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Federal Department of Economic Affairs,
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State Secretariat for Economic Affairs SECO
Foreign Economic Affairs Directorate

Switzerland - Latin America
Economic Relations Report 2019

Distribution

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Available in electronic form at:
https://www.seco.admin.ch/seco/de/home/Publikationen_Dienstleistungen/Publikationen_und_Formulare/Aussenwirtschafts/Bilaterale_Wirtschaftsbeziehungen.html

Bern, March 2019

Table of contents

Boxes

Figures

Table

Acknowledgements

The Switzerland - Latin America Economic Relations Report 2019 was prepared by the Americas Unit of the State Secretariat for Economic Affairs (SECO) under the guidance of Philippe G. Nell, Minister, Head of the Americas Unit.

Kevin Kienast was responsible for planning, overall coordination and the chapters on bilateral economic relations and Venezuela, supported by Lisa Leboucher. Simon Wüthrich assessed the current economic situation in the region. Jan Gygax researched and wrote the special chapter on doing business in Latin America and the Caribbean. Edith Heidenthal elaborated the tables and graphs. They are all to be thanked for their contribution.

We are also indebted to the Swiss Embassies in Latin America, whose continuous support is greatly appreciated, and SECO's Economic Development Cooperation Division - both of whom made valuable contributions to this report.

Source : Encyclopedia Britannica

Foreword

Dear reader,

In 2018, Latin America's economic growth eased slightly to 1.1%. Brazil led the way among large economies followed by Mexico, while Argentina experienced a recession (-2.6%). Venezuela continued its downward spiral (-18%). On the Venezuelan market, conducting business has become very difficult due to hyperinflation as well as the lack of hard currency, inputs and qualified personnel. Facing significant hardship to access food, medicines, medical treatment as well as basic utilities, thousands of people continue to leave Venezuela, posing serious challenges to host destinations. Most other countries registered a sound performance. The realization of inclusive growth remains however constrained in several countries by endemic issues such as the low level of public education, overloaded health systems, high income inequality, insufficient infrastructure, large informal sectors, low productivity, a lack of legal security and corruption.

This year's special chapter provides insights into some of the challenges of Latin American societies by reviewing framework conditions for doing business and comparing them with other continents. According to the World Bank ease of doing business index, Mexico ranks first in Latin America and Venezuela holds the last position. Many smaller countries including Chile, Costa Rica, Colombia and Peru outperform larger ones such as Argentina and Brazil. Overall, there is a significant potential for improvement through reforms simplifying administrative procedures. At a time when some advanced countries introduce block chain to further cut costs and improve productivity, it is crucial for Latin America to increase business efficiency with reforms.

In 2018, Swiss trade relations with Latin America continued to grow at a very satisfactory pace, with Swiss exports to the region (+6.5%) significantly outperforming Swiss global exports (+3%). The import side remains dominated by gold and agricultural products. Manufactured products are mainly sourced from Mexico and hardly from other Latin American countries including Brazil. This clearly points to the strong natural resource-based orientation of these economies and to competitiveness issues. Swiss foreign investors have continued to increase their footprint in the region contributing to economic growth and employment.

Our objective to strengthen constantly our economic relations with Latin America was successfully met in 2018, first with the signing of the EFTA-Ecuador free trade agreement, second with good progress in the negotiations between EFTA and Mercosur for a free trade agreement, and third with a visit by Federal Councillor Johann N. Schneider-Ammann to Argentina, Brazil, Paraguay and Uruguay accompanied by a large economic, scientific and agricultural delegation. Our relations with Peru and Chile were also on the top of our agenda with a mission of State Secretary Marie-Gabrielle Ineichen-Fleisch and those with Brazil and Mexico with meetings of the respective Joint Economic Commissions.

We wish you an instructive and pleasant read of this year's Report.

Erwin Bollinger
Ambassador, Head of Bilateral Economic Relations
Delegate of the Federal Council for Trade Agreements

Philippe G. Nell
Minister
Head of Americas Unit

Overview

In the first chapter, the report presents Latin America's economic situation in 2018. Chapter 2 elaborates on the World Bank's ease of doing business index by presenting its main components and comparative statistics for the region. Chapter 3 focuses on developments in Swiss-Latin American economic relations with regard to trade, investment and bilateral agreements. The remainder of the chapter offers insights into trends in Latin America's regional and global integration, SECO's economic development cooperation in the region and bilateral visits in 2018. Finally, chapter 4 points to some key elements of the Venezuelan crisis.

1. Current Economic Situation in Latin America and the Caribbean

In 2018, the **economic recovery** in Latin America and the Caribbean **moderated**, with average **growth** estimated at 1.1% (+1.3% in 2017). Among the main growth-inhibiting factors were a decline in external demand, tighter financial conditions, as well as a continued strain on the commodity markets.[1]

As in the previous year, there were **marked differences** across countries: While the pace of growth increased slightly in Brazil and Mexico to 1.3% and 2.1%, respectively, Argentina's economy dipped into a recession and contracted by 2.6%. Meanwhile, the economic and humanitarian crisis deepened in Venezuela, leading to an 18% fall in GDP. Overall in South America, Paraguay (+4.4%) posted the highest growth rate, closely followed by Bolivia (+4.3%), Peru (+4.1%) and Chile (+4.0%). Colombia (+2.8%), Uruguay (+2%) and Ecuador (+1.1%) saw more moderate increases. In Central America, Panama (+4.6%), Honduras (+3.5%), Costa Rica (+3.3%), Guatemala (+2.8%) and El Salvador (+2.5%) witnessed an expansion, while Nicaragua experienced a contraction by 4.0% amid civil unrest. In the Caribbean, the Dominican Republic (+6.4%), Haiti (2%) and Cuba (+1.1%[2]) remained on a growth path at different paces.[3]

Regarding **trade,** exports from the region continued to increase significantly (+9.9%) for the second consecutive year (2017: +12.2%). This growth is remarkable given that world markets were characterized by a stagnation and downward pressures for certain commodities, greater financial uncertainty, as well as increased trade tensions. The United States and China accounted for the lion's share of the region's total export growth with approximately 40% and 25%, respectively. Among the major economies, Mexico's export performance stood out (+11.5%; 2017: +9.5%). On the import side, purchases from within the region grew at a lower rate (+7.8%) than total imports (+12.3%), leading to a relative decline in intra-regional trade.[4]

Public debt in the region averaged 65% of GDP in 2018, a non-trivial increase compared to 2017 (61.1%). Debt levels declined in 11 countries but rose in the other. In South America, Venezuela had the largest debt to GDP ratio (159%), followed by Brazil (88.4%) and Uruguay (68.1%). Chile (24.8%) and Peru (26.4%) featured on the other side of the spectrum. In Central America, cross-country variation ranged from Guatemala (25.1%) to Belize (97.5%). In the Caribbean, the debt

[1] IMF, World Economic Outlook Update, January 2019; IMF, Regional Economic Outlook - Western Hemisphere, October 2018a, pp. 1-3, accessed 23/01/2019.
[2] Cepal, Proyecciones de crecimiento de América Latina y el Caribe en 2018 y 2019, October 2018, accessed 23/01/2019.
[3] IMF, World Economic Outlook Update, January 2019 (Latin America and the Caribbean, Brazil, Mexico); IMF, World Economic Outlook Database, October 2018b (rest of countries), gross domestic product, constant price, percent change, accessed 23/01/2019.
[4] IDB, Trade Trend Estimates Latin America and The Caribbean, accessed 23/01/2019.

levels of Barbados (123.6%) and Jamaica (97.4%) declined but still remained considerable.[5]

Inflation rose to 6.1% in 2018 (6% in 2017). Venezuela continued steeply on its path of hyperinflation, which amounted to 1'370'000%. Argentina (31.8%) and Haiti (13.3%) also featured high inflation rates. Mexico (4.8%), Brazil (3.7%), Colombia (3.2%), Chile (2.4%) and Peru (1.4%) witnessed single-digit price increases, while Ecuador was marked by deflationary tendencies (-0.2%). In Central America, price increases ranged from 1.2% (El Salvador) to 5.9% (Nicaragua).[6]

After reaching peak levels in 2011 and 2012, global commodity prices fell substantially and **national currencies** in the region weakened significantly. While exchange rates remained relatively stable in 2017, the trend reversed in 2018 and currencies depreciated according to the J.P. Morgan Latin America currency index (-14%).[7] The US economic expansion and net capital outflows exerted depreciating pressures notably for Brazil, Chile and Colombia. In Argentina, the financial and economic crisis exacerbated the currency situation, with the Argentinian peso losing approximately 50% of its value relative to the USD.[8]

The region's **current account** deficit widened slightly and stood at around -1.6% of GDP (-1.5% in 2017). This evolution is mainly attributed to an uptick in investment and consumption in net oil-exporting countries and higher import bills for net commodity importers.[9] With the exception of Uruguay (0.9%) and Venezuela (6.1%), all countries in South America exhibited deficits ranging from -0.5% (Ecuador) to -6.1% (Guyana). Even though tourism flourished with a stronger US economy, the Caribbean islands continued to record the three largest deficits with Dominica (-32.7%), Antigua and Barbuda (-13.8%) and St. Vincent and the Grenadines (-13.3%).[10]

Foreign direct investment (FDI) declined by an estimated 4% in 2018 to 149 billion USD, owing to the general slowdown in economic growth in the region. Brazil, Latin America's main FDI recipient, additionally experienced uncertainty in the run-up to the presidential elections of October 2018, resulting in a 12% decline in FDI inflows to 59 billion USD. In Colombia, weak economic activity contributed to a decrease in inflows by 21% to 11 billion USD. Argentina, in turn, proved resilient despite the currency crisis and recorded several cross-border mergers and acquisitions. Mexico equally maintained investment activity at comparable levels to 2017 and benefitted from 32 billion USD in FDI.[11]

In **2019**, growth in the region is expected to accelerate to 2%. Brazil and Mexico are set to continue on their growth path with an expansion of 2.5% and 2.1%, respectively. In contrast, GDP is forecast to contract again for Venezuela (-5%), Nicaragua (-1%) and Argentina (-1.6%). In South America, Bolivia and Paraguay (both +4.2%) as well as Peru (+4.1%) are forecast to post the highest growth rates. In Central America and the Caribbean, Dominica (+9.4%), Panama (+6.8%) and the Dominican Republic (+5.0%) are predicted to be the top three growth performers.[12]

[5] IMF, op. cit., 2018b, general government gross debt, percent of GDP, accessed 23/01/2019.
[6] IMF, op. cit., 2018b, inflation, average consumer prices, percent change, accessed 23/01/2019.
[7] Bloomberg, J.P. Morgan Latin America currency index. The index is composed of trade-weighted exchange rates for the currencies of Argentina, Brazil, Chile, Colombia, Mexico and Peru, accessed 23/01/2019.
[8] IMF, op. cit., 2018a, p. 3, accessed 23/01/2019.
[9] IMF, op. cit., 2018a, p. 7, accessed 23/01/2019.
[10] IMF, op. cit, 2018b, current account balance, percent of GDP, accessed 23/01/2019.
[11] UNCTAD Investment Trends Monitor, January 2019, p. 5, accessed 23/01/2019.
[12] IMF, World Economic Outlook Update, January 2019, accessed 23/01/2019.

2. Doing Business in Latin America and the Caribbean

Latin America and the Caribbean (LAC) have a significant interest in establishing framework conditions that facilitate a sustainable development of their economies and hence improve social welfare. Achievements were accomplished over the years in different areas, yet they are relative and subject to developments in other countries. In order to compare business regulation environments across economies and over time, *Doing Business* by the World Bank is gathering as well as analyzing comprehensive data, offers measurable benchmarks for reform and encourages governments to introduce more efficient regulation. Efficiency gains increase the productivity and hence the competitiveness of firms.

Furthermore, *Doing Business* is a very valuable source of information for business, academics, journalists, researchers as well as others interested in business conditions and contributes to the overall picture of an economy's regulatory environment.

2.1 Doing Business measurement by the World Bank

2.1.1 The *Doing Business* Project

The World Bank launched the *Doing Business* project in 2002 with the goal to provide an objective basis for understanding and improving the regulatory environment for business around the world. The 2018 report covers 11 topics for business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level, compared to only 5 topics and 133 economies in the first report from 2003. Most data refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (in LAC Brazil and Mexico), instances in which *Doing Business* also collected data for the second largest business city. The project focuses on domestic small and medium-sized companies and measures the regulations applying to them through their life cycle.[13]

Doing Business 2018 is based on a survey of more than 13,000 lawyers, accountants, judges, engineers, architects, businesspeople and public officials in the surveyed economies. The number of contributors varies by economy and topic.[14]

2.1.2 What is measured?

The *Doing Business Ranking (DBR)* is based on the *Distance to Frontier Score*. The *Distance to Frontier* captures the gap between an economy's performance (*score*) and a measure of best practice, the frontier. The economy's score is presented on a mostly linear scale from 0 to 100. A score of 0 represents in most cases the 99 or 95 percentile of the worst practices measured in the past, not taking into account extreme outliers, while 100 represents the frontier or best practice measure. Additional information on the methodology is provided on the *Doing Business* website.[15]

It seems obvious that an index cannot include every aspect of business environment regulation for every single firm in a city or a whole country. Assumptions and standardizations are unavoidable. In the following, *Doing Business* evaluation is provided for 10 of the 11 topics and their indicators. The topic excluded from rankings, labor market regulation, is not further pursued in this report.

[13] http://www.doingbusiness.org/about-us
[14] http://www.doingbusiness.org/contributors/doing-business
[15] http://www.doingbusiness.org/data/~/media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB18-Chapters/DB18-DTF-and-DBRankings.pdf

Figure 1: What is measured in Doing Business?

Source: Doing Business database.
Note: Labor market regulation is not included in the ease of doing business ranking.

Starting a business, *Dealing with construction permits*, *Getting electricity* and *Registering property* are each made up of four indicators, three of them taking into account time, cost and steps in procedures as well as specific factors for the fourth indicator. The four indicators are equally weighted. *Trading across borders* also consists of four indicators, two of which measure the time and cost of import procedures and two measure export procedures. The other topics are composed of various indicators and indices. More information is available in the last part of this chapter or on the *Doing Business* website.[16]

2.1.3 What is not measured?

Doing Business admits that by far not all important policy areas are covered and even if an area is covered, its scope is narrow. For example, it only provides a narrow perspective on the infrastructure challenges that firms face, particularly in the developing world. Areas not captured include: Development of the financial system, quality of the labor force, incidence of bribery and corruption, lack of security or intellectual property rights protection. Thus, business regulation reforms should not focus only on the aspects measured in *Doing Business*.[17]

Moreover, significant subnational differences (subnational data available for Brazil, Mexico and Colombia in the case of LAC) as well as deviations to the case scenario (largest city) can occur.

Finally, it is assumed that an enterprise has full information on what is required and does not waste time when completing procedures. This may not necessarily be the case. Alternatively, a firm may choose to neglect some burdensome procedures. This implies that delays could differ from the survey results.[18]

[16] http://www.doingbusiness.org/methodology
[17] http://www.doingbusiness.org/~/media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB18-Chapters/DB18-About-Doing-Business.pdf
[18] http://www.doingbusiness.org/Methodology/Methodology-Note

2.1.4 Criticism of the Doing Business ranking

There has been various criticism of the *DBR*. The most common refers to the development of the methodology over the years. Whilst improvement of the methodology and expansion of sub-indicators is appreciated, it affects comparisons across time.[19]

To tackle the abovementioned problem, the data set has been backward-adjusted for changes in methodology and any data corrections. Furthermore, a complaint procedure allows anyone to challenge the data.[20] Criticism is taken up, as testified in the correction rates of the ranking, which averaged 6.4% per year in the period 2009 – 2018, reaching its climax (corrections of 8.8% of data points) with the last adjustment.[21]

2.1.5 Foreign direct investment and the ease of doing business

In their case study "Does *Doing Business* matter for foreign direct investment?"[22] Anderson and Gonzalez present a summary of research on Foreign Direct Investment (FDI[23]) determinants. One approach classifies FDI drivers as being market-seeking (size and location), efficiency-seeking (human capital and infrastructure quality) or resource-seeking (natural resources and other strategic assets). Another approach adds growth prospects and openness to trade as drivers of FDI.

Anderson and Gonzalez conduct an analysis of the relationship between individual *Doing Business* indicators (*Distance to Frontier Scores*) and FDI inflows for a sample ranging from 145 to 160 economies. When using several model specifications, inter alia taking into account differences in income and population size, the analysis finds a significant positive association between the *Distance to Frontier Score* in 2005 and FDI inflows in the subsequent five years. This correlation, as in any econometric analysis, does not imply causation, but supports *Doing Business'* claim that its data are a good proxy for a country's overall investment climate.

In another analysis, Corcoran and Gillanders (2014) use FDI stock data from 2004-2009 and the *DBR* 2009 for each individual indicator across the evaluated 183 countries. They find evidence that a higher *DBR* on average is associated with more FDI solely by how easy it is to trade across borders, with other components of *Doing Business* having little or no impact in their analysis. They also find that the effect holds for middle-income countries, but is neither present in the world's poorest region, Sub-Saharan Africa, nor among the OECD members.

Using data for approximately 84 countries from 2006 to 2009, Jayasuriya (2011) claims that "improvements in the official DBR are likely to increase FDI into a country".[24] He posits that improvements in the DBR may exert a positive signaling effect to foreign investors. However, this relationship is only statistically significant for the sample of 84 countries. When the analysis is limited to the 56 developing countries, the correlation is positive but the influence on FDI inflows is not statistically significant.

