



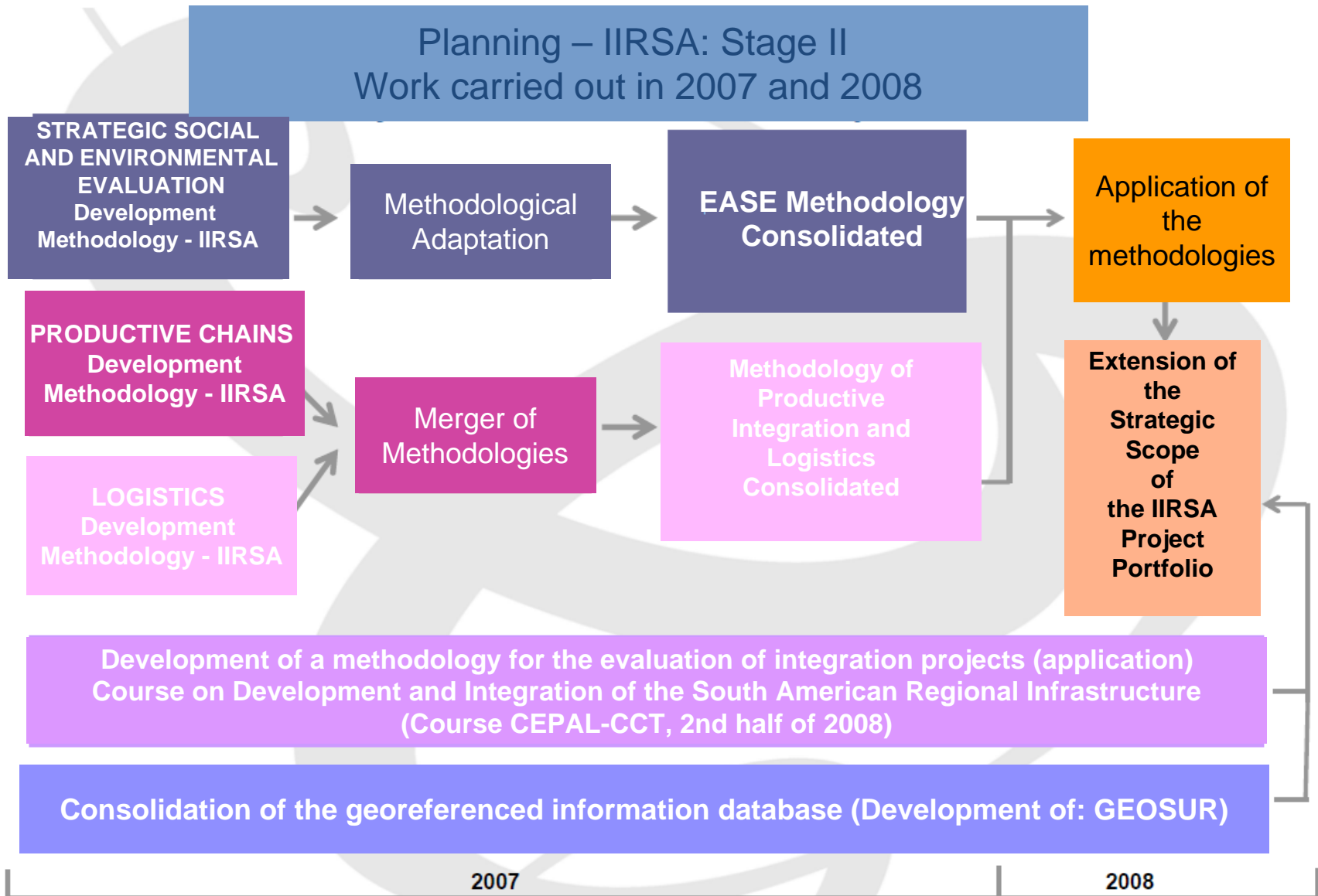
**METHODOLOGY FOR THE ANALYSIS OF THE PRODUCTIVE INTEGRATION AND
DEVELOPMENT OF ADDED-VALUE LOGISTICS SERVICES POTENTIAL RELATED TO THE IIRSA
PROJECTS**

