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Foreword

Dear Reader,

During the past year, three major developments occurred in our relationship with Latin America. First, our economic integration made a significant step forward. Together with our EFTA partners, we signed a comprehensive free trade agreement with Costa Rica and Panama, covering not only industrial goods and various agricultural products but also services, intellectual property, government procurement as well as economic cooperation and technical assistance. Second, we were granted observer status at the Pacific Alliance. Created in 2012, this scheme has much potential to strengthen economic and social links between Chile, Colombia, Mexico and Peru. Third, while our exports to the European Union and Asia decreased, they were again robust to Latin America. With growth rates ranging between 9 and 12%, our performance was particularly strong with our free trade partners.

2014 had an excellent start with several Latin American Presidents and Ministers attending the World Economic Forum in Davos. In addition, Federal Councillor Johann N. Schneider-Ammann travelled to Brazil in April with an economic and a scientific delegation and inaugurated the first swissnex in Latin America while State Secretary Marie-Gabrielle Ineichen-Fleisch visited Mexico City as a new Swiss Business Hub was launched, opened a conference on innovation in Bogota and initiated the celebrations for the 50th anniversary of the Swiss Development Cooperation in Peru. And as if this was not enough, all eyes will be turned toward Brazil between June and July for the World Cup! Latin America will be more than ever part of our lives.

2014 also marks the 10th anniversary of our publication in its present form. Originally issued for the General Assembly of the Latin American Chamber of Commerce in Switzerland, it has gained a much broader readership, being posted online and distributed by SECO. Over the years, it underwent constant improvements with a new cover designed by Konrad Gasser, a detailed map of Latin America, a special section devoted to a topic of interest for business and a comparison of Swiss and Latin American countries' trade statistics. We have also expanded our section on integration in Latin America and enriched the text with specific projects of SECO's economic development cooperation. This year, we added a new feature with the presentation of a very large investment being presently made by a Swiss firm in Ecuador.

This report is deemed to be a work and a reference instrument. In addition to a historical perspective on economic exchange between Switzerland and Latin America, it provides a synthetic view of the most recent trade and investment flows. Significant changes are explained with a close analysis benefitting from the knowledge of our network of Embassies and Swiss Business Hubs.

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

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

Introduction

The report first presents Latin America's economic situation in 2013 and some forecasts for 2014. Section two provides an insight into innovation in the region highlighting specific policies with cases from various countries. Section three focuses on Swiss-Latin American relations in 2013 with the evolution of trade and investment flows, bilateral agreements, Latin American integration, SECO's economic development cooperation in Peru and official bilateral visits.

1. Economic Situation in Latin America

During the last decade, Latin America and the Caribbean have recorded steady **economic growth** averaging 4%.[1] In 2013, the performance (2.7%) was slightly lower than in 2012 (2.9%).[2] It was held back by declining commodity prices, an uncertain international monetary and financial situation and stagnating external demand due to the weak euro zone and a slowdown of the Chinese economy.[3] On a country level, Mexico (2013: 1.2%; 2012: 3.6%), Panama (7.5%; 10.7%) and Venezuela (1%; 5.6%) registered the strongest declines in GDP growth, while Chile (4.4%; 5.6.%), Colombia (3.7%; 4%), Costa Rica (3.5%; 5.1%), Ecuador (4%; 5.1%), Peru (5.4%; 6.3%) and Uruguay (3.5%; 3.9%) eased less. In contrast, growth in Argentina (3.5%; 1.9%) and Brazil (2.5%; 0.9%) picked up. In Argentina, the improvement was mainly linked to good weather conditions that led to a rise in agricultural output.[4]

Latin American **exports** stagnated in 2013, in line with a deceleration in global GDP growth.[5] Performance differed significantly across countries. While Brazil (-1%), Colombia (-3%), Peru (-11%) and Venezuela (-8%) registered declines, Argentina (+4%), Chile (+1%), Ecuador (+3%), Mexico (+2%), Panama (+6%) and Uruguay (+4%) recorded export growth.[6] With regard to product composition, the increase in the proportion of commodities of the region’s exports from 40% in 2000 to 60% in 2011 was mainly due to rising prices. Since 2012, however, lower growth expectations in China have led to declines in commodity prices.[7] Furthermore, it is interesting to note that intra-regional trade in Latin America remains limited. The expansion of trade relations among regional partners thus has significant potential to diversify and boost exports.[8]

On average, governments ran a primary deficit (i.e., before interest payments) of 0.3% of GDP in 2013 and Latin American **public sector gross debt** stood at 50.5% of GDP. Average public debt is projected to increase slightly in 2014. However, countries display significant differences in debt levels. The commodity exporters Bolivia (30.8%), Chile (12.9%) and Peru (18.6%) run primary surpluses, which would allow them to cope with a further moderate fall in commodity prices.[9] Debt levels in Brazil (68.3%) and Venezuela

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1 OECD, ECLAC & Andean Development Corporation, *Latin American Economic Outlook 2014: Logistics and Competitiveness for Development*, Paris, 2013, pp. 5, 15, 17.
2 IMF, *Regional Economic Update – Latin America and the Caribbean*, Washington, D.C., 2013, p. 1, p. 5, p. 8.
3 OECD et al., *op. cit.*, p. 5, p. 15, p. 17.
4 IMF, *op. cit.* , p. 5, p. 8.
5 IDB, *Latin American Trade Trend Estimates 2013*, 2013, p. 1.
6 IDB, *op. cit.*, pp. 1-2, p. 4.
7 IMF, *op. cit.*, p. 1; OECD et al., *op. cit.*, p. 15, p. 17.
8 OECD et al., *op. cit.*, p. 20.
9 OECD et al., *op. cit.*, p. 52.

(53.4%), in contrast, are projected to rise to 69% and 56.8% in 2014, respectively.[10]

The **fiscal space** of Latin American governments to stimulate internal demand or to counter external shocks is constrained compared with the pre-2008/09 crisis level;[11] this could lead to lower growth rates. Furthermore, in view of a rising middle class, demands for more infrastructure investments, better education and public health systems as well as other public services are increasing. To satisfy them, governments need to increase tax revenues by introducing institutional reforms.[12]

Average **inflation** in the region was 6.9% in 2013. While Brazil (5.9%), Chile (2.6%), Colombia (2.4%), Costa Rica (5%), Ecuador (2.4%), Mexico (3.3%), Peru (2.8%) and Panama (4.5%) kept inflation at relatively moderate levels, the picture looks different in Argentina and Venezuela. In the latter, inflation more than doubled from 20.1% in 2012 to 46% in 2013. Argentina kept its 2012 rate at 10.8%; alternative sources report, however, significantly higher inflation rates.[13]

On the **current account** side, Venezuela registered a surplus of 2.8% in 2013, while Argentina (-0.8%), Brazil (-3.4%), Chile (-4.6%), Colombia (-3.2%), Costa Rica (-5.5%), Ecuador (-1.1%), Mexico (-1.3%), Panama (-8.9%), Peru (-4.9%), and Uruguay (-4.9%) all recorded deficits. On average, deficits are projected to remain at 2.4% of GDP in 2014[14] and seem sustainable overall, given the region's projected growth rate.

The current account deficit is largely financed through **foreign direct investment** (FDI).[15] Latin America and the Caribbean attracted an estimated USD 294bn of FDI in 2013. This 18% increase over 2012 was driven by Central America and the Caribbean (USD 92bn went to the British Virgin Islands), while flows to South America declined by 7%. With USD 63bn last year, Brazil remained the largest recipient of FDI in South and Central America.[16]

Uncertainty around the pace of normalization of U.S. monetary policy and the possibility of lower-than-expected growth rates in emerging markets will continue to influence **capital flows** and market volatility in the region. Even though the rise in U.S. interest rates since May 2013 caused a short-term sell-off of emerging market assets and a drop in their prices, capital continued to flow in. In reaction to tightening financing conditions, some governments adjusted capital-flow measures and macroprudential policies.[17]

All of the region's major **currencies** weakened in 2013. LACI, an index compiled by Bloomberg and JP Morgan that tracks the value of Latin America's six main currencies,[18] fell by 9.6%.[19] Exchange rates continued to be under intense pressure in early 2014, with the Argentine peso losing 19 percent against the dollar during the first three weeks of the year.

[10] IMF, *op. cit.*, p. 9.
[11] IMF, *op. cit.*, p. 3.
[12] OECD et al., *op. cit.*, pp. 5, 15, 18.
[13] IMF, *op. cit.*, pp. 8-9.
[14] IMF, *op. cit.*, p. 8.
[15] Banco Bilbao Vizcaya Argentaria (BBVA), *Latam Economic Outlook - Fourth Quarter 2013*, Madrid, 2013, p. 24.
[16] UNCTAD. *Global Investment Trends Monitor*, No. 15, 2014.
[17] IMF, *op. cit.*, 2013, pp. 1-4.
[18] The currencies included in this weighted index are the Argentine peso, Brazilian real, Chilean peso, Colombian peso, Mexican peso and the Peruvian nuevo sol.
[19] Xie, Y., Thompson, E. & Godoy, D., *Latin America's Rout Seen Extending Into Next Year*, Bloomberg News, December 27th, 2013.

In February, LACI fell to its lowest level since March 2003.[20] At the same time, Venezuela partially devalued its currency by maintaining a preferential exchange rate for essential imports and moving travel expenses, incoming foreign investment and a number of other transactions to a secondary rate.

At 2.7%, Latin America's growth was moderate in 2013. **Forecasts** for 2014 indicate a slight increase to 3.1%. Mexico's growth rate is expected to pick up from 1.2% (2013) to 3% (2014), while Brazil's shall remain at 2.5%.[21] Experts expect the region's export performance to be negatively affected by weakening global demand.[22] In order for Latin America to grow faster and tap its full economic potential, structural reforms and innovation are needed. The next section focuses on the importance of innovation for the further development of the region's economies.

2. Innovation and Start-ups in Selected Latin American Countries

2.1. Introduction

Innovation is a major driver for economic growth and the prime mover of start-ups. Young promising firms invest into research and development (R&D) with the objective of bringing new production processes, products and services to the market. Innovation is also essential for any business to grow and stay ahead of competition, and for countries to improve their well-being, employment rate, productivity and export performance.

The cornerstone of innovation is R&D, for which funding has never been so significant according to the Global Innovation Index 2013[23] report. The aim of this section is to present the existing policies in support of start-up creation and innovation in a selected number of Latin American countries based on a recent OECD report[24] and various other sources.

2.2. Policy Framework and Implementation

The share of investment for R&D reaches 2.4% of GDP in OECD countries. Latin America displays a significant gap: Brazil is leading with 1.2%, followed by Argentina (0.6%), Chile (0.5%), Mexico (0.4%), Colombia and Peru (0.2%).[25] The share of the private sector in overall R&D is much lower in Brazil (45%), Chile (44%), Mexico (43%), Argentina (21%) and Colombia (22%) than in the United States (62%) and Switzerland (66%). This is reflected in a fairly low number of researchers per 1000 employees,[26] in the limited number of scientific publications,[27] as well as the few patents granted by the U.S. Patent and Trademark Office

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[20] Xie, Y. & Jaramillo, A., *Latin American Currencies Depreciate to Lowest Level Since 2003*, Bloomberg News, February 3rd, 2014.
[21] IMF, *op. cit.*, p. 8.
[22] OECD et al., *op. cit.*, p. 15, p. 17.
[23] www.globalinnovationindex.org.
[24] OECD, *Start-up Latin America: Promoting Innovation in the Region*, 2013.
[25] Ibid.
[26] Ibid. Argentina: 2.38; Brazil: 1.35; Mexico: 0.9; Chile: 0.8; Colombia: 0.35.USA: 9.01.
[27] Ibid. Brazil: 12'306; Mexico: 4'128; Argentina: 3'665; Chile: 1'868; Colombia: 608; Peru: 159. USA: 208'601.

(USPTO)[28] (2008-10). This means that the policy framework is crucial in order to make these economies more innovative, and in particular to promote start-up creations.

The Latin American experience illustrates the importance of policy in fostering start-ups in emerging countries. Start-ups require a comprehensive policy mix because they face greater risks and uncertainties than traditional firms. Figure 1 presents three key policy areas, namely financing, business services and entrepreneurial training, as well as the regulatory framework. Overall, Brazil is leading, while Mexico has initiated a challenging reform process in order to become a key player in the region. Brazil and Chile have a set of policies targeting the various stages of business development. They pursue the objective of becoming entrepreneurial hubs in Latin America.

Figure 1. Policy Tools for Promoting Start-ups in Latin America

Category	Tool	Argentina	Brazil	Chile	Colombia	Mexico	Peru
Financing	Seed capital	In development	Implemented	Implemented	Recently created	----	Recently created
	Angel investors	----	Implemented	In development	Recently created	----	----
	Venture capital	----	Implemented	Implemented	Recently created	In development	----
Business services and entrepreneurial training	Incubators	Implemented	Implemented	Implemented	In development	In development	Recently created
	Accelerators	In development	In development	In development	----	In development	----
	Corporate spin-offs	----	----	----	----	----	----
	Technology transfer and university spin-offs	In development	Implemented	In development	----	Implemented	----
	Business training	Implemented	Implemented	Implemented	In development	In development	In development
Regulatory framework	Ease of creating or closing down businesses	----	----	In development	In development	In development	In development
	Taxation and special legislation	----	In development	In development	----	In development	----

Implemented — In development — Recently created — ---- Need to be created or reformed

Source: Based on OECD (2013)

2.2.1. Financing

Among the three financing instruments, namely seed capital, angel investors and venture capital, Brazil and Chile offer the widest range (Figure 1). Both countries have launched government-funded seed capital programs to encourage the creation of local start-ups and to ease the process of setting up new companies. Mexico, for its part, is planning to develop venture capital. The country should be more active in promoting firms in the early stages, while Argentina should step up its support during the expansion phase. Peru and Colombia focus on improving access to finance for their start-ups. The former only provides seed capital, while the latter is developing all three instruments. Box 1 presents some policy

[28] Ibid. Brazil: 486; Mexico: 265; Argentina: 153; Chile: 70; Colombia: 30; Peru: 10. USA: 301'436.

instruments that are currently in place in Argentina, Chile, Colombia and Peru.[29]

Box 1. Financing Tools in Selected Countries

Argentina: Seed capital[30]
Three main government funds provide seed capital. FONARSEC, one of the most important ones, "invested in 2013 nearly USD 34 million in 13 projects undertaken by technology-based firms."[31] The fund finances public-private partnerships to develop cutting-edge technologies with a high potential impact on industry competitiveness.