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[19] The changes 2005-2017 can be tracked under this link: http://www.doingbusiness.org/Methodology/Changes-to-the-Methodology. The adjustments for 2018 are described under the following link: http://www.doingbusiness.org/Methodology/Methodology-Note

[20] http://www.doingbusiness.org/reports/global-reports/~/media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB14-Chapters/DB14-About-Doing-Business.pdf

[21] http://www.doingbusiness.org/Methodology/Methodology-Note

[22] http://www.doingbusiness.org/~/media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB13-Chapters/DB13-CS-Doing-Business-matter-for-FDI.pdf

[23] FDI in the remainder of the report

[24] D. Jayasuriya, *Improvements in the World Bank's Ease of Doing Business Rankings: Do they translate into Greater Foreign Direct Investment Inflows*, Policy Research Working Paper 5787, The World Bank, Pacific: Sydney Unit, International Financial Corporation, 2011, p.10. http://documents.worldbank.org/curated/en/789351468331750147/pdf/WPS5787.pdf

These studies support to some extent the claim that a country's *DBR* in average matters for FDI. According to Corcoran and Gillanders the effect is particularly significant for middle-income countries, a group most Latin American countries are assigned to.

2.2 Doing Business rating and reforms: Latin America and the world

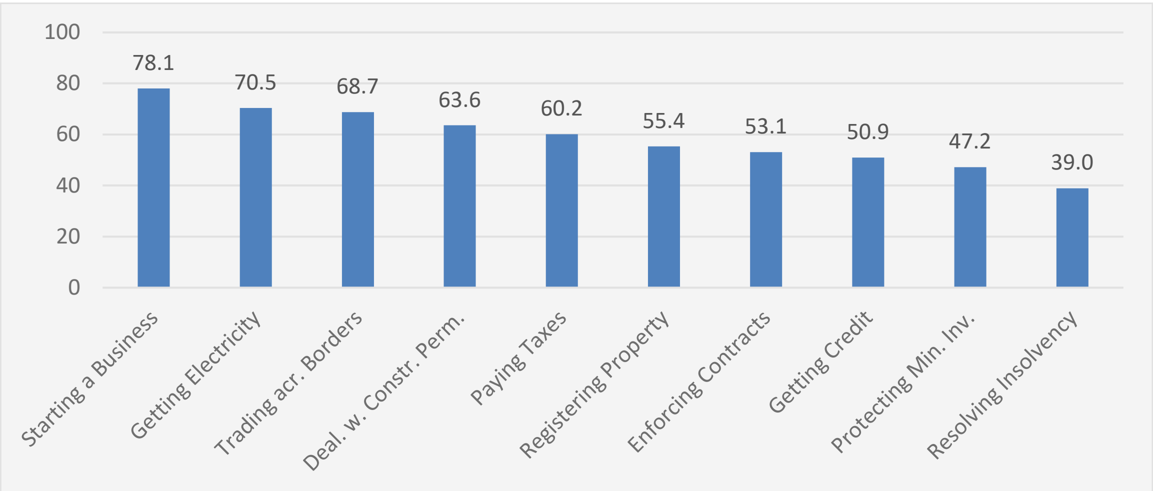
2.2.1 Rankings, Distance to Frontier Scores and trends[25]

Mexico, in 49th place in the *DBR 2018*, is the best ranked economy in the LAC region, followed by Chile (55), Peru (58), Colombia (59) and Costa Rica (61). Argentina (117) and Brazil (125) rank much farther, as do Suriname (165), Haiti (181) and Venezuela (188), which closes the region's ranking[26]. On average, the region performs best[27] in the areas of *Getting Electricity* (average rank of 86) and *Getting Credit* (92), followed by *Trading Across Borders* (101), as well as *Enforcing Contracts and Resolving Insolvency* (both 107). The region underperforms[16] in the areas of *Dealing with Construction Permits* (111), *Protecting Minority Investors* (114), *Starting a Business* (116), *Registering Property* (118) and *Paying Taxes* (126).

In 2017, half of the 32 evaluated economies in LAC implemented at least one regulatory reform making it easier to do business. Out of 26 reforms, half of them were implemented in the *Doing Business* indicators *Trading Across Borders* (5), *Registering Property* (4) and *Getting Electricity* (4).

Since the start of *Doing Business* 15 years ago, the region carried out a total of 398 reforms in the areas of *Doing Business*, with an average of 26.5 per year. Colombia implemented a large number of reforms (34), followed by Mexico and Jamaica with 26 and 25 reforms respectively. *Starting a Business*, with 78 reforms, was the leading indicator, followed by *Paying Taxes* (70) and *Trading across Borders* (65). The average time to start a business in the region takes 38 days, compared to 78 days 15 years ago. The *Distance to Frontier Scores* in the figure below reveal that in spite of various reforms, there still mostly exist substantial gaps to the frontiers (score 100), which represent global best practices.

Figure 2: Distance to frontier scores on Doing Business topics - LAC



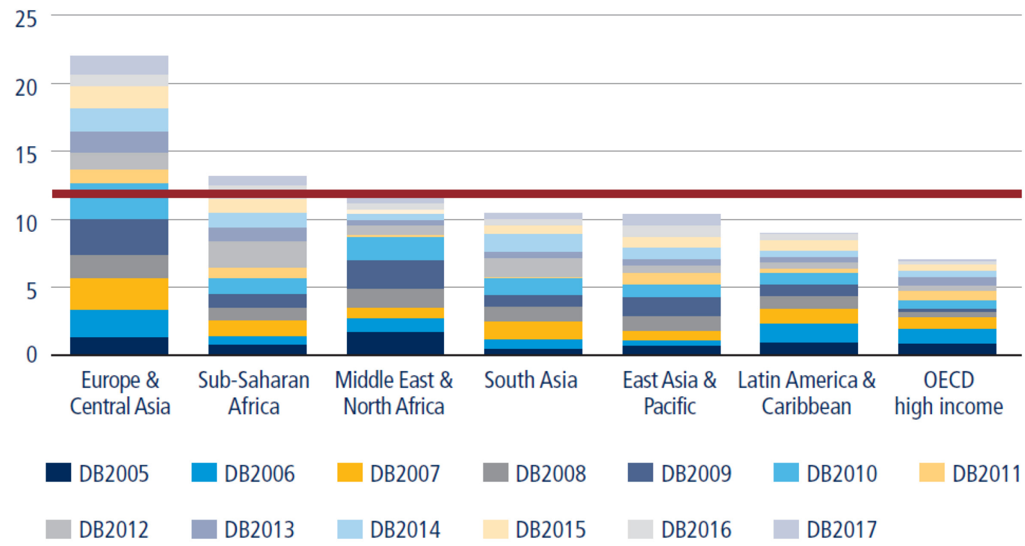
Source: Doing Business 2018 LAC regional report

[25] http://www.doingbusiness.org/~/media/WBG/DoingBusiness/Documents/Fact-Sheets/DB18/FactSheet_DoingBusiness2018_LAC_Eng.pdf?la=en
[26] Only Eritrea (189) and Somalia (190) lie behind Venezuela in the global ranking.
[27] According to the global ranking (relative to other countries), not in regard to distance to frontier scores (relative to best practice).

2.2.2 Reform and improvement comparison to other regions

Over 2'900 business regulatory reforms measured by *Doing Business* have been implemented in 186 economies between 2005 and 2017.[28] The majority of these reforms have been carried out in low-income and middle-income economies, narrowing the gap with high-income economies when it comes to the quality and efficiency of business regulation.

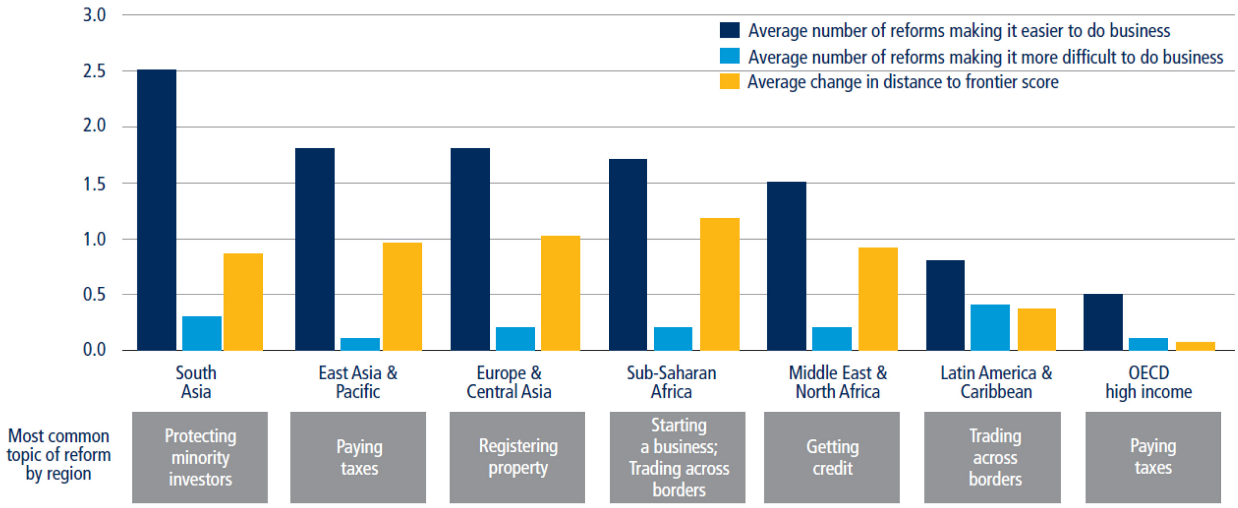
Figure 3: Average year-on-year improvement in distance to frontier score



Source: Doing Business Full report 2017, p. 9

As figure 3 illustrates, the region Europe[29] and Central Asia has made a more substantial improvement in business regulation over time than other regions. It also shows that, except for high income countries, LAC in average had a slower pace of reforming in the *Doing Business* areas in the period 2005-2017.

Figure 4: Number of reforms and change (2016 to 2017) in distance to frontier score (average number per economy)



Source: Doing Business 2018 Full report, p. 6

[28] Doing Business Full report 2017, p.9
[29] Europe without the OECD and high income countries: Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Moldova, Montenegro, Poland, Romania, Russian Federation, Serbia, Turkey, Ukraine

When only considering the changes from *Doing Business* 2017 to 2018 (June 2016 to June 2017 data), the LAC as a region implemented reforms making it easier as well as simultaneously more difficult to do business. Additionally, even though there is a strong correlation between the number of reforms making business easier and the actual improvement in the distance to frontier score[30], it is reasonable to also have a look on the latter measured by the average change in distance to frontier score. Here the region clearly performed weaker in this one-year period compared to other world regions, even though El Salvador ranked among the top ten improvers with an average change of 3.56 units in distance to frontier score.[31]

2.3 Distance to frontier scores per topic for 15 LAC economies

In order to obtain a clearer picture, a review of the distances to frontier scores is provided in the following for each of the ten topics.

Table 1: Distance to frontier scores for 15 LAC economies

	DB 18 rank	Starting a business	Dealing with constr.	Getting electricity	Registering property	Getting credit	Protecting min. invest.	Paying taxes	Trading across	Enforcing contracts	Resolving insolvency
Mexico	49th	86	68	71	61	90	58	67	82	67	72
Chile	55th	90	80	82	71	50	60	76	81	63	59
Peru	58th	83	72	79	75	80	62	66	71	61	46
Colombia	59th	85	69	74	71	95	73	59	63	34	70
Costa Rica	61st	82	71	88	74	85	48	77	79	51	34
Panama	79th	92	68	90	65	75	52	40	85	46	40
Uruguay	94th	90	55	82	58	60	43	69	56	54	52
Guatemala	97th	79	65	84	64	80	32	70	75	35	28
Dom. Rep.	99th	83	72	65	66	45	52	57	84	49	38
Paraguay	108th	78	71	67	66	40	42	64	64	60	41
Argentina	117th	75	49	70	57	55	63	49	65	56	41
Ecuador	118th	71	66	72	66	45	47	58	69	59	25
Brazil	125th	65	50	83	53	45	63	33	60	66	47
Bolivia	152nd	63	56	68	50	35	40	22	72	55	42
Venezuela	188th	25	59	17	52	40	27	15	8	47	19
LAC		78	64	71	55	51	47	60	69	53	39

Distance to frontier scores: 0 worst, 100 global best practice

Data source: World Bank, Doing Business 2018, Country/region reports

[30] Doing Business 2018 Full report, p. 6

[31] http://www.doingbusiness.org/reforms/top-reformers-2018

2.3.1 Starting a Business

This topic measures the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized limited liability company to start up and formally operate in the economy's largest business city.

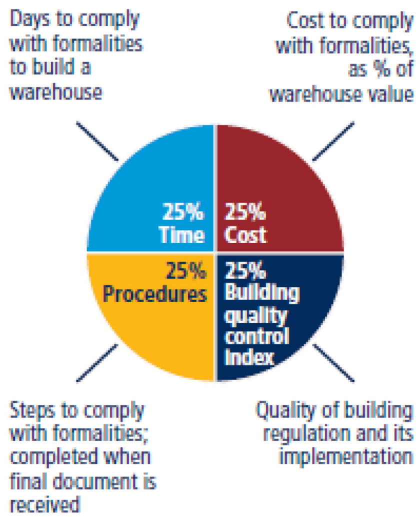
The impact of 78 reforms in the area of *Starting a Business* implemented in the last fifteen years across LAC is reflected in the table above. The distance to the frontier (100) is not large for the majority of economies. In Panama, Chile, Uruguay and Mexico for example (scores 92-86), it only takes 6- 8 days to register a new firm, whereas in Brazil (score 65) 80 days and Venezuela (score 25) 230 days pass by on average.[32] This accounts for domestic firms in the main business city. When the owners are foreigners or the business is established in another city, the process can take longer.

2.3.2 Dealing with Construction Permits

As illustrated in figure 5, *Dealing with Construction Permits* tracks the procedures, time and cost to build a warehouse and additionally measures the building quality control index.[33]

Concerning this topic, the selected economies are much farther from the best practice than in *Starting a Business*. Chile, Peru, the Dominican Republic, Costa Rica and Paraguay perform best with scores between 80 and 70. In Mexico (score 68) it takes 82 and in Brazil (score 50) 434 days on average to obtain a construction permit (best and weakest performance in LAC for this indicator), compared to 28 days in the Korean Republic with the global best practice.[34]

Figure 5: Dealing with construction permits composition



2.3.3 Getting Electricity

This topic evaluates the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. In addition, the fourth indicator consists of the reliability of supply and transparency of tariffs index.[35]

LAC performs well in *Getting Electricity*, with Panama (score 90), Costa Rica (88), Guatemala (84), Brazil (83), Chile and Uruguay (both 82) leading the scores and ranking in the top 50 worldwide. The average time for an entrepreneur to connect to the electricity grid in LAC is 66 days compared to the global average of 92 days (one of four indicators).[36] Nevertheless, there is further potential for improvements in major business cities (measured by *Doing Business*) as well as in rural areas, which are not measured by *Doing Business*.

[32] http://www.doingbusiness.org/data/exploretopics/starting-a-business
[33] http://www.doingbusiness.org/en/data/exploretopics/dealing-with-construction-permits
[34] http://www.doingbusiness.org/data/exploretopics/dealing-with-construction-permits
[35] http://www.doingbusiness.org/en/data/exploretopics/getting-electricity
[36] http://www.doingbusiness.org/~/media/WBG/DoingBusiness/Documents/Fact-Sheets/DB18/FactSheet_DoingBusiness2018_LAC_Eng.pdf?la=en

2.3.4 Registering Property

Registering Property examines the steps, time and cost involved in registering property, whilst an index (fourth indicator) also measures the quality of the land administration system with respect to five dimensions (reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution and equal access to property rights). The index' contribution to the score is one quarter.[37]

Differences among the evaluated 15 economies are small with respect to this topic (scores between 50 and 75). It takes for example 5 to 7 steps in Peru (score 75), Costa Rica (74), Chile (71) and Colombia (71), whereas it takes 14 in Brazil (most in LAC, score 53) to transfer property so that it can be sold or used as a collateral (one of four indicators). Globally Portugal, Norway, Sweden and Georgia perform even better with just one step needed for such a procedure.[38]

2.3.5 Getting Credit

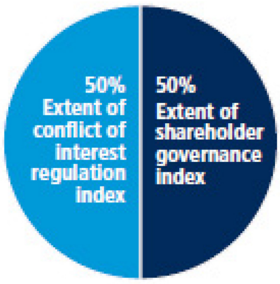
The topic *Getting Credit* measures the access to credit as well as credit registration and is built up by 12 yes or no questions concerning *strength of legal rights* and 8 questions concerning *depth of credit information* as well as the *credit registry and credit bureau coverage* in percentage terms.[39] In this evaluation, interest rates are not considered, but can be rather high in LAC.

The *distance to frontier scores* reveal big differences across the region. While Colombia (95), Mexico (90) and Costa Rica (85) reach excellent scores and ranks in the top 12 of the world, the average regional score of 51 also takes into account weak scores (10 to 30) of several Caribbean states as well as Bolivia (35), Paraguay and Venezuela (40). Other notable countries are Peru and Guatemala (both score 80), as well as Panama (score 75).

2.3.6 Protecting Minority Investors

This topic measures the strength of minority shareholder protection against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse.[40] It is composed of two indices as illustrated in figure 6.

Figure 6: Protecting minority investors composition



The improvement potential for *Protecting Minority Investors* remains significant for Ecuador (47), Costa Rica (48), Dominican Republic and Panama (both 52) as they have only implemented one reform improving this topic since 2013[41], as well as for Venezuela (score 27), Guatemala (32), Barbados (35), Bolivia (40), Paraguay (42) and Bahamas (45), that are even further behind. The same holds for other economies in LAC, which, with the exception of Peru, have not strengthened minority investor protection through reforms since 2010.

