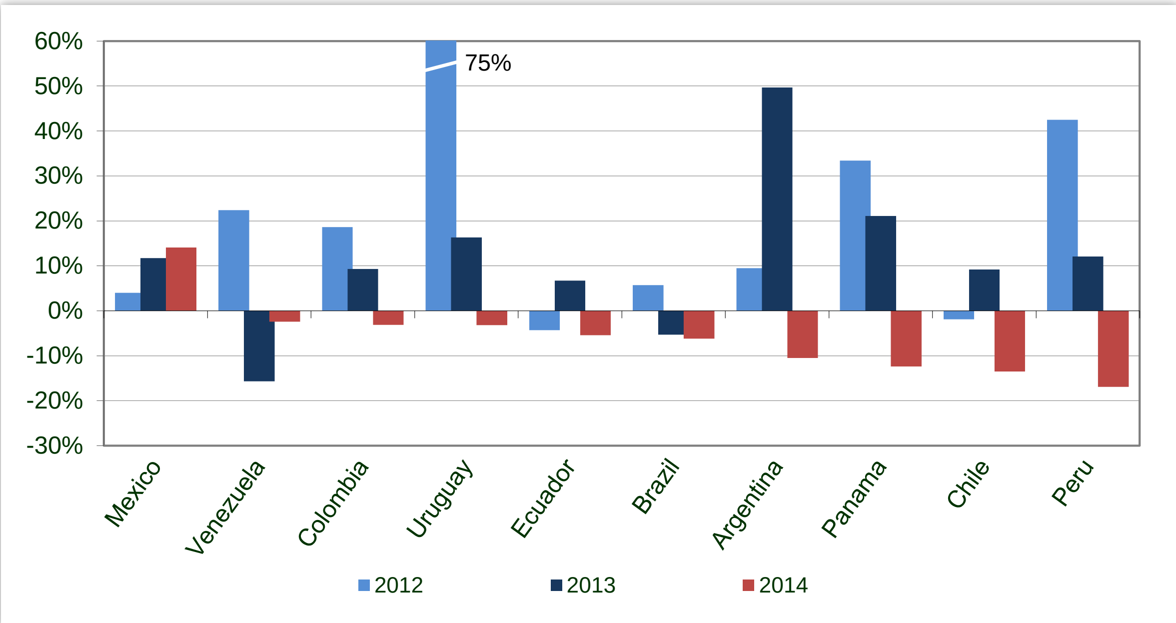
(+14.2%), and Africa (+5%) increased while they slightly diminished to Asia (-0.3%).

Brazil, Mexico and Argentina account for two thirds of total Swiss exports to the region.

The most significant growth rates were achieved with Bolivia (+23%; machines: +85%) and Mexico (+14%; pharmaceuticals: +38%). Swiss exports to most other LAC countries eased. With Guatemala sales dropped significantly (-28%), mainly due to fewer exports of machines and chemical products. Also with Paraguay (-34%), Peru (-17%) and Chile (-14%) Swiss exports registered a significant decline.

For absolute figures, shares and variations of Swiss exports see Appendix Table A.3. on page 37.

Figure 5. **Switzerland - Latin America: Exports Variations by Major Partner 2012 – 2014** (annual percentage change)



Source: Swiss Federal Customs Administration, Bern.

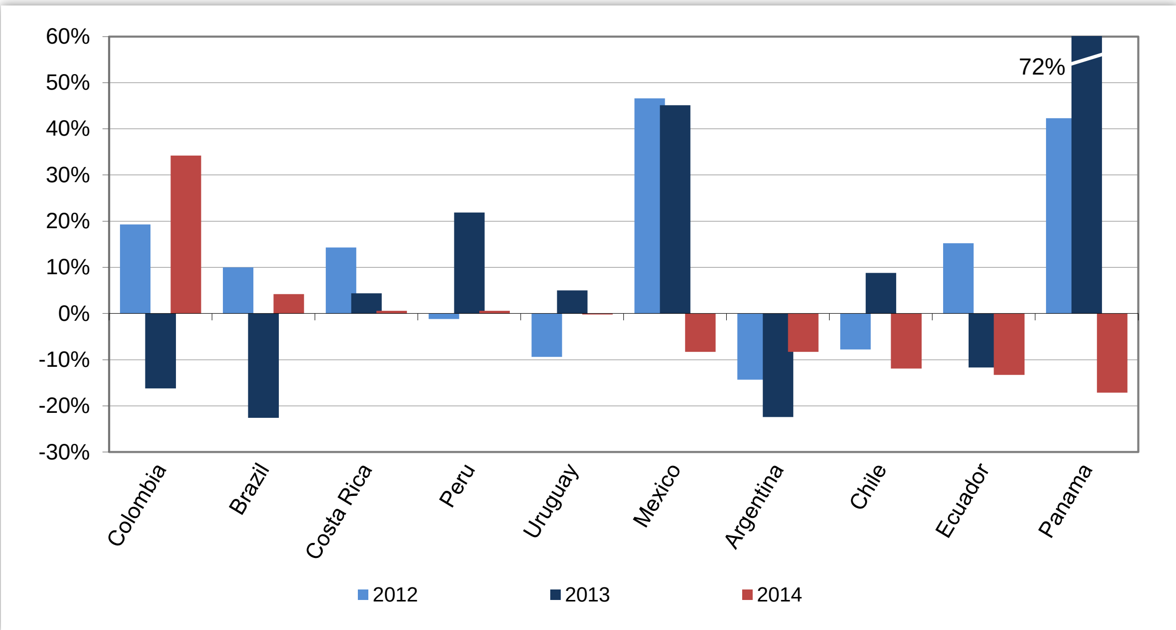
Swiss imports from Latin America and the Caribbean fell by 0.9% in 2014, while overall imports remained stable. This accounts for the first decrease since 2009. In comparison imports from Asia (+4.9%) and the United States of America (+7.5%) grew, while imports from the EU (-1.2%) and Africa (-23.5%) fell. In the last 10 years Latin America's share in overall imports rose from 0.9% to 1.6%.

Three quarters of Swiss imports from Latin America come from Mexico, Brazil and Colombia. Mexico makes up the largest part (39%), followed by Brazil (29%). The former's relative importance has increased progressively over the last years.

In 2014, the most significant growth rates were registered with Colombia (+34%), the Dominican Republic (+25%) and Bolivia (+107%). The latter grew considerably, although from a modest base. With Colombia, the increase is mainly due to a 26% increase in agricultural products, amounting to CHF 167m; growth from the Dominican Republic can be attributed to the same sector.

Imports from Panama, Ecuador and Chile eased notably. For absolute figures, shares and variations of Swiss imports see Appendix Table A.4. on page 38.

Figure 6. **Switzerland - Latin America: Imports Variations by Major Partner 2012 – 2014** (annual percentage change)



Source: Federal Customs Administration, Bern.

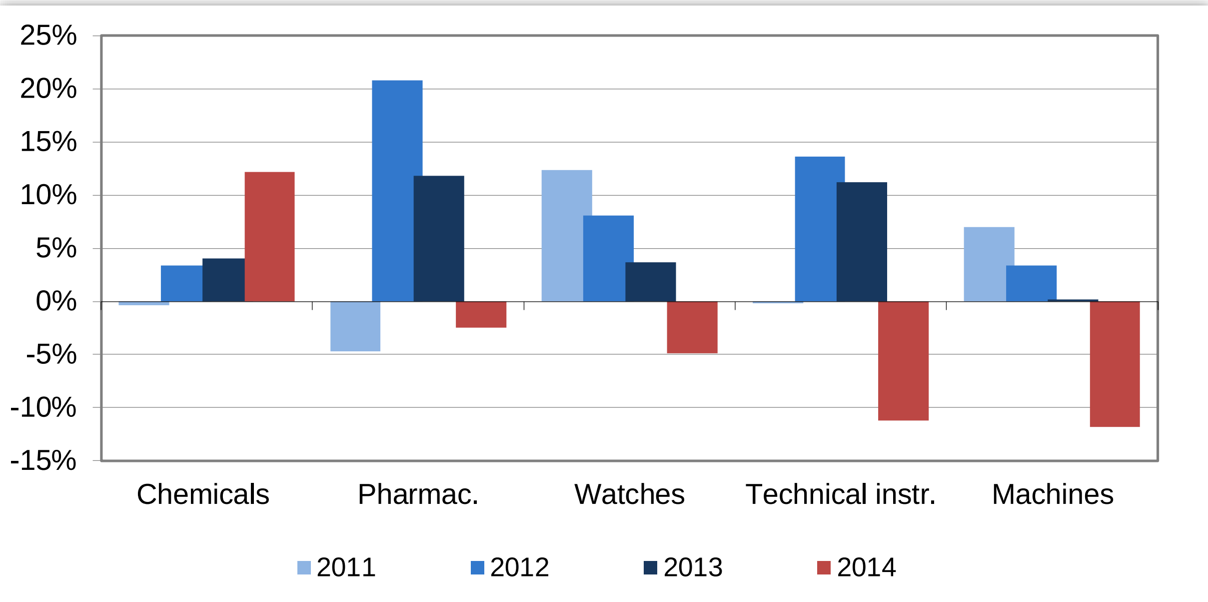
Switzerland's **main export products** to Latin America are pharmaceuticals (36%), chemicals (22%), machines (17%), watches (8%) and technical instruments (6%). The Andean mining countries Bolivia, Chile and Peru constitute major exceptions to this pattern, with machines constituting more than a third of Swiss exports. Since 2000, pharmaceutical exports almost tripled, whereas machines grew only by 2%, losing their former leading position (for complete data, see Table A.5. on page 39).

As illustrated in Figure 7, Swiss exports increased only for chemicals in 2014, while they decreased for all other major categories, with machines falling most.

The healthcare sector has gained an increasing share of Swiss exports. In view of overall falling exports, the chemical and pharmaceutical sector performed relatively well, mainly owing to growing sales to Mexico and Panama.

Watch sales to Mexico and Panama, which account for half of watch exports to the region, remained relatively stable. They decreased in other major markets such as Brazil, Argentina and Venezuela. Machines sales dropped to all major markets except Mexico and Peru.

Figure 7. Switzerland - Latin America: Exports Variations by Major Product Group 2011 – 2014 (annual percentage change)



Source: Swiss Federal Customs Administration, Bern.

More than a third of Swiss imports from Latin America are agricultural goods. Pharmaceuticals (26%), mineral fuels (8%), metals (5%) and machines (4%) represent other **major import products**.