Chile: Start-Up program[32]
Since 2010, this program selects promising young firms around the world and provides them an equivalent of USD 40'000 as seed capital, access to basic infrastructure, as well as an annual visa to work on projects in Chile. So far, more than 5'600 applications have been filed and some 500 companies from 37 countries have taken part in the program.[33]

Colombia: iNNpulsa[34]
iNNpulsa Colombia is a new policy tool implemented in 2012, "providing financial support (seed capital) to create and test a business plan and to raise venture capital. Operated under certified institutions", such as chambers of commerce, the program also promotes entrepreneurial culture in Colombia.

Peru: Start-up[35]
This program provides support at the seed stage. Launched in 2013 with a budget of USD 50 million, it co-finances up to 80% of the international expansion costs of new firms.

2.2.2. Public-Private Partnerships: Technology Parks, Universities, Incubators and Spin-offs

State and local governments play an increasingly important role in building bridges between scientific research and innovation. Brazil and Mexico use technology transfer and university spin-offs to foster start-ups. These instruments are also being developed in Argentina and Chile. Boxes 2 and 3 present successful technology parks in Colombia and Brazil.

Box 2. Colombia: Guatiguará Technology Park[36]

Guatiguará Technology Park is the most important initiative in Colombia. It is a technology and business project based on energetic resources, health, information and communication technologies, agro-industries, and biotechnology. It aims to increase regional and national wealth and develop innovation culture by stimulating the creation of intensive knowledge companies, easing technology transfer, and providing skilled employment. The project is led by the Universidad Industrial de Santander (UIS) and benefits from the support of the Government of Santander.

29 Ibid., p.193.
30 Agencia Nacional de Promoción Científica y Tecnológica, www.agencia.mincyt.gob.ar.
31 OECD, *op.cit.,* p.123.
32 Vanessa Van Edwards, *Start-Up Chile: Growing Pains of the Chilecon Valley*; in: www.huffingtonpost.com, July 5th, 2013.
33 www.economist.com/node/21564589.
34 OECD, *op.cit.,* p.193.
35 OECD, *op.cit.,* p.152.
36 http://gtechpark.com/who.htm.

Box 3. Brazil: Porto Digital Technology Park in Recife[37]

Founded in 2010, the park results from a collaboration between the Brazilian government, the private sector and the academic world.[38] It has become the country's best technology park in terms of business creation. Porto Digital hosts nearly 500 entrepreneurs and has generated more than 6'500 jobs in the last 12 years.[39] Its vision is to become the best environment for innovation, information and communications technology, and creativity in Brazil. Fields covered include production of management software, solutions for the financial and health systems, software for the security industry, systems for managing traffic and transportation, integrated solutions for development portals, as well as extranets and intranets. It targets small- and medium-sized businesses as well as large global firms such as IBM, Motorola, Samsung, Microsoft, Accenture, and Ogilvy.

Mexico's public research centers benefit from good scientific capacity. While the country's performance in generating international patents could be stronger, incubators have been an effective means to stimulate the establishment of new firms. Universities are also playing a key role in developing industries in advanced areas.

Box 4. Mexico: Incubators and Aeronautics[40]

Mexico has two incubator programs supporting start-ups: the National Business Incubation System and the Network of Technological University Incubators. These programs promote the transfer of best practices and incubation models among incubators. Around 500 business incubators operate in various cities, of which 217 are traditional, 262 are medium-tech and 21 are high-tech. These projects have led to more than 900 enterprises providing 7'000 jobs.[41]

In 2005, the state of Querétaro established a university specialized in aviation. It provides skilled workers to local companies whose activities mainly focus on manufacturing parts and aircraft assembly. By 2020, the Mexican aeronautic industry is estimated to reach an annual turnover of USD 11.3bn, to rank 10th worldwide, and to become even more important in the reparation and maintenance areas.

Argentina has set up major scientific projects and public-private partnerships. Technological expertise is heavily concentrated in research-intensive areas, such as biotechnology, software and design. Technology platforms[42] are geared towards facilitating knowledge transfer and university spin-offs.[43] Two biotech firms have become major players in Latin America under public-private partnerships.

37 www.portodigital.org.
38 EcoFinanças, *Porto Digital acompanha o desenvolvimento econômica do Nordeste*, September, 13th, 2012.
39 www2.portodigital.org.
40 Switzerland Global Enterprise: www.s-ge.com.
41 OECD, *Evaluation of the Mexican Knowledge-based Start-ups in Mexico*, 2012, Paris, p. 44.
42 Technological platforms consist of members of the scientific and technical staff who work together to provide a series of services (laboratories, archives, translation centers). They assist the research institutes and centers in its educational activities and its mission to serve society. They can be either integrated in an institute, co-managed by several institutes or be independent. www.uclouvain.be.
43 OECD, *op.cit.*, p.117.

Box 5. Argentina: Spin-off and PPP in the Biotech Sector[44]

PharmADN[45] is a pioneering laboratory aiming at producing innovative therapies for human health care. It is a successful spin-off from a research project. Together with Chemo[46], pharmADN integrates a public–private research and development consortium that works in the development of currently non-existing drugs that would treat inflammatory and infectious diseases. It also manufactures monoclonal antibodies for treating different types of cancer.

BioSidus[47] is a pioneering biotech company with public and private partners specializing in producing biosimilars of recombinant proteins. Biosidus has two production sites. The Almagro Plant, located in the city of Buenos Aires, is dedicated to R&D activities and to all aspects of biotechnological production of active pharmaceutical ingredients. It is equipped with bacterial fermentation capacities and hosts mass cell culture areas. Filling, lyophilisation, and packaging operations are conducted in a separate facility, Planta Bernal, located in the outskirts of Buenos Aires. Biosidus counts on a robust pipeline of therapeutic proteins at different stages of development. Its proprietary manufacturing processes and technologies rely on solid intellectual property, which constitutes a competitive advantage in the area of biosimilars. Since the first products were launched in 1990, more than 60 million units have been sold in emerging markets, exports representing more than 75% of sales.[48] With its impressive track record, Biosidus is committed to become a reliable global supplier of biosimilars.

2.2.3. Business Training Tools

Argentina, Brazil and Chile have implemented business training tools, while Colombia, Mexico and Peru are still in early stages. Innovation programs in Chile include grants for training human resources as well as direct and indirect support for firms, such as non-repayable funds and tax incentives for research and development. Chile's experience shows that it is essential to have a set of instruments that support businesses in different areas (finance, management skills, and legal framework) and target the successive phases of innovation. In Peru, the Ministry of Labour and Employment Promotion provides training and consultancy services to new entrepreneurs. The government has also introduced online services to simplify administrative procedures. The cost and time to set up a business has thus been reduced and Peru's ranking in the World Bank's "Doing Business Report"[49] has improved over the past years.

2.2.4. Regulatory Framework

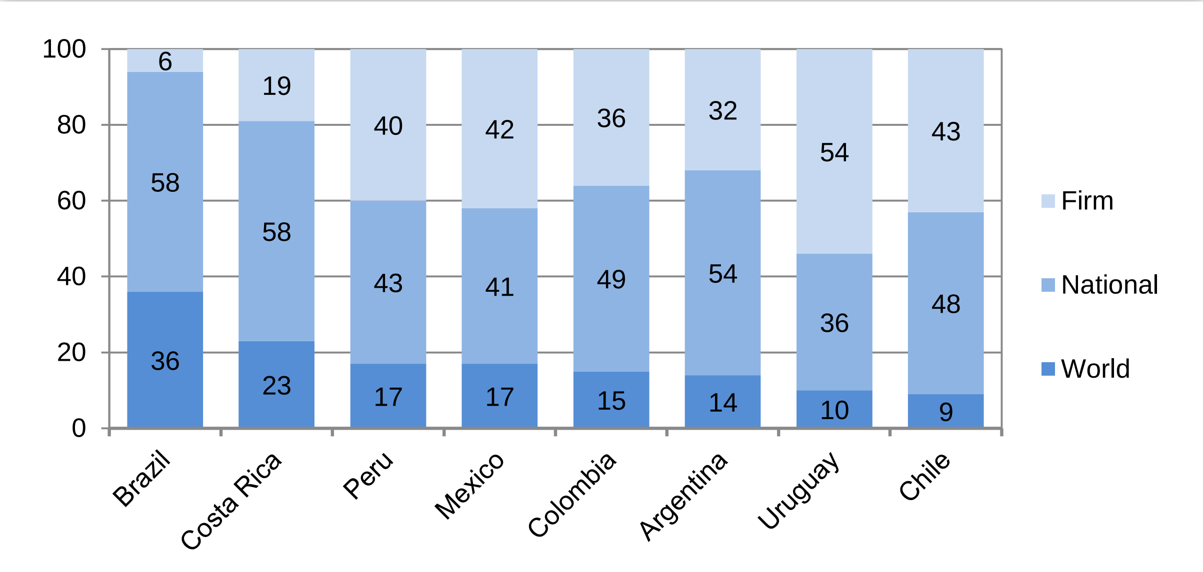
Mexico and Chile are the leading countries with regard to the regulatory framework, while business creation and taxation rules still have room for improvement in Argentina. Mexico has set up a more flexible legal and regulatory framework[50] and its Science and Technology Law (2002)[51] has improved the business climate for start-ups.

44 OECD, *op.cit*., p.122.
45 www.pharmadn.com.
46 www.chemogroup.com.
47 www.biosidus.com.ar.
48 Gutman, G.E. and P.J. Lavarello, *Formas de organización de las empesas biotecnológicas en el sector farmaceutico argentino*, Desarrollo Económico, Vol. 51, Buenos Aires, March 2012.
49 World Bank, *Doing Business 2013: Smarter Regulations for Small and Medium-Size enterprises*, 2013, Washington DC.
50 OECD, *op.cit*., p.117.
51 http://erawatch.jrc.ec.europa.eu/erawatch/opencms/information/country_pages/mx/policydocument/%20policydoc_0003

2.3. Scope of Innovations: Firm, National or World Level

According to a survey (Figure 2) of more than 1'500 large manufacturing firms in Latin America, so-called "world's first" innovations account for less than 20% of all innovations.

Figure 2. **Firms Introducing Product Innovations that Are New to the World, the National Market or to the Firm** (as percentage of firms active in manufacturing)



Source: Based on 2010 InnovaLatino survey

Brazil is the leading country for innovations that are new to the world (36%) and the national market (58%). This reflects a well-diversified manufacturing sector, with some industries, such as aeronautics, holding leading positions in international markets. Costa Rica ranks second with 23% and 58% for world- and national-level innovations, respectively. In recent years, pharmaceuticals, financial outsourcing, software development, computer chips[52] and ecotourism have become the prime industries in Costa Rica. The latter is followed by Peru, Mexico, Colombia and Argentina with 14-17% and 41-54% ranges for world- and national-level innovations, respectively. Mexico's fairly low world orientation (17%) may be linked with the important maquiladora sector and the strong presence of foreign investors who might innovate first abroad before bringing a product to Mexico. Argentina's strong data for the national level reflects a manufacturing sector clearly oriented toward the internal market and Mercosur. The data for Peru and Chile reflects commodity-based economies with a significant mineral component and a growing agro-industry. Finally, for Chile and Uruguay, world-level innovations are lower due to the important commodity- and agro-industry in Chile and a small industrial base in Uruguay.

Despite a relatively small allocation of funds for R&D (0.2% of GDP), Colombia scores high on innovations new to "the national market" (49%). This may be linked to the limited openness of the Colombian economy, with exports and imports only representing 16.4% and 15.9% of GDP, respectively.[53]

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52 Intel has an important manufacturing and research presence in Costa Rica. Since 1997 more than 2'800 jobs have been created. Costa Rica's traditional exports have been surpassed by microprocessors, design electronic circuits and computer chips.

53 For 2012, according to IMF, *World Economic Outlook Database*, October 2013; DANE: www.dane.gov.co

Recent developments confirm that large-scale projects are taking shape. "La Ciudad del Conocimiento"[54] in Ecuador is one of them. With its advanced infrastructure, this city of technological and business innovation should help to bring together scientists in order to generate experimental research in partnership with public and private research centres, high-tech businesses, and the agro-industrial community. Furthermore, the State of São Paulo (Brazil) signed in October 2013 a partnership agreement with GlaxoSmithKline for the creation of a “Centre of Excellence for Research in Sustainable Chemistry.” Approximately EUR 800’000 per year will be invested within ten years.[55] Finally, in October 2013 Argentina inaugurated a “Vegetal Biotechnology Centre” in La Rioja, creating a germ plasma bank of 50 hectares with plants of special interest for agriculture.[56]

2.4. Conclusion

Over the next few years, Latin American innovation policies are expected to continue focusing on the competitiveness of natural resource-based sectors and on building on existing and new comparative advantages. This underlines the importance of strengthening pro-innovation institutions capable of formulating and implementing long-term strategies, underpinned by solid public-private partnerships.

