

**Progress Report**  
**Value Chain Development for Deeper Integration of**  
**East Asia and Latin America**

Thank you, Mr. Co-Chair.

In the first place I would like to thank the Member States of FEALAC, particularly those countries who have contributed to the Fund or have pledged to do so, and to the Members of the Steering Committee, for having entrusted our colleagues from ESCAP and us in ECLAC to support you in your efforts to promote capacity development in, and cooperation between FEALAC member countries.

The objective of the project entitled *Value Chain Development for Deeper Integration of East Asia and Latin America* is to enhance the integration of FEALAC countries into bi-regional value chains, through strengthening the informational basis on which national institutions can develop evidence-based industrial and trade policies aimed at their integration into existing and potential Regional and Global Value Chains.

This will be done through:

- Research on the potential to deepen existing, and create new intraregional value chains in East Asia and Latin America, respectively (2) and on the potential for the deepening existing bi-regional value chains and the creation of new ones (1);

- Seminars in which experts from both regions review the findings of those studies with a view to identify the greatest opportunities for deeper integration between both regions (1), and
- Capacity building activities to enhance the institutional feasibility for the integration of FEALAC countries into Regional and Global Value Chains. (3)

The basis for all this work will be the analysis of Input-output tables that show the balance between the supply and the use of goods and services in the economies at various levels and the linkages between sectors, both at the national and at the international levels.

This is a considerable endeavor and the colleagues from our respective International Trade and Integration Divisions have been carrying out intensive consultation on the methodological aspects that will allow the comparability and consistency in the analysis of data which is essential in order to formulate reliable and consistent estimates of current and potential integration by our economies into value chains within, but particularly between East Asia and Latin America.

With the goal of building upon the progress already made, either by our own institutions or by other entities, in this preparatory work our colleagues have extended their consultations to experts from other sub-regional, regional and global entities, such as the Asian Development Bank and the OCDE.

In this regard within the framework of another project, in this case from the Development Account of the United Nations entitled [*Input-Output Tables for Industrial and Trade Policies in Central and South America*] the Input-

out Tables for all South American countries have already been constructed and the ones for Central America and Mexico will be ready within the next few weeks.

We have shared with ESCAP the methodology developed by ECLAC within that other project and, taking into consideration the extensive work carried out over the years by the Asian Development Bank, ESCAP has engaged them to explore how such an experience can be leveraged in the FEALAC Fund project.

Likewise, ECLAC has been consulting with the OCDE to tap into their experience on harmonizing inputs from multiple sources in the operations of their Trade in Value Added (TiVA) Data Base.

This phase of laying the ground for the initiation of the two studies on the potential for intraregional chains will be concluded before the end of the year, so we are now proceeding with the recruitment process for respective teams of consultants. It is expected that, in view of all the progress made so far in this preparatory phase, the regional studies should be carried out in an expeditious manner.

Thank you, Mr. Co-Chair.