Potential of economic sectors Pacific Alliance for Global Value Chains

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"Do not make fantasies if you want realities" (Odin Dupeyron, 2015).

Thanks

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Summary

Pacific Alliance formed by Chile, Colombia, Mexico and Peru is a regional integration, which seeks to promote the development and competitiveness among members for more participation in the Asia markets Pacific, through global value chains.

the overall economic structure of the member countries of the Pacific Alliance analyzing some macroeconomic variables such as GDP, inflation, unemployment, external debt and export and import structures, in order to conclude how are economies and what their current status is presented .

They also analyzed and identified the economic sectors with the greatest potential for intra-regional and matching production chain that can be integrated to the GCS. the main competitive advantages of the Pacific Alliance, as the ease of doing business, free movement of goods and services, production chains and trade agreements or treaties and comparative advantages mentioned the geostrategic position were analyzed and biodiversity of the countries of the AP.

Keywords: Alliance Pacific, global value chains, regional integration, production chains

Abstract

The Alliance of the Pacific Ocean shaped by Chile, Colombia, Mexico and Peru is a regional integration, which seeks to stimulate the development and Competitiveness Between the members, to obtain more participation in the markets Asia / Pacific, across the overall chains of value.

One presented the overall economic structure of the country clubs members of the Alliance of the Pacific analyzing some macroeconomic variables as the GDP, inflation, unemployment, foreign debt and exporting and importing structure, in order to close up commercial which is His current condition.

Also there are Analyzed and identification identify the economic potential and the industries with Major coincidence for forming the production chain That Could intraregional join to the CVG. There Were Mentioned main the competitive advantages of the Alliance of the Pacific, as the facility to realize business, free traffic of goods and services, production chain, commercial agreements and in the comparative advantages There Were Analyzed the geostrategic position and the biodiversity of the country clubs of the PA

Keywords: Pacific Alliance, global value chains, production chains, regional integration

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List of abbreviations

ACC: Colombia Cooperation Agency

EFTA: The European Free Trade Association

AP: The Pacific Alliance

IDB: The Inter-American Development Bank.

DOG: Andean community

CEAP: The Business Council of the Pacific Alliance

CEEY: Espinosa Yglesias Center Studies

CEPAL: The United Nations Economic Commission for Latin America and the Caribbean

CIECO: Ecosystems Research Center

CGV: Global Value Chains

Unctad: United Nations Conference on Trade and Development

CONACYT: National Council for Science and Technology

CONICYT: National Commission for Scientific and Technological Research -

DANE: National Administrative Department of Statistics

DIRECON: General Directorate of International Economic Relations

EU: European Union

EDF: Reserve System of the United States

IMF: International Monetary Fund,

IGAE: Global Indicator of Economic Activity

INECOL: Institute of Ecology, AC

INECC: National Institute of Ecology and Climate Change

FDI: Foreign direct investment

INE: National Institute of Statistics

INEI: National Statistics and Information Systems.

INEGI: National Institute of Statistic and Geography

INNPULSA: Management Unit National Government Business Growth.

IPC: Consumer Price Index

Mercosur: The Southern Common Market

OECD: Organization for Economic Cooperation and Development

GDP: Gross domestic product

PWC: PriceWaterhouseCoopers

UNDP: United Nations Development Programme

RICCC: Scientific cooperation on climate change in the Pacific Alliance

SAC: Agricultural Society of Colombia

SNI: National Society of Industries

TPP: Transpacific Economic Cooperation Agreement

TLC: FTA

UNASUR: Union of South American Nations.

UNESCO: Organization United Nations Educational, Scientific and Cultural Organization

UNAM: The National Autonomous University of Mexico

Introduction

This research describes the issue of Global Value Chains (GVC) defined as the breakdown of economic activities, in order to form production chains, oriented Alliance Pacific (AP), which is made up of Chile, Colombia, Mexico and Peru. The AP is a regional economic integration of Latin America created in 2011, with the main objective to get to strengthen the economies of member countries, developing quality goods while providing an important added value.

Significantly, the AP has three objectives grounded in stimulating the economy, therefore this agreement seeks to free movement of goods, services, capital and persons; also become a platform articulated economic-trade integration towards international markets, especially Asia-Pacific. Finally promote economic development through competitiveness of the economies of the members of the AP by reducing socioeconomic inequality, promoting participatory inclusion of the people in economic activities.

In this vein, this research aims to identify the economic sectors of the AP that have the potential to be inserted into the CGV and through these increase the economic growth of this partnership.

Import and export structure, trade balance and evolution: For the development of this work, three objectives that allowed characterize the economic structure of the countries of the alliance and identify which is based its economy through macro-economic data as formulated direct foreign investment.

Another stated objective was to identify and select the economic sectors that have the potential to be exploited in the framework of this agreement, through variables such as intra balance alliance and the major export sectors of each member of the

AP, this based on BBVA research study (2015) which allowed guide and confirm what those sectors that will drive the economy of this block are.

To complete the major comparative and competitive advantages of the PA to promote and develop its objectives integration framework presented.

1. Project Formulation

1.1 Background

The global value chains (GVC) is one of the main goals of the Alliance Pacific (AP); integrated by Chile, Colombia, Peru and Mexico, as an integration scheme that aims to boost production chains; taking advantage shared by its strategic geographical location and its large primary markets, which can be developed industrially to be competitive. According to Del Valle (2013) the Pacific Alliance is not the first initiative raised up a target like this.

In Latin America there are several cases of failed multilateral integration schemes, such as the Latin American Pacific Arc, immediate predecessor of the Alliance; however, it has a new structure projecting signs of stability and success; as it will promote an area of deep integration among member countries, since each has external bilateral agreements.

According Gereffi (1999) there are four key dimensions in a global value chain:

- Input-output structure

Refers to a description of the productive sectors, where record production with intermediate destination and production to final destination, ie, the production efficiency of the links in the value chain where those intersectoral linkages aggregates of the economy stand.

- Geographic coverage

The effects can prove that demonstrate the results of national, regional, municipal and international competition.

- governance

This is an essential dimension for CGV, allowing the actors employ means and strategies to better develop the exercise of direct and indirect channels.

- Institutional framework

Involving national and international policies and rules for exercising framework where a service or support in various legal and economic activities, policies

However, the cooperation mechanism integrates the four key dimensions for a chain of effective integration, since the four countries have geostrategic positions that can be exploited and targeted bound to, Pacific Asia through mechanisms and rules governing efficient governance and with ability to create a uniqueness of institutional framework to facilitate cooperation and coherence of actions.

Asia-Pacific market is the object of the Pacific Alliance, is one of the greatest exponents of value chains remain competitive globally, and this market is attractive because it has a large number of population.

If the Pacific Alliance, the biggest achievement is that it introduces a fundamental to compete in a world of globalized production, eg possibility of accumulating origin of goods among the four countries element; allow the agreements reached intermediate goods and inputs from any country member of the Alliance in the final product to export are incorporated. This is a true expanded market that responds to modern production schemes according Lacouture, M. (2015).

Countries such as Costa Rica and Panama that are in the process of integration into the alliance have bet this union, since by countries that project goals and objectives consistently is made; taking as reference potential at the individual level, to promote a platform that allows them to venture comparative and competitive in the market for global value chains.

The CGV are the means to modernize their economies, enhance development and promote participation; stimulating small and large businesses to adapt to new models of globalization and can be great participate trade worldwide.

According Videgaray, L. (2015) "In these times of volatility we share a vision of macroeconomic policy priority and emerging opportunities for greater regional unification. We are moving according to an agenda for keeping our commitments "financial integration, this reflects that the interest of the Alliance is based not only be an economic integration for commercial purposes, also seeks a political articulation therefore defined as integration regional.

Although countries like Panama and Costa Rica predict great success of integration and its pillars to be potentiated and promote the Latin American market, there are political figures who do not support integration as the Bolivian government has repeatedly criticized the Pacific Alliance speculating that " the United States is dividing the union of South American Nations (Unasur), " the countries of the Pacific Alliance is part of a conspiracy that comes from the north to divide and Unasur no progress towards the final release "(E. Morales 2013). These words were taken offensively by member countries, meanwhile Colombian Foreign Minister came to the defense response to the comment that this is only "four countries convinced of free trade, free movement of goods, persons and services as a way to development". He then stressed that seeks to "give producers and exporters the possibility of having more market" (Holguin M. 2014).

The fact that many governments do not agree with this integration and its goals, its credibility has not demerited to expand into global markets. In addition member countries are already tightening its diplomatic relations; an example of this is the embassy in Ghana shared by 4 members in Vietnam (Colombia / Peru), Algeria (Chile / Colombia), Morocco (Chile / Colombia) Azerbaijan (Chile / Colombia), and “the idea ofsharing offices abroad is that costs less and can be in more places" (Havana, 2015). Reaffirm the close relations of the member countries is a great link to achieve the political objectives that also characterize the AP.

The AP has also been called "the new darling of Latin America," said Colombian President "And not we are going to knock on the doors of them, it is the world that wants to come to do business with us" because, he said, "we face the new economic engine and development in Latin America and the Caribbean" (Santos M. 2014).

1.1.1 State of the Art

The Pacific Alliance, despite having just five years of existence, immediately sparked a major trend in scientific academic production, both in member countries and non-member countries, as in the case of Argentina and Brazil. Among the topics most discussed in scientific academic production of the Pacific Alliance, stand out: trade focusing on exports and imports, Pacific Alliance Vs Mercosur, challenges some of the four member countries in trade to take advantage of good form the Alliance, institutional analysis to understand the structure of this integration scheme.

However, the state of the art allowed to recognize, still referring to global value chains are few investigations that have been conducted within the framework of the Pacific Alliance. Therefore, for the construction of this state of the art, investigations related transversely with the object of study were addressed, but also that little production specifically directed to global value chains in the AP. This in order to identify: the different ways of how it has addressed the subject of study, the findings, the methods used and empty research on the subject.

Among the first investigations, excels studies by the Inter-American Development Bank (IDB), where positive linkages were identified for the integration framework of the PA, which has been an important matter of the agreement, where you want to insert economic activities great potential in this new joint mechanism and productive cooperation such as the GCS; a case of this was the international seminar held by the IDB in Bogota in 2014 led by Carlo Pietrobelli an international expert with the support of the Ministry of Commerce, Industry and Tourism, Confecamaras, INNPULSA, and the Presidential Agency Colombia (APC) where chains for products of polyester fibers and carpets between Peru and Chile was identified; phosphate and detergent between Mexico and Peru; Finally chemical pulp, paper and articles thereof, paperboard and articles thereof between Chile and Colombia (IDB, 2014).

Moreover, Pietrobelli mentioned the commitment of these local and international institutions for regional growth and development that are part of the AP. The significance of the meeting were issues such as the use of trade agreements signatories to the AP, for leverage to the CVG and accompanying entrepreneurs in these processes, with reference to other countries (China, South Korea, USA US and Japan).

Another scenario that involves these two aspects as the AP and the CGV of this research was the event last June 16, 2015; where the third macro business round the AP in Peru, with the participation of 430 exporting companies, 210 buyers and guests from China, Japan and South Korea was held. The purpose of this stage was to create networks that promote industrial chain links and links in value of economic sectors such as:

- Autoparts
- Chemical products
- Machinery, electrical equipment
- Cosmetics, soaps
- Leather
- Supplies
- Parts of footwear
- Services (engineering, software, franchising, food, construction and architecture)

The purpose of the meeting by business promotion agencies (ProMéxico, ProPerú, ProChile and ProColombia) of the AP, was to generate direct contacts between exporters and importers of the aforementioned sectors. Therefore, we can see the interest and continued support of entities in charge of foreign trade of each country and the interest of entrepreneurs who act as exporters and importers.

However the AP currently has deficiencies for the good development in the integration of the GCS for competitiveness in the international market since two of the member countries, Colombia and Peru, have lagged by low diversification of their economies, centered in primary sectors, without manufacturing development and innovation offers (see table 1).

Table 1. Sectoral Patterns AP

Country	Déficit	Surplus
Chile	Fuels Machinery Equipment	Foods manufacturing
Colombia	Machinery manufacturing	fuels
México		Machinery Equipment Chemicals
Perú	Machinery Equipment	From mining Agroindustry

Source: Sánchez July from Peñaranda (2014)

Notwithstanding the advantages with the AP to work together, they are not implementing integrated direct strategy four, to develop a chain that engages each member. Are working in twos, that aspect does not contribute to changing market countries have disadvantages in a specific sector.

For the purpose of being recognized in international trade as a single country of origin against their offers, you should choose to acquire a competitive scale economy to innovation and value added blended.

However, within this framework should not forget to SMEs. "SMEs are the most important, is the first step, it is the business of the 4 members of the PA" Magali Silva (2016). In this vein it is proposed that SMEs have potential opportunities to enter the CGV, because in this way they will be achieved internationalize, this due to the elimination of 92% of tariff barriers between members which is necessary to be competitive in international trade operations tool.

A connotation that should acquire SMEs in the raid CGV is to increase the added value in its goods and somehow balance participation with large companies, so that both take advantage of the great benefits that the CGV. This relates the issues raised by Peñaranda (2014), which argues that productive linkages should be made between the 4 members that allow acquire an economy of scale and provide goods and services more competitive and add value superior according to the competitive advantages members of the AP.

From another perspective as I point Sánchez from Peñaranda (2014)to create added value is necessary for the 4 countries provide facilities in many areas such as adequate infrastructure, simplicity in licensing procedures origin technology for electronic certification and plant and animal health regulations to harmonize and unify the foreign trade under of the Alliance.

ECLAC expresses moreover, that for the AP maximize its benefits and minimize its risks related CGV need to implement policies that facilitate the insertion such as:

- Strengthen joint action on trade and investment
- Identify and solve the difficulties that reduce the competitiveness around the infrastructure
- Promote and build productive capacities of companies to make them competitive
- Sponsor the specialized knowledge to the workforce of the four countries.

At the same time the AP should encourage the GCS are effective and efficient to invest more in research and development, in order that each member can advance and strengthen the productive sector of their economies and to harmonize and integrate comparative and competitive production chains (ECLAC, 2014).

1.2 Problem Statement

Pacific Alliance (PA) is one of the most ambitious integration in Latin America; he has bet on the free movement of trade between member countries. One of its themes is working to modernize their economies through trade facilitation and customs cooperation, allowing an accumulation of origin through global value chains (GVC), which is a global production system in which each country develops the link where it is more competitive.

AP countries are characterized by primary economies and CGVs a model comprising innovation and diversification of production. Whereas the sectors driving the economy of the member countries are raw materials with little added value How production chains will be forged if its potential is in the same sector and lack of innovation?

Studies to understand what are the potential sectors of the AP are? have been scarce, this object of study, aims to identify and give a contribution to the understanding of this problem; by characterizing the history and current state of the economy and supply each member of the AP. want to identify the economic sectors of the countries of the Pacific Alliance can be potentiated in the scheme of integration of global value chains.

1.3 Justification

In this research project the importance of economic, political and commercial integration at the regional level is exposed through global value chains (GVC), which emerged as a new joint mechanism for development cooperation and complement economic activities which are part of the Pacific Alliance (AP).

It also has the objective to identify economic sectors that have affinity between members of the Alliance to be potentiated and inserted into the CGVs.

Similarly, the AP has wagered the CGV, as an instrument of regional development and encourage other countries concerned look and motivated to participate, to stimulate productive chain of larger scale in the region and relevance to International Business.

In addition, the project provides professional level knowledge of how exactly regionally countries Chile, Colombia, Mexico and Peru are uniting to establish new trading practices that favor the development and active participation of its economic sectors. In this vein it is expected that the project will also serve to further research that raise issues such as regional development and integration through global value chains.

1.4 Goals

1.4.1 General

Identify economic sectors of the countries of the Pacific Alliance that can be potentiated in the scheme of integration of Global Value Chains

1.4.2 Specific objectives

- Characterize the economic structure of the member countries of the Pacific Alliance from the review of the various sectors.

- Recognize the main sectors that help promote integration around global value chains.

- Identify the comparative and competitive advantages of the Pacific Alliance to potentiate integration into value chains.