**Progress of the Application
August of 2009**

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BACKGROUND



SCHEDULE OF ACTIVITIES

APRIL 2008						
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- Planning international consultants - IDB
- Group 3 Capricorn Hub
- Group 5 Central Interoceanic Hub
- Regional Workshop on logistics and Transportation in Paraguay

DEFINITIONS

The **regional productive integration** can be defined as the process of highest productive specialization of the countries that integrate to the region.

It is performed by means of the creation and strengthening of backward and/or forward productive chains in productive chains where their links are located in two or more countries in the region.

The implantation of infrastructures that increase or facilitate the contact among the countries can foster the productive integration because it brings economic spaces closer, reduces physical barriers and widens market dimension.

Added-Value logistics Services (Servicios Logísticos de Valor Agregado – SLVA, in Spanish) is the group of operations that add commercial value, without modifying the nature of the product, and that go beyond transportation and storage. For example, consolidation and deconsolidation of cargo, labeling, classification, quality control, assemble and disassemble, fractioning, packaging and conditioning, preparation of retail orders, preparation of documentation, etc.

SLVA means when the mentioned operations are not inherent to the productive chain (individualized logistics) and apply to different product families that share infrastructures and services (diversified logistics).

THE METHODOLOGY

Step I:

- Definition and characterization of the area of influence

Step II:

- Preparation, execution and analysis of the field work

Step III:

- Project and action proposal and assessment of impacts on the development of the IA (AI, in Spanish)

Step IV:

- Recommendations for a plan of action

RESULTS

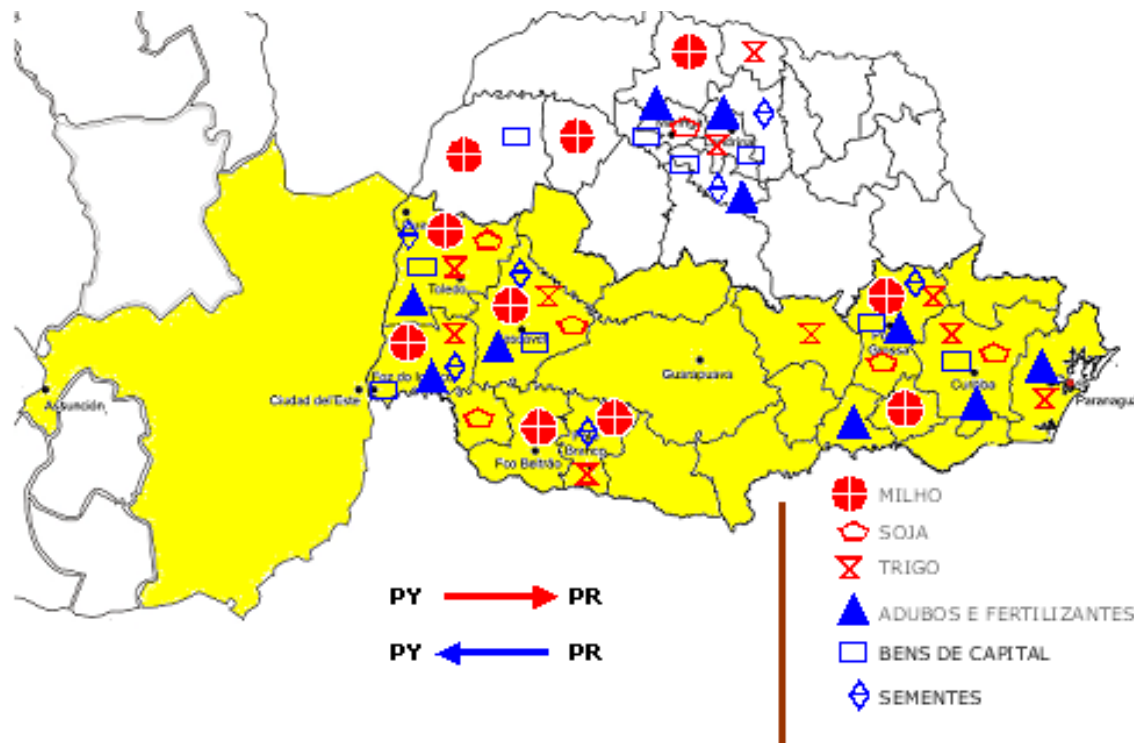
- Use of a non-traditional mechanism: Application/Training
- Application of the methodology in the G3 of the Capricorn Hub and the G5 of the Central Interoceanic Hub
- Development of an Application Guide and a Final Report Model
- Training for 5 national teams (approximately 30 technicians)
- For each of the project groups, indicative plans of action to promote the *IPr* and the *SLVA* development
- Development of a new perspective, complementary to the one of the Integration and Development Hubs, in order to group and analyze the infrastructure projects
- The Final Reports of Both Applications are being Edited and subject to the Final Revision. They will be distributed to the *NC* (*CN*, in Spanish) of each participating Country in order for them to send their comments before the outreach and publication in the web site of the Initiative.

