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business activities of Colombia during the period
2010 - 2015**

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Abstract

The agreement in Cartagena, gave birth to the Andean group, or as it is popularly called the Andean Community of Nations, this began as an idea in the years 66 and was signed in May 1969 and entered into force on 16 October of the same year.

As any trade agreement, this is subject to be modified in a fundamentally closed conception of inward integration, due to the design of import substitution, among other changes can talk about being reoriented towards a possible open regionalist scheme.

As a result, this has caused political and economic discomfort for the member countries. On April 2, 2006, Venezuela decided to go against the agreement in denouncing the agreement made in the city called the "gritty", which was signed with the member countries of the Andean Community a Memorandum of Understanding, hereby you can agree on transitional arrangements which would give the possibility of making one side to Venezuela from the Andean Community. Venezuela's link with the CAN ending 21 April 2011. It can be said that the Andean Community is a subregional organization made up of Bolivia, Colombia, Ecuador and Peru.

Changes in the global economy, given the need to create new challenges, which demanded the introduction regarding the agreement in Cartagena, both institutional and structural.

Today, the activities of the member countries are guided by a competent oriented elements and the strategic agenda set in 2010. In 2011 at the Lima Summit, the presidents of Bolivia, Colombia, Ecuador and Peru agreed to strengthen and help reenergized to the Andean integration process, for which they arranged to undertake a review process institutional structure and operation of the Andean integration System (SAI); in November of that same year at the Summit of Bogotá, they ratified the agreement.

As a sum of all the effort of years, the Andean Community is today, a subregional organization with international legal personality made up of Bolivia, Colombia, Ecuador and Peru as member countries and observer countries.

Some challenges of a political nature agenda as is the eager objective of implementing a common foreign policy dating back to 1998. The idea is aimed at adopting common positions and similarly the need to adopt these measures to the countries, which help the mutual growth of such members. For example: Colombia was the only one who supported the military action in Iraq from February 2003.

The study of the problems of institutional CAN identifies the issues are the interest of conflict between Member States and last but not least, the economic development of the countries that are part of the regional integration process.

Keywords: barriers, economic bloc, intraregional trade, Andean Parliament.

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List of abbreviations

ADEX: Exporters Association (Peru)

BCRP: Central Reserve Bank of Peru

DOG: Andean Community of Nations.

CAAPE: Andean Committee of export promotion

FDI: Foreign direct investment

INEI: National Institute of Statistics and Informatics

IPC: Consumer price index

MERCOSUR: Southern Common Market

MSMEs: Micro, small and medium enterprises

OAS: AEO

UNASUR: Union of South American Nations.

UPS: Andean Integration System

Introduction

This paper is addressed to the study and research of the CAN (Andean Community of Nations), currently made up of four countries like Bolivia, Ecuador, Colombia and Peru, the CAN is an integration mechanism established by the Cartagena Agreement signed on 26 May 1969; The block was established as a free trade zone with the idea of promoting the free flow of goods, can also be mentioned that the main objective was to achieve a more rapid, balanced and autonomous development.

With the emergence of the Andean Group a continuous and constant across countries work expected, however, in the 70 drawbacks that gave resulted in a setback for the purposes and ideals for which had created the CAN, so much so they arose that Chile decided to retire in 1976, simply because of the setbacks suffered by the presidential leadership of Mr. Augusto Pinochet within a specific time period (1973-1990).

At that time, due to the decline of the Andean Community of Nations, other countries decided to finalize the Protocol of Lima, which further reforms upgrade marketing processes, where points were implemented for the benefit of reducing barriers were introduced tariff for member countries. A few years later, in the CAN evidenced again a negative for the fulfillment of the objectives, Venezuela also said stepping aside Andean Group, said disengagement was in 2006 especially disputes generate by Venezuela against Colombia and Peru to start negotiating free trade agreements with the United States and the European Union

Despite the benefits that such an agreement can offer members, the organization possibly has not produced the desired effect; for this reason in this degree work is to identify the aspects that contributed to the decline of the objectives of the Andean Community Or failing that, the use of this area by the Colombian entrepreneur, especially in the events between 2010 and 2015, which is the time appointed to

investigate and analyze the economic and social development of member states of the bloc.

This paper intends to present its current state and discuss key issues for Colombia as trade relations, which is very important for sustainable long-term development, will discuss the economic aspects of the country's productivity, for example analyze how much has encouraged the country to small businesses for the use of the CAN, also they make the foot of the macroeconomic difficulties that have been an obstacle to the use of the Andean Community, which is one of the oldest integrations of America.

It will be an approximation of descriptive and explanatory about the use of the trade bloc by the Colombian businessman, based on the behavior of its members, which will result in the operation of the process of collective action for this research.

It was decided to base the development of this research, the analysis of the results it has produced international trade in Colombia at the level of the CAN, to determine their influence on the economic development of the country through noted earlier period and be able to identify benefits and advantages obtained by this integration.

1. Project Formulation

1.1 Background

"What about the Andean Community of Nations - Can?" Is an academic project prepared by: Andrés Casas Casas and María Elvira Correa, of the Pontifical Javeriana University in Bogota Colombia, 2007. In this paper, the authors relate the evil state trade bloc with the behavior and decision-making of its members, which has been the detonator of stagnation in the development of commercial and economic process, so much that has not been able to strengthen the Andean bloc in its over 30 years of history.

Similar features between member states of the Andean Community, such as geographical location, language, among others, has not been the key to success track and comply fully with the interests of the CAN; in collective action proposed by organizations, lack of incentive to these companies to participate in projects created by the States themselves evident.

To complement this, "Carolina Blanco Alvarado, in his research work at the University Santo Tomas," The Crisis of the Andean Community "prepared in Bogotá Colombia, 2014; states that the Andean trade bloc is the organization most complex countries in South America and due to the drawbacks presented in trade and especially economic relations of the members, have demonstrated very critical points during the process, based on this work research develops the main issues that have prevented the normal progress in obtaining the benefits possibly underused by the Andean Community. It is normal that governments feel the loss of time devoted to building economies based trade bloc,

In "The Andean Community: A Paradigm for Economic Integration in Latin America" which is work done by: Jeanine Aguirre Ochoa, Marco Aurelio Peña Morales, Sonia

Massiel Duarte, at UNAN University of Managua, 2014, the authors analyze and then link background with the current state to determine or predestine the future that awaits the Andean Community of Nations, this is based on the behavior of the integration process both legally and economically, so as to indicate that even with a history as present promising and full of changes, it has not managed to give the expected results.

1.1.1 State of the Art

As indicated Córdova (2014) in the research project "The Andean countries facing globalization: integration strategies" The main problem of the Andean Community of Nations since its inception is how to achieve the free movement of goods among member countries agreement, without harming the economic development strategies of each, just as this integration should not be based primarily on the commercial if not there is a need to address issues of capital flows, investment and services. It is also important to mention the social in issues such as poverty, unemployment, education and health are common problems facing the countries of the Andean Community

"Building a common strategy: competition law in the Andean Community" is an article of Alejandro Falla and Eduardo Quintana lawyers and researchers from the Catholic University of Peru, in that article they refer to practices carried out within the framework of the Andean community and do not allow the proper development claim that within the framework of integration processes, although it requires an institutional framework at the level of member countries to support the process of competition within domestic markets, also requires an institutional framework that allows supra national prosecute and punish those behaviors that directly affect the integration process.

"Andean Community and international business: a view from its institutionality and supranationality" is an article written by Dr. Luis Nelson Beltran Mora, PhD in

integration and economic development of the Autonomous University of Madrid-UAM who says the Andean Integration System (UPS), has not only promote business but Community law (DC) developed in the group, shields trade agreements giving institutionality and supranationality to the CAN and the new open regionalism creates uncertainty about the future of the block .

"The Andean Community in the framework of the legal and political" is a scientific article by Dr. Carolina Blanco Alvarado, published for the magazine Prolegómenos rights and values, in June 2013 which seeks to identify the process of Andean trade bloc from the legal and political point, considering that the economic integration of countries has been limited considerably; the development of facets such research is essentially based on the need to argue the status of members of the Andean trade bloc with respect in relation to the global reality on economic issues.

"Current Features of economic integration between Mercosur and the Andean Community of Nations" is an article by Dr. Fernando Neira Orjuela, published in the magazine business dimension in June 2014, this article refers to the ratio of trade integration and economic life of the Andean Community, taking into account the similar characteristics in current processes between the Mercosur and Andean countries 4; It follows that such integration policies between 2 blocks, are insufficient to generate a successful impact.

The article "Development and knowledge of the Andean Community (CAN)" from the Technical University of Machala says the history of CAN has been characterized by ups and downs like any other group integration and has also gone through different stages, from the model of "import substitution" predominant in the seventies protecting the domestic industry with high tariffs , an open end of the eighties model. Andean integration process has reached during the development of the CAN, among other achievements such as the establishment of a free trade zone, an existing common external tariff since 1995 and preferential access of products to the European Union and the United United.

Valle University published an article called "An Assessment of Macroeconomic Convergence Program of the Andean Community of Nations: the Colombian case" this indicates that from the nineties the Andean Community of Nations (CAN) began to advance in the consolidation of programs coordination of macroeconomic policies, which represent a coordination exercise should be evaluated to determine if it has affected the good performance a country (measured from indicator variables associated with monetary and fiscal policy).

1.2 Problem Statement

The Andean Community of Nations reflected a number of legal and political problems have failed to reap the expected benefits of it as equitable economic development that benefits members and countries that allow same subregional solidarity.

Despite the advantages it can offer the Andean Community of Nations trade bloc that so far has not yielded great results and entrepreneurs have not benefited as expected; That is why one tries to analyze what has been the use of CAN by companies in Colombia during the period 2010-2015.

Difficulties in the Andean Community of Nations are endorsed by political issues and legal fields, apart from the possible economic disadvantages (White, 2014, p. 4). As mentioned above, the crisis starts from the agreements signed by Colombia and Peru with the European Union, which saw the departure of Venezuela, after there two divided among the bloc lines were identified, "where Bolivia and Ecuador focus its operations in domestic markets for growth of the local economy, and on the other side Peru and Colombia that use its model of growth and development, supported by international markets "(Reason, 2016).

Considering the above stated, the situations that can be generated if the Andean

Community still has shortcomings and entrepreneurs wasting their benefits, each day will be weaker this integration, a clear example is that "markets of the Andean bloc are not suitable for the amount of products offered by countries, this based on inadequate markets for this, so much so that until economic and especially political ties are in place, the organization of the trade bloc, would assume the challenge of Within the limits of national and international markets"(Republic, 2011).

That is why the CAN should direct their policies in the same direction, so that the integration of this trade bloc to strengthen. Similarly should develop strategies to promote the benefits of the Andean Community, helping to amass this information and that employers make use of this.

Problematize the questions under study are:

- Which was the economic situation of member countries during the period 2010-2015 CAN?
- Which were imports and exports of member countries of the Andean Community during the period 2010-2015?
- What economic and commercial advantages offered by the Andean Community to Colombian companies?

1.3 Justification

THEORETICAL JUSTIFICATION

This paper seeks to highlight the reasons why the Treaty of the Andean Community of Nations has not produced the expected results for Colombian entrepreneurs, due to political differences that have arisen between member countries of the Andean Community, seeking and identifying the causes and devise a strategy that can help increase trade flows between the parties involved.

SOCIAL JUSTIFICATION

It seeks to provide a tool that primarily help entrepreneurs seeking to increase their trade flow, allowing them to know all necessary for effective use of this information and trade agreement which would benefit Colombian companies.

PERSONAL GROUNDS

International business has been professional and academic authors choice, so found appropriate to conduct this research in order to show the Andean Community analyzing economic performance during 2010-2015, so it is a motivation for the authors provide an information tool that helps entrepreneurs to benefit and make proper use of and participation in the agreement.

1.4 Objectives

1.4.1 General objective

Determine the economic behavior of the Andean Community and its impact on the business activities of Colombia during the period 2010-2015.

1.4.2 Specific objectives

- Analyze the economic situation of Andean Community member countries during the period 2010-2015.
- Analyze imports and exports of member countries of the Andean Community during the period 2010-2015.
- Identify economic and trade advantages offered by the Andean Community to Colombian companies.

1.5 Methodological framework

1.5.1 Method

deductive research will be conducted regarding the barriers that Colombian entrepreneurs in the process of trade integration with the member countries of the Andean Community, so with this information in detail and identify the causes that have caused unrest in the agreement and plan strategies to improve the current conditions of Colombian trade compared to CAN.

1.5.2 Methodology

Descriptive research

To collect information from this study is to investigate secondary sources, mainly from different references from government and academia such as the website of the CAN and research conducted by Colombian and Latin American universities leading to the identification of the reasons that have Colombian businessman allowed to make the most of the Andean trade bloc.

1.6 Scope

This study will focus in relation to the use of the Andean trade bloc by the Colombian businessman, to identify why you are wasting this treaty, to make a more precise analysis will focus between the periods for the years 2010 - 2015, analyzing economic aspects.

2. Project execution

The integration agreement longest in South America has consistently presented crisis, so the main reasons why the CAN has not had the expected effects inquire. "The American people by their characteristics in trade agreements, seeks to transfer the invisible borders in the exchange market, this is a political ideal applied by South American countries for a long time" (Couffignal, 1996, p. 11).

CAN evidence a number of barriers that will be discussed below, they have not been allowed to deliver the benefits expected from it; That is why it is appropriate to ask whether those barriers are due to factors other than the eminently affordable. (White, 2014, p.4).

As noted above, the issues that significantly affect the progress of the Andean Community, are the legal and political problems, apart from some percentage of difficulties in the economy, that is, perhaps the economy of any country has not helped benefit of other countries; the main disadvantages are given grounded in the inability or neglect organizational application integration by the commercial block.

"It is evident that when the objectives of the integration process can not be achieved, this should be rephrased substantially" (Guerra, 1997).