Figure 8 displays variations by major product categories. Swiss imports from Latin America tend to be more volatile than Swiss exports. In 2014, mineral fuels growing by a whopping 10'948% registered the strongest gain, followed by machines and agricultural products. (for complete data, see Table A.6. on page 40).

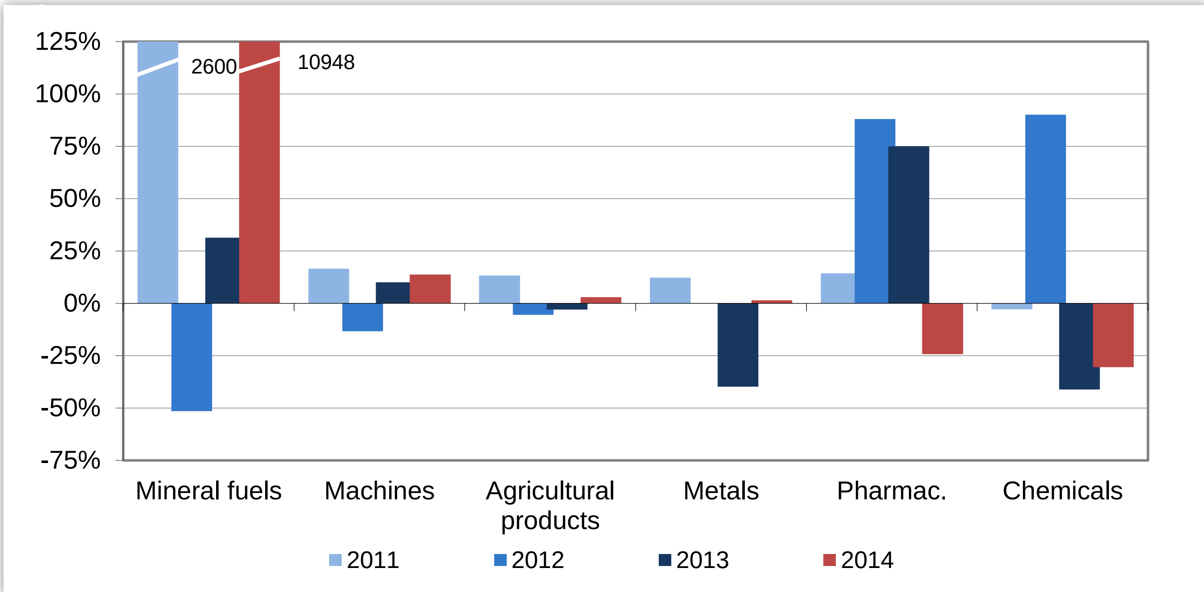
Last year, mineral fuels in the form of crude oil were imported from Mexico and Brazil, becoming the third product group after agricultural products and pharmaceuticals. Machines grew 14%, mainly due to Mexico and Brazil accounting for almost 90% of imports.

Swiss agricultural imports increased by 3% with Colombia (+26%), Guatemala (+20%) and Peru (+9%) being the major drivers. Coffee, which accounts for more than one third of agricultural products increased by 11% in value and 6% in volume. Fruits equaling 17% of imports remained stable, whereas meat (+12%) increased significantly.

Experiencing a sharp decline in 2013, metals, of which 80% is aluminum from Brazil, remained stable.

After a remarkable growth during the previous four years, pharmaceutical imports fell by 24%. Mexico accounts for 95% of Swiss pharmaceutical imports from the region. Chemicals declined by 31%, mostly due to lower imports of organic chemicals from Brazil (-61%)

Figure 8. Switzerland - Latin America: Imports Variations by Major Product Group 2011 – 2014 (annual percentage change)



Source: Swiss Federal Customs Administration, Bern.

It must be pointed out that since 2014 only Swiss statistics include trade with gold. Figures 4, 6 and 8 do not incorporate gold in Swiss imports for comparison purposes with previous years.

However, Switzerland is a very large importer of gold from Latin America with CHF 7.1bn in 2014. This represented 68% of Swiss imports from the region (Table A.8., p.41). The share of gold in total imports was all the more important with Venezuela (99%), Peru (97%), Chile (92%), Argentina (87%), Bolivia (87%), Dominican Republic (87%), Colombia (65%), Uruguay (64%), Brazil (45%) and Mexico (33%). After refining operations by a few firms in Switzerland, most of this gold is re-exported to other countries.[52] The overwhelming share of gold in Swiss imports from its key partners in Latin America implies that it is advisable for our analysis to distinguish gold and the other imports which are deemed for the Swiss consumers.

3.2. Swiss Foreign Direct Investment

In 2013, Foreign Direct Investment (FDI) flows from the world to Latin America and the Caribbean increased by 6% compared to 2012, reaching an all-time high (USD 188bn); they have stabilized at a high level for the last three years. With USD 64bn, Brazil attracted the largest amount, followed by Mexico (USD 38bn) and Chile (USD 20bn).[53]

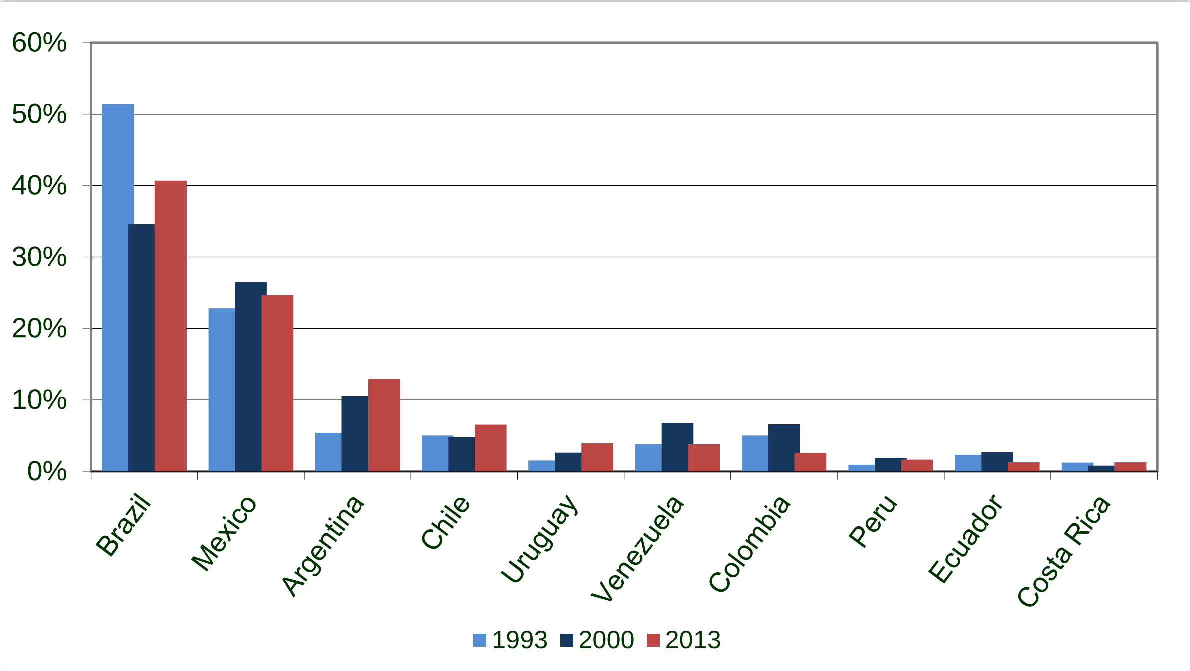
52 In 2014, Swiss imports and exports of gold amounted respectively to CHF 66bn and CHF 66.5bn.

53 Economic Commission for Latin America and the Caribbean (ECLAC), *Foreign Direct Investment in Latin America and the Caribbean*, 2013 (LC/G.2613-P), Santiago, Chile, 2014, pp. 9-10.

In 2013, Swiss FDI stock in Latin America decreased by CHF 2bn to a total of 53bn making up 5% of total Swiss direct investment stock.[54] Including FDI from the region's offshore financial centers (OFC)[55], amounting to CHF 122bn, the subcontinent's share represented 16.3% of total Swiss FDI stock (CHF 175bn; 2012: CHF 181bn).

Whereas bilateral trade with Latin America is relatively modest compared to the rest of the world (2.4% of Swiss global trade), Swiss investments have traditionally been high due to longstanding business and cultural bonds. In the last two decades, Swiss FDI stock in Latin America increased strongly from CHF 13bn in 1990 to CHF 175bn in 2013.

Figure 9. **Switzerland - Latin America: Foreign Direct Investment by Major Partner 1993 – 2013** (in percentage of total Swiss FDI stock in Latin America)



Source: Swiss National Bank, Zurich.

With CHF 21bn, Brazil is the most important destination of Swiss FDI in Latin America, amounting to 40% of the total FDI stock without OFCs (Figure 9). Mexico ranks second with a share of 25% (CHF 13bn), Argentina third with 13% (CHF 7bn) at a stable level. While Chile, Uruguay and Costa Rica managed to expand their share of Swiss FDI stock between 2000 and 2013, Venezuela, Colombia and Ecuador experienced a relative decline.

After stagnating during the late eighties, the number of Swiss firms' employees in Latin America rose considerably during the early nineties from 90'700 in 1990 to 144'700 in 1995. Throughout the last decade, Swiss firms' staff grew again significantly from 160'200 in 2002 to 305'074 in 2013, reflecting the strong dynamism of Latin American economies. Swiss firms employ most staff in Brazil (131'800), followed by Mexico (52'700), Argentina (25'700),

54 Swiss National Bank, *Monthly Statistical Bulletin*, December 2014.
55 American Virgin Islands, Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Curaçao, Dominica, Grenada, Montserrat, Panama, St. Kitts and Nevis, St. Lucia, St. Martin, St. Vincent and the Grenadines, Turks- and Caicos Islands.

Chile (20’900), Colombia (16’700), Venezuela (10’900) and Peru (10’800).

Box 4. Focus: Investment by Etrion in Chile

Etrion Corporation is a Swiss firm that develops, builds and operates solar power generation plants. Currently, the Geneva-based company runs three projects in Japan, Italy and Chile. The latter was inaugurated on January 23rd, 2015.

In Chile, solar energy has proven to be competitive with respect to traditional sources. The Atacama Desert has some of the highest solar irradiation levels in the world. Fuelled by mining, energy demand is strong in Chile and prices are high. The project consists of a large solar photovoltaic power plant of more than 160’000 newest-generation solar panels. It is the world’s largest solar power plant based on spot market electricity providing a capacity of 70 MW and producing up to 200 GWh of clean energy per year. The investment amounts to USD 200m; during construction, 300 people were employed.

