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LATIN AMERICAN AND CARIBBEAN ECONOMIES REGISTER 5% GROWTH IN 2007, WITH PROJECTIONS OF 4.6% FOR 2008

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UNITED NATIONS

ECLAC

Economic Commission for Latin America and the Caribbean

The positive performance of the world economy is the backdrop to elevated growth underway in the economies of Latin America and the Caribbean. The outlook for regional growth is 5% for 2007 and 4.6% in 2008, following the 2006 growth rate of 5.6%.

So states the new *Economic Survey of Latin America and the Caribbean 2006-2007*. Should projections for 2008 be borne out, the region's per capita GDP will have risen by 20.6% (over 3% per year, on average) by the time it

completes its sixth consecutive year – since 2003 – of growth.

According to ECLAC, in 2007 the economies of South America are expected to grow by 5.7%, whereas Mexico and Central America will increase by 3.6%. Growth projections for the Caribbean stand at 5.5% (see chart page 3).

The report notes that growth registered in the region over 2006 was characterized by two trends: surplus on the balance-of-payments current account and the positive primary balance posted by the public sector.

These surpluses are largely attributable to strong improvements in the region's terms of trade, which have risen by the equivalent of 3.4% of GDP, especially in South America. Improved terms of trade have contributed to the increase of the trade balance surplus and an upswing in fiscal revenues.

Also in 2006, the volume of exports of goods and services for the region as a whole expanded by 7.3%. This dynamism was helped by US economic growth, in

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STRENGTHENING THE REGION'S ECONOMIC TIES WITH ASIAN COUNTRIES

A decade after the 1997 Asian crisis, East and South-East Asia have fully recovered their position in the world economy in terms of growth, international trade, foreign direct investment, technological innovation and inputs of financial resources to maintain international equilibrium, notes the ECLAC report *Latin America and the Caribbean in the World Economy 2006. Trends, 2007*.

Until recently, Asian regional integration was characterized by growing intra-regional trade based on progressively greater production and trade complementarities in the manufacturing sector. This process of *de facto* market-led

integration is now being accompanied by a *de jure* process of government-led integration whereby production and trade links are being supplemented by free trade agreements (FTAs) of various kinds. Of particular interest is China's growing role as an extra-regional export platform for neighbouring countries, deepening this *de facto* regional integration.

Until now, Latin American and Caribbean exports to Asia-Pacific have been concentrated in natural resources and natural resource-based manufactures. In contrast, the pattern of Latin American and Caribbean imports from

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FROM eLAC2007 TO eLAC2010: THE PROGRESS IN LATIN AMERICAN AND CARIBBEAN INFORMATION SOCIETIES

MARTIN HILBERT

The time has come to focus on the lessons learnt from the implementation of the 2005-2007 Regional Plan of Action for the Information Society in Latin America and the Caribbean, *eLAC2007*.

The countries of the region have expressed their intention to review the plan at the Regional Ministerial Conference for the Information Society, to be held in El Salvador, 6-8 February 2008, and to “renew it within the framework of the process aimed at achieving the Millennium Development Goals and the targets and goals set out in the Plan of Action of the World Summit on the Information Society” (*ECLAC Resolution 629, XXXI*). The El Salvador government is proposing an *eLAC2010* as a next step in the region’s commitments to global Information Society goals for 2015.

This call for renewal invites us to reflect on the nature of this first milestone in digital development across the region. The experience of the past three years has brought insights and positive surprises – including the seriousness, commitment and speed with which countries have put into motion a Regional Action Plan in such a new and innovative field.