1.5 Methodological framework

1.5.1 Method

This research is descriptive, because the purpose of this paper is to describe and characterize what are the economic sectors of the AP for insertion of the GCS are, through the characterization of the economic properties of the signatory members and observation of competitive and comparative advantages thereof, all this with a kind of qualitative approach because the information obtained through those potential sectors that will be utilized in this integration framework identified.

1.5.2 Methodology

Obtaining and collection of information is of secondary type, for the development of this research was required elements such as: Internet, graphics, magazine articles, scientific papers, books and other texts that contributed and gave depth to the object of study all the material involved allowed approach towards identifying economic sectors emphasized the CGV.

Table 2 it can be appreciated that instruments written, visual and data information used for research development.

Table 2. Information used for research

Employee information		
written	**Visual**	**Data**
Magazine articles	Graphic	Statisticians
Books	Boards	Chronological
Scientific papers	Diagrams	Geographical
Information from press		Others

Source: Own, 2016

The technique used for the development of this research was the documentary analysis, as it was said before analyzing the information obtained as a database and then take those specific value and judiciously to address the objectives.

1.6 Scopes

This research aims to provide an approach to one of the purposes of the AP which is the insertion to the GCS and this is intended to provide input and new perspectives for this purpose, so you can enunciate more specifically economic sectors to encourage this integration framework.

It aims to focus research with contributions based on what characterizes the AP and provides what is considered success in CGV, since the integration took effect recently contributions are made based on their background and current process.

2. Project execution

2.1 Economic structure of the member countries of the Pacific Alliance from the review of the various sectors.

2.1.1 Economic structure of Colombia

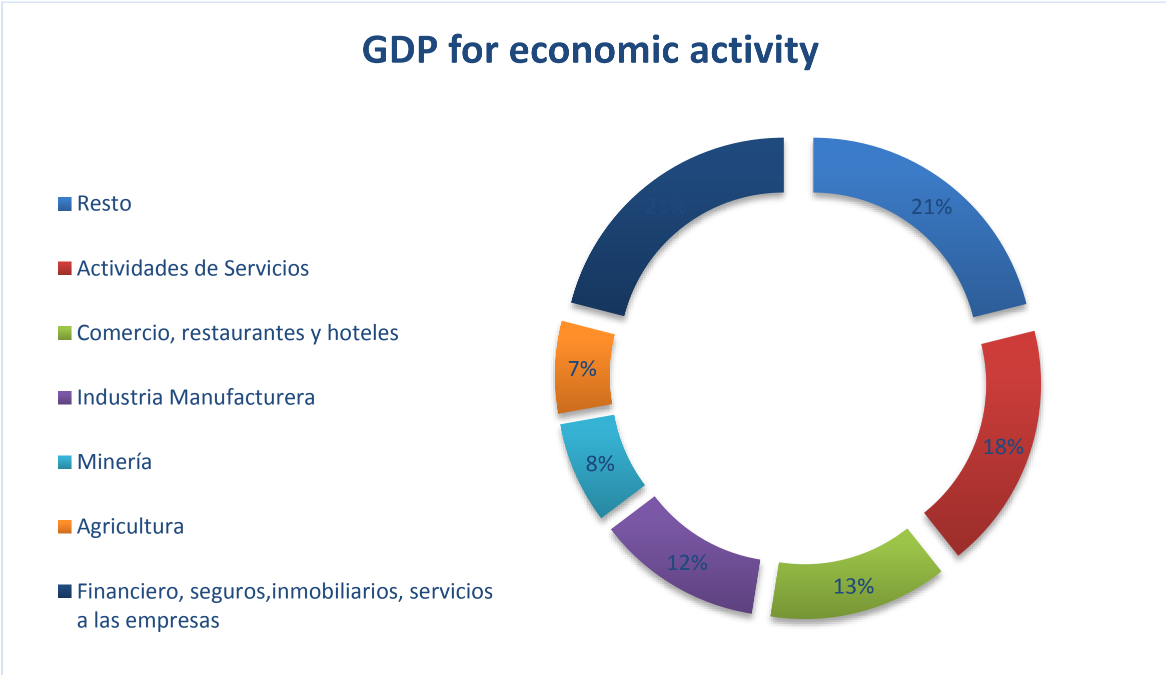
GDP and economic growth

The Colombian economy is based on the production of those goods that are exported primary and production of consumer goods for the domestic market, the sectors that represent the Colombian economy are fishing, manufacturing, mining and agriculture.

However not all raw materials such as oil, Colombia is a country of financial, social, personal and community services; the above include health, defense and education, which also represent an important value in GDP.

Colombia's GDP for 2015 was 292,091 million and contributed most economic activities correspond to sectors manufacturing, services and trade. Respectively these activities employ a high percentage of the Colombian population in this vein is understood that these sectors based economy Colombia (see Figure 1).

Figure 1. Structure of GDP in Colombia



Source: Based on data of the Pacific Alliance, 2015

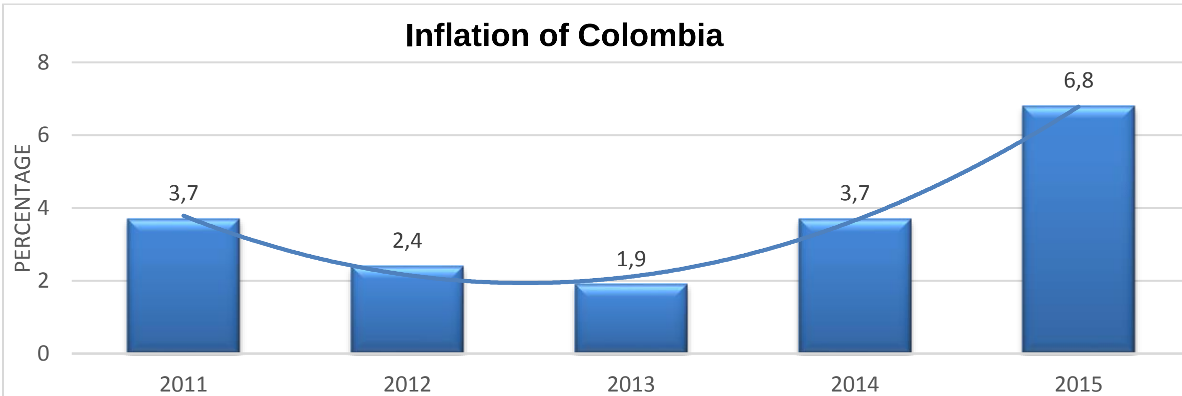
GDP in 2015 represented a lower growth compared to previous years, due to the fall in international prices of raw materials including oil. However, Corral (2016) director Dane, 2015 was not so bad for the Colombian economy as sectors such as financial services and real estate activities boosted the economy.

In other areas such as trade, economic momentum was placed in hotels, bars, restaurants, repair of automotive components and construction sector had a rise of 5.4% influenced by social housing and finally the industrial sector was driven beverages, clothing and chemicals.

Inflation

Colombian Inflation in the last three years has had an upward trend, caused significantly by the behavior of food prices in the basket, according to the National Administrative Department of Statistics DANE (2015), foods with greater variations in prices they are tubers, bananas, cereals, bakery products, vegetables, regarding basic expenses like electricity, housing and transport also influenced the increase in the CPI (see chart 2).

Figure 2. Inflation in Colombia



Source: Prepared with data from Mincomercio, 2015

However, in September this year 2016, inflation has slowed following the end Trucker unemployment and the return of the rains, which normalized the behavior of prices in agricultural goods.

Another reason for low inflation is related to the dollar which has lost momentum in recent months, allowing prices to stabilize and low-income populations have access to basic foods.

Among the cities that have had a cost of living by high inflation are the main cities like Bogota, Cali, Medellin and Cucuta. It is expected that by the end of this year 2016 is achieved lower inflation compared to previous years.

Unemployment

The fall in the last 5 years of raw materials such as oil have not been allowed to enter about 20 billion pesos to Colombia, this represents an internal crisis including unemployment, trade deficit and a decline in investor confidence in the country.

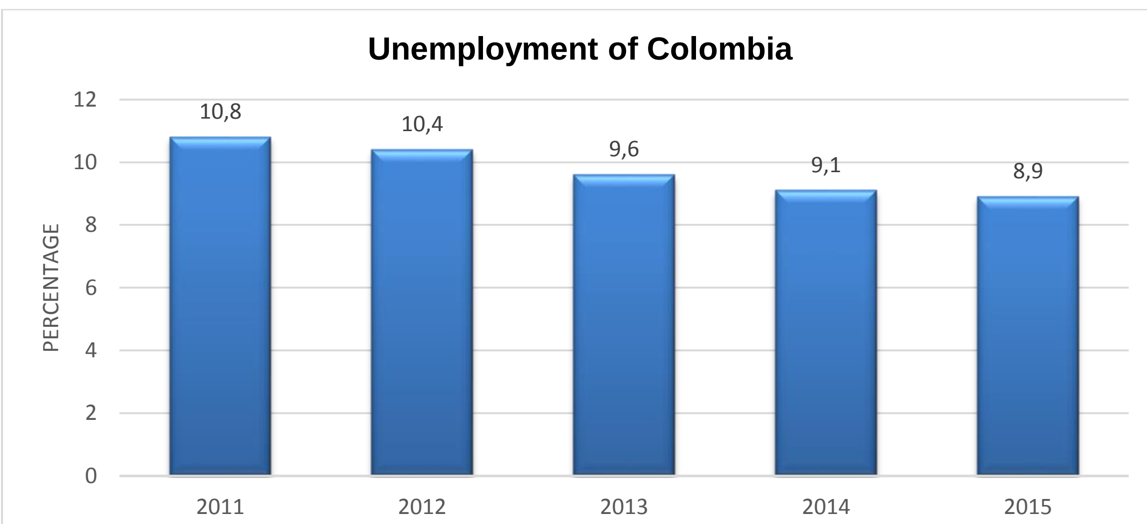
Unemployment in Colombia has remained in single digits, while maintaining low unemployment rate in the last 16 years; labor activities that generate employment in the country are: financial services, agriculture, restaurants, real estate and construction.

Metropolitan areas recorded the lowest unemployment rates so far this year 2016 are: 8.2% Cartagena, Barranquilla Bogota 8.5% and 8.5%. Conversely unemployment rates with a considerable increase in the cities: Quibdo 17.8%, 14.9% Cúcuta, Ibagué Armenia 14.2% and 14.6%. Some causes are falling commodity prices, the disparity in the labor market and education, who do not understand business needs and the lack of a second language for better employment opportunities.

This year 2016 is expected to continue unemployment in single digits, where the private and educational sector share the needs and thereby agree to close a yawning gap as it is presented today Colombia.

Chart 3 to appreciate the behavior of the unemployment rate in Colombia over the past 5 years.

Figure 3. Unemployment in Colombia



Source: Compiled from Mincomercio, 2015

External debt

Colombian foreign debt in 2015 was 111.280 million dollars, the main reason was the appreciation of the dollar. By May 2016 the foreign debt was found in 115.966 million dollars, value exceeding the national GDP by 41%. The increase in external debt for the country is interpreted wholesale long-term debt and to a lesser extent by the increase in short-term debt.

The increase of this factor was related to new hires in the public and private sector in the last three years; in this perspective it can be noted that the government has a 64% debt in periods of long and medium term, 30% other decentralized authorities and 6% are municipal entities.

Therefore the sectors that contribute most to the debt are: the private non-financial obligations lease terms financial, loans and bonds insurance provider.

Balance of trade

The trade balance for the last five years has undergone significant changes. For the years 2011 and 2013 a balance with as high as those presented from 2014 to present deficits is not found, this because of several factors including: the fragility of the main trading partners of Colombia, the devaluation of the peso against the dollar, falling fuel and, including oil, coal, briquettes and coal mining industries.

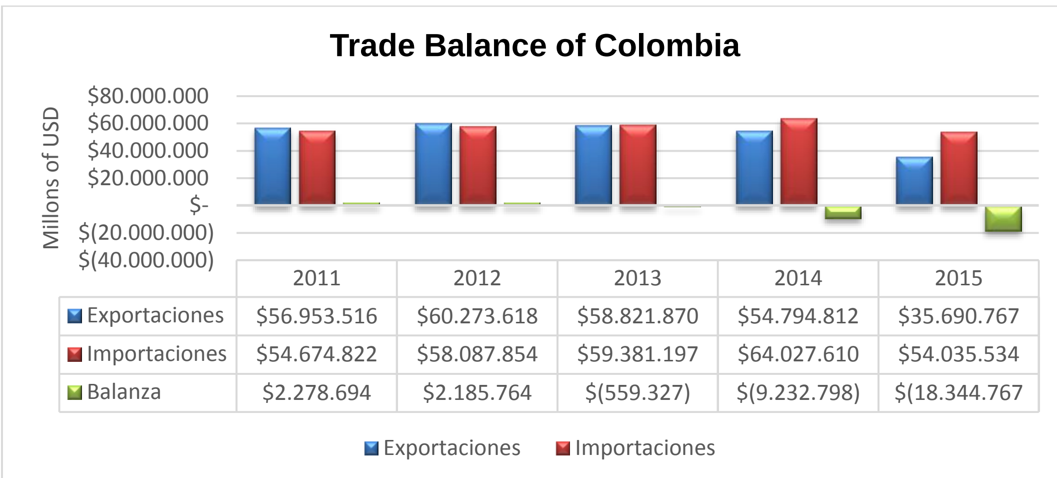
On the other hand sectors: manufacturing, food and beverage, they have also been affected by these economic phenomena and the lack of its exports, which has not had a surplus since.

According to the above according to the DANE in 2015 and agricultural products, food drink had a decrease of 9.0% due to the fall in external demand for products such as crustaceans, fish, invertebrates, seeds and oleaginous fruits (DANE, 2015)

2015 Colombian imports were obtained from Mexico, the United States, China, Germany, Brazil and France, in this context El Tiempo newspaper (2015) found a record in which it is evident that the largest bilateral deficits Colombia meet China 6,712,9 billion, 4.613 billion US dollars and Mexico with 2,193,8 million.

Colombian trend has presented a progressive increase in imports over exports (see Figure 4).

Figure 4. Trade Balance Colombia



	2011	2012	2013	2014	2015
Exportaciones	$56.953.516	$60.273.618	$58.821.870	$54.794.812	$35.690.767
Importaciones	$54.674.822	$58.087.854	$59.381.197	$64.027.610	$54.035.534
Balanza	$2.278.694	$2.185.764	$(559.327)	$(9.232.798)	$(18.344.767

Source: Prepared by ECLAC data, 2016

The trade balance from 2014 shows a decrease of exportable supply by the revaluation of the US dollar against the Colombian peso and falling oil factor particularly important since this represents a high value for the Colombian economy.

Structure of imports

The import structure in 2015 in Colombia was located in the main groups of the economy such as; refined petroleum products, hydrocarbons and their derivatives, telecommunications equipment, aircraft accessories and other groups that comprised a total imports of 54,035,534 million dollars from its major trading partners (China, USA, Germany, Brazil, Mexico and France) (see table 3).

Table 3. Structure importing Colombia

Import structure of Colombia	
Group	**Millions of dollars**
Everybody	**54035534**
Refined petroleum products	5128214
Telecommunications equipment	2661765
Equipment and accessories for aircraft	2564168
passenger vehicles (except buses)	2524568
medical and pharmaceutical products	2502189
machines and automatic data processing unit of the same	1361456
Polymerization and copolymerization products	1267424
Unmilled maize	955 813
manufactured fertilizers	790,413
civil, plant and equipment and parts of engineering contractors	756 822
Hydrocarbons and their derivatives	752,633
Food for animals (not including milled cereals)	747,652
Accessories for non-electrical machinery	702,510
Different chemicals	690,838
Case tires and rubber protectors for all types of wheels	689,598

Source: Based on data from ECLAC, 2015

Export structure

Colombia's export structure for 2015 was mainly commodity groups, although it has presented a deficit of 18,344,767 million in the trade balance, exports were in the crude oil and its derivatives, coal, briquettes, gold, coffee, fertilizers and insecticides, nuts, medical and pharmaceutical products, representing a value of 35,690,767 million dollars for the country. In another context, 2015 was a year where exports were not as significant for the Colombian economy, as the situation on the falling prices in commodities and the devaluation of the peso against the dollar were to Colombia a setback in supply export, plus the lack of diversification of its economy is based on commodities which are most affected (see table 4).