The investment will provide an electricity supply equivalent to approximately 80’000 households and will help to support the objective of the Chilean energy strategy 2030 to increase significantly the share of renewable energies. By supplying the mining industry, it will contribute to economic growth and ease Chile’s energy shortage. The project will also decrease Chile’s dependence towards foreign energy suppliers and further diversify the Chilean energy matrix.

In addition, Etrion has two other projects under construction: The “Aguas Blancas” (72 MW), in the Antofagasta region, and the “Las Luces” (27 MW), which is also located in the Atacama region. They both are expected to be completed in the first quarter of 2015 and will produce 170 MW for an investment of USD 200 million.

Box 5. Focus: Investment by Ronal in Mexico

Ronal Group is a Swiss company specialized in the production of light alloy wheels. As such, it has been one of the pioneers in the global market. Ronal produces internationally, owns subsidiaries in Switzerland, Portugal, Spain, France, Italy, Germany, Poland, the Czech Republic, the USA, Mexico, and Taiwan and employs 5’500 persons worldwide.

In Mexico, Ronal is building a new factory, the size of 8 football fields, in order to increase its production capacity in the NAFTA region. The investment amounts to USD 90m, creating jobs in the medium and long term. The Ronal factory will be equipped with the most recent technology, including a flowforming site, a recycling facility and a test center. Capacity is planned to be about 2 million car wheels per year, increasing the firm’s overall capacity up to 20 million wheels per year. Production is expected to start at the beginning of 2016.

Ronal’s investment is a strong commitment to Mexico as a production site. The plant, established in San Luis Potosí, is Ronal’s second production facility in Mexico. San Luis Potosí is known in Mexico as an important manufacturing site for precious metals and the car supply industry.

3.3. Bilateral Economic Agreements and Joint Economic Commissions

Agreements on the Promotion and Reciprocal Protection of Investments[56]

Switzerland has signed over 120 agreements on the promotion and reciprocal protection of investments (BITs). After Germany and China, Switzerland has the world's third largest network of such agreements.

Switzerland has BITs with most Latin American countries, except the Bahamas, Belize, Bermuda, Brazil, Guyana, Grenada, Haiti and Surinam. The BIT with Guyana has been ratified by Switzerland and awaits the completion of legal procedures in Guyana.

The Brazilian authorities have indicated that their parliament will not adopt the 14 BITs signed with various countries worldwide during the 1990s, including Switzerland. Major reservations refer to the differentiated treatment of foreign and local investors. In addition to access to the domestic court system, foreign investors would be able to bring a claim before an international arbitration panel. Brazil objects that this would effectively discriminate domestic investors.

Compensation for two Swiss investments were finalized in 2014. The Venezuelan government paid to Holcim the last installment for the nationalization of its plant in 2008. In July 2014, the Paraguayan parliament approved with a law the payment of USD 41m to Société Générale de Surveillance (SGS) for pre-shipment inspection services provided in the late 1990s.

Double Taxation Agreements

Presently, Switzerland has agreements on the avoidance of double taxation (DTAs) with Chile, Colombia, Ecuador, Jamaica, Mexico, Peru, Trinidad and Tobago, Uruguay and Venezuela.

In March 2009, the Federal Council decided to adopt the OECD standard on administrative assistance in tax matters, in accordance with Art. 26 of the OECD Model Tax Convention. Subsequently, existing DTAs with Mexico and Colombia were revised to include the OECD's administrative assistance standard, which allows the exchange of information in individual cases where a specific and justified request has been made. The new provisions entered into force in 2010 with Mexico and 2012 with Colombia. Currently, the DTA with Ecuador is undergoing the same adaptation. The DTAs signed with Uruguay (October 2010), Peru (September 2012) and Argentina (November 2013) included the OECD standard from the outset. The agreement with Peru is applied as of January 1st, 2015.

The list of the economic agreements between Switzerland and Latin America is presented in the Appendix, Table A.9., page 43.

Joint Economic Commissions

Switzerland has established about 20 economic commissions worldwide in order to strengthen bilateral economic relations and discuss specific issues with partner countries.

---

56 The aim of BITs and DTAs is explained in Box 8, page 24 of the *Switzerland – Latin America Economic Relations Report 2014.*

Talks also cover pluri- and multilateral questions and usually include representatives of the private sector.

In Latin America, Switzerland has instituted such commissions with Argentina, Brazil, Chile, Mexico, and Venezuela. In 2014, meetings took place with Brazil and Chile, and discussions reviewing overall bilateral economic relations with Peru and Paraguay.

Swiss – Brazilian Joint Commission on Trade and Economic Relations

The sixth meeting of the Swiss-Brazilian Joint Commission on Trade and Economic Relations was held on November 11th 2014 in Brasília. The meeting was co-chaired by Ambassador Paulo Estivallet de Mesquita, Acting Undersecretary for Economic and Financial Affairs, and Ambassador Livia Leu, Delegate of the Federal Council for Trade Agreements and Head of the Bilateral Economic Relations Division at SECO. Discussions covered topics such as the economic situation in both countries, regional integration, WTO, G20, the Transatlantic Trade and Investment Partnership (TTIP), bilateral tax issues, intellectual property as well as matters related to the EFTA-Mercosur relations. In addition, private sector representatives had the opportunity to raise specific trade and investment issues i.a. in the areas of pharmaceutical regulation, import procedures and taxation.

Swiss – Chilean Bilateral Economic Dialogue

The second meeting of the Bilateral Economic Dialogue between Chile and Switzerland took place in Santiago de Chile, on November 14th, 2014. The meeting was co-chaired by Pablo Urria, Director of Bilateral Economic Affairs, and Ambassador Livia Leu. In a first session bilateral trade and investment, the TTIP, the negotiations of the Transpacific Partnership and multilateral issues were addressed. Several representatives of Swiss firms participated at the second part of the meeting pointing to concerns in the food and intellectual property areas. Chilean officials agreed to hold an open dialogue with Swiss firms on different regulatory matters. The Ministry of Public Works and PROCHILE made a presentation on investment opportunities of interest to Swiss firms.

Swiss – Peruvian Bilateral Economic Discussions

On September 19th, 2014, economic discussions took place in Bern. The delegations were headed respectively by Philippe G. Nell, Minister, Head of Americas Unit SECO, and Javier Augusto Prado Miranda, Director for International Economic Relations. The agenda covered bilateral economic relations, the envisaged modernization of the EFTA-Peru FTA, the newly applicable DTA, the projects of the Swiss Economic Development cooperation in Peru, cooperation in science and technology, multilateral and specific issues for Swiss firms in Peru.

3.4. Latin American Integration: Recent Developments

Inter-American Integration

Honduras – Canada: An FTA, signed on November 5th 2013, entered into force on October 1st 2014.

Mercosur: Venezuela's membership became effective on August 12th, 2012. The country is progressively applying Mercosur rules according to an implementation calendar. Mercosur Heads of State and President Evo Morales signed the accession protocol for Bolivia in 2012. Technical discussions are currently under way.

Pacific Alliance: On April 28, 2011, the Presidents of Chile, Colombia, Mexico and Peru signed the Declaration of Lima during a Summit called by the former President of Peru, Alan Garcia. They established the Pacific Alliance with the objective to move gradually toward the free movement of goods, services, persons and capital. They also aimed at promoting growth, development and competitiveness overcoming thereby social inequality and set a special emphasis on the Asia-Pacific region. The Pacific Alliance has more than 210 million inhabitants and accounts for 35% of Latin America's GDP.

The establishment of FTA relations with all member countries is a prerequisite in order to join the Alliance. Currently, Costa Rica has commissioned studies and is undergoing an internal consultation process for a possible accession to the Alliance.

Since the creation of the Pacific Alliance, 30 countries have become observers – Switzerland on November 2nd, 2013.

The **Community of Latin American and Caribbean States (CELAC)** is a regional block of the 33 Latin American and Caribbean States[57] founded in 2010. It merged the Rio Group[58] and CALC (Cumbres América Latina y Caribe). CELAC was established as an intergovernmental platform for political dialogue, grouping for the first time all states of Latin America and the Caribbean. On January 28th-29th, 2015, the third summit of the Head of States took place in Costa Rica.

Latin American Integration Association LAIA[59]: Nicaragua is currently completing different requisites to join LAIA[60]. With the signature of the Montevideo Treaty in 1980, LAIA has replaced the former Latin American Free Trade Association, ALALC, founded in 1960. LAIA has close to 500 million inhabitants.

Integration between Latin America and Europe

Latin America – European Union: The seventh bi-annual summit between the EU and Latin America and the Caribbean (LAC) took place in Santiago de Chile on January 26 - 27, 2013.[61] For the first time, the subcontinent appeared under the recently created institutional framework "Community of Latin American and Caribbean States" (CELAC). The 2nd EU-CELAC Summit / 8th EU-LAC Summit will take place in Brussels in 2015.

Mercosur – European Union: The long-stalled negotiations for an Association Agreement between Mercosur and the EU were re-launched in 2010. Major difficulties remain in opening up EU's agricultural market and Mercosur's industry, services and government

---

57 CELAC includes all countries of the Americas except for Canada and the United States of America.

58 The Rio Group was originally established by six Latin American countries in 1986 as a political forum to facilitate the discussion of topics of common interest. The Group eventually expanded to 23 countries including all Latin American countries plus the Dominican Republic, Jamaica, Belize, Guyana, Haiti, and Cuba.

59 Asociación Latinoamericana de Integración, ALADI in Spanish.

60 Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela.