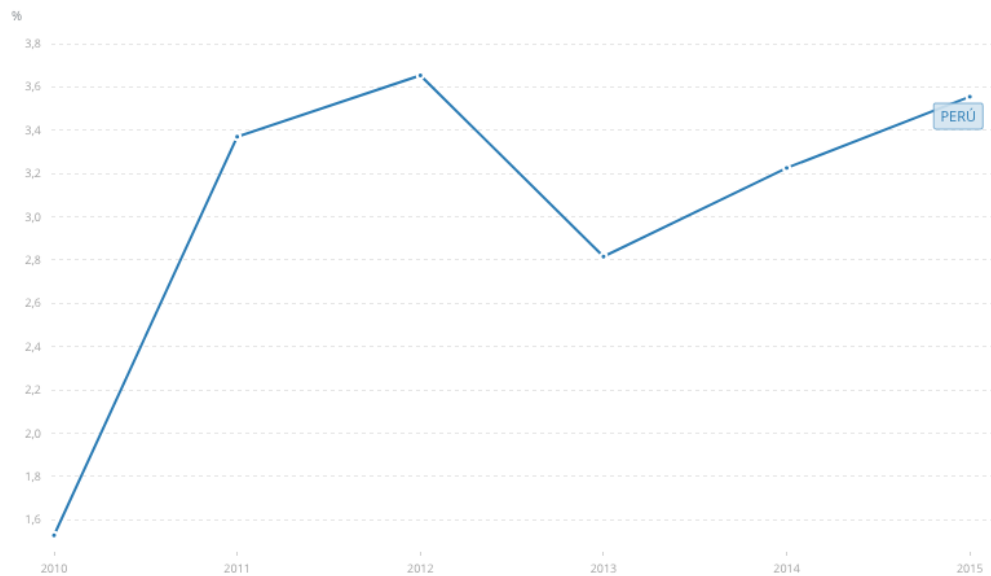
Since the beginning of the integration process, this was political rather not thought to contribute to socio-economic solutions. "Since the emergence of the Andean Pact, now the Andean Community, it has identified a lack of participation of civil society" (Sanchez, 2007, p. 44).

2.1 Graphs and tables

ECONOMIC SITUATION OF MEMBER COUNTRIES CAN

Peru

Figure 1: Percentage Inflation Peru during the period 2010-2015



Source: World Bank.

According to figures from Peru inflation in the period 2010 - 2015 presented by the World Bank, this variable increased from 1.6% in 2010 to 3.6% in 2015.

The Central Reserve Bank of Peru (2015) mentions that inflation mainly reflected the increase in the price of food and utilities, as these two components increased by 5.02%. Inflation excluding these two items during this period accounted for 3.46%, where the price of education and other associated items at the exchange rate as it is the import of technology products and vehicles generated the greatest impact on the country's economy.

Other figures released by the Central Bank (2015) found increases in food prices recorded between 2010 and 2012, mainly due to climatic anomalies which scored direct hits on the shortage of agricultural foods such as tomatoes and potatoes, and this Finally one of the products that registered the highest price increase of 51.6%. Increasing temperature and expectation which could lead to the phenomenon of child discouraged harvest around the country. A sugar shortage also caused production encareciera its derivatives, according to the BCRP inflation report (2015) price increases in these products was 19.1% and the decrease in the production of sugarcane it was 11.7%.

The report BCRP (2013) explains the decline in inflation for that year, the main contributing factors were the improvements in national food supply associated with improving weather conditions, another factor affecting this year is the appreciation of the coin, as it came presenting a depreciation of 9.1% for 2013 and appreciated by 1%.

2015 of major products such as food, fuel and education - in the chart below the weighted contribution to inflation in the period 2010 is shown.

Table 1: Contribution weighted inflation 2010 - 2015

	Peso	Var. %
INFLACIÓN	100,0	3,9
Alimentos	37,8	5,0
Efecto de precios internacionales	10,0	2,6
<i>Del cual</i>		
Azúcar	0,5	19,1
Carne de pollo	3,0	2,1
Choques de oferta interna	4,95	10,7
<i>Del cual</i>		
Papa	0,9	51,6
Otras hortalizas	0,4	14,1
Tomate	0,2	32,8
Comidas fuera del hogar	11,7	5,0
Resto de alimentos	11,1	4,2
<u>Combustibles, pasaje urbano y electricidad</u>	14,3	3,1
Combustibles	2,8	-5,6
Pasaje urbano	8,5	1,1
Electricidad	2,9	17,7
<u>Asociados al tipo de cambio</u>	4,5	6,0
Compra de vehículos	1,6	9,1
Alquiler de vivienda	2,4	3,2
Pasaje de avión	0,4	9,0
<u>Educación</u>	9,85	5,1
Matrícula y pensión de enseñanza	8,8	4,9
Enseñanza en áreas diversas	0,3	14,8
Textos y útiles escolares	0,7	4,5
Resto	33,58	2,3

Source: Central Reserve Bank of Peru.

2015 is associated in part to increased exchange rate, which directly impacted the purchase - with the information presented in the table above inflation reports the Central Bank of Peru, where it is mentioned that inflation presented during the period 2010 detailed vehicle and plane tickets, also, the adjustment in prices of public services.

Figure 2: Peru's GDP 2010-2015 (Thousands of dollars)

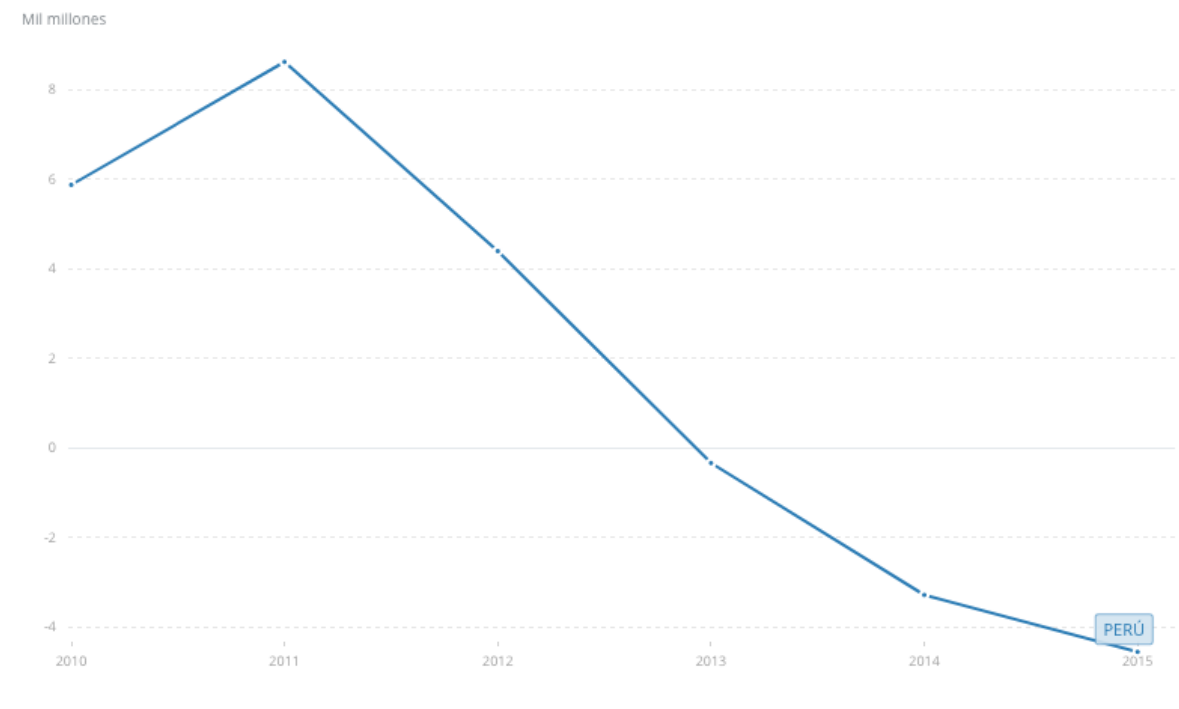


Source: World Bank

Since 2000 the Peruvian economy has been showing very good growth rates seeing year-over-year growth in GDP, from 2014 a decline in the growth of this is observed, which is due largely to Peru as the other countries of cAN's Minoro-energy products are the main export product and for these years a drop in prices presented clearly affecting the economies of the countries that the greatest amount of exports in these commodities, as in the case of Peru (INEI, 2015).

According to the National Institute of Statistics and Informatics (INEI) for the end of 2015 Peru grew by 3.26% mainly marked by the manufacturing sector increased by 5.02% recording the second highest rate of the year, driven by increased activity the primary manufacturing subsector (24.43%), along with increased production of fish meal and oil (34.9%), also the production of refined oil (16%), and the preparation and preservation of meat (3.8%).

Figure 3: Trade balance in Peru 2010-2015 (Thousands of dollars)



Source: World Bank

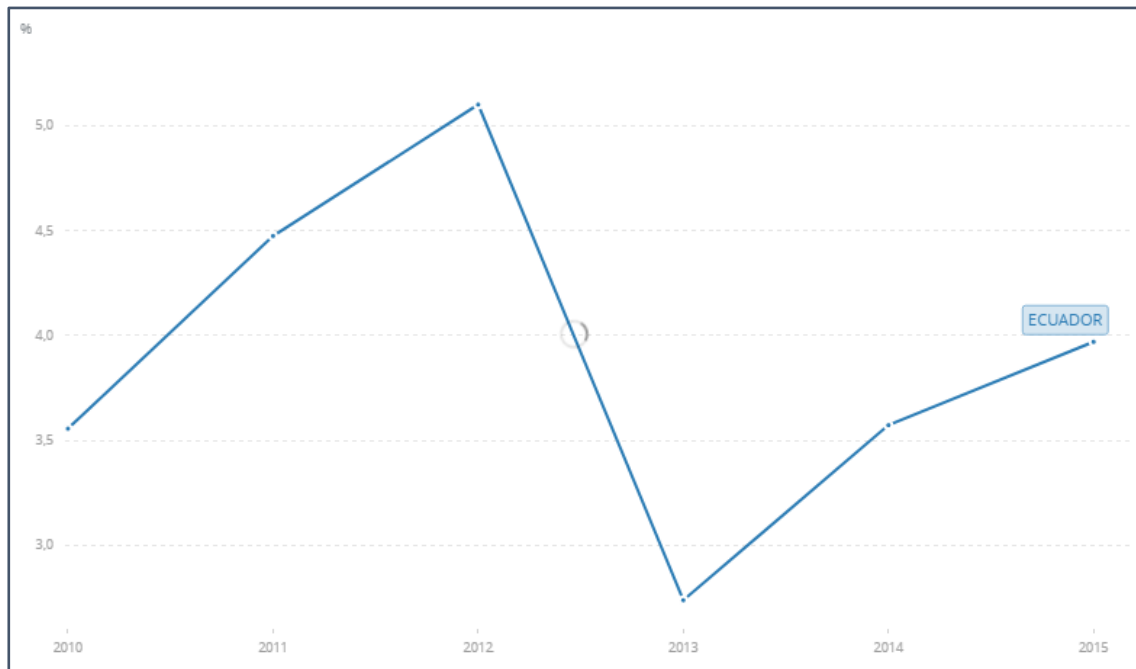
Peru's trade balance has maintained a deficit of US \$ 2.068 billion, this is because the decline in exports (-18.9%) is greater than the decline in imports (-11.8%) is a trend negative, as described above traditional exports suffered most.

This behavior is reflected in the other countries of the region, where there has been a reduction in exports of both traditional and non-traditional products.

According to the Central Reserve Bank of Peru (2015) the decline in exports is explained by the deterioration in external conditions in the world and particularly in countries like China, in previous years, rapid growth in China boosted the demand for raw materials which led to a good time to Peru and the rest of Latin America.

Ecuador

Figure 4: Percentage Ecuador Inflation 2010-2015



Source: World Bank

2011 was the second year with the highest rate of inflation after 2004 to Ecuador, this year the hill index at 5.41%, well above the 3.33% recorded in 2010, for that year, the Ecuadorian government had budgeted rate inflation of 4.47%, but according to reports from the INEC (national Institute of Statistics and census) I indicate that by October of that year inflation had exceeded the defined limits, limits that put some products or consumer goods out of reach of Ecuadorians middle class.

For the next two following years, the price index in Ecuador had a significant variation, from 4.16% in 2012 to 2.70%, this indicates that is the lowest inflation rate in the last 8 years in the neighboring country, issues such as the stabilization of the price of raw materials abroad and less variation in tariff restrictions could contribute to low inflation. During the 2013 good range of products, both in quantity

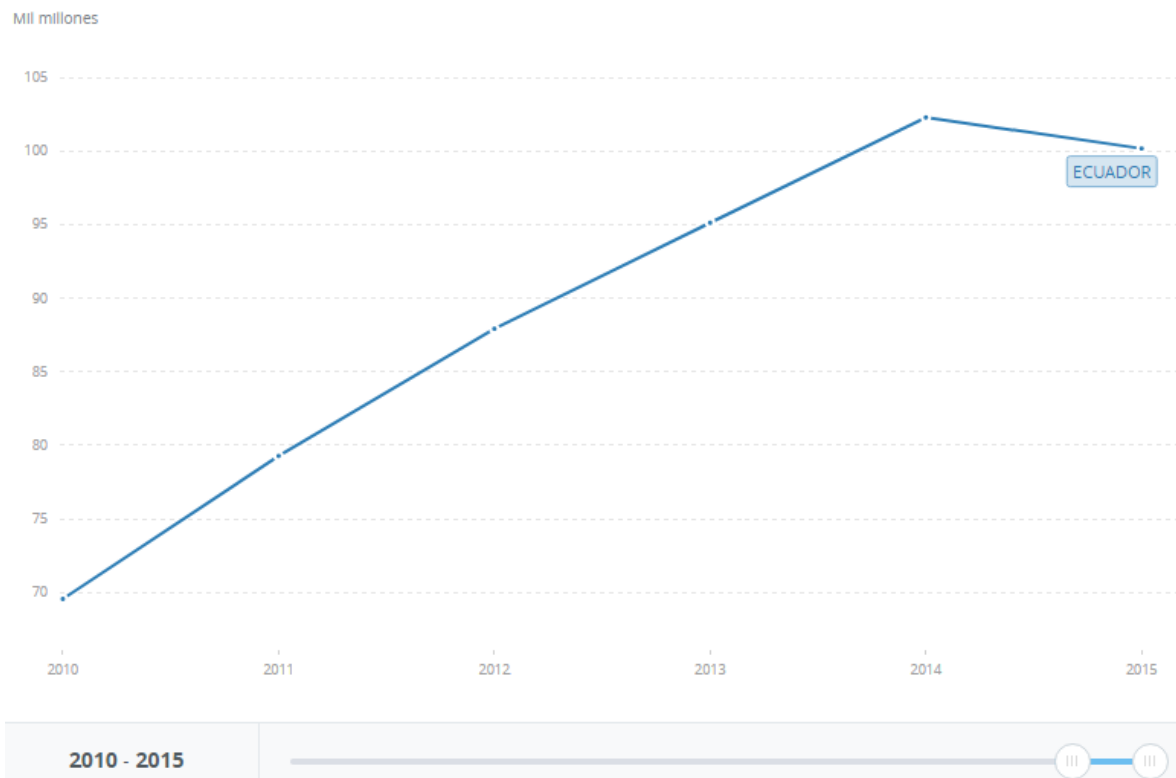
and quality, this did not occur because natural phenomena that could affect the harvest in the country and increase the price of products was evident.