Several facts have contributed to this success:

- Modern Information and Communication Technologies (ICTs) have become a key instrument for social inclusion, State modernization and economic growth. The fact that in less than a decade, every second inhabitant of the region is communicating through a mobile phone shows the great potential of these tools to contribute to social inclusion. The majority of schools in Argentina, Chile and Mexico already incorporate computers in the curriculum. The Web-presence of the governments of Brazil, Chile and Mexico is evaluated to be among the 20 most advanced of the world, even though their income *per capita* is more than five times less than countries of comparable advancements in e-government. Significant savings have been reported through this means of modernizing public administration. **ECLAC** studies have shown that the use of ICTs is a source of economic growth in the region and that enterprises are quickly digitizing their ways of doing business.
- In contrast to other controversial issues on the development agenda, international cooperation and exchange of experiences in the field of technology for development counts with a large group of proactive and enthusiastic stakeholders, both public and private. In one of the most recent topics of the development agenda, a myriad of regional projects have sprung

up in fields like distance-health, ICT for disaster management, tele-work, cultural heritage protection, training of the workforce, and digital entrepreneurship, among many others. More than 1,500 ICT-related projects have been registered in the regional ICT projects database (<http://www.PROTIC.org>).

- *eLAC2007* is a short-term action plan with concrete and measurable goals in a manageable timeframe of three years. This does not only allow participants to see the fruits of their work in a short period, but also to make adjustments in a field of fast technological change. Monitoring of the plan has been done by the *ad-hoc* Regional Follow-up Mechanism (formed by Brazil, Ecuador, El Salvador and Trinidad and Tobago) and all participating countries have been assigned a national focal point for permanent coordination through a virtual platform (<http://www.eLAC2007.info>).

The multi-sectoral nature of the topic naturally led to the design of a meta-platform. *eLAC2007* itself does not rely on its own financial resources, apart from the contribution as technical secretariat that **ECLAC** has been able to provide thanks to the financial support of the @LIS project of the European Commission and the Institute for Connectivity in the Americas (ICA) of Canada’s IDRC.

Most of the activities enlisted in the Regional Plan of Action have their own financial resources stemming from private and public sources. *eLAC2007* highlights and recognizes the valuable work of these regional initiatives and fulfills a coordination role in a cross-cutting and multi-sectoral subject area, in order to create synergies and prevent duplication of efforts.

For example, the RedGeALC e-government network leads *eLAC2007* Goal 15; the Cooperation of Advanced Networks for Research and Education (RedCLARA) is an important effort in Goal 10; the Regional Library of Medicine and Health Sciences (BIREME) renews its longstanding commitment to ICT in Goal 17; and the Observatory for the Information Society (OSILAC) draws attention to the important work done by statistical entities in Goal 26. The resulting meta-platform assures that the Plan does not lose touch with reality and can create synergies to free scarce resources that can be used to launch new initiatives. It is worthwhile to point out that a large part of the *eLAC2007* activities rely on private sector and civil society networks. In this sense, the coordinated action formulated through *eLAC2007*

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INDICATORS

represents an important innovation of traditional notions of regional agreement, cooperation and integration. It is opening channels to enable multiple societal actors to participate together with state representatives in shaping a complex multilateralism. The conception of a stakeholder and the shared responsibility of all parts become preminent, while the last word stays with democratically-legitimized governments.

eLAC2007 recognizes a change in the way the relationship between state and social actors is viewed and, thus, in the way that is discursively constructed. In this spirit, preparation of the draft of a new Action Plan *eLAC2010* has been carried out through a five-phase, open-ended consultation conducted online and face-to-face between April 2006 and September 2007. The results form the basis of negotiations taking place at the preparatory conference in Buenos Aires (4-5 October 2007) and the Ministerial Conference in El Salvador (February 2008). Some 1,273 contributions came from experts from nearly all the countries of the region via three online questionnaires, and two rounds of face-to-face interviews. Significantly, 40% of the contributions came from private sector experts; one-third from academics and civil society; and the remainder from public sector respondents. To our knowledge, this is the largest online participative policy-making exercise in the history of intergovernmental processes in Latin America and the Caribbean.