CONCLUSIONS (FROM THE APPLICATION OF THE METHODOLOGY)

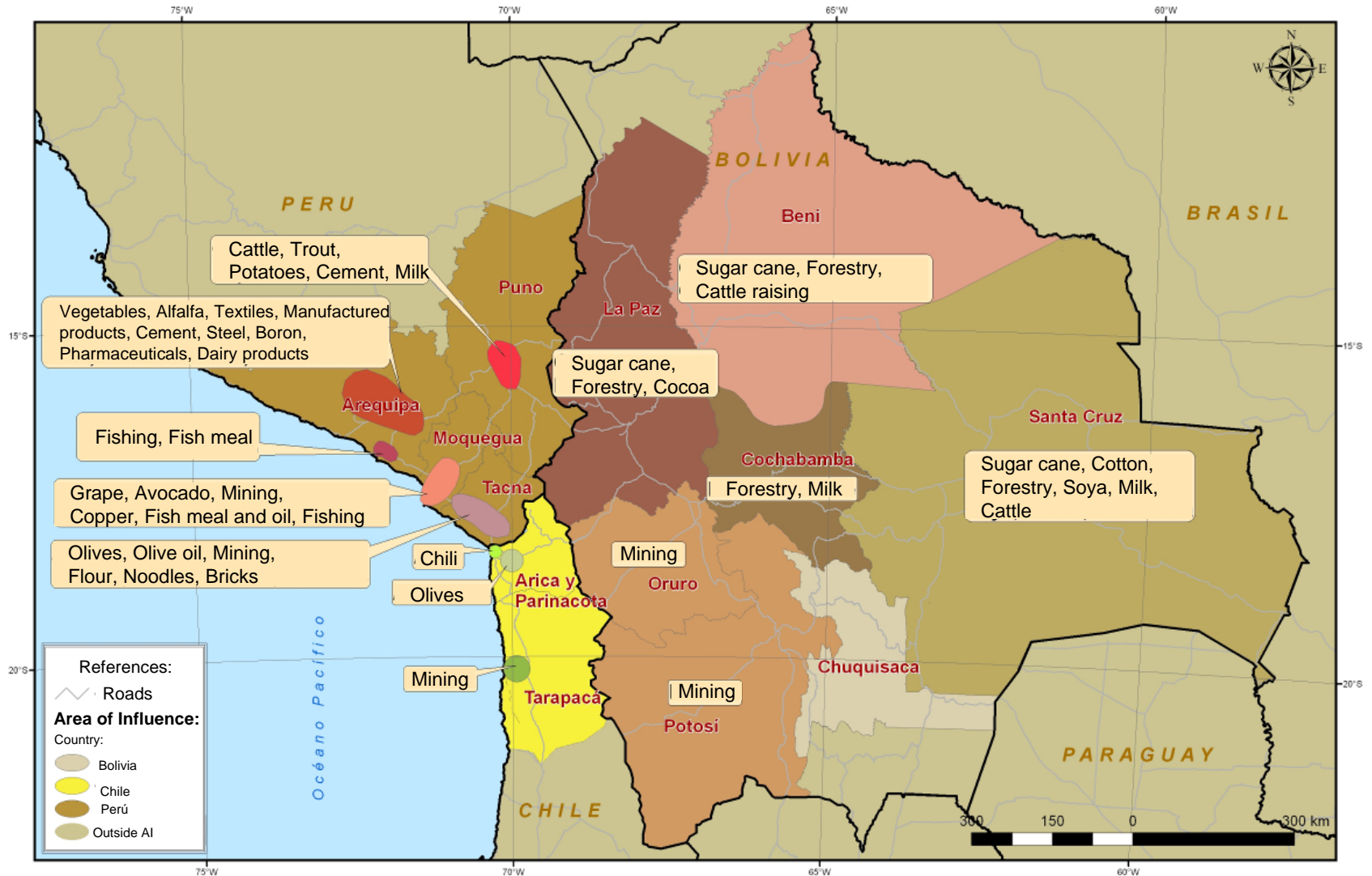
- The methodology is appropriate to assess the *IPr* and *SLVA* development potential of the IIRSA projects; however, its application requires, at least, an incipient degree of *IPr* or a sufficient flow of intermediate and final goods.
- The relation between the IIRSA portfolio projects and the *IPr* and the development of *SLVA* is a complex interdependence relation, in which multiple factors are included.
- The main restrictions for the *IPr* and for the development of the *SLVA* in the short and medium term are of political, commercial or regulatory nature, rather than of infrastructural nature.
- The solution for these restrictions may promote productive and commercial activity that generates a higher demand of the existing infrastructure and justifies the execution of the projects, nurturing the investment – demand virtuous circle.