All the above factors have contributed to the inflation rate does not rise, creating greater stability for consumption of Ecuadorians.

2014 price index (CPI) closed at 3.67%, having an approximate variation of 0.97%, this figure is very high taking into account the aspirations of Ecuador to stabilize consumption and supply the lower strata, as cause the above, it was shown that non-alcoholic beverages, along with the issues of recreation and culture, drink fueled the increase in the inflation rate, rising by approximately 27.74% and 19.27% respectively.

In the last year of analysis (2015), the inflation rate reached an annual rate of 3.38%, in fact, had a slight decrease with those reported the previous year, however, in all this was a positive for the Ecuadorian government which, according to the INEC, the goal for 2015 had set in 3.90% for the inflation rate, as a result the average monthly rate fell to 0.09% from the previous year, which reached 0.11%.

Figure 5: GDP of Ecuador 2010-2015 (Thousands of dollars)



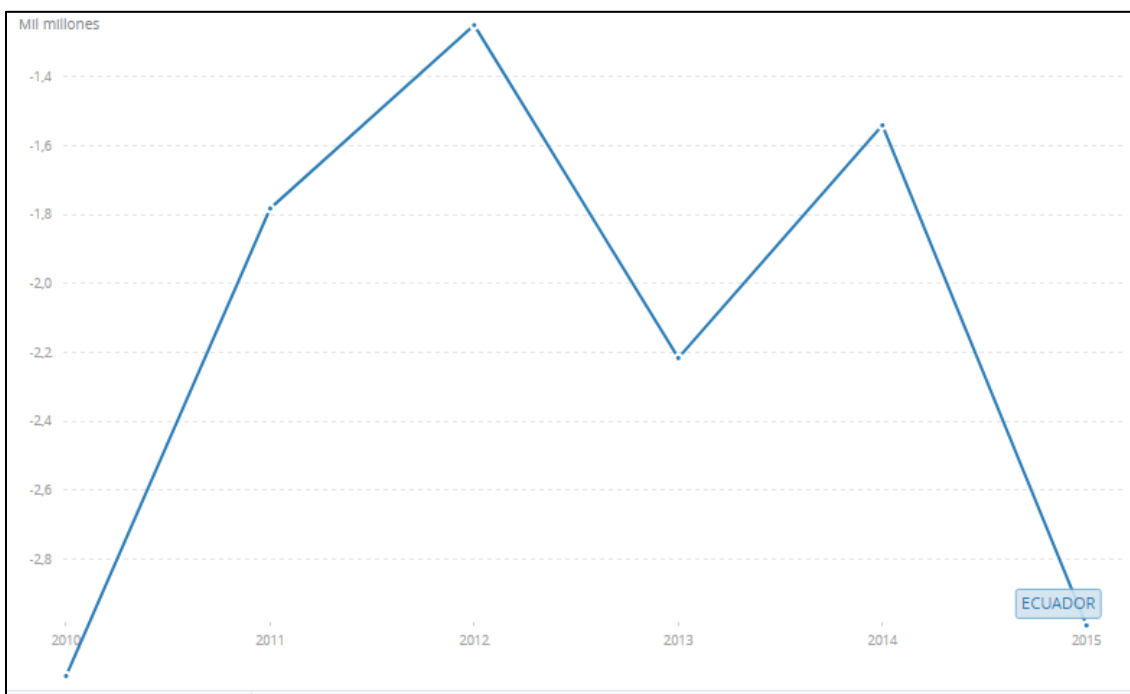
Source: World Bank

According to the Central Bank, GDP in Ecuador grew by approximately 7% compared to 2009, this growth in the economy thanks to the oil sector was in terms of exports. For the years 2010, 2011, 2012 and 2013, growth peaked at over 4.5% according to the World Bank, as in previous years the construction participated in the growth of the economy to affect GDP, as growth is evident significant agricultural and livestock activities also increased considerably.

2014, although GDP presented in 3.8% did not follow the same line growth compared to previous years, the report is given by the Central Bank of Ecuador, because the economy had a variation of 0.5%. As 2013 the non-oil sector had a good share of the total growth of gross domestic product, when compared with other economies, Ecuador had higher growth than the Peruvian country (2.8%) (Central Bank of Ecuador, 2013).

For the last year, GDP had a circumstantial setback, since the growth rate was very low for the Ecuadorian economy, talking about an average of about 0.2% with reference to 2014, according to the Commercial Bank, is the growth rate lowest in recent years, which is still held by the non-oil sector, however, worth noting that although its flagship product, oil, had some reductions essentially due to falling oil prices.

Figure 6: Trade balance for Ecuador 2010-2015 (Billions of dollars)



Source: World Bank

As for the balance in 2011 you can see progress as imports increased, exports had a great year and took the lead in imports by about 40%, thanks to this we can deduce that there was a deficit reduction brought Ecuador from the previous year, it is known that the great purpose of Ecuadorian government is to improve the trade balance, trade balance dollarized since 2010, trying to recover from the economic crisis in 2008 in the US; He improved in many ways to get to 2011 with a significant reduction in the trade balance, considering that oil and non-oil exports

had increased, especially by the increase in oil prices.

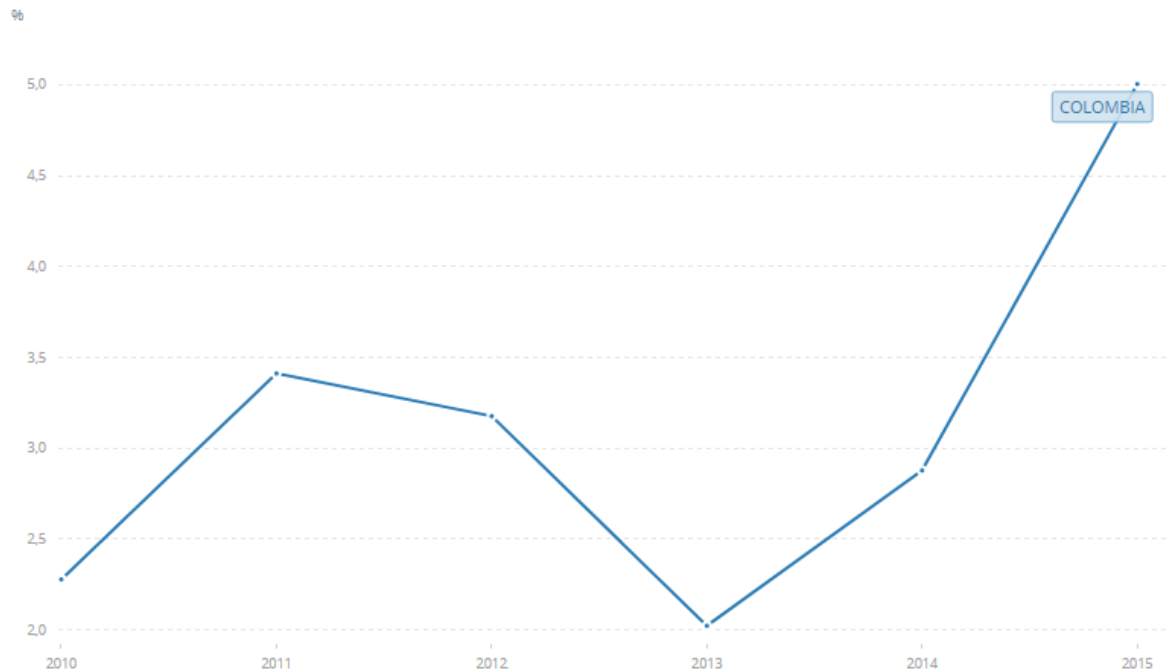
As seen in the picture, for 2012 the news to Ecuador remain very positive, since according Fedexpor, exports for that year increased by 7.1% compared to 2011, resulting in a small reduction in the deficit the trade balance.

For the 2014 year, Ecuador had a great improvement in the trade balance, since back then exports reached their ceiling in the last 5 years, as mentioned above, the main actor in the trade balance is oil sector as the country's economy depends heavily on oil exports, growth or decline in the price of oil has strong implications for the Ecuadorian economy, this being a non-controllable by the Ecuadorian people macroeconomic factor.

2015 was not an easy year for Ecuador, during this period has faced different situations, some internal and other macroeconomic factors that did not favor the Ecuadorian activity, factors such as the appreciation of the dollar hampers exports to non-dollarized countries because for these it is difficult to import an expensive dollar, plus the fall that has had oil prices.

Colombia

Figure 7: Percent Inflation in Colombia during the period 2010-2015



Source: World Bank

Colombia has presented a fluctuation in inflation rates until 2014 had been complying with the maximum inflation target proposed by the Bank of the Republic to be between 3% and 4%, by 2015 this goal could not be met since the inflation rate was above 5%.

Because the goal set by the Banco de la Republica for inflation was surpassed in the first quarter of 2015, this had to step in implementing a contractionary monetary policy, which has led to raise interest rates to 7%. (Banco de la Republica, 2015).

This inflationary phenomenon in the country is due by factors of supply than demand, which would explain why despite the measures taken by the central bank this could not be contralada also a devaluation of the peso against the dollar and a strong El Niño which has reduced agricultural production, creating shortages in

some products of the basic food basket. (Zamudio, 2016).

Figure 8: Colombia GDP 2010-2015 (thousands of dollars)



Source: World Bank

GDP in Colombia presents a continuous increase every year since 2003, this led by the hand with growth in exports and inflows into force of the FTA as the United States and the European Union.

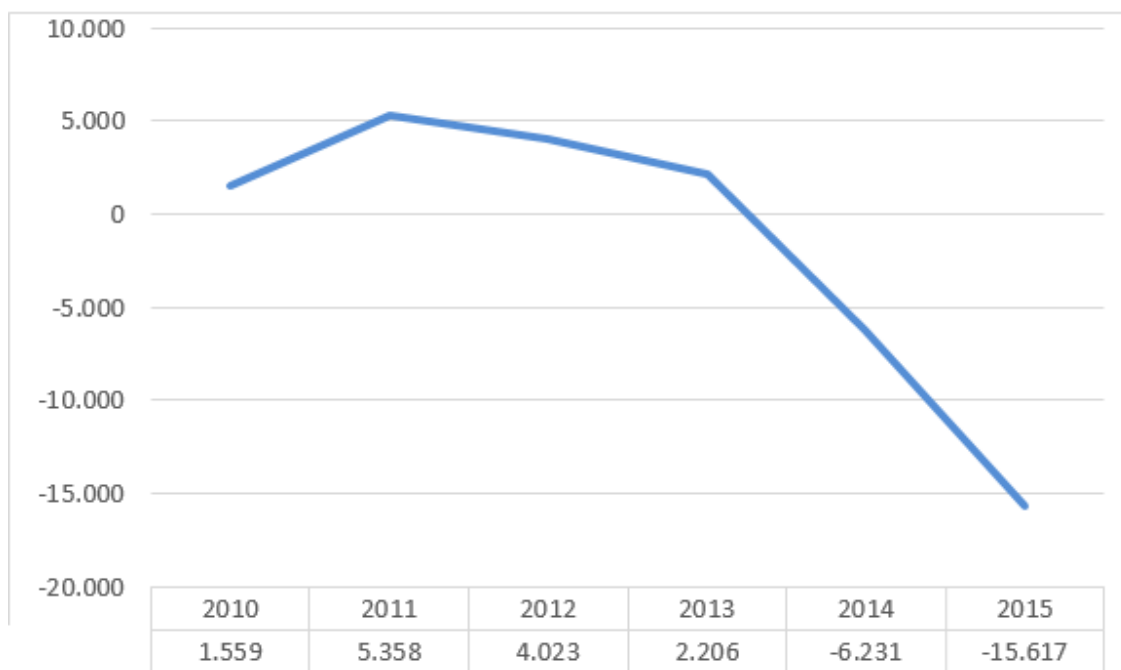
Between 2010 and 2013 he continued to show this upward trend, but by 2014 a clear slowdown occurs in GDP growth and the economy in Colombia, this had to justify the international drop in prices of raw materials, particularly oil which is the main export product of Colombia. (Dane, 2015).

Overcome in 2015 despite a year with a greater slowdown, the Colombian economy grew 3.1 percent during 2015 according to a report released by the Dane (2015), this figure even exceeded some of the most optimistic forecasts among local

analysts.

Mauricio Perfetti del Corral, director of Dane, explained that during 2015 there were three sectors that marked economic growth: financial institutions, insurance, real estate and business services (this group grew 4.3 percent); commerce, repairs, restaurants and hotels (4.1 percent) and construction (buildings and civil works) rose 3.9 percent.