Table 4. Export structure of Colombia

Export structure of Colombia	
Group	**Millions of dollars**
Everybody	**35690767**
crude oil and oils obtained from bituminous minerals	12834380
Coal, lignite and peat	4257432
Coffee and coffee substitutes	2810168
Vegetables	1333183
Refined petroleum products	1282582
Nonmonetary gold	1090932
Polymerization and copolymerization products	888,148
Dried fruits and fresh	509204
medical and pharmaceutical products	456217
Pesticides and disinfectants	430,418
Ferro alloys and steel	380,498
Sugar and honey	362,068
other fixed vegetable oils in liquid or solid refined crude	339,946
coking coal briquettes and semi coke of lignite or peat	302594

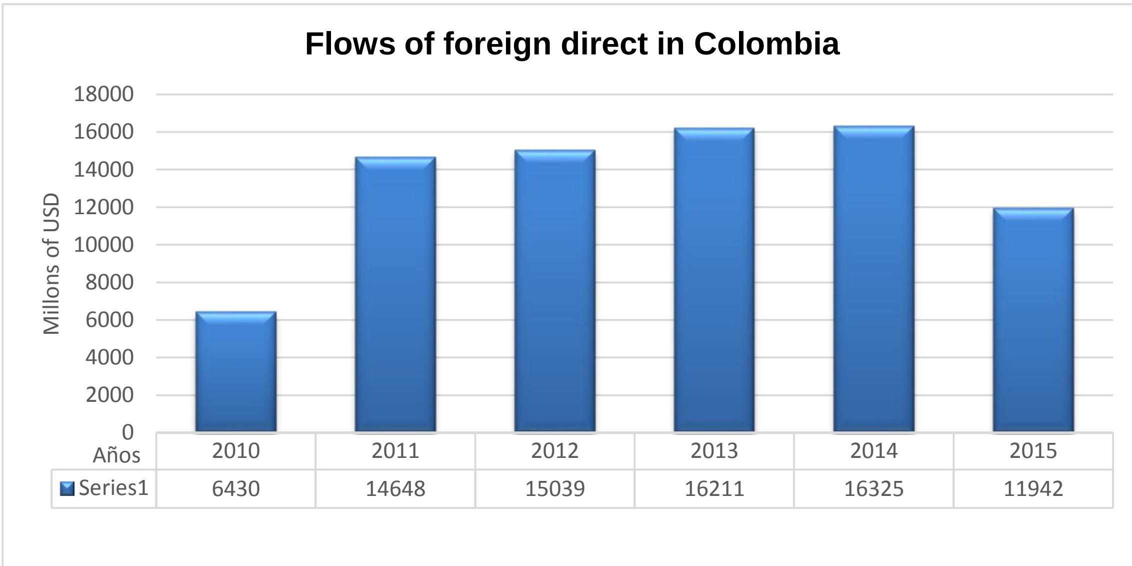
Source: ECLAC, 2015

Foreign Direct Investment (FDI)

For Colombia the last 5 years FDI has presented significant changes, by 2015 the flow of investment recorded a very low drop similar to 2010, therefore, the negative performance of the oil sector and its derivatives in the world economy, but not only these are responsible, are also some sectors that have reduced investment such as manufacturing, agriculture, mining, electricity and financial services.

However as the construction sector has increased by 61% so far in 2016, where projects, permits and licenses for construction increased, mainly in the Colombian capital (see Figure 5).

Figure 5. Flows of foreign direct investment



Source: Based on data of OEE Mincit, 2016

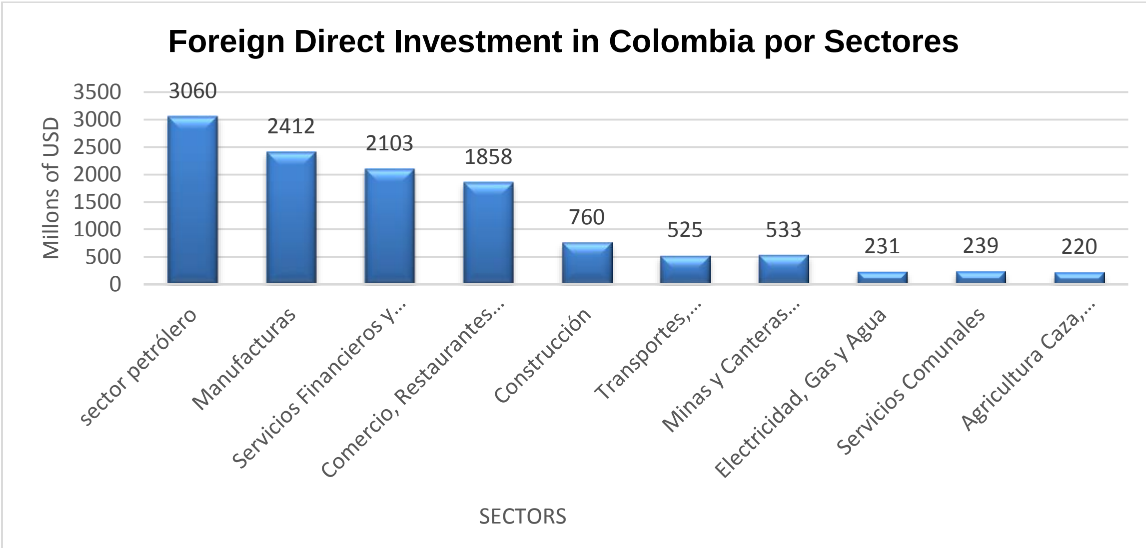
Importantly, the countries comprising the investment flows to Colombia are the United States, Spain, Panama, England, Netherlands, and Canada.

Evolution and FDI destination

FDI in recent years was located in very high values but despite what happened with the decline in the price of oil and commodities was affected last year, as mentioned above Colombia is an economy dependent sectors such as mining and energy, where suffers considerably with the fluctuations in international trade.

In graph 6 inflows of investment by sector, among them are the oil sector as the largest foreign investment sensor is observed.

Figure 6. Foreign Direct Investment by sector (2015)



Source: Prepared with data from OEE Mincit, 2015

Conclusion Colombia

Finally, the analysis of the above variables allows us to conclude that the Colombian economy is undergoing a process of economic slowdown framed by a trade deficit, external debt with high values, a decrease in foreign direct investment and a high percentage of unemployment , which it has not fully benefited the economy of Colombia. However, the country stands out and has strength in sectors such as hydrocarbons, agriculture and services.

2.1.2 Economic structure of Chile

GDP and economic growth

Chile's economy is based on industry and services contribute more than 96% of GDP. The main activities of Chile are mining production (copper, coal, nitrate) where copper is the most important manufacturing products (chemicals, wood, food processing) and agriculture (fruits, vineyards and fishing), said sectors contribute significantly to economic growth rate, agriculture which contributes 3.3% to GDP, industry 35% and services 61.5% (see table 5).

Table 5. Structure of GDP Chile

Economic Activity By Sector	Farming	Industry	Service
Value added (% of GDP)	3.3%	35.1%	61.5%

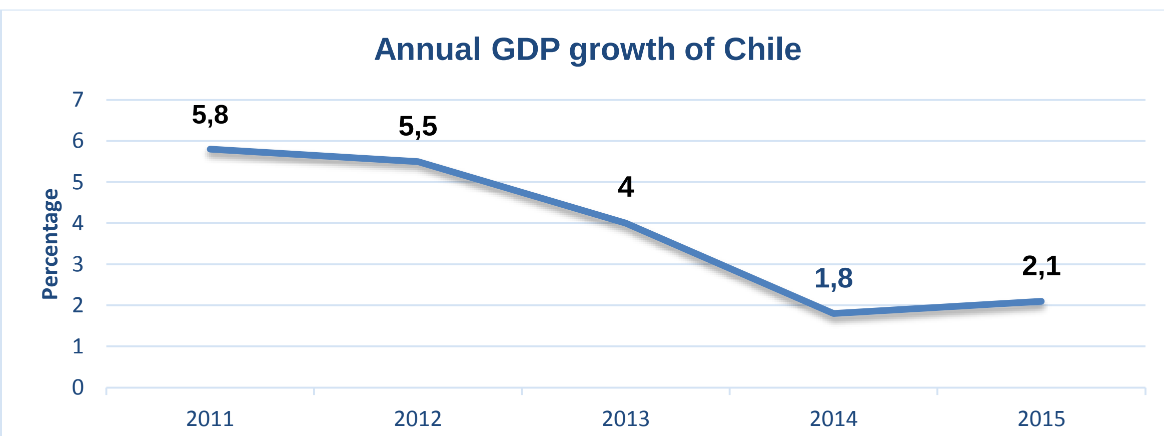
Source: Based on data World Bank, 2016

According to the Central Bank of Chile in 2011 it had a higher GDP growth of 5.8% due to the performance of the sectors of trade, service, construction, manufacturing and agriculture, except the mining sector accordingly to labor problems.

However, in 2014 there was a slowdown of 1.8% of GDP, caused by the fall in industry and manufacturing sectors. Although some sectors such as personal services and business services had a positive variation, they failed to offset the slowdown (Banco Central de Chile, 2014)

Finally in 2015 a slight growth of 2.1%, caused by the positive performance of the sectors of communication, service and business was observed. The negative changes occurred in mining, fishing and tourism (Banco Central de Chile, 2015) (see Figure 7).

Figure 7. Annual GDP growth of Chile



Source: Based on IMF data, 2016

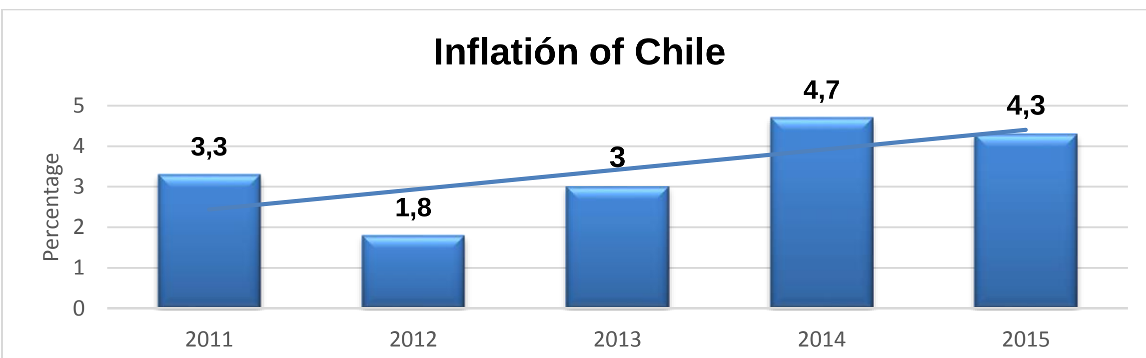
Inflation

Inflation of Chile in the last five years he has had different variations; in 2012 was 1.8%, being one of the lowest in recent years percentages, this arose because there were no changes in the index of consumer prices (CPI) and the decrease in the price of food and beverages soft, although there were increases in some prices such as fuel, electricity and basic services failed to raise the inflation rate. (Central Bank of Chile, 2012).

At 2014 inflation was 4.7% according to the National Institute of Statistics of Chile (INE), this was presented due to the sharp depreciation in the local currency and weak domestic demand in monetary policies.

In 2015 there was a decrease compared to 2014, due to the significant reduction in the prices of food and non-alcoholic beverages. (INE, 2015) (See Figure 8).

Figure 8. Inflation Chile



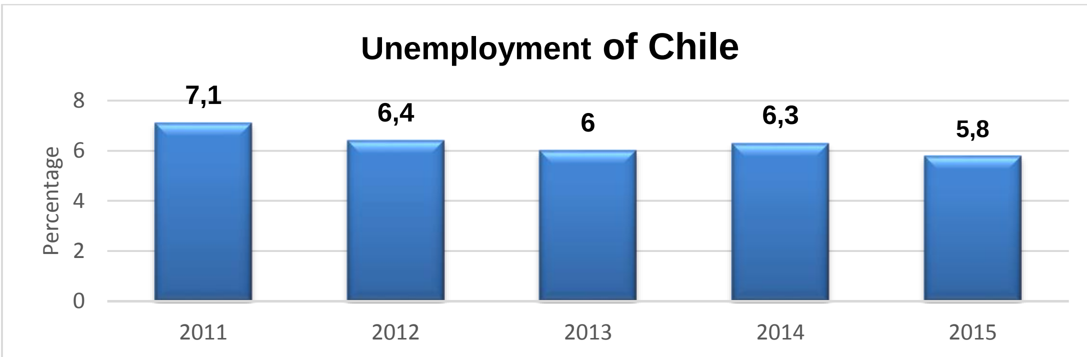
Source: Based on data Banco Central de Chile, 2016

Unemployment

Unemployment in Chile in 2011 was 7.1% this due to labor decline in rental activities, corporate, real estate and public administration (INE, 2011).

By 2015 the unemployment rate was reduced compared to the respective years with a rate of 5.8%. According to the National Institute of Statistics it was due to job growth in the agriculture, trade and tourism (see Figure 9).

Figure 9. Unemployment Chile



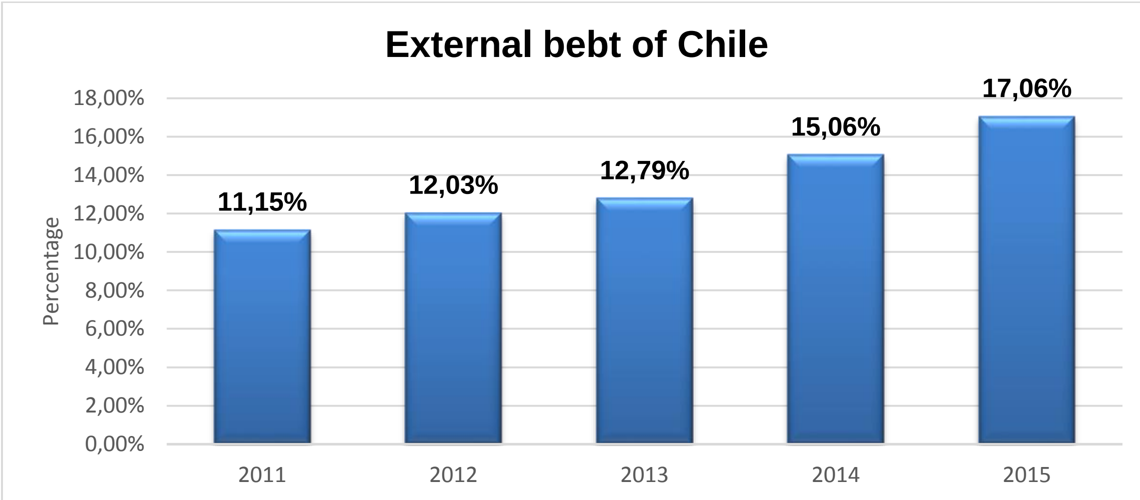
Source: Prepared with data from the National Statistics Institute (INE), 2016

External debt

Chile's external debt has increased in recent years respectively, in 2012 was 12.03% due to increased loans and debt incurred by the private and public sector. Chile's main creditors are Canada, Netherlands, United Kingdom and United States (Banco Central de Chile, 2012).

In 2015 the external debt was 17.06% and according to the Central Bank of Chile was therefore to increased external liabilities of the private sector in loans and direct investment enterprises in the public sector bond issues during all year (see Figure 10).

Figure 10. External debt Chile



Source: Based on data Macro, 2016

Balance of trade

Chile's trade balance in 2013 was characterized by a deficit, due to increased exports of consumer and intermediate goods, oil and capital goods (ECLAC, 2013).

By 2015 the trade balance was found in surplus due to the increase of export supply in the industrial, agricultural, forestry and fisheries sector (Banco Central de Chile, 2015) (see Figure 11).

