

# Enabling Trade: Enabling Trade in the Pacific Alliance

In collaboration with the Inter-American Development Bank and Bain & Company

January 2014



## The Context of Enabling Trade: From Valuation to Action

The World Economic Forum's Enabling Trade initiative works to reduce practical barriers to trade. The initiative's 2013 report, *Enabling Trade: Valuing Growth Opportunities*, indicated that reducing supply chain barriers could increase the world's gross domestic product (GDP) by over US\$ 2.5 trillion. Building on the momentum of this finding, the 2014 report looks at how to accelerate reform. It concentrates on sectoral, regional and functional areas where the positive impacts of supply chain facilitation could be greatest, or where momentum for change is building. The four sections comprising the report are:

- Enabling Trade: From Farm to Fork
- Enabling Automotive Trade
- Enabling Trade in the Pacific Alliance
- Enabling Smart Borders

Each section is designed to be stand-alone, but the reader is nonetheless invited to become familiar with the broader Enabling Trade initiative.

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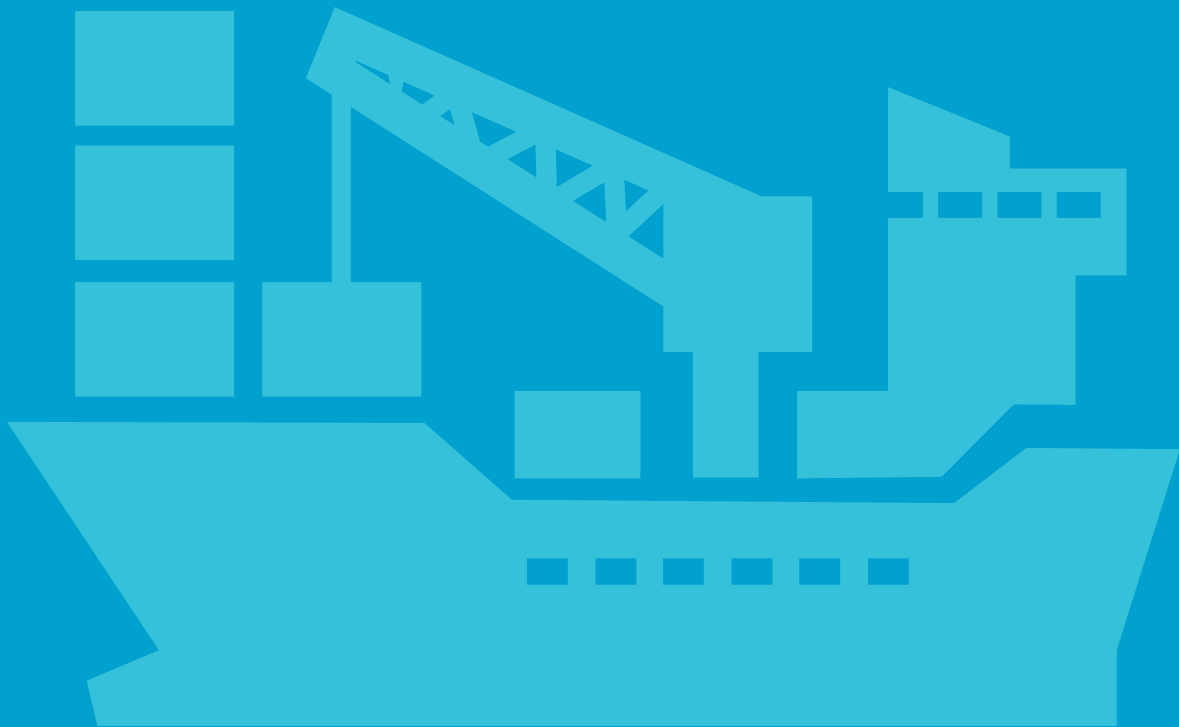
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# Enabling Trade: Enabling Trade in the Pacific Alliance



# Foreword



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Deepening commercial ties among its member countries is at the core of the Pacific Alliance's overall goals. Lowering tariffs among the Alliance's economies is an important first step in this direction. Nevertheless, the full benefits of trade liberalization will only be felt if Alliance members address structural challenges in transport, logistics, procedures and other areas that continue to block the full potential of regional trade opportunities.

Numerous studies, particularly from the World Economic Forum, highlight that a decrease in trade barriers would give a higher boost to global GDP than mere tariff elimination. It is therefore pivotal to identify these barriers and assess their nature, so that both the business community and national governments in Pacific Alliance countries can develop targeted measures, put forth best practices and prioritize coordinated investments.

The Pacific Alliance Business Council stands ready to assist the region's governments in crafting solutions that may fulfil the promise of this ambitious integration initiative. We are aware that tackling long-standing barriers such as customs clearance delays, repetitive and uncoordinated procedures, and inefficient infrastructure will be no easy challenge. However, focusing on a series of key trade facilitation reforms can put our countries on a path towards lower trading costs and more efficient regional value chains.