This section illustrated significant achievements for start-up creations across Latin America. Since “blissful external conditions will not last forever”[57] and prices of primary products have declined during the past years, it is crucial to diversify economies building a base relying on the strong fundament of R&D, as well as value-added and enhanced productivity. This would enable Latin America to step up its integration into the world economy, and most importantly, to continue to increase the living standards of its population.

Recife’s Porto Digital Technology Park is located on the island above in the heart of the city.
Source : www.virtuallink.com.br

[54] www.yachay.gob.ec.
[55] www.brazilpharmanews.com.
[56] www.mincyt.gob.ar.
[57] Alejandro Werner, IMF’s chief economist, according to John Rathbone, *Doubts come to surface about “the decade of Latin America”,* The Financial Times, May 12th, 2013.

3. Bilateral Economic Relations

3.1. Trade

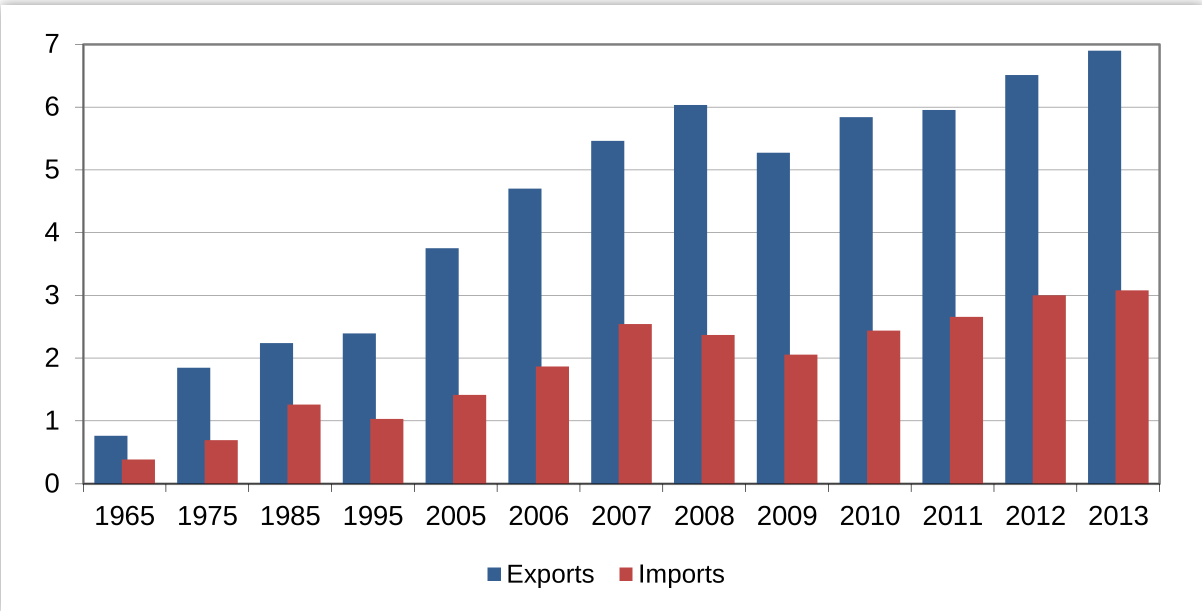
In 2013, trade between Switzerland and Latin America and the Caribbean (LAC) increased by 5%, surpassing thereby significantly overall Swiss trade (+0.3%).

As various European countries face economic hardship, it comes as no surprise that Swiss trade with the EU decreased by 1.5% last year. This led Swiss firms to look for new markets, in particular in Latin America. Firms from the region also sought new opportunities around the world, including in Switzerland.

Within Latin America, regional differences are important. While trade with Mexico and Central America grew by 23%, it decreased by 2% with South America and by 21% with the Caribbean. The latter makes up 3%, Mexico and Central America 36% and South America 61% of overall trade with LAC.

Last year, Swiss exports to the region amounted to CHF 6.9bn and imports to CHF 3.1bn. Switzerland traditionally registers a large trade surplus with Latin America which turns into a deficit if gold is included in the data (see Box 6, p. 20).

Figure 3. **Switzerland - Latin America: Merchandise Exports and Imports, 1965 – 2013**
(billions of Swiss francs)



Source: Swiss Federal Customs Administration, Bern.

In absolute terms, **Swiss exports** to Latin America and the Caribbean have almost tripled over the last 20 years. Yet, in relative terms, the region's share fell from almost 6% of overall Swiss exports in the seventies to 2.4% in 2005. This trend has since been reversed and the continent made up 3.3% of Swiss exports in 2013 (see Table A.2. p. 35). Last year, sales to the region increased by 6%, being surpassed only by North Africa (+14%) which is recovering after the recent political unrest. In comparison, exports to the Middle East and

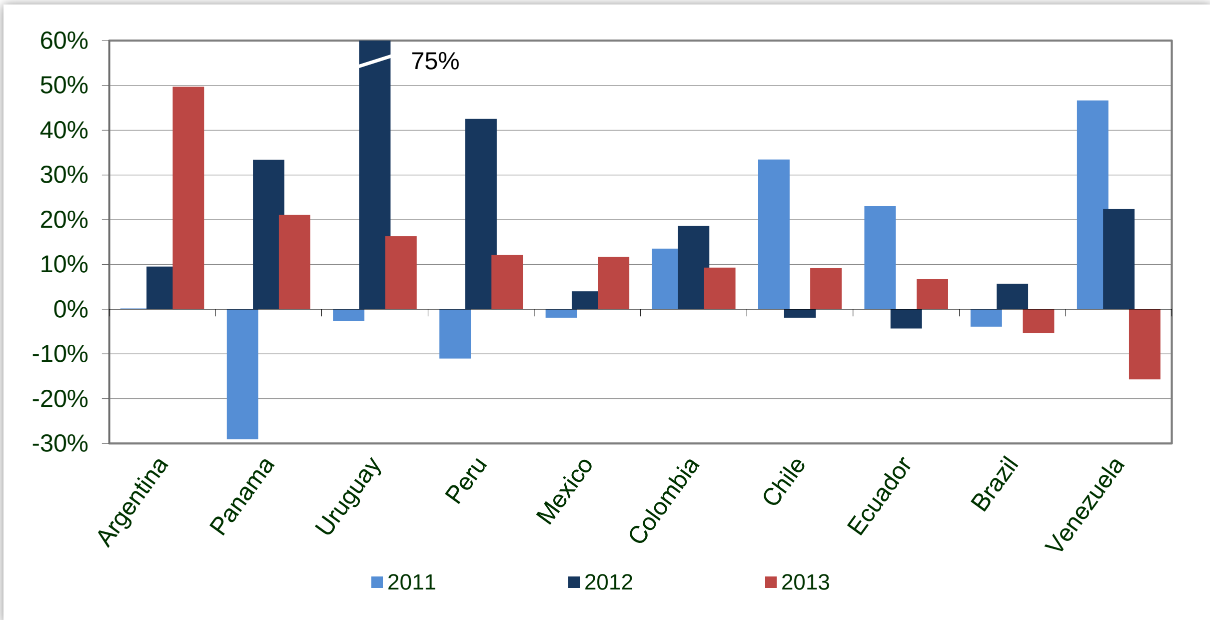
Southeast Asia grew by 5%.

Brazil, Mexico, Argentina and Colombia account for more than two thirds of total Swiss exports to the region. In 2013, Colombia (7%) surpassed Venezuela (6%) for the first time.

The most significant growth rates were registered with Paraguay (+50%), Argentina (+50%) and Nicaragua (+27%). With Paraguay, the export of machinery and pharmaceutical products increased considerably, with in particular a shipment of parts of machinery for the food industry worth CHF 6 million. In the case of Argentina, exports of both pharmaceutical and chemical products are responsible for the important surge. Switzerland exported blood and blood fractions worth CHF 253 million to the country. Regarding Nicaragua, exports grew significantly, although from a modest base. This is mainly due to shipments of milk powder (CHF 830'000) and cable-making machines (CHF 590'000). With Venezuela, Swiss exports dropped significantly (-16%) and more moderately with Brazil (-5%).

For absolute figures, shares and variations of Swiss exports see Appendix Table A.3. on page 36.

Figure 4. **Switzerland - Latin America: Exports Variations by Major Partner, 2011 – 2013** (annual percentage change)



Source: Swiss Federal Customs Administration, Bern.

Swiss imports from Latin America and the Caribbean grew by 2.6% in 2013, outstripping thereby overall Swiss imports (+0.4%). Since 2005, Latin America's share in overall imports has grown steadily from 0.9% to 1.7% last year.

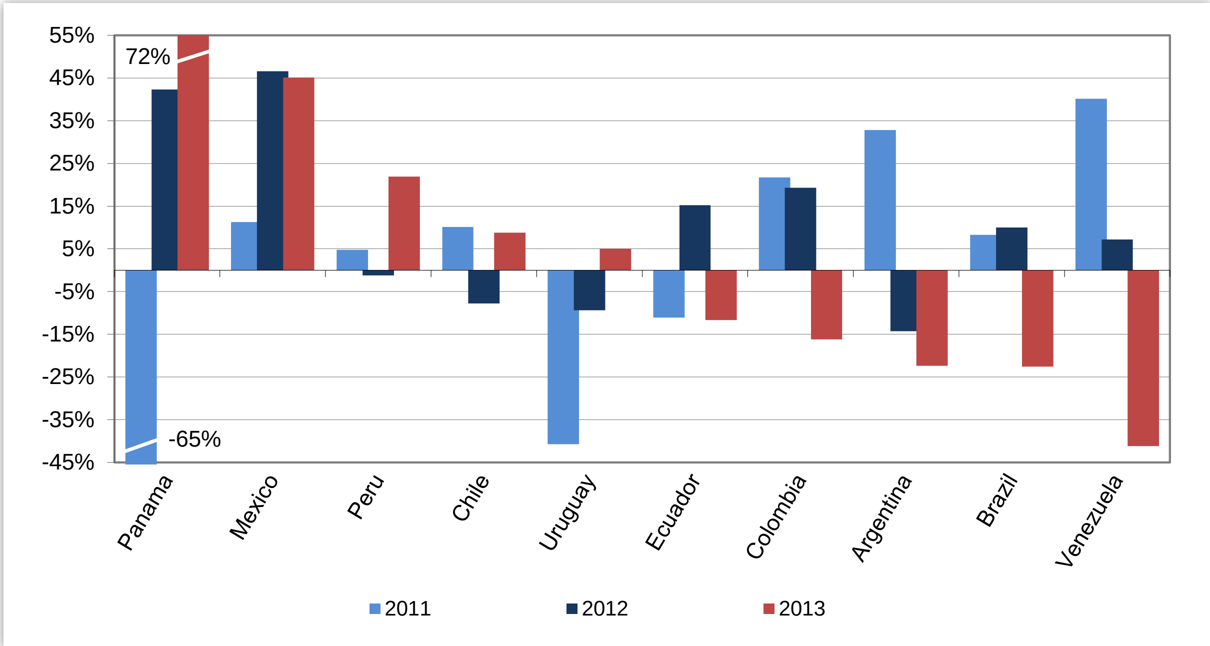
Three quarters of Swiss imports from Latin America come from Mexico, Brazil and Colombia. Mexico makes up the largest part (42%), surpassing Brazil (27%) for the first time in 2013. The latter's relative importance has declined progressively over the last years.

As illustrated in Figure 5, the most significant growth rates were registered with

Panama (+72%), Mexico (+45%) and Peru (+22%). As regards Panama, the increase is mainly due to purchases of precious and semi-precious stones (CHF 66 million), which make up 67% of imports from that country. Having almost doubled for the second year in a row, pharmaceutical products now account for 77% of imports from Mexico. In the case of Peru, Swiss firms purchased increasing amounts of unwrought tin (18% of imports) as well as avocados and mangos (17% of imports).

Imports from Venezuela, Brazil, Argentina and Colombia decreased significantly. For absolute figures, shares and variations of Swiss imports see Appendix Table A.4. on page 37.

Figure 5. **Switzerland - Latin America: Imports Variations by Major Partner, 2011 – 2013** (annual percentage change)



Source: Federal Customs Administration, Bern.

Switzerland's **main export products** to Latin America are pharmaceuticals (36%), chemicals (19%), machines (18%), watches (8%) and technical instruments (6%). The Andean mining countries Peru and Chile constitute major exceptions to this pattern, with machine sales constituting more than a third of Swiss exports. Since 2000, pharmaceutical exports increased substantially (+182%), whereas machines lost their former leading position (+15%; for complete data, see Table A.5. on page 38).