61 www.eeas.europa.eu/lac, accessed on February 20th, 2015.

procurement. Differences in rules on investment and intellectual property persist. The parties concluded their last round of negotiations in October 2012 and are currently preparing the exchange of their respective market access offers.[62]

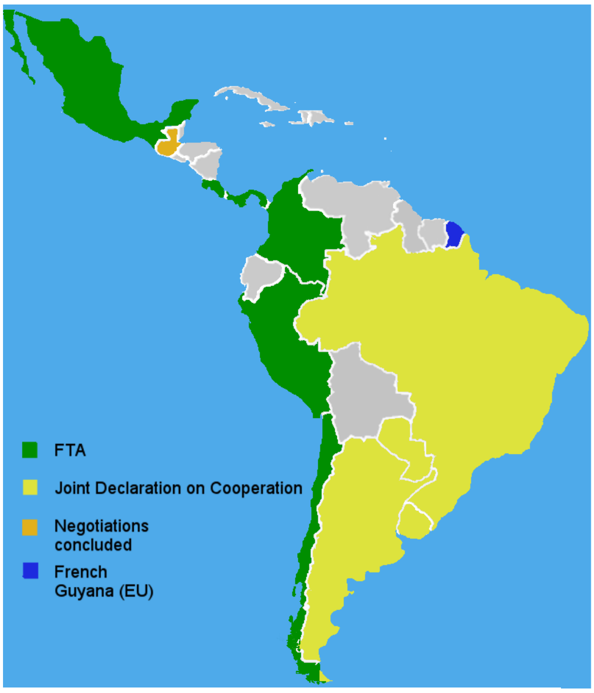
Andean Community (CAN) – European Union: In June 2007, the two parties launched negotiations for a comprehensive Trade Agreement. Differences among CAN members led the EU to negotiate only with Colombia and Peru. Those negotiations were concluded in February 2010 and the agreement was signed on June 26th, 2012. It is applied with Peru since March 1st and with Colombia since August 1st, 2013.[63]

In July 2014 negotiations were concluded for the accession of Ecuador to the Trade Agreement; the initialing ceremony took place on December 12th 2014.

Central America[64] – European Union: An Association Agreement between the six Central American States and the EU was signed in June 2012. It includes three pillars: political dialogue, cooperation and trade. With Honduras, Nicaragua and Panama, the trade pillar has been applied since August 2013, with Costa Rica and El Salvador since October and with Guatemala since December 2013.[65]

Latin America – EFTA[66]

Mercosur – EFTA: Mercosur and EFTA states signed a Joint Declaration on Cooperation in 2000. Within this framework, discussions are held on ways to further deepen economic relations. The fourth meeting of the EFTA-Mercosur Joint Committee took place on March 6th 2015 in Brasília. The parties agreed to initiate exploratory talks with a view to possible future negotiations to establish free trade relations.



EFTA's FTA network in Latin America
Source: www.efta.int; own presentation.

Central America – EFTA: In November 2010, EFTA ministers decided to strengthen economic relations with Central America. After an exploratory meeting in Panama City in March 2011, FTA negotiations were launched with Panama, Costa Rica, Guatemala and Honduras. The agreement with Costa Rica and Panama entered into force in August 2014. With Guatemala, negotiations were concluded in

62 http://ec.europa.eu/trade/policy/countries-and-regions/regions/mercosur/, accessed on February 20th, 2015.
63 http://ec.europa.eu/trade/policy/countries-and-regions/regions/andean-community/, accessed on February 20th, 2015.
64 Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.
65 http://ec.europa.eu/trade/policy/countries-and-regions/regions/central-america/, accessed on February 27th, 2015.
66 The members of the European Free Trade Association (EFTA) are: Iceland, Liechtenstein, Norway and Switzerland.

October 2014 and are currently on hold with Honduras. The agreement remains open to other Central American states.

Ecuador – EFTA: EFTA states and Ecuador have decided to strengthen their relations with a Joint Declaration on Cooperation which could be signed at the June 2015 EFTA ministerial meeting.

During the past years, Switzerland and its EFTA partners have significantly extended their network of free trade agreements in Latin America. So far, they have concluded comprehensive FTAs with Chile, Colombia, Costa Rica, Mexico, Panama and Peru. In order to facilitate access to these markets for small- and medium-sized Swiss Enterprises, SECO has issued several publications, including *Doing Business in Mexico*[67], *EFTA Chile Free Trade Agreement: Opportunities for Swiss Business*[68] and *EFTA-Colombia Free Trade Agreement: Opportunities for Swiss Business*[69].

Integration between the rest of the world and Latin America

Chile – Hong Kong: An FTA, signed on September 7th 2012, entered into force on October 9th 2014.

Chile – Vietnam: An FTA, signed on November 12th 2011, entered into force on January 1st 2014.

3.5. Economic Development Cooperation of SECO: COMPAL – Strengthening competition and consumer protection in Latin America

Creating a competitive economic environment and reducing anticompetitive policies and practices is one of the critical tasks for developing countries seeking to develop dynamic, resilient and thriving economies. However, in many developing countries markets remain subject to significant entry barriers and anticompetitive behaviour by dominant players. In Latin America, weak institutions and the lack of a solid competition culture have substantially hampered the development of strong competition and consumer protection systems. Many Latin American countries, in fact, started to develop laws in these areas rather early in the 20th century. However, enforcement remained weak. It was only with the increasing economic liberalization and integration into the global economy that political support gained momentum at the beginning of the 21st century.

Concurrently, in 2005, the United Nations Conference on Trade and Development (UNCTAD) with the support of the Swiss State Secretariat for Economic Affairs (SECO) launched COMPAL (***Com**petencia y **P**rotección del Consumidor en **A**mérica **L**atina)* in Bolivia, Costa Rica, El Salvador, Nicaragua and Peru. The objective of the program was to develop and promote sustainable competition and consumer protection systems through concerted technical assistance and capacity-building activities including advocacy events,

[67] 2002; 2nd edition 2009. This publication is available as PDF: www.seco.admin.ch/dokumentation/publikation/00008/00023/02431/index.html?lang=en
[68] 2005; 2nd edition 2008. This publication is available as PDF: www.seco.admin.ch/dokumentation/publikation/00008/00023/01817/index.html?lang=en
[69] 2011; This publication is available as PDF: http://www.seco.admin.ch/dokumentation/publikation/00008/04654/index.html?lang=de

workshops, policy advice, studies and trainings – both at the national and regional level.

During the first four years COMPAL led to very positive results and the economic cooperation and development division of SECO extended it into a second phase (2009-13), adding Colombia, the Dominican Republic, Ecuador, Guatemala, Honduras, Paraguay and Uruguay. COMPAL contributed to strengthen significantly the corresponding legal and institutional frameworks. The program also brought a better understanding of the benefits of competition in the region and established a regular regional exchange of experience. COMPAL has since become a key regional platform developing a successful south-south cooperation.

In March 2015, a third and final phase of the program was launched to further consolidate its achievements, strengthen regional cooperation, and ensure continuity after this final phase of SECO's support. The participation of Argentina, Chile and Mexico, regional front-runners on competition and consumer protection, will be an important asset for peer-learning. Additionally, Colombia and Peru, which are priority countries of SECO's economic cooperation and development program and have been very active members of COMPAL, will serve as driving forces for COMPAL.

For the coming three years, COMPAL will on the one hand strengthen the program's aspect of regional cooperation and on the other hand work closely with the private sector. UNCTAD will oversee the implementation and operate in close cooperation with the relevant national institutions. The close involvement of the beneficiaries is a particular asset of COMPAL and creates strong ownership of the program. A specialised COMPAL School on Competition and Consumer Protection will be set up in Peru. Furthermore, COMPAL will promote the regional exchange of experience and cooperation in policy matters. It will set up an internet-based Knowledge Management Platform, where all COMPAL manuals, guidelines and studies will be made available. For the private sector, COMPAL will develop guidelines for companies on the application of competition and consumer protection rules and organize workshops on unfair trade practices. Finally, professionals of competition agencies will benefit from an internship at the Swiss Competition Commission (COMCO).

COMPAL is closely aligned with SECO's strategic objective of integrating developing countries into the global economy and improving their competitiveness. COMPAL has clearly improved the institutional and legal frameworks on competition and consumer protection. International competitiveness and integration into the global economy have been fostered. COMPAL has also raised awareness beyond the region about the importance and benefits of strong competition and consumer protection systems.

Box 6. **Focus: Achievements of COMPAL in Peru and Nicaragua**

Peru

With the support of COMPAL, Peru's competition and consumer protection agency (Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual (INDECOPI)) has developed and set up its own national school for education and training on competition and consumer protection. The main objective is to strengthen the capacities of officials and institutions. Under COMPAL III, this school will be transformed into the COMPAL School. Training and courses for officials of all COMPAL Members will be held several times a year. The learning material will be accessible through a specific virtual platform and a full week of class for each thematic course in Lima.

At the same time, Peru has been very successful in decentralizing knowledge and expertise on competition and consumer protection at the national level. Educational workshops were first organized and by the end of 2014 offices of INDECOPI were opened in 26 regions and cities.

Nicaragua

In 2006, Nicaragua adopted with COMPAL's support its first law on the promotion of competition and established in 2009 the country's first competition agency (Institution Nacional de Promoción de Competencia – Procompetencia). Procompetencia is since applying the new competition law and serves as an administrative tribunal, which sanctions anticompetitive practices in Nicaragua.

3.6. Bilateral Visits in 2014

Mexico City, March 24th – 25th 2014: State Secretary M.-G. Ineichen-Fleisch met with F. de Rosenzweig, Vice-Minister of Economy, to discuss the modernization of the EFTA-Mexico Free Trade Agreement to which both sides expressed interest. The talks also covered several WTO issues, Switzerland's observer status to the Pacific Alliance and the consequences of TTIP and TPP on their economies. E. Garduño, Director of the OECD in Mexico, highlighted specific challenges, envisaged reforms, and OECD work in Mexico. In order to further strengthen trade and investment relations, a Swiss Business Hub was inaugurated.

Bogotá, March 26th – 27th 2014: In Colombia, State Secretary M.-G. Ineichen-Fleisch opened with S. Rojas, Minister for Trade, Industry and Tourism a conference on "Think Swiss: Innovation for a sustainable development". Their talks covered the EFTA-Colombia Free Trade Agreement, the recent developments within the Pacific Alliance and the ongoing OECD accession process. With R. D. Lizarralde, Minister of Agriculture, State Secretary M.-G. Ineichen-Fleisch launched a new project of the Economic Development Cooperation of SECO providing technical support in the area of cadastral information. She also presented the Better Gold Initiative to the Vice-Minister of Labor, J. N. Rios, who demonstrated keen interest in a Colombian participation. Finally, she visited a project financed by SECO, which focuses on the protection of intellectual property and geographical indications.

Lima, March 28th – 29th 2014: In Peru, State Secretary M.-G. Ineichen-Fleisch, together with the mayor of Lima, S. Villaran and the Minister of Foreign Affairs, E. Rivas, participated at the 50th anniversary of Swiss cooperation in Peru. The celebrations included the presentation of various projects of Swiss Cooperation, Swiss companies and Swiss NGOs in the main square of Lima. An agreement on the "Better Gold Initiative" with a budget of CHF 5.1 million was signed with M. Pulgar-Vidal, the Minister of Environment. Talks with M. Silva, Minister of Foreign Trade, covered amongst other topics the modernization of the EFTA-Peru Free Trade Agreement, Peru's relations with the OECD and Switzerland's observer role in the in the Pacific Alliance.