Colombia (73), Brazil and Argentina (both 63) as well as Peru (62) lead the region's scores.

[37] http://www.doingbusiness.org/en/data/exploretopics/registering-property
[38] http://www.doingbusiness.org/data/exploretopics/registering-property
[39] http://www.doingbusiness.org/data/exploretopics/getting-credit
[40] http://www.doingbusiness.org/en/data/exploretopics/protecting-minority-investors
[41] http://www.doingbusiness.org/reforms/overview/topic/Protecting-Minority-Investors

2.3.7 Paying Taxes

Tax liability as a percentage of profits before all taxes borne is one of four indicators (time, total tax and contribution rate, number of tax payments, postfiling index[42]) of the *Paying Taxes* topic and subject to major criticism of *Doing Business,* because high tax and contribution rates negatively, while low tax and contribution positively influence a country's score. It is remarkable that even though Costa Rica has a considerably higher total tax rate (58.3% of profits) than the regional average (46.6%), it ranks third in LAC and best among the countries in Table 1 with a score of 77.[43]

Brazil has one of the most complex tax regimes in the world[44], which is also reflected in the distance to frontier score (33). The average time to comply with taxes is thus very high (2'000 hours) and the main reason for Brazil's back position in *Paying Taxes* across the region, which exhibits an average of 332 hours. According to the TMF group, Brazil launched eSocial, a single system comprising reporting to the Internal Revenue service, Social Security and the Ministry of Labour and Employment. The system has yet increased short-term complexity in reporting.[45]

2.3.8 Trading across Borders

Trading across Borders[46] is the key driver of FDI inflows among the *DBR* when controlling for population size, according to Corcoran and Gillanders (2014). Brazil (score 60), however, still attracts substantial FDI inflows primarily due to its vast domestic market, while the time and cost of importing and exporting procedures are still relatively high.

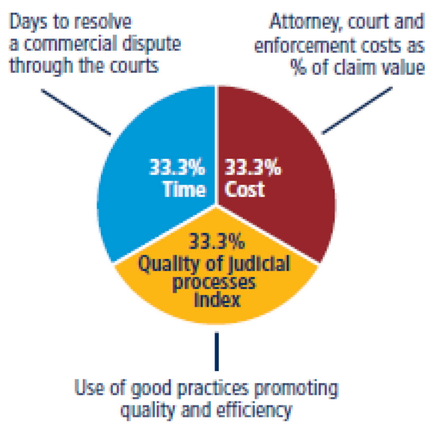
Panama unsurprisingly achieves a high score (85), the second best in LAC behind El Salvador, and rank 54 in the global ranking.[47] It is followed by the Dominican Republic (score 84), Mexico (82), Chile (81) and Costa Rica (79). Except for Uruguay (56) and Venezuela (8), all of the fifteen economies evaluated in this report reach a score of 60 or higher.

2.3.9 Enforcing Contracts

Enforcing contracts consists of three indicators as illustrated in figure 7. It takes into account time, cost and an index measuring the quality of judicial processes.

Brazil (score 66), Mexico (67) and Chile (63) lead LAC presented in table 1. They are followed by Peru (61), Paraguay (60), Ecuador (59), Argentina (56) and Bolivia (55).[48] After *Resolving Insolvency (39), Protecting Minority Investors (47) and Getting Credit (51), Enforcing Contracts (53)* exhibits the biggest improvement potential for LAC. This topic and *Resolving Insolvency* are globally the least-reformed areas in 2016/2017 as captured by *Doing Business* due to their legal focus. Legal reforms are typically slow to advance, since they require long-term political commitments, substantial resources and close

Figure 7: Enforcing contracts composition



[42] http://www.doingbusiness.org/en/data/exploretopics/paying-taxes
[43] http://www.doingbusiness.org/data/exploretopics/paying-taxes?dataPointCode=DB_tax_total
[44] Second most complex jurisdiction for accounting and tax in TMF Group's 2018 Financial Complexity Index: https://www.tmf-group.com/en/news-insights/publications/2018/financial-complexity-index/#cta-reveal-anchor
[45] https://www.tmf-group.com/en/news-insights/articles/top-challenges/doing-business-in-brazil/
[46] http://www.doingbusiness.org/en/data/exploretopics/trading-across-borders
[47] http://www.doingbusiness.org/data/exploretopics/trading-across-borders
[48] http://www.doingbusiness.org/data/exploretopics/enforcing-contracts

collaboration between multiple regulatory agencies and rulemaking institutions.[49]

2.3.10 Resolving Insolvency

Resolving Insolvency evaluates the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement proceedings. As a second indicator the strength of insolvency framework index accounts for 50% in the score.[50]

This topic exhibits the region's biggest improvement potential in LAC (average score 39) due to its legal focus. The lowest scores are realized by Venezuela (19), Ecuador (25), Guatemala (28), Costa Rica (34) and the Dominican Republic (38). Mexico (score 72), Colombia (70) and Uruguay (52) are the only economies with a score higher than 50.

Conclusion

When it comes to attracting FDI inflows, better practices may always be identified, no matter in which area of an economy and how much has been accomplished in the past. *Doing Business* makes a significant contribution because it reveals in which countries and areas reforms are most needed and may have the biggest impact to improve the ease of doing business. In addition, other areas impacting the business climate should not be forgotten.

Resource-based economies without a strong export-oriented manufacturing sector except Mexico, LAC are lagging behind other parts of the world for yearly improvements (2005-17) in doing business. It is interesting to note that the four best-ranked LAC are members of the Pacific Alliance, Chile and Mexico being also OECD members while Colombia will join shortly after finalising internal ratification procedures. Despite their interest for the OECD and for further opening their economies to trade, the positions of Argentina (117) and Brazil (125) raise concern because their economies are among the largest in LAC and play a significant role for regional growth and development.

LAC in general is well advised to reduce bureaucracy and, given the importance of FDI as a driver of economic growth and technology transfer, to be aware of the global competition for capital and the effect the ease of doing business can have on FDI inflows.

[49] World Bank, Doing Business 2018 Full report, p. 6
[50] http://www.doingbusiness.org/en/data/exploretopics/resolving-insolvency

3. Bilateral Economic Relations

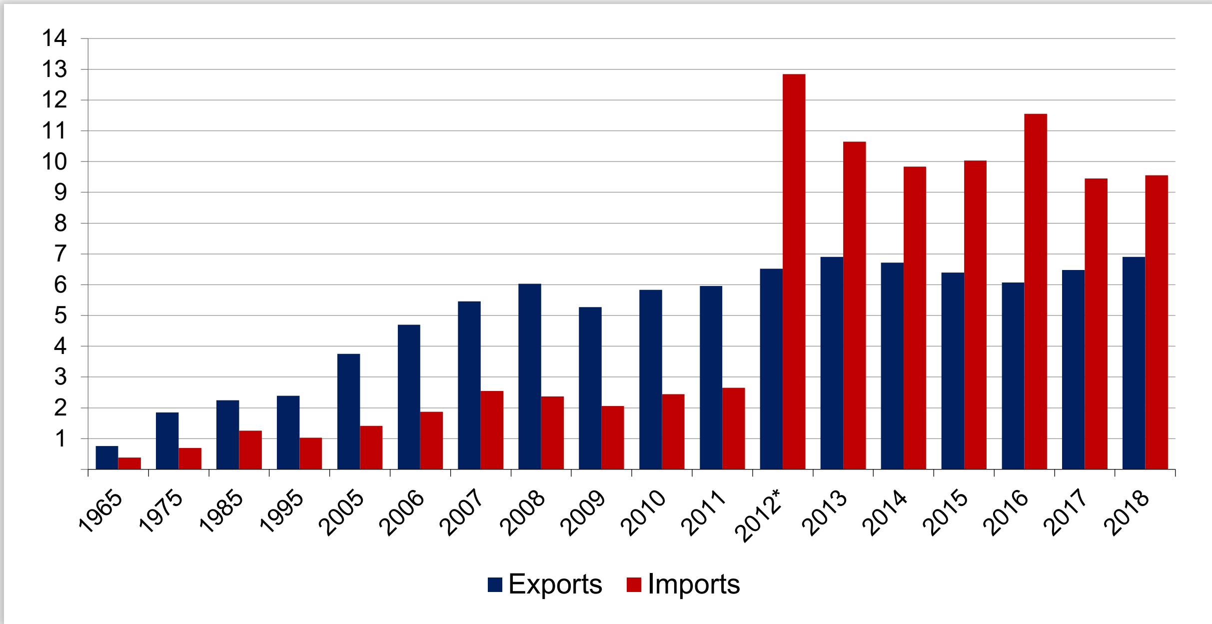
3.1 Trade[51]

Switzerland's bilateral trade volume with Latin America and the Caribbean (LAC) rose by 3.3% in 2018 (*gold excluded: +2.1%*), by 6.1% *(+8.4%)* with South America and by 2.5% *(-0.3%)* with Central America, whilst trade with the Caribbean declined by 21.4% *(-30.4%)*. Trade with LAC constitutes 2.9% *(2.1%)* of total Swiss trade, the biggest part of which (2.1%) is accounted for by trade with South America *(gold excluded: 1.4%)*. Trade notably increased with Brazil (+27.7%), Panama (+13.3%), Paraguay (+11.0%) and Argentina (+7.7%), while it plummeted with Venezuela (-34.4%), Nicaragua (-32.6%), Bolivia (-16.8%), Peru (-14.7%), Cuba (-12.3%) and Ecuador (-10.6%).

Total Swiss external trade rose by 2.9% in 2018 *(without gold: +7.1%)*. Bilateral trade with the European Union, Switzerland's most important trading partner, increased by 5.5% *(without gold: also +5.5%)*. Commerce with Africa rose by 17.2%*, (without gold: +12.8%*) as well as with the Middle East (+7.9%, *without gold: +28.4%*), North America (+5.8%, *without gold: +8.8%*) and Oceania (+1.4%, *without gold: +17.6%)*, while it decreased with Asia (-1.8%*, without gold: +10.4%*).

Traditionally, Switzerland registers a large trade deficit with LAC, which is mainly owed to gold imports. These account for 75.3% of total imports from the region (see also Table A.8., p. 50 and Figure A.5., p. 50 for individual countries' share)

Figure 8. Switzerland - Latin America: Trade in Goods 1965 - 2018
(in CHF billion)



Source: Swiss Federal Customs Administration (FCA), Bern.
* Following a Federal Council decision, the FCA includes gold, silver and coins in the trade statistics as of 2012

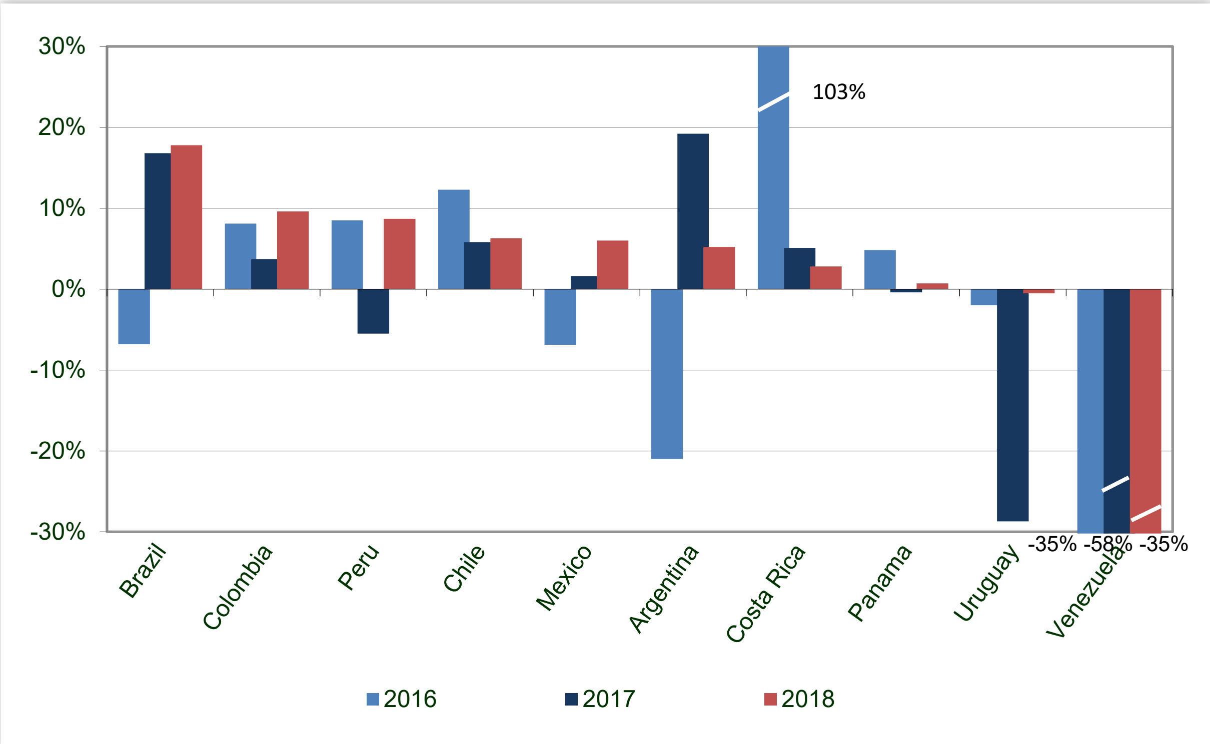
[51] The Federal Customs Administration compiles two types of trade statistics: Business Cycle and General Total, the latter including precious metals (incl. gold), precious stones and gems, works of art and antiques. In Latin America, gold imports account for most of the difference between Business Cycle and General Total. Figures 6-8 and relevant data in chapter 3.1 use the General Total. Numbers in brackets indicate Business Cycle data.

In 2018, **Swiss exports** to Latin America amounted to CHF 6.9 billion (*without gold: CHF 6.86 billion*) with a share of 2.3 % of total Swiss exports.

After a threefold increase over the last two decades, Swiss export growth to LAC declined (2014-16) to recover in 2017 and pursue this trend in 2018 (+6.5%, *without gold: +7.6%*), mainly driven by South America (+10.7%). In comparison, exports to the European Union only rose by 1.2% (*without gold: +3.9%*), those to Asia by 5.1% (*without gold: +4.4%*) and those to Africa by 5.6% (*without gold: +6.8%*). Stronger growth occurred to North America (+10.2%, *without gold: +11.7%*), the Middle East (+11.2%, *without gold: -0.7%*) and Oceania (+12.6%, *without gold: +12.1%*).

Brazil, Mexico and Argentina are the biggest export markets for Swiss goods, which make up 71% of Swiss exports to the LAC region. Trade to all three countries augmented in 2018. Exports to Brazil (+17.8%) increased in several sectors, as did those to Mexico (+6.0%) and Argentina (+5.2%). Pharmaceutical products are the most important export goods to all three countries (Argentina: 60.0%; Brazil: 52.1%; Mexico: 31.8%) and grew in 2018: in Argentina by 10.5%, in Brazil by 22.5% and in Mexico by 0.5%. Significant export growth was also registered in particular with the Dominican Republic (33.8%), Paraguay (12.9%), Colombia (9.6%) and Peru (8.6%). Exports to Venezuela (-36%), Cuba (-30%) and Nicaragua (-21%) saw a sharp decline. For absolute figures, shares and variations of Swiss exports see Table A.3., p. 45.

Figure 9. Switzerland - Latin America: Change in Exports, Main Partners 2016-2018[52] (percentage change)



Source: Swiss Federal Customs Administration, Bern

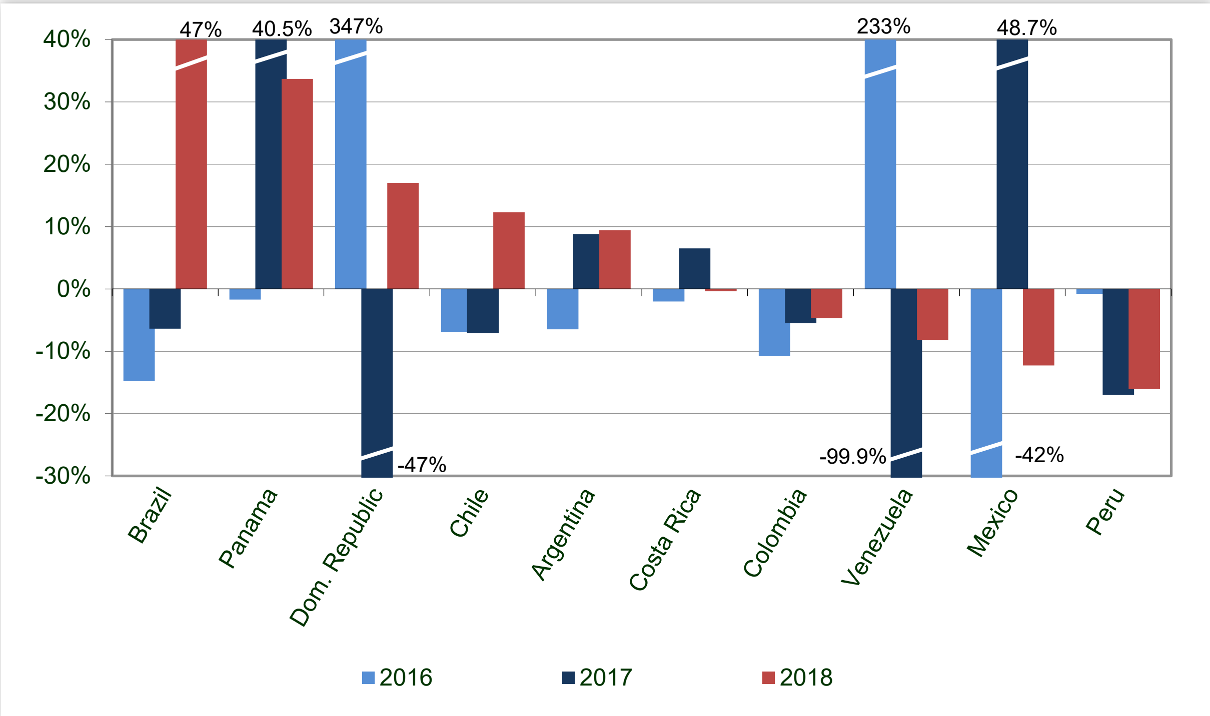
[52] Venezuela is not among the top partners for Swiss exports anymore, but is listed to show the development.