In this regard, we welcome the joint efforts of the Inter-American Development Bank (IDB), the World Economic Forum and the region's private sector to identify ongoing challenges and key trade facilitation solutions. In particular, we acknowledge the pivotal role of the Association of American Chambers of Commerce in Latin America (AACCLA) and its affiliates in Mexico, Colombia, Peru and Chile; the Mexican Business Council for Foreign Trade, Investment and Technology (COMCE); the National Business Association of Colombia (ANDI); the Peruvian National Confederation of Private Business Institutions (CONFIEP); the Peruvian Foreign Trade Society (COMEX Peru) and the Chilean Industrial Promotion Society (SOFOFA).

We believe that stronger regional trade holds the key to a more robust bloc that can create the economic opportunities for generations to come. The Pacific Alliance Business Council thus remains committed in its mission to work in tandem with governments in areas that may be conducive to improved integration among member countries.

# 1. Introduction

The Pacific Alliance initiative is moving progressively and pragmatically towards the free movement of goods, services, capital and people among its members, effectively creating a market of 200 million people with a combined GDP of nearly US\$ 2 trillion (35% of Latin America's total).<sup>1</sup>

The initiative has already demonstrated significant progress towards the economic integration sought by member countries. As of the end of 2013, member countries had agreed to lift tariffs on over 90%<sup>2</sup> of traded goods and restated their commitment towards establishing a comprehensive free trade zone. Visa requirements for Pacific Alliance citizens have been eliminated; the four countries (Chile, Colombia, Mexico and Peru) have opened joint export promotion offices; scholarships have been set up to promote student exchanges; and a cooperation fund has been established and funded.

Despite this progress, unresolved non-tariff barriers to trade are seriously hindering the full potential of the initiative, both internally and in terms of the region's outward-facing competitiveness. To make best use of their productive strengths, Alliance members hope to reinforce their use of and contribution to distributed value chains. This requires the reduction of barriers to the movement of intermediary components and raw materials (see the Box for more details on the Pacific Alliance).

This study combines a review of the potential for integrating production in the region with a targeted survey of regional businesses (conducted by the Integration and Trade Sector of the IDB, in collaboration with private-sector associations in the four member countries<sup>3</sup>) and a selection of illustrative case studies. These initial findings will be supplemented by additional survey responses in coming months, as well as focus group discussions with regional companies. The resulting picture of challenges and potential solutions will be provided in a final report prior to the World Economic Forum on Latin America in Panama City, Panama on 1-3 April 2014.

## Box: Key Facts and Structures of the Pacific Alliance<sup>4</sup>

The Pacific Alliance, formally created in June 2012, is made up of four member countries: Chile, Colombia, Mexico and Peru. These members have been outperforming their Latin American peers since 2009 on several macroeconomic metrics (e.g. GDP growth, level of investment, unemployment, inflation), driving economic leadership in the region. More than 20 other countries are admitted as observers and two of them, Costa Rica and Panama, have requested to be admitted as full members.

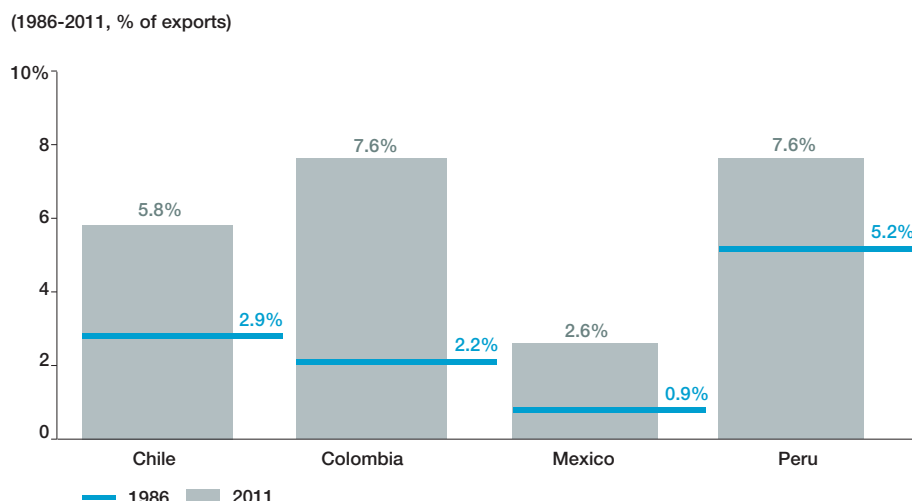
The vision for the Alliance has progressed from simply creating a free trade zone to more ambitious objectives, including deep economic integration to enhance free movement of goods, services, capital and people; economic development; and promotion of well-being and trade integration platform setup with a special pivot to Asia-Pacific, one of the region's main trading partners.