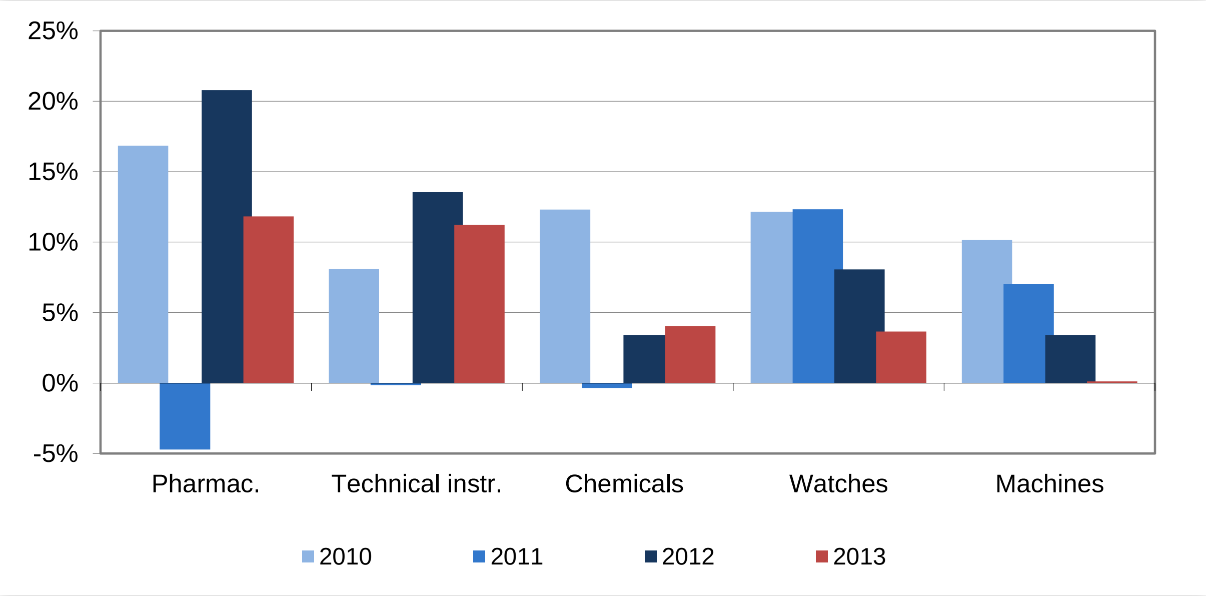
As illustrated in Figure 6, Swiss exports increased for all major categories in 2013.

An increasing share of Swiss exports is destined to the healthcare sector. Last year, pharmaceutical products grew by 12% and technical instruments, predominantly composed of medical instruments and orthopaedic appliances, by 11%. Chemical exports improved by 4%, mainly owing to Argentina (+26%) and Chile (+18%).

Watch sales developed mainly to Mexico and Panama which account for one third and 10%

of watch exports to the region, respectively. They decreased in other major markets such as Brazil, Argentina and Venezuela. Regarding machines, overall exports to the region remained stable. The trend was strongly positive with Mexico, yet negative with Argentina, Chile and Peru.

Figure 6. **Switzerland - Latin America: Exports Variations by Major Product Group, 2010 – 2013** (annual percentage change)



Source: Swiss Federal Customs Administration, Bern.

More than a third of Swiss imports from Latin America are agricultural goods. Pharmaceuticals (33%), chemicals (6%), metals (5%) and precious metals and gemstones (4%) represent other **major import products**.

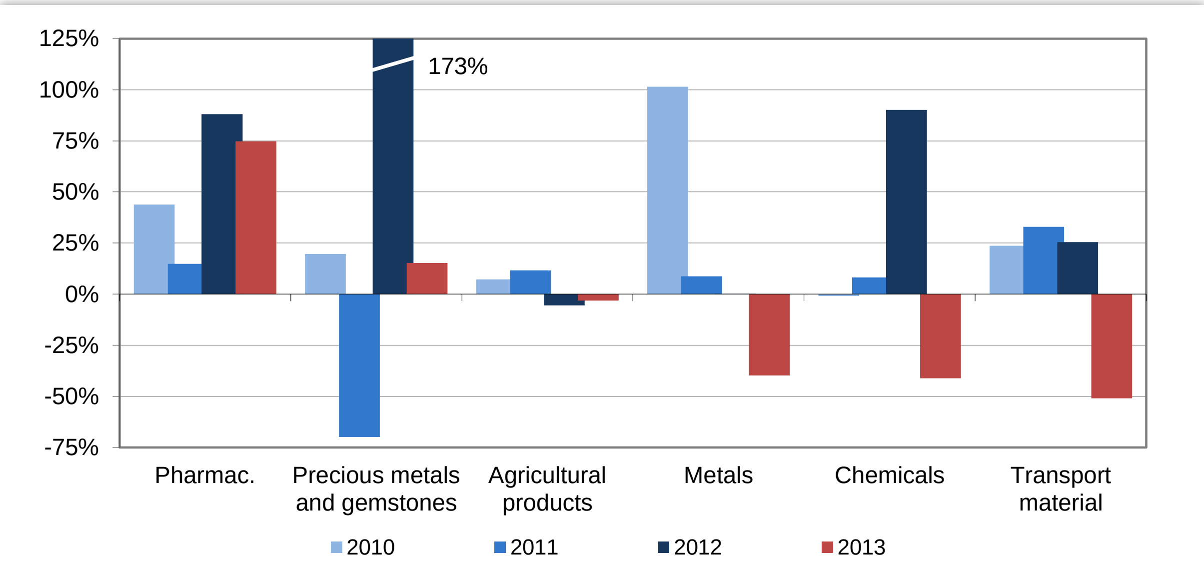
Figure 7 displays variations by major product categories. Swiss imports from Latin America tend to be more volatile than Swiss exports. In 2013, the strongest gains were registered by pharmaceuticals, watches, technical instruments and precious metals (for complete data, see Table A.6. on page 39).

After a remarkable growth during the previous four years, pharmaceutical imports kept their strong momentum, benefiting from a production plant of Swiss firm established in Mexico. The country accounts for 97% of Swiss pharmaceutical imports from the region.

Swiss watch imports are almost exclusively composed of wrist watches from Mexico (CHF 14 million). The increase in technical instruments is related to imports of orthopaedic appliances from Costa Rica (CHF 13 million) and medical utensils from Mexico (CHF 11 million). As regards precious metals and gemstones, their growth is mainly due to shipments of diamonds that transited over Panama (CHF 52 million).

Imports declined for various product categories, especially for agricultural products, metals and chemicals. The latter weakened considerably as a consequence of large and unique shipments of nitrile-function compounds from Brazil in 2012. The decrease in agricultural products is due to a price effect related to coffee which is the main commodity of this category (32%). In terms of price, coffee imports fell by 14%, however, in terms of quantity, they increased by the same figure. As for metals, imports of aluminium from Brazil witnessed a sharp decline, dipping from CHF 228 million to CHF 124 million.

Figure 7. **Switzerland - Latin America: Imports Variations by Major Product Group, 2010 – 2013** (annual percentage change)



Source: Swiss Federal Customs Administration, Bern.

It must be pointed out that Swiss official import statistics are considerably lower (USD -6.0bn) than official statistics of several Latin American countries. The largest differences are registered with Peru, Brazil, Chile and Argentina. On the export side, Swiss official statistics are only slightly lower (USD 267 million). Box 6 presents data for a selected group of Latin American partners and some explanations for the divergences.

Box 6. Differences between Swiss and Latin American Trade Data

	Swiss imports, 2013 (millions of USD)			**Swiss exports, 2013** (millions of USD)		
	Swiss data	Country data	Difference	Swiss data	Country data	Difference
Argentina	80	642	-562	804	512	292
Bolivia	4	166	-162	25	139	-114
Brazil	910	2'361	-1'451	2'397	2'940	-543
Chile	79	1'041	-962	318	333	-15
Colombia	186	461	-275	481	507	-26
Costa Rica	112	2	110	84	155	-71
Ecuador	95	98	-3	128	150	-22
Guatemala	42	5	37	40	28	12
Mexico	1'396	1'109	287	1'646	1'670	-24
Paraguay	9	38	-29	37	70	-33
Peru	90	2'967	-2'877	196	158	38
Uruguay	41	126	-85	290	52	238
Total	**3'044**	**9'016**	**-5'972**	**6'446**	**6'713**	**-267**

Source: official trade data from selected Latin American countries and the Swiss Federal Customs Administration.

The main reasons for the significant differences between Swiss and Latin American trade data are:

1. The coverage of data differs across countries. For example, Switzerland does not include gold trade in its trade statistics by country while Latin American countries do. This is the major source for the differences between recorded Swiss imports and Latin American exports. As of 2014, separate gold statistics are available on the homepage of the Swiss Customs Administration. They will be included into official trade data in 2015.

2. Goods imported into a country under an export processing zone regime do not pay customs duties in that country and thus are not recorded in the country's statistics. The country of origin, however, will register this trade flow as an export to the country of the free port, regardless of whether the goods are later re-exported to a third country. An example is Swiss exports to Uruguay.

3. Some countries give preference to the purchasing country (invoice) rather than the destination country. A purchase of a product in Latin America by a Swiss firm for its affiliate in a third country may enter the exporting country's statistics as an export to Switzerland (payment by Switzerland), whereas it does not enter the Swiss trade statistics at all. Conversely, Swiss exports to Latin America invoiced from a third country may be registered by the importing country as imports from that third country rather than from Switzerland.

4. Standard practice in customs valuation is to record imports as “Cost, Insurance and Freight” (CIF) and exports as “Free on Board”. The transport cost wedge between CIF and FOB is fairly large between Latin America and Switzerland.

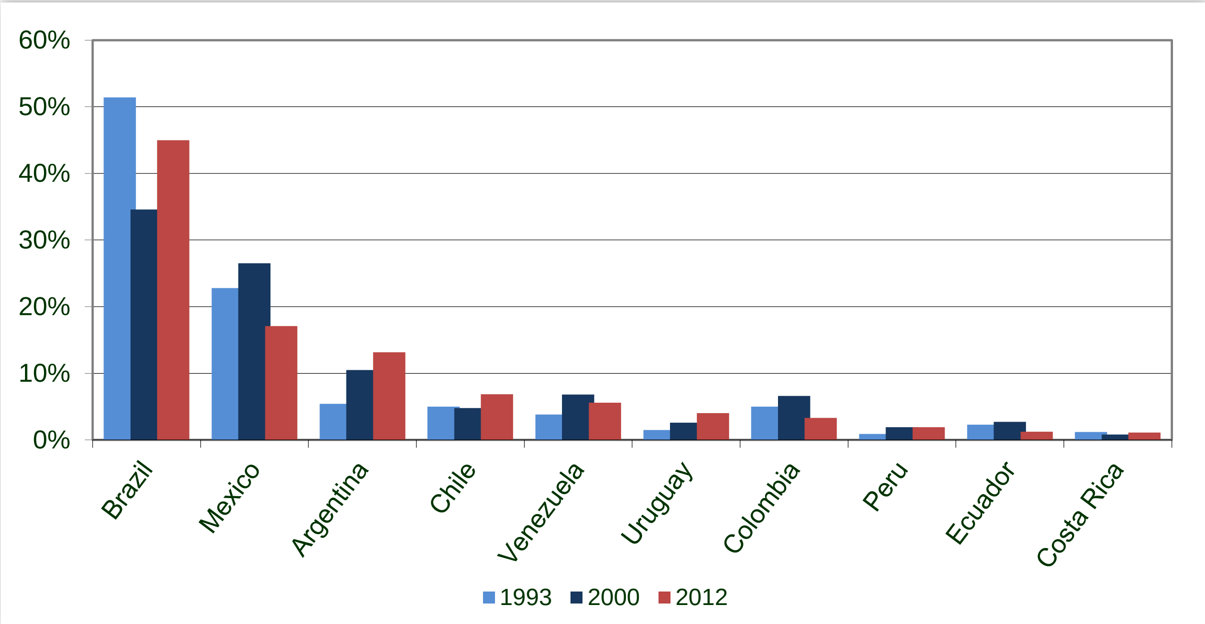
3.2. Swiss Foreign Direct Investment

Despite an unfavourable international context marked by a decrease of global FDI flows, 2012 represented the third year of consecutive FDI growth in Latin America. Inflows were up by 5.7%, reaching USD 175bn.[58] The region now makes up 12% of global FDI flows.

In 2012, Latin America accounted for 4.8% of the overall Swiss direct investment stock with a total of CHF 52bn[59]. Including FDI housed in the region's offshore financial centres (OFC,[60] CHF 129bn), the subcontinent's share represented 16.9% of Swiss FDI. Whereas bilateral trade with Latin America is relatively modest compared to other regions, Swiss investments have traditionally been high due to longstanding business and cultural bonds. The FDI stock in Latin America has strongly increased during the last two decades, from CHF 13bn in 1990 to CHF 181bn in 2012.

The **stock** of Swiss investment in Latin America (excluding OFCs) made a major leap forward in 2006, yet declined in 2007 and 2008. During the past five years, it has increased by 117%.

Figure 8. **Switzerland - Latin America: Foreign Direct Investment by Major Partner, 1993 – 2012** (in percentage of the total Swiss FDI stock in Latin America)



Source: Swiss National Bank, Zurich.

With CHF 23bn, Brazil is the most important destination of Swiss direct investment in the region. Despite a significant decline in 2007 and 2008, the country accounts for 44% of overall Swiss FDI in Latin America. It is followed by Mexico and Argentina with shares of 17% and 13%, respectively. Chile has attracted important investments in the mining and the nutrition sector recently; it now makes up 6.7%. Figure 8 presents the main destination

[58] ECLAC, *Foreign Direct Investment in Latin America and the Caribbean 2012,* United Nations Publication, Santiago de Chile, 2013, p. 9.

[59] Swiss National Bank, *Monthly Statistical Bulletin*, December 2013.

[60] Anguilla, Antigua and Barbuda, Bahamas, British Virgin Islands, Barbados, Belize, Bermuda, Dominica, Grenada, Jamaica, Caiman Islands, Montserrat, Netherlands Antilles, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Turks- and Caicos-Islands, West Indies (F), West Indies (GB).

countries for Swiss FDI in Latin America.

After stagnating during the late eighties, the number of Swiss firms' **employees** in Latin America rose considerably during the early nineties, from 90'700 in 1990 to 144'700 in 1995. It has again been increasing constantly throughout the last decade, from 160'200 in 2002 to 296'400 in 2012. This clearly reflects the vigorous growth of Latin American economies from 2002 onwards. Swiss firms employ most staff in Brazil (126'100), Mexico (52'200), Argentina (25'100), Chile (18'100), Colombia (17'100) and Venezuela (11'800).