Figure 9: Colombia 2010-2015 Trade balance (millions of dollars)



Source: Dane

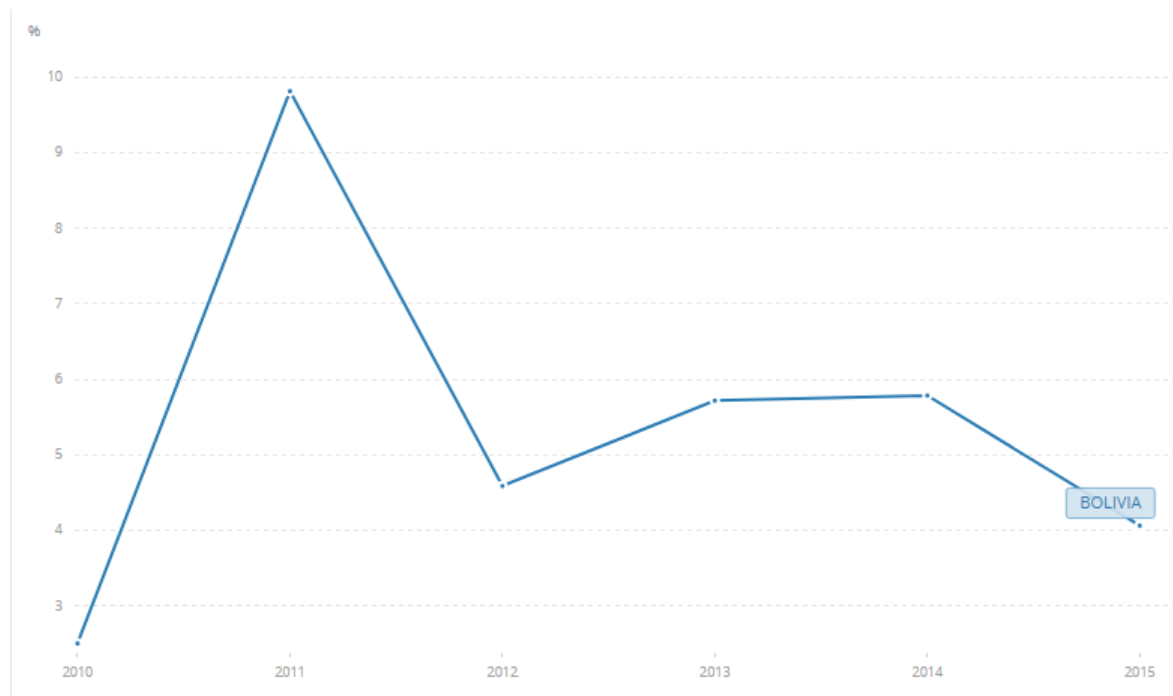
As shown in the figure above, over the last 3 years the trade balance has been declining moving into deficit in 2014 and 2015, this is the sign of the above, since the peso devaluation only been slightly affected imports, while falling oil prices if it has generated a strong impact on Colombian exports becoming a larger deficit.

This trade deficit is a result of the reduction in tariffs by 5% on average and the

flexible, plus change. Exports are not diversified and depends on oil, showing that Colombia does not have a large export supply. (Dian, 2015)

Bolivia

Figure 10: Percentage Inflation Bolivia 2010-2015



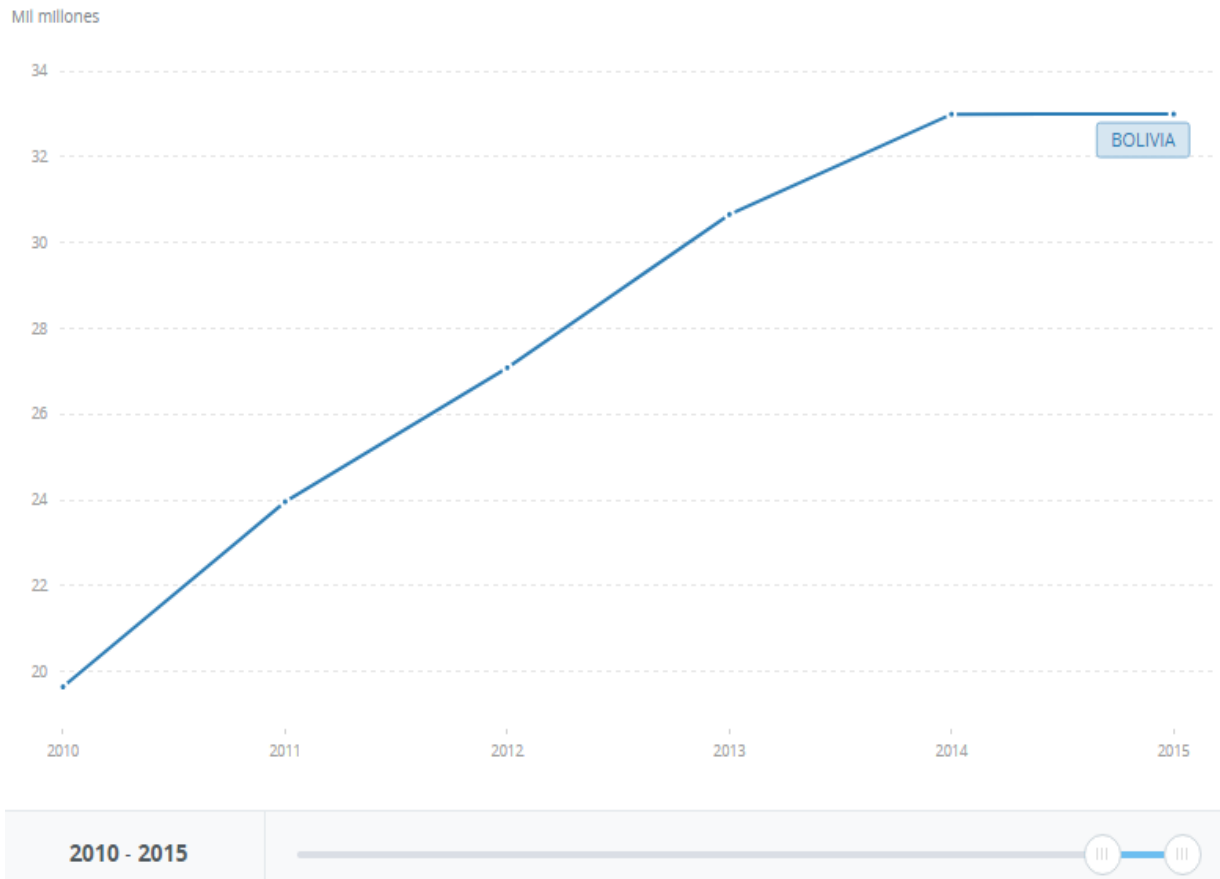
Source: World Bank

Inflation in Bolivia is characterized by high volatility, as seen in the graph goes from 2% in 2010 to 9.9% in 2011, this had already been previously submitted in 2008 and 2009 where step 0, 26% to 11%. For 2011, the abrupt growth occurred in the first quarter, mainly due to a shortage of some foods such as carrots, potatoes and beans, also of rising transport services.

For subsequent years inflation is stabilized between 4% and 6% thus fulfilling the goal set by the Central Bank of Bolivia which was 6%. By 2015, inflation becomes below 4% ranking as the country with the lowest inflation in the countries of the

Andean Community.

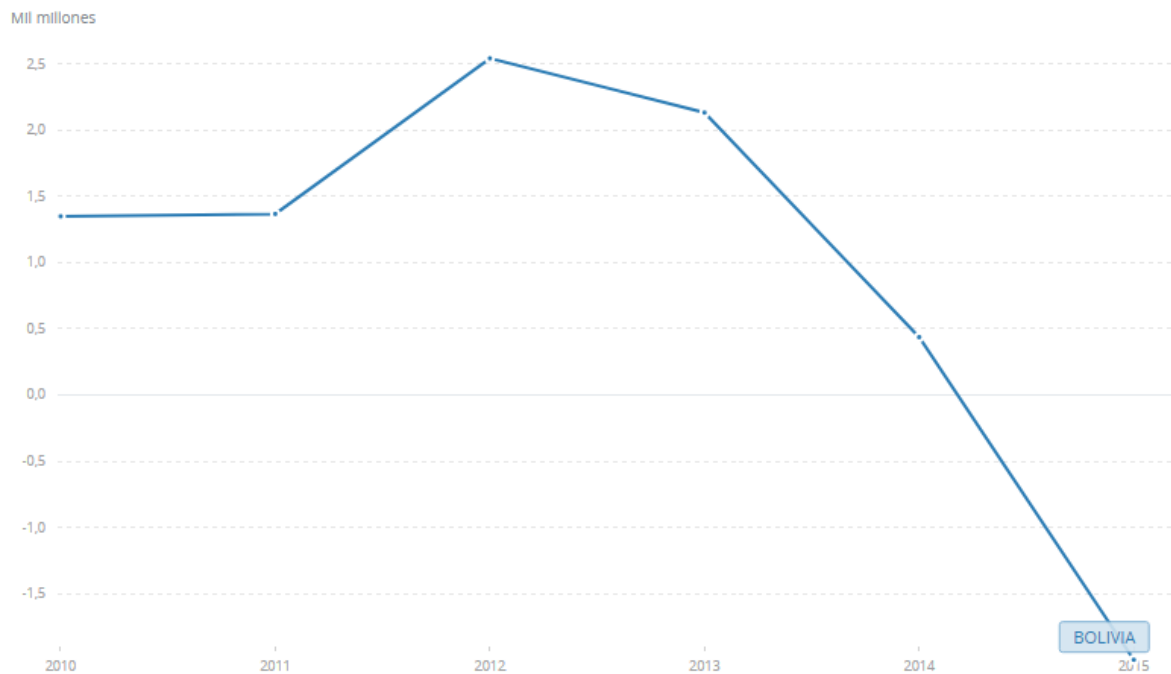
Figure 11: GDP Bolivia 2010 - 2015 (Thousands of dollars)



Source: World Bank.

With an increase of 80% of the value of GDP from US \$ 20 billion to US \$ 33 billion, shows good behavior that has this indicator in the study period. Arce (2015) reports that this growth is due to the use of natural resources for the benefit of the country, generating an economic surplus that is translated in reducing social inequality and poverty, has supported the population with bonds for investment, there have been wage increases in a controlled and public investment has been made.

Figure 12: Trade balance of Bolivia 2010-2015 (thousands of dollars)



Source: World Bank

Since 2004-2014 Bolivia has presented a surplus in its trade balance but like most Latin American countries, its economy is based on oil and hydrocarbons so that their imports have serianmente been affected by the fall in oil prices .

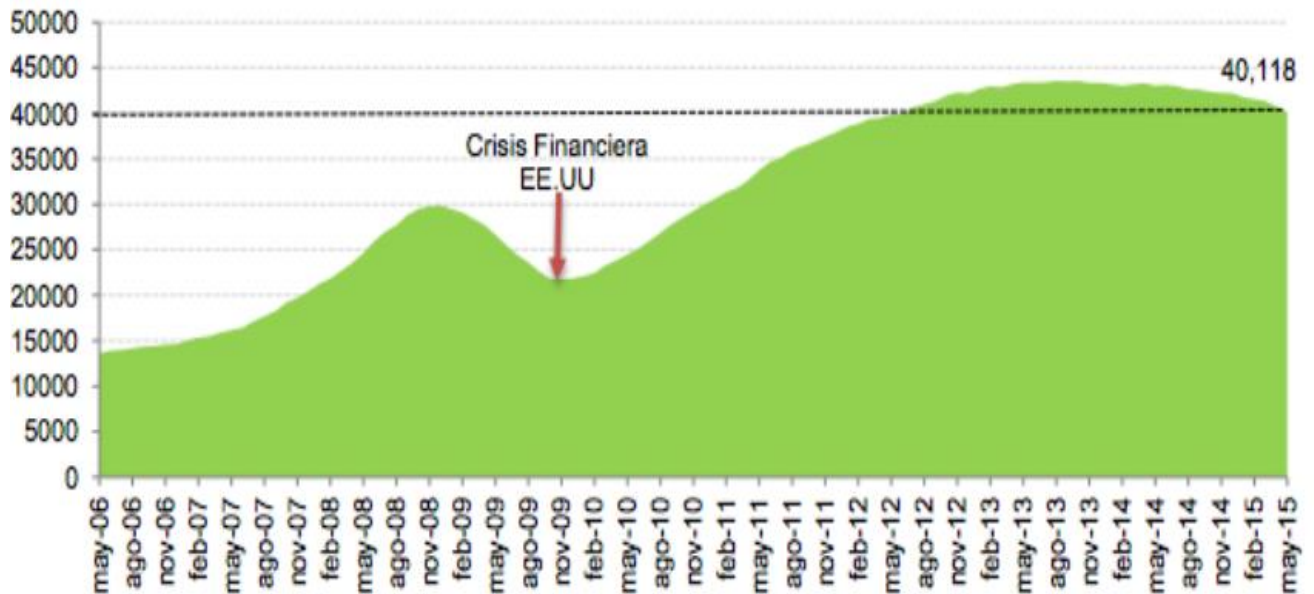
Diversification in exports of Bolivia is little reason why this drop in oil prices as afeccta severly, going well from a surplus of 2 billion dollars in 2012 to a deficit of one billion dollars in 2015, a situation that affects entire economy.

Minister of Economy of Bolivia, Luis Arce, justified this trade deficit saying that, despite the fall in exports, Bolivia continues to invest and a good portion of these investments is to purchase capital goods and intermediate goods, without however, it clarifies that these data have left exposed a factor that is extremely worrying for the country, which is the lack of competitiveness in various export sectors.

IMPORTS AND EXPORTS OF MEMBERS OF THE CAN

Peru

Figure 13 Imports of Peru 2006 - 2015 (millions of dollars)



Source: Peru Exporters Association (ADEX)

The analysis of this chart will be performed within the range 2010 - 2015, as they are the reference years of this work, however, it is important to consider the previous years to have a much wider range of what was happening in the field panorama macro of Peru and the world.

The National Institute of Statistics and Informatics (2017) notes that the volume of imported raw materials and intermediate products grew by 23.6% between 2010 and 2015, totaling 36.8% of the total volume of raw materials and intermediate products from the United States, while countries like China represents 12% and Ecuador 6.8%, the country they come from imported products is the United States explains there was a slump in 2009 why the crisis economy of that country.

As for the areas of transport is another major increase in goods imports, here is: vehicles, diesel freight vehicles, pneumatic tires and mining or construction machines.

Analyzing the evolution of imports, it can be seen that since 2014 and part of 2015, has shown a steady decline, due to lower imports of raw materials and consumer goods, as analyzed by the following table a comparison between the two years.