The Alliance has put in place four layers of discussion forums. The first layer consists of the summits, during which decisions are made and summit agendas are defined. The second, a ministry council made up of the ministers of foreign affairs and foreign trade of each member state, makes decisions on implementation of the objectives and specific actions detailed in the Framework Agreement and the Alliance's presidential declarations. The High Level Group is the third layer, in charge of monitoring progress on the Alliance's priorities which are spread across the fourth and last layer of the technical groups (e.g. trade and integration, population transit). Moreover, the Alliance has created a "business council" organization, led by the private sector, whose role is to promote the Alliance within each of its member countries, make suggestions and recommendations to accelerate the integration process, and promote joint actions towards other markets, particularly the Asia-Pacific region.

## 2. Production Integration Perspectives<sup>5</sup>

Trade ties across the Pacific Alliance countries are currently limited. For each country, trade within the Alliance represents on average only 6% of its total exports. But the importance of the Alliance for each of the countries has been growing steadily (Figure 1). Most crucially, the four countries today share a vision of integration backed by a set of common factors, including stable democracies with prudent macroeconomic managements, favourable business environments, strong commitments to openness in trade and investment, and a common geographic location around the Pacific basin.

**Figure 1: Intraregional Exports as a Share of Total Exports**



Source: IDB, based on data from United Nations (UN) Comtrade

**Figure 2: Bilateral Trade Balance – Each Member Country vs Rest of the Pacific Alliance (in millions of US\$, 2011)**

	Chile	Colombia	Mexico	Peru
Food and live animals	682	-196	-501	-69
Beverage and tobacco	51	-43	10	-27
Crude materials	-618	-106	-326	860
Minerals fuels	-1,895	1,597	101	138
Animal products	-68	18	-5	49
Chemicals and related products	-206	-364	935	-578
Manufactured goods	889	-1,157	255	-101
Machinery and transport equipment	-1,128	-3,429	5,072	-1,012
Other	242	0	-58	37

Source: IDB, based on data from UN Comtrade

Different trade patterns indicate different economic structures and the existence of potential production complementarities. Evidence from bilateral trade balances shows that, in general, Colombia, Chile and particularly Peru show, on the one hand, surpluses in raw materials and natural-resource-intensive goods when trading within the Alliance, and, on the other, deficits in manufactures that are closer to final consumption. The opposite is generally the case for Mexico (Figure 2). This suggests that a likely pattern of production complementarities within the group is one in which Mexico tends to be positioned closer to final stages of the supply chains, Peru in more upstream segments and Chile and Colombia somewhere in the middle. This finding is supported by a more detailed analysis using a new measure of supply chain participation, consisting of the extent to

which a country uses imported inputs (or foreign value added) to produce goods that are later exported.<sup>6</sup>

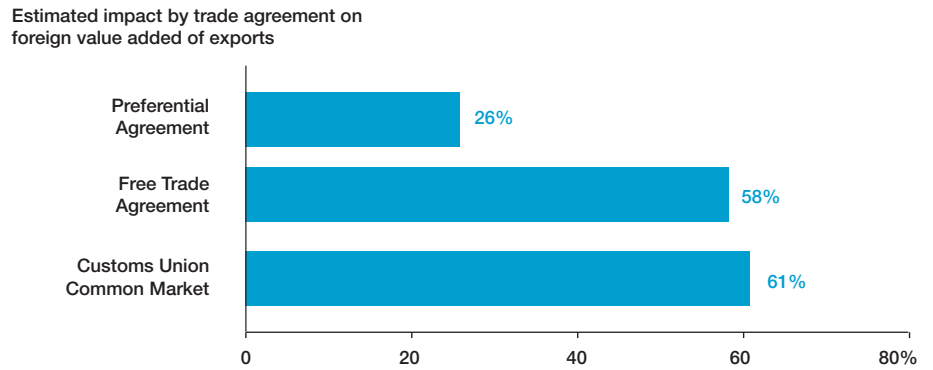
The trends in currently-observed production complementarities are associated with strong comparative advantages. For instance, an analysis using product-level data shows the existence of production complementarities based on clear comparative advantages, such as Chilean cellulose and processed wood used in Peru and Mexico to produce doors, windows and furniture; denim fabric from Mexico used in Chile, Colombia and Peru to produce clothing; polymers of propylene from Colombia used in Mexico and Peru to produce plastic containers; and zinc, lead and tin from Peru used in Chile, Colombia and Mexico to produce wires and batteries.<sup>7</sup>

Even in the presence of barriers to trade and investment, some production complementarities are observed, mostly associated with strong comparative advantages within the Alliance. However, many other potential complementarities could flourish if deeper stages of integration were pursued.