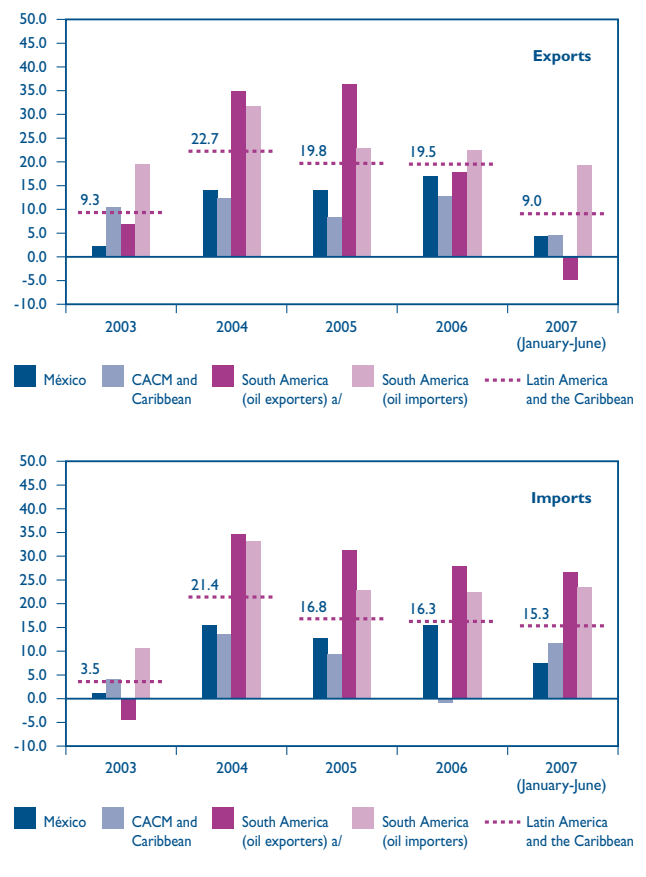
In this sense, the *eLAC* process underlines the importance of international participative policy-making in the digital age and the role that the United Nations structure can play. It also shows how this can benefit from the decentralized knowledge of the specialized multi-stakeholder community and by respecting the role of democratically-legitimized governments through the established multilateral system. Transparency and interactive participation are two potential benefits of the Information Society, and regional cooperation is beginning the collective learning process required to take advantage of them.

Last but not least, it has been pointed out by many participating governments and non-State actors that technological progress and the countless activities in diverse countries require constant coordination and solid institutional follow-up. While the benefits of the multi-stakeholder approach are obvious, inter-governmental structures and mechanisms are indispensable in mainstreaming technological issues into the regional development agenda.

ECOSOC has named the Commission on Science and Technology for Development (CSTD) as the global focal point for UN system-wide follow-up of the global World Summit on the Information Society (WSIS). But Latin America and the Caribbean lacks a corresponding forum for permanent dialogue on technology and innovation for development. In response, the *eLAC2007 ad-hoc* Regional Follow-up Mechanism has announced that one of the most pressing issues of El Salvador Ministerial Conference is to discuss the structure and nature of institutional follow-up for technological and innovation policy for development in the region. ✨

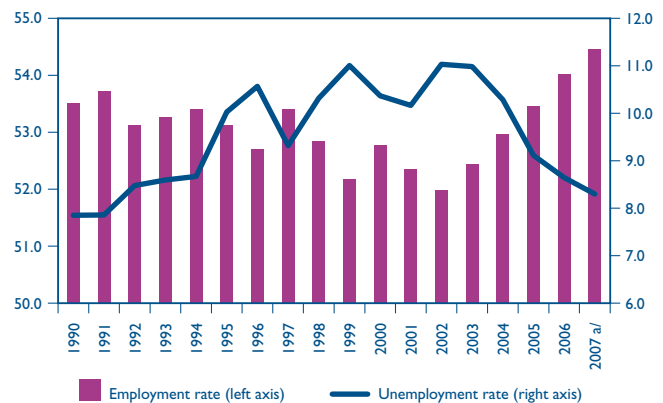
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Latin America and the Caribbean: Growth Rates of Exports and Imports of Goods, 2003-2007
(percentages)



Source: ECLAC, Division of International Trade and Integration, on the basis of information and estimates based on official data reported by national statistical offices, customs bureaus and the central banks of the countries concerned. a/ The group of oil-exporting countries in South America are Colombia, Ecuador and Venezuela. Grouped among the oil-importing countries in South America are Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay.

Latin America: Employment and Unemployment



Source: ECLAC. a/ Projection.