Table 2: Peruvian Exports by Product Type (Millions of dollars)

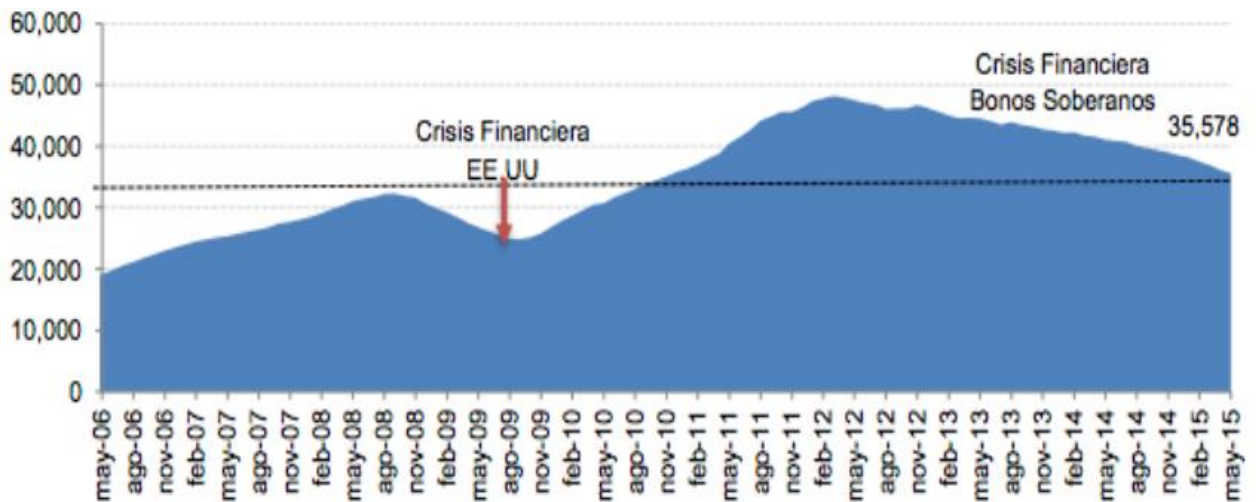
Exportaciones	2010	2011	2012	2013	2014	2015 Ene - Mayo	Var. % 14/13	Part. % 2014
Tradicional	28,091	36,153	35,012	31,484	26,781	8,313	-14.9%	69.6%
Agro Tradicional	974	1,684	1,092	785	849	88	8.1%	2.2%
Pesca Tradicional	1,884	2,109	2,312	1,712	1,733	358	1.2%	4.5%
Petróleo y Gas Natural	3,330	4,861	5,192	5,497	4,721	1,047	-14.1%	12.3%
Minería Tradicional	21,902	27,500	26,416	23,490	19,477	6,821	-17.1%	50.6%
No Tradicional	7,738	10,197	11,214	11,095	11,722	4,288	5.6%	30.4%
Agropecuario y Agroindustrias	2,203	2,835	3,085	3,445	4,238	1,598	23.0%	11.0%
Textil	388	481	574	553	618	195	11.7%	1.6%
Prendas De Vestir	1,173	1,509	1,603	1,376	1,185	352	-13.9%	3.1%
Pesca	650	1,051	1,016	1,030	1,156	474	12.2%	3.0%
Metal - Mecánico	400	487	555	551	597	183	8.3%	1.6%
Químico	1,224	1,653	1,630	1,515	1,518	579	0.2%	3.9%
Siderúrgico Y Metalúrgico	877	1,051	1,217	1,219	1,059	387	-13.1%	2.8%
Minería No Metálica	251	491	722	721	664	278	-7.9%	1.7%
Maderas	172	169	166	160	171	64	6.8%	0.4%
Varios	398	470	645	524	517	179	-1.4%	1.3%
Total	35,829	46,350	46,225	42,579	38,502	12,601	-9.6%	100.0%

Source: ADEX Peru

In total traditional exports, mining gained greater performance over 5 years, which had an average share of approximately \$ 25,000 million, followed by oil and gas with an average of USD 5900 million, also as was the scope of expected the pescaderia plays an important role in traditional exports, which had an average share of USD 2500 million, however, in the last period clearly shows a negative trend for the first quarter of that year. The total value of traditional exports corresponding to 2014 was the lowest in the past 4 years, however worth noting that this area has great share in total exports.

As for non-traditional exports, agriculture and industry is the largest participation, this indicates that during the last 4 years had an average participation of USD 3.95 billion, followed by the textile industry with an average of USD 1700 million. (Exporters Association, 2015)

Figure 14: Exports Peru 2006 - 2015 (millions of dollars)



Source: Peru Exporters Association (ADEX)

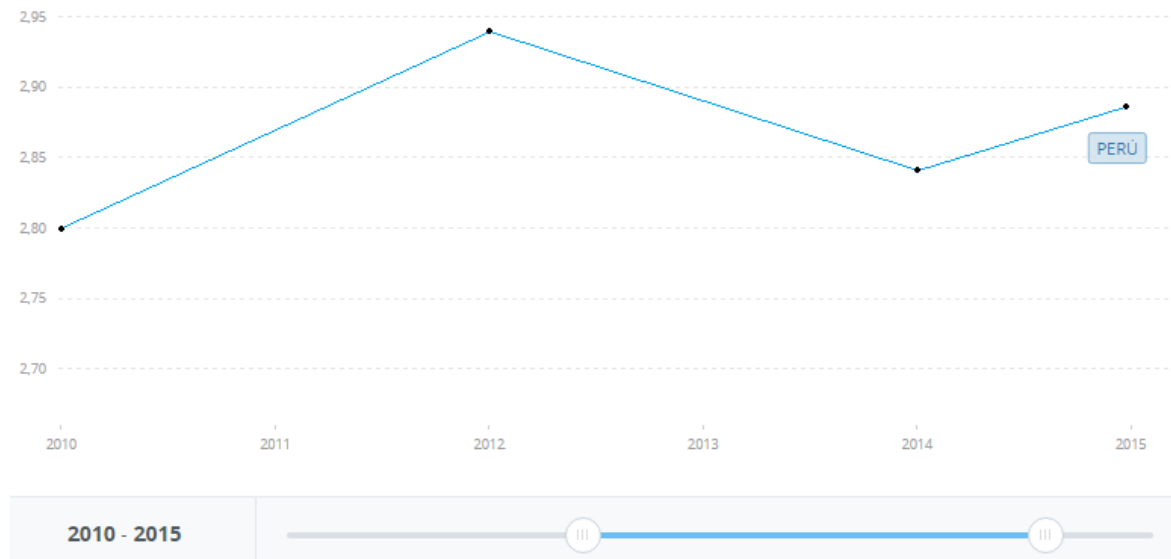
The period 2012 - 2015 has not been favorable for exports in Peru, due to a decrease of -18.8%, according to ADEX (2015) is due to traditional exports especially oil and natural gas (-59%), mining (-20%) and falls registered price of copper (-25.7%). Meanwhile exports in non-traditional sector have also presented a reduction of -9.7% where the textile sector has been the hardest hit (-35%), this is due to lower demand in the United States and Brazil.

According to the National Institute of Statistics and Informatics (2017) the main countries of destination for Peruvian exports were China 27.6% United States 11.3% and Japan 10.7%.

The following figure shows the LPI tracking shown comprehensive level of Peru

prepared by the World Bank, which looked at and evaluated elements such as customs procedures, logistics capabilities, quality of infrastructure (transport and trade) and location of cargo, international shipments and timeliness of shipments.

Figure 15: Peruvian Logistics Performance 2010-2015



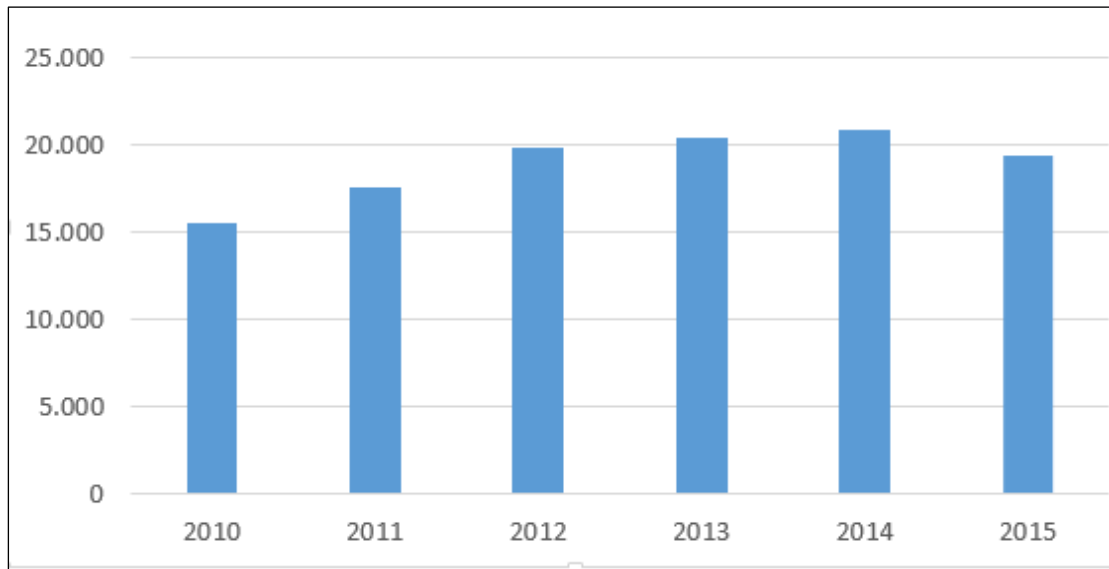
Source: World Bank

Ecuador

As for imports, Ecuador during the 2015 it imported \$ 21.1 bn, thanks to this 72nd ranked as one of the most representative importers worldwide. In the last 5 years Ecuador imports have increased by approximately 0.1% from \$ 20.9 bn in 2010 to \$ 21.1 bn in 2015.

Among the most important products in the areas of import, refining oil is the principal for the Ecuadorian country, which represents 9.9% of total imports, after this oil tar ranks second, with a lower representing 7.03%. (OCE 2015).

Figure 16: Ecuadorian imports during the period 2010-2015 (Millions of dollars)



Source: Central Bank of Ecuador

Between 2010 and 2015, much variation was submitted concerning Ecuadorian imports, the analysis of 5 years, 2014 Rallies between more purchases of goods in countries like China, US, etc. According Pro -ecuador at 0.4% in imports of goods were concentrated, while petroleum products had an increase of 6.3% compared to 2013, this source claims that imports during the period of 2014 amounted to 27,000 million , much of this money was invested in raw materials and capital goods, consumer goods, fuel lubricants.

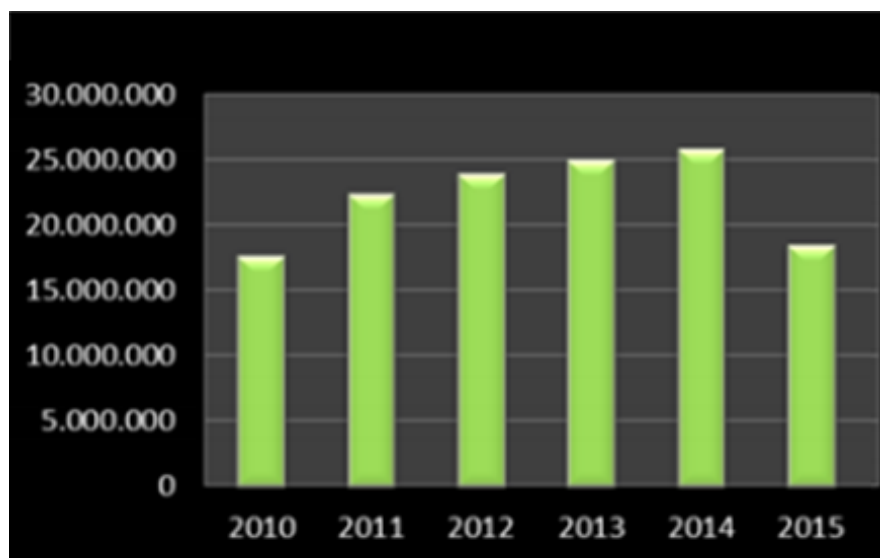
Possibly the increase in imports and other international issues, due to the high investment made by Ecuador on infrastructure, because, bet heavily on cost reduction on issues of internal transport, this being very important for entrepreneurs because it does not hit the final price of major products.

As seen in the picture, from 2010 imports have increased by approximately 7%, where companies increased their purchasing power to buy goods abroad, possibly thanks to government incentive for small and medium enterprises,

However, by 2015, imports suffered a decrease of approximately 20% with respect to 2014, as mentioned previously derived fuel and lubricants, which represent large percentage of imports of Ecuador; due to the decrease for the year, fuels and lubricants had an annual reduction of 30%, therefore, the weight of these imports increased from 24.6% to 19% in total imports, said the Ministry of Foreign Trade of Ecuador.

For Ecuadoran exports, Ecuador is ranked 69 in the world economy as exports are concerned, in 2014, ended the year with one of the greatest benefits for large companies and even small and medium contributing to the growth of the economy and direct their products to Latin American countries and countries of the old continent; within the main non-oil products accumulated in the past year, the aquaculture industry (aquatic plants and animals), has been a major export sector with approximately 21.27% interest in this group of non-oil exports continue banana and plantain with a very similar to the previous sector (21.02%), after this fishery and flowers with 13.70% and 6.70% respectively located participation.

Figure 17: Ecuadorian exports during the period 2010-2015 (thousands of dollars)



Source: Central bank of Ecuador

Ecuadorian exports had a big increase over the period 2011 over the previous year, according to the image, the increase was approximately 15% taking into account the previous year's figure, oil is the flagship product of Ecuador, for such reason at the time the increase in oil prices contributed to an increase in oil exports approximately 36%, also non-oil exports reported increase in the Ecuadorian economy, such as banana and plantain had a significant increase of 26% , shrimp 10%, canned and fish, cocoa and prepared with 7% and 5% specifically, data Pro-Ecuador.

As evidenced in the picture, for 2012 exports they were also up 8% over the previous year. The Central Bank of Ecuador, attributes the growth for the year to non-traditional exports, which accounted for 2.3% growth that year.

2013 exports had a positive growth for the economy, as we know, the country continues to rely mainly on primary products and crude oil, this dependence is much higher compared to 2010.

In the past year, a significant drop in Ecuadoran exports approximately 28% is evident, one can easily deduce that the drop in oil prices has been instrumental in the real value of exports, the appreciation of the dollar globally has made exports less competitive globally, it is clear that in that year the price of oil closed at \$ 32 so Ecuador closed with a much lower growth in GDP in 2014.

All the problems discussed above, it must be added the quake presented during 2015, although it was a natural phenomenon, has caused extensive damage to crops, infrastructure and telecommunications, damnificando several regions, it is recalled that low competitiveness in infrastructure some regions of the country increases the final prices of products, which is why appeared a setback for the Ecuadorian economy country during 2015 (Central Bank of Ecuador, 2015).