Following a strong decline in 2017 (-18%), **Swiss imports** from LAC rose slightly in 2018, by 1.1% *(without gold: -12.4%)*, amounting to CHF 9.6 billion (*CHF 2.1 billion*), which corresponds to 3.5% of total Swiss imports. The development of imports from other world regions varied: while imports from the Middle East (+5.0%; *without gold: +95%*), Europe (+9.1%; *without gold: +6.9%)* and Africa (+21.9%, *without gold: +24.2%)* accelerated, those from North America (-1.9%; *without gold: -5.7%*), Asia (-12.7%; *without gold: +19.4%)* and Oceania (-18.0%; *without gold: +59.3%)* declined. It may be pointed that Swiss imports without gold increased from all regions except the American continent.

An important share of total Swiss imports from Latin America and the Caribbean consists of gold (2018: 75.3%).[53] Of the major import partners, only in Uruguay (42%) and Mexico (45%) gold constitutes less than half of imports. Virtually all imports from Suriname and Guyana (99.9%) are gold. Its share in total imports is also very important for Peru (95%), Argentina (90%), Chile (89%), the Dominican Republic (86%), Panama (75%) and Nicaragua (72%); it is less significant for Brazil (62%) and Colombia (57%). Gold imports from Latin American countries reached 762 tons in 2018, an increase of 10.4% with respect to the previous year. The value of gold imports increased only by 5.0% to CHF 7.2 billion due to falling prices. For further information, see Table A.8., p. 49.

The rise of imports from LAC in 2018 was mainly due to the positive development with several major trading partners, notably Brazil (+47%), but also Panama (+34%), Chile (+12%) and Argentina (+9%). Gold imports explain the hike for these countries, as well as the drop from Peru (-16%). The reason for the decline in imports from Mexico (-12%) mainly lies in a strong decrease of pharmaceutical imports (-84%). For absolute figures, shares and variations of Swiss imports see Table A.4., p. 46.

Figure 10. **Switzerland - Latin America: Change in Imports, Main Partners 2016-2018**
(percentage change)



Source: Swiss Federal Customs Administration, Bern

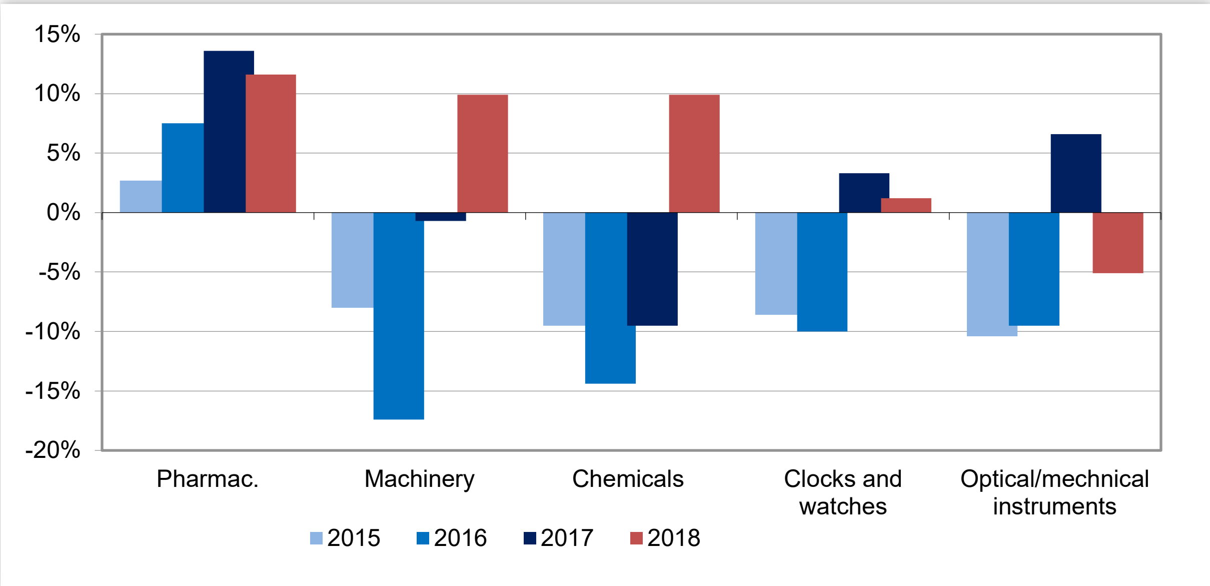
[53] Gold is the subchapter 7108 of chapter 71 of the Hamonized System (precious stones, metals and jewellery).

Switzerland's **main export goods** to Latin America in 2018 were pharmaceuticals (48%), chemicals (17%), machinery (13%), watches (6%) and optical and medical instruments (4%). Since 2000, pharmaceutical exports have almost quadrupled. In 2018, they increased by 12%, slightly less than in 2017 (14%). For many of Switzerland's main trading partners in the region, the bulk of exports consists of pharmaceuticals, namely Uruguay (76%), Panama (69%), Colombia (61%), Costa Rica (61%), Ecuador (60%), Argentina (60%) and Brazil (52%).[54]

After a decline in 2017 (-10%), chemical exports to the region increased again in 2018 (+10%). Brazil (60%) is by far the biggest market for chemical exports to the region, followed by Mexico (15%) and Argentina (11%). Chemical exports to Bolivia and Paraguay more than doubled in 2018.[55]

Machinery exports currently constitute 13% of exports to the region. They increased by 10% last year, but have overall declined by 15% since 2000, when they still made up the largest share of Swiss exports to the region. In 2018, their main destination was Mexico, with almost one third of exports (32%), followed by Brazil (31%) and Argentina (14%); Swiss firms registered a strong increase in these three markets with Argentina (+28%), Brazil (+27%) and Mexico (+12%).

Figure 11. **Switzerland - Latin America: Change in Exports, Main Product Groups 2015 – 2018**



Source: Swiss Federal Customs Administration, Bern.

[54] According to the classification of the Harmonized System (see "tariff headings" under https://www.gate.ezv.admin.ch/swissimpex/) . For more data, see table A.5., p. 47.
[55] Chemiacals are defined on the basis of a grouping of products by the Swiss customs administration. For more details, see "nature of goods" under: https://www.gate.ezv.admin.ch/swissimpex/

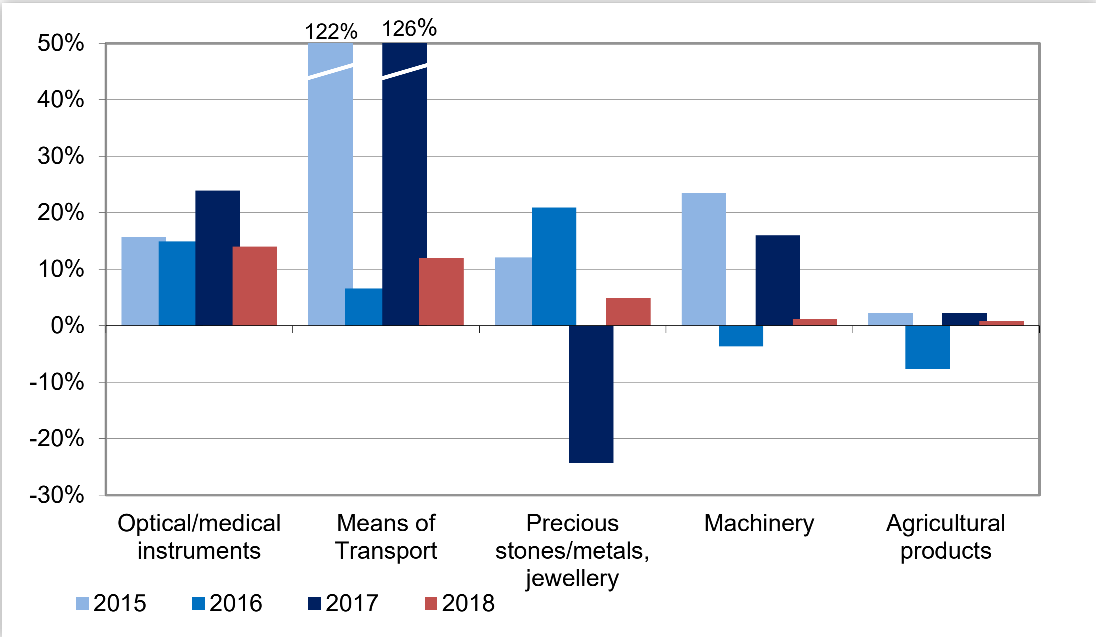
Apart from gold (75%), **major import goods** in 2018 were agricultural products (12%), means of transport (3%), machinery (2%) and optical and medical instruments (1%). Gold imports rose by 5% in 2018, after a strong decline in 2017 (-24%). Main countries of origin were Peru, Argentina, Suriname and Brazil, all with values above CHF 1 billion.[56]

Imports of agricultural products grew slightly by 1% in 2018. Almost one third (33%) came from Brazil; other main countries of import were Colombia (12%), Costa Rica (7%), Peru (7%), Ecuador (6%), Argentina (5%) and Mexico (5%).

Imports of machinery augmented moderately by 1%. Mexico accounted for 74% of machinery imports, an increase by 5% in 2018. Brazil ranked second with 13%, but with a strong decline (-31%). Out of the main product groups, optical and medical instruments registered the strongest increase in 2018 (+14%), followed by chemicals (13%) and means of transport (+12%).[57]

Pharmaceuticals fell out of the main product groups due to a significant drop of imports (-80%). Mexico (69%) and Brazil (26%) accounted for the bulk of pharmaceutical imports, with declines of 84% respectively 23%.

Figure 12. Switzerland - Latin America: Change in Imports, Main Product Groups 2015 - 2018



Source: Swiss Federal Customs Administration, Bern.

[56] See table A.8. on p. 50 for more details.
[57] For more data, see Table A.6., p. 48.

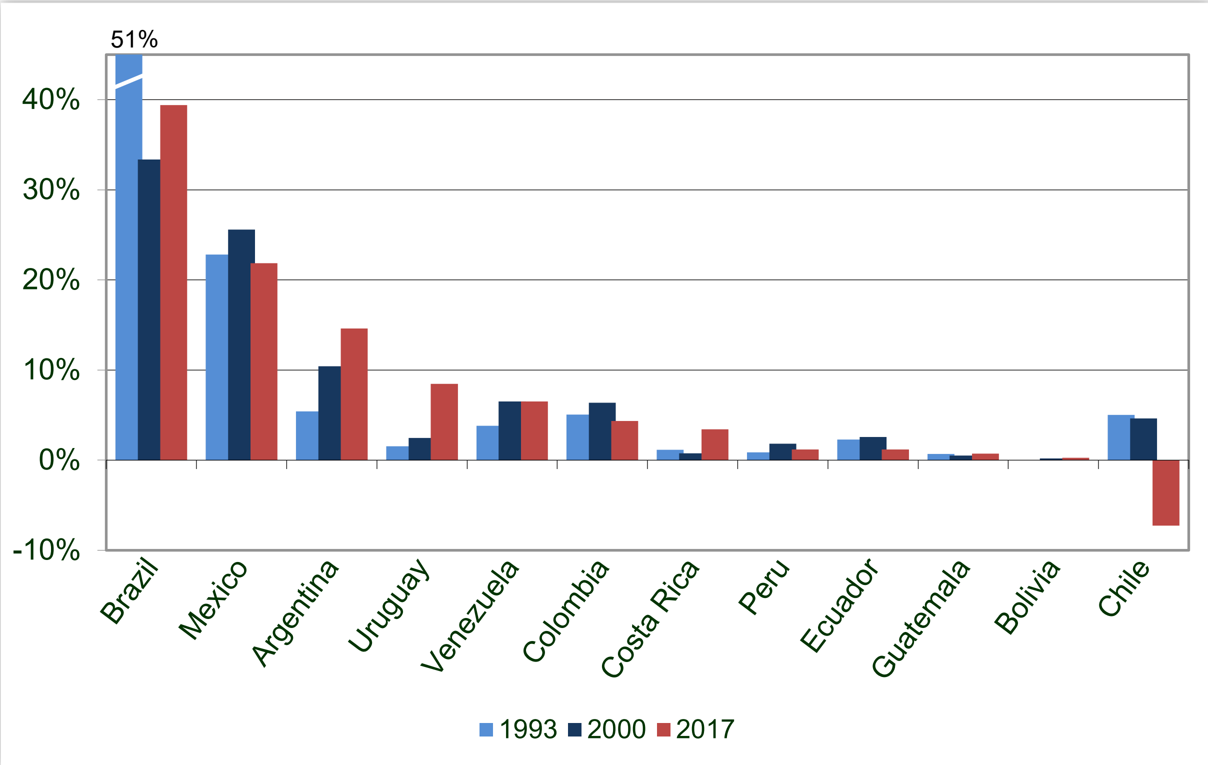
3.2 Swiss Foreign Direct Investment[58]

In 2017, Latin America accounted for 2.1% of the overall Swiss FDI stock with a total of CHF 25.4 billion. Together with FDI in offshore financial centers (OFC; CHF 94.5 billion), the subcontinent's share constituted 9.8% of the total Swiss FDI stock.

With CHF 10.6 billion (40%), Brazil attracts the biggest share of Swiss FDI (OFCs excluded), followed by Mexico with CHF 5.9 billion (22%) and Argentina with CHF 3.9 billion (15%). Figure 13 shows the main destination countries for Swiss FDI in Latin America. For detailed data, see Table A.7., p. 49.

At the end of 2017, Swiss firms employed 177'544 people in Latin America, the majority of which in Brazil (65'278), Mexico (36'619), Chile (18'670), Colombia (12'154) and Argentina (11'222). Swiss firms also had a large number of staff in Peru (6'683), Ecuador (5'398), Venezuela (3'821) Guatemala (2'575), Costa Rica (1'890) and Uruguay (1'374).

Figure 13. **Switzerland - Latin America: Foreign Direct Investment Destinations 1993 - 2017** (% of total Swiss FDI stock in Latin America)



Source: Swiss National Bank, Zurich

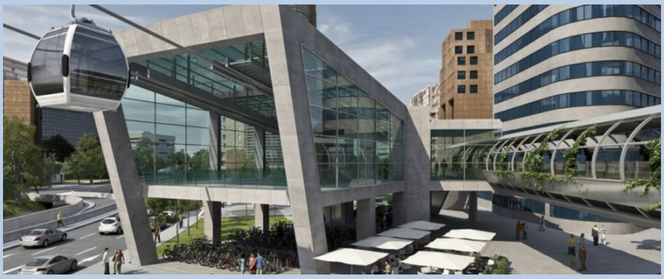
58 Swiss National Bank (2017)

Box 1. **Focus: Sika's investment in Guatemala**

In December 2018, Sika opened a new plant in Palin near Guatemala City. The investment amounts to over CHF 5 million and creates more than 100 jobs. The site features a factory, a warehouse and a distribution facility on an area of 10'000 m^2. The location will also serve as a training centre for Sika's employees of the region. The portfolio of locally manufactured products includes concrete admixtures, mortars, and liquid applied membranes.

Box 2. **Focus: Doppelmayr-Garaventa cable car**

In March 2018, the Austrian-Swiss company Doppelmayr-Garaventa, as part of a consortium, won the concession to build in Santiago the Teleférico Bicentenario, a cable car of 3.2 km. It will be composed of cabins for up to 10 persons running every 12 seconds. Pylons located every 100m will support the cables. The estimated capacity is 3'000 passengers per hour. The aim of the project is to complement the public transportation network of the city. The project will connect the future metro lines with already existing metro stations. For the Austrian-Swiss Doppelmayr-Garavanta group this represents a contract of USD 80 mio. For the first time, the group will have a 10 percent equity in a project. Construction should begin in 2022.



Box 3. **Focus: Zurich Insurance's investment in Latin America**

Zurich Insurance bought the Australian QBE Insurance Group's Latin American business in February 2018, with representatives notably in Argentina, Brazil, Ecuador, Colombia and Mexico. Argentina represents almost half of the acquired operations. The investment amounts to USD 409 million.

Box 4. **Focus: LafargeHolcim's investment in Argentina**

In 2017, Geocycle – a company affiliated with LafargeHolcim – and the province of Jujuy signed an agreement to take advantage of disused tires as alternative fuel for cement kilns. Co-processing is a practice that allows disused tires to be used as fuel in the production of cement in a clean, safe and sustainable way for the planet. Geocycle seeks to eradicate disused tires and eliminate them from dumps and the environment, addressing health problems of the local population including the proliferation of diseases (dengue, chikungunya, and zika), the reduction of the volume of waste for final disposal, as well as of emissions of greenhouse gases. In November 2018, the province of Mendoza signed an agreement to allow municipalities throughout the province to make final disposal of such tires in the Capdeville Cement Plant facilities. With a cumulative investment of USD 1.3 million, more than 650 tons of tires have been recovered and co-processed so far.

