**FEALAC 21st SENIOR OFFFICIALS’ MEETING**

**Note on the results of the FEALAC FUND PROJECT**

**Value Chain Development for Deeper Integration of**

**East Asia and Latin America**

Implementing period: 01.01.2018 ~ 12.31.2020

The project has significantly improved the availability of data and strengthened the capacity of national institutions in FEALAC countries to use multi-regional input-output tables (IOTs) as an economic analysis and planning tool, to formulate reliable and consistent estimates of their current and potential integration into value chains within and between East Asia and Latin America and the Caribbean, so that they develop trade and industrial policies based on empirical evidence.

The project successfully completed the harmonization of data from regional input-output tables (IOTs) from Latin American and the Caribbean and East-Asia with the OECD Trade in Value Added (TiVA) database, making possible the inclusion of FEALAC member countries in the global database. This new tool allows policy makers in FEALAC countries to carry out in-depth analysis of inter-regional production networks aimed at the development of new value chains and contributing in this way to increased integration between both regions.

Through the use of the tools developed by the project, policy maker can assess the intensity of the intra-industrial trade between pairs of countries belonging to both regions and the analysis may be complemented with information derived from micro-data provided by the customs and/or production at the firm-level. This would further allow to identify the size of the economic actors, which are taking part in the production processes of a country as well as of partners which supply the intermediate products. This is especially important to determine the extent of medium- and small-sized exporters.

More than a dozen of publications were produced by the projects dealing with:

* the potential for value chain development for deeper integration of East Asia and Latin America which, although relatively scarce offer opportunities that should be further explored, like in the services sector;
* the current challenges for further productive integration between both regions, particularly those related to infrastructure, telecommunication and energy gaps, and
* simulation analysis for trade integration options for FEALAC Member states, which overall indicate a positive impact on output, trade and welfare.

Scores of participants from ministries of Trade, Industry, Production, Economy, Agriculture and national agencies such as the Statistical institutes, Custom offices and Central Banks from FEALAC member states, as well as from research institutes, universities and academic institutions, attended the ten capacity building activities carried out by the projects in different countries in both regions.

Another important tool developed by the project is the *Regional Integration and Value Chain Analyzer* (RIVA), an online tool that uses a Multiregional Input-Output Tables, which include data from the IOTs of Asian and Latin American and Caribbean countries. The interactive and automated functions of RIVA support analysis and policy decisions related to integration and global value chains (GVCs). The tool also provides information on relationships between countries, partners within GVCs, the structure and breakdown of value added in both total and bilateral exports.