CONCLUSIONS (FOR THE G3 OF THE CAPRICORN HUB)

- The IPr and SLVA development potential is focused on few sectors and on a limited geographic area.



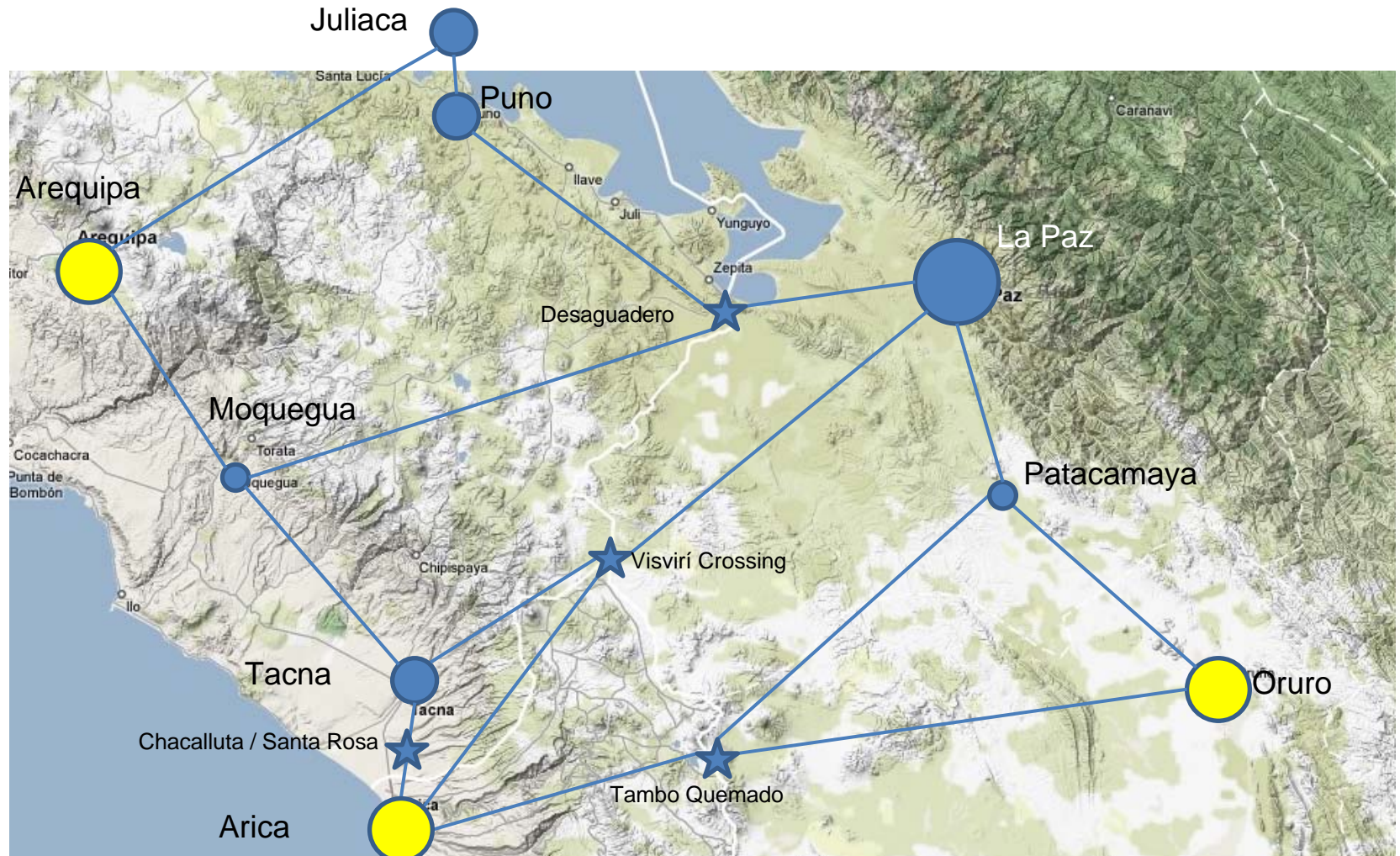
CONCLUSIONS (FOR THE G5 OF THE CENTRAL INTEROCEANIC HUB)



CONCLUSIONS (FOR THE G5 OF THE CENTRAL INTEROCEANIC HUB)

- The current and potential *IPr* intensity is focused between Bolivia and Perú in the following chains:
 - Soya chain, BO – animal portions, PE
 - Cotton chain, BO – yarns and fabrics, PE
 - Milk chain, BO – dairy products, PE
 - Forestry chain, BO – furniture, PE
 - Junk chain, BO – wires, PE
 - Leather chain, BO – crafts, PE
- Productive integration between Perú and Chile takes place in very specific sectors (spices and olives) related to the activity of few firms concentrated around the border, near Tacna and Arica.
- Between Bolivia and Chile, there is a weak integration in the area of influence, with little potential, in the wood and furniture sector.

CONCLUSIONS (FOR THE G5 OF THE CENTRAL INTEROCEANIC HUB)



The SLVA development potential is strongly linked to the implementation of three logistics platform projects in the IA (AI)

NEXT STEPS

- Within the framework of the Technical Cooperation that is supporting the Training/Application, the following activities are planned:
 - Application/Training in the G5 of the Andean Hub, which starts in September of 2009 and ends in April of 2010
 - Other Group to be Confirmed, which would start in October of 2009 and end in May of 2010
 - Three-national Workshop on Logistics Training, September 29th to October 1st, 2009, Arica, Chile
 - Regional Workshop with the participation of all the national teams in order to spread results and assess the application of the methodology (second semester of 2010)

Thank you very much!