Figure 11. Trade balance for Chile

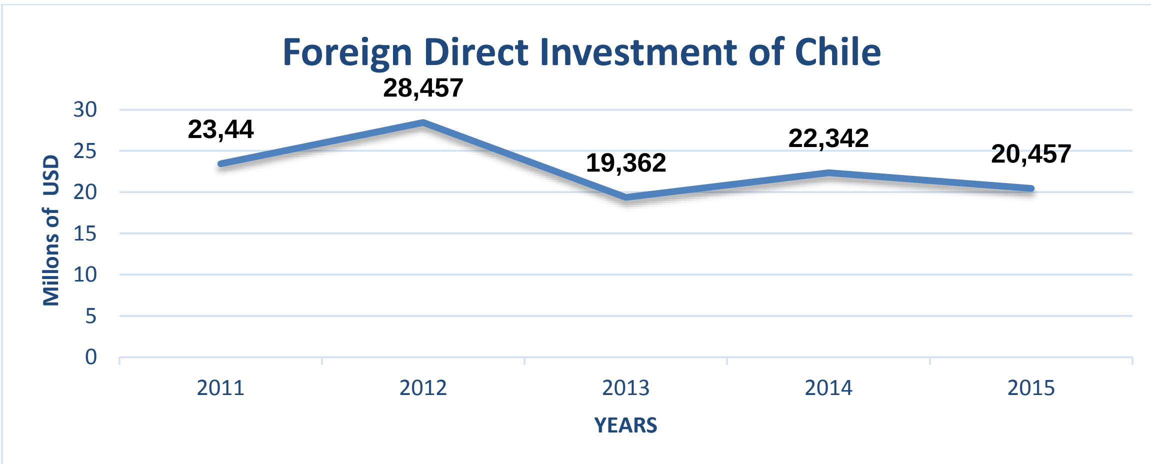
	2011	2012	2013	2014	2015
Exportacion	81437589,33	77965383,04	76684107,7	76639248,39	63360063,65
Importacion	74693535,77	80066780,61	79172797,73	72344339,19	63037576,25
Balanza	6744053,555	-2101397,565	-2488690,029	4294909,202	322487,406

Source: Based on data from ECLAC, 2015

Foreign direct investment

According to CEPAL in 2013 he was presented one of the lowest inflows in FDI due to the low dynamics of the mining sector. Chile has not regained its high levels of investment such as that presented in 2012 by the fall in commodity prices (see Chart 12).

Graph 12. Foreign Direct Investment in Chile



Source: Based on data from the World Bank, 2016

Importing structure

In Table 6, the import structure of Chile is identified and the main groups of products entering the country, including oil products, refined and buses are mentioned.

Table 6. Structure importing Chile

import structure of Chile	Millions of dollars
Petroleum products, refined	4059352
Passenger cars (excluding buses)	3207681
Ordinary oil and oils obtained from bituminous minerals	2854274
Telecommunications equipment, parts and accessories.	2580887
Trucks and cars of special purpose	1854219

medicinal and pharmaceutical products	1324774
computer automatic machines and units	1226211
Gas, natural and manufactured	1226116
Polymerizates	1159839
Meat and edible waste, fresh meat, chilled or frozen	1065307

Source: Prepared with data from CEPAL, 2015.

Exporting structure

In Table 7, the export structure of Chile is identified and the main products of the Chilean supply mentioned, stand out among the most exported copper and minerals.

Table 7. Structure of export Chile

Chile's export structure	Millions of dollars
Copper	16965796
Metal ores and concentrates	14728720
Fruit and nuts, fresh, dried	4976940
Fish, fresh, chilled or frozen	3715568
Pulp and waste paper	2575563
Alcoholic drinks	1870681
Wood worked for railroads	1094260
Meat and edible offal, fresh, chilled or frozen	939,613
Fruit preserves and fruit preparations	866,456
nonmonetary gold (excluding gold ores and concentrates)	800,304
Paper and paperboard	754,545
Iron ore and concentrates	717,602
Fertilizers, manufactured	699,995
Inorganic chemical elements, oxides and halides	698,545
organic compounds from precious metals	684,225

Source: Prepared with data from ECLAC, 2015

Conclusion of Chile

Starting the conference 2016 Latin American Cities Conferences, Heraldo Muñoz of the Ministry of Foreign Affairs of Chile, he said that despite being an emerging economy has managed over time to maintain stability and be one of the world's fastest economic growth in Latin America, however, has had to confront a sharp slowdown due to the great dependence of the commodities, especially in the price of copper has decreased its share by 13.8%, so the Chilean government has implemented effective settings as a sensible and consistent economic policy with a large tax liability.

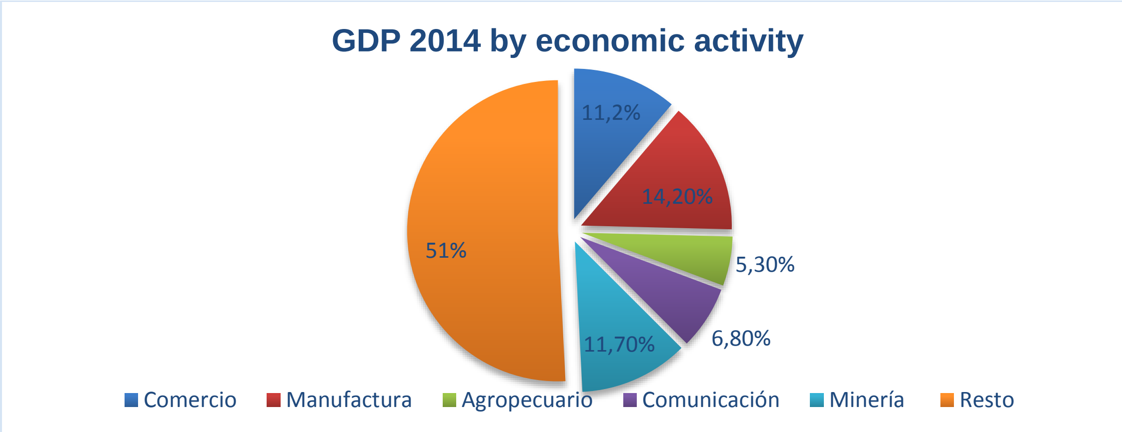
2.1.3 Economic Structure of Peru

GDP and Economic Growth

The Peruvian economy in the last ten years has had a 5.9% increase gradually each year, caused by the increase in private investment in the mining sector it represents a high value in this economy, with a 60% increase in exports .

In the graph 13 we can see the participation of the main productive activities that make up the economic structure of Peru as 11.2% in trade, manufacturing 14,20%, construction 6.8%, 5.30% agricultural industry, 11.70% mining and other activities together 50%; ie the manufacturing and mining comprise a high percentage of economic activity in Peru.

Figure 13. Structure of GDP in Peru



Source: Prepared with data from Pacific Alliance, 2015

Similarly, the internal behavior of the national GDP in 2015 was 192,141 million and the per capita GDP of $ 12,194.

On the other hand the activities that contribute more to GDP and therefore the Peruvian economy can be seen in Table 8, which details more specifically the percentage contribution by sector to GDP.

Table 8. Percentage share by sector of origin

Sector source	2011	2012	2013	2014
agricultural	6.4	6.3	6	5.3
Fishing	0.8	0.5	0.7	0.4
Mining and Hydrocarbons	14.7	13.2	11.7	11.7
manufacturing	15.7	14.6	14.4	14.2
Electricity and water	1.7	1.7	1.7	1.8
Construction	6	6.5	6.8	6.8
Commerce	10.5	10.8	eleven	11.2
Other services	44.5	46.3	47.6	48.7
TOTAL	**100**	**100**	**100**	**100**

Source: INEI from commercial economic report from Spain in Lima, 2015

Peru is one of the most important economies in Latin America in recent years has been presenting significant changes mainly in GDP for the last two years the behavior of economic growth has been lower, mainly in key sectors of the Peruvian economy, among them, the mining and energy sector, construction and manufacturing.

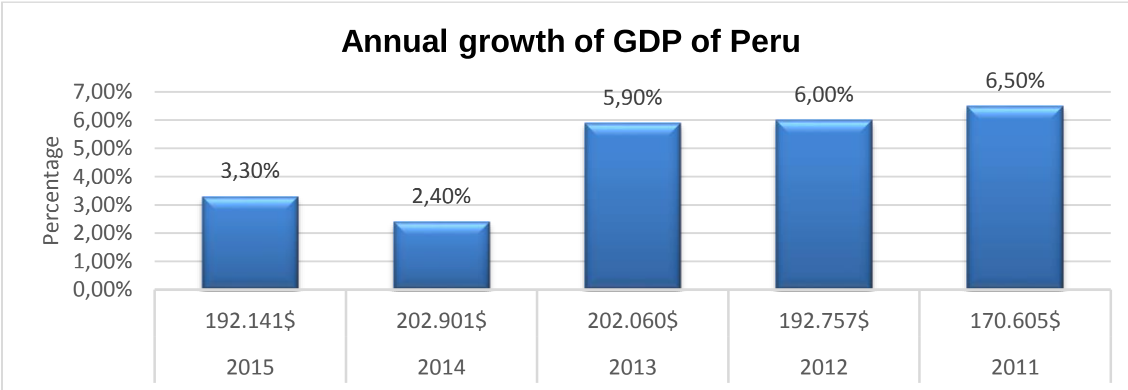
The National Statistics Institute of Information said that sectors such as construction have had a low investment in the implementation of projects for public infrastructure. The mining sector meanwhile responds to the global slowdown on the fall in prices in raw materials and manufactured goods have shrunk compared to previous years (INEI, 2015).

However reports the government of Peru between January and July this year 2016 have been positive developments in economic growth, for example; fishing and mining are evolving adequately and similarly domestic demand, also claim that sectors such as telecommunications, hydrocarbons, trade, fishing and manufacturing are being decisive for the Peruvian economy, since between the period January - July, the economy 4.04% over the 2015 expanded.

Another positive economic aspect has been the increase in exports of mining; Peru comprises a high percentage of exports such as copper, gold and silver.

Also an important factor that has favored the country because the household consumption has increased retail sales. It is expected that by the end of 2016 GDP will stand at 4%, because the domestic economy is evolving (see Figure 14).

Figure 14. Annual growth of GDP of Peru



Source: Compiled from data macro, 2015

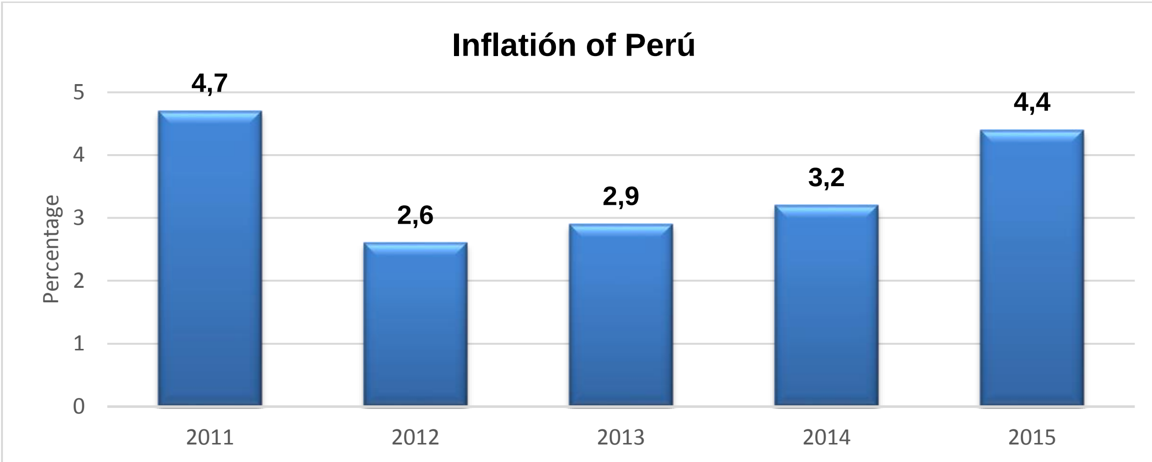
Inflation

In Figure 15 the behavior that has been inflation in Peru during the last five years is observed. For 2011 the rate was 4.7% being the highest rate since 2009, as a result of the increase in prices of commodities, vegetables, legumes and overall food; by internal climatological factors negatively affecting the supply of food (Central Reserve Bank of Peru, 2011).

In 2012 the inflation rate dropped compared to 2011 with 2.6% and according to the Central Reserve Bank (BCRP) was due to stability in the prices of food and beverages.

In 2015 the rate stood at 4.4% accordingly to the price increase of tariffs in electricity, drinking water, food and beverages (BCRP, 2015).

Graph 15. Inflation Peru



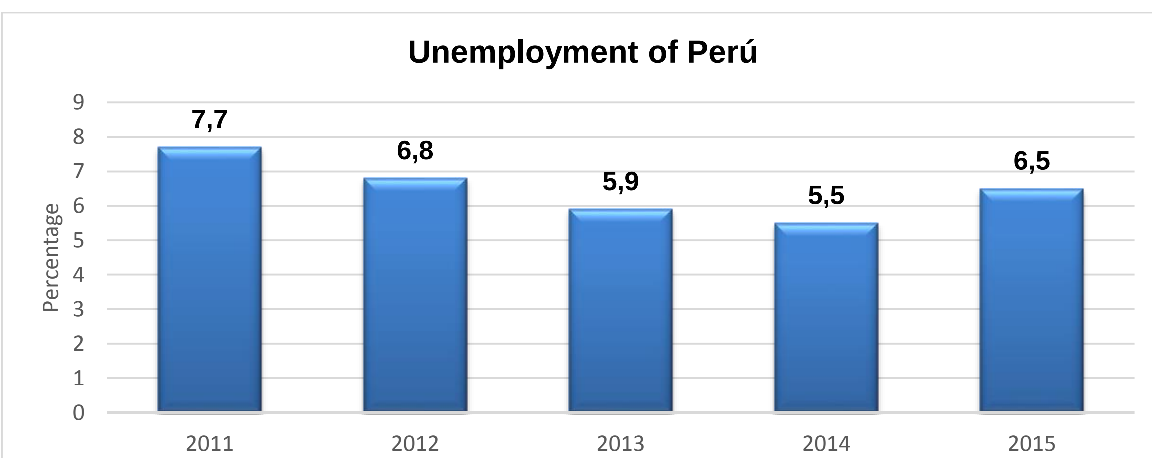
Source: Prepared with data Central Reserve Bank of Peru, 2016.

Unemployment

Peru unemployment for 2011 was 7.7% because of the internal crisis of employment, mainly in the mining, trade and service (International Labour Organization, 2011) (see Figure 16).

By 2015 the unemployment rate compared to previous years showed a slight improvement, this due to progress in productivity and business investment (ECLAC, 2015).

Figure 16. Unemployment Peru



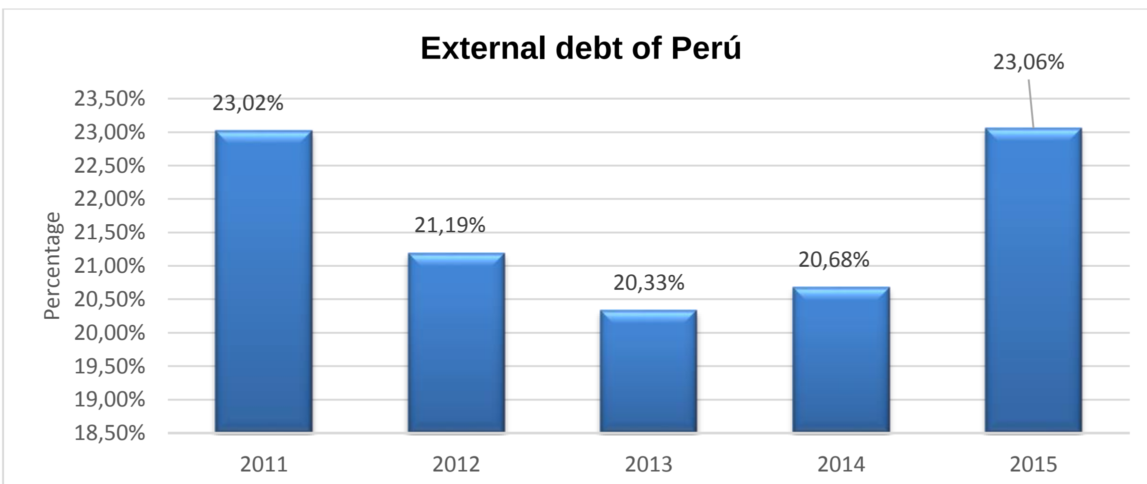
Source: Based on data from the National Statistics Institute (INEI), 2016

External debt

Peru's foreign debt for 2011 was 23.02%, that the rising expenditures bond issues in the domestic market and increased debt was due to short-term (Ministry of Economy and Finance, 2011).