Countries more tightly integrated with each other are more inclined to share international production networks. An economic analysis that examines the impact of different types of trade agreements on a measure of supply chain participation – specifically, the foreign value-added of exports – provides support to this claim. The results indicate that deep trade agreements, such as free trade agreements, customs unions or economic unions, are associated with an impact on the formation of an international supply chain that is over two times higher than the impact generated by shallow agreements that only slash tariff rates (Figure 3). Deepening integration across the Alliance will provide more incentives for the formation of international supply chains. Incorporating a number of disciplines that are typical of deep integration agreements is likely to address several dimensions that are important for supply chains to function well.

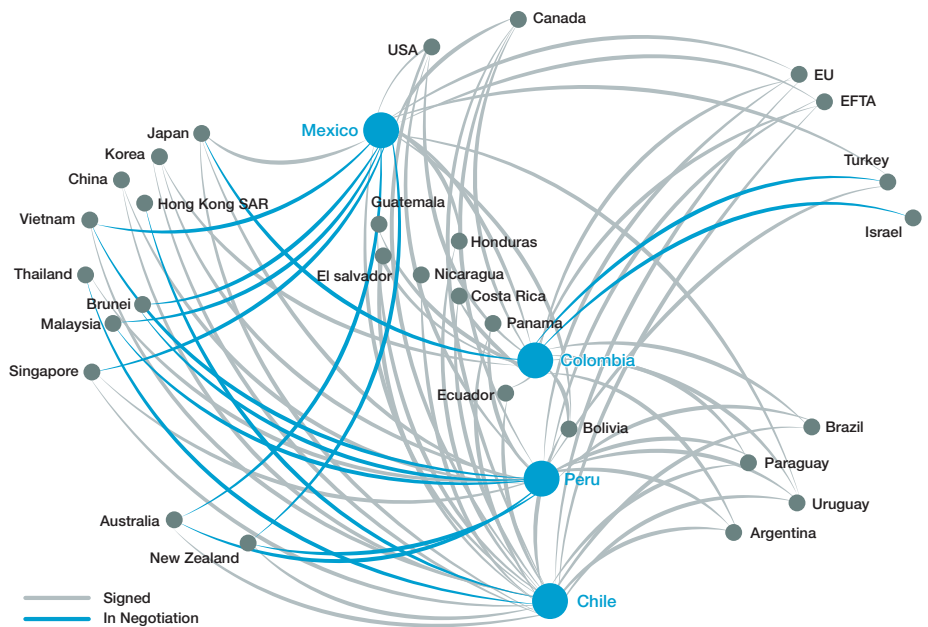
Deeper integration within the Pacific Alliance will also serve as a platform to enhance trade and investment ties with countries outside the group. For instance, exploiting production complementarities within the Alliance will help member countries reach other markets with more competitive goods. Likewise, a more integrated economic space will encourage the attraction of investment and production blocs from outside the region which will be subsequently sliced and shared among the group's countries. These enhanced trade and investment opportunities are most likely to occur with the Alliance's main trade partners (e.g. United States (US), People's Republic of China, Japan, Brazil and Germany), as well as with partners sharing trade agreements, a group that increasingly covers countries in Asia-Pacific (Figure 4).

**Figure 3: Estimated Impact on the Foreign Value-Added of Exports, by Trade Agreement**



Source: IDB, 2013

**Figure 4: Pacific Alliance Trade Agreements**



Source: IDB



### 3. Supply Chain Barriers to Trade in the Pacific Alliance

Efforts to reduce regional supply chain barriers to trade should typically begin with an assessment of the impacts of existing barriers. Input from the private sector can help governments to prioritize barriers based on how and to what degree they restrict the flow of goods within the region, and to generate ideas for initiatives to reduce these barriers.

In this spirit, the IDB, in collaboration with private-sector associations in Chile, Colombia, Mexico and Peru<sup>8</sup>, is gathering input from companies that trade across the Alliance countries. The input collected is in two forms: first, a broad survey targeting companies associated with the largest business association in each country, as well as members of AACCLA; and second, subsequent in-depth focus group discussions with representatives from selected companies in each country. The resulting picture of challenges and potential solutions will be provided, as noted, in a final report prior to the World Economic Forum on Latin America in Panama City, Panama on 1-3 April 2014.

In this report, survey results provide early signals of which barriers are seen as most restrictive to trade within the Pacific Alliance. Although these results are based on a relatively small sample of about 140 firms and have to be considered as preliminary, they are generally consistent with the findings of the Enabling Trade Index, and the authors believe they are directionally accurate. A profile of respondents to date is given in the Appendix.

To supplement the quantitative survey results, qualitative case studies based on interviews with executives illustrate the kind of concrete, practical input that is expected to result from focus group discussions.