3.3 Bilateral Economic Agreements and Joint Economic Commissions

Agreements on the Promotion and Reciprocal Protection of Investments (BITs)[59]

BITs are important for Switzerland. They strengthen legal security, improve the investment climate of partner countries and encourage foreign investment. Switzerland has concluded BITs with more than 120 countries around the globe.

In Latin America, Switzerland has BITs with most countries, except for the Bahamas, Belize, Bermuda, Brazil, Haiti, Suriname and some small Caribbean islands states. The most recent BIT on the continent is the one with Guyana, which has entered into force in May 2018.

The Congress of Brazil has never ratified the BIT signed with Switzerland in 1994. The reason lies in the provisions on international arbitration for investor-state dispute settlement cases. Brazil has proposed an alternative BIT model to Switzerland, which would make provisions for disputes to be settled with an ombudsperson and a joint committee that includes representatives of the investor's home state and the host country, as well as the investor himself. For the time being, no negotiations have taken place.

Ecuador and Bolivia have denounced their BITs with Switzerland, the former ending on 11 September 2018, the latter on 19 May 2019. The provisions of these BITs continue to be effective for a ten-year period for investments made before the date of termination. However, these BITs do not apply to new investments made after the date of termination.

Taxation

a) Double Taxation Agreements (DTAs)

Presently, Switzerland has DTAs to avoid or mitigate double taxation with Argentina, Chile, Colombia, Ecuador, Jamaica, Mexico, Peru, Trinidad and Tobago, Uruguay and Venezuela.

Brazil and Switzerland signed a DTA in May 2018. The agreement must still be approved by parliament in both countries.

b) Automatic exchange of information in tax matters

In 2014, the OECD Council adopted the new global standard for the **international automatic exchange of information in tax matters (AEOI)**,[60] to which over 100 countries have thus far committed. This came in response to the global financial crisis, and to combat tax evasion worldwide.[61] In Switzerland, the introduction of AEOI requires parliamentary approval on a country-by-country basis to become effective.

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[59] For more information on the nature and purpose of BITs visit: https://www.seco.admin.ch/seco/fr/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/Internationale_Investitionen/Vertragspolitik_der_Schweiz.html

[60] For more information on AEOI visit: https://www.sif.admin.ch/sif/en/home/multilateral/steuer_informationsaust/automatischer-informationsaustausch/automatischer-informationsaustausch1.html

[61] http://www.oecd.org/tax/automatic-exchange/news/over-2500-bilateral-relationships-in-place-for-the-exchange-of-crs-information.htm, accessed 16/01/2018

Referring to Latin America, data has started to be collected in the course of 2018 and will be exchanged in 2019 for the first time on a reciprocal basis with Argentina, Brazil, Chile, Colombia, Mexico and Uruguay. In the Caribbean, the AEOI will for the time being only be implemented on a reciprocal basis with Barbados; although the AEOI was activated with other countries and territories in 2018, the implementation is subject to some delay for Antigua and Barbuda, where the Convention on administrative assistance in tax matters entered into force on 1 February 2019.

Before any reciprocal exchange of data may take place with Switzerland, several countries (Aruba, Belize, Costa Rica, Curacao, Grenada, Montserrat, Panama, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines) must implement a Global Forum action plan on confidentiality and data security[62]. Swiss financial institutions must however already collect the relevant data from the time of activation of the AEOI and forward it to the Federal Tax Administration by the specified deadline.

Some other jurisdictions (including Anguilla, the Bahamas, Bermuda, Cayman Islands, Turks and Caicos and British Virgin Islands) have declared themselves "permanent non-reciprocal jurisdictions". This means that they will supply account information on a permanent basis but will not receive any data.

The Federal Council intends to extent AEOI to Dominica, Peru, Sint Maarten and Trinidad and Tobago, starting from 2020/2021. The relevant Federal Decrees are currently in consultation.

Table A9 (p. 51) presents an overview of the main economic agreements between Switzerland and Latin American countries.

Joint Economic Commissions

Switzerland regularly holds bilateral economic commissions with numerous countries around the world, the purpose of which is the strengthening of economic relations. These meetings, which are also an opportunity to address specific problems with partner countries and pluri- and multilateral matters, usually also include business representatives from both sides.

Commissions have been established with Argentina, Brazil, Chile[63], Mexico[64], Peru[65] and Venezuela. The following meetings were held in 2018:

[62] https://www.sif.admin.ch/sif/en/home/multilateral/gremien/global_forum/arbeiten-des-global-forum-betreffend-die-aia-umsetzung-.html
[63] Official denomination of the committee: Bilateral Economic Dialogue.
[64] Official denomination of the committee: Consultative Group on Trade and Economic Cooperation.
[65] Official denomination of the committee: Bilateral Economic Meeting.

Swiss-Brazilian Joint Commission on Trade and Economic Relations

The ninth meeting of the Swiss-Brazilian Joint Commission on Trade and Economic Relations was held on March 16th 2018, in Bern. The meeting was co-chaired by Ambassador Livia Leu, Delegate of the Federal Council for Trade Agreements and Head of the Bilateral Economic Relations Division at the Swiss State Secretariat for Economic Affairs, and Ambassador Santiago Irazabal Mourão, Undersecretary General for International Cooperation, Trade Promotion and Cultural Themes at the Brazilian Ministry of Foreign Affairs. Representatives from other Swiss and Brazilian government agencies and from the Swiss private sector also participated in the discussions. They mainly centered on the economic situation in both countries, the EFTA-Mercosur free trade negotiations, and bilateral economic issues. Economic associations and company representatives had the opportunity to raise issues faced on the Brazilian market.

Swiss-Mexican Consultative Group on Trade and Economic Cooperation

The Swiss-Mexican Consultative Group on Trade and Economic Cooperation held its eighth meeting on September 26th 2018, by video conference. It was co-chaired by Philippe G. Nell, Minister, Head of the Americas Unit at the Swiss State Secretariat for Economic Affairs, and José Manuel Antonio Luna Calderón, Director General for Europe and Africa at the Secretariat of Economy of Mexico. Eric Mayoraz, Ambassador of Switzerland to Mexico, Fernando Israel Espinosa Olivera, Minister, Deputy Head of the Embassy of Mexico in Switzerland, representatives of other government agencies and of the Swiss private sector also attended the meeting. The discussions covered amongst others the modernization of the Mexico-EFTA free trade agreement as well as trade and investment promotion. A number of private-sector topics, such as the protection of intellectual property, market access and taxation, were also discussed.

3.4 Latin American Integration: Recent Trends and Developments

Inter-American Integration

Mercosur: Mercosur, officially Southern Common Market, is a trade bloc including Argentina, Brazil, Paraguay and Uruguay. It was established by the Treaty of Asunción in 1991. Venezuela joined Mercosur in 2012 and is presently suspended from the group since 2017. Chile, Colombia, Ecuador, Guyana, Peru and Suriname are associated states. In the course of 2018, Mercosur has launched new initiatives to deepen economic ties with other Latin American countries. Most notably, in July 2018, Mercosur and the Pacific Alliance (cf. below) signed a Presidential Declaration to reaffirm their shared commitment to strengthen their integration in the view of reaching a framework free trade agreement.[66]

Pacific Alliance: The Pacific Alliance was founded in 2011 by Chile, Colombia, Mexico and Peru with the purpose to gradually achieve the free movement of goods, services and persons. Thus far, the integration has progressed on several fronts, notably the abolition of tariffs and visas, setting up a platform for student and academic mobility, a grouping of stock exchange markets into a single one, and progress in the homologation of health and regulatory certifications.

As one of 55 observer countries, Switzerland has offered collaboration in the areas of innovation, vocational and professional education and training as well as customs management.

Community of Latin American and Caribbean States (CELAC): CELAC is a regional bloc of 33 states founded in 2011 as an intergovernmental platform for political dialogue, for the first time bringing together all Latin American and Caribbean countries. CELAC is the formal successor to the Rio Group and CALC[67]. The last CELAC summit took place in 2017.

Latin American Integration Association LAIA[68]: Founded in 1980 with the Montevideo Treaty, LAIA's objective is the establishment of a common Latin American market based on a network of regional treaties and preferential tariffs. Headquartered in Montevideo, its member countries comprise over 510 million citizens.

System of the Central American Integration SICA[69]: Established in 1993, SICA aims to advance regional integration in Central America and to promote peace, freedom, democracy and development in the region. Headquarters are in Panama.

Union of South American Nations (UNASUR): UNASUR was established in 2008 based on the Treaty of the Union of South American Nations and aims to achieve further integration in the cultural, economic, social and political areas. Headquarters are in Quito and the Parliament is in Cochabamba, Bolivia. In April 2018, six countries have suspended their membership until the election of a new Secretary General.[70] Furthermore in August 2018, Ivan Duque, President of Colombia, announced his country's withdrawal from UNASUR due to tensions with Venezuela. The remaining active members are Bolivia, Ecuador, Guyana, Uruguay, Suriname and Venezuela.

[66] https://www.ictsd.org/bridges-news/bridges/news/pacific-alliance-mercosur-leaders-ink-plan-for-closer-ties-at-puerto, accessed 15/12/2018
[67] Cumbre de las Américas, http://www.itamaraty.gov.br/en/politica-externa/integracao-regional/7623-community-of-latin-american-and-caribbean-states
[68] Asociación Latinoamericana de Integración, ALADI in Spanish; Member states are Argentina, Bolivia, Brazil, Chile, Colombia,Cuba, Ecuador, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela. Nicaragua is currently in the accession process.
[69] Sistema de la Integración Centroamericana. Members states are Belize, Dominican Republic, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.
[70] Argentina, Brazil, Chile, Colombia, Peru and Paraguay

Latin America – European Union

Latin America - European Union: EU-CELAC ministerial meetings are held to strengthen the bi-regional dialogue. In July 2018, the foreign affairs ministers from the EU and CELAC met in Brussels. The meeting focused on consolidating multilateralism and strengthening cooperation in global fora. The delegations discussed the rules-based global order, the Paris Climate Agreement, the 2019 Global drug policy review and the Global Compact for Migration.[71]

Mercosur - European Union: Free trade negotiations were relaunched in 2010. After the stalling of talks in 2012, progress was achieved in 2017 and 2018. The 36th negotiation round was held in Brussels in November 2018.[72] Difficult areas include EU agriculture and Mercosur's industrial and services sectors, as well as government procurement. The EU is Mercosur's first trading partner, accounting for 22% of trade (2016).[73]

Andean Community (CAN) - European Union: The EU has a comprehensive trade agreement with Colombia and Peru since 2013. Ecuador has joined the agreement on 1st January 2017. Bolivia, a member of CAN, has also the possibility to solicit accession to the agreement.[74]

Central America - European Union: A comprehensive Association Agreement between the six Central American countries[75] and the EU was signed in June 2012 with the purpose of furthering political dialogue, enhancing cooperation and trade and contributing to economic growth, democracy and political stability in the region. The EU and Central America have a long history of cooperation dating back to the former's support of the peace process in the region in the 1980s. The 2012 Agreement supplants the region's preferential access to the EU under the generalized system of preferences (GSP).

Latin America - EFTA[76]

Mercosur - EFTA: Based on a Joint Declaration on Cooperation in 2000 and following exploratory talks, free trade negotiations between the two blocs were launched in 2017.[77] By November 2018, six rounds had taken place in a constructive and pragmatic atmosphere. Agricultural market access is essential for the Mercosur states, while market access for industrial products is important for the EFTA countries. Additionally, good provisions on the protection of intellectual property is important to Switzerland. Negotiations are ongoing in 2019.

Central America - EFTA: A broad-based free trade agreement with Costa Rica and Panama was signed in 2013 and is in force since 2014. Following the signature of an Accession Protocol with Guatemala (2016), the entry into force awaits ratification. Negotiations with Honduras are on hold. The agreement remains open to the other Central American states.[78]

Ecuador - EFTA: A free trade agreement was signed on June 25th 2018. The ratification procedures are currently ongoing and the entry into force is pending. It is a broad-based agreement covering trade in goods, services, investment, intellectual property rights, government

[71] https://www.consilium.europa.eu/en/meetings/international-ministerial-meetings/2018/07/16-17/, accessed 5/12/2018
[72] http://trade.ec.europa.eu/doclib/press/index.cfm?id=1950, accessed 19/12/2018
[73] http://ec.europa.eu/trade/policy/countries-and-regions/regions/mercosur/, accessed 13/12/2018
[74] http://ec.europa.eu/trade/policy/countries-and-regions/regions/andean-community/, accessed 13/12/2018
[75] Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama
[76] The members of the European Free Trade Association (EFTA) are: Iceland, Liechtenstein, Norway and Switzerland.
[77] http://www.efta.int/Free-Trade/news/EFTA-and-Mercosur-make-further-progress-during-sixth-round-free-trade-negotiations-510806, accessed 13/12/2018
[78] http://www.efta.int/free-trade/free-trade-agreements/central-american-states, accessed 13/12/2018

procurement, competition, trade and sustainable development and cooperation.[79]

Mexico - EFTA: Following the launch of negotiations between EFTA and Mexico to modernize the EFTA-Mexico Free Trade Agreement in January 2016, four rounds of negotiations have been held so far, the latest in June 2017 in Mexico City, where good progress was registerd in most areas. Divergent positions on agriculture remain a key obstacle to move decisively forward, however.[80]

Latin America - Other Regions

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP): Negotiations for the Trans-Pacific Partnership (TPP), which includes Chile, Mexico and Peru amongst the twelve signatories,[81] were concluded in 2015 after seven years of talks. As the United States withdrew from the TPP in January 2017, the remaining members made several modifications to the agreement. They called the new arrangement the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)[82] and signed it in March 2018 in Santiago de Chile. Following the ratification by six signatories,[83] the CPTPP has entered into force for them on December 30th 2018. Brunei Darussalam, Chile, Malaysia, Peru and Vietnam must still ratify the agreement. It is designed as an open platform, with the possibility for third countries and other trading blocs to join.

[79] https://www.efta.int/free-trade/Free-Trade-Agreement/Ecuador, accessed 05/12/2018
[80] http://www.efta.int/free-trade/free-trade-agreements/mexico, accessed 05/12/2018
[81] Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam.
[82] https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-concluded-but-not-in-force/cptpp/tpp-and-cptpp-the-differences-explained/, accessed 11/02/2018
[83] Australia, Canada, Japan, Mexico, New Zealand and Singapore.

United States-Mexico-Canada Free Trade Agreement (USMCA): On November 30, 2018, the presidents of the United States, Canada and Mexico signed the United States-Mexico-Canada Free Trade Agreement (USMCA) at the G20 summit in Buenos Aires. It is a revised version of the North American Free Trade Agreement (NAFTA), featuring inter alia adapted rules of origin in the automobile sector as well as a formalized review of the agreement every six years. The USMCA is still pending ratification in the legislatures of the three member states.[84]

Machu Picchu, Peru

[84] https://en.wikipedia.org/wiki/United_States%E2%80%93Mexico%E2%80%93Canada_Agreement, accessed 13/12/2018

3.5 Economic Development Cooperation: Swiss Engagement in the Peruvian Water Sector

SECO's Economic Cooperation and Development (WE) division's mandate is to plan and implement economic cooperation and development projects and initiatives in developing countries. The division also coordinates Switzerland's relations with the World Bank Group, the regional development banks and the relevant economic organisations in the United Nations system. The Swiss foreign economic strategy and the Federal Council's Dispatch on Switzerland's International Cooperation 2017–2020 provide the strategic orientation at the national level. The UN 2030 Agenda for Sustainable Development delivers the corresponding international framework.

With infrastructure financing, SECO supports national and local governments to improve the effectiveness of institutions and services and on their path to become low-emission and climate resilient economies. Reliable and climate-resilient basic public services, such as water, wastewater, energy, solid waste and public transport, are at the heart of socio-economic development. They directly contribute to SECO's Economic Cooperation and Development's objective of sustainable and inclusive economic growth.

What are the Challenges in Peru's Urban Water Sector?

Over the past 20 years, the Peruvian government has undertaken a major effort to support municipalities and their urban water utilities in the development of new infrastructure. Between 1990 and 2015, access to water supply for its citizens increased from 74% to 87%. The related significant investments in infrastructure have however not led to a sufficient improvement in the provision of water and sanitation services. In many of the fast growing cities, water supply is often limited to a few hours per day and wastewater, if collected in a sewer system at all, is in most cases not treated.

Unreliable water supply has negative implications on economic development as well as on the well-being of people. Pollution caused by untreated wastewater contributes to the water scarcity in Peru and thereby to poor services. This is further exacerbated by the effects of climate change. This is especially severe in the desert-like coastal cities of Peru, which are its economic powerhouse. The water-related Sustainable Development Goal recognizes the importance of quality and sustainability in service provision. Its low baseline for Peru mirrors the reality for a big part of the Peruvian citizens and businesses.

The underlying roots are insufficient governance, operational inefficiency and poor economic management in combination with adverse framework conditions. Consequently, one out of six water utilities is on the verge of insolvency. This severe situation has led the Peruvian Government to further increase its reform efforts.

How does SECO support Peru in the Water Sector?

In the course of the last decade, SECO's infrastructure financing section has been continuously extending its support to Peru's water sector. SECO's projects focus on corporate development of water utilities in combination with building or rehabilitating critical infrastructure. An example is the rehabilitation of a pumping station and a water treatment plant serving more than 700'000 inhabitants in northern Peru. Another project enabled organizations to reduce water losses, improve economic efficiency and manage current and future risks.

Based on lessons learned and good practices emerging from these projects, SECO supports the exchange between water utilities and decision makers nationally, regionally (i.e. with Colombia), as well as globally. Furthermore, SECO conducts an active policy dialogue with decision makers at national level to improve framework conditions. The interventions at all levels aim at a systemic and sustained improvement of the water service provision for citizens and businesses alike.