2015 foreign debt closed a 23.06%. According Alonso Segura Minister of Economy and Finance said that operations were performed to refinance the debt due to the enormous result of external debt in that year, with that aim to improve the profile of Peru, through increased participation of the local currency through the liability portfolio and through international supply of new bonds, with a maturity until 2024, within the framework of administrative operations in the case of debts, will be in the form of repurchase or exchange of global bonds (see chart 17).

Graph 17. External debt of Peru



Source: Prepared with macro data, 2016.

Balance of trade

Peru enjoyed a balance in surplus between 2011 and 2012 for its strong in the commodities sector after 2013 began to drop the price of commodities in the market, including the most important of the Peruvian economy as metals and mining exports They are representing more than 60% of their foreign trade activities.

The reduction in revenue of raw materials gave contraction in demand for its major trading partners including China which is aimed most of Peruvian exports (see Figure 18).

Graph 18. Trade balance for Peru

Source: Based on data from ECLAC, 2015

The deficit trend occurred in the following years, 2015 as reported by the Central Bank of Reserve of Peru (BCRP) the first surplus by increased exports of agricultural products and non-metallic minerals (BCRP, 2015) was recorded.

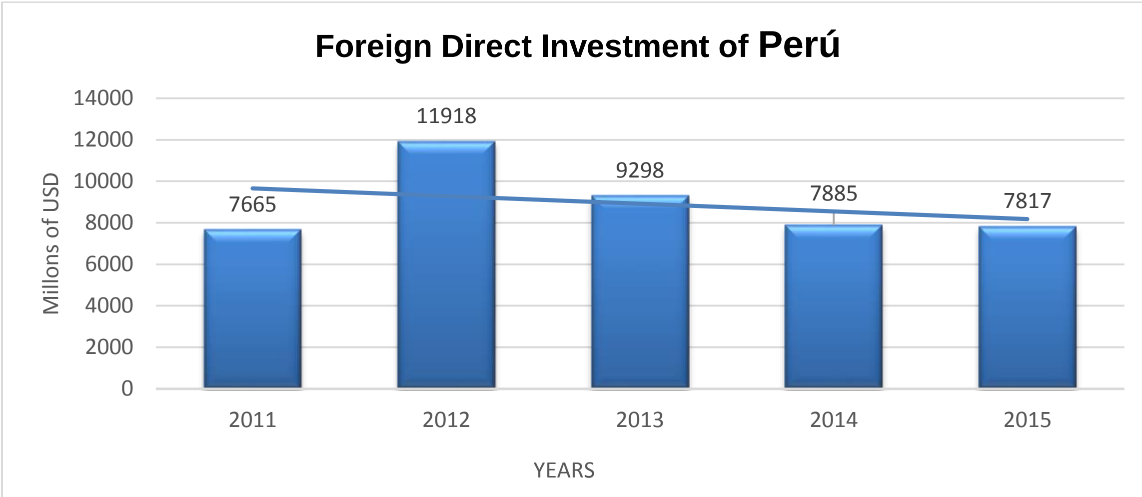
Although dynamics showed the Peruvian economy in the first months of 2015 they failed to exceed imports, causing one of the highest levels of trade deficit of its economy in the last three years, equivalent to 4,859,742 million.

Foreign Direct Investment (FDI)

Foreign direct investment according to the report of BCRP was 7.817 billion for 2015, a sum lower compared to 2014 was $ 7.885 million.

The decline in FDI was presented because international sales of extractive sectors such as raw materials (mining, gas and oil) had a drop in significant price and also by the gradual compensation of domestic demand (see chart 19).

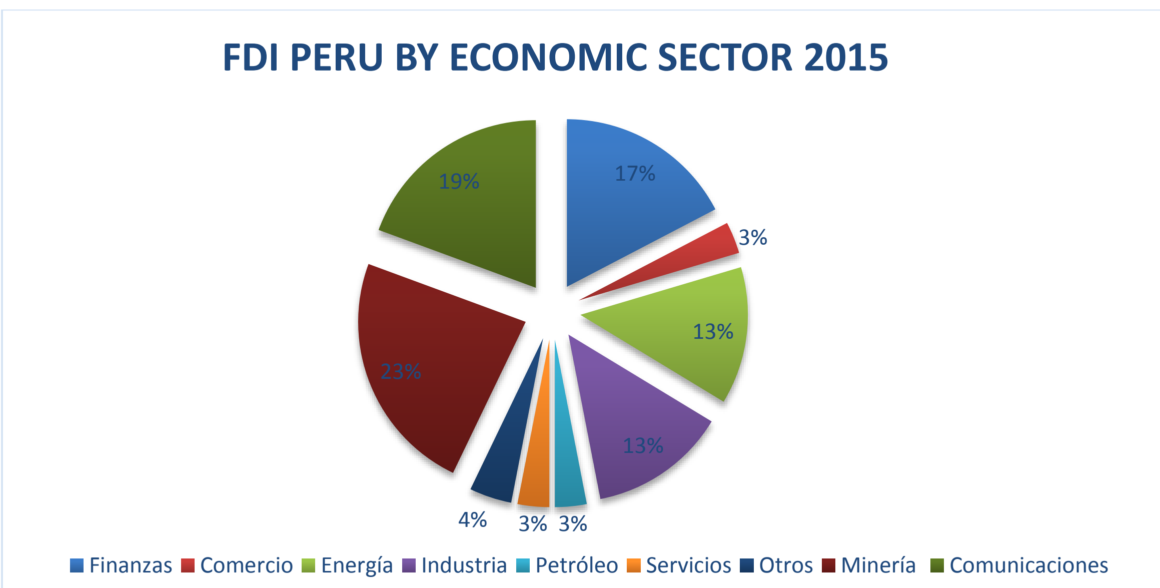
Graph 19. Foreign Direct Investment in Peru



Source: Prepared with data from Investinperu, 2015

Faced with FDI of Peru economic sectors that streamline and concentrate greater investment flows today can be seen in Figure 20.

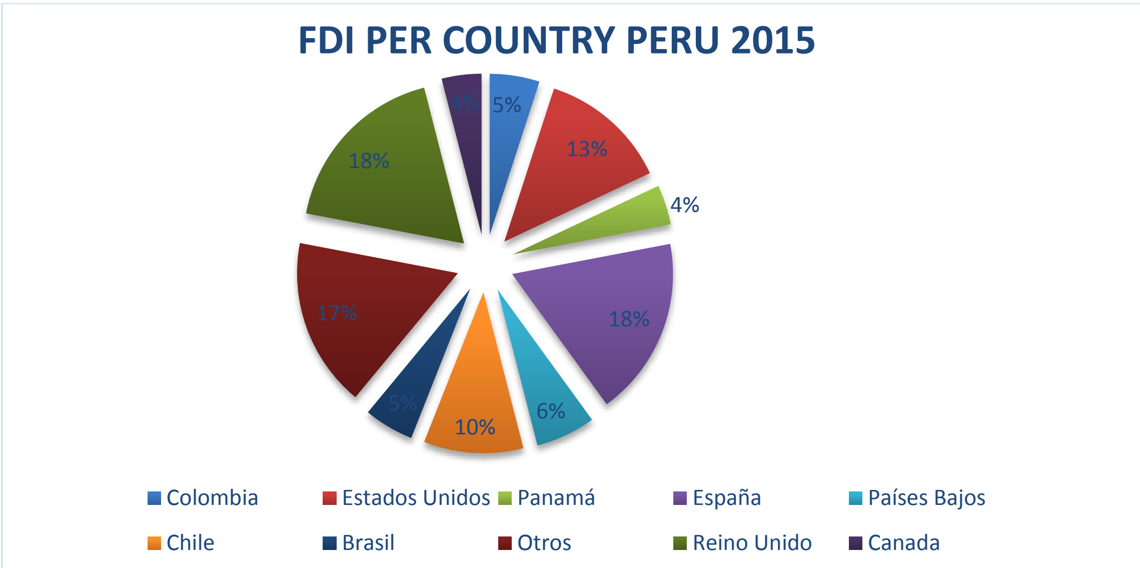
Graph 20. FDI by economic sector (2015)



Source: Prepared with data from Proinversión (2015)

According to the Proinversion in Peru (Proinversión, 2016) countries comprising 85% of investment flows are the United States, Colombia, Panama, Brazil, Chile, Netherlands, United Kingdom, Canada , Spain and other as seen in the graph 21.

Graph 21. Foreign Direct Investment by country



Source: Prepared with data from Proinversión, 2015

Conclusion of Peru

The Peruvian economy is going through a slowdown framed directly by falling oil prices and raw materials worldwide, markets have become less attractive by foreign investors, especially in the mining sector. Besides its trade balance passes a deficit for three years and its unemployment rate has risen in recent years, which is not allowing favorable growth for this important economy in the region.

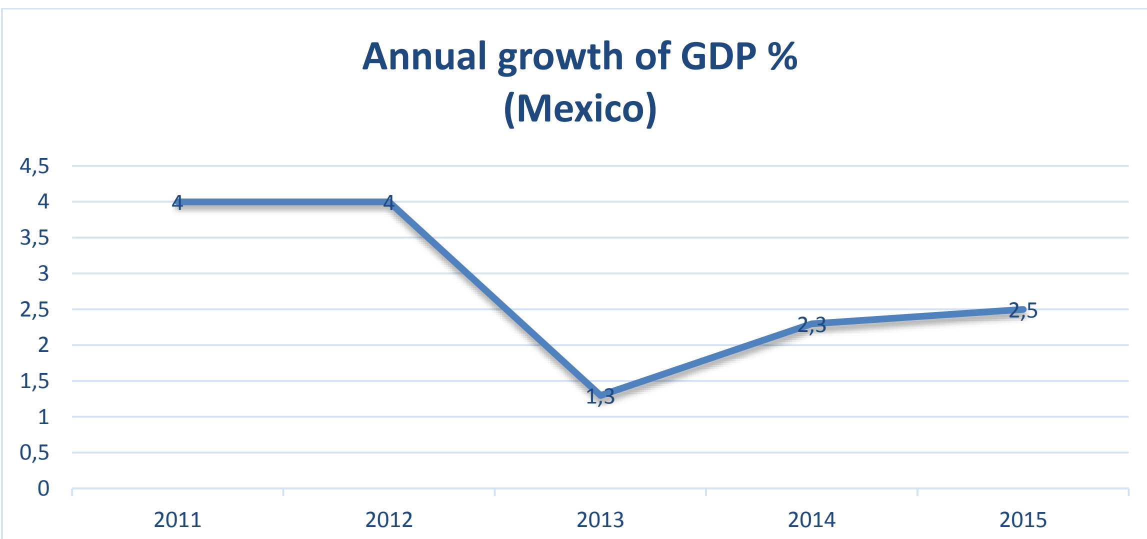
2.1.4 Economic structure of Mexico

GDP and Economic Growth

Mexico is the second largest economy in Latin America, but in recent years has presented a slow growth in its economy; since 2012 Mexico has not recorded an increase equal to or greater than 4% of GDP. The biggest decline in its economy was in 2013 when he began the revaluation of the US dollar against the Mexican peso.

In the years 2014 and 2015 improvements in GDP growth is evidenced by the outstanding contribution of the automotive sector is the largest in the subcontinent and attraction of foreign capital in Mexico, although that is an advantage, according to the International Monetary Fund end of 2016 more than the 2.6% GDP increase for the large percentage that occurs in the informal sector, with low contribution to higher growth and strong issues in crime and violence that absorbs 1.25% of no forecast GDP to combat insecurity (IMF, 2016) (see Figure 22).

Graph 22. Annual growth of GDP of Mexico



Source: Based on IMF data, 2015

Social problems is not the only indicator of decline in the Mexican economy; to offset the sharp drop in oil prices in 2015, Mexico made a tax reform for greater collection and mitigate the problems of the oil crisis, but the government increased its budget deficit, prompting a budget cut for 2016 at an average of 5.35 billion euros (trade Santander, 2016).

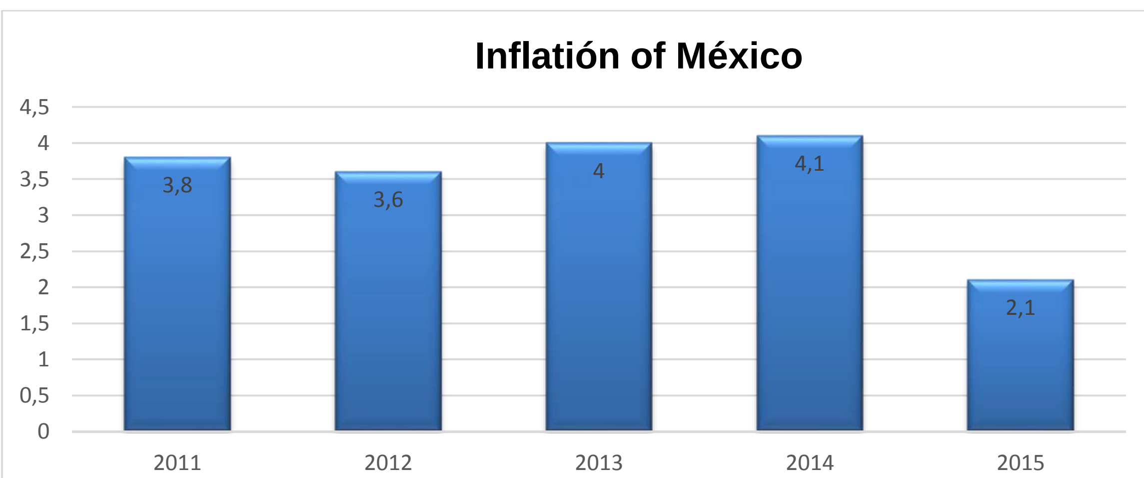
The low dynamic that has presented Mexico with a growth in GDP of 2.4% in the first quarter of 2016, was presented by the decline in manufacturing exports, low demand marked in the US and the weakening of the three elements that provide the services sector (trade, transport and financial services), according to a report National Institute of Statistics and Geography (INEGI) these represent half of the tertiary sector GDP.

According to the fall of -0.2% of GDP in the second quarter of 2016, it is estimated that Mexico may have a tendency to decrease in GDP in the coming months by low external demand.

Inflation

In the last decade Mexico has had variations in the inflation rate the highest increase was presented in 2008 by the global economic reception, and began to stabilize from 2009 by the rapid economic recovery and dynamism in their sectors; according to data from INEGI had the best variation in 2015 as compared to the last 4 years, with revenues declining 2.1%, although it was an encouraging figure, was not sustained by the fall of oil and the sharp depreciation of the Mexican peso against the dollar (INEGI, 2016) (see Figure 23).

