Global Gateway: an opportunity for Latin America and the Caribbean

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Santander
Latin America and the Caribbean in the face of new development traps

Productivity Trap
- Low export sophistication, low GVC integration, low SMB productivity

Social Vulnerability Trap
- Vulnerable middle class, informality, low savings and investment, low productivity

Environmental Trap
- High-carbon emissions development path, depletion of natural resources, low-tech production structure

Institutional Trap
- Rising middle class aspirations, institutional weakness, low tax morale, scarce economic resources

Global Trends
- Climate change, demographic transition, Digital transformation, Geopolitics (EU, USA, China)

**EU Gateway to the World**, supporting digital, green and fair transitions

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<th>Priority Areas</th>
<th>Description</th>
<th>Flagship Projects</th>
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<td>1 Digital</td>
<td>Deploying Green Digital Infrastructures and Networks</td>
<td>• EU-LAC Digital Alliance</td>
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<td></td>
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<td>• BELLA and Medusa underwater cables</td>
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<td>• Copernicus Satellite Program</td>
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<td>2 Weather and Energy</td>
<td>Investment in climate mitigation and resilience and regulatory support</td>
<td>• Power Africa</td>
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<td>• Green Energy Initiative EU-Africa</td>
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<td>• Trans-Balkan Energy Corridor</td>
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<td>3 Transportation</td>
<td>Building sustainable, resilient and secure transport networks; powering the multimodal system</td>
<td>• Trans-European Transport Network (TEN-T)</td>
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<td>• Trans-Mediterranean Transport Network (TMN-T)</td>
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<td>4 Health</td>
<td>Ensure safety of healthcare and pharmaceutical supply chains, driving local manufacturing</td>
<td>• European Center for Disease Prevention and Control (ECDC)</td>
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<td>5 Education and Research</td>
<td>Investing in digital and inclusive education, empowering the mobility of students, faculty and apprentices</td>
<td>• Erasmus + Program</td>
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Four axes of Digital Transition in order to respond to development challenges

**INCLUSIVE AND SECURE CONNECTIVITY:**
Infrastructure (fixed, mobile, fiber, cable and satellite), investments and cybersecurity

**INDUSTRIES 4.0:**
Value added in additional exports (agriculture, tourism, mining, energy)
New exports of services (Biotechnology, audiovisual)
Value Chains in the Americas (semiconductors)
GreenTech (Sustainability, Biodiversity, Biomimetics)

**DIGITAL TALENT, INCLUSION AND AGILE STATE:**
Job Skills and the Future of Work
Gender and Inclusion
E-Health, E-Education, E-Justice, Immigration, Taxes; Fin-Tech

**GLOBAL FINANCIAL DIPLOMACY:**
Gateway to the World – scientific and technological support, financial resources, public-private partnerships and regulatory solutions (crypto and digital currencies, privacy and security, rights, ethics and Artificial Intelligence, global taxation)

Linking digital transition to green and fair transitions
Infrastructure, foundation for Digital Transformation of society, state and economy

Source: ECLAC (2022), A digital path to sustainable development in America Latin America and the Caribbean, eLAC2024
Digital security, a must-have requirement for inclusive and productive connectivity.

Industries 4.0, more than connectivity

Advances in value chain digitalization...

Source: ECLAC (2022), A digital path to sustainable development in America Latin America and the Caribbean. eLAC2024

...with potential beyond ICT sectors

Source: Self-produced based on IMF World Economic Outlook and AlphaBeta projections (2020), Digital Sprinters
CAF has invested about **$3.7 billion** in digital connectivity and digital transformation projects for Latin American homes, businesses and governments.

**Physical Infrastructure:**
- Underwater cable, fiber optics, datacenters, satellite connection (for example, Humboldt underwater cable, 3,400 km of fiber optics in Santa Fe, Argentina, Arsat 4, National connectivity plans)

**Digital Transformation:**
- Smart Cities and Territories,
- Tax Office Modernization,
- Digital Identity

**Govtech, Open**
- Data, Anti-Corruption Portals,
- Artificial Intelligence (Strategies and Ethics)
Oil, coal and gas extraction

Emissions from the use of fossil fuels

Potential emissions from fossil fuel reserves

Historical emissions 1850-2011

Source: https://www.carbonmap.org/
Recent trends in the European Union

Interest in new LNG import infrastructure has surged within the European Union since the beginning of 2022.

The United States supplied two-thirds of Europe’s incremental LNG imports, but other flexible suppliers stepped up deliveries as well.

Sources: IEA analysis based on ICS (2023), IES LNG Edge, S&P Global Commodity insights (2023), Global LNG Regasification Capacity: Rystad Energy (2023), Gas Market Cube

IEA, CC BY 4.0.
Elements for a dialog UE & LAC

1. Policies for Productive Transformation
   a) Industry Policy - Decarbonization and Productive Transformation

2. Natural capital-based solutions

3. Strategic Minerals

4. Business Policies
Bolivia picks Chinese firms for $1 billion lithium project
The country wants to develop its largely unexploited lithium resources
by Matt Brown
January 24, 2023

The Missing Minerals
To Shift to Clean Energy, America Must Rethink Supply Chains
By Morgan D. Bazilian and Gregory Brew
January 6, 2023

The EU response to the United States Inflation Reduction Act
The EU must avoid the trap of having to take sides in the conflict between the US and China.
Publishing date 01 February 2023
Authors Maria Demertzis
The World's most Unequal Region
Low educational mobility

- While both groups have had absolute improvements, differences between groups have widened.

- There is more absolute mobility, and less relative mobility.
At the end of the day

- In the region, the income that children earn is more linked to that of their parents, compared to the other regions of the world.
Persistently Disadvantaged Groups

- **Women:**
  - Educational progress that does not result in better work outcomes

- **Residents in lagging areas:**
  - Reduced educational mobility in rural areas and smaller cities
  - Population concentration in informal settlements without access to basic services and away from quality job opportunities

- **Ethnic-racial groups:**
  - Educational mobility substantially less than the population average
  - Worst performance in the labor market: human capital, discrimination, spatial segregation

- Mobility is low for everyone, but especially for certain groups:
Low social mobility despite higher Public Social Spending (PSS)

- Between 1990 and 2021, the region doubled its PSS, from 7 to 14% of GDP.
- The impact of that increase on inequality was weak.
- There is a PSS efficiency issue.
CAF’s Contributions to the Spanish Presidency of the Council of the European Union 2023

EU-CELAC BUSINESS ROUND TABLE
Brussels – July 17

Business Round Table co-organized by EC, IDB and CAF within the framework of the EU-CELAC Summit of Heads of States and Government.

SECTORIAL REPORTS

- GREEN TRANSITION
- DIGITAL TRANSFORMATION
- HUMAN DEVELOPMENT
Investment Agenda

62 iniciativas potenciales conjuntas UE-CAF
1st MEETING of ECONOMIC AND FINANCIAL AFFAIRS MINISTERS OF EU & LAC

SANTIAGO DE COMPOSTELA
September 15th