Asunción, March 31st – April 2nd 2014: In Paraguay, Philippe G. Nell, Minister, Head of the Americas Unit at SECO, met with several representatives of the Paraguayan

Parliament, D. Olmedo, Minister, Director General for Foreign Trade and Ambassador R. Florentin, Director of the *Red de Inversiones y Exportaciones (REDIEX)* and discussed specific trade and investment issues. Talks with P. Stanely, Director of the Institute for Intellectual Property, covered test data protection, Paraguay's accession to important intellectual property treaties and the fight against counterfeiting.

Brasília, Rio de Janeiro, April 2nd – 6th 2014: Federal Councillor Johann N. Schneider-Ammann visited Brazil with a large business and science delegation. In Brasília, he met R. Schaefer, Vice-Minister of Economy and C. Campolina, Minister of Science. He signed a bilateral social security agreement with L. A. Figueiredo, Minister of Foreign Affairs. In Rio de Janeiro, the delegation took part at the opening ceremony of the sixth swissnex in the world. Federal Councillor Johann N. Schneider-Ammann visited Fiocruz, a science, technology and health institution and opened new cooperation possibilities for the Swiss Federal Institute of Technology in Lausanne (EPFL) and the Swiss Tropical and Public Health Institute.

Bern, September 3rd 2014: Federal Councillor Johann N. Schneider-Ammann held a meeting with P. Ghezzi, Peruvian Minister of Production, and J. Velarde, President of the Peruvian Central Bank; their talks focused on the general economic situation, the bilateral economic relations, the inclusion of a chapter on services to the EFTA-Peru Free Trade Agreement, the Pacific Alliance and Swiss Economic Cooperation in Peru.

Bern, September 19th 2014: Economic discussions between Switzerland and Peru were led by respectively Philippe G. Nell, Minister, Head of the Americas Unit at SECO, and Javier Augusto Prado Miranda, Director for International Economic Relations (see section 3.3).

Bern, September 24th 2014: State Secretary M.-G. Ineichen-Fleisch met with Anthony Hylton, Jamaican Minister of Industry, Investment and Trade. The objective of the visit was to discuss matters of intellectual property, especially the bilateral agreement on geographical indications which came into force on September 1st 2014. Minister Hylton also showed interest in the Swiss Import Promotion Program (SIPPO) and suggested to establish a contact with the Jamaican Export Promotion Agency (JAMPRO).

Bern, October 28th 2014: Federal Councillor Johann N. Schneider-Ammann held a meeting with Francisco Rivadeneira, Ecuadorian Minister of Foreign Trade. Talks focused on the recently concluded Trade Agreement between the European Union and Ecuador. Minister Rivadeneira expressed Ecuador's interest to establish free trade relations with Switzerland or EFTA.

Brasília, São Paulo, November 10th – 12th, 2014: Ambassador Livia Leu, Delegate of the Federal Council for Trade Agreements and Head of the Bilateral Economic Relations Division at SECO visited Brazil together with a Swiss business delegation. In São Paulo, they met members of the Swiss-Brazilian Chamber of Commerce (Swisscam) and the São Paulo State Industry Federation (FIESP). Important challenges in the areas of double taxation and trade facilitation were identified. The delegation also met with a think tank specialized in globalization (SOBEET) and representatives of Swiss SMEs established in Brazil. In the capital, the delegation held a meeting of the Joint Economic Commission (see section 3.3) and met the National Brazilian Confederation of Industry (CNI), as well as an organization promoting trade between the BRICS countries (BRICS-PED).

Santiago de Chile, November 13th – 14th, 2014: In Chile, Ambassador Leu spoke at the celebration for the 10th anniversary of the EFTA-Chile Free Trade Agreement. She also met with CEOs of Swiss companies and led the Swiss delegation at the Bilateral Economic Dialogue (see section 3.3).

Appendix
Tables and Figures

Table A.1. Switzerland – Latin America: Merchandise Exports and Imports by Trading Partner, 2013-2014
(Millions of Swiss francs and percentage)

	Exports				Imports				Trade balance 2014
	2013	2014	Var. (%)	Share in reg. exp. in %	2013	2014	Var. (%)	Share in reg. imp. in %	
SOUTH AMERICA AND MEXICO	**6'259.6**	**6'140.1**	**-1.9**	**91.6**	**2'685.6**	**2'650.6**	**-1.3**	**86.9**	**3'489.5**
Brazil	2'226.8	2'089.0	-6.2	31.1	843.8	879.0	4.2	28.8	1'210.0
Mexico	1'526.1	1'740.7	14.1	26.0	1'296.2	1'188.3	-8.3	39.0	552.4
Argentina	747.0	668.7	-10.5	10.0	74.4	68.2	-8.3	2.2	600.5
Colombia	446.3	432.4	-3.1	6.4	172.7	231.9	34.2	7.6	200.5
Venezuela	386.1	376.7	-2.4	5.6	4.0	4.8	21.0	0.2	371.9
Uruguay	269.9	261.2	-3.2	3.9	37.0	36.9	-0.2	1.2	224.3
Chile	294.6	254.8	-13.5	3.8	73.0	64.3	-11.9	2.1	190.5
Peru	181.8	151.0	-16.9	2.3	83.6	84.1	0.6	2.8	66.9
Ecuador	119.1	112.6	-5.4	1.7	88.0	76.3	-13.3	2.5	36.4
Bolivia	23.3	28.6	23.1	0.4	4.0	8.2	106.8	0.3	20.4
Paraguay	33.9	22.4	-33.9	0.3	8.2	8.1	-0.7	0.3	14.3
Suriname	4.1	1.3	-67.5	0.0	0.8	0.5	-36.9	0.0	0.8
Guyana	0.9	0.7	-19.5	0.0	0.1	0.1	-25.0	0.0	0.6
CENTRAL AMERICA	**455.7**	**394.2**	**-13.5**	**5.9**	**272.2**	**262.6**	**-3.5**	**8.6**	**131.7**
Panama	296.4	259.7	-12.4	3.9	98.9	82.0	-17.1	2.7	177.7
Costa Rica	78.2	73.1	-6.5	1.1	103.5	104.1	0.6	3.4	-31.0
Guatemala	37.5	26.8	-28.4	0.4	39.1	44.5	14.0	1.5	-17.7
El Salvador	13.2	13.0	-1.5	0.2	1.8	1.9	6.8	0.1	11.1
Honduras	12.7	8.6	-32.2	0.1	19.7	20.1	2.0	0.7	-11.5
Belize	13.0	7.1	-45.2	0.1	0.4	0.4	-15.9	0.0	6.8
Nicaragua	4.7	5.9	24.4	0.1	8.8	9.6	8.3	0.3	-3.7

Source: Federal Customs Administration, Bern.

Table A.1. (cont.) **Switzerland – Latin America: Merchandise Exports and Imports by Trading Partner, 2013 – 2014**
(Millions of Swiss francs and percentage)

	Exports				Imports				Trade balance 2014
	2013	2014	Var. (%)	Share in reg. exp. in %	2013	2014	Var. (%)	Share in reg. imp. in %	
CARIBBEAN	**181.7**	**172.0**	**-5.4**	**2.6**	**120.8**	**137.2**	**13.5**	**4.5**	**34.8**
Bahamas	77.2	80.4	4.1	1.2	54.3	66.8	23.1	2.2	13.5
Dominican Republic	20.8	19.5	-6.2	0.3	24.9	31.0	24.6	1.0	-11.6
Cuba	17.8	17.8	-0.2	0.3	29.8	29.2	-2.1	1.0	-11.4
St. Vincent	27.5	14.5	-47.1	0.2	5.0	2.5	-49.4	0.1	12.0
Jamaica	11.9	10.8	-9.2	0.2	2.0	1.8	-9.1	0.1	9.0
Trinidad & Tobago	5.9	8.8	49.6	0.1	1.5	0.8	-45.9	0.0	8.0
Barbados	10.5	8.5	-18.8	0.1	0.3	1.2	266.7	0.0	7.3
St. Lucia	2.3	3.3	45.8	0.0	0.1	0.0	-81.8	0.0	3.3
Bermuda	2.9	3.2	9.2	0.0	0.4	0.2	-43.6	0.0	3.0
Haiti	2.3	2.9	24.9	0.0	2.0	3.4	67.3	0.1	-0.5
Antigua	2.1	2.0	-6.7	0.0	0.3	0.2	-30.8	0.0	1.8
Grenada	0.4	0.2	-51.3	0.0	0.3	0.0	-96.2	0.0	0.2
Dominica	0.2	0.2	-14.3	0.0	0.1	0.0	-100.0	0.0	0.2
TOTAL LATIN AMERICA	**6'897.0**	**6'706.2**	**-2.8**	**100.0**	**3'078.7**	**3'050.3**	**-0.9**	**100.0**	**3'655.9**
COMPARATIVE NUMBERS				Share of total Swiss exp. in %				Share of total Swiss imp. in %	
Asia	37'265.2	37'166.2	-0.3	17.0	25'519.7	26'780.0	4.9	14.4	10'386.2
Asia: Emerging countries	18'502.5	18'099.7	-2.2	8.3	6'103.1	7'072.3	15.9	3.8	11'027.4
Africa	3'573.3	3'751.2	5.0	1.7	4'400.4	3'365.0	-23.5	1.8	386.2
TOTAL SWISS FOREIGN TRADE	**212'377.9**	**218'717.6**	**3.0**	**100.0**	**185'771.9**	**185'686.1**	**0.0**	**100.0**	**33'031.5**

Source: Federal Customs Administration, Bern.