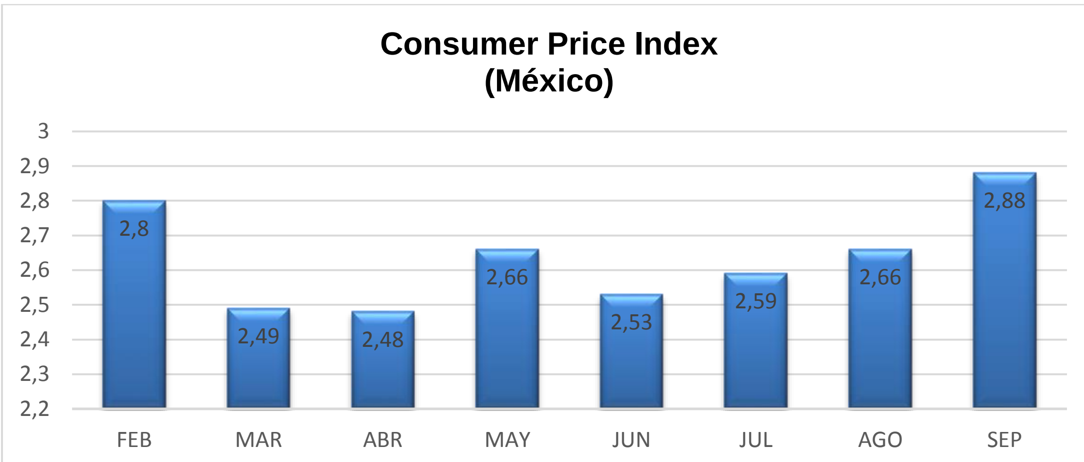
Graph 23. Inflation México



Source: Banco de México, 2015

In 2016 Mexico has presented a rise in prices of agricultural products, gasoline and educational services, as reported by the INEGI this has encouraged the increased inflation with a figure of 2.88% in September, the largest number recorded so far this this year (see chart 24).

Graph 24. Consumer Price Index (2016)



Source: Banco de Mexico, 2016

Currently the Bank of Mexico (Banxico) has expressed take measures, such as increasing interest rates to contain currency depreciation and inflation stabilize fluctuation.

Unemployment

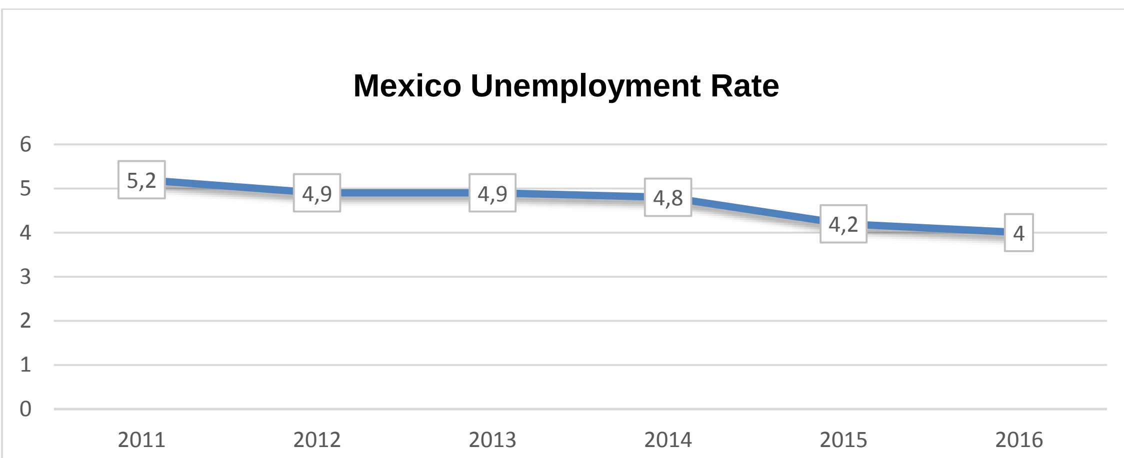
In 2008 due to the global economic recession and the high dependence on welfare of the US economy, Mexico presented a progressive rise until 2011 in the unemployment rate and began a steady decline from 2012 to the present 2016; improving the employability landscape in Mexico it is given by the strong contribution of the service and industrial sector in generating employment and increased informal employment.

According to the Organization for Economic Co-operation and Development (OECD) in 2015 Mexico presented one of the lowest unemployment in the organization with a figure of 4.2% rate is below the rate averaged unemployment OECD 6.5 %.

Director of Cabinet of the OECD and Sherpa to the Group of 20 (G20), Gabriela Ramos, said that it is disappointing that Mexico having a favorable rate of unemployment, the population between 15 and 29 years represent 22% of labor inactivity and education (2015).

Details of the Inter-American Development Bank (IDB) indicate that formal employment in Mexico represents 42.9%, but formal employability does not guarantee access to social security, only 37.7% of people with formal employment have social security. It is an alarming situation because a large percentage of formal workers and more than 50% of the population with informal employment is difficult or no access to benefits and social security (IDB, 2015) (see Figure 25).

Graph 25. Unemployment Rate Mexico



Source: Prepared with data from INEGI, 2016

External debt

Mexico is positioning itself as one of the countries with the highest foreign debt worldwide, Banxico figures show that the dollar reserves until February 5, 2016 amount to 174.974.8 million. This represents greater liquidity against external public sector debt equivalent to 161,609 million dollars.

Parity between the peso and the dollar was one of the grounds for Mexico's debt increased in the period 2014 and 2015; by the considerable depreciation of the peso against the dollar United States.

Depreciation occurred after 2013 when the Federal Reserve System (Fed) increased US interest rates, which is not presented since 2006. The period in which the US remained stable interest rates Mexico acquired increased indebtedness.

Based on that 98% of the debt in dollars of Mexico they are negotiated long-term are minimal debt reduction policies that are implemented for an improvement in their finances.

The current debt is not a big problem or financial threat to a country like Mexico says Program Director Financial Sector and Social Security Studies Center Espinosa Iglesias (CEEY), Enrique Diaz-Infante, maintaining that the current amount is at manageable levels (2015).

What is currently worrying and discouraging is that Mexico has had low economic growth in recent years compared to the progressive figure in debt.

Balance of trade

Mexico currently has one of the biggest crises in its trade balance in recent years, with a deficit in 2015 of 14,460 million, an alarming figure compared to the deficit in 2014 of 2.849 million.

The unfavorable trend in the trade balance has been given for the inconvenience that has been the sectors of influential export supply in the country's economic stability, this due to the contraction in external demand, especially by the United States its main economic partner and oil crisis has presented considerable falls in price in recent years, according to the website Santander trade this decreased revenues by 38% in 2015 and a decline in exports by the reduction in oil production.

According to the INEGI the unfavorable trend in the balance of Mexico still persists in this year 2016. In the first 6 months of the calendar year, reflected a deficit of 524 billion, still the leading cause 3.8% decline in non-oil exports, 27.5% in oil exports and increased imports for capital goods and intermediate use (INEGI, 2016)

The European Union as well as the US market has been one of the partners that has reduced oil demand. The mainstay of the Mexican economy and what has to improve, is focusing on the secondary sector with the automotive and manufacturing, although with variations have not been seriously affected by the good reception that has in the international market.

In consideration of the weak and fluctuating foreign demand for inputs and final goods from Mexico, the Mexican peso has been steadily depreciating against the US dollar and other international currencies like the Yuan and the pound sterling.

In the graph 26 can be seen Mexico's trade balance and the deficit trend has presented the last 5 years.

Graph 26. Mexico Trade Balance

Source: Based on data from ECLAC, 2015

Importing structure

Importing structure for Mexico in 2015 was in the groups of parts, automotive accessories and those presented in Table 9.

Table 9. Structure importing México

import structure of México	
Group	**Millón USD**
Parts and accessories of motor	23561629.6
Telecommunications equipment and parts	23183779.4
Petroleum oils obtained from bituminous minerals	20302454.8
Thermionic valves and tubes, cold cathode or photocathode	18278710.5
electrical apparatus for switching, circuit connection	13836995.4
Special transactions and commodities	11701782.7
Internal combustion engines, and parts plunger	10363199.7
Machine automatic data processing and units	9687845.55
Parts and accessories Electrical Machines	9484036.01
Automobiles and other motor vehicles	9451506.5
monofilament	9330358.96
Electrical machinery and apparatus	9105916.63
Articles, plastic materials	7803547.46
Manufactures of base metal	6971205.37
Parts and accessories	6850208.2

Source: ECLAC, 2015

Exporting structure

The export structure for Mexico in 2015 had a great participation of groups cars and other vehicles, parts and automotive accessories (see Table 10).

Table 10. Structure of export México

export structure of México	
Groups	**Millions of dollars**
Cars and other vehicles	32661561.1

Parts and accessories of motor	25247384.8
motor vehicles for the transport of goods	21960940.4
Telecommunications equipment and parts	20113033.8
Petroleum oils and oils obtained from bituminous minerals	18779446.8
Machines, automatic data processing	18466290.5
Television receivers	16699075
Electricity distribution equipment	11020072.9
Electrical machinery and apparatus	10606635.7
Machinery and electrical motors	9264270.39
motor vehicles for the transport of goods	8869818.23
Road motor vehicles	8584308.91
Furniture and parts, beds, mattresses, Fillers	7798913.89
Optical instruments and apparatus	6389179.65
Vegetables, fresh, chilled, frozen	5688239.18

Source: ECLAC, 2015

Evolution and destiny of direct foreign investment

Mexico is one of the most attractive and receptive to foreign direct investment (FDI) countries, according to a report on global investments 2015 of the United Nations Conference on Trade and Development (UNCTAD).

In 2013, Mexico recorded an investment of 45,855 million dollars, this very significant figure was given for the purchase of the Belgian company anheuster-Busch InBev and fell sharply in 2014 to a loss of more than 50% of the investment recorded in the previous year this was given by the entry and departure of major international groups and the divestiture of AT & T company in the telecommunications sector and other transactions and activities carried out in Mexico. In the period 2014 the sector most benefited was the automotive; mostly from companies from Japan, Germany and the United States.

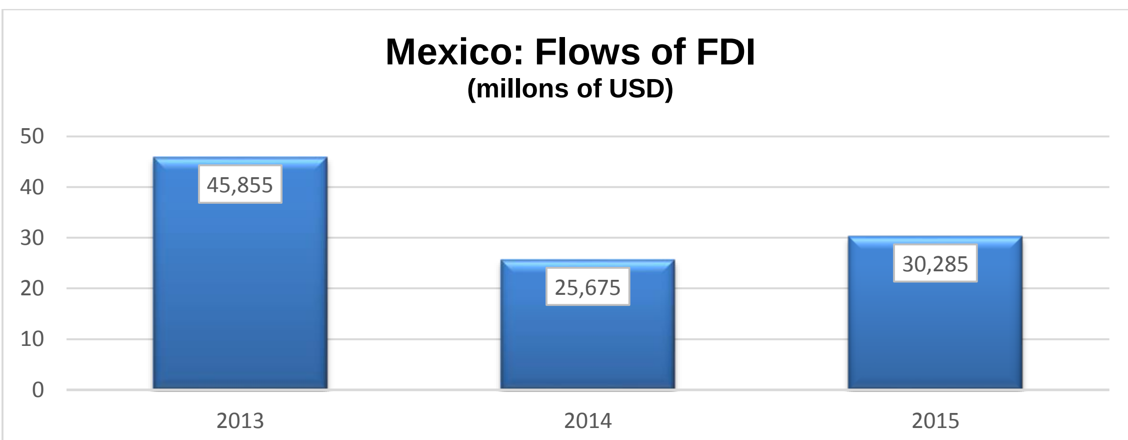
The registration of such high losses that occurred in 2014 encouraged the government to strategize the creation of new industrial centers and improve infrastructure in order to encourage FDI.

In consideration of the negative behavior in FDI was presented in 2014 mainly by AT & T, the company maintained its interest in the Mexican market and in 2015 signed an agreement with Group Salinas to acquire Lusacell, one of the largest telephone operators phone in Mexico.

According to reports by the Economic Secretary (SE) of Mexico in the first 6 months of 2016 FDI in Mexico has exceeded by 4.6% compared to the same period in 2015. ECLAC data support that the increase was due to reinvestment utilities, channeled mainly in the manufacturing sector.

Most attracting FDI focuses on the secondary sector, mainly the automotive, financial, electric and energy sector, especially in Mexico City and cities bordering the US border (see Figure 27).

Graph 27. Flow of Foreign Direct Investment in Mexico



Source: Prepared with data from UNCTAD, 2015

Conclusion Mexico

Mexico is an outstanding economy, even considering the problems that have in different fields such as foreign debt, unemployment and insecurity. It has an internal production structure with great potential and demand in the international market increases the interest of foreign investors.

FDI is one of the main drivers of growth in Mexico because it is one of the most open to trade and has treated very important free trade with notable partners including Canada, China, United States, European Union and Japan.

2.2 Main sectors which help promote integration around global value chains.

The following section is to identify and select the economic sectors that have the potential to be exploited in the GCS by the countries of the AP, the variables that will be presented for the development of this goal are: the intra balance defined alliance as participation and trade and economic exchange internal nature of the countries of the AP, the main sectors for each country that can be integrated into the GCS, sectors that match and have relevance in the GCS, and the sectors with the greatest potential for the regional chain.

They then identify what those sectors that impact in order to be exploited for productive chains, according to the study by BBVA Research (2015), who used international trade data available from the World Bank and the page solutions are integrated world trade, who identified which sectors had the potential to be exploited in the framework of the AP by two indicators: indicator revealed and latent indicator.

- **Indicator Revealed**

This indicator represents the bilateral trade flows of the signatory members of the agreement within the AP, with the aim of identifying regionally significant areas. This analysis is carried out through the 97 chapters on the classification of products in order to discover the intermediate sectors and capital CGV designed to build and exploit development and economic transformation of the AP.

- **Latent indicator**

This indicator recognizes those bilateral flows between countries of the AP and the rest of the world, so this indicator takes into account two variables: the main export sectors and the most competitive; according to the indicator of revealed comparative advantage (sectors with high competitiveness in the outstanding participation in world trade or trade a sharp increase in a decade); while bilateral flows between countries of the AP, help to identify or record the sectors with the greatest potential are hidden and have the potential to be exploited in the AP.

2.2.1. Main sectors of intermediate goods and exports most relevant for each member of the AP capital.

Colombia

Table 11 you can see the 10 sectors that account for over 80% of exports of intermediate goods and capital of Colombia.

Table 11. Main Intermediate Goods and Capital Colombia

Colombia: Major Sectors Intermediate goods and capital	% of the total
Gold, silver and glassware	28.06%
Plastics and articles thereof	15.0%
Iron and Steel	9.1%
Mineral fuels, oils and products of their distillation; bituminous substances; mineral waxes	6.4%
Fungicides, insecticides	6.2%
Machines and mechanical appliances	5.5%

Machinery and electrical, incl material. telephone, radio, television, conductor	4.4%
Vehicles and parts	2.6%
Paper and paperboard and articles thereof	2.2%
Organic chemicals	2.1%

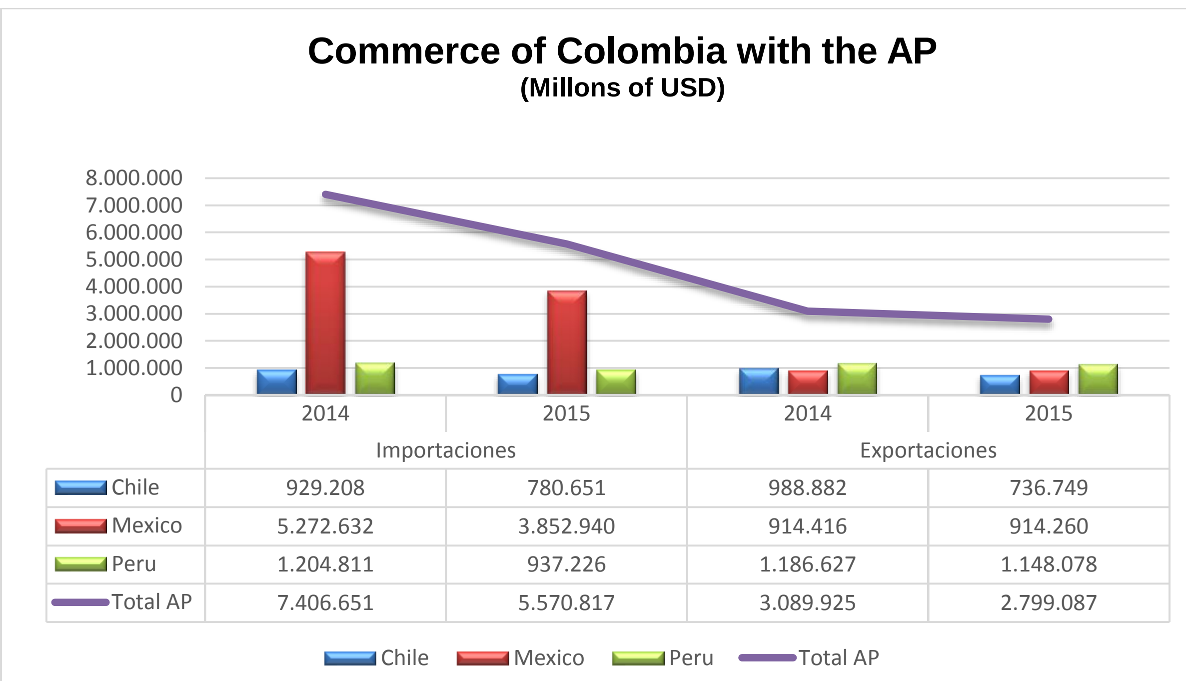
Source: BBVA Research and Analysis SAI Law & Economics, with information WITS, 2015

In the case of Colombia intermediate and equity most exported products are gold, silver and manufactured (28.1%), plastics and articles thereof (15.0%) and iron and steel (9.1%).