Table 3: Major non-oil exports from Ecuador and countries of destination 2015 (Thousands of dollars)

#	Producto	Monto	Participación %	País	Monto	Participación %
1	BANANAS FRESCAS TIPO «CAVENDISH VALERY»	2,066,120	20.02%	ESTADOS UNIDOS	2,841,674	27.54%
2	LOS DEMÁS CAMARONES, LANGOSTINOS Y DEMÁS DECAPODOS CONGELADOS NO CONTEMPLADOS EN OTRA PARTE	1,137,309	11.02%	COLOMBIA	778,724	7.55%
3	ATUNES EN CONSERVA	863,308	8.37%	RUSIA	679,301	6.58%
4	ROSAS FRESCAS CORTADAS	512,560	4.97%	VIET NAM	515,713	5.00%
5	CAMARONES, LANGOSTINOS Y DEMÁS DECAPODOS DE AGUA FRÍA CONGELADOS	509,872	4.94%	VENEZUELA, REPÚBLICA BOLIVARIANA DE	478,324	4.64%
6	CA CAO EN GRANO CRUDO, LOS DEMÁS EXCEPTO PARA SIEMBRA	422,330	4.09%	ALEMANIA	444,835	4.31%
7	LAS DEMÁS FORMAS DE ORO EN BRUTO PARA USO NO MONETARIO	404,215	3.92%	PAÍSES BAJOS (HOLANDA)	435,062	4.22%
8	LOS DEMÁS LANGOSTINOS (GÉNERO DE LAS FAMILIA PENAEIDAE) CONGELADOS	340,593	3.30%	ESPAÑA	420,407	4.07%
9	LAS DEMÁS FORMAS SEMILABRADAS DE ORO PARA USO NO MONETARIO	282,368	2.74%	ITALIA	374,410	3.63%
10	MINERALES DE ORO Y SUS CONCENTRADOS	197,918	1.92%	CHINA	374,293	3.63%
11	ACEITE DE PALMA EN BRUTO	148,236	1.44%	FRANCIA	269,228	2.61%
12	EXTRACTOS, ESENCIAS Y CONCENTRADOS DE CAFÉ	129,314	1.25%	CHILE	251,302	2.44%
	LOS DEMÁS PRODUCTOS	2,655,456	25.74%	PERÚ	245,474	2.38%
TOTAL		10,317,907	100.00%	BÉLGICA	188,190	1.82%
				ARGENTINA	159,159	1.54%
				REINO UNIDO	153,407	1.49%
				TURQUÍA	150,276	1.46%
				MÉXICO	121,413	1.18%
				JAPÓN	114,002	1.10%
				BRASIL	111,468	1.08%
				DEMÁS PAÍSES	1,211,245	11.74%
				Total	10,317,907	100.00%

Source: Pro-Ecuador

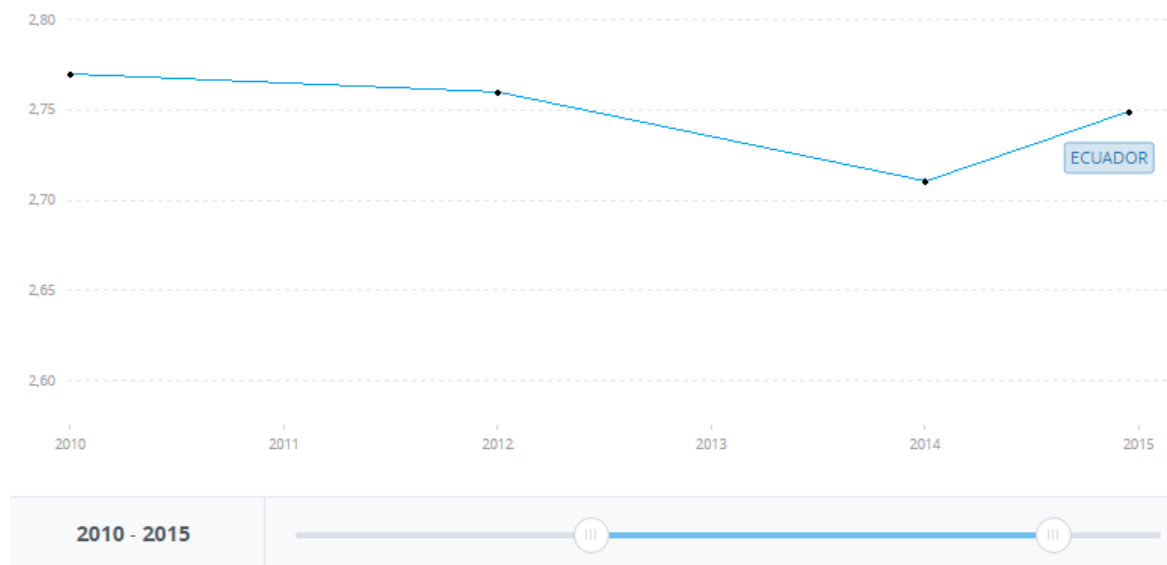
In the overall analysis of Ecuadorian products, it is evident that non-oil exports constitute a major contribution where the banana represents a 20.02% in the share of products with higher demand abroad, followed by east, are products frozen as shrimp and prawns which accounted for 11.02% of total non-oil exports in participation continue tuna with a share of 8.37%, fresh roses with 4.97%, also other fish products with a sea 4.94%, followed this one of the traditional products of Ecuador, which had a share of 4.09% (cocoa).

Having analyzed the issue of non-oil exports, it is evident from the above table that the main destination corresponds to the United States of America, with a share of 27.54% of total exports, second, third and fourth corresponds to Colombia with 7.55%, Russia with 6.58% and Vietnam with 5%.

Currently, Ecuador is well positioned in the ranking of countries with better infrastructure for sustainable development; according to a World Bank study, Ecuador is ranked 74 in 148 countries, a much higher position within the Latin

American average marks for growth in airport, port and road infrastructure.

Figure 18: Evolution of Ecuador's performance in trade logistics

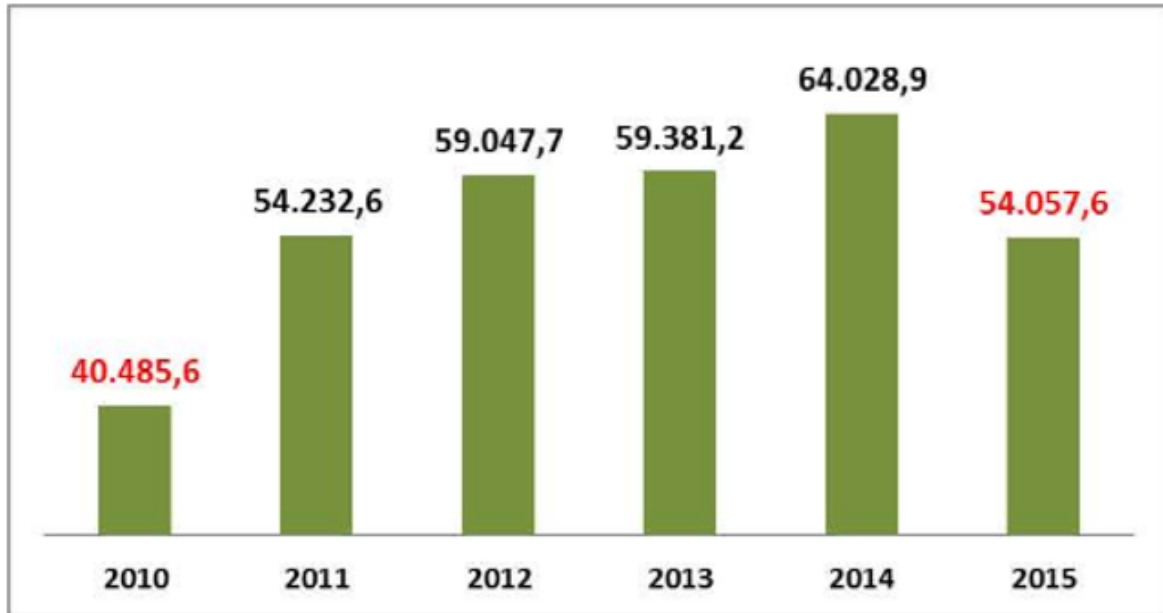


Source: World Bank

To carry out such infrastructure development, the country has invested heavily in the public sector, with private sector support through grants and partnerships with common goals.

Colombia

Figure 19 Imports from Colombia in the period 2010-2015 (Millions of dollars)



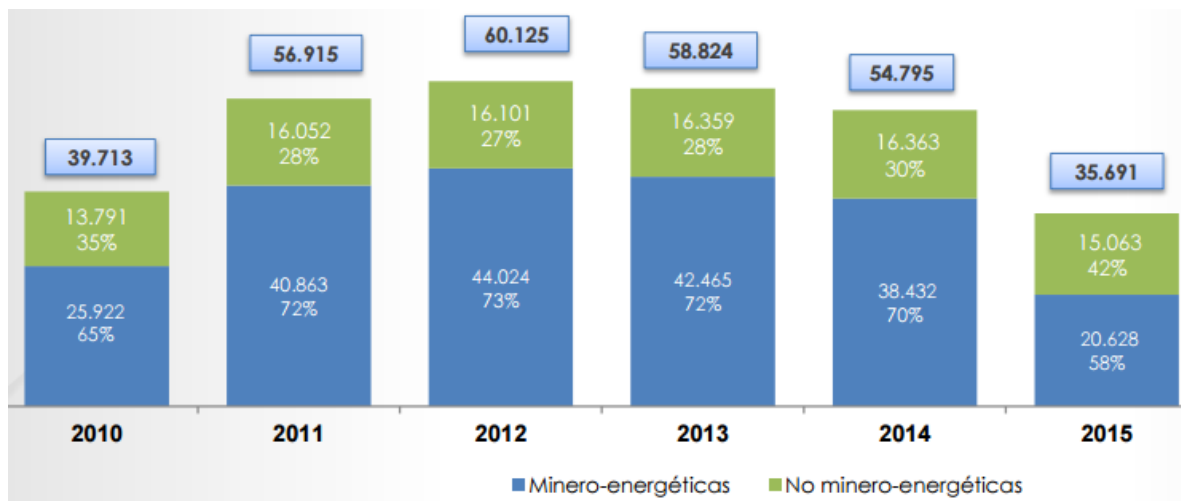
Source: Dane

As can be seen in the graph, for 2010 the lowest figure was presented as imports, because the United States is the principal country where these come from and this hardly came up the hard crisis that hit in 2009 due to the collapse of the bubble inmobiliaria.

For the next few years and as the United States was recovering from the crisis, the amount of imports showed a steady increase until 2014, the year showed a record in imports of 64 billion dollars.

By 2015, imports fell by 10 billion dollars, mainly due to the devaluacion the peso against the dollar, starting 2015 with a TRM 2392 pesos, and peaking at 3337 pesos for diciembre same year, this phenomenon of devaluation of the peso is a major obstacle for imports since to pay more pesos for every dollar the price of the same is encarese.

Figure 20: Exports of Colombia in period 2010-2015 (Millions of dollars)



Source: ProColombia

Since the economic opening in 1991 Colombian exports have steadily increased year after year having a slight fall in 2009 due to the financial crisis in the United States who is the main destination of Colombian exports, but for the year 2010 had a quick recovery.

For the years 2011, 2012 and 2013 exports would continue on an upward trend as had been presented previously. Since 2012 the best year in exports, reaching a record figure for Colombia of 60 billion dollars.

In 2014 it seemed that the trend would remain the same, but for the second half of the year the oil price begins to fall, from over \$ 90 to start the year at \$ 40 finishing the same, so figures exports for 2014 despite not being negative, he could not achieve what was done in previous years.

Oil, derived from this and other mining and energy products are most Colombian exports, representing on average 70% of these, so a drop in oil prices strongly affects not only Colombian exports, but it also affects the economy in general.

2015 oil prices continue to fall, becoming below \$ 30 a barrel, so this year the value of exports fell by 40% over the previous year.

Table 4: Colombian exports in 2015 by sector and country of destination (Millions of dollars)

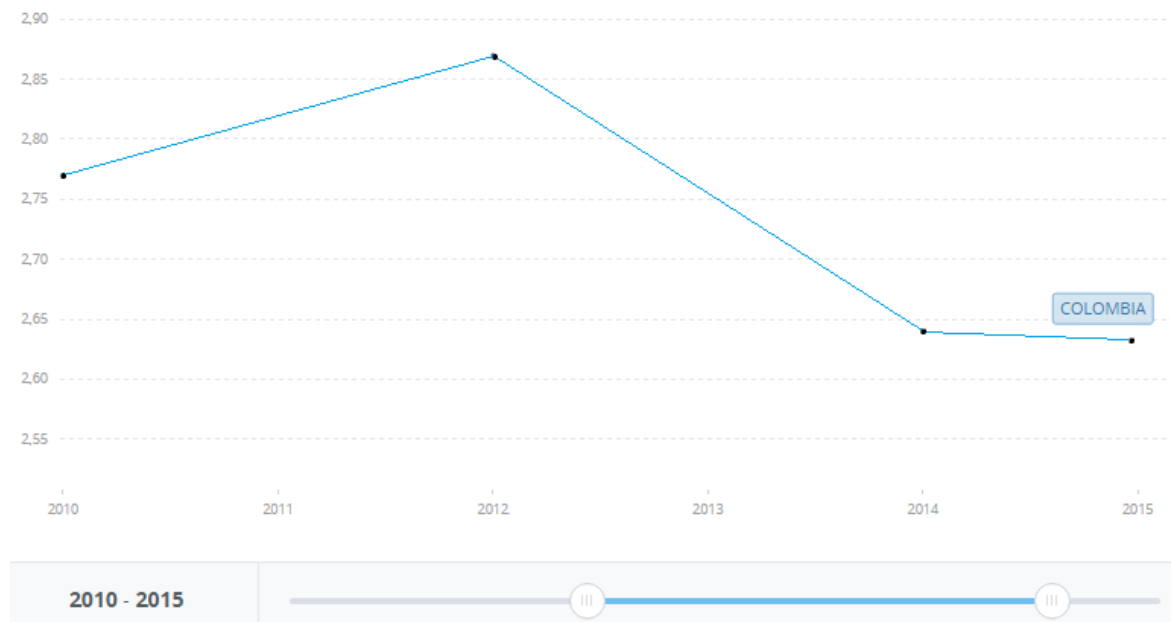
Sector	Estados Unidos	Venezuela	Alemania	Ecuador	Bélgica	Perú	Japón	México	Resto de países
Total Exportaciones	6.970	468	143	629	232	458	264	229	7.935
Exportaciones tradicionales	5.556	93	57	10	166	141	232	37	5.792
Petróleo y derivados	4.848	87	6	9	0	135	0	9	3.190
Café	442	0	51	0	105	0	187	1	320
Carbón	252	6	0	0	60	6	30	27	2.036
Ferróníquel	14	0	0	0	0	0	15	0	246
Exportaciones no tradicionales	1.414	375	86	619	66	316	32	191	2.143
Sector agropecuario	431	2	54	3	53	1	19	1	209
Sector minero	4	1	0	2	0	1	0	6	8
Sector industrial	977	372	32	566	13	314	11	184	1.923
Demás sectores	2	0	0	48	0	0	1	0	4

Source: ProColombia

United States is the largest consumer of Colombian products, however, the products towards the North American country had a sharp drop in 2015 because as evidenced in the table, the products with the highest export in this case fuel, recorded a fall of approximately 46.8% over the previous year, this behavior is the result of the fall in oil prices and products derived from this.