#### Preliminary results<sup>9</sup>

Exporters and importers completed separate questionnaires. This preliminary report focuses on key questions that can help policy-makers when prioritizing actions.

##### Evaluation of infrastructure, services and border efficiency

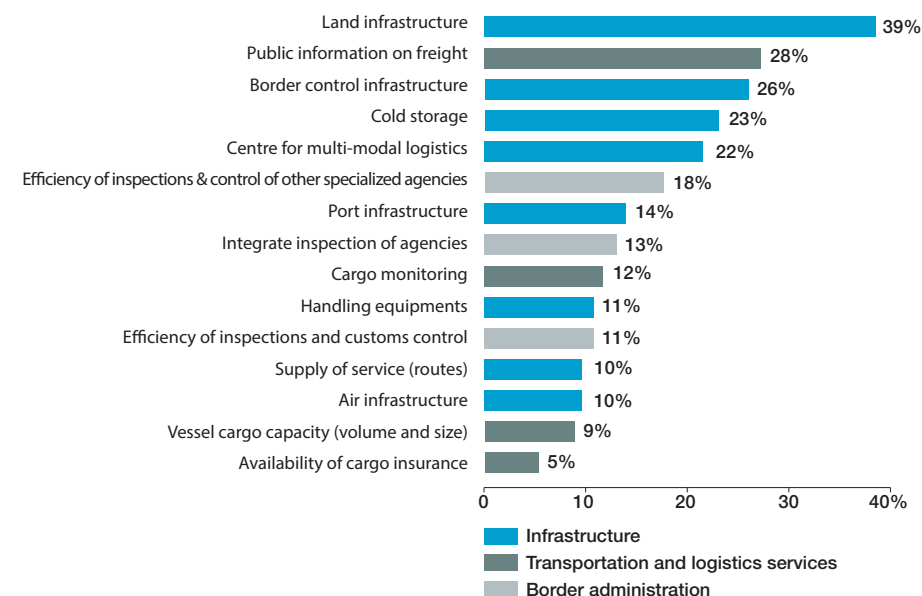
Respondents were asked to evaluate the performance of their country of origin<sup>10</sup> for various aspects of infrastructure, services and border efficiency. Aggregating all countries' answers, the main priorities were inland infrastructure, border control infrastructure, cold-chain installations and public information on freight (e.g. price transparency).<sup>11</sup>

Around 39% of the companies indicated land infrastructure as an important issue that is not satisfactory in their own countries, and consequently hinders their capacity to trade across borders (Figure 5). To illustrate this issue, Case Study 1 describes the challenges facing transport along Peru's Pan-American Highway and presents the liberalization of cabotage regulations as a potential solution.

Shortcomings in domestic transport infrastructure are not exclusive to Peru. The concern is also present in the other Pacific Alliance countries and across the Latin American region, with considerable value at stake. A recent IDB report shows that reductions in domestic freight rates can significantly boost trade flows. According to the results, a reduction of 1% in domestic ad-valorem costs could increase exports on average by around 4%.<sup>12</sup> From the countries studied (which include all of the Alliance members), the major issue tends to be underinvestment, particularly in cheaper and alternative modes of transport such as rail and waterways. The agenda behind inland transport is complex, and it obviously varies by country. However, the report shows that this agenda is not just restricted to the construction of new and/or better roads; it also touches on a number of institutional and regulatory weaknesses typically seen in the transport industry.

**Figure 5: Land Infrastructure Emerges as the Highest Priority for Country-of-Origin Performance**

**Firms' evaluation of country-of-origin performance (2013, % of bad or very bad responses) (N=136\*)**



Note: (\*) Including non-applicable answers; results are shown excluding non-applicable answer. Source: Ongoing survey

## Case Study 1: Land Infrastructure<sup>13</sup>

### *Insufficient land infrastructure with regard to transport highlights the potential benefits of liberalized cabotage legislation*

Peru's Pan-American Highway is a major route for transporting cargo domestically between the north and south. The country's national port authority estimates that 30,000 containers are trucked from southern Peru to Callao each year for international shipping. Existing rail infrastructure is insufficient to support this traffic, and would require significant investment and time to make operational. The Pan-American Highway is the only viable route to transport cargo. Inland transport costs are thus high due to lack of alternatives, and excessive use of the route has also led to poor road quality. In addition to increasing the prices of many domestically-sourced goods for Peruvian consumers, these costs and delays negatively affect the competitiveness of Peruvian businesses within the Pacific Alliance and across other international markets.

One opportunity to alleviate these barriers is liberalizing the use of cabotage, permitting foreign transporters to bypass congested overland routes and move containers by sea along the Peruvian coast. Two main challenges exist for this opportunity. First, local unions are strongly opposed to reform of the existing cabotage legislation, which prohibits foreign companies from providing domestic transport services. By limiting competition, this regulation drives up costs along these routes. The second challenge relates to infrastructure. Medium-sized Peruvian ports would require investments in order to accommodate the additional volumes from a significant cabotage development. Small feeder roads to these ports would also require investment.