To achieve this objective, SECO implements projects directly with the Peruvian Ministry responsible for water and with selected water utilities. Additionally, SECO co-finances projects of multilateral development banks, such as the Inter-American Development Bank and the World Bank, as well as with the German KfW (Kreditanstalt für Wiederaufbau) and GIZ (German Corporation for International Cooperation).

What are the Achievements?

SECO's projects have already led to promising results. For example, the support provided by the Proagua II Programme with GIZ, within the last three years only, significantly strengthened the two utilities of San Martin and Moyobamba, which were close to collapse. They reduced their debt burden from over 400% (in relation to their yearly revenues) down to 159% and 179% respectively. The operations and maintenance costs covered by revenues improved to a satisfactory level slightly higher than 100% (albeit without considering assets depreciation). Revenue collection increased by 30% and 18% respectively. Average daily water supply improved from 11 to 14 hours and more than 11'000 additional families were connected to the water supply network. Accordingly, the satisfaction of water users significantly increased from 43% to 53% and from 51% to 74% respectively.

Overall, the projects will improve water services for more than 2 million inhabitants of Peru's growing cities and aim at systemic change in water infrastructure maintenance and management.

What are the Latest Developments?

In recognition of the severe and growing gap in technical skills and the increasing threats of natural hazards, SECO, the German GIZ and Peruvian partners recently developed a new project to address these issues. It will focus on skills development for wastewater management and disaster risk reduction and thereby address a critical obstacle for organizational development of the water utilities.

The Swiss vocational training and education system in the water sector provides an excellent match to the needs in Peru. Swiss associations for vocational training, water utilities and universities will support Peruvian partners to adapt relevant aspects of the Swiss post-secondary and tertiary vocational training and education system to the Peruvian context. To achieve systemic change, the project will not only focus on skills development, but also support capacity development at organizational and institutional levels. Accordingly, the project will sustainably improve urban water security through climate-resilient service provision to Peru's citizens and businesses. Thus, it will constructively contribute to further social and economic development of the country.

More information on SECO's engagement in the Peruvian water sector can be obtained at: info.wein.cooperation@seco.admin.ch.

3.6 Notable Bilateral Meetings 2018

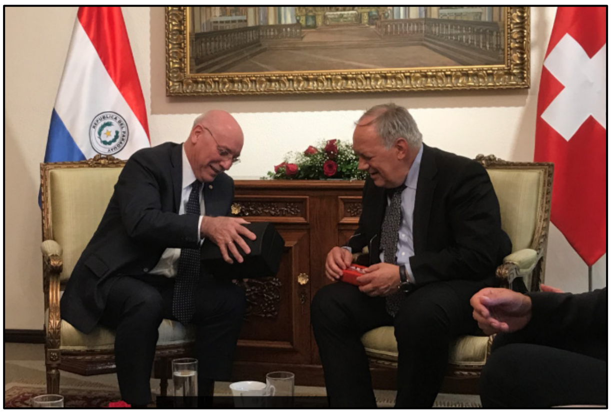
Mexico City, 21-23 February 2018: State Secretary Marie-Gabrielle Ineichen-Fleisch travelled to Mexico for a set of bilateral meetings as well as to co-chair the OECD Ministerial Conference on small and medium-sized enterprises. The State Secretary met with the Secretary of Economy Ildefonso Guajardo as well as the Undersecretary of Foreign Trade Juan Carlos Baker for an appraisal and review of bilateral economic relations, in particular in the areas of trade and investment including the ongoing modernization process of the Mexico-EFTA free trade agreement. Furthermore, State Secretary Ineichen-Fleisch discussed the protection of intellectual property rights with the acting Attorney General of Mexico Alberto Elías Beltrán.

State Secretary Marie-Gabrielle Ineichen-Fleisch meeting with the Mexican Secretary of Economy Ildefonso Guajardo

Bern, 16 March 2018: The Swiss-Brazilian Joint Commission on Trade and Economic Relations held its ninth meeting. For more information, see section 3.3.

São Paulo, Campinas, Piraciaba, 29 April - 1 May 2018: Accompanied by a large delegation from business, science, agriculture and politics, Federal Councillor Johann N. Schneider-Ammann (FCJSA) led a mission to all Mercosur states in order to underline the importance Switzerland attaches to a free trade agreement between the EFTA states and Mercosur. First stop was Brazil, where FCJSA met the Brazilian chief negotiator, Ronaldo Costa Filho, in São Paulo. FCJSA further visited the agriculture research center EMBRAPA in Campinas as well as one of the world's largest agricultural fairs in Piracicaba. The aim of these visits was to provide the Swiss delegation an insight into the agricultural sector in South America, an area raising major challenges in the free trade negotiations. Due to upcoming elections in Brazil, there were no meetings at ministerial level.

Asunción, 2 May 2018: FCJSA realized the first visit of a Swiss Federal Councillor in Paraguay ever. He met with the Minister of Foreign Affairs, Eladio Loizaga, and the Minister of Economy and Finance, Lea Gimenez. The main topic of the discussions was the ongoing free trade negotiations between EFTA and Mercosur. FCJSA highlighted the benefits that a FTA would bring to the economies of both trading blocs. Bilateral economic relations and activities of Swiss companies in Paraguay were also on the agenda. Together with the Vice-Minister for Trade, Victor Bernal, FCJSA opened a business conference. He further visited the association of Paraguayan agricultural producers with the Minister of Agriculture, Alberto Medina Britos, and a factory that produces car parts for the Brazilian market.



Federal Councillor Johann N. Schneider-Ammann meeting with Paraguayan Minister of Foreign Affairs, Eladio Loizaga

Montevideo, 3 May 2018: In Uruguay, FCJSA met the Minister of Foreign Affairs, Rodolfo Nin Novoa, and the Minister of Industry, Energy and Mining, Carolina Cosse, to discuss the free trade negotiations and bilateral economic relations. Together with the Minister for Economy and Finance, Daniel Astori, FCJSA opened a conference on opportunities in bilateral economic relations. A visit to the free trade zone "Zonamerica" and "Frigorifico las Piedras", one of the largest and most modern meat producers, completed the program.

Federal Councillor Johann N. Schneider-Ammann meeting with Uruguayan Minister for Economy and Finance, Daniel Astori

Buenos Aires, 4-5 May 2018: The last stop of FCJSA's Mercosur mission was Argentina. In Buenos Aires, he met the Minister of Production, Francisco Cabrera, the Minister of Foreign Affairs, Jorge Faurie, as well as the State Secretary for International Economic Relations, Horacio Reyser. Argentina's government has set priorities to increase trade and attract foreign investment and is therefore very interested in concluding free trade agreements. The discussions covered also challenges in issues such as geographical indications. Swiss companies are widely present on the Argentinean market. FCJSA also made a field trip to a beef farm.

Federal Councillor Johann N. Schneider-Ammann meeting with Argentinian State Secretary for International Economic Relations, Horacio Reyser

Quito, 13-14 June 2018: Philippe G. Nell, Minister, Head of the Americas Unit at the State Secretariat for Economic Affairs, visited Ecuador and reviewed bilateral economic relations with the Minister of Foreign Trade, Pablo Campana. With regard to the recent proposal for a new BIT, P. Campana was interested in receiving comments from Switzerland. During a breakfast, Swiss companies shared with Minister Nell their assessment of the business climate in the country and pointed to key challenges.

Bern, 26 September 2018: The Swiss-Mexican Consultative Group on Trade and Economic Cooperation held its eighth meeting. For more information, see section 3.3.

Lima, 26-28 November 2018: State Secretary Marie-Gabrielle Ineichen-Fleisch visited Peru to strengthen bilateral economic relations, establish ties with the new administration of President Vizcarra and assess SECO's cooperation program. State Secretary Ineichen-Fleisch held meetings with the Minister of Foreign Trade and Tourism, Roger Valencia, the Minister of Production, Raul Pérez-Reyes, the Minister of Finance and Economy, Carlos Oliva, the Minister of Housing, Sanitation and Construction, Javier Piqué del Pozo, the Vice-Minister of Transportation, Carlos Estremadoyro Mory, and the President of the Central Bank, Julio Velarde. Discussions covered inter alia issues and opportunities for Swiss companies, follow-up actions regarding the free trade agreement between the EFTA states and Peru, the multilateral trading system and Peru's candidacy for OECD membership. Peru expressed its gratitude for the continued support by SECO's economic development cooperation and two new program agreements covering competitiveness promotion and national quality management were signed. Finally, the State Secretary also visited a project financed by SECO and held discussions with young entrepreneurs.

State Secretary Marie-Gabrielle Ineichen-Fleisch meeting with the Peruvian Minister of Foreign Trade and Tourism Roger Valencia at the event "Boosting the Competitiveness of Peru"

Santiago, 28-30 November 2018: After Peru, State Secretary Marie-Gabrielle Ineichen-Fleisch continued her mission to Chile and met the Minister of Foreign Affairs, Roberto Ampuero, the Minister of Trade and Tourism, José Ramon Valente, the Minister of Transportation and Telecommunication, Gloria Hutt, and the General Director of Concessions, Hugo Vera Valente. The topics discussed included Chile's regional integration in South America, the leading role of Chile within the Pacific Alliance, the bilateral economic agreements concluded with the members of Mercosur and the modernization of the free trade agreement between the EFTA states and Chile. The State Secretary was accompanied by a business delegation. Its members presented their activities in the country and obtained information on upcoming projects and tender processes. Chile is interested in investing in e-mobility, cleantech and mining – areas were Swiss companies can provide outstanding know-how and products.

State Secretary Marie-Gabrielle Ineichen-Fleisch meeting with the Chilean Minister of Foreign Affairs, Roberto Ampuero

4. Venezuelan crisis

Venezuela faces an economic crisis of historic proportions. GDP has declined by over 54% between 2015 and 2018. Inflation has continuously increased from 68% (2014) to 181% (2015), 274% (2016), 2'617% (2017) and more than one million percent in 2018. The hikes of prices have been fueled by a fiscal deficit growing from 9% of GDP (2014) to 10% (2015), 17% (2016), 20% (2017) and 24% (2018). This has resulted in a very substantial gap between domestic demand and local production complemented by dwindling imports due to a growing shortage of foreign exchange. In reaction to the uncontrolled inflation and the rising public deficit, the Central Bank has substantially expanded the monetary base (+230'628% in 2018), which in turn has further fed inflation.[85] The current situation is comparable to the hyperinflation in Germany in 1923 or in Zimbabwe in 2000.

The price of Venezuelan oil has fallen from USD 103 (2012) to USD 50 (2018) as well as production from 3 million barrels per day 2011 to 2.4m (2016) and 1.5m (June 2018)[86] due to major difficulties faced by the state oil company Petroleos de Venezuela (PDVSA). This has led to a 66% fall in oil revenue from 2012 to 2018. Facing a serious foreign exchange gap, imports have declined from USD 66 bn (2012) to USD 12bn in 2018.[87] An overvalued exchange rate and price controls for some essential items have led to very serious distortions and shortfalls in the economy. Companies have been struggling to import raw materials and intermediate inputs as well as to substitute imports with new local production. Unable to keep up with inflation, real wages have fallen significantly. According to the "Wall Street Journal", a worker in the oil sector recently earned USD 8 per month at purchasing power parity.

The overall situation has become critical. The output of Sidor, the main steel producer, is less than 10% of installed capacity. Corporación Venezolana de Cemento satisfies less than 50% of local demand while the former expropriated firms (Cemex, Holcim, Lafarge) met all domestic needs and exported. In electricity, the revenues of Corpolec are not sufficient to cover maintenance charges and cuts in energy supply frequent. The same applies to the water sector, with Hydroven facing a negative cash flow and imposing regularly restrictions on water supply. Internet connections from Cantv are among the slowest in the world. The metro of Caracas does not charge anything and faces serious maintenance problems. Agropatria sells inputs at very highly subsidized prices.[88]

During the 2013-17 period, Venezuela managed to service its external debt with payments of USD 71 bn and by imposing severe hardships on the population not entering into any debt restructuring program and limiting hard currency available for imports. Since 2018, however, most sovereign and state-owned bonds (including PDVSA's)[89] have been in arrears. Last year, external official debt amounted to USD 112 bn; debt service was limited to USD 2.8 bn over a total to be paid of USD 13 bn. Total debt including payments arrears in hard currency for imports and other commitments amounted to more than USD 180bn. International reserves were estimated at USD 6.1 bn.

Venezuela's GDP fall (adjusted for inflation) has been larger than the one experienced by countries mostly hurt during World War II. Moreover, inflation in Venezuela could reach ten million percent in 2019.[90] The current situation is all the more dramatic given that Venezuela registered the highest

[85] http://country.eiu.com/venezuela, accessed 29/11/2018
[86] IPD, OPEC
[87] IMF
[88] Víctor Álvarez R., *La economía después de las elecciones, ¿Rectificará Maduro II su política económica?* 21/05/18
[89] Except its US subsidiary CITGO and leased facilities in the Caribbean which are important for oil export and import of inputs.
[90] Anne O. Krueger, Was folgt für Venezuela, Finanz und Wirtschaft, 28.2.19

GDP per capita in Latin America in the 1960s (80% of US GDP) and owns the world's largest oil reserves. A large number of foreign investors have left the country and registered massive losses. On the Swiss side, for example Novartis (USD 44 m in 2014, USD 410m in 2015, 305m in 2016),[91] Roche (USD 300m in 2016)[92] and Zurich Insurance (USD 260m in 2018)[93] have reported substantial write-offs on their Venezuelan business. Only a handful of Swiss firms maintain trade and investment relations with Venezuela. Swiss exports have dropped from USD 491 million (2012) to USD 50 million (2018).

The political situation in Venezuela has led various partners to take sanctions.[94] In March 2015, the US classified the country as an "extraordinary threat to the national security of the United States" and took first sanctions against high ranking officials of the government and the military. In 2017, the US government reinforced sanctions in particular banning trade of specific bonds from the Venezuelan government and from PDVSA. This impeded Venezuela to obtain any loan from the US financial system or to sell financial assets there. In March 2018, the Swiss Federal Council aligned itself with the EU and adopted sanctions as a result of human rights violations and the undermining of the rule of law and democratic institutions in Venezuela. The sanctions comprise an arms and repressive goods embargo and financial and travel sanctions applying currently to 18 Venezuelan officials. In January 2019, the US government took additional measures against the oil industry with the freezing of PDVSA's future income for oil on a blocked account.[95]

Box 5: Social consequences

Migration	Over 3 million emigrants Main destinations: Colombia (1 million), Peru (500'000), Ecuador (220'000) and Argentina (130'000)
Poverty	Poverty rate: 91%, of which 66% in extreme poverty in 2017 61% of population reportedly going to bed hungry in 2017
Health	Nutrition: -11kg body weight on average by 2017 Infant mortality: + 30% in 2016 Malaria cases (+76% in 2016), more than 50'000 cases of Zika in 2016 (against 71 in the previous year)
Infrastructure	Water: Service interruption, pollution Electricity: regular power cuts

Venezuela's crisis has serious social consequences[96]. Poverty and mortality rates rose rapidly in recent years.[97] Basic food products are often either not available or sourced from informal traders at excessive prices. Given shortages and with purchasing power at record low levels, many

[91] https://www.novartis.com/sites/www.novartis.com/files/novartis-annual-report-2014-en.pdf, accessed 12/03/19
https://www.novartis.com/sites/www.novartis.com/files/novartis-annual-report-2015-en.pdf; accessed 11/03/19
https://www.novartis.com/sites/www.novartis.com/files/novartis-annual-report-2016-en.pdf, accessed 26/02/2019

[92] https://www.handelszeitung.ch/unternehmen/venezuela-schweizer-firmen-verlassen-das-sinkende-schiff-1464048#, accessed 26/02/2019

[93] https://www.finanznachrichten.de/nachrichten-2018-11/45221351-zurich-steigert-praemien-und-verkauft-venezuela-geschaeft-015.htm, accessed 26/02/2019

[94] https://www.treasury.gov/resource-center/sanctions/Programs/Pages/venezuela.aspx, accessed 29/11/2018
https://www.consilium.europa.eu/en/press/press-releases/2018/11/06/venezuela-eu-renews-sanctions-for-one-year/, accessed 29/11/2018
https://www.seco.admin.ch/seco/fr/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/exportkontrollen-und-sanktionen/sanktionen-embargos/sanktionsmassnahmen/massnahmen-gegenueber-venezuela.html, accessed 29/11/2018

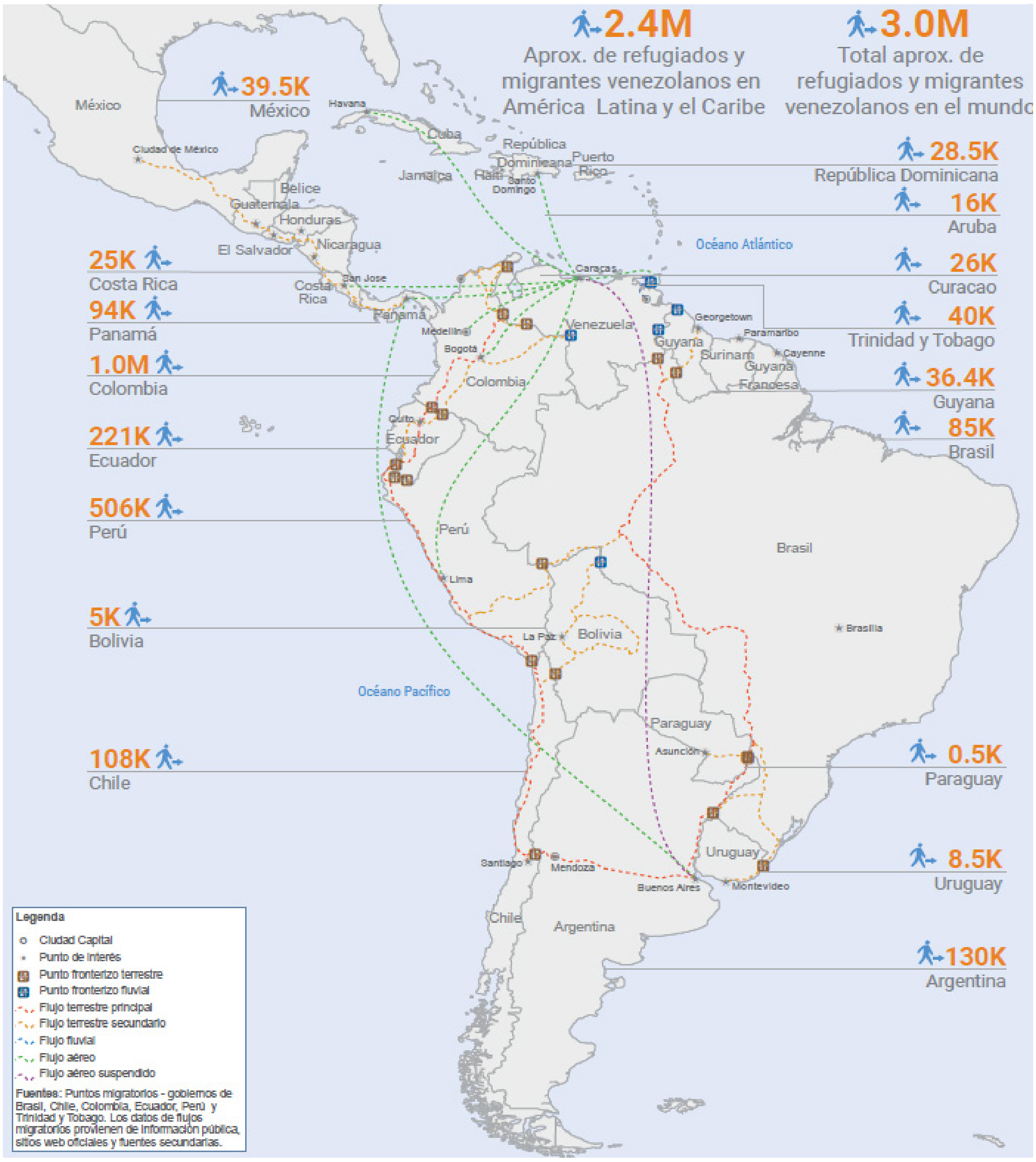
[95] https://www.dw.com/de/die-lange-liste-der-sanktionen-gegen-venezuela/a-47543131

[96] https://www.reuters.com/article/us-venezuela-food/venezuelans-report-big-weight-losses-in-2017-as-hunger-hits-idUSKCN1G52HA, accessed 14/12/2018
https://data.worldbank.org/indicator/SP.DYN.IMRT.IN?locations=VE, accessed 14/12/2018
https://www.reuters.com/article/us-venezuela-power/once-oil-wealthy-venezuelas-largest-state-struggles-to-keep-the-lights-on-idUSKBN1KL1PM, accessed 14/12/2018

[97] https://www.fundacionbengoa.org/encovi/, accessed 28/11/2018

Venezuelans are highly dependent on the Local Committees for Supply and Production, a subsidized food distribution system. According to the UNHCR, over three million people have left Venezuela, 2.4m of which have migrated to other Latin American or Caribbean countries.[98] Well over one million Venezuelans have left for Colombia, a country with which Venezuela has deep historical, economic and cultural ties. Peru, Ecuador and Argentina equally host many Venezuelan migrants. Most countries first applied an open door policy, but have subsequently become more restrictive due to capacity limits to host such a large number of migrants (strain on housing, health services and education). In Venezuela, in turn, the outward migration has profound political, social and economic consequences. For resident companies it has become increasingly difficult to maintain and recruit qualified staff. Due to the security situation, supply difficulties and bottlenecks, the Swiss Federal Department of Foreign Affairs has advised since February 22, 2019 against tourists and non-urgent trips to Venezuela.

Figure 14: Venezuelan migrants in Latin America



98 https://www.unhcr.org/news/press/2018/11/5be4192b4/number-refugees-migrants-venezuela-reaches-3-million.html, accessed 6/12/2018. https://r4v.info/es/situations/platform, accessed 6/12/2018, accessed 6/12/2018.

Appendix

Tables and Figures

Tables

Figures

Tikal, Guatemala

Table A.1. **Switzerland-Latin America - Share of Goods Exports and Imports, Trading Partners 2017-2018**
(CHF million and percentage change)

	Exports				Imports				Trade balance 2018
	2017	2018	Var. (%)	Share in reg. exp. in %	2017	2018	Var. (%)	Share in reg. imp. in %	
SOUTH AMERICA AND MEXICO	**5'750.0**	**6'299.6**	**9.6**	**91.3**	**8'726.5**	**8'794.0**	**0.8**	**92.0**	**-2'494.4**
Brazil	2'222.5	2'617.4	17.8	37.9	1'141.6	1'679.6	47.1	17.6	937.8
Mexico	1'367.9	1'449.7	6.0	21.0	1'440.6	1'264.0	-12.3	13.2	185.7
Argentina	792.1	833.3	5.2	12.1	1'230.2	1'345.4	9.4	14.1	-512.1
Colombia	486.5	533.3	9.6	7.7	485.4	462.6	-4.7	4.8	70.7
Chile	304.7	323.9	6.3	4.7	482.8	542.0	12.3	5.7	-218.2
Uruguay	170.5	169.6	-0.5	2.5	70.9	50.5	-28.8	0.5	119.1
Peru	154.7	168.0	8.6	2.4	2'688.9	2'257.3	-16.1	23.6	-2'089.3
Ecuador	124.2	106.1	-14.5	1.5	76.6	73.4	-4.2	0.8	32.8
Venezuela	76.2	49.1	-35.7	0.7	3.8	3.5	-8.2	0.0	45.6
Bolivia	26.9	23.5	-12.4	0.3	9.5	6.8	-29.0	0.1	16.7
Paraguay	18.9	21.3	12.9	0.3	22.7	24.8	9.5	0.3	-3.5
Suriname	2.6	2.9	8.7	0.0	1'053.2	1'053.2	0.0	11.0	-1'050.4
Guyana	2.3	1.4	-36.3	0.0	20.3	30.9	51.8	0.3	-29.4
CENTRAL AMERICA	**479.8**	**490.5**	**2.2**	**7.1**	**444.9**	**457.0**	**2.7**	**4.8**	**33.5**
Panama	227.6	229.1	0.7	3.3	140.5	187.7	33.6	2.0	41.4
Costa Rica	180.1	184.9	2.7	2.7	108.9	108.5	-0.4	1.1	76.3
Guatemala	28.3	32.6	15.2	0.5	48.3	50.0	3.5	0.5	-17.5
Honduras	14.4	16.3	13.1	0.2	31.0	32.4	4.7	0.3	-16.1
El Salvador	13.8	14.1	2.2	0.2	2.0	2.4	18.2	0.0	11.7
Belize	9.1	8.3	-8.5	0.1	1.3	0.6	-54.3	0.0	7.7
Nicaragua	6.6	5.3	-20.7	0.1	112.9	75.3	-33.3	0.8	-70.0

Source: Federal Customs Administration, Bern.

Table A.1. (cont.) **Switzerland – Latin America: Share of Goods Exports and Imports, Trading Partners 2017 - 2018**
(CHF million and percentage change)

	Exports				Imports				Trade balance 2018
	2017	2018	Var. (%)	Share in reg. exp. in %	2017	2018	Var. (%)	Share in reg. imp. in %	
CARIBBEAN	**251.8**	**113.1**	**-55.1**	**1.6**	**283.2**	**307.6**	**8.6**	**3.2**	**-194.6**
Dominican Republic	29.2	39.1	33.8	0.6	181.4	212.2	17.0	2.2	-173.1
Bahamas	82.9	19.6	-76.3	0.3	24.2	1.3	-94.7	0.0	18.3
Jamaica	10.7	14.6	36.8	0.2	2.3	2.2	-6.1	0.0	12.5
Cuba	20.6	14.4	-30.1	0.2	38.3	37.2	-2.8	0.4	-22.8
Trinidad & Tobago	8.9	8.7	-2.1	0.1	1.8	0.8	-57.5	0.0	8.0
Barbados	70.2	4.5	-93.6	0.1	27.5	19.1	-30.7	0.2	-14.6
St. Lucia	2.3	2.6	12.4	0.0	0.1	0.1	-37.5	0.0	2.6
Dominica	2.9	2.1	-25.6	0.0	0.0	0.0	0.0	0.0	2.1
St. Kitts and Nevis	2.4	2.0	-17.2	0.0	0.3	0.3	-18.8	0.0	1.7
Haiti	3.0	1.9	-36.3	0.0	5.6	8.0	43.2	0.1	-6.1
Antigua	1.8	1.7	-2.8	0.0	0.1	0.1	0.0	0.0	1.7
St. Vincent	16.6	1.6	-90.6	0.0	1.6	26.5	1'566.7	0.3	-24.9
Grenada	0.5	0.3	-44.0	0.0	0.1	0.1	9.1	0.0	0.2
TOTAL LATIN AMERICA	**6'481.6**	**6'903.2**	**6.5**	**100.0**	**9'454.5**	**9'558.7**	**1.1**	**100.0**	**-2'655.5**
COMPARATIVE NUMBERS				Share in total Swiss exp. in %				Share in total Swiss imp. in %	
Asia	98'811.6	103'851.0	5.1	34.2	61'964.6	54'096.1	-12.7	19.8	49'754.9
EU	133'470.6	135'085.3	1.2	44.5	156'422.9	170'646.3	9.1	62.5	-35'561.0
Africa	3'487.8	3'682.8	5.6	1.2	8'593.4	10'475.5	21.9	3.8	-6'792.7
TOTAL SWISS FOREIGN TRADE	**294'893.9**	**303'874.4**	**3.0**	**100.0**	**265'571.5**	**273'094.7**	**2.8**	**100.0**	**30'791.4**

Source: Federal Customs Administration, Bern.

Table A.2. Switzerland – Latin America: Export and Import of Goods 1965 - 2018
(CHF million 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*	6’521	12’843	-6’322	2.2	4.6
2013	6’902	10’653	-3’751	2.1	3.6
2014	6’714	9’837	-3’123	2.4	3.9
2015	6’392	10’034	-3’642	2.3	4.1
2016	6’071	11’555	-5’484	2.0	4.2
2017	6’482	9’454	-2’972	2.2	3.6
2018	6’903	9’559	-2’656	2.3	3.5

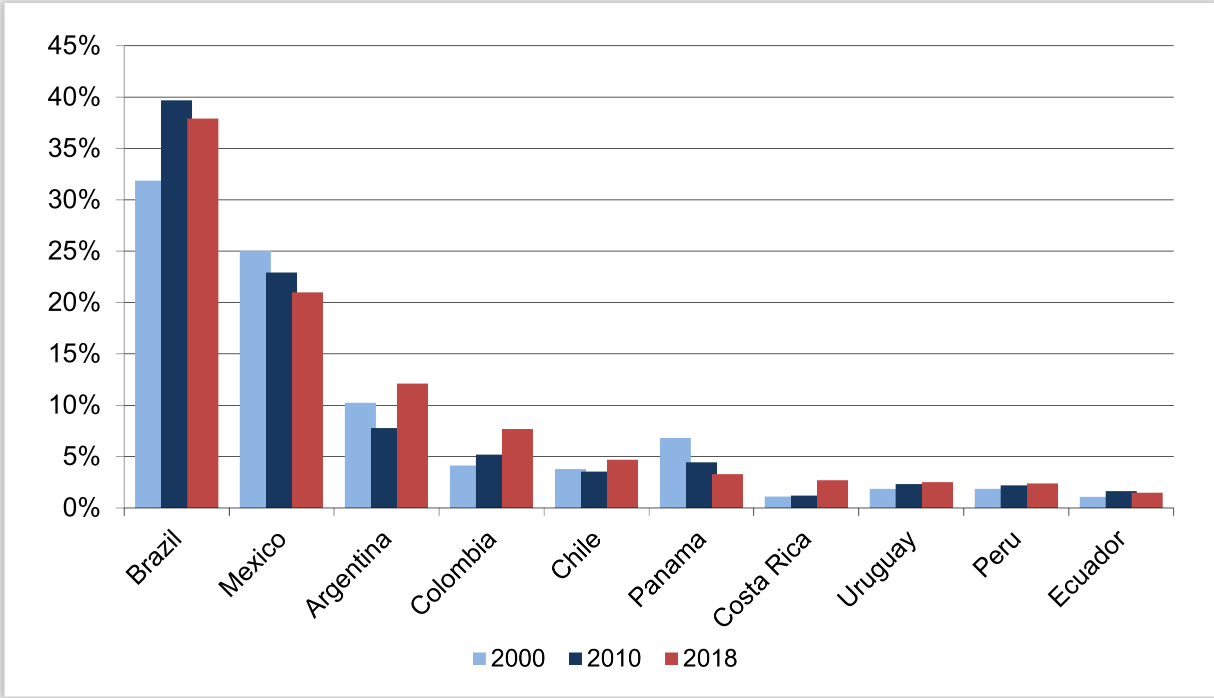
Source: Swiss Federal Customs Administration, Bern.
* * Following a Federal Council decision, the FCA now includes gold, silver and coins in the trade statistics, which have been backdated to 2012

Table A.3. Switzerland - Latin America: Main Export Destinations for Goods 1990 – 2018
(CHF million and percentage share)

	1990	2000	2010	2017	2018	Var. in % 2018/2017	Share in % 2018
Brazil	536	1'262	2’317	2’223	2’617	17.8	37.9
Mexico	458	992	1’338	1’368	1’450	6.0	21.0
Argentina	177	405	455	792	833	5.2	12.1
Colombia	154	164	303	487	533	9.6	7.7
Chile	104	150	206	305	324	6.3	4.7
Panama	135	270	259	228	229	0.7	3.3
Costa Rica	17	43	68	180	185	2.7	2.7
Uruguay	31	74	136	171	170	-0.5	2.5
Peru	61	74	128	155	168	8.6	2.4
Ecuador	65	43	95	124	106	-14.5	1.5
Others	344	483	533	451	288	-36.2	4.2
Total	**2'082**	**3'960**	**5'838**	**6'482**	**6'903**	**6.5**	**100.0**

Source: Swiss Federal Customs Administration, Bern

Figure A.1. Switzerland - Latin America: Share of Goods Exports, Main Trading Partners 2000 - 2018
(% of total Swiss exports to Latin America)



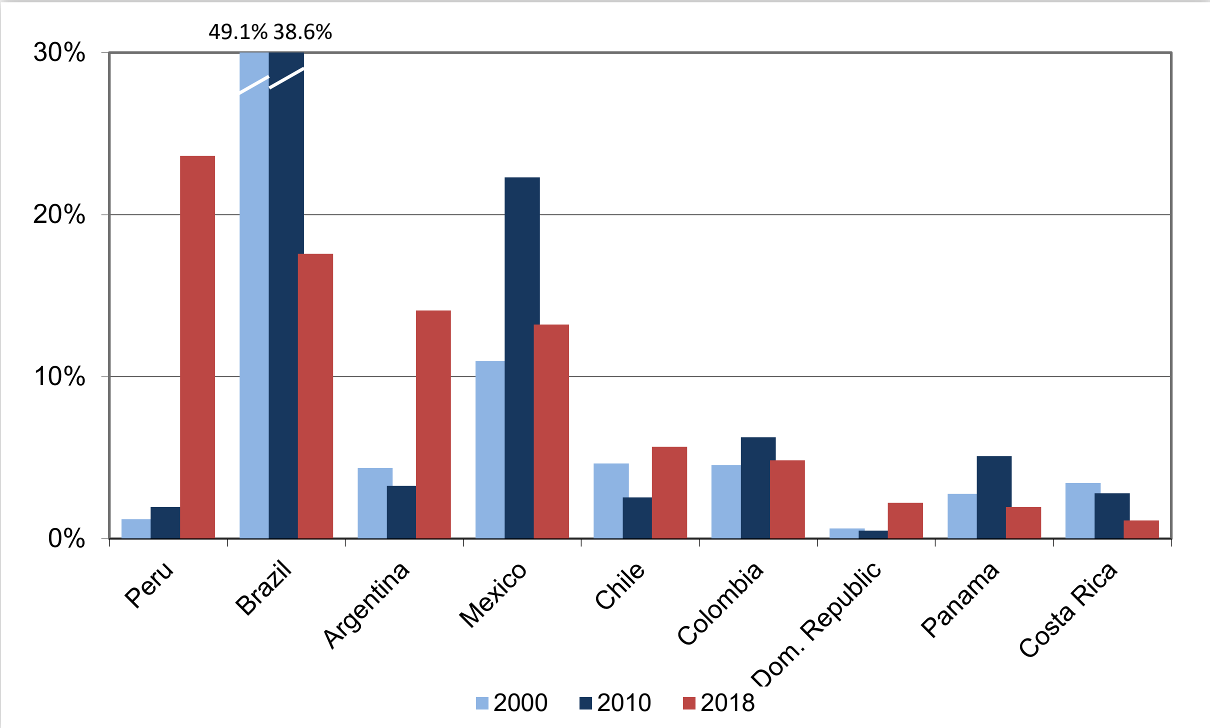
Source: Swiss Federal Customs Administration, Bern