The following table shows Logistics performance index published by the World Bank.

Figure 21: Logistics Performance Index in 2015



Source: ProColombia

Colombia has one of the poorest performers in the region logistics occupying the post 94. The study by the World Bank, measures the efficiency of supply chains, the study covers 160 countries and is based on a multidimensional assessment that They involved more than 1,000 international experts in the logistics sector.

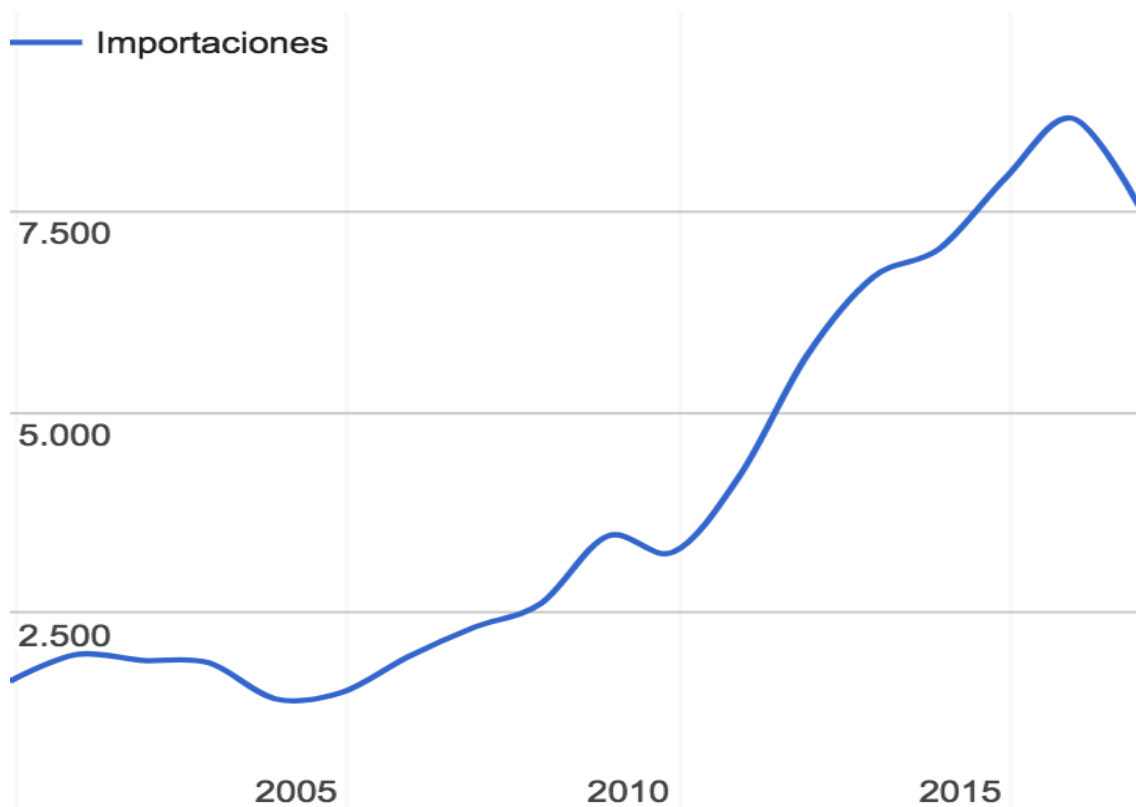
Apart from the difficult Colombian geography, this is the result of bad management efforts by governments, as many highway projects have been involved in corruption and acts of bribery between private companies and government members, which has harmed the logistics performance of Colombia and also the country's competitiveness against other harms.

Bolivia

The data analyzed by the Bolivian Foreign Trade Institute (2015) disclose the continuous increase of Bolivian imports in the period 2010-2015, for the last year

the total number of imports was US 10,486 million, reaching a milestone for the international trade in this country, then a graph where this information was evidence is presented.

Figure 22 Imports of Bolivia 2010-2015 (Millions of dollars)



Source: Macro data

The National Chamber of Commerce (2014) indicates that Bolivian imports went from 23.2% of GDP to 31% in 2014, from US 1,831 million to US 8,281, total growth was an average 16.3% by year.

Like all countries that depend on the production of raw materials, Bolivia was favored by the high price that these were trading until 2014, which significantly increased the purchasing power of the country abroad.

Another important factor explaining the increase in imports is that according to the

National Chamber of Commerce (2014) GDP per capita grew by 177% in the last ten years, these higher incomes are reflected in increased consumption, increasing demand domestic for imported goods.

Figure 23: Bolivia exports during the period 2010-2015 (dollars)



Source: National Statistics Institute of Bolivia (INE)

After the housing crisis lived in America in 2009 and affect everyone, Bolivia had considerable growth over the next 3 years, steady growth that helped the country out of an era with little dynamism in the economy. In the period 2010-2013, traditional and non-traditional exports helped the growth of such exports, however, it should be noted that products corresponding to hydrocarbons were the most committed, or those who had greater participation in the three years analyzed.

Table 5: Bolivia exports by products 2014 (dollars)

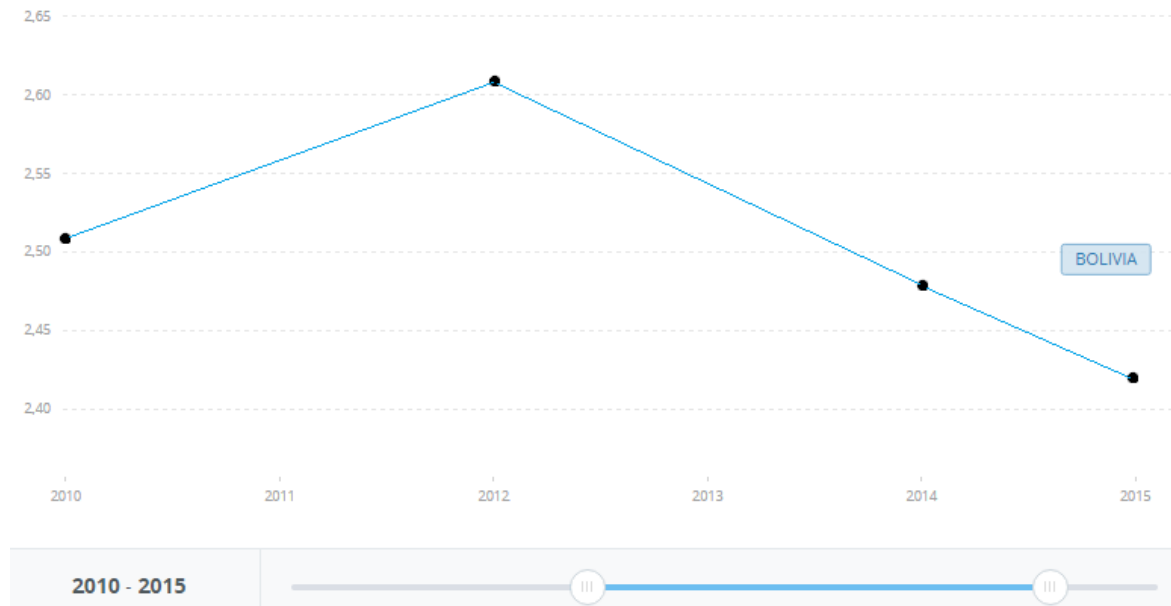
	DETALLE	Volumen	Valor	%/Valor
1	Gas Natural	23.433.280.060	6.012.238.714	46,6%
2	Oro Metalico	42.197	1.360.871.893	10,6%
3	Soya y Productos de Soya	1.993.445.415	993.399.871	7,7%
4	Mineral de Zinc	989.494.375	984.484.617	7,6%
5	Mineral de Plata	16.576.986	703.279.819	5,5%
6	Combustibles	698.100.768	584.129.391	4,5%
7	Estaño Metalico	15.845.529	347.572.976	2,7%
8	Quinoa	29.784.052	196.636.597	1,5%
9	Nueces del Brasil	26.520.590	175.077.378	1,4%
10	Mineral de Plomo	153.834.045	160.372.041	1,2%

Source: IBCE

This time, it is evident that Brazil is the main destination for exports covering a significant percentage, 28% Brazil ranks first strategic partner of Bolivia, followed by Argentina with 18.6% share in value total exports, also as if it were not enough, the United States stands as the third largest imported Bolivian products with a share of 13.4%, after this is Colombia and Japan with 5% and 5.1% respectively.

Among the products most in demand abroad, it is determined that natural gas is the product more development or progression within the Bolivian economy, this ranks first with 46.6% share, ie, the balance of exports depends essentially on natural gas, after it is evident that the Golden ranks second with 10.6% interest, subsequent see parity with respect to soy and its derivatives with mineral products, approximately 7.7% and 7.6% in the total exports in Bolivia.

Figure 24: Logistics performance rating of 2015



Source: World Bank

Bolivia has one of the lowest scores in South America in terms of logistics performance lags behind the other countries of the Andean Community, so that this becomes an obstacle when trying to do business with this country because there is constant uncertainty as for delivery times, security roads and shipping costs.

MACROECONOMIC DATA ANDEAN COMMUNITY

To understand a little more the economic situation of the CAN reading of some macroeconomic indicators, with this approach is to have a broader picture of the situation of the trade bloc will take place.

Table 6: Macroeconomic indicators Andean Community of Nations 2012

	Bolivia	Colombia	Ecuador	Perú
Reservas Internacionales Netas de la Banca Central (millones de USD)	14 401	42 093	4 508	66 635
Tipo de Cambio Oficial (moneda nacional por USD) ^{1/}	6,91	1.902,10	1 b/	2,80
M1 (variación prom. doce meses %)	0,92	1,36	c/	0,81
Riesgo país ^{d/} (puntos básicos) ^{e/}	nd	1.8%	6.3%	1.9%
IVA o IGV	14,9%	16,0%	12,0%	18% *

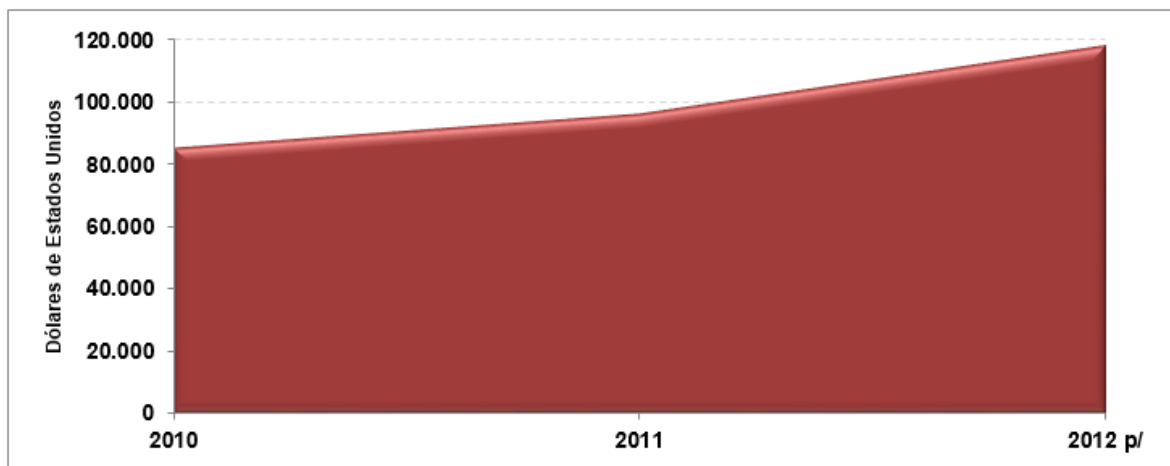
Source: ComunidadAndina.org

It is positive for these countries present an increase in international reserves, as noted De Gregorio (2011) is good for countries to have foreign currency liquidity, because in case of an emergency may be required quickly, so necessary the use of international reserves, another benefit mentioned shows that have sufficient reserves helps reduce risk premiums, since it reflects a strong economy of the country and that this is protected if required, finally notes that are important to avoid very sharp deviations in exchange rates, as countries can implement purchasing policies or sales of foreign exchange by the appreciation or depreciation of its currency.

Is also evidence that the Andean Community yields data of the official exchange rate in each country, this indicator is a reflection of how the country is on macroeconomic issues in this case information obtained in the graph "Economic Andean Community Indicators of Nations "is the year 2011, its evolution in the following years was not positive because as Parrales (2015) mentions 2014 the Colombian peso had depreciated by 25% compared to 2013 where the dollar was trading at 1,872 COP to move to 2,340 in December 2014, meanwhile the Peruvian sol depreciated 5.4% in the same period. It is noted that the country's benefit was Ecuador, as this has a dollarized economy and did not cause widespread up prices.

Within economic statistics are net international reserves, which have shown a positive trend in recent years, the Andean Community of Nations (2011) reports an average annual percentage growth of 17%. Presented in the chart below you can show how that progress has been year after year, being the period 2011-2012 the highest growth.

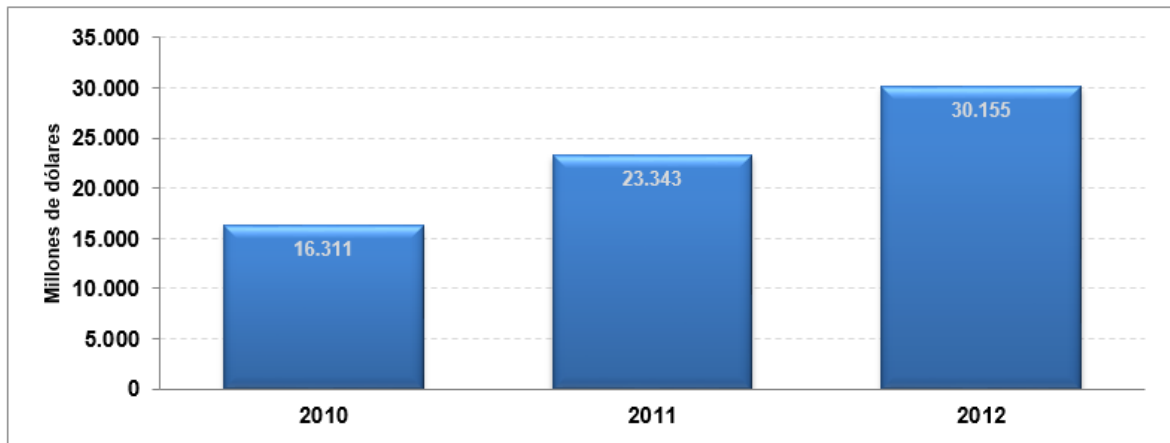
Figure 25: CAN Total Net International Reserves (Millions of dollars)



Source: ComunidadAndina.org

The Latin American Economic System (2016) mentions that although this period was good in terms of net international reserves by 2015 all members of the agreement reduced their assets in stocks, Ecuador had a decrease of -36, 8% - 13.7% Bolivia, Peru and Colombia -1.3% -1.2%. All this by increasing imports in these four countries, and at the time it is imported more than it exported are declining international reserves.