Progress towards implementing this solution is being made. In 2013, Peru's national port authority drafted an amendment to the national cabotage law, removing the restriction on foreign operators. In support of this reform, the public and private sectors are exploring sources of funding to pursue a more detailed feasibility study of the requirements and potential impacts of the cabotage opportunity. First, the costs of the required investments must be calculated. Negative impacts on Peruvian unions and transporters must also be understood, and the cost

of mechanisms to mitigate these risks needs to be estimated. These costs must then be compared with the potential upside: increased competitiveness of Peruvian businesses, leading to increased trade, economic growth and job creation.

About 26% of respondents indicate border control infrastructure as a particularly problematic obstacle, with 18% claiming this affects the work of the other specialized agencies. A vivid example of this problem is SaniCo, a manufacturer of disposable sanitary products such as baby diapers, sanitary napkins and wet wipes (Case Study 2).<sup>14</sup> While specific and narrow, the SaniCo example illustrates a broader point: while maintaining border control is obviously important for many reasons, many of the inspections and controls can be improved, eliminating waste in the process. The example also hints at another, more general barrier also covered here: non-harmonized regulation across the Alliance countries.

Finally, another concern prioritized by firms regarding their own countries is public information on freight. Almost 30% of the surveyed companies indicated the lack of public information on freight as an important obstacle to trade. The lack of transparency on prices set by freight

forwarders and customs brokers adds a layer of uncertainty to the operations of importing and exporting firms. Implementing mechanisms to improve transparency of pricing should be a priority, given the large number of companies concerned about this issue.

Survey results have also been segmented according to the firms' country of origin. For each country, the top three and top four-to-six priorities have been identified. When comparing the results across the Alliance, the same common priorities appear: inland infrastructure, border and customs control infrastructure, and public information on freight (Figure 6). The fact that these priorities are shared among all countries should create momentum and promote joint investment of focus and resources in identifying best practices from other regions.

### Major obstacles in source and destination markets within the Pacific Alliance

Firms were also asked to evaluate a list of obstacles in source and destination markets within the Pacific Alliance.<sup>15</sup> The top concern, cited by 30% of firms, was the time to process paperwork (Figure 7). Similar to Case Study 1, the experience of SaniCo in Case Study 2 illustrates a more general concern explicitly raised by many firms: the steps required to fulfil many of the regulations behind trade transactions are often painstakingly slow.

Figure 6: Many Priorities Are Shared across Countries

	Chile	Mexico*	Peru*	Colombia
Port infrastructure			●	
Air infrastructure				
Land infrastructure	○	●	●	●
Border control infrastructure	●		●	●
Centre for multi-modal logistics	●	○		○
Cold storage	○	●		●
Handling equipment				
Vessel cargo capacity (volume and size)				
Supply of service (routes)				
Cargo monitoring		○		
Public information on freight	●	●	●	○
Availability of cargo insurance				
Efficiency of inspections and customs control			○	
Efficiency of inspections and control of other specialized agencies	○	●	○	
Agency inspection integration				○

Sources: Bain & Company analysis; ongoing survey

● Top 3 ○ Top 4-6

## Case Study 2: Efficiency of Inspections and Time to Process Paperwork<sup>16</sup>

**Sanitary certification requirements are not harmonized across countries, creating duplicate processes that delay entry into new markets.**

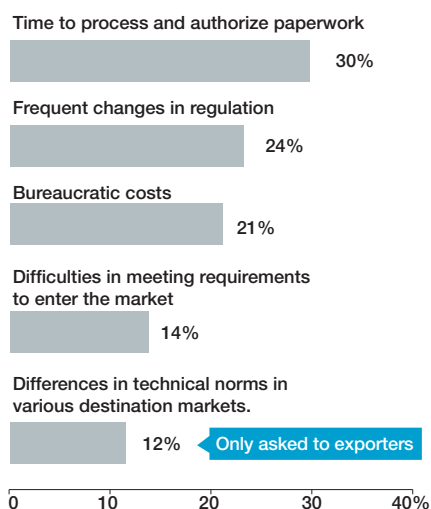
SaniCo manufactures and markets disposable sanitary products such as baby diapers, incontinence briefs, sanitary napkins, trainers and wet wipes. Among other end markets, these products are sold in Peru, Ecuador and Colombia.

Peru and Colombia both require sanitary registration for most of SaniCo's products, while Chile requires it only for sanitary wipes. The process of obtaining registration is relatively efficient in Colombia, but it takes much longer in Chile (four to six months) and Peru (six to eight months).