Box 7. Focus: Investment by Holcim Ecuador

Holcim has a strong presence in Ecuador with an integrated cement plant in Guayaquil, a cement grinding station in Latacunga, 14 ready-mix concrete plants, of which seven are mobile, and three aggregate plants. The firm has also 14 sales offices and employs 1'100 persons. Its administrative offices are located in Guayaquil.

Responding to a growing demand in the construction sector, the company invested USD 120 million between 2011 and 2013 in its Guayaquil factory. Cement production increased from 3.5 to 5.4 million tons per year and new product varieties were added. With an additional investment of USD 300 million, the factory is presently undergoing a second modernization phase in order to establish a new production line for clinker, an essential component for cement. This includes an oven with an additional daily clinker production of 4'500 tons, a 115 metre high preheating tower, a vertical cement mill, a 70 metre high silo to store up to 8'000 tons of crude material, and a warehouse for 60'000 tons of basic material.

This investment brings numerous benefits to the region and to Ecuador. The construction phase (2013-15) generates about 2'500 direct and indirect jobs and includes transfer of technology, knowledge and best practices to Ecuador in fields such as industrial safety, construction, mechanics and electronics. The highest labour standards for health and security are applied including by suppliers. A strong emphasis is put on sustainable development with roughly 20% of the investment being earmarked for the compliance with environmental standards. The production of clinker will substitute imports of 600'000 tons per year – the equivalent of three boats per month.

3.3. Bilateral Economic Agreements and Joint Economic Commissions

Agreements on the Promotion and Reciprocal Protection of Investments

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

Switzerland has BITs with most Latin American countries, except with the Bahamas, Belize, Bermuda, Brazil, Guyana, Grenada, Haiti and Surinam.

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

Following the Venezuelan nationalization of foreign cement firms in 2008, Holcim reached an arrangement with the government covering the terms for compensation. Nevertheless, in March 2009, Holcim had to file a complaint at the International Centre for Settlement of Investment Disputes (ICSID) in Washington on the basis of the Swiss-Venezuelan Agreement on the Protection and Promotion of Investments. In September 2010, both Parties reached a settlement and the first 40% of the total compensation (USD 650 million) was paid. The remaining 60% are to be settled until 2014. The first three out of four instalments were paid to Holcim.

In 1996, Société Générale de Surveillance SGS concluded an important pre-shipment inspection contract with the Paraguayan authorities. The parties agreed to terminate their contractual relationship in 1999 owing to an increasing amount of unpaid services. The due debt (USD 39 million) was not cancelled during the following years. This led SGS to file a request for arbitration at ICSID in 2007. The latter ruled in favour of the company in 2012.

While the Paraguayan authorities filed an appeal against the ICSID decision, they also engaged into negotiations with SGS. In July 2013, both parties reached a settlement for USD 41 million (debt plus interests amounted to USD 58.5 million in May 2013). The government of Paraguay also agreed to settle a debt with Bureau Veritas, a French inspection firm, for USD 21.5 million. Payment was made subject to the approval of the agreements by the Paraguayan Congress. The Senate approved the corresponding bill on October 17th, 2013. The Chamber of Deputies modified the text adopted by the Senate on April 2nd, 2014, withdrawing Bureau Veritas and sent it back to the Senate.

Double Taxation Agreements

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

In March 2009, the Federal Council decided to adopt the OECD standard on administrative assistance in tax matters in accordance with Art. 26 of the OECD Model Tax Convention. Subsequently, existing DTAs with Mexico and Colombia were revised to include the OECD's administrative assistance standard, which allows the exchange of information in individual cases where a specific and justified request has been made. The new provisions entered into force in 2010 with Mexico. The DTAs signed with Uruguay (October 2010), Peru (September 2012) and Argentina (November 2013) included the OECD standard from the outset. The Agreement with Peru has come into force on March 10th, 2014, and will be applied as of January 1st, 2015.

The list of the economic agreements between Switzerland and Latin America is presented in the Appendix, Table A.8., page 41.

Box 8. The Aim of BITs and DTAs

Bilateral Investment Agreements: Their aim is to secure non-discriminatory treatment for investors after establishment – the so-called national treatment regime – to guarantee free transfer of funds (e.g. returns, repayment of loans, royalties, sale of investment) and to deal with compensation in case of dispossession.

Double Taxation Agreements: Their objective is to overcome obstacles for cross-border economic transactions, yet they also govern administrative assistance in tax matters. They reduce the overall tax burden and encourage foreign investment by alleviating or eliminating double taxation.

These two instruments establish legal frameworks that contribute to increase a country's attractiveness for foreign investors.

Joint Economic Commissions

Switzerland has established about 20 economic commissions worldwide in order to strengthen bilateral economic relations and discuss specific problems with partner countries. Talks also cover pluri- and multilateral issues and usually include representatives of the private sector.

In Latin America, Switzerland has instituted such commissions with Argentina, Brazil, Chile[61], Mexico and Venezuela. In 2013, meetings took place with Mexico, Brazil and Argentina.

Swiss-Mexican Consultative Group on Trade and Economic Cooperation

The Swiss-Mexican Consultative Group on Trade and Economic Cooperation, established in 1998, held its fifth session on September 24th, 2013, in Bern. The meeting was chaired by Ambassador Livia Leu, Delegate of the Federal Council for Trade Agreements, who delegated part of the deliberations to Philippe G. Nell, Minister, Head of the Americas Section at the State Secretariat for Economic Affairs SECO. The Mexican delegation was led by José Manuel Antonio Luna Calderón, Director General for Europe and Africa at the Ministry of Economy of Mexico. Switzerland Global Enterprise (S-GE), ProMéxico, the Instituto de la Propiedad Intelectual as well as representatives of the private sector also participated in the meeting. Discussions covered Switzerland's application for observer status at the Pacific Alliance, the cooperation between the two countries at the international level, the scope for strengthening ties between S-GE and ProMéxico, Mexico’s intellectual property regime and technical barriers to trade.

Swiss-Brazilian Joint Commission on Trade and Economic Relations

On November 5th, 2013, the fifth Swiss-Brazilian Joint Commission on Trade and Economic Relations took place in Bern. The delegations of Switzerland and Brazil were headed respectively by Ambassador Livia Leu and Ambassador Paulo Estivallet de Mesquita, Director of the Economic Department of the Ministry of Foreign Affairs. The agenda included topics such as the economic situation in both countries, regional integration, WTO, G20, bilateral tax matters as well as EFTA-Mercosur relations. Furthermore, an exchange of views on intellectual property took place. Private sector representatives had the opportunity to raise specific trade and investment issues in the areas of pharmaceutical regulation, import procedures and taxation.

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61 The official denomination of the commission is Bilateral Economic Dialogue.

Swiss-Argentine Joint Economic Committee

The Joint Economic Committee, established between Argentina and Switzerland in 2011, held its first meeting on November 18th, 2013, in Buenos Aires. It was co-chaired by Ambassador Livia Leu and German Alejandro Herrera, National Director of Bilateral Economic Relations, Ministry of Foreign Relations and Worship. Discussions covered, amongst others, WTO and G20 issues, intellectual property, regional integration as well as EFTA's interest to deepen trade relations with Mercosur. Furthermore, Argentina presented its investment database and expressed interest to cooperate with Swiss research institutions in the area of geology. The Swiss cleantech and railway industries were presented.

3.4. Latin American Integration: Recent Developments

Inter-American Integration

Recent developments regarding economic integration across the Americas:

Costa Rica – Peru: An FTA, signed on May 26th, 2011, entered into force on June 1st, 2013.

Costa Rica – Colombia: Both countries launched FTA negotiations on June 5th 2012. The agreement was signed during the seventh summit of the Pacific Alliance on May 22nd, 2013.

Ecuador – Guatemala: A Partial Preferential Agreement, signed on April 15th, 2011, entered into force on February 19th, 2013.

Panama – Canada: An FTA, signed on May 14th, 2010, entered into force on April 1st, 2013.

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

Pacific Alliance: On April 28th, 2011, Chile, Colombia, Mexico and Peru signed the Lima Declaration establishing the Pacific Alliance. Their aim is to promote integration through free movement of goods, services, capital and persons. The region has more than 210 million inhabitants and accounts for 35% of Latin America's GDP.

The establishment of FTA relations with all member countries is a prerequisite in order to join the Alliance. Costa Rica is currently implementing an agreed action plan to become a member within a year.

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

Latin American Integration Association LAIA[62]: Nicaragua is currently completing different requisites to join LAIA[63]. With the signature of the Montevideo Treaty in 1980, LAIA has

[62] Asociación Latinoamericana de Integración, ALADI in Spanish.
[63] Argentina, Bolivia, Brazil, Chile, Ecuador, Colombia, Cuba, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela.

replaced the former Latin American Free Trade Association, ALALC, founded in 1960. LAIA has close to 500 million inhabitants.

Integration between Europe and Latin America

Latin America – European Union: The seventh bi-annual summit between the EU and Latin America and the Caribbean (LAC) took place in Santiago de Chile on January 26th - 27th, 2013.[64] Its theme was “Investments for a Sustainable Development”. For the first time, the subcontinent appeared under the recently created institutional framework “Community of Latin American and Caribbean States” (CELAC). In January 2014, Costa Rica took over the CELAC presidency.

EU – Brazil: On February 24th, 2014, the 7th EU-Brazil Summit was held in Brussels. The strategic partnership between the two parties includes a dialogue on political and economic affairs, trade, science and technology, regional cooperation and cultural matters. A business summit took place on the side-lines of the meeting.

Mercosur – European Union: The long-stalled negotiations for an association agreement between Mercosur and the EU were re-launched in 2010. Major difficulties remain in opening up the EU's agricultural market and Mercosur's industry, services and government procurement. Differences in rules on investment and intellectual property persist. The parties concluded their last round of negotiations in October 2012 and are currently preparing the exchange of their respective market access offers.[65]

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

After having resolved a dispute regarding banana trade, the EU and Ecuador resumed talks for an association agreement in 2013. In June, Ecuador unilaterally denounced the Andean Trade Promotion and Drug Eradication Act (ATPDEA) with the United States. Since almost half of the country’s trade takes place with the US, the need for alternatives – such as a trade agreement with the EU – has become more important.

Central America[66] – European Union: Negotiations for an association agreement between the EU and the six Central American States were concluded in May 2010. The European Commission approved the text in October of the same year, the EU Parliament in December 2012. With Honduras, Nicaragua and Panama, the trade pillar of the agreement has been applied since August, with Costa Rica and El Salvador since October and with Guatemala since December 2013.[67]

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64 www.eeas.europa.eu/lac

65 http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/mercosur/, accessed on February 4th, 2014.

66 Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. Since 2010, Panama has taken part in the negotiations as a full member rather than just as an observer.

67 http://ec.europa.eu/trade/policy/countries-and-regions/regions/central-america/, accessed on Febrary 6th, 2014.

EFTA[68] – Latin America

Mercosur – EFTA: EFTA and Mercosur Member States signed a Declaration on co-operation in 2000. Within this framework, discussions are held on ways to further deepen economic relations. The last meeting of the EFTA-Mercosur Joint Committee took place in Montevideo in September 2011.

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

Central America – EFTA: In November 2010, EFTA ministers decided to strengthen economic relations with Central America. After an exploratory meeting in Panama City in March 2011, FTA negotiations were launched with Panama, Costa Rica, Guatemala and Honduras. An agreement was signed with Costa Rica and Panama in June 2013. With Guatemala, talks registered significant progress in 2013 but are not yet concluded. With Honduras, negotiations are currently suspended. The agreement remains open to other Central American states.

Integration between the rest of the world and Latin America

Costa Rica – Singapore: An FTA, signed on April 6th, 2010, entered into force on July 1st, 2013.

Box 9. **SECO Publications on FTAs with Latin America**

In Latin America, EFTA has so far concluded comprehensive FTAs with Mexico, Chile, Colombia, Peru, Panama and Costa Rica. In order to facilitate access to the respective markets for small- and medium-sized Swiss Enterprises, SECO has issued several publications:

- **Doing Business in Mexico**[69] offers a brief review of Mexico's politics, geography and economy and highlights the FTA's benefits regarding market access (goods, services, government procurement) and improvement of rules (investment, competition, intellectual property). The last two chapters deal with key elements to facilitate market entry into Mexico and with opportunities and risks for Swiss firms.
- **EFTA-Chile Free Trade Agreement: Opportunities for Swiss Business**[70] is similar in structure and content to the aforementioned publication on Mexico.

68 The members of the European Free Trade Association (EFTA) are: Iceland, Liechtenstein, Norway and Switzerland.

69 2002; 2nd edition 2009. This publication is available in a pdf form at: www.seco.admin.ch/dokumentation/publikation/00008/00023/02431/index.html?lang=en

70 2005; 2nd edition 2008. This publication is available in a pdf form at: www.seco.admin.ch/dokumentation/publikation/00008/00023/01817/index.html?lang=en

- **EFTA-Colombia Free Trade Agreement: Opportunities for Swiss Business**[71] was published in 2011 commemorating the 100th anniversary of formal diplomatic relations between Switzerland and Colombia and marking the entry into force of the FTA.

During the past years, Switzerland and its EFTA partners have significantly extended their network of free trade agreements in Latin America. For the future, they will continue to follow closely the ongoing negotiations between the European Union and Mercosur for an association agreement. They have expressed their interest to Mercosur to deepen their relations and have proposed to undertake studies on the impact of free trade on their respective economies. In addition, with significant trade and investment flows with the members of the Pacific Alliance and observer status since November 2013, Switzerland will seek to further strengthen its economic ties with this group.