Table A.2. Switzerland – Latin America: Merchandise Exports and Imports, 1965 – 2014
(Millions of Swiss francs and percentage)

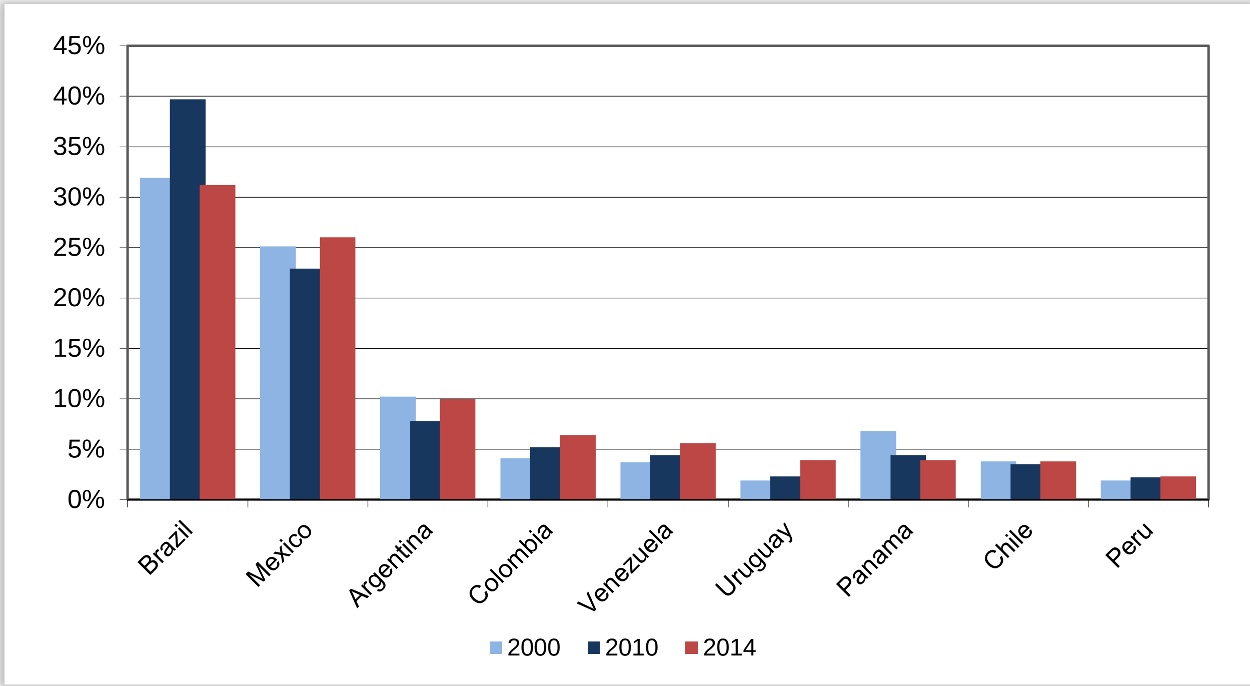
	Exports	Imports	Balance	Share of Latin America in total Swiss trade (%)	
				Exports	Imports
1965	762	385	377	5.9	2.4
1970	1'286	634	652	5.9	2.3
1975	1'847	696	1'151	5.5	2.1
1980	2'100	1'063	1'037	4.4	1.9
1985	2'242	1'260	982	3.3	1.8
1990	2'082	1'995	87	2.4	2.1
1991	2'346	1'893	453	2.7	2.0
1992	2'666	1'674	992	2.9	1.8
1993	2'574	1'174	1'400	2.8	1.3
1994	2'736	1'000	1'736	2.9	1.1
1995	2'393	1'032	1'361	2.5	1.1
1996	2'671	1'008	1'663	2.7	1.0
1997	3'243	1'057	2'186	2.9	1.0
1998	3'694	1'262	2'432	3.2	1.1
1999	3'500	1'166	2'334	2.9	1.0
2000	3'960	1'742	2'218	2.9	1.2
2001	4'143	1'607	2'536	3.0	1.1
2002	3'622	1'673	1'949	2.7	1.3
2003	3'400	1'228	2'172	2.5	0.9
2004	3'678	1'185	2'493	2.5	0.9
2005	3'750	1'416	2'334	2.4	0.9
2006	4'700	1'869	2'831	2.5	1.1
2007	5'463	2'542	2'921	2.7	1.3
2008	6'032	2'370	3'662	2.8	1.2
2009	5'275	2'058	3'217	2.8	1.2
2010	5'838	2'441	3'397	2.9	1.2
2011	5'955	2'655	3'300	2.9	1.4
2012	6'513	3'000	3'513	3.1	1.6
2013	6'897	3'079	3'818	3.3	1.7
2014 (w/o gold)	6'706	3'050	3'656	3.1	1.6
2014 (w/ gold)	7'087	10'303	-3'216	2.5	4.1

Source: Swiss Federal Customs Administration, Bern.

Table A.3. Switzerland – Latin America: Major Merchandise Export Markets, 1990 – 2014
(Millions of Swiss francs and percentage)

	1990	2000	2010	2013	2014	Var. in % 2014 / 2013	Share in % 2014
Brazil	536	1'262	2'317	2'227	2'089	-6.2	31.2
Mexico	458	992	1'338	1'526	1'741	14.1	26.0
Argentina	177	405	455	747	669	-10.5	10.0
Colombia	154	164	303	446	432	-3.1	6.4
Venezuela	117	147	255	386	377	-2.4	5.6
Uruguay	31	74	136	270	261	-3.2	3.9
Panama	135	270	259	296	260	-12.4	3.9
Chile	104	150	206	295	255	-13.5	3.8
Caribbean	133	160	177	182	172	-5.4	2.6
Peru	61	74	128	182	151	-16.9	2.3
Others	176	262	264	340	300	-11.8	4.5
Total	**2'082**	**3'960**	**5'838**	**6'897**	**6'706**	**-2.8**	**100.0**

Figure A.1. Switzerland – Latin America: Share of Merchandise Exports by Major Partner in Total Merchandise, 2000 – 2014
(Percentage of total Swiss exports to Latin America)

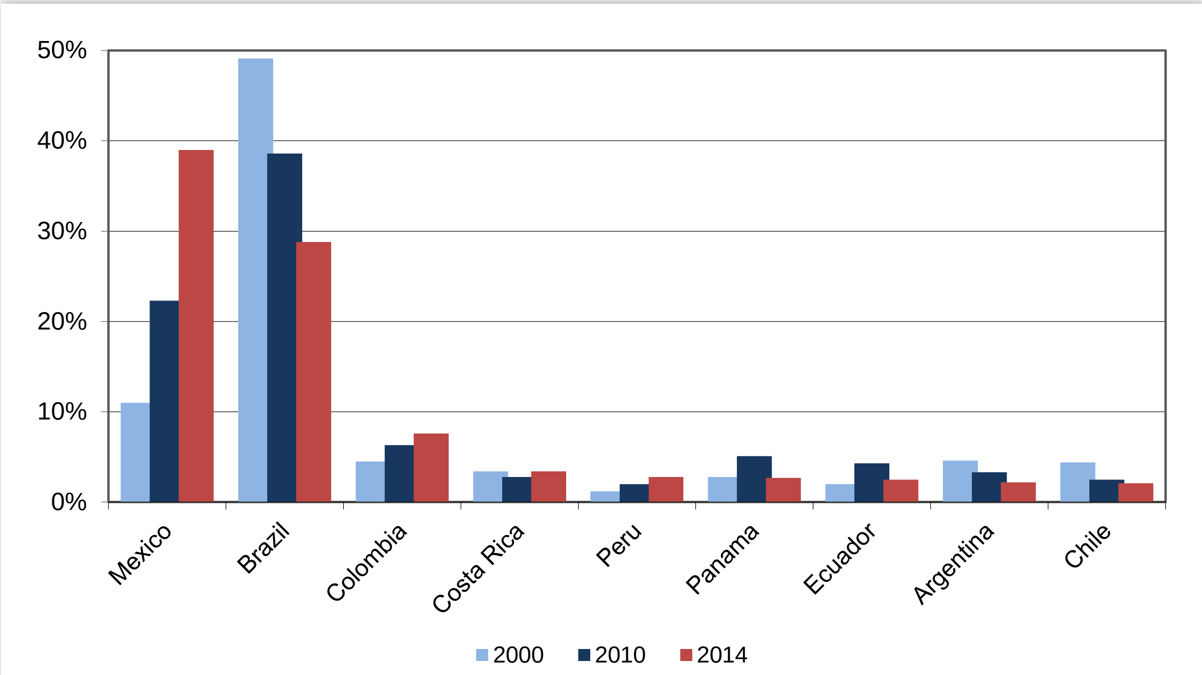


Source: Swiss Federal Customs Administration, Bern.

Table A.4. Switzerland – Latin America: Major Merchandise Import Markets, 1990 – 2014
(Millions of Swiss francs and percentage)

	1990	2000	2010	2013	2014	Var. in % 2014 / 2013	Share in % 2014
Mexico	54	191	491	1'296	1'188	-8.3	39.0
Brazil	345	856	849	844	879	4.2	28.8
Colombia	71	79	138	173	232	34.3	7.6
Caribbean	940	171	128	121	137	13.4	4.5
Costa Rica	48	60	62	104	104	0.6	3.4
Peru	29	21	43	84	84	0.6	2.8
Panama	227	48	112	99	82	-17.1	2.7
Ecuador	12	35	95	88	76	-13.3	2.5
Argentina	118	76	72	74	68	-8.3	2.2
Chile	36	81	56	73	64	-11.9	2.1
Others	115	124	156	124	135	8.9	4.4
Total	**1'995**	**1'742**	**2'202**	**3'079**	**3'050**	**-0.9**	**100.0**

Figure A.2. Switzerland – Latin America: Share of Merchandise Imports by Major Partner in Total Merchandise, 2000 – 2014
(Percentage of total Swiss imports from Latin America)

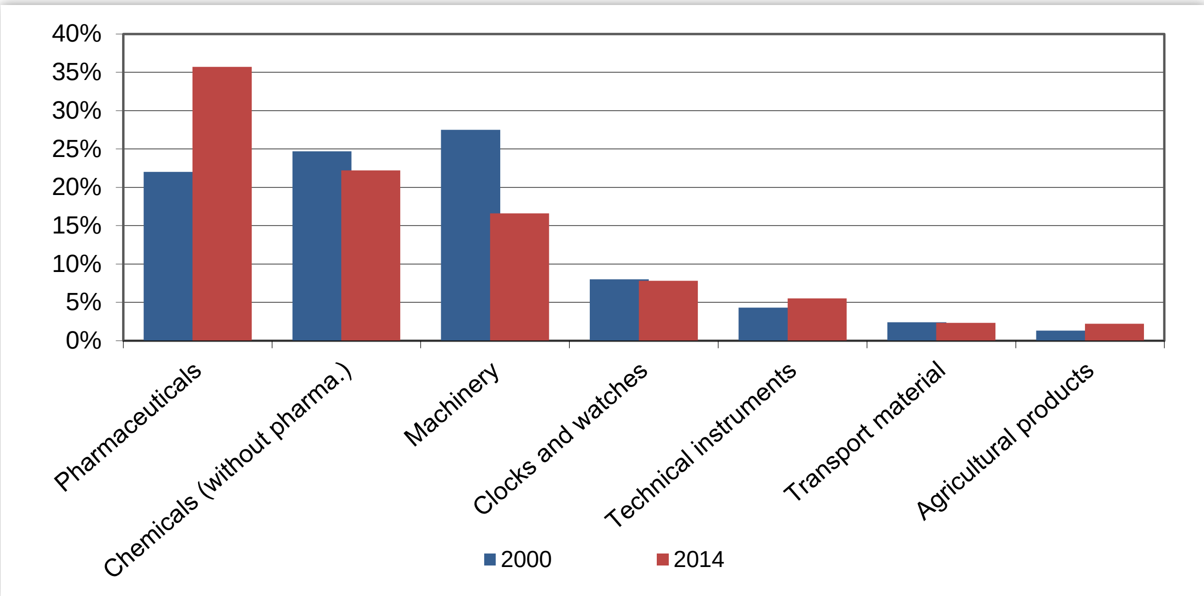


Source: Swiss Federal Customs Administration, Bern.