The main reason for the longer processing periods is the difference in sanitary certification requirements across countries. Unlike the other Pacific Alliance members, Mexico does not require sanitary certification for the types of products sold by SaniCo because Mexican regulations do not deem these products to pose a significant health risk. As a result, authorities in the importing country may request a document stating that there is no sanitary registration from Mexico. In Mexico, that document must be approved locally by the Federal Commission for Protection Against Sanitary Risk and then stamped by the importing country's embassy. This process usually takes several weeks, but can be delayed by up to two years, depending on the request. Finally, said document goes to the appropriate officials of the importing country's government for approval. The same document must be provided every time a new product is introduced.

Aside from expediting the current process, representatives from the sanitary authorities of the Alliance countries should consider ways to avoid repetitive provision of the same document. Colombia's officials may have best practices that could be shared with Chile and Peru. In the longer term, the countries should ideally harmonize their assessments of which products pose health risks and which do not.

**Figure 7: Time Required to Process and Authorize Paperwork: An Issue for 30% of Respondents**



Note: (\*) 60 exporters and 76 importers. Source: Ongoing survey

Shifting from paper- to electronic-based processes is one way to reduce delays. Implementing these types of initiatives can be challenging, given the multitude of stakeholders that need to be involved and the perception that change may not be in the best interests of all parties. The “Enabling Smart Borders” section of the Enabling Trade: From Valuation to Action report provides a proposed approach to implementation in light of these challenges.

Frequent changes in regulation were cited as a concern by 24% of the firms. This is a broad issue that extends beyond trade facilitation, and a key reason why countries engage in deep forms of integration. When countries collectively decide to go beyond the dismantling of tariff rates and seek to converge and harmonize the many rules (e.g. investment rules, intellectual property rights, technical standards), they not only pursue more compatible processes across their economies, but also effectively eliminate the need to frequently change their own regulations.

## 4. The Road Ahead

By providing insights on private-sector priorities, the objective has been to put forward relevant inputs for the Alliance countries that can be used in their integration agendas for the future. Common concerns raised in this preliminary survey are related to land transport, border and customs control, public information on freight, time to process paperwork and frequent changes in regulations. When this work is completed, robust survey results and detailed qualitative input from focus groups will provide a clearer picture of specific priorities and ideas for initiatives to drive progress. Based on this input, policy-makers and representatives from the private sector can take advantage of the World Economic Forum on Latin America in 2014 to agree on main priorities and a way forward.

It is encouraging that the Pacific Alliance Business Council is already advancing many elements of these recommendations, and concrete proposals are expected to be presented to policy-makers in early 2014. A working agenda is already in place to develop a proposal on ways to harmonize technical standards for selected productive sectors (e.g. cosmetics, pharmaceuticals, processed food products). In addition, the Business Council is working on a roadmap to reduce time and costs of exporting and importing through the interoperability of single windows within the Alliance. Moreover, in advancing work on logistics competitiveness, the Business Council is looking to reduce some of the barriers preliminarily highlighted in this report, such as by promoting transparency on freight and other logistics costs.

Continued implementation of priority initiatives can be organized through the Pacific Alliance's existing structures, from both the public sector through the four layers of discussion groups, and the private sector through the Business Council. External organizations such as the IDB and the World Economic Forum can continue to serve useful roles as intermediaries and sources of analytical support. Through open communication and aligned incentives, the public and private sectors can work together to make the Pacific Alliance vision a reality.

# Appendix

## Profile of the survey respondents

The survey was sent to companies that both trade within the Alliance and belong to the largest business associations in its four member countries. At the time of writing, close to 140 responses had been submitted (Figure 9). The most represented industries are food products (22% of responses) and engines, electrical equipment and parts (16%). Importers represent 56% of responses. Important caveats to the preliminary results are the sample size and skewed distribution across countries.

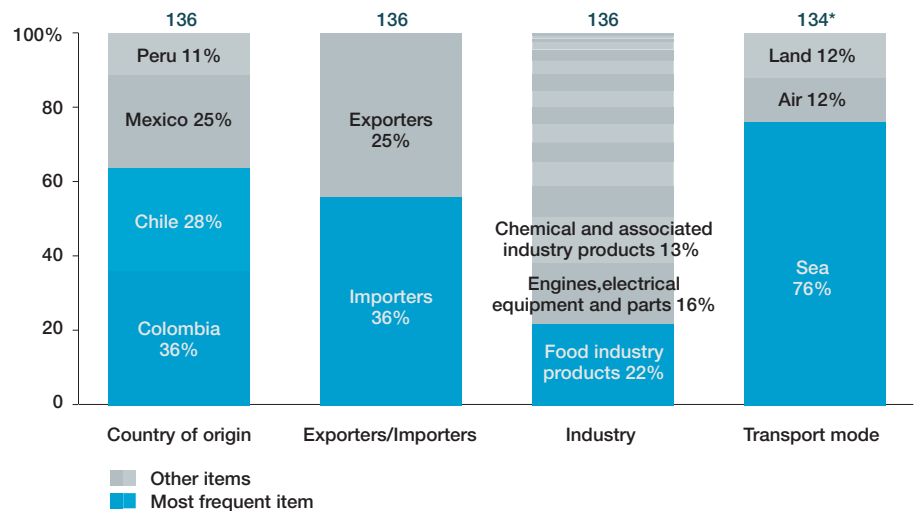
Figure 8: Macroeconomic Figures for the Pacific Alliance