Figure 26: Flow of foreign direct investment to the CAN (Millions of dollars)



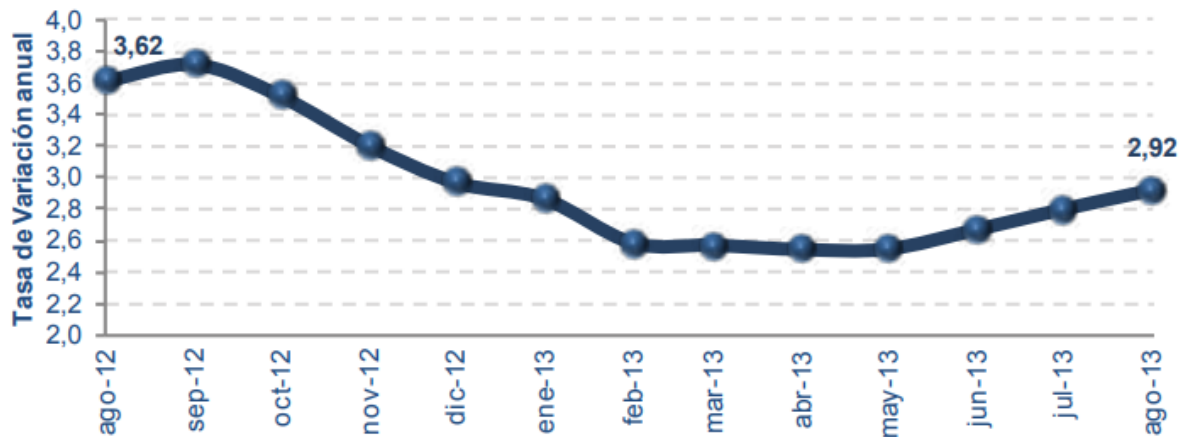
Source: ComunidadAndina.org

Foreign direct investment (FDI) to the CAN countries increased mainly driven by Peru and Colombia, these countries have more open markets and investments from extrajero economies, while Ecuador and Bolivia are more closed to international markets economias, this sample are signed FTAs with Peru and Colombia United States and the European Union, a situation that is bringing major sources of investment to these countries.

FDI in the Andean Community has focused mainly on three activities, mining and petroleum, financial services and manufacturing; These activities comprise approximately 60% of FDI (ComunidadAndina.org, 2014).

As for the origin of investments indicated that countries made more FDI are the United States, the European Union, Panama, Brazil and Mexico; These five countries account on average for 33% of total FDI (ComuniadadAndina.org, 2014).

Figure 27: Harmonized index of consumer prices CAN 2012-2013 (percent)



Source: ComunidadAndina.org

The Consumer Price Index Harmonized established by Decision 646 in November 2006, measures the average change in prices between two periods of time, for a selected group of goods and services that households acquire for consumption.

The IPC of the Andean Community has been characterized by stability, hovering annual variation between 2% and 4%, usually higher price indices are presented to the consumer in 1 to 2 countries, but not all the time so the Community CPI remains stable.

This index is directly related to inflation described above in each of the member countries of the Andean Community.

BENEFITS TO COLOMBIAN COMPANIES

One of the main aspects of the Andean Community of Nations is the brand, so this provides great support and benefits to companies that export or import think and from a member country of the agreement; Among the most important benefits is the 0% tariff on imports, which is revitalizing trade between countries so no overruns

taxes are generated, there are fewer barriers or non-tariff barriers which facilitates making an export or import to or from a member country.

The Andean Community of Nations, represents a growth opportunity for small and medium-sized Colombian companies the opportunity to enter new markets, economies need each year more than strategic partners that contribute to the development of countries.

The Secretary General of the CAN explained that seeks to promote a policy which promotes trade, especially small businesses so you have restarted regional projects such as:

- Andean Committee for Micro, Small and Medium Enterprises: It has the mission to advise and support the Commission and the General Secretariat of the Andean Community in matters concerning Community policy on MSMEs and promote partnership, internationalization, entrepreneurship, among others, to improve their competitiveness.
- Andean Observatory of MSMEs: is a mechanism that promotes the development of MSMEs in the subregion, which provides updated information and provides access to tools for practical use and exchange of experiences. The observatory is fully operational through the www.obapyme.org website.
- CAMIPYME Action Plan 2012-2017: aims to facilitate joint actions for the promotion of sectoral activities in the various fields of intervention on MSMEs develop member countries in order to promote greater access to these dynamic markets of goods, services and factors of production. Its strategic lines are:
 - Promote greater participation of MSMEs in the Andean integration

process, fostering technological innovation, partnerships, internationalization and entrepreneurship.

- economic complementation for MSMEs: Joint participation in fairs and Andean to promote more productive exchange in the Andean integrated space events.
- joint efforts to improve conditions of access and participation of MSMEs in the Andean subregional market shares.
- Associative promotion in favor of MSMEs Andinas spaces.

Therefore, the Colombian entrepreneurs to integrate these projects and work together with CAN, in order to achieve increasingly strengthen trade ties between member countries and get a compenetrado trade bloc, just as it urges, find mutually clearance between the economies of the CAN growth.

one of the great benefits of the agreement and that few Colombian businessmen are aware also is Decision 578 of the Andean Community, which plays several issues to facilitate the incursion of domestic enterprises to other member countries, some of these benefits are:

- The company of a member that is active in the territory of another member country and when you have an administration site, factory, industrial workshop, construction site, a sales agency, a deposit or any other place whose purpose is preparatory conducting business activities, taxed only in the member State where the production source of income is generated regardless if that country has a permanent establishment or not. (Andean Community. 2004).
- When a company carries out activities in two or more member countries, each of them may tax income generated on their territory, by applying each country its internal provisions regarding the determination of the tax base as if it were a distinct, separate and independent company, but avoiding double

taxation in accordance with the rules of this Decision. (Andean Community, 2004).

Another benefit that can find Colombian businessmen and other member countries of the agreement is the Andean Committee of Export Promotion. According to the Andean Community (2003) the CAAPE is created by Decision 566, which is made up of those responsible for promoting exports in each country, in the case of Bolivia authorities is promotes in Colombia is Pro Colombia, for Ecuador created Pro Ecuador and Peru has PromPerú. These should assign a representative to participate actively in the meetings scheduled by the Secretary General of the Andean Community, contributing to the identification of Andean export supply, developing joint programs which increase subregional trade and participation in international trade.

In 2015 the XXV meeting of the Andean Committee of Authorities Export Promotion which was attended by various representatives of entrepreneurs from different sectors took place, according to the Andean Community (2015) were more than 360 exporters and about 220 entrepreneurs buyers of food, metalworking, manufacturing and pharmaceuticals that participated in the macro business roundtables, where they established contact with each other and defined business alliances or joint ventures sectors.

2.2 Analysis of the information

Will start analyzing the commercial behavior of the CAN where we can observe in terms of exports among member countries in the last 3 years have diminished, this is a reflection of the crisis that has been mentioning in the countries of the Andean Community where benefits of this integration are being wasted.

In the analyzed period intra-EU exports to Colombia have been the lowest growth with 4.9%, so one could say that "The reduction of intraregional trade is not the cause but the effect of the crisis". (White, 2014, p.6).

As for the main export products of Colombia to the Andean Community during the period 2010 - 2014 as they were: crude petroleum oils or bituminous minerals, medicinal products for human use, electricity, polypropylene, in primary forms and sugar cane or beet, which they are mostly primary goods, so they do not have a value-added products become more competitive and thus generate higher returns both companies and the country.

With regard to macroeconomic issues such as GDP, this has been declining in all member countries generalizadamente but still remain in positive figures. According to the Secretary General of the CAN in a statement, the growth of all member countries which was in a period of volatility in the international economy, where falling oil prices and a revaluation of the dollar globally recorded .

In Colombia the most dynamic sectors were financial intermediation, hotels, restaurants and trade.

The latest statistics indicate that the GDP of the CAN grew by 2.6%, this despite the adversities within the framework of the international economy, referring to macroeconomic factors affecting the economy of the countries, price volatility oil and obviously the revaluation of the dollar as a result of the above.

The countries of the Andean Community considers that unification is a historical mandate in all areas, especially in the political arena of their countries in order to preserve its sovereignty and independence, also explained that the Cartagena Agreement is the supreme law of this Andean organization based on the principles of equality, peace, justice and democracy policy, its objectives are to reduce the

external fragility and improve the position of countries in the international economic context.

3. Findings

There are a lot of products that member countries of the agreement buy outside the region and some of them also export those products to third countries not members of the treaty, so it is necessary to identify those products to be marketed within countries CAN which would benefit both exporters and importers ease and agilada of procedures between member countries.

Citizens of countries belonging to the Andean Community in general are not aware of the purpose that has the agreement and what role they both domestically and internationally.

The Andean Parliament conducted a study on the institutional reform of the CAN, which indicates that the low participation of citizens in the Andean integration is the result of poor implementation of systems for this part because more emphasis is on laws and formalities rather than seeking a true way to integrate the citizen to integration treaty, which has generated policies cAN be based on political speeches that have no real impact on the agreement which does not lead to solutions socio-economic benefits the public. (Andean Community. 2007).

A clear lack of political culture in the governments of member countries is one of the most important causes that has not stopped developing the Andean Community. political culture is understood as a set of values and guidance from governments to be disciplined and committed to the political agenda, which in this case is the CAN, which, in the itinerary of the states, is occupying the last pages.(Ortiz, 2002).

Despite the instability and volatility of the Andean Community, Colombia is the country that has benefited from this agreement, then some specifications will be made from commercially and politically where I observed that respects the country outpaces the other members of the agreement.

Commercially

- It is the most dynamic market for exports.
- It is the largest intra-EU supplier (Andean countries).
- It is the most diversified market.
- Is the market to which most products are designed with added value.
- Greater weight in negotiations with third countries.

Politically

- It is favorable to arrange positions on issues of common interest, where it is possible to promote the visions and the national discourse scenario.
- It represents a greater political support and higher margins for international action.
- It recognizes a common external projection facing perimeters that are of interest to the country and those who individually would not have much chance.
- It is the framework where countries increased subregional cooperation to adopt community strategies to address common problems.

Finally, the CAN is implementing policies to try to counter threats from a point of view region, one of these policies is the Andean Plan to combat illicit drugs and the Andean Common Security Policy.

In recent years, the direct collaboration of the leaders of each country seeks to activate this process and demonstrate political leadership is essential not only to overcome the most difficult obstacles but to improve towards higher stages of integration.

4. Conclusions and recommendations

4.1 conclusions

- With the change in the price trend of raw materials, the CAN countries have shown a decrease in capital flows and a significant drop in the value of its exports, making it clear that the economies of these countries are not diversified and depend mainly on mining and energy products, so the price drop on a product such as oil affects the whole economy in general.
- The Andean States do not behave in the context of the integration of CAN and as a result are not prepared to take favorable and unfavorable economic integration Andina consequences in the crisis process mainly due to political aspects and legal aspects that go beyond economic.
- CAN offers many benefits to Colombian businessmen as is the 0% levy, which along with the closeness between the countries is a great benefit as the market expands by more than fifty million people without paying overruns in taxes.
- One of the sectors in which Colombia is stronger than the other member countries of the agreement is manufacturing, this being a very broad sector encompassing many ares of trade and could be highly used to take benefit of the CAN as countries as Bolivia and Ecuador are not as strong in that sector.
- The member countries of the agreement are affected by similar social problems, which can be understood by the proximity of these, the

mobilization of armed groups, prostitution or migration of people to the main cities in order to improve their economic situation.

- The main theme to be addressed by states is as one of the oldest integrations of the continent, it can excel at the mishaps presented between countries by different interests, but as mentioned above, attempts are being made to consolidate the Andean integration process.

4.2 Recomendaciones

- The main thing for the deal to prosper is that governments of member countries to the agreement have the political will to move forward with this agreement, pledging to allocate resources and time needed to the Treaty on CAN and is not in a second or third plane as it is currently.
- One of the Transcendental points for the treaty of the Andean Community starts to become dynamic, is that people, especially entrepreneurs of SMEs are aware of the agreement should be implemented communication strategies, where they are informed of the benefits to which can accommodate if export or import their products or services to member countries of the agreement, as one of the biggest obstacles is the cAN is ignorance that society has on him.
- For Colombian entrepreneurs is essential to know what is currently happening in macro economic, political and social issues, which is why it is recommended that a forum to exchange ideas between people of the same economic sector or other sectors, with the aim of create new ideas about how best to combat the crisis, you can see alliances that can help them reduce costs and make the most of the cAN agreement.

Through organizations like ProColombia should establish closer ties with unions productive sectors and marketers in which to achieve through these reach micro and small enterprises so that they are familiar with the agreement of the Andean Community and thus can participate in this and look benefit.

- The keys to increase growth in member countries are small and medium-sized enterprises, possibly with a greater incentive by the government, the establishment of these companies would greatly assist the growth of an economy. Commercial interests are common to the member countries of the Andean Community and the other countries in South America, thus relations should be strengthened further in order to meet the objectives.
- The Governments of the members of the treaty countries must make investments in both road infrastructure, as much of the trade between these countries is terrestrially and better road system will significantly improve logistics business costs but without neglecting the port and airport infrastructure that continues to be of utmost importance for foreign trade in Colombia.
- Companies may be part of the solution to the social problems facing the countries of the Andean Community on the one hand, they must be transparent and compliments regarding the payment of taxes to states so that it generates more social projects and other side can generate wealth for communities, avoiding polluting processes, improving the working environment and ensuring the health of their employees.

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