Colombia's trade balance with the AP

Although Colombia has a great disparity in the exchange of goods and capital with Mexico, for the highest recorded deficit, according to studies by BBVA, Colombia recorded a good export growth in products machinery and electrical equipment with Chile and Peru (see Figure 28).

Graph 28. Colombia Trade Balance with AP



Source: Based on data from ECLAC, 2015

Chile

Chile as Colombia, the largest share of its exports are in commodities, 70% of intermediate goods and capital are in copper and articles thereof, pulp and fibrous materials; the most significant sectors in the economy (see Table 12).

Table 12. Main Intermediate goods and capital Chile

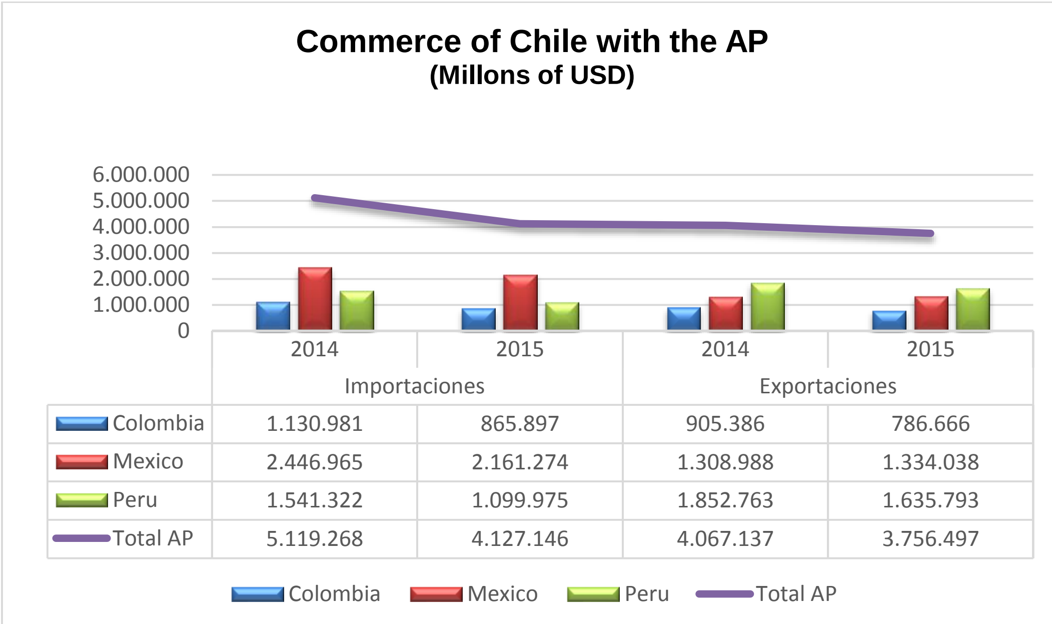
Chile: Major Sectors Intermediate goods and capital	% of the total
Copper and articles thereof	62.89%
Wood pulp or other fibrous cellulosic material; Recovered (waste and scrap) paper or paperboard	7.6%
Wood and Wood Products	4.9%
Gold and silver and glassware	4.6%
inorganic chemicals, sulfuric acid	4.5%
Machines and mechanical appliances	2.4%
fertilizers	2.3%
Paper and paperboard and articles thereof	1.4%
Vehicles and parts	1.2%
Fish meal, food waste	1.1%

Source: BBVA Research and Analysis SAI Law & Economics, with information WITS, 2015

Chile's trade balance with the AP

In the bilateral trade balance in Chile with the other member countries, according to studies by BBVA, they were relevant to the analysis of the CGV products such as fertilizer, paper, paperboard and articles thereof, for the good dynamic handling exports to countries as Colombia (2015) (see Figure 29).

Graph 29. Balance Commercial Chile with AP



Source: Based on data from ECLAC, 2015

Mexico

Mexico's exports to the sectors of intermediate and capital goods represent 78% (see Table 13).

Table 13. Main intermediate and capital goods Mexico

Mexico: Main Sectors of Intermediate Goods and Capital	% of the total
Machines and mechanical appliances	26.93%
Machinery and electrical, incl material. telephone, radio, television, conductor	23.3%
Vehicles and parts	22.4%
Control instruments or medical accuracy	6.1%
Gold and silver and glassware	4.5%
Furniture, prefabricated buildings, lamps	2.6%

Articles of iron or steel	2.0%
Plastics and articles thereof	1.8%
Iron and Steel	1.7%
organic chemicals	1.3%

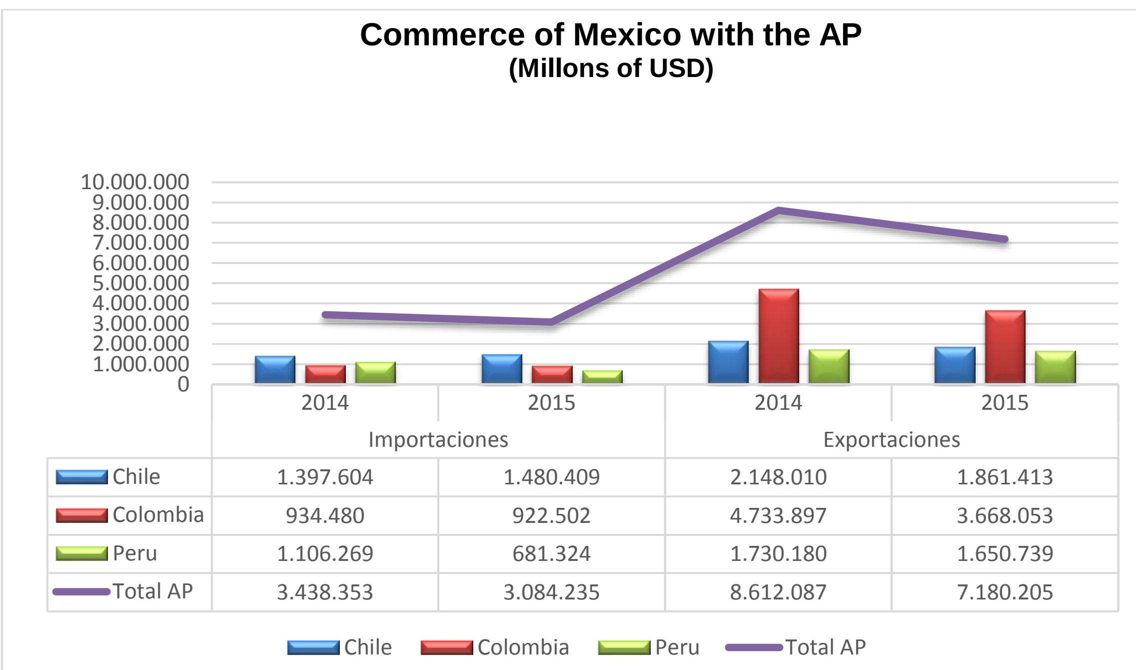
Sources: BBVA Research and Analysis SAI Law & Economics, with information WITS, 2015

The most important sectors of Mexico to the world are machines and mechanical appliances, electrical machinery and equipment, vehicles and parts accounting for more than 70.0% of the total.

Mexico's trade balance with the AP

Mexico in one of the countries enjoying better bilateral balance with the rest of the members of the PA and is known for its high share in exports to Colombia in products of intermediate and capital goods such as plastic and glassware, glass and manufacturing, iron and steel (see Figure 30).

Graph 30. Mexico trade balance with the AP



Source: Based on data from ECLAC, 2015

Peru

For Peru the ten sectors of intermediate goods and capital mentioned in Table 14 represent 80% of exports.

Table 14. Main Intermediate goods and capital

Main Sectors of Peru Intermediate goods and capital	% of the total
Gold and silver and glassware	51.25%
Copper and articles thereof	15.7%
Fish meal, food waste	8.2%
Zinc and articles thereof	3.6%
Fish and crustaceans, molluscs and other aquatic invertebrates	2.6%
Fats and oils, incl. fish and palm	2.2%
Plastics and articles thereof	1.8%
inorganic chemicals, sulfuric acid	1.8%
Machines and mechanical appliances	1.3%

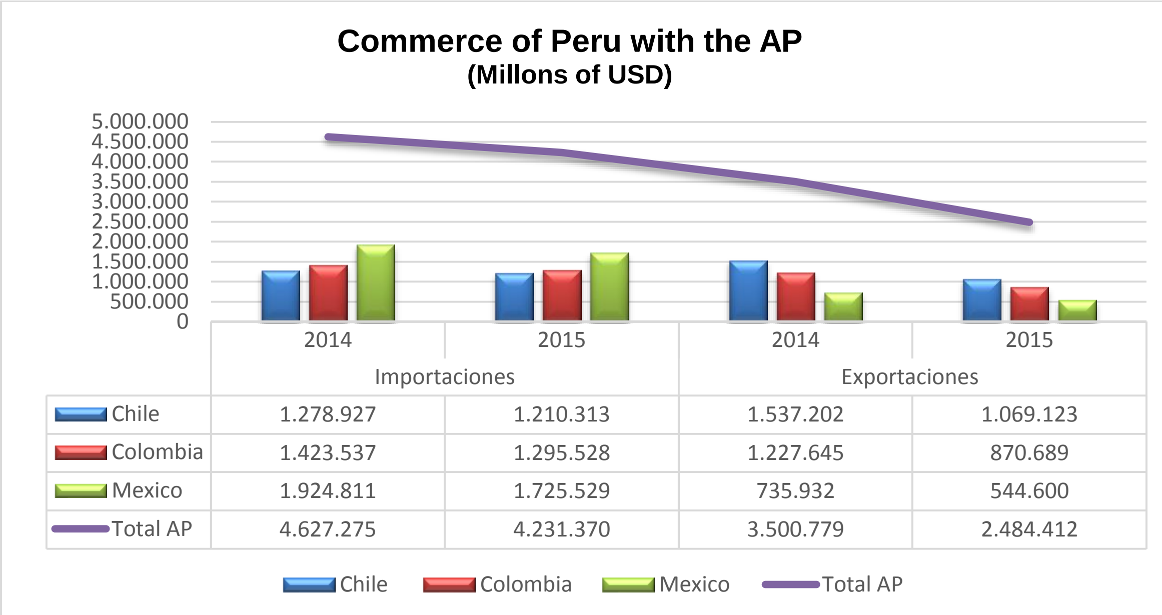
Source: BBVA Research and Analysis SAI Law & Economics, with information WITS, 2015

The most important sectors in the export of intermediate goods and capital of Peru the world are gold, silver and glassware with 51.3% of the total copper and articles thereof 15.7%, fishmeal and food waste with 8.2%

Peru's trade balance with the AP

Peru in relevant sectors in the exercise of CGV feature several sectors such as plastics and articles thereof, fats and oils, food waste, inorganic chemicals, machinery and mechanical appliances by virtue of their participation in bilateral exports from the AP, highlighting Chile as the main destination of the products mentioned above (see Figure 31).

Graphic 31. Peru Trade Balance with AP



Source: Based on data from ECLAC, 2015

Sectors with the greatest potential for AP

Table 15 sectors producing intermediate goods and capital with the greatest potential for expansion of global value chains are shown, including manufacturing and plastic are identified with a high probability of integration among member countries AP. Another possibility is mechanical materials, cardboard and paper, which is remarkable in two countries of the AP.

Table 15. Intermediate and capital goods with potential AP

Source: BBVA Research, 2015

Intermédiate Goods and Capital			
Chile	**Colombia**	**México**	**Peru**
fertilizers	Machinery and electrical, incl material. telephone, radio, television, conductor	Plastics and articles thereof	Fish meal, food waste

Paper and paperboard and articles thereof	Fungicides, insecticides	Iron and Steel	Zinc and articles thereof
Wood and Wood Products	Paper and paperboard and articles thereof	Gypsum, lime and cement	Plastics and articles thereof
Machines and mechanical appliances		Glass and glassware	Fats and oils, incl. fish and palm
Grain mill products, inulin, malt, cereals		Miscellaneous articles of base metal	inorganic chemicals, sulfuric acid
Plastics and articles thereof			Machines and mechanical appliances
			Beverages and spirits
			Fabrics, yarns, ropes

The sector of consumer goods products (see Table 16), projecting three sectors of the member countries of the AP, which are perfumery and cosmetics, coffee and cereal sector, pasta, flour and pastry. The sectors with the greatest potential for integration into value chains are identified.

Table 16. Consumer goods with potential AP

Consumer goods			
Chile	**Colombia**	**México**	**Peru**
Preparations of fruits and vegetables, juice	Sugars and sugar confectionery	Perfumery and cosmetics	Fabrics, yarns, ropes
Food, incl preparations. coffee, sauces	Perfumery and cosmetics	Beverages and spirits	Detonators, explosives, pyrotechnic articles
Cereals, pasta, pastry, flour	Medicines and other	Cereals, pasta, pastry, flour	Perfumery and cosmetics

	pharmaceutical products		
Detonators, explosives, pyrotechnic articles	Articles of apparel and clothing accessories	ceramic products	Cereals, pasta, pastry, flour
Plastics and articles thereof	Food, incl preparations. coffee, sauces	Miscellaneous articles of base metal	ceramic products
Machinery and electrical, incl material. telephone, radio, television, conductor	Fabrics, yarns, ropes		Paper and paperboard and articles thereof
	Vehicles and parts		Plastics and articles thereof
	Paper and paperboard and articles thereof		Beverages and spirits

Source: BBVA Research, 2015

2.3 comparative and competitive Pacific Alliance to potentiate integration in the value chain benefits.

Highlights major comparative and competitive advantages that the Pacific Alliance account for the harmonization of the elements that contribute towards their objectives and strategies and regional integration in this paragraph.

2.3.1 Competitive Advantages

Free movement of goods and services

With the initiative to agree one of the main objectives of the AP to facilitate the free movement of goods and services. On May 1, 2016 entered into force the trade protocol, where it is agreed a customs cooperation with the rebate of 92% tariff on products that are exchanged in the AP, except for highly sensitive products in each country (Alliance Pacific, 2016).

According to the president of the Business Council of the AP (CEAP) and the president of the SNI, Andres von Wedemeyer, reported the greatest benefit to be derived from tariff elimination, is the ease with which cumulation of origin will be stimulated, which allow to consider that production processes ending in an originating country of the alliance through productive chains, it would be regarded as a single country (2016).

The customs preferences were also initiated with the aim of encouraging SMEs to create or increase their export deals and creating value chains that enable them to be more competitive in the market.

Observer countries

Image 1. Observer countries of the Pacific Alliance

Source: Pacific Alliance, 2015

The great appeal of the alliance against major powers like China and Japan, closer to its goal of entering markets in the Asia-Pacific. Besides the interest project developed countries with strong economies, increases the chances that join the initiative to expand the alliance and integration platform with access to other markets.