	GDP 2012, current prices (US\$ billion)	GDP growth 2011-12	GDP per capita (PPP*) 2012, current prices (US\$)	Government gross debt 2012, % of GDP (4)	Ease of Doing Business 2014 ranking	Enabling Trade 2012 ranking	Trade openness (Exports + Imports, % of GDP 2012)
	1	2	3		5	6	7
Mexico	1,177	1.40%	15,363	43.50%	53	65	64.60%
Colombia	369	11.60%	10,671	32.60%	43	89	36.10%
Peru	199	11.50%	10,596	20.50%	42	53	43.20%
Chile	268	6.80%	18,211	11.90%	34	14	57.70%

Sources: IMF (1, 2, 3, 4, 7); World Bank (5); World Economic Forum (6)

Figure 9: Profile of Survey Respondents

Profile of respondents (2013, in % of complete answers)



Note: (\*) 60 exporters and 76 importers Source: Ongoing survey

## Endnotes

1. [http://alianzapacifico.net/que\\_es\\_la\\_alianza/valor-estrategico/](http://alianzapacifico.net/que_es_la_alianza/valor-estrategico/), November 2013.
2. "The Pacific Alliance Casts Its Cloud over Latin America", August 2013, GIGA Focus International.
3. Association of American Chambers of Commerce in Latin America (AACCLA) and its affiliates in Mexico, Colombia, Peru and Chile; the Mexican Business Council for Foreign Trade, Investment and Technology (COMCE); the National Business Association of Colombia (ANDI); the Peruvian National Confederation of Private Business Institutions (CONFIEP) and the Peruvian Foreign Trade Society (COMEX Peru); and the Chilean Industrial Promotion Society (SOFOPA).
4. This call out box is a summary of two internal documents of the IDB, supporting institution to the Pacific Alliance, <http://www.thepacificalliance.org/meet-the-alliance> – accessed on 3 December 2013.
5. This section is an executive summary of the following report: "Perspectivas de integración productiva entre los países de la Alianza del Pacífico", April 2013, Inter-American Development Bank, Washington DC.
6. This is called "vertical specialization" a notion that captures the idea that various countries are linked sequentially to produce a final good. For more details, see "Tracing Value-Added and Double Counting in Gross Exports" Forthcoming in American Economic Review, Koopman, Robert, Zhi Wang and Shang-Ji Wei, (2013).
7. For a more extensive analysis of the production complementarities currently seen in the Pacific Alliance, see: IDB, April 2013. "Perspectivas de integración productiva entre los países de la Alianza del Pacífico".
8. Association of American Chambers of Commerce in Latin America (AACCLA) and its affiliates in Mexico, Colombia, Peru and Chile; the Mexican Business Council for Foreign Trade, Investment and Technology (COMCE); the National Business Association of Colombia (ANDI); the Peruvian National Confederation of Private Business Institutions (CONFIEP) and the Peruvian Foreign Trade Society (COMEX Peru); and the Chilean Industrial Promotion Society (SOFOPA).
9. Pacific Alliance survey, November 2013.
10. Respondents chose within a range from "excellent" to "very bad," or "not applicable". The percentage of responses that fall into the categories "very bad" and "bad" are presented in Figure 5.
11. This consolidated picture is weighted towards countries with the highest number of responses, while, in reality, priority areas may differ across countries.
12. <http://www.iadb.org/en/news/news-releases/2013-10-31/transport-costs-and-exports,10621.html>, accessed on 2 December 2013.
13. Interview with TerminalCo, September 2013.
14. Interview with Sanitary Co., November 2013.
15. For each dimension, respondents were asked to "qualify the following obstacles that can generate specific requirements from your source and / or destination market." Respondents then chose within a range from "nonexistent" to "very high". The percentages of "very high" and "high" responses are presented in Figure 7.
16. Interview with Sanitary Co., November 2013.



# Acknowledgements

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- Syngenta AG
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- Tenneco Inc.
- The Inter-American Development Bank
- The World Bank
- Transport Intelligence
- United Parcel Service, Inc. (UPS)
- Verband der Automobilindustrie
- Wal-Mart Stores, Inc.
- World Customs Organization
- World Economic Forum’s New Vision for Agriculture
- World Trade Organization

## Consultative group

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