Table A.5. Switzerland – Latin America: Merchandise Exports by Product Group 2000 – 2014
(Millions of Swiss francs and percentage)

Chapters of the Harmonized System		Value 2000	2013	2014	Var. in % 2014 / 2013	Share in % 2014
1-24	Agricultural products	52.0	136.6	148.1	8.4	2.2
25-26	Mineral products	0.7	1.5	1.8	20.0	0.0
27	Mineral fuels	13.0	1.3	1.4	7.7	0.0
28-38	Chemicals (without pharma.)	976.7	1'325.0	1'486.9	12.2	22.2
30	Pharmaceuticals	872.2	2'456.2	2'393.7	-2.5	35.7
39-40	Plastic, rubber	54.4	89.6	79.9	-10.8	1.2
41-43	Skins, leather and art.	3.0	4.2	3.1	-26.2	0.0
44-46	Wood	1.6	7.4	6.0	-18.9	0.1
47-49	Paper	25.6	55.5	33.4	-39.8	0.5
50-63	Textiles, clothing	34.0	21.6	19.3	-10.6	0.3
64-67	Shoes, umbrellas, ...	2.4	2.2	1.8	-18.2	0.0
68-70	Stone, glass, ceramic art.	31.6	26.6	30.4	14.3	0.5
71	Precious metals and jewelry	98.3	102.7	79.2	-22.9	1.2
72-83	Metals and art. thereof	101.8	133.0	135.4	1.8	2.0
84-85	Machinery	1'089.4	1'262.6	1'113.6	-11.8	16.6
86-89	Transport material	95.2	155.1	155.2	0.1	2.3
90+92	Technical instruments, ...	168.9	414.4	367.8	-11.2	5.5
91	Clocks and watches	318.0	547.0	520.2	-4.9	7.8
93	Weapons	1.3	1.5	4.9	226.7	0.1
94	Furniture, ...	6.8	5.3	4.4	-17.0	0.1
95-97	Toys, sport articles, ...	13.3	22.9	15.4	-32.8	0.2
	Others	-	124.8	104.3	-16.4	1.6
Total Swiss exports: Latin America		**3'960.2**	**6'897.0**	**6'706.2**	**-2.8**	**100.0**
Total Swiss exports: World		136'014.9	212'377.9	218'717.6	3.0	---

Figure A.3. Switzerland – Latin America: Merchandise Exports by Major Product Group, 2000 – 2014
(Percentage of total Swiss exports to Latin America)

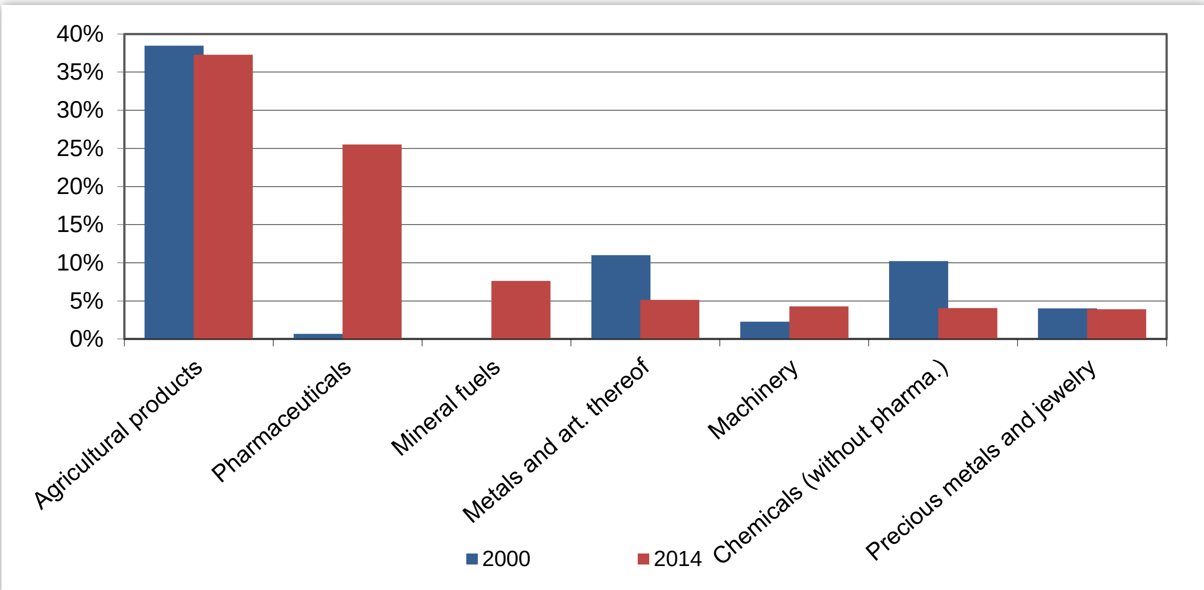


Source: Swiss Federal Customs Administration. Bern.

Table A.6. Switzerland – Latin America: Merchandise Imports by Product Group 2000–2014
(Millions of Swiss francs and percentage)

Chapters of the Harmonized System		Value 2000	2013	2014	Var. in % 2014 / 2013	Share in % 2014
1-24	Agricultural products	670.3	1'105.2	1'137.3	2.9	37.3
25-26	Mineral products	2.5	5.2	1.2	-76.9	0.0
27	Mineral fuels	0.4	2.1	232.0	10'947.6	7.6
28-38	Chemicals (without pharma.)	178.2	178.9	124.3	-30.5	4.1
30	Pharmaceuticals	11.6	1'028.4	778.2	-24.3	25.5
39-40	Plastic, rubber	6.3	19.5	16.0	-17.9	0.5
41-43	Skins, leather and art.	4.5	4.3	6.3	46.5	0.2
44-46	Wood	1.5	6.1	6.4	4.9	0.2
47-49	Paper	66.7	23.2	25.9	11.6	0.8
50-63	Textiles, clothing	17.1	14.9	17.8	19.5	0.6
64-67	Shoes, umbrellas, ...	3.5	6.7	8.1	20.9	0.3
68-70	Stone, glass, ceramic art.	3.5	5.4	5.3	-1.9	0.2
71	Precious metals and jewelry	70.4	115.3	119.0	3.2	3.9
72-83	Metals and art. thereof	191.5	154.9	157.2	1.5	5.2
84-85	Machinery	39.7	114.6	130.3	13.7	4.3
86-89	Transport material	400.2	67.2	54.5	-18.9	1.8
90+92	Technical instruments, ...	5.5	63.3	71.5	13.0	2.3
91	Clocks and watches	5.7	25.9	16.0	-38.2	0.5
93	Weapons	0.2	0.8	0.3	-62.5	0.0
94	Furniture, ...	1.6	2.1	1.6	-23.8	0.1
95-97	Toys, sport articles, ...	61.6	16.9	13.2	-21.9	0.4
	Others	-	117.8	127.9	8.6	4.2
Total Swiss imports: Latin America		**1'742.5**	**3'078.7**	**3'050.3**	**-0.9**	**100.0**
Total Swiss imports: World		139'402.2	185'771.9	185'686.1	-0.05	---

Figure A.4. Switzerland – Latin America: Merchandise Imports by Major Product Group, 2000 – 2014
(Percentage of total Swiss imports from Latin America)



Source: Swiss Federal Customs Administration, Bern.

Table A.7. Switzerland – Latin America: Foreign Direct Investment by Major Partner 1993 – 2013
(Total FDI stock at year's end in millions of Swiss francs excluding offshore centers)

	1993	2000	2012	2013
Brazil	4'214	5'707	22'061	21'182
Mexico	1'872	4'377	12'562	12'836
Argentina	443	1'782	6'911	6'738
Chile	413	790	3'433	3'416
Uruguay	126	421	2'050	2'044
Venezuela	315	1'116	2'819	1'979
Colombia	414	1'092	1'689	1'333
Peru	72	310	993	849
Ecuador	189	441	622	661
Costa Rica	96	130	589	645
Guatemala	58	88	325	307
Bolivia	n.a.	31	60	68
Others	n.a.	n.a.	1'225	1'288
Total	**8'212**	**16'235**	**55'339**	**53'346**

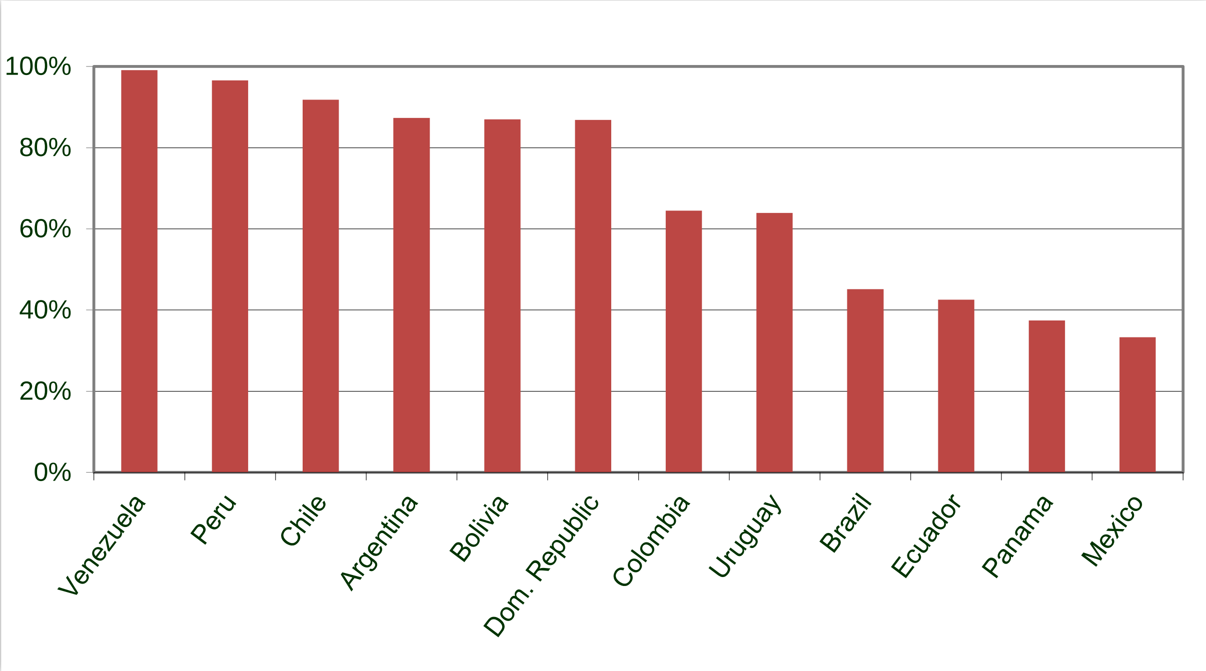
Source: Swiss National Bank, Zurich.