3.5. Economic Development Cooperation of SECO: The Case of Peru

In 2014, Swiss development cooperation with Peru is celebrating its 50th anniversary. At the beginning, the Swiss Agency for Development and Cooperation (SDC) was the main Swiss actor in Peru with projects in areas such as rural development or the promotion of democracy. As Peru has integrated into global markets and attained the status of emerging middle-income country, the focus of Swiss cooperation changed. Since 2008, Peru is a priority country of the Swiss State Secretariat of Economic Affairs (SECO) and benefits from the latter's economic development cooperation, amounting to approximately CHF 20 million per year. Financing covers technical assistance, capacity building and infrastructure projects.

50 años
Innovando Juntos
Cooperación Suiza en Perú
1964 - 2014

In close coordination with the Peruvian government, the Swiss economic cooperation pursues the following objectives:

1) Promotion of a competitive **private sector** with access to finance and global markets.[72]
2) Sustainable and integrated urban **infrastructure** that responds to the challenges of rapidly growing urban centres.
3) **Sustainable management of natural resources** in order to promote long-term growth, prevent environmental degradation and mitigate climate change.
4) Promotion of **effective and transparent public governance** conducive to a stable and stimulating business environment and increased accountability to the citizens.

The celebrations of the 50th anniversary reflect the new focus of Swiss bilateral development cooperation with Peru. Under the slogan "Innovando Juntos" (Innovating Together), the celebrations shall convey the new image of the Swiss development cooperation, consisting

[71] This publication is available in a pdf form at: www.seco.admin.ch/dokumentation/publikation/00008/04654/index.html?lang=en
[72] SECO's Aid for Trade portfolio in Peru, which is an important component of the first and the third objectives, has undergone an extensive evaluation in 2013.

of innovative approaches to support and accompany Peru on its path toward sustainable economic growth.

Special activities and major events during the year dedicated to selected topics of Swiss cooperation show how Switzerland is making a tangible contribution to Peru’s sustainable economic development. The focus lies on issues such as the potential of sustainability standards in export promotion; improving the efficiency and transparency of public financial management at national and sub-national levels in the context of the ongoing decentralization process; deepening the financial sector to increase the integration of small savers, small businesses and farmers into the financial system; and the importance of integrated urban planning for the construction and maintenance of sustainable urban infrastructure.

Independent Evaluation of SECO's Aid for Trade Portfolio

Every year, SECO's Economic Cooperation and Development Department conducts an independent evaluation of a specific sector intervention or business line. In 2013, the scope covered for the first time the entire portfolio of one of the Department’s operational sections, namely Trade Promotion. Performed by the German "COMO Consult", the evaluation assessed the section's programs and projects in terms of the OECD-DAC[73] criteria relevance, effectiveness, efficiency and sustainability.

SECO's portfolio in Peru in the area of Trade Promotion is substantive. It encompasses initiatives in traditional trade-related areas such as trade policy formulation, export and tourism promotion as well as streamlining of border management procedures. It also covers more sustainability-oriented actions such as the promotion of resource-efficient industrial production, fostering trade in products stemming from Peru's abundant biodiversity or improving ecological and social sustainability along the gold value chain (see Box 10). The evaluators praised SECO's unique and innovative approach to trade-related technical assistance, which focuses on areas where Switzerland and its private sector have particular experience and expertise.

Sustainable trade promotion in Peru: a man cleans organic cocoa grains.

Source: SECO/Antonio Escalante

In terms of relevance, COMO Consult assessed the portfolio in Peru as highly satisfactory. The close alignment of SECO's activities with the Peruvian government's priorities as expressed in the national development strategy was commended. COMO especially appreciated the focus of the different engagements on both more traditional trade topics as well as on social and environmental issues. It also found that the projects were generally effective in generating new income sources in the area of sustainable trade and tourism. In this regard, the evaluation underlined the importance of SECO's approach to involve the

73 The OECD Development Assistance Committee (DAC) helps ensure better lives for people in the developing world by (1.) understanding development finance, (2.) strengthening aid delivery, (3.) improving development policy and (4.) building partnerships for development.

different actors and stakeholders along the value chains, from a macro (policy) as well as from a micro (producer) perspective. Relating to efficiency, despite a considerable variety of partners and counterparts, the assessment was mainly positive, too. The involvement of public, private and civil society stakeholders in the design and implementation of projects, as well as the geographical concentration on a limited number of regions were key for this positive outcome. However, the evaluation also stressed that further actions are necessary to consolidate the positive achievements to date.

For the future, COMO recommends that SECO should continue its support platforms for private-public coordination. In view of the ongoing but still deficient decentralization process in Peru, the importance of sustained capacity-building efforts for public and private sector actors at sub-national level is stressed. A further key recommendation is to strengthen the direct involvement and participation of private sector actors in the implementation and financing of future actions.

SECO greatly values COMO's positive overall assessment of its trade promotion portfolio and will strive to adopt recommendations so as to further strengthen its performance in Peru.[74]

Box 10. Better Gold Initiative

Due to the high gold price, artisanal, small- and medium scale mining (ASMM) activities have increased dramatically in recent years. This "gold rush" has accentuated a wide range of environmental, social and economic problems.

The Better Gold Initiative intends to promote transparency and sustainable corporate engagement with a view to include ASMM production into the formal supply chain. The initiative supports the creation of a direct mine to market pathway for sustainably produced ASMM gold. Furthermore, it provides technical assistance to producers and promotes certification institutions, policy dialogue as well as demand for sustainable gold in Switzerland.

The project is a private-public partnership between SECO and the Swiss Better Gold Association (SBGA). Its total costs are estimated at CHF 5.1 million. SBGA will gradually take over implementation.

3.6. Bilateral Visits in 2013 and Early 2014

Buenos Aires, July 10th – 12th, 2013: Philippe G. Nell, Minister, Head of the Americas Unit at SECO met with R. Gustavino, Director for Europe at the Ministry of Foreign Affairs and A. Zawals, Director for negotiations with the EU at the Foreign Trade Secretariat of the Ministry of Economy; their talks focused on the preparation of the first meeting of the Joint Economic Committee of November 18th, 2013. Furthermore, Philippe G. Nell discussed Argentina's economic situation with World Bank officials and independent experts. The mission also included discussions with Swiss firms to get an insight into business activities and challenges.

[74] The Peruvian case study is available under: www.cooperacionsuizaenperu.org.pe/publicaciones/seco-publicaciones

Asunción, July 15th – 16th, 2013: Philippe G. Nell visited Paraguay and met with Diego Zavala, Minister of Industry and Trade, Manuel Ferreira, Minister of Finance, Antonio Ferreira Vice-Minister of Foreign Affairs, Attorney General Pedro Valiente and some members of the transition team of President elect Horacio Cartes.
The objective of the visit was to assess the economic potential of Paraguay, to give an impetus to the conclusion of agreements promoting the exchange of trainees and air traffic, as well as to present the Swiss authorities' viewpoint relating to an investment dispute between Société Générale de Surveillance SGS and the country's authorities. Meetings were also organized with Swiss firms and the local representative of the World Bank.

Lima, Espinar July 17th – 20th, 2013: In Peru, Philippe G. Nell met Carlos Posada, Vice-Minister of Foreign Trade, and Eduardo Brandes, Director for Integration and Trade Negotiations at the Ministry of Foreign Trade and Tourism. He also met Alejandro Chang Chiang, Vice-Minister for Transport and Communication, Herbert Tassano, President of the national IP-office INDECOPI, World Bank officials as well as Swiss business representatives.
The objective of this mission was to evaluate the economic perspectives of Peru, to discuss intellectual property related issues in the pharmaceutical sector and to get a first-hand impression of current challenges in the mining sector with the visit of the Antapaccay mine in Espinar (Department of Cusco).

Quito, Guayaquil, August 5th – 9th, 2013: Philippe G. Nell held meetings in the capital with Francisco Rivadeneira, Minister of Foreign Trade, Ramiro González, Minister of Industry and Productivity and Pablo Villagomez, Under Secretary for North America and Europe at the Ministry of Foreign Affairs as well as Andrés Ycaza, Executive Director of the Institute for Intellectual Property. Talks focused on the current state of the Agreement for the Promotion and Protection of Investments, the additional Protocol of the Double Taxation Agreement and Ecuador's interest in negotiating a major trade agreement with the European Union. Meetings were also organized with representatives of Swiss firms and in Guayaquil.

Bern, September 24th, 2013: The Swiss-Mexican Consultative Group held its fifth meeting. For more information, see section 3.3.

Bern, November 5th, 2013: The Swiss-Brazilian Joint Commission on Trade and Economic Relations held its fifth meeting. For more information, see section 3.3.

Buenos Aires, November 18th – 19th, 2013: Ambassador Livia Leu, Delegate of the Federal Council for Trade Agreements, visited Buenos Aires to hold the first meeting of the Joint Economic Committee between Switzerland and Argentina. She also met Swiss business representatives active in Argentina and visited the production plant of a Swiss-Argentine joint-venture in the pharmaceutical sector.

Bogotá, Neiva, November 26th – 29th, 2013: Philippe G. Nell held meetings in Bogotá with Luis Felipe Quintero, Head of International Economic Relations and with Ambassador Eduardo Muñoz, Director of the *Centro para el Aprovechamiento de Acuerdos Comerciales* in the Ministry of Economy. Discussions focused on trade, investment and intellectual property. Philippe G. Nell also met representatives of Swiss firms. In Neiva (Department of Huila), he took part at the Summit for competitiveness of South Colombia. He presented a speech "Innovación: El Factor Clave de la Competitividad Internacional de Suiza" and took part at the Act establishing "La Alianza Regional del Sur de Colombia para la Competitividad y la Paz".

Appendix
Tables and Figures

Table A.1. Switzerland – Latin America: Merchandise Exports and Imports by Trading Partner, 2012-2013
(Millions of Swiss francs and percentage)

	Exports				Imports				Trade balance 2013
	2012	2013	Var. (%)	Share in reg. exp. in %	2012	2013	Var. (%)	Share in reg. imp. in %	
SOUTH AMERICA AND MEXICO	**5'920.3**	**6'259.6**	**5.7**	**90.8**	**2'577.1**	**2'685.6**	**4.2**	**87.2**	**3'574.0**
Brazil	2'352.2	2'226.8	-5.3	32.3	1090.5	843.8	-22.6	27.4	1'383.0
Mexico	1'366.0	1'526.1	11.7	22.1	893.1	1296.2	45.1	42.1	229.9
Argentina	499.0	747.0	49.7	10.8	95.9	74.4	-22.4	2.4	672.6
Colombia	408.3	446.3	9.3	6.5	206.0	172.7	-16.2	5.6	273.6
Venezuela	458.0	386.1	-15.7	5.6	6.7	4.0	-41.2	0.1	382.1
Chile	269.7	294.6	9.2	4.3	67.1	73.0	8.8	2.4	221.6
Uruguay	232.0	269.9	16.3	3.9	35.2	37.0	5.0	1.2	232.9
Peru	162.1	181.8	12.1	2.6	68.6	83.6	21.9	2.7	98.2
Ecuador	111.6	119.1	6.7	1.7	99.6	88.0	-11.7	2.9	31.2
Paraguay	22.6	33.9	50.0	0.5	6.0	8.2	36.2	0.3	25.7
Bolivia	34.9	23.3	-33.3	0.3	7.8	4.0	-48.8	0.1	19.3
Suriname	3.2	4.1	29.0	0.1	0.6	0.8	52.7	0.0	3.3
Guyana	0.7	0.9	22.5	0.0	0.1	0.1	71.4	0.0	0.8
CENTRAL AMERICA	**388.7**	**455.7**	**17.2**	**6.6**	**246.5**	**272.2**	**10.5**	**8.8**	**183.4**
Panama	244.8	296.4	21.1	4.3	57.5	98.9	72.1	3.2	197.5
Costa Rica	69.2	78.2	12.9	1.1	99.1	103.5	4.5	3.4	-25.3
Guatemala	30.9	37.5	21.3	0.5	41.5	39.1	-5.9	1.3	-1.6
El Salvador	14.7	13.2	-10.1	0.2	4.2	1.8	-57.6	0.1	11.4
Belize	9.5	13.0	36.5	0.2	0.8	0.4	-43.6	0.0	12.6
Honduras	15.8	12.7	-19.7	0.2	32.0	19.7	-38.3	0.6	-7.0
Nicaragua	3.7	4.7	27.2	0.1	11.5	8.8	-22.9	0.3	-4.1

Source: Federal Customs Administration, Bern.

