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INICIATIVA PARA LA INTEGRACION DE LA INFRAESTRUCTURA REGIONAL SURAMERICANA



INITIATIVE FOR THE INTEGRATION OF REGIONAL INFRASTRUCTURE IN SOUTH AMERICA (IIRSA)

Seventh Meeting of the Executive Steering Committee

December 1-2 2005
Asunción, Republic of Paraguay

ANNEX 3

PERUVIAN PROPOSAL FOR THE VII MEETING OF THE CDE

At the present meeting of the CDE, at the **VI Meeting of IIRSA's National Coordinators**, held in Buenos Aires, Argentina, on July 16th, and at the **VII Meeting of National Coordinators** held in Asuncion on November 9th 2005, Peru proposed that, in the context of IIRSA's activities and planning actions, an evaluation be conducted of the areas of economic complementarity of Integration and Development Hubs with the participation of business, public and academic sectors with the purpose of enlarging the EIDs' Business Visions.

Strengthening Business Visions

The proposal consists in analyzing the EIDs' "economic complementarity" with the direct participation of public and private actors concerned with the geographical area that the Hub intends to integrate and develop, thus giving rise to any private business mechanisms that may be required to foster both participation and cooperation to attain sustainable results in the economic, commercial, social, environmental, technological, cultural or other dimensions.

The Hubs' Business Visions, which will serve as a starting point, should be strengthened in order to achieve the following outcomes:

- An inventory of products-companies-markets;
- An inventory of existing and highly feasible investment projects, either regional, extra-regional and/or technical cooperation, and
- An inventory of scientific and academic institutions to create regional and extra-regional information and cooperation exchange mechanisms.

The proposal provides for work meetings under the following guidelines:

- They should be operational, attended by not more than 3 or 4 representatives per country from the public, private and scientific or academic sectors.
- They should be autonomous, so that delegates at each meeting may discuss their specific issues and schedule their own regular meetings, under the coordination of the CCT.
- They should coordinate, on the basis of IIRSA's bilateral or multilateral workable projects, their own investment plans to create economic areas and production chains.

These actions might initially focus on five basic platforms, namely:

- Communications, particularly digital connectivity;
- Access to capital. Basic financial products for the development of the local industry in the EIDs;
- Promoting the supply and demand of locally manufactured products;
- Strengthening business management. Business know-how. Local management, union and banking training.
- Successful benchmarks (Selection of the best domestic, regional and global products)

Taking these objectives into account, Peru proposed setting two pilot projects in motion in the following Integration and Development Hubs:

- ***Peru-Brazil-Bolivia HUB*** together, among the countries involved;
- ***Amazon HUB*** (which comprises under its area of influence Peru, Ecuador, Colombia, Brazil, Suriname, Guyana and Venezuela).

Peru has organized its proposal, and its structure, around three crucial components: ***credibility, connectivity and complementarity.***

Credibility.-

These events have created huge expectations in the civil society at large as well as in the domestic business sector and other South American and extra-regional agencies; therefore, our challenge is to give further steps towards the attainment of short-run tangible results and to show that AIC's executed projects substantially improve trade flow among countries as well as the sustainable development of the Hubs' adjacent and surrounding areas. This

means that there must be an immediate improvement in terms of productivity, trade and well-being of those who live in the Hubs' areas of influence.

Moreover, the grounds to create the South American Community of Nations would thus be reinforced.

Connectivity and Complementarity.-

Even though IIRSA has made much progress elaborating business visions for each Hub, a concrete execution is now required from the business as well as the social and environmental perspectives. This involves deeper commitment to generate input on products, companies and markets as well as on social, technological, environmental and cultural aspects. Synchronization of all these goals should be pursued so that a harmonized development of the Hubs' areas of influence can be encouraged and promoted with a view to a consistent and efficient integration of the South American region.

Furthermore, the Peruvian delegation proposes evaluating the *creation of an industrial, technological and biotechnological Infrastructure Plan with emphasis on environment-friendly industries in the geographical areas adjacent to IIRSA's Integration and Development Hubs, that should enable us —together with IIRSA's partners— to devise actions and measures geared to undertake the works right now instead of waiting for the completion of the technical parts of the road buildings.*

This is vital, given the fact that “*economic areas and production chains*” will have to be created in national regions close to the EIDs' areas of influence. Population in such areas should, therefore, undertake economic activities by developing, as much as possible, innovative and high value-added products and production chains using industrial machinery equipped with state-of-the-art technology so as to protect the environment and create economically productive, sustainable areas. It should be borne in mind that EIDs' development will cause a series of migrations and rural displacements that may increase informal jobs, an aspect that is to be mitigated with a well-devised plan, designed particularly with the participation of financial and technical agencies in the region.

These proposals form part of action guidelines that Peru views as an implementation alternative required for IIRSA's future works and that will definitely contribute to the attainment of the objectives pursued.