Table A.8. Switzerland – Latin America: Gold Imports by Major Partner in 2014*

	Gold Imports	Total Imports	Share of gold in total Imports (in %)
Peru	2'364	2'448	97%
Chile	724	788	92%
Brazil	723	1'602	45%
Mexico	595	1'783	33%
Argentina	469	537	87%
Venezuela	458	463	99%
Curaçao	456	463	98%
Colombia	423	655	65%
Suriname	395	396	100%
Dom. Republic	207	238	87%
Uruguay	65	102	64%
Ecuador	58	134	43%
Bolivia	55	63	87%
Panama	49	131	37%
Others	12	499	-
Total	**7'053**	**10'303**	**68%**

Source: Swiss Federal Customs Administration, Bern.
* This table is based on revised data from April 2015. Total imports of gold are lower than in Table A.2. based on January 2015 data for the category "others".

Figure A.5. Switzerland – Latin America: Share of Gold Imports by Major Partner 2014 (in percentage of total imports)



Source: Swiss Federal Customs Administration, Bern.

Brazil, Minas Gerais, Ouro Preto, gold nugget

Table A.9. Switzerland – Latin America: Major Economic Agreements (entry into force)

South America

Argentina	Trade agreement	26.11. 1957
	BIT	06.11.1992
	DTA	signed on 20.03.2014, ratified by Argentina on 12.11.2014 to be ratified by Switzerland
Bolivia	BIT	17.05.1991
	DTA	declaration of intention: 02.04.1993
Brazil	Trade agreement	01.08.1936 (provisory)
	BIT	signed 11.11.1994; not adopted by the Brazilian parliament
	DTA	declaration of intention: 06.07.1995; negotiations under way
Chile	Trade agreement	31.01.1899
	BIT	02.05.2002
	FTA (EFTA)	01.12.2004
	DTA	05.05.2010
Colombia	Trade agreement	02.10.1909
	BIT	06.10.2009
	DTA	11.09.2011
	FTA (EFTA)	01.07.2011
Ecuador	Trade agreement	21.10.1941
	BIT	11.09.1969
	DTA	22.12.1995
Paraguay	Trade agreement	12.12.1969
	BIT	28.09.1992
Peru	Trade agreement	21.10.1941
	BIT	23.11.1993
	DTA	10.03.2014
	FTA (EFTA)	01.07.2011
Uruguay	Trade agreement	21.10.1941
	BIT	22.04.1991
	DTA	28.12.2011
Venezuela	BIT	30.11.1994
	DTA	23.12.1997
	Framework agreement on cooperation	06.05.2009

Central and North America

Costa Rica	BIT	19.11.2002
	DTA	initialled March 2006, adaptation under way
	FTA (EFTA)	29.08.2014
El Salvador	Trade agreement	15.07.1954
	BIT	16.09.1996
Guatemala	Trade agreement	11.04.1955
	BIT	03.05.2005
	FTA (EFTA	negotiations concluded: 15.10.2014
Honduras	BIT	31.08.1998
Mexico	Trade agreement	02.09.1950
	BIT	14.03.1996
	DTA	08.09.1994; modifying protocol: 23.12.2010
	FTA (EFTA)	01.07.2001
Nicaragua	BIT	02.05.2000
	DTA	declaration of intention: 12.04.1994
Panama	BIT	22.08.1985
	FTA (EFTA)	29.08.2014

Caribbean

Barbados	BIT	22.12.1995
Cuba	Trade agreement	14.04.1954
	BIT	07.11.1997
Haiti	Trade agreement	23.12.1936
Jamaica	BIT	21.11.1991
	DTA	27.12.1995
Dominican Republic	BIT	30.05.2006
Trinidad & Tobago	BIT	signed 26.10.2010; to be ratified
	DTA	20.03.1974

BIT: Agreement on the Protection and Promotion of Investments
DTA: Double Taxation Agreement
FTA: Free Trade Agreement

Table A.10. Switzerland – Latin America: Chambers of Commerce, Swiss Business Hubs and swissnex

Chambers of Commerce in Switzerland

Latin American Chamber of Commerce in Switzerland

Kasernenstrasse 11
CH-8004 Zurich

Tel.:	+41 44 240 33 00
President:	Richard Friedl
Executive Director:	Elena Arozarena
E-mail:	latcam@latcam.ch
Website:	www.latcam.ch

Swiss-Cuban Chamber of Commerce and Industry

SwissCubanCham
Sempacherstrasse 5
6003 Luzern

Tel.:	+41 41 227 04 07
President:	Andreas Winkler
E-mail:	info@swisscuban.org
Website:	www.swisscuban.org

Chambers of Commerce in Latin America

Argentina

Cámara de Comercio Suizo Argentina

Av. Leandro N. Alem 1074 Piso 10
C1001AAS Buenos Aires, Argentina

Tel.:	+54 11 4311 7187
President:	Alfredo Rodriguez
General Manager:	Norma Alemann
E-mail:	info@suiza.org.ar
Website:	www.suiza.org.ar

Brazil

Câmara de Comércio Suiço-Brasileira

Av. das Nações Unidas, 18.001
04795-900 São Paulo, Brazil

Tel.:	+55 11 5683 7447 / +41 44 586 37 41
President:	Emanuel Baltis
Executive Director:	Stephan Buser
E-mail:	swisscam@swisscam.com.br
Website:	www.swisscam.com.br

Chile

Cámara Chileno-Suiza de Comercio (CCHSC) A.G.

Antonio Bellet 77 – Of. 104
Providencia, Santiago de Chile

Tel.:	+56-2-2244 1901
President:	Gonzalo Rojas
General Manager:	Veronika Fischer
E-mail:	vfischer@camarachilenosuiza.cl
Website:	www.swisschile.cl

Colombia	**Cámara de Comercio Colombo-Suiza** Calle 98, No 15 – 17, Oficina 402 Bogotá, Colombia	
	Tel.:	+57 1 6018787 / 6017681 / 6017684
	President:	René M. La Barre
	Executive Director:	Silvia Gutierrez Díaz
	E-mail:	direccion@colsuizacam.com colsuizacam@colsuizacam.com
	Website:	www.colsuizacam.com
Cuba	**Swiss-Cuban Chamber of Commerce and Industry** Centro de Negocios Miramar Edo. Jerusalem. Of. 206 Ave. 3ra, Esq. 80 Miramar, Playa, La Habana	
	Tel.:	+53 7 204 9020
	Fax.:	+53 7 204 2029
	President:	Andreas Winkler, Havana, Cuba
	E-mail:	andreas.winkler@swisscuban.org info@swisscuban.org
	Website:	www.swisscuban.org
Mexico	**Asociación Empresarial Mexicano-Suiza, A.C.** Campos Eliseos 345 Piso 3 Col. Chapultepec Polanco 11560 México, D.F.	
	Tel.:	+52 55 5279 5433
	Fax.:	+52 55 5280 7614
	President:	Peter Pfenninger
	Secretary:	Pedro Ovin
	E-mail:	info@aems.com.mx
	Website	www.aems.com.mx
Peru	**Cámara de Comercio Suiza en el Perú** Av. Salaverry 3240, Piso 4 Lima 27, Peru	
	Tel.:	+51 1 264 35 16
	President:	Leno Mulder
	General Manager:	Corinne Schirmer
	E-mail:	info@swisschamperu.org
	Website:	www.swisschamperu.org
Uruguay	**Cámara de Comercio Suizo-Uruguaya** Pablo de María 1065 11200 Montevideo, Uruguay	
	Tel.:	+59 82 419 33 85
	President:	Gunther Rotzinger
	Secretary:	Helga Ringeltaube
	E-mail:	info@swisschamuruguay.org.uy
	Website:	www.swisschamuruguay.org.uy

Venezuela	**Cámara Venezolano-Suiza de Comercio e Industria** Torre Europa, Piso 6, Ofc. 3-B Av. Fco de Miranda, Campo Alegre, Apartado postal 62.555 Caracas 1060, Venezuela Tel.: +58 212 953 51 55 President: Emilio Pittier Executive Director: Fini Otero E-mail: info@camarasuiza.org Website: www.camarasuiza.org

Swiss Business Hubs and swissnex	
Brazil	**Swiss Business Hub Brazil** c/o Consulado Geral da Suíça Av. Paulista 1754, 4° andar Edificio Grande Avenida 01310-920 São Paulo Tel.: +55 11 3372-8200 Director: Thomas Först E-mail: thomas.foerst@eda.admin.ch Website: www.s-ge.ch
Brazil	**swissnex** c/o Consulado Geral da Suíça Rua Cândido Mendes, 157, 12 andar Rio de Janeiro / RJ 20241-220 Tel.: +55 21 3806 2141 CEO: Gioia Deucher E-mail: gioia@swissnexbrazil.org Website: www.swissnexbrazil.org
Mexico	**Swiss Business Hub Mexico** c/o Embajada de Suiza Paseo de las Palmas No. 405, Torre Optima I, piso 11 Col. Lomas de Chapultepec C.P. 11000 México D.F. Tel.: +52 55 91 78 43 70 Ext. 30 Director: Rubén Araiza Díaz E-mail: ruben.araizadiaz@eda.admin.ch Website: www.s-ge.com