According to the head of the Directorate General of International Economic Relations of the Foreign Ministry (DIRECON) Andres Rebolledo, the contribution of observer countries that have accompanied the process of the PA has been the exchange business, technological innovation and education, with European countries and Asia Pacific, which have been made available to the alliance its experience in different fields (2016).

Besides counting on many observer states (see Figure 1), including Costa Rica and Panama already process to enter the AP, show greater chance of attracting foreign investment, to stand out as one of the strongest economies in Latin America .

Ease Business and FDI PA

The AP as a strategic platform for the creation and strengthening of business is instituted as a mechanism of deep economic integration for the exchange of goods, services, capital and movements of people, representing 39% of GDP in Latin America, further comprising 52 % of total trade and draws the attention of 45% of FDI in the region; in this vein, this allows us to understand the participation of the PA in the global economy, positioning it as the eighth largest exporter.

Now one of the significant features of the AP is the articulated network of existing trade agreements, which account each of the signatories of this alliance, with other developing economies and growth, promote and encourage access to different international markets.

At the same time within the framework of the AP chapters oriented market access mechanisms cumulation of origin and trade facilitation and customs cooperation where normalizes and simplify the exchange of goods, services, capital and the mobility of people noticed, An example of this is the elimination of 92% of tariffs on products and 8% surplus deduct short and medium term (2030), so that in this way the Alliance intra-trade this fully released.

According to the above is further increase opportunities for SMEs considering that these may have broad participation in a more open and internalization obtained as a result of a competitive fashion market.

Table 17 is the rating given to each member of the AP to conduct business observed. To understand more broadly Doing Business data, which is a mediation of objective type to the regulations governing operations and those business activities of 189 economies, to position the economy of a country environment to such activities were taken, based to the necessary procedures for a person or organization to conduct a registration of a company with the authorized entities, ie, is the feasibility with which an individual can make an opening a business in a more simplified manner.

Table 17. AP Ease of Doing Business, 2016

Ease of doing business in the World	Post
México	**38**
Chile	**48**
Peru	**50**
Colombia	**54**

Source: Based on data Doing Business, 2016

This rating identifies Mexico as the best country to do business easily, because it has multiple trade agreements, allowing access to a large number of consumers worldwide, a considerable macroeconomic stability, low rates on issues of inflation and unemployment is a strong domestic market, booming growth rate and with sufficient capacity to produce modern manufacturing. Finally it gives investors favorable conditions for the development of business and the talented advanced infrastructure, a young population, competent and conditions.

Second is the country of Chile which has positive aspects as an attractive economy in sectors such as mining, infrastructure, services, industry, tourism and energy, which have grown rapidly in recent years, being of interest to national and international investors.

Third is positioned Peru has also made progress in macroeconomic issues such as low inflation, unemployment and sustained economic growth for 15 years; considered an emerging economy in the same way a diversified network of trade agreements with potential and developing economies, enabling them to access a large number of international markets.

Finally is Colombia economy constantly growing, currently has an economic slowdown, for the low price of raw materials affecting the country, however it recorded a good position in the ease of doing business due to their low obstacles foreign investment; Like their other partners of PA, it has a number of trade agreements that drive business of SMEs.

As you can see the four partners enjoy a good position for the facilitation of business, according to Doing Business data, as to its formation as an economic bloc, promotion agencies of each country promote and encourage investment , business and international opportunities through events, conferences, seminars and observatories to establish projects to international markets especially Asia-Pacific.

Productive chains

Production chains as a mechanism for economic and industrial platforms AP, will be the key to conquering international markets because in this way can compete and generate quality jobs.

Cumulation of origin is the fundamental basis to take advantage of these chains, this because the products manufactured within the block will be recognized as events in one country.

Another factor in favor of chains, has been mentioned in other sections such as the deduction of 92% of tariffs, which will allow the flow of goods with minimal restriction on intra trade alliance.

Under this theme the auditing firm Price Waterhause Cooper (PWC) in a prominent publication "The Pacific Alliance a new era for Latin America" emphasizes to the AP and issues related to the object of study, which suggests that the AP a population of high demand, you should consider a better development for productive chains between segments or economic sectors and enterprises, so call the attention of the US market and use of NAFTA and the agreements with the members of the bloc with Japan (PWC, 2014).

As a result of that study we identified 12 PWC chains that have a deep relationship with the industries of the AP for this study were:

- Mining, machinery and correlated services
- Energy, oil and gas, renewable fuels, related services and maintenance parts
- Articles of non-ferrous metals
- Agro-industries, including equipment, seeds, fertilizers and pesticides
- Consumer Affairs, Food and beverages, meat and conservatives
- Chemicals and plastics, including from polyethylene, detergent and even beauty products
- High-tech equipment of electronic, electrical and telecommunications character
- Pharmaceutical
- Wood paper products
- Metallurgy (Steel and Iron)
- Manufacturing of transport equipment
- Health sector.

In conclusion the study by PWC proved to be compatible with some sectors that have the greatest potential for AP, as stated BBVA Research such sectors are:

fertilizers, paper and cardboard derivatives, food and beverage, pharmaceutical, wood and its derivatives, cosmetics and beauty, transport equipment and electrical elements, all these economic chain segments represent opportunities to be inserted at CGV, with the aim of boosting internal trade in the AP and in order to Asia-Pacific.

Agreement and trade agreements

Bilateral agreements that each country has the AP, is a great advantage because it can be exploited by the other members. Table 18 commercial force and negotiation of the member countries of the Alliance agreements mentioned.

Table 18. Trade Agreements of the members of the AP

countries / AC	Chile	Colombia	México	Peru
EFTA / EFTA	Valid	Valid	Valid	Valid
ALADI	Valid	Valid	Valid	Valid
Pacific Alliance	Valid	Valid	Valid	Valid
Australia	Valid	Do not	Do not	Do not
Dog	Valid	Valid	Valid	Valid
Canada	Valid	Valid	Valid	Valid
CARICOM	Do not	Valid	In negotiation	Do not
Central América	Valid	Valid	Valid	Valid
China	Valid	Do not	Do not	Valid
South Korea	Valid	Valid	Do not	Valid
Costa Rica	Valid	Valid	Valid	Valid
U.S	Valid	Valid	Valid	Valid
Hong Kong SAR	Valid	Do not	Do not	Do not
India	In negotiation	Do not	Do not	Do not
Israel	Do not	Valid	Valid	Do not
Japan	Valid	Valid	Valid	Sawpeople
Jordan	Do not	Do not	In negotiation	Do not
Malaysia	Valid	Do not	Do not	Do not
Mercosur	Valid	Valid	Valid	Valid

P4 /	Valid	Do not	Valid	Valid
Singapore	Do not	Do not	Do not	Valid
Thailand	Valid	Do not	Do not	Valid
NAFTA	Do not	Do not	Valid	Do not
Northern Triangle	Valid	Valid	Valid	Valid
Turkey	Valid	In negotiation	In negotiation	In negotiation
European Union	Valid	Valid	Valid	Valid
Vietnam	Valid	Do not	Do not	DO NOT

Source: Based on data of the Pacific Alliance, 2016.

2.3.2 Comparative Advantages

Geostrategic position

The countries of the alliance are a very convenient geostrategic position because they are located in the Pacific basin, giving them the opportunity to be the Latin bridge to facilitate access to foreign trade processes in relation to the countries of the Asia- Peaceful.

Biodiversity countries AP

A report by the United Nations Development Programme (UNDP, 2010), entitled "Latin America and the Caribbean a superpower in biodiversity," highlighted the potential of the regions, the importance of biodiversity and ecosystem services for sustainable development and competitiveness.

According to the report Latin America and the Caribbean has one of the largest endowments of natural capital of the world "," the policy recommendations of the report have the potential to transform traditional models of development, improving the quality of life of millions of people through conservation and recovery of our biodiversity and ecosystem services "(Muñoz, 2010).

Based on the report of PUND countries with more diversity in the Latin continent is Brazil, Colombia, Ecuador, Mexico, Peru and Venezuela, which have stem from the Amazon rainforest and 40% of the biodiversity of land and more than a quarter of forests in South America.

Therefore the Pacific Alliance seeks to promote cooperation in various fields that can impact positively to the integral development of member countries in its population and industrial and technological strengthening. The AP created a network of scientific research on climate change (RICCC) formed by a scientific committee (CC) consisting of four government representatives from the four member countries, with the aim of contributing to sustainable development, competitiveness and well-being of the population in the countries of the Pacific Alliance, by incorporating adaptation and mitigation consistent climate change by reducing loss of biodiversity, which began with different processing steps where the first is based in investigations of each of the member countries, in order to obtain a consolidated report showing the progress each country has achieved in the respective subjects.

The scientific committee is composed of representatives of each country:

- Chile Ministry of Ministry of Environment and the National Commission for Scientific and Technological Research, CONICYT.
- Colombia are the Ministry of Environment, Housing and Territorial Development and the Institute of Hydrology, Meteorology and Environmental Studies.
- Mexico participates the Institute of Ecology AC (INECOL), the Ecosystems Research Center (CIECO) of the UNAM, the National Council of Science and Technology (CONACYT) and the National Institute of Ecology and Climate Change (INECC)
- Peru are the Ministry of Environment and the National Council for Science, Technology and Innovation (CONCYTEC).

They have also developed other projects, including: "Opportunities for collaboration in research on climate change in the countries of the Pacific Alliance", "Biodiversity Project"

With the advantage of a huge natural capital that different regions have, they can be used and increase economic benefits by investing in the sectors of biodiversity as agriculture, fisheries, forestry, energy, mining, manufacturing, automotive, utilities (water , tourism, ecotourism) that can have a significant impact on the growth of the countries of the AP.

This source of growth can drive and position the trade bloc a world leader in the supply and demand for services generated by biodiversity and ecosystems, and the multivariate of natural resources that have can set different mechanisms of preparation for the manufacture of goods lower costs, good quality and sustainable for the environment, obtaining beneficial lucrative and creating programs for the conservation and development of environmental sustainability.

3. Findings

The Pacific Alliance was established in 2011 with the initiative to be a mechanism for deeper integration. The four member countries (Chile, Mexico, Colombia and Peru) established intended to be a platform of free trade, have 39% of the GDP of Latin America and the Caribbean, making it the fourth most dynamic economy in the world (Alliance Pacific , 2016).

According to the objective of identifying the economic sectors of the AP that can be inserted into the CGV, this research took as variables, the economic structure of each country, the main sectors in which coincide and the advantages that favors for production chains. A study by BBVA Research (2015), facilitated access to the central object of study on the potential sectors of the AP.

The development of research allowed to achieve the objective and sectors for each member of the alliance that match for productive linkages, for example identified; in the four countries it identified great dynamic in the field of artificial fibers and artificial filaments (see Table 19).

In consumer goods products sector perfume and cosmetics has a huge presence in Colombia, Mexico and Peru, cereal products, pasta and flour is strong in Chile, Mexico and Peru. For intermediate and capital goods sectors were most important: plastic and glassware, cardboard, paper and articles thereof.

For a broader understanding of the sectors that meet consumer goods, intermediate and capital see Table 15 and 16, where a comparative table of the most important sectors for production chains is performed.

Sectors that match and have relevance in the CGV between AP

Table 19 summarizes the most important goods and greater potential for CGV between sectors of the AP is presented by X indicating that countries have given good dynamic.

The property mentioned are relevant for their involvement in exchanges within the alliance

Table 19. Matching relevant sectors in the analysis of the Value Chain

Highlights or relevant chapters	Chile	Colombia	México	Peru
artificial filaments	X	X	X	X
artificial fibers	X	X	X	X
Machinery and electrical, Including equipment, telephone, radio, TV driver	X	X		X
Machines and mechanical appliances	X	X		X
Special fabrics	X	X		X
fertilizers	X	X		
Paper and paperboard and articles thereof	X	X		X
Cotton		X	X	X
Medical instruments and measurement Control	X	X		X
Plastics and articles thereof	X	X		X

Source: BBVA, 2015

Therefore the study of BBVA Research (2015) presents similarities in their results with a study PriceWaterhauseCoopers (PWC 2014), which proved to have a great support in the sectors with the greatest potential for productive linkages in the AP, both studies highlighted a number considerable economic sectors that has the members of this alliance and that can be driven through the CGV also share some sectors in their research.

Meanwhile the PWC study identified several areas where the PA has great potential chain:

- Mining, machinery and correlated services
- Energy, oil and gas, renewable fuels, related services and maintenance parts
- Articles of non-ferrous metals
- Agro-industries, including equipment, seeds, fertilizers and pesticides
- Consumer Affairs, Food and beverages, meat and conservatives
- Chemicals and plastics, including from polyethylene, detergent and even beauty products
- High-tech equipment of electronic, electrical and telecommunications character
- pharmaceutical
- Wood paper products
- Metallurgy (Steel and Iron)
- Manufacturing of transport equipment
- Health sector.

According to PWC for these sectors to achieve good synergy is necessary to work in tune with research centers, customs authorities, policies for logistical strengthening, which translates into a competitive advantage over other blocks and promoting appropriate funding to boost export companies in each country.

The AP has implemented strategies to boost international trade and to continue developing the objectives of economic growth; for this year 2016 Pacific Alliance implemented a mechanism (additional protocol to the framework agreement AP) deepening with tariff benefits, in which deduct more than 92% of their exchanges in trade and the remaining 8% gradually will liberalize in short terms, for a total of free movement of goods, services bilateral and multilateral, excluding highly sensitive products such as sugar, among others.

The AP has mechanisms to develop an economy of scale that will set the dynamics of their supply chains and boost their economies to be competitive in the international market.

4. Conclusions and recommendations

4.1 Conclusions

The countries of the Pacific Alliance in pursuit of regional economic integration, have based their goals on the free movement of goods, services, capital and people, all with the purpose of strengthening this trade bloc, so promising in Latin America, through policies of trade liberalization and the elimination of 92% of tariffs for products, to the-alliance Intra destinations in order to create opportunities for a wider market and therefore be more competent by the production chains to venture into international markets, especially Asia Pacific.

That is why the above data showed positive results in areas such as macroeconomic where behaviors of certain factors that favored the AP as described; foreign direct investment of the four members where particularly in a good state at present, a stable rate of unemployment, sustained economic growth and high business connection, which results in multiple free trade agreements with telling the AP to meet the needs of international trade, this through internationally recognized as an important market and have the attention of 49 observer countries.

Within all this perspective, one of the characteristics of this research was to identify those economic sectors that have the potential to be inserted into the GCS. the sectors that were recognized were: intermediate and capital goods such as fertilizers, paper, cardboard, plastics, machinery and electrical equipment, telephone, radio, television, iron, steel, gypsum, lime, cement, zinc, Fishmeal, waste food, grain mill products, inulin, malt, cereals, among others (see table 15).

In the sectors of consumer goods are: sugars and sugar confectionery, Miscellaneous articles of base metal, fabrics, yarns, ropes, cereals, pasta, pastry, flour, detonators, explosives, pyrotechnic articles, preparations of fruit, vegetables and juice, among others (see table 16).

The PWC and BBVA Research studies agreed in the sectors mentioned above as an advantage to increase economic productivity of the block, which will further strengthen enterprises for cooperation of new jobs, and achieve further diversify the exportable supply of the AP to international markets, taking advantage of trade agreements with those who have to extend their productive chains.

Finally the Pacific Alliance has promotion agencies, which are responsible for promoting exports and attracting foreign direct investment, internationalization of enterprises and cooperation between agencies, with the fixed objective of moving towards purposes as block that prioritizes jointly economic integration to increase trade members, strengthening and increasing presence in international markets, promotion of investment opportunities in the countries of the AP and the internationalization of innovative enterprises , to make this alliance one of the best economic agreements globally.

4.2 Recommendations

-The Alliance Pacific should establish projects to improve the infrastructure of ports, airports, roads and waterways of each member, to be more competitive.

-The AP must invest more in research and development to foster innovation and good technologies designed to simplify the operational procedures of productive chains.

-Establish A high commitment and synergy between the public and private sectors, in order to unify the policies and strategies that should be considered among the four countries to better complement their work items; including the GCS, innovation and use of bilateral agreements of each Member.

-Boost and diversify economic sectors to provide more value added.

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