Table A.4. Switzerland - Latin America: Main Countries of Origin for Goods, Imports 1990 - 2018
(CHF million and percentage)

	1990	2000	2010	2017	2018	Var. in % 2018/2017	Share in % 2018
Peru	29	21	43	2'689	2'257	-16.1	23.6
Brazil	345	856	849	1'142	1'680	47.1	17.6
Argentina	118	76	72	1'230	1'345	9.4	14.1
Mexico	54	191	491	1'441	1'264	-12.3	13.2
Chile	36	81	56	483	542	12.3	5.7
Colombia	71	79	138	485	463	-4.7	4.8
Dom. Rep.	2	11	11	181	212	17.0	2.2
Panama	227	48	112	140	188	33.6	2.0
Costa Rica	48	60	62	109	109	-0.4	1.1
Others	1'066	319	368	1'554	1'499	-3.5	24.5
Total	**1'995**	**1'742**	**2'202**	**9'455**	**9'559**	**1.1**	**100.0**

Source: Swiss Federal Customs Administration, Bern

Figure A.2. Switzerland - Latin America: Share of Goods Imports, Main Trading Partners, 2000 - 2018
(% of total Swiss imports from Latin America)



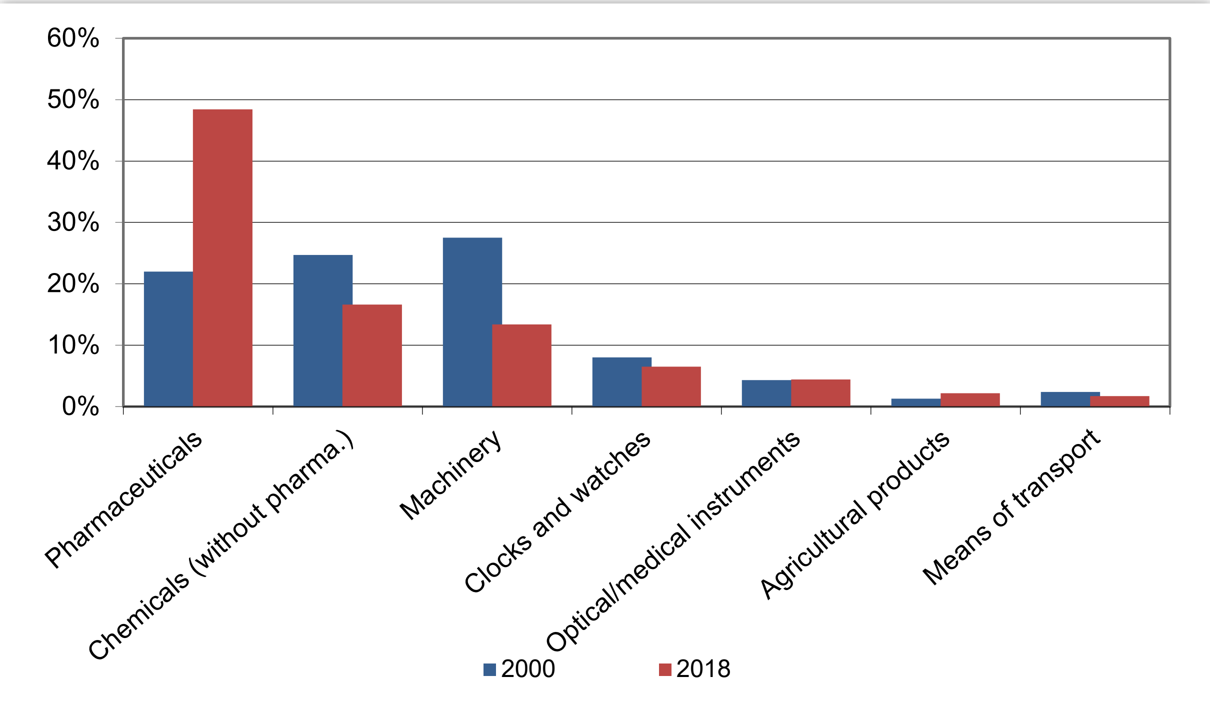
Source: Swiss Federal Customs Administration, Bern

Table A.5. Switzerland - Latin America: Goods Exports by Product Groups 2000 - 2018 (CHF million, percentage)

Chapters of the Harmonized System		Value 2000	2017	2018	Var. in % 2018/2017	Share in % 2018
1-24	Agricultural products	52.0	169.8	154.2	-9.2	2.2
25-26	Mineral products	0.7	0.2	0.3	50.0	0.0
27	Mineral fuels	13.0	1.1	1.0	-9.1	0.0
28-38	Chemicals (without pharma.)	976.7	1'043.3	1'146.2	9.9	16.6
30	Pharmaceuticals	872.2	2'995.5	3'341.9	11.6	48.4
39-40	Plastic, rubber	54.4	67.2	81.8	21.7	1.2
41-43	Skins, leather and products thereof	3.0	2.8	3.0	7.1	0.0
44-46	Wood	1.6	6.3	7.8	23.8	0.1
47-49	Paper and articles thereof	25.6	15.7	17.9	14.0	0.3
50-63	Textiles, clothing	34.0	16.5	15.2	-7.9	0.2
64-67	Shoes, umbrellas, etc.	2.4	1.7	2.0	17.6	0.0
68-70	Stone, glass, ceramic articles	31.6	24.3	22.4	-7.8	0.3
71	Precious stones, metals and jeweller	98.3	64.8	67.7	4.5	1.0
72-83	Metals and articles thereof	101.8	135.0	152.7	13.1	2.2
84-85	Machinery	1'089.4	843.9	927.3	9.9	13.4
86-89	Means of transport	95.2	109.6	116.2	6.0	1.7
90	Optical and medical instruments	168.9	317.8	301.6	-5.1	4.4
91	Clocks and watches	318.0	442.8	448.1	1.2	6.5
93	Weapons and ammunition	1.3	0.4	1.2	200.0	0.0
94	Furniture, bedding etc.	6.8	2.7	4.7	74.1	0.1
95-96	Toys, sports articles, etc.	13.3	15.1	15.3	1.3	0.2
	Unspecified	-	205.1	74.7	-63.6	1.1
Total Swiss exports: Latin America		**3'960.2**	**6'481.6**	**6'903.2**	**6.5**	**100.0**
Total Swiss exports: World		136'014.9	294'893.9	303'766.2	3.0	---

Source: Swiss Federal Customs Administration, Bern

Figure A.3. Switzerland - Latin America: Goods Exports, Main Product Groups 2000 - 2018 (% of total Swiss exports to Latin America)



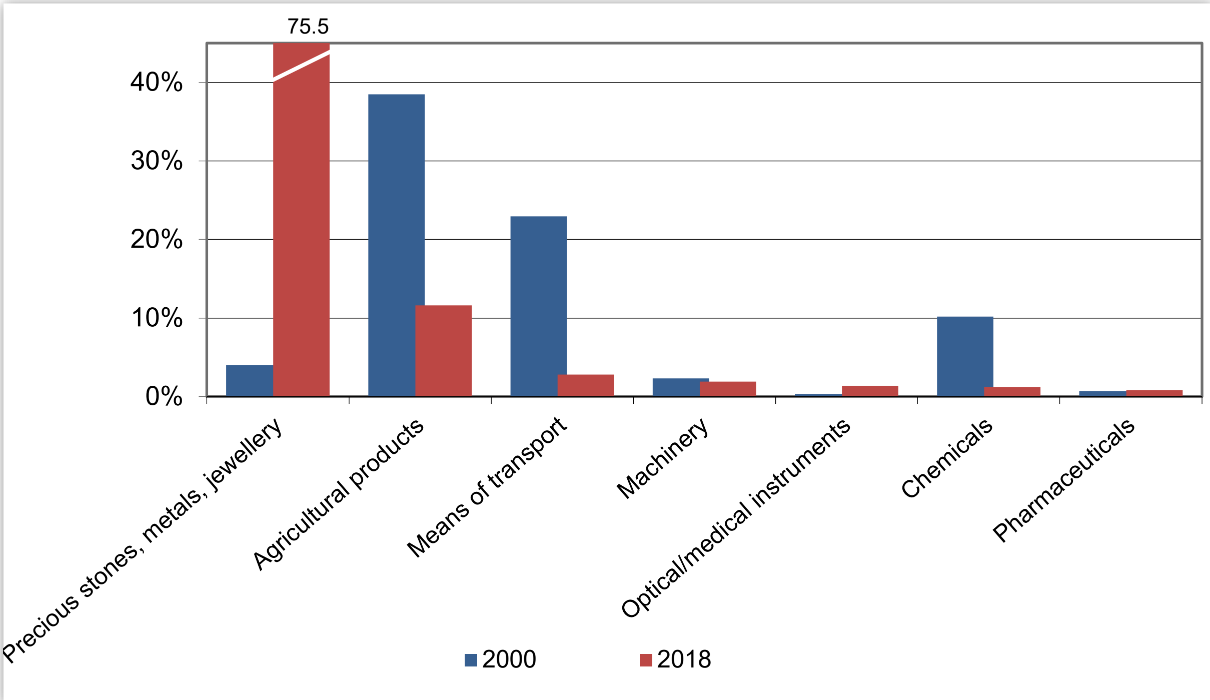
Source: Swiss Federal Customs Administration. Bern.

Table A.6. Switzerland - Latin America: Goods Imports, Product Groups 2000 - 2018
(CHF million, percentage)

Chapters of the Harmonised System		Value 2000	2017	2018	Var. in % 2018/2017	Share in % 2018
1-24	Agricultural products	670.3	1'099.7	1'108.9	0.8	11.6
25-26	Mineral products	2.5	0.8	0.7	-12.5	0.0
27	Mineral fuels	0.4	65.9	0.2	-99.7	0.0
28-38	Chemicals (without pharma.)	178.2	103.7	117.1	12.9	1.2
30	Pharmaceuticals	11.6	359.1	72.1	-79.9	0.8
39-40	Plastic, rubber	6.3	16.6	19.0	14.5	0.2
41-43	Skins, leather and articles thereof	4.5	3.3	2.6	-21.2	0.0
44-46	Wood	1.5	4.8	4.3	-10.4	0.0
47-49	Paper and articles thereof	66.7	16.9	15.0	-11.2	0.2
50-63	Textiles, clothing	17.1	19.6	20.5	4.6	0.2
64-67	Shoes, umbrellas, etc.	3.5	8.7	9.1	4.6	0.1
68-70	Stone, glass, ceramic articles	3.5	5.6	4.9	-12.5	0.1
71	Precious stones, metals and jeweller	70.4	6'881.4	7'219.5	4.9	75.5
72-83	Metals and articles thereof	191.5	35.4	33.4	-5.6	0.3
84-85	Machinery	39.7	179.6	181.7	1.2	1.9
86-89	Means of transport	400.2	241.4	270.3	12.0	2.8
90	Optical and medical instruments	5.5	117.5	133.9	14.0	1.4
91	Clocks and watches	5.7	16.2	22.9	41.4	0.2
93	Weapons and ammunition	0.2	0.8	1.0	25.0	0.0
94	Furniture, bedding, etc.	1.6	2.5	2.4	-4.0	0.0
95-96	Toys, sports articles, etc.	61.6	2.3	2.2	-4.3	0.0
	Unspecified	-	272.7	317.0	16.2	3.3
Total Swiss imports: Latin America		**1'742.5**	**9'454.5**	**9'558.7**	**1.1**	**100.0**
Total Swiss imports: World		139'402.2	265'571.5	272'974.8	2.8	---

Source: Swiss Federal Customs Administration, Bern

Figure A.4. Switzerland - Latin America: Goods Imports, Main Product Groups 2000 – 2018 (% of total Swiss imports from Latin America)



Source: Swiss Federal Customs Administration, Bern.

Table A.7. **Switzerland - Latin America: Foreign Direct Investment, Main Destinations 1993 - 2017**
(Total FDI stock at the end of year in CHF million, excluding offshore financial centres)

	1993	2000	2016	2017
Brazil	4'214	5'707	10'672	10'583
Mexico	1'872	4'377	7'227	5'869
Argentina	443	1'782	4'133	3'923
Uruguay	126	421	2'299	2'274
Venezuela	315	1'116	915	1'751
Colombia	414	1'092	913	1'172
Costa Rica	96	130	798	915
Peru	72	310	668	321
Ecuador	189	441	309	317
Guatemala	58	88	208	193
Bolivia	n.a.	31	59	67
Chile*	413	790	-2'083	-1'949
Others	n.a.	815	-801	864
Total	**8'211**	**17'100**	**25'317**	**26'300**

Source: Swiss National Bank, Zurich.
* The negative stock of Swiss direct investment in Chile can be explained by the *directional principle* method used by the Swiss National Bank. This method, which adopts a net perspective, calculating Swiss direct investment abroad as the difference between assets and liabilities of domestic parent companies vis-à-vis their subsidiaries abroad, thus making it possible for there to be a negative direct investment stock.

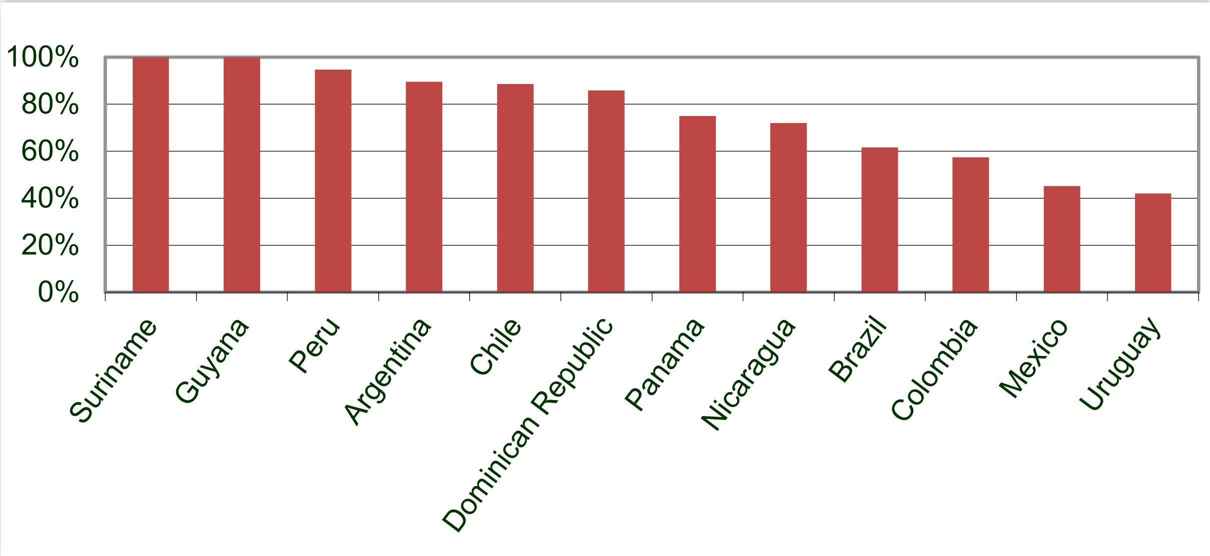
Teotihuacán, Mexico

Table A.8. Switzerland - Latin America: Gold Imports, Main Countries of Origin 2018 (CHF million)

	Gold Imports	Total Imports	Share of gold in total Imports (in %)
Peru	2'138	2'257	95%
Argentina	1'204	1'345	90%
Suriname	1'053	1'053	100%
Brazil	1'035	1'680	62%
Mexico	571	1'264	45%
Chile	480	542	89%
Colombia	266	463	57%
Dominican Republic	182	212	86%
Panama	141	188	75%
Nicaragua	54	75	72%
Guyana	31	31	100%
Uruguay	21	50	42%

Source: Swiss Federal Customs Administration, Bern.

Figure A.5. Switzerland – Latin America: Share of Gold Imports, Main Countries of Origin 2018 (% of total imports)



Source: Swiss Federal Customs Administration, Bern.

Table A.9. **Switzerland - Latin America: Main Economic Agreements** (entry into force)

South America

Argentina*	Trade agreement	26.11.1957
	BIT	06.11.1992
	DTA	27.11.2015
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	DTA signed on 03.05.2018
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
	DTA	22.12.1995; modifying protocol signed on 26.07.2017
	FTA	Signed on 25.06.2018
Guyana	BIT	02.05.2018
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)	protocol of accession signed: 22.06.2015
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	04.07.2012
	DTA	20.03.1974

*AEOI: Automatic Exchange of Information (details in chapter 3.3)

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 (Latcam) Kasernenstrasse 11 CH-8004 Zurich	
Tel.: President: Director: E-mail: Website:	+41 44 240 33 00 Richard Friedl Joaquín Fischer latcam@latcam.ch www.latcam.ch
Swiss-Cuban Chamber of Commerce and Industry (SwissCubanCham) SwissCubanCham Hirschmattstrasse 25 6002 Luzern	
Tel.: President: E-mail: Website:	+41 41 227 04 07 Andreas Winkler info@swisscuban.org 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.: President: General Manager: E-mail: Website:	+54 11 4311 7187 Dr. Rodolfo Dietl Cecilia Dibárbora info@suiza.org.ar www.suiza.org.ar
Brazil	**Câmara de Comércio Suiço-Brasileira** Av. das Nações Unidas, 18.001 04795-900 São Paulo, Brazil	
	Tel.: President: Executive Director: E-mail: Website:	+55 11 5683 7447 / +41 44 586 37 41 Philip Schneider Stefania Moeri Hertach swisscam@swisscam.com.br www.swisscam.com.br
Chile	**Cámara Chileno-Suiza de Comercio (CCHSC) A.G.** Antonio Bellet 77 – Of. 104 Providencia, Santiago de Chile	
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