Table A.1. (cont.) **Switzerland – Latin America: Merchandise Exports and Imports by Trading Partner, 2012 – 2013**
(Millions of Swiss francs and percentage)

	Exports				Imports				Trade balance 2013
	2012	2013	Var. (%)	Share in reg. exp. in %	2012	2013	Var. (%)	Share in reg. imp. in %	
CARIBBEAN	**204.3**	**181.7**	**-11.1**	**2.6**	**176.4**	**120.8**	**-31.5**	**3.9**	**60.9**
Bahamas	126.5	77.2	-39.0	1.1	112.6	54.3	-51.8	1.8	22.9
St. Vincent	4.8	27.5	476.1	0.4	1.3	5.0	293.7	0.2	22.5
Dominican Republic	20.8	20.8	-0.1	0.3	16.5	24.9	50.9	0.8	-4.2
Cuba	16.7	17.8	7.0	0.3	30.6	29.8	-2.8	1.0	-11.9
Jamaica	12.1	11.9	-2.1	0.2	2.0	2.0	-1.0	0.1	9.9
Barbados	7.4	10.5	40.7	0.2	1.0	0.3	-66.7	0.0	10.1
Trinidad & Tobago	4.3	5.9	35.7	0.1	1.9	1.5	-24.7	0.0	4.4
Bermuda	3.8	2.9	-23.0	0.0	0.1	0.4	333.3	0.0	2.6
Haiti	3.3	2.3	-29.5	0.0	3.8	2.0	-46.4	0.1	0.3
St. Lucia	1.9	2.3	21.4	0.0	0.1	0.1	-21.4	0.0	2.2
Antigua	2.2	2.1	-3.2	0.0	0.8	0.3	-68.3	0.0	1.8
Grenada	0.4	0.4	8.3	0.0	5.6	0.3	-95.3	0.0	0.1
Dominica	0.3	0.2	-16.0	0.0	0.1	0.1	-	0.0	0.2
TOTAL LATIN AMERICA	**6'513.3**	**6'897.0**	**5.9**	**100.0**	**2'999.9**	**3'078.7**	**2.6**	**100.0**	**3'818.3**
COMPARATIVE NUMBERS				Share of total Swiss exp. in %				Share of total Swiss imp. in %	
Asia	37'177.8	36'955.6	-0.6	17.4	23'360.5	24'119.4	3.2	13.0	12'836.2
Asia: Emerging countries	18'388.2	18'502.5	0.6	8.7	6'096.7	6'103.1	0.1	3.3	12'399.4
Africa	3'347.4	3'573.3	6.7	1.7	3'756.9	4'400.4	17.1	2.4	-827.1
TOTAL SWISS FOREIGN TRADE	**212'080.6**	**212'377.9**	**0.1**	**100.0**	**185'028.8**	**185'771.9**	**0.4**	**100.0**	**26'606.0**

Source: Federal Customs Administration, Bern.

Table A.2. Switzerland – Latin America: Merchandise Exports and Imports, 1965 – 2013
(Millions of Swiss francs and percentage)

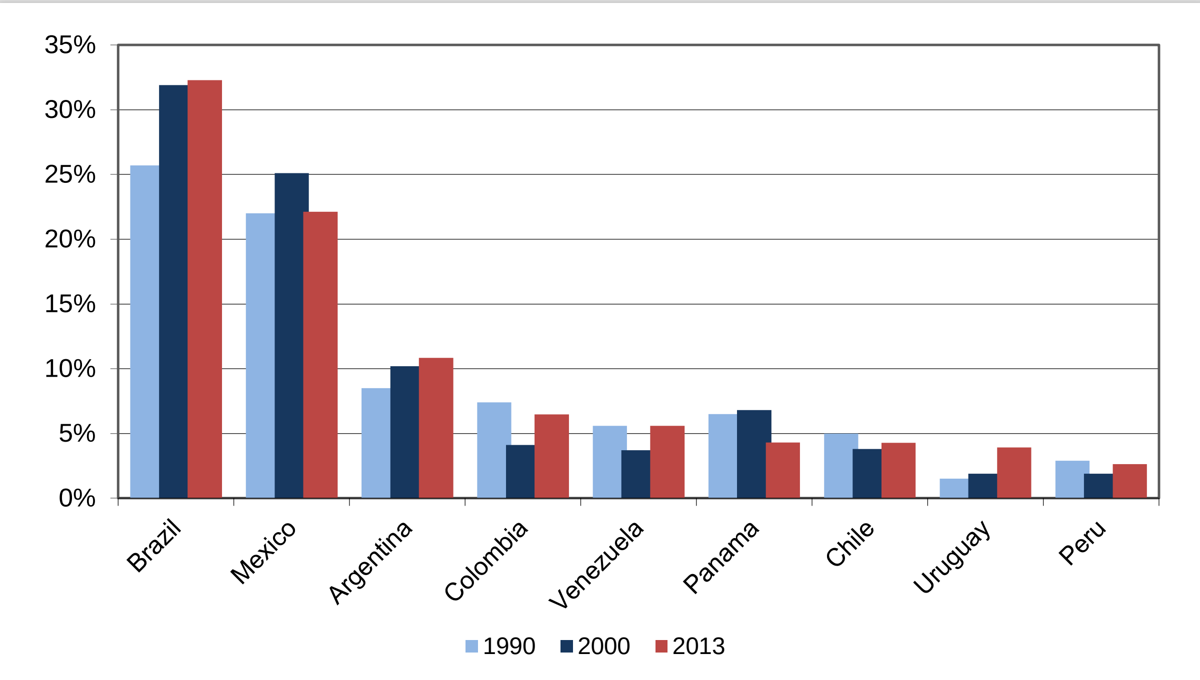
	Exports	Imports	Balance	Share of Latin America in total Swiss trade (%)	
				Exports	Imports
1965	762	385	377	5.9	2.4
1970	1'286	634	652	5.9	2.3
1975	1'847	696	1'151	5.5	2.1
1980	2'100	1'063	1'037	4.4	1.9
1985	2'242	1'260	982	3.3	1.8
1990	2'082	1'995	87	2.4	2.1
1991	2'346	1'893	453	2.7	2.0
1992	2'666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

Source: Swiss Federal Customs Administration, Bern.

Table A.3. Switzerland – Latin America: Major Merchandise Export Markets, 1990 – 2013
(Millions of Swiss francs and percentage)

	1990	2000	2012	2013	Var. in % 2012/2013	Share in % 2013
Brazil	536	1'262	2352	2227	-5.3	32.3
Mexico	458	992	1366	1526	11.7	22.1
Argentina	177	405	499	747	49.7	10.8
Colombia	154	164	408	446	9.3	6.5
Venezuela	117	147	458	386	-15.7	5.6
Panama	135	270	184	296	61.5	4.3
Chile	104	150	270	295	9.2	4.3
Uruguay	31	74	232	270	16.3	3.9
Peru	61	74	162	182	12.2	2.6
Caribbean	133	160	204	182	-11.1	2.6
Others	176	262	378	340	-10.1	4.9
Total	**2'082**	**3'960**	**6'513**	**6'897**	**5.9**	**100.0**

Figure A.1. Switzerland – Latin America: Share of Merchandise Exports by Major Partner in Total Merchandise, 1990 – 2013
(Percentage of total Swiss exports to Latin America)

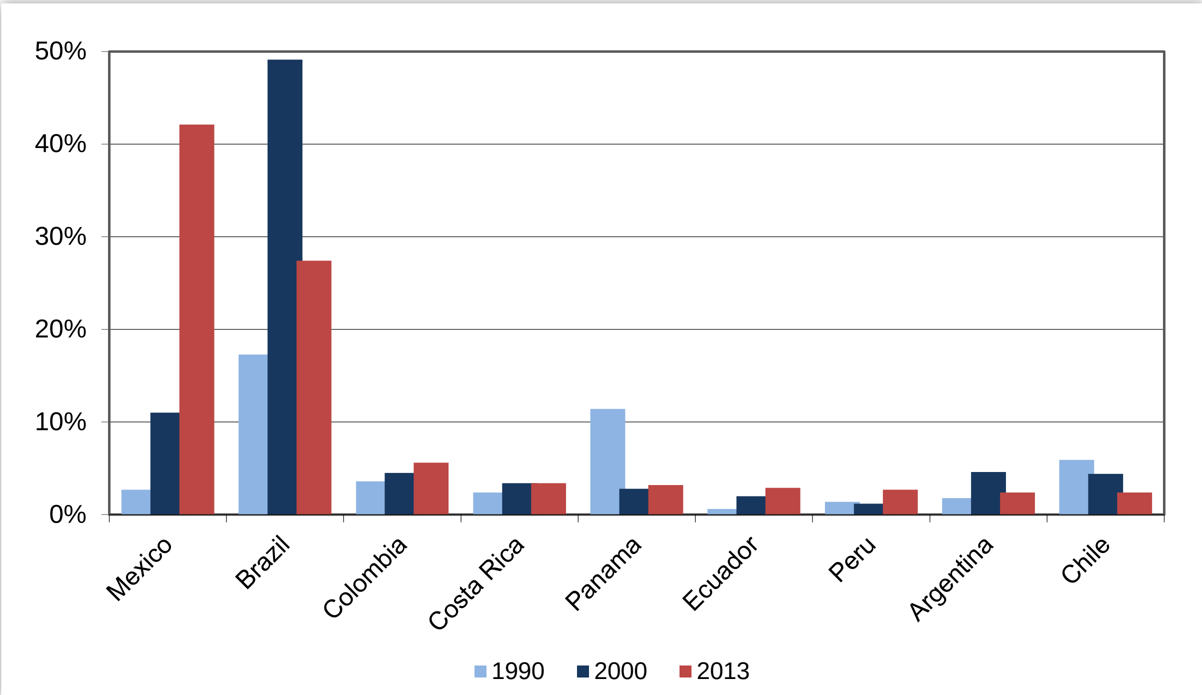


Source: Swiss Federal Customs Administration, Bern.

Table A.4. **Switzerland – Latin America: Major Merchandise Import Markets, 1990 – 2013**
(Millions of Swiss francs and percentage)

	1990	2000	2012	2013	Var. in % 2012/2013	Share in % 2013
Mexico	54	191	893	1'296	45.1	42.1
Brazil	345	856	1'091	844	-22.6	27.4
Colombia	71	79	206	173	-16.2	5.6
Caribbean	940	171	176	121	-31.5	3.9
Costa Rica	48	60	99	104	4.4	3.4
Panama	227	48	58	99	72.0	3.2
Ecuador	12	35	100	88	-11.6	2.9
Peru	29	21	69	84	21.3	2.7
Argentina	118	76	96	74	-22.4	2.4
Chile	36	81	67	73	8.8	2.4
Others	115	124	146	124	-15.1	4.0
Total	**1'995**	**1'742**	**3'000**	**3'079**	**2.6**	**100.0**

Figure A.2. **Switzerland – Latin America: Share of Merchandise Imports by Major Partner in Total Merchandise, 1990 – 2013**
(Percentage of total Swiss imports from Latin America)

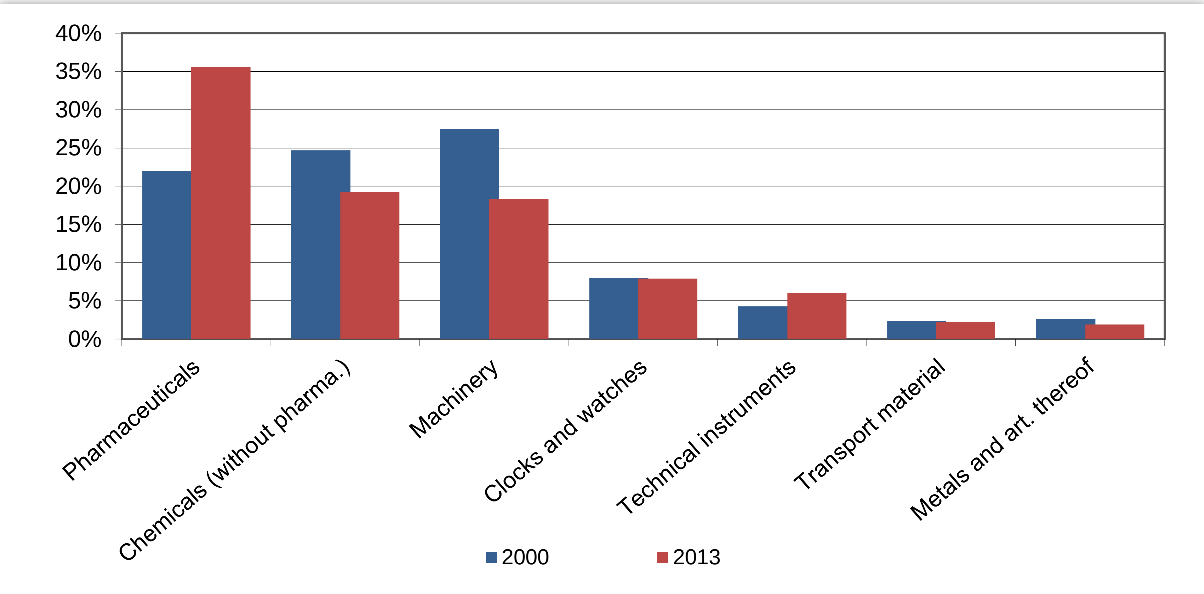


Source: Swiss Federal Customs Administration, Bern.

Table A.5. Switzerland – Latin America: Merchandise Exports by Product Group, 2000 – 2013
(Millions of Swiss francs and percentage)

Chapters of the Harmonized System		Value 2000	2012	2013	Var.in % 2012/2013	Share in % 2013
1-24	Agricultural products	52.0	131.0	136.6	4.3	2.0
25-26	Mineral products	0.7	0.9	1.5	66.7	0.0
27	Mineral fuels	13.0	1.5	1.3	-13.3	0.0
28-38	Chemicals (without pharma.)	976.7	1'273.7	1'325.0	4.0	19.2
30	Pharmaceuticals	872.2	2'196.5	2'456.2	11.8	35.6
39-40	Plastic, rubber	54.4	86.0	89.6	4.2	1.3
41-43	Skins, leather and art.	3.0	4.1	4.2	2.4	0.1
44-46	Wood	1.6	8.2	7.4	-9.8	0.1
47-49	Paper	25.6	30.1	55.5	84.4	0.8
50-63	Textiles, clothing	34.0	21.3	21.6	1.4	0.3
64-67	Shoes, umbrellas, ...	2.4	2.3	2.2	-4.3	0.0
68-70	Stone, glass, ceramic art.	31.6	23.5	26.6	13.2	0.4
71	Precious metals and jewelry	98.3	75.2	102.7	36.6	1.5
72-83	Metals and art. thereof	101.8	156.4	133.0	-15.0	1.9
84-85	Machinery	1'089.4	1'260.3	1'262.6	0.2	18.3
86-89	Transport material	95.2	149.2	155.1	4.0	2.2
90+92	Technical instruments, ...	168.9	372.8	414.4	11.2	6.0
91	Clocks and watches	318.0	527.6	547.0	3.7	7.9
93	Weapons	1.3	2.7	1.5	-44.4	0.0
94	Furniture, ...	6.8	6.0	5.3	-11.7	0.1
95-97	Toys, sport articles, ...	13.3	30.0	22.9	-23.7	0.3
	Others	-	154.0	124.8	-19.0	1.8
Total Swiss exports: Latin America		**3'960.2**	**6'513.3**	**6'897.0**	**5.9**	**100.0**
Total Swiss exports: World		136'014.9	212'080.6	212'377.9	0.1	---

Figure A.3. Switzerland – Latin America: Merchandise Exports by Major Product Group, 2000 – 2013
(Percentage of total Swiss exports to Latin America)

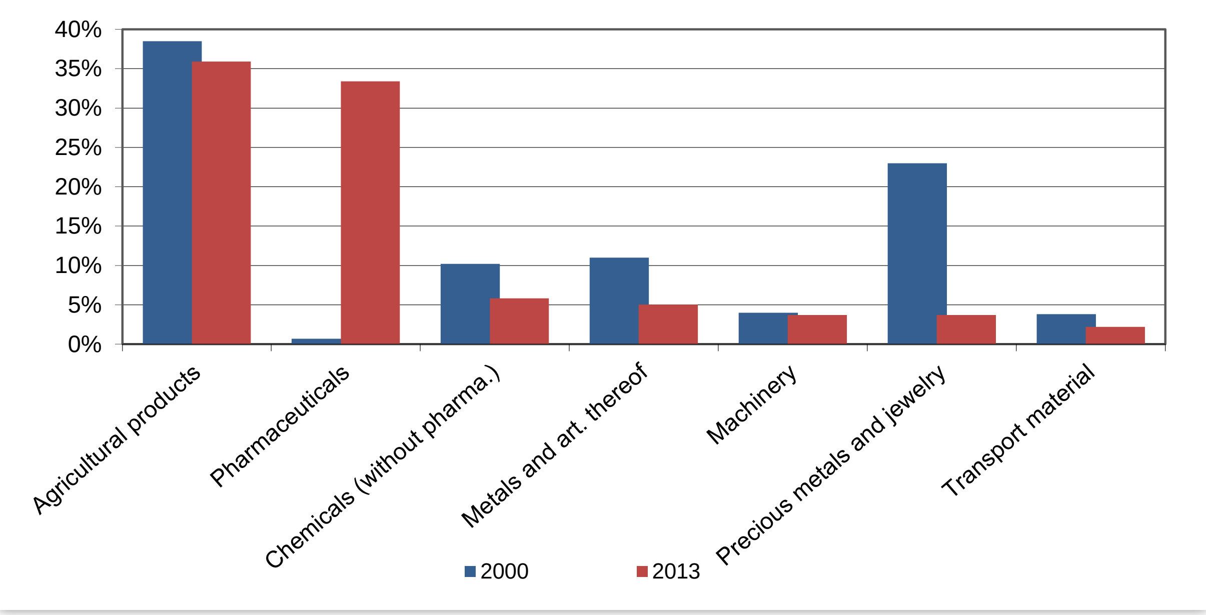


Source: Swiss Federal Customs Administration. Bern.

Table A.6. Switzerland – Latin America: Merchandise Imports by Product Group, 2000–2013
(Millions of Swiss francs and percentage)

Chapters of the Harmonized System		Value 2000	2012	2013	Var.in % 2012/2013	Share in % 2013
1-24	Agricultural products	670.3	1'139.1	1'105.2	-3.0	35.9
25-26	Mineral products	2.5	10.5	5.2	-50.5	0.2
27	Mineral fuels	0.4	1.6	2.1	31.3	0.1
28-38	Chemicals (without pharma.)	178.2	304.0	178.9	-41.2	5.8
30	Pharmaceuticals	11.6	587.3	1'028.4	75.1	33.4
39-40	Plastic, rubber	6.3	26.3	19.5	-25.9	0.6
41-43	Skins, leather and art.	4.5	2.9	4.3	48.3	0.1
44-46	Wood	1.5	7.0	6.1	-12.9	0.2
47-49	Paper	66.7	32.6	23.2	-28.8	0.8
50-63	Textiles, clothing	17.1	14.8	14.9	0.7	0.5
64-67	Shoes, umbrellas, ...	3.5	6.6	6.7	1.5	0.2
68-70	Stone, glass, ceramic art.	3.5	6.4	5.4	-15.6	0.2
71	Precious metals and jewelry	70.4	97.7	115.3	18.0	3.7
72-83	Metals and art. thereof	191.5	257.2	154.9	-39.8	5.0
84-85	Machinery	39.7	104.1	114.6	10.1	3.7
86-89	Transport material	400.2	137.1	67.2	-51.0	2.2
90+92	Technical instruments, ...	5.5	48.3	63.3	31.1	2.1
91	Clocks and watches	5.7	16.3	25.9	58.9	0.8
93	Weapons	0.2	0.7	0.8	14.3	0.0
94	Furniture, ...	1.6	2.7	2.1	-22.2	0.1
95-97	Toys, sport articles, ...	61.6	20.1	16.9	-15.9	0.5
	Others	-	176.6	117.8	-33.3	3.8
Total Swiss imports: Latin America		**1'742.5**	**2'999.9**	**3'078.7**	**2.6**	**100.0**
Total Swiss imports: World		139'402.2	185'028.8	185'771.9	0.4	---

Figure A.4. Switzerland – Latin America: Merchandise Imports by Major Product Group, 2000 – 2013
(Percentage of total Swiss imports from Latin America)



Source: Swiss Federal Customs Administration, Bern.

Table A.7. Switzerland – Latin America: Foreign Direct Investment by Major Partner, 1993 – 2012
(Total FDI stock at year's end in millions of Swiss francs excluding offshore centres)

	1993	2000	2011	2012
Brazil	4'214	5'707	22'684	22'749
Mexico	1'872	4'377	6'212	8'638
Argentina	443	1'782	7'091	6'644
Chile	413	790	1'611	3'464
Venezuela	315	1'116	2'410	2'818
Uruguay	126	421	911	2'041
Colombia	414	1'092	1'415	1'679
Peru	72	310	919	968
Ecuador	189	441	512	622
Costa Rica	96	130	524	554
Guatemala	58	88	443	356
Bolivia	n.a.	31	157	60
Total	**8'212**	**16'235**	**44'889**	**50'593**

Source: Swiss National Bank, Zurich.

Table A.8. **Switzerland – Latin America: Major Economic Agreements** (entry into force)

South America

Argentina	Trade agreement	26.11. 1957
	BIT	06.11.1992
	DTA	initialled 5. November 2013
Bolivia	BIT	17.05.1991
	DTA	declaration of intention: 02.04.1993
Brazil	Trade agreement	01.08.1936 (provisory)
	BIT	signed 11.11.1994; not adopted by the Brazilian parliament
	DTA	declaration of intention: 06.07.1995; negotiations under way
Chile	Trade agreement	31.01.1899
	BIT	02.05.2002
	FTA (EFTA)	01.12.2004
	DTA	05.05.2010
Colombia	Trade agreement	02.10.1909
	BIT	06.10.2009
	DTA	11.09.2011
	FTA (EFTA)	01.07.2011
Ecuador	Trade agreement	21.10.1941
	BIT	11.09.1969
	DTA	22.12.1995
Paraguay	Trade agreement	12.12.1969
	BIT	28.09.1992
Peru	Trade agreement	21.10.1941
	BIT	23.11.1993
	DTA	10.03.2014
	FTA (EFTA)	01.07.2011
Uruguay	Trade agreement	21.10.1941
	BIT	22.04.1991
	DTA	28.12.2011
Venezuela	BIT	30.11.1994
	DTA	23.12.1997
	Framework agreement on cooperation	06.05.2009

Central and North America

Costa Rica	BIT	19.11.2002
	DTA	initialled March 2006, adaptation under way
	FTA (EFTA)	signed on 24.06.2013
El Salvador	Trade agreement	15.07.1954
	BIT	16.09.1996
Guatemala	Trade agreement	11.04.1955
	BIT	03.05.2005
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)	signed on 24.06.2013

Caribbean

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

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

Table A.9. **Switzerland – Latin America: Chambers of Commerce, Swiss Business Hubs and swissnex**

Chambers of Commerce in Switzerland	
Latin American Chamber of Commerce in Switzerland	
Kasernenstrasse 11 CH-8004 Zurich	
Tel.:	+41 44 240 33 00
President:	Richard Friedl
Executive Director:	Elena Arozarena
E-mail:	admin@latcam.ch
Website:	www.latcam.ch
Swiss-Cuban Chamber of Commerce and Industry	
SwissCubanCham Sempacherstrasse 5 6003 Luzern	
Tel.:	+41 41 227 04 07
President:	Andreas Winkler
E-mail:	info@swisscuban.org
Website:	www.swisscuban.org

Chambers of Commerce in Latin America		
Argentina	**Cámara de Comercio Suizo Argentina**	
	Av. Leandro N. Alem 1074 Piso 10 C1001AAS Buenos Aires, Argentina	
	Tel.:	+54 11 4311 7187
	President:	Alfredo Rodriguez
	General Manager:	Norma Alemann
	E-mail:	info@suiza.org.ar
	Website:	www.suiza.org.ar
Brazil	**Câmara de Comércio Suiço-Brasileira**	
	Av. das Nações Unidas, 18.001 04795-900 São Paulo, Brazil	
	Tel.:	+55 11 5683 7447 / +41 44 586 37 41
	President:	Emanuel Baltis
	Executive Director:	Stephan Buser
	E-mail:	swisscam@swisscam.com.br
	Website:	www.swisscam.com.br

Chile	**Cámara Chileno-Suiza de Comercio (CCHSC) A.G.** Antonio Bellet 77 – Of. 104 Providencia, Santiago de Chile		
	Tel.:	+56-2-2244 1901	
	President:	Gonzalo Rojas	
	General Manager:	Ladina Baniclès	
	E-mail:	lbanicles@camarachilenosuiza.cl	
	Website:	www.swisschile.cl	
Colombia	**Cámara de Comercio Colombo-Suiza** Calle 98, No 15 – 17, Oficina 402 Bogotá, Colombia		
	Tel.:	+57 1 6018787 / 6017681 / 6017684	
	President:	René M. La Barre	
	Executive Director:	Silvia Gutierrez Díaz direccion@colsuizacam.com	
	E-mail:	colsuizacam@colsuizacam.com	
	Website:	www.colsuizacam.com	
Cuba	**Swiss-Cuban Chamber of Commerce and Industry** Centro de Negocios Miramar Edo. Jerusalem. Of. 206 Ave. 3ra, Esq. 80 Miramar, Playa, La Habana		
	Tel.:	+53 7 204 9020	
	President:	Andreas Winkler, Havana, Cuba	
	E-mail:	andreas.winkler@swisscuban.org info@swisscuban.org	
	Website:	www.swisscuban.org	
Mexico	**Asociación Empresarial Mexicano-Suiza, A.C.** c/o Colegio Suizo de México, A.C. Nicolas San Juan 917 Colonial de Valle 03100 México D.F., México		
	President:	Andrés Eberle	
	Secretary:	Martin Maier	
	E-mail:	info@aems.com.mx	
Peru	**Cámara de Comercio Suiza en el Perú** Av. Salaverry 3240, Piso 4 Lima 27, Peru		
	Tel.:	+51 1 264 35 16	
	President:	Leno Mulder	
	General Manager:	Corinne Schirmer	
	E-mail:	info@swisschamperu.org	
	Website:	www.swisschamperu.org	

Uruguay	**Cámara de Comercio Suizo-Uruguaya** Pablo de María 1065 11200 Montevideo, Uruguay		
	Tel.:	+59 82 419 33 85	
	President:	Gunther Rotzinger	
	Secretary:	Nelson Grabino	
	E-mail:	info@swisschamuruguay.org.uy	
	Website:	www.swisschamuruguay.org.uy	
Venezuela	**Cámara Venezolano-Suiza de Comercio e Industria** Torre Europa, Piso 6, Ofc. 3-B Av. Fco de Miranda, Campo Alegre, Apartado postal 62.555 Caracas 1060, Venezuela		
	Tel.:	+58 212 953 51 55	
	President:	Emilio Pittier	
	Executive Director:	Fini Otero	
	E-mail:	info@camarasuiza.org	

Swiss Business Hubs and swissnex		
Brazil	**Swiss Business Hub Brazil** c/o Consulado Geral da Suíça Av. Paulista 1754, 4° andar Edificio Grande Avenida 01310-920 São Paulo	
	Tel.:	+55 11 3372-8200
	Director:	Thomas Först
	E-mail:	thomas.foerst@eda.admin.ch
	Website:	www.s-ge.com
Brazil	**swissnex** c/o Consulado Geral da Suíça Rua Cândido Mendes, 157, 12 andar Rio de Janeiro / RJ 20241-220	
	Tel.:	+55 21 3806 2141
	CEO:	Gioia Deucher
	E-mail:	gioia@swissnexbrazil.org
	Website:	www.swissnexbrazil.org

Mexico	**Swiss Business Hub Mexico**	
	c/o Embajada de Suiza Paseo de las Palmas No. 405, Torre Optima I, piso 11 Col. Lomas de Chapultepec C.P. 11000 México D.F.	
	Tel.:	+52 55 91 78 43 70 Ext. 30
	Director:	Rubén Araiza Díaz
	E-mail:	ruben.araizadiaz@eda.admin.ch
	Website